



Management Statement
for the
Joint Nature Conservation Committee
April 2011

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MANAGEMENT STATEMENT FOR THE JOINT NATURE CONSERVATION COMMITTEE

	Page no:
INTRODUCTION	2
THE FUNCTIONS, DUTIES AND POWERS OF THE JNCC	3
Other Statutory Responsibilities	4
Classification	4
Provision of support to the Joint Committee	4
AIM, OBJECTIVES AND TARGETS	5
Overall aim	5
Objectives and key targets	5
GOVERNANCE AND ACCOUNTABILITY	5
Ministers	5
The Department's Accounting Officer's specific accountabilities and responsibilities	6
Responsibilities of the Chief Executive as JNCC Accounting Officer	7
The Chairman of the JNCC	8
The Deputy Chairman	9
The Joint Committee	9
Control of the company limited by guarantee formed to support the JNCC	11
The Chief Executive's role as Consolidation Officer	11
Delegation of duties	12
The Chief Executive's role as Principal Officer for Ombudsman cases	12
Annual report and accounts	12
Internal audit	13
External audit	13
Right of access	14
MANAGEMENT AND FINANCIAL RESPONSIBILITIES	14
Managing Public Money and other government-wide corporate guidance and instructions	14
Risk Management	14
Corporate and Business Plans	15
Budgeting Procedures	15
Grant-in-aid and any ring-fenced grants	15
Reporting performance to the Department and administrations	16
Delegated Authorities	16
JNCC Staff	17
Review of JNCC status (and winding-up arrangements)	18
Arrangements in the event that the JNCC is wound up	18

1. INTRODUCTION

1.1 This document

1.1.1 This management statement and its associated financial memorandum have been drawn up by the Department in consultation with the administrations, UK conservation bodies and the Joint Nature Conservation Committee (JNCC).

1.1.2 In this statement:

‘the Department’ means the Department for Environment, Food and Rural Affairs (Defra), including the Secretary of State and those acting on his/her authority;

‘devolved administrations’ means the Scottish Government and the Welsh Assembly Government, including relevant Ministers and those acting on their authority;

‘administrations’ means devolved administrations and the administration in Northern Ireland;

‘Legislatures’ means UK Parliament, Scottish Parliament the National Assembly for Wales and the Northern Ireland Executive;

‘Secretary of State’ means the Secretary of State for Environment, Food and Rural Affairs;

‘Ministers’ means the Secretary of State for Environment, Food and Rural Affairs and relevant Ministers of the Scottish Government, Welsh Assembly Government and the administration in Northern Ireland;

‘UK conservation bodies’ means Natural England, Scottish Natural Heritage, the Countryside Council for Wales and the Council for Nature Conservation and the Countryside;

‘GB conservation bodies’ means Natural England, Scottish Natural Heritage and the Countryside Council for Wales;

‘the funding bodies’ means the GB conservation bodies and the relevant Northern Ireland Department;

‘the relevant Northern Ireland Department’ means the Department of the Environment in Northern Ireland.

1.1.3 The requirements placed by this document on the JNCC and its Chief Executive as Accounting Officer for the JNCC apply to all of the JNCC’s business whether reserved for the Joint Committee or delegated by it to the company limited by guarantee through which the JNCC delivers its corporate plan (section 2.3).

1.1.4 Subject to the legislation noted in section 2.1, the management statement sets out the broad framework within which the JNCC will operate, in particular:

- the JNCC's overall aim, objectives and targets in support of the Department's, devolved administrations' and the administration in Northern Ireland's wider strategic aims;
- the rules and guidelines relevant to the exercise of the JNCC's functions, duties and powers;
- the conditions under which any public funds are paid to the JNCC;
- how the JNCC is to be held to account for its performance.

However, the management statement and financial memorandum do not convey any legal powers or responsibilities.

- 1.1.5 The associated financial memorandum sets out in greater detail certain aspects of the financial provisions which the JNCC shall observe.
- 1.1.6 The management statement and financial memorandum are supplemented by an overarching accountability framework document, which sets out the roles and responsibilities of the Department, devolved administrations and the administration in Northern Ireland, relevant to the exercise of the JNCC's functions, duties and powers.
- 1.1.7 The management statement shall be periodically reviewed by the Department, the administrations and the JNCC.
- 1.1.8 The Department, the administrations, the UK conservation bodies or the JNCC may propose amendments to this document at any time. Any such proposals shall be considered in the light of evolving government policy aims, operational factors and the track record of the JNCC itself. The guiding principle shall be that the extent of flexibility and freedom given to the JNCC shall reflect both the quality of its internal controls and its operational needs.
- 1.1.9 The combined document is signed and dated by the Department, the administrations, the UK conservation bodies and the JNCC.
- 1.1.10 Any question regarding the interpretation of the document shall be resolved by the Department in consultation with the administrations, the JNCC and, as necessary, the Treasury and the Cabinet Office.
- 1.1.11 Copies of this document and any subsequent substantive amendments shall be placed in the Libraries of the House of Commons, the House of Lords, the Scottish Parliament, the National Assembly for Wales and the administration in Northern Ireland. Copies shall also be made available to members of the public on the JNCC's website.

2 THE FUNCTIONS, DUTIES AND POWERS OF THE JNCC

- 2.1.1 The JNCC was established under Part 7 of the Environmental Protection Act 1990 (<http://www.legislation.gov.uk/ukpga/1990/43/contents>). The Natural Environment and Rural Communities Act 2006 (<http://www.legislation.gov.uk/ukpga/2006/16/contents>) re-enacts, with changes, the provisions of the 1990 Act that relate to the joint committee. Under the 2006 Act the joint committee has a UK-wide remit (covering England, Wales,

Scotland and Northern Ireland), rather than merely a Great Britain remit (covering England, Wales and Scotland). This is reflected in Schedule 4, which reconstitutes the joint committee. The Schedule includes provision for Northern Ireland to have voting members.

- 2.1.2 Schedule 4 also reproduces the effect of the changes made to the 1990 Act by the Regulatory Reform (Joint Nature Conservation Committee) Order 2005 (S.I. 2005/634) (<http://www.legislation.gov.uk/uksi/2005/634/contents/made>). This, amongst other things, provides the joint committee with the ability to employ its own staff and pay its chairman and independent members. It also enables the Secretary of State to pay money directly to the joint committee.
- 2.1.3 Those powers are supplemented by provisions which provide that the conservation bodies for England, Wales and Scotland and the relevant Northern Ireland department must together contribute sufficient financial resources to the joint committee to enable it to discharge its functions. The level of contribution from each of the four bodies is decided by agreement by the relevant Ministers and Assembly members in Great Britain and the Northern Ireland department, following consultation with the bodies.

Other Statutory Responsibilities

- 2.1.4 The Offshore Marine Conservation (Natural Habitat &c.) Regulations 2007 gives the Joint Committee responsibilities for offshore marine nature conservation. Relevant sections are 8,9, 13, 18,19,25,39,44,46,68 and 70.
<http://www.legislation.gov.uk/uksi/2007/1842/contents/made>
- 2.1.5 The Marine & Coastal Access Act 2009 gives the Joint Committee specific responsibilities for Marine Protected Areas.
<http://www.legislation.gov.uk/ukpga/2009/23/contents>
- 2.1.6 The JNCC has a responsibility to act as a statutory consultee on casework (outside 12 nautical miles) under the Oil Pollution Preparedness, Response and Co-operation (OPRC) guidelines 2002, the Offshore Petroleum Production and Pipeline Regulations 1999 and also on policy under the Offshore Petroleum Activities Regulations.
- 2.1.7 The Joint Committee has been appointed by the UK Government as the CITES Scientific Authority on (fauna) under the Convention on International Trade in Endangered Species (CITES).

2.2 Classification

- 2.2.1 For policy/administrative purposes the JNCC, a committee of executive non-departmental public bodies, is classified as analogous to a non-departmental public body.
- 2.2.2 For national accounts purposes the JNCC is classified to the central government sector.
- 2.2.3 References to the JNCC include all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and the JNCC.

2.3 Provision of support to the Joint Committee

- 2.3.1 The Joint Committee has established a company limited by guarantee under the Regulatory Reform (JNCC) Order (2005), schedule 7, paragraph 4, (as amended), to provide administrative and specialist support to the Joint Committee. The company provides the corporate vehicle through which the JNCC employs staff and administers its funds to deliver its corporate plan. The requirements placed on the JNCC and its Chief Executive as Accounting Officer for the JNCC therefore apply to all of the JNCC's business whether reserved as a matter for the Joint Committee or delegated to the company.
- 2.3.2 The JNCC is required to meet certain conditions set by the Secretary of State for the establishment and operation of the company. These are set out in Annex 1 of the Accountability Framework Document.

3. AIM, OBJECTIVES AND TARGETS

3.1 Overall aim

- 3.1.1 The overall aim of the JNCC is:

to add value to the work of Government bodies and other organisations, so that across the UK and internationally the protection and enrichment of our wildlife and natural features is comprehensive, effective, knowledge-based and forward-looking.

3.2 Objectives and key targets

- 3.2.2 JNCC has six strategic objectives. These are to:

1. Maintain and develop biodiversity surveillance programmes, sufficient to deliver policy and statutory obligations cost-effectively;
2. Provide access to, and reporting of, information, evidence and knowledge on UK and international biodiversity;
3. Provide advice to enable UK and devolved governments to meet their EU and international obligations for biodiversity and sustainable development;
4. Enable UK administrations to substantially complete the UK network of well managed marine protected areas, sufficient to meet national, EU and international requirements;
5. Provide advice on marine biodiversity to enable sustainable management of the offshore environment; and,
6. Manage and develop the organisation to meet changing demands and opportunities and to maximise its effectiveness in achieving our strategic goals.

4. GOVERNANCE AND ACCOUNTABILITY

4.1 **Ministers**

4.1.1 The Secretary of State for Environment, Food and Rural Affairs is accountable to UK Parliament for the activities and performance of the JNCC. In the same way, relevant Ministers in Scotland, Wales and Northern Ireland are accountable to the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Executive respectively. Ministers' responsibilities include:

- approving the JNCC's strategic objectives and the policy and performance framework within which the JNCC will operate (as set out in this document and other associated documents);
- keeping Legislatures informed about the JNCC's performance;
- approving the amount of grant-in-aid to be paid to the JNCC, and securing Parliamentary approval;
- carrying out responsibilities specified in the Natural Environment and Rural Communities Act 2006 including appointments to the Joint Committee, approving the terms and conditions of Committee members, laying the annual report and accounts before the Legislatures, and establishing certain conditions and approving certain arrangements for the company limited by guarantee that provides support services to the JNCC.

4.2 **The Department's Accounting Officer's specific accountabilities and responsibilities**

4.2.1 The Department's Accounting Officer (AO) has designated the Chief Executive as JNCC's Accounting Officer. (The respective responsibilities of the AO and Accounting Officers for NDPBs and other arm's length bodies are set out in Chapter 3 of Managing Public Money which is sent separately to the JNCC Accounting Officer on appointment.)

4.2.2 The Department's AO is accountable to Parliament for the issue of any grant-in-aid to the JNCC. The AO is also responsible for advising the Secretary of State:

- on an appropriate framework of objectives and targets for the JNCC in the light of the Department's (and administrations) wider strategic aims;
- on an appropriate budget for the JNCC in the light of the Department's (and administrations) overall public expenditure priorities; and
- how well the JNCC is achieving its strategic objectives and whether it is delivering value for money.

4.2.3 The Department's AO is also responsible for ensuring arrangements are in place in order to:

- monitor the JNCC's activities on a continuous basis;
- address significant problems in the JNCC, making such interventions as are judged necessary;

- periodically carry out an assessment of the risks both to the Department and JNCC objectives and activities;
- inform the JNCC of relevant government policy in a timely manner; and
- bring concerns about the activities of the JNCC to the full Joint Committee, requiring explanations and assurances that appropriate action has been taken.

4.2.4 The Wildlife and Countryside Ongoing Activities and Sponsored Bodies team in the Department is the primary contact for the JNCC. They are the main source of advice to the Secretary of State on the discharge of his or her responsibilities in respect of the JNCC. They also support the Department's AO on his or her responsibilities toward the JNCC.

4.2.5 Within the devolved administrations and the administration in Northern Ireland, a similar role is played by the Scottish Government Rural and Environment Directorate (or equivalent), the Welsh Assembly Government Nature Conservation & Biodiversity Branch (or equivalent), and the Department of the Environment in Northern Ireland (or equivalent).

4.3 Responsibilities of the Chief Executive as JNCC Accounting Officer

General

4.3.1 The Chief Executive as Accounting Officer is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the JNCC. In addition, he or she should ensure that the JNCC as a whole is run on the basis of the standards, in terms of governance, decision-making and financial management that are set out in Box 3.1 to Managing Public Money.

Responsibilities for accounting to Parliament

4.3.2 The accountabilities include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- signing a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- signing a Statement on Internal Control regarding the system of internal control, for inclusion in the annual report and accounts;
- ensuring that effective procedures for handling complaints about the JNCC are established and made widely known within the JNCC;
- acting in accordance with the terms of this document, Managing Public Money and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office; giving evidence, normally with the AO of the sponsor Department, when summoned before the PAC on the JNCC's stewardship of public funds;

- provide information to support the timely laying of the Defra consolidated Annual Report and Accounts;
- Giving evidence before Scottish Parliament, the National Assembly for Wales and the administration in Northern Ireland to answer questions concerning the use of resources and related activities.

Responsibilities to the Department and administrations

4.3.3 Particular responsibilities to the Department and administrations include:

- establishing, in agreement with the Department and administrations, the JNCC's corporate and business plans in the light of the Department's and administrations' wider strategic aims;
- informing the Department and administrations of progress in helping to achieve the Department's and administrations' policy objectives and in demonstrating how resources are being used to achieve those objectives; and
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Department and administrations; that the Department and administrations are notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Department and administrations in a timely fashion.

Responsibilities to the Joint Committee

4.3.4 The Chief Executive is responsible for:

- advising the Committee on the discharge of its responsibilities as set out in this document, in the founding legislation and in any other relevant instructions and guidance that may be issued from time to time;
- advising the Committee on the JNCC's performance compared with its aims and objectives;
- ensuring that financial considerations are taken fully into account by the Committee at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
- taking action as set out in paragraphs 3.7.5 of Managing Public Money if the Committee, or its chairman, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, questionable feasibility, or is unethical.

4.4 The Chairman of the JNCC

4.4.1 The Chairman is appointed by the Secretary of State, in liaison with the devolved administrations in Scotland and Wales and the administration in Northern Ireland, in line with the Code of Practice issued by the Commissioner for Public Appointments.

4.4.2 The Chairman is responsible to the Secretary of State. Communications between the Committee and the Secretary of State should normally be through the Chairman. He or

she is responsible for ensuring that policies and actions support Ministers wider strategic policies and that its affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the JNCC.

4.4.3 In addition, the Chairman has the following leadership responsibilities:

- formulating the Committee's strategy;
- ensuring that the Committee, in reaching decisions, takes proper account of guidance provided by the Secretary of State, the Department, HM Treasury and Cabinet Office;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity, propriety and value for money; and
- representing the views of the Committee to the general public.

4.4.4 The Chairman also has an obligation to ensure that:

- the work of the Committee and its members are reviewed and are working effectively;
- the Committee has a balance of skills appropriate to directing the JNCC's business, as set out in the Government Code of Good Practice on Corporate Governance;
- Committee members are fully briefed on terms of appointment, duties, rights and responsibilities;
- he or she, together with the other Committee members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- the Secretary of State is advised of JNCC needs when board vacancies arise;
- he or she assesses the performance of individual Committee members when being considered for re-appointment (regular (at least yearly) performance assessments should be made of all independent Committee members);
- there is a code of practice for Committee members in place consistent with the Cabinet Office model Code.

4.5 **The Deputy Chairman**

4.5.1. Under Schedule 4, paragraph 1 (2) of the Natural Environment and Rural Communities Act 2006 the Joint Committee may appoint one of its independent members to act as Deputy Chairman.

4.5.2 The Department, the devolved administrations and the administration in Northern Ireland will be notified by JNCC following the appointment of a Deputy Chairman.

4.5.3 The Deputy Chairman will provide support to the Chairman and chair sub-committees as appropriate to progress the JNCC's business.

4.5.4. In periods when the post of Chairman is vacant or where the Chairman cannot act owing to ill health, absence or incapacity, the Deputy Chairman will substitute for the Chairman and cover his/her responsibilities until such time as an Acting Chairman or a new Chairman is appointed by Ministers.

4.6 **The Joint Committee**

4.6.1 The Joint Committee consists of 14 members, namely:

- a Chairman appointed by the Secretary of State in liaison with the devolved administrations in Scotland and Wales and the administration in Northern Ireland, in line with the Code of Practice issued by the Commissioner for Public Appointments;
- five members appointed by the Secretary of State in liaison with the devolved administrations in Scotland and Wales and the administration in Northern Ireland, in line with the Code of Practice issued by the Commissioner for Public Appointments;
- the Chairman or Deputy Chairman of each GB conservation body and one other member of each of these bodies appointed by the body in question, and
- the Chairman of the Council for Nature Conservation and the Countryside and one other member of the Council appointed by the relevant Northern Ireland department.

4.6.2 The Committee should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The Committee must set up an Audit and Risk Management Committee chaired by an independent non-executive member to provide independent advice. The Committee is expected to assure itself of the effectiveness of the internal control and risk management systems.

4.6.3 The Committee is specifically responsible for:

- establishing and taking forward the strategic aims and objectives of the JNCC consistent with its overall strategic direction and within the policy and resources framework determined by Ministers;
- ensuring that the Secretary of State is kept informed of any changes which are likely to impact on the strategic direction of the JNCC or on the attainability of its targets, and determining the steps needed to deal with such changes;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Committee operates within the limits of its statutory authority and any delegated authority agreed with the Department and administrations, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Committee takes into account guidance issued by the Department;
- ensuring that the Committee receives and reviews regular financial information concerning the management of the JNCC; is informed in a timely manner about any concerns about the activities of the JNCC; and provides positive assurance to the Department and administrations that appropriate action has been taken on such concerns;
- appoint a Chief Executive to the JNCC and, in consultation with the Department and administrations, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use of public monies.

4.6.4 Individual Committee members should:

- comply at all times with the Committee Members' Code of Practice and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Committee's rules on the acceptance of gifts and hospitality, and of business appointments;
- act in good faith and in the best interests of the JNCC.

4.7 **Control of the company limited by guarantee formed to support the JNCC**

4.7.1 The Joint Committee has the power to form a company limited by guarantee, as referred to in section 2.3, and the JNCC has corporate responsibility for ensuring that the conditions for the establishment and operation of that company, referred to at section 3 of the Accountability Framework Document and set out in Annex 1 to it, are complied with at all times.

4.7.2 The means by which the JNCC shall ensure compliance with those conditions shall be through control of membership of the company. Accordingly, the Articles of Association with which the company has been formed contain provisions stipulating that it is a condition of the admission of any person to be a member of the company that he or she be a current member of the Joint Committee and that his or her membership of the company shall cease if he or she ceases to be a member of the Joint Committee.

4.7.3 Each of the GB conservation bodies and the relevant Northern Ireland Department shall ensure that those persons whom it appoints to be members of the Joint Committee are aware of the requirement for the Committee to provide members of the company and are encouraged so to serve as part of their function as a Committee member. The Committee itself shall also encourage each of its individual members to apply for membership of the company and to retain such membership for so long as he or she remains a member of the Committee, so as to ensure, so far as possible, that there are at all times a minimum of seven members of the company and that its membership broadly represents the balance on the Committee between the appointees and independent members.

4.7.4 Each individual member of the Joint Committee will exercise his or her individual powers and rights as a member of the company in such a way as to ensure compliance with the conditions referred to in section 4.6.4. In particular, each individual member will exercise his or her voting rights as a member of the company to oppose any resolution:

- to alter any provision of its Memorandum of Association; or
- to alter its Articles of Association in any way which affects their provisions as to: the composition of membership of the company as referred to at section 4.7.2; or
- the voting rights of its members; or
- the quorum for its general meetings or for meetings for its directors; or
- the provision that members of the company be deemed to be directors of it; or
- the maximum number of directors who are not members of the company; or
- the requirement that such directors be and remain employees of the company or of the JNCC; or

- the qualification for service as an alternate director; or
- the Chairman of the company; or
- the indemnity for its directors and officers; or
- that the company be wound up voluntarily;

unless any such resolution shall first have been approved by the Secretary of State and the Treasury.

4.8 The Chief Executive's role as Consolidation Officer

- 4.8.1 For the purposes of Whole of Government Accounts the Chief Executive is appointed by the Treasury as the JNCC's Consolidation Officer.
- 4.8.2 As the JNCC's Consolidation Officer the Chief Executive shall be personally responsible for preparing the consolidation information that sets out the financial results and position of the JNCC, for arranging for its audit and for sending the information and the audit report to the Principal Consolidation Officer nominated by the Treasury.
- 4.8.3 As Consolidation Officer the Chief Executive shall comply with the requirements of the Consolidation Officer Memorandum and shall, in particular:
- ensure that the JNCC has in place and maintains sets of accounting records that will provide the necessary information for the consolidation process;
 - prepare the consolidation information (including the relevant accounting and disclosure requirements and all relevant consolidation adjustments) in accordance with the consolidation instructions and directions ("Dear Consolidation Officer" (DCO) and "Dear Consolidation Manager" (DCM) letters) issued by the Treasury on the form, manner and timetable for the delivery of such information.

4.9 Delegation of duties

- 4.9.1 The Chief Executive may delegate the day-to-day administration of his/her responsibilities to other JNCC employees. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

4.10 The Chief Executive's role as Principal Officer for Ombudsman cases

- 4.10.1 The Chief Executive is the Principal Officer for handling cases involving the Parliamentary Commissioner for Administration. As Principal Officer he shall inform the Permanent Secretary of the sponsor Department of any complaints about the JNCC that are accepted by the Ombudsman for investigation, and about the JNCC's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

4.11 Annual report and accounts

- 4.11.1 The JNCC must publish an annual report of its activities together with its audited accounts after the end of each financial year.
- 4.11.2 The annual report must:
- cover any corporate, subsidiary or joint ventures under its control;

- comply with Accounts Direction issued by the Department.
- comply with the requirements of the Companies Act 2006 and as far as they do not diverge from the requirements of the Companies Act, comply with H.M. Treasury's Financial reporting Manual (FReM);
- outline main activities and performance during the previous financial year including the activities carried out for devolved administrations and the administration in Northern Ireland, and set out in summary form forward plans.

4.11.3 Information on performance against key financial targets is within the scope of the audit and should be included in the notes to the accounts. The report and accounts shall be laid before the Legislatures by the relevant Ministers and made available on the JNCC's website, in accordance with the guidance in the FReM. A draft of the report should be submitted to the Department and administrations 6 weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the Department as well as the FReM.

4.12 **Internal audit**

4.12.1 The JNCC shall:

- establish and maintain arrangements for internal audit in accordance with the Treasury's Government Internal Audit Standards (GIAS) (http://www.hmtreasury.gov.uk/...gia_guidance.cfm);
- ensure the Department is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with GIAS 5.2;
- set up an audit and risk management committee of its Committee in accordance with the Cabinet Office's Guidance on Code of Practice for Public Bodies and the Audit Committee Handbook;
- forward the audit strategy, periodic audit plans and annual audit report, including the JNCC Head of Internal Audit opinion on risk management, control and governance as soon as possible to the Department; and
- keep records of, and prepare and forward to the Department an annual report on fraud and theft suffered by the JNCC and notify the Department of any unusual or major incidents as soon as possible.

4.12.2 The Department's internal audit service has a right of access to all documents prepared by the JNCC internal auditor, including where the service is contracted out.

4.13 **External audit**

4.13.1 The Comptroller & Auditor General (C&AG) audits the JNCC's annual accounts and lays them before Parliament, together with his report.

4.13.2 In the event that the JNCC has set up and controls subsidiary companies, the JNCC will in the light of the provisions in the Companies Act 2006 ensure that the C&AG is appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. The JNCC shall discuss with the Department the procedures for appointing the C&AG as auditor of the companies.

4.13.3 The C&AG:

- will consult the Department and the JNCC on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the JNCC;
- will share with the Department information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the JNCC;
- will, where asked, provide the Department and other relevant bodies with Regulatory Compliance Reports and other similar reports which the Department may request at the commencement of the audit and which are compatible with the independent auditor's role.

4.13.4 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the JNCC has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the JNCC shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

4.14 **Right of access**

4.14.1 The Department and administrations have the right of access to all JNCC records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

5. MANAGEMENT AND FINANCIAL RESPONSIBILITIES

5.1 **Managing Public Money and other government-wide corporate guidance and instructions**

5.1.1 Unless agreed by the Department and, as necessary, HM Treasury, the JNCC shall follow the principles, rules, guidance and advice in Managing Public Money, referring any difficulties or potential bids for exceptions to the Wildlife and Countryside Ongoing Activities and Sponsored Bodies team in the first instance.

5.1.2 Once the budget has been approved by the Department and administrations the JNCC shall have authority to incur expenditure approved in the budget without further reference to the Department, on the following conditions:

- the JNCC shall comply with the delegations set out in Appendix 1 of the Financial Memorandum. These delegations shall not be altered without the prior agreement of the Department;
- the JNCC shall comply with Managing Public Money regarding novel, contentious or repercussive proposals;

- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal Departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;
- the JNCC shall provide the sponsor Department with such information about its operations, performance individual projects or other expenditure as the Department may reasonably require.
- the expenditure has legislative cover either through the Natural Environment and Rural Communities Act or through the Department's ambit.

5.2 Risk management

- 5.2.1 The JNCC shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts (<http://www.hm-treasury.gov.uk/...risk>). It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Treasury's guide: Managing the Risk of Fraud (http://www.hmtreasury.gov.uk/...fraud_guide_for_managers.pdf). It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant or grant-in-aid.

5.3 Corporate and business plans

- 5.3.1 Consistent with the timetable for public spending reviews the JNCC shall submit annually to the Department and administrations, after consultation with the aforementioned, a draft of the corporate plan or business plan covering a period to be agreed between the Department and JNCC. The JNCC shall agree with the Department, administrations and UK conservation bodies the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the JNCC's statutory duties and, within those duties, the priorities set from time to time by Ministers (including decisions taken on policy and resources in the light of wider public expenditure decisions).
- 5.3.2 The first year of the corporate plan, amplified as necessary, shall form the business plan. The corporate or business plan will be drafted in accordance with requirements of (Defra and the Devolved Administrations but will normally include priority performance measures and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Department, administrations and UK conservation bodies. Subject to any commercial considerations, the corporate and business plans should be published by the JNCC on its website.
- 5.3.3 The following key matters should be included in the plans:
- key objectives and associated priority performance measures for the forward years, and the strategy for achieving those objectives;
 - key non-financial performance targets; and,
 - other matters as agreed between the Department, the administrations, the UK conservation bodies and the JNCC.

5.4 Budgeting procedures

5.4.1 Each year, in the light of decisions by the Department and the administrations on the updated draft corporate plan, the Department will send to the JNCC:

- a formal statement of the annual budgetary provision allocated by the Department and administrations in the light of competing priorities across the Department and administrations and of any forecast income approved by the Department and administrations; and
- a statement of any planned change in policies affecting the JNCC.

5.4.2 The approved annual business plan will take account both of approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year. These elements form part of the approved business plan for the year in question.

5.5 Grant-in-aid and any ring-fenced grants

5.5.1 Any grant-in-aid provided by the Department and administrations for the year in question will be voted in the Department's Supply Estimate and be subject to Parliamentary control.

5.5.2 The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The JNCC will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the JNCC. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the Department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

5.5.3 In the event that the Department and administrations provide the JNCC separate grants for specific (ring fenced) purposes, they would issue the grant as and when the JNCC needed it on the basis of a written request. The JNCC would provide evidence that the grant was used for the purposes authorised by the Department and administrations. The JNCC shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

5.6 Reporting performance to the Department and administrations

5.6.1 The JNCC shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate and business plans. The JNCC shall inform the Department, administrations and UK conservation bodies of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver ministers' policies, and the achievement of key objectives on a quarterly basis. The

JNCC's performance shall be formally reviewed by the Department and administrations twice a year.

Providing monitoring information to the Department

5.6.2 As a minimum, the JNCC shall provide the Department with information monthly that will enable the Department satisfactorily to monitor:

- the JNCC's cash management;
- its draw-down of grant-in-aid;
- forecast outturn by resource headings;
- other data required for the Combined On-line Information System (COINS).

JNCC/Department working level liaison arrangements

5.6.3 Officials of Wildlife and Countryside Ongoing Activities and Sponsored Bodies team in the Department will liaise regularly with JNCC officials to review JNCC financial performance against plans, achievement against JNCC targets and the JNCC expenditure against its DEL and AME allocations. The team will also take the opportunity to explain wider policy developments that might have an impact on the JNCC.

5.7 Delegated authorities

5.7.1 The JNCC's delegated authorities are set out in appendix 1 of the Financial Memorandum. The JNCC shall obtain the Department's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the JNCC's annual budget as approved by the Department;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department;
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

5.8 JNCC staff

Broad responsibilities for JNCC staff

5.8.1 Within the arrangements approved by the Ministers and, as necessary, the Treasury the JNCC will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, race, colour, ethnic or national origin, religion, disability, community background or age;

- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the performance of its staff at all levels is satisfactorily appraised and the JNCC performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the JNCC objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place;
- a code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-Departmental Public Bodies
http://www.civilservice.gov.uk/Assets/5_public_body_staffv2-word_tcm6-3414.doc .

Staff costs

- 5.8.2 Subject to its delegated authorities, the JNCC shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

Pay and conditions of service

- 5.8.3 JNCC staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the Department and, as necessary, the Treasury. The JNCC has no delegated power to amend these terms and conditions.
- 5.8.4 If civil service terms and conditions of service apply to the rates of pay and non-pay allowances paid to the staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the Civil Service Management Code (www.civilservice.gov.uk/about/resources/csmc/index.aspx) except where prior approval has been given by the Department to vary such rates.
- 5.8.5 Staff terms and conditions can be provided to the Department together with subsequent amendments on request.
- 5.8.6 The JNCC shall operate a performance-related pay scheme that shall form part of the annual aggregate pay budget approved by the Department and the Treasury.
- 5.8.7 The travel expenses of Committee members shall be tied to the rates allowed to senior staff of the JNCC. Reasonable actual costs shall be reimbursed.

Pensions, redundancy and compensation.

- 5.8.9 JNCC staff shall normally be eligible for a pension provided by PCSPS. Staff may opt out of the occupational pension scheme provided by the JNCC, but that employers' contribution to any personal pension arrangement, including stakeholder pension shall normally be limited to the national insurance rebate level.
- 5.8.10 Any proposal by the JNCC to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the

Department. Proposals on severance must comply with the rules in chapter 4 of Managing Public Money.

5.9 Review of JNCC status (and winding-up arrangements)

5.9.1 The JNCC will be reviewed every 5 years. The date of the next review will be in 2016.

5.10 Arrangements in the event that the JNCC is wound up

5.10.1 The Department shall put in place arrangements to ensure the orderly winding up of the JNCC. In particular it should ensure that the assets and liabilities of the JNCC are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the Department and administrations as appropriate.) To this end, the Department shall:

- ensure that procedures are in place in the JNCC to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body;
- specify the basis for the valuation and accounting treatment of the JNCC assets and liabilities;
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts;
- arrange for the most appropriate person to sign the closing accounts. In the event that another JNCC takes on the role, responsibilities, assets and liabilities, the succeeding JNCC AO should sign the closing accounts. In the event that the Department inherits the role, responsibilities, assets and liabilities, the Department's AO should sign.

5.10.2 The JNCC shall provide the Department with full details of all agreements where the JNCC or its successors have a right to share in the financial gains of developers. It should also pass to the Department details of any other forms of claw-back due to the JNCC.