



The one-hundred-and-third meeting of the Joint Nature Conservation Committee to be held at 0915 hours on 4 June 2015, at JNCC, Monkstone House, City Road, Peterborough, PE1 1JY

This paper was provided to the Joint Committee for decision/discussion or information. Please refer to the minutes of the meeting for Committee's position on the paper.

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Joint Nature Conservation Committee

The Audit and Risk Assurance Committee's annual report to the Joint Committee for 2014/15

Paper by Tracey Quince and Guy Duke

1. Statement of Assurance from internal audit

- 1.1. As required by the Government Internal Audit Standards, the Head of Internal Audit, an employee of JNCC's internal audit providers KPMG, submitted an Annual Assurance Report to ARAC. This includes a summary of internal audit activity and gives the auditor's formal opinion on the adequacy, effectiveness and reliability of the organisation's internal control system between 1 April 2014 and 31 March 2015. The Annual Assurance Report (attached at Annex 1) was discussed by ARAC members at their meeting in March and by the Executive Management Board (EMB) in April. Both groups were content with the report and only minor changes were suggested.
- 1.2. The Head of Internal Audit's opinion has been included in the Governance Statement for 2014/15, which forms part of the Annual Report and Accounts. The Head of Internal Audit's opinion is based on:
 - i. an assessment of the design and operation of the risk management framework; and
 - ii. an assessment of the range of individual assurances arising from the risk-based internal audits that have been reported throughout the year, taking into account the relative materiality of the audited areas.
- 1.3. For the 12 months ending 31 March 2015, based on the work undertaken, the opinion regarding the adequacy and effectiveness of JNCC's arrangements for governance, risk management and control is that **'some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control'**. The opinion is contained on page 8 of the report.
- 1.4. The opinion for 2014/15 could be seen as a down-grading of the opinion received in recent years which has been that JNCC has adequate and effective governance and risk management processes in place. However, it is important to note that this largely results from a relatively low assurance rating for an audit of the implementation of JNCC's evidence quality assurance policies and procedures. These were introduced only shortly before the audit took place and are still being embedded so weaknesses in implementation were perhaps to be expected. Internal audit's findings for this audit are welcomed and an action plan to address the issues raised is in place. The opinion may also to some extent reflect a differing style and approach of the new audit provider.
- 1.5. Committee members are assured that there have been considerable changes to internal control processes over the past 12 months that will enhance the system of internal control over time. A number of significant changes to risk management processes were made this year that have enhanced and improved ownership and reporting of risk within JNCC and led to substantial assurance being achieved in this area.

2. Risk management

- 2.1. In 2014/15 ARAC and the Joint Committee agreed changes to risk management processes within JNCC following a review by management. The changes were to address the issues of ownership of risk by Joint Committee members and the perceived disconnect between the 'slow-burning risks' on the corporate risk register and the more immediate and current 'significant risks'. A new significant risks register was devised and a first annual discussion on significant risks by the Joint Committee took place in March 2015. ARAC members agree that the new arrangements have provided a stronger join up between the long-standing risks and the significant 'live' risks and have also strengthened the Joint Committee's ownership and oversight of risk.
- 2.2. During the year, EMB reviewed the significant risks register quarterly and provided updates on the planned management action. Action taken to address each risk was reported quarterly to ARAC and discussed in detail at each meeting. A report on the same set of risks has been included in each quarterly performance report for the Joint Committee. Significant risk issues for 2014/15 are highlighted in the Governance Statement (included with the Annual Report and Accounts for 2014/15). An initial forward look to the risks the organisation will face in 2015/16 has been prepared and Joint Committee members were sighted on these risks as part of their annual discussion in March. This initial list of risks for 2015/16 has subsequently been refined and is included in the Governance Statement for 2014/15.
- 2.3. ARAC regularly considered new, emerging or fast-evolving risks, including those informed by an oral report from EMB. Comments on trends or controls were reported, through the ARAC Chair's written reports to the Joint Committee.

3. Internal audit

- 3.1. In 2014/15 KPMG, the new internal audit service provider, undertook five audits as agreed in the operational plan (see Annex 1). KPMG are contracted through a Defra collaborative arrangement that JNCC are obliged to use. For 2014/15 this meant an increase of 33% in the cost of internal audit. With this in mind, attention has been given to how to make internal audit more cost-effective. Management undertook a review of alternative delivery mechanisms and some minor changes for 2015/16 should deliver a cost saving of 16% on the cost of the contract.
- 3.2. The performance of internal audit is appraised by ARAC through an annual report from management in March and against performance indicators in June. The performance of KPMG was appraised in March with the overall conclusion that KPMG had provided an efficient and helpful service, particularly through the provision of well-written and concise audit reports which offer additional material such as flowcharts to help the reader as well as provide useful material for auditees.
- 3.3. The cost of the internal audit service for 2014/15 was £15,725 excluding VAT.

4. External audit

- 4.1. ARAC continued to review the external audit strategy and programme provided by the National Audit Office (NAO), and good practice from the previous year's accounts preparation was noted. A solid relationship has been built between

management and auditors with benefit gained from using auditors working across government rather than primarily in the private sector.

- 4.2. The fee for completing the JNCC external audit in 2013/14 was £18,500, a reduction of £1,000 on the previous year. The fee proposed for the 2014/15 audit is £18,500.

5. Audit and Risk Assurance Committee meetings, membership and terms of reference

- 5.1. ARAC met four times during the year, in June, September, November and March. Business follows a rolling forward plan of priorities, and has included:
- i. internal audit issues, including the internal audit programme; audit scopes; audit progress; matters arising from audit reports; the Annual Assurance Report; performance indicators; performance of the internal auditors and briefing on the Government single internal audit service;
 - ii. external audit issues, including the annual strategy and the audit completion report;
 - iii. risk management issues, including significant risks; new, emerging and fast-evolving risks; and preparation for the Joint Committee's annual discussion on risk;
 - iv. other issues including legislative compliance; the Annual Report and Accounts; the draft Governance Statement; updates on Defra's Strategic Alignment programme; and succession planning.
- 5.2. Information papers on single tender approvals, fruitless payments, losses and special payments were also considered, and through a standing agenda item ARAC maintained its vigilance in relation to fraud-related risk. ARAC extended this standing item to include compliance reports on health and safety, environmental policies, equality and diversity, scientific evidence quality assurance and data security.
- 5.3. ARAC membership continued to be a key consideration in 2014/15. In June, members expressed appreciation of an offer from Nigel Reader to become a member of ARAC. This increased ARAC membership to four, comprising two Joint Committee members and two independent members. In March 2015, following recruitment of two new independent members for the Joint Committee, Professor Colin Galbraith was recommended for appointment to ARAC. The Joint Committee confirmed his appointment and agreed that he should take over the role of ARAC Chair in December 2015 when the current Chair departs.
- 5.4. In March 2015, NAO facilitated an ARAC self-assessment exercise involving a questionnaire sent intersessionally to ARAC members, followed by a short workshop session. In general, the findings indicated that ARAC is an effective committee. Some follow-up actions were identified which included:
- i. keeping a watching brief on the balance of responsibilities between the Joint Committee and ARAC;
 - ii. regular reports back to ARAC (by the ARAC Chair) on ARAC-relevant issues following Joint Committee meetings;

- iii. provision to ARAC of minutes from Defra Audit and Risk Committee (ARC) and Defra network ARC Chairs meetings;
 - iv. more formalised induction of new ARAC members;
 - v. review of the draft Annual Report and Accounts by an ARAC member with accounting expertise (on behalf of ARAC) and provision of their report to the Joint Committee and ARAC in advance of the June meetings;
 - vi. provision of Joint Committee agendas and minutes to independent ARAC members.
- 5.5 ARAC appreciated the NAO service and has agreed to carry out a similar light-touch self-assessment on an annual basis.

6. Meetings of the Defra network's Audit and Risk Committee Chairs

- 6.1. Defra network Audit and Risk Committee Chairs meet twice a year in April and October. The JNCC ARAC Chair attended the October 2014 meeting at which a range of issues were discussed including:
- i. the new Secretary of State's (Elizabeth Truss) priorities for Defra;
 - ii. the tight budgetary position in 2014/15, and the predicted worsening picture in 2015/16;
 - iii. the need for hard evidence of what has been delivered by the One Business programme;
 - iv. the need for stronger collaborative leadership across the network, which is crucial for medium-term planning;
 - v. appropriate threshold and approval levels to ensure network bodies were not hampered, e.g. the threshold around small-scale capital purchases;
 - vi. Defra's strategic risks;
 - vii. the need to keep an eye on longer-term risks;
 - viii. the need to be timely in setting in motion the recruitment of non-executive directors to ensure vacancies are filled; and
 - ix. an update on the Defra Shared Audit Service and the planned move into the single internal audit service for government.

7. Forward look for 2015/16

- 7.1. Internal audit for 2015/16 will continue to be provided by KPMG. The operational plan for 2015/16 has been agreed as a 21-day programme with a contingency of two days. The follow-up audit, which consists of a report on the implementation of audit recommendations, has been taken out of the KPMG contract and will be performed by JNCC management. Both ARAC and KPMG are content with this decision.

- 7.2. The audit programme of 21 days is a reduction of four days from previous years if the two contingency days are not utilised. This reduction reflects the balance between the need to reduce costs whilst allowing KPMG to provide JNCC's Accounting Officer with an overall opinion on the organisation's risk management, control and governance, as well as meeting the Government's internal audit standards. The number of days is considered sufficient to fulfil these purposes by both ARAC and EMB.
- 7.3. In March 2015, ARAC approved the operational plan for internal audit for 2015/16. The plan includes four audits and has been developed with the new JNCC strategy in mind. Consequently, the audit on financial management will focus on income and the systems currently in place for accounting for external funding. In June, ARAC will consider draft scopes for the audits to be undertaken through the year. The internal audit programme for 2015/16 includes:
- risk management and corporate governance;
 - scientific evidence;
 - key financial controls;
 - financial management and budgetary control processes.
- 7.4. The ARAC forward programme is given in Annex 2.



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Annual internal audit report

2014-15

Joint Nature
Conservation
Committee
(JNCC)

May 2015

Contents

The contacts at KPMG in connection with this report are:

Tamas Wood

Director

KPMG LLP (UK)

Tel: 020 7311 6458

tamas.wood@kpmg.co.uk

Sally-Anne Eldridge

Senior Manager

KPMG LLP (UK)

Tel: 07717 544148

sally-anne.eldridge@kpmg.co.uk

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Section One

Executive Summary

We set out in this report our main findings from our agreed plan of work. Our plan was based on the risks identified by the management of the Joint Nature Conservation Committee (JNCC) and the specific areas of focus were decided following conversations with Executive and Non-Executive Directors. Individual reviews were completed following agreement of Terms of Reference with management. Final reports have been presented to the Audit Committee following their agreement with management. In this annual report we summarise:

- Our findings in relation to the planned internal audit coverage and output;
- Implementation of recommendations;
- Our performance as measured against the agreed suite of performance targets; and
- The Head of Internal Audit Opinion.

This report satisfies the Public Sector Internal Audit Standards requirement that the Head of Internal Audit must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement and which incorporates:

- *The annual internal audit opinion which must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.*
- *a summary of the work that supports the opinion; and*
- *a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.*

Objective	Key observations
Planned audit coverage and output Section 2	<ul style="list-style-type: none"> • Our plan included 25 days in relation to four reviews. There were no changes to the agreed programme of work. • Our reviews were undertaken by team members from our public sector internal audit department and from our specialist technology risk team.
Significant outstanding recommendations Section 3	<ul style="list-style-type: none"> • We raised 25 recommendations in the year, three of which were high priority. All our recommendations were accepted by Management and reported to the Audit Committee. • Throughout the year we have followed up with staff on the implementation of our recommendations, building awareness across the JNCC of the need to continue to make progress. No high priority recommendations are overdue at year end.
Performance of internal audit Section 4	<ul style="list-style-type: none"> • Our internal audit service complies with Public Sector Internal Audit Standards. • Our performance is monitored against an agreed suite of performance indicators which are routinely reported to Management and the Audit, Risk and Assurance Committee.
Head of Internal Audit Opinion Section 5	<ul style="list-style-type: none"> • Based on the work completed, the Head of Internal Audit Opinion* is: <div style="display: flex; align-items: center; margin-top: 10px;"> <div style="background-color: #FFD700; padding: 5px; margin-right: 10px;">Moderate Assurance</div> <div style="background-color: #F0F0F0; padding: 5px; flex-grow: 1;">Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.</div> </div> • We identified three high priority recommendations as a result of our planned internal audit work this year. These were raised through our Scientific Evidence review and related to the new policy which had been recently introduced across the organisation and lack of adoption by most project teams.

**These assurance categories have been defined by the government internal audit head of profession. KPMG's work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) or International Standard on Assurance Engagements (ISAE) 3000.*

Internal Audit Coverage and Outputs

Review assurances

Assurances have been given for all of our reviews, with the exception of the IT data management where the work focused on data penetration testing.

We have used the following categories as the basis of the levels of assurance that we provide you with (although it should be noted that these represent an indicative approach as the overall assurance provided is a matter of professional judgement).

These are the assurance levels preferred by the Government Internal Audit Agency and adopted by Defra Shared Audit Service from 01 April 2014.

Assurance level	Classification
Substantial	<i>In the areas considered in the scope of work:</i> The framework of governance, risk management and control is adequate and effective.
Moderate	<i>In the areas considered in the scope of work:</i> Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited	<i>In the areas considered in the scope of work:</i> There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory	<i>In the areas considered in the scope of work:</i> There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

#	Review	Days	JNCC predicted assurance rating	Assurance rating	Recommendations raised				Agreed
					High	Medium	Low	Total	
1	Risk Management and Joint Committee performance reporting	6	Substantial	Substantial	-	-	5	5	5
2	Scientific Evidence – Objectives 1 & 3	5	Moderate	Limited	3	4	-	7	7
3	Scientific Evidence – Objective 2		Moderate	Unsatisfactory					
4	Key Financial Controls	5	Substantial	Moderate	-	1	12	13	13
5	IT data management – data penetration testing	3	Not rated	Advisory work so no assurance rating given					
Contract management and follow up		6							
Total		25			3	5	17	25	25

Actual days compared to planned days

Our plan included 25 days in respect of four reviews that would be flexed to take account of the nature of the skills required and the areas under review. There were no changes to this agreed plan.

Reliance placed upon the work of other assurance providers

We have not placed direct reliance on other assurance providers. Where we are made aware of the findings of other assurance providers we consider the impact on our opinion or profile of work.

We have noted the findings of the ISAE 3402 report provided by the auditor of SSCL which reported *that controls were suitably designed and operating effectively to meet SSCL's stated control objectives*.

The Defra Group Head of Internal Audit also provides relevant updates on the outcome of internal audit work conducted by the Defra department internal audit team direct to Accounting Officers for consideration. In 2014-15 this has included work conducted on contract management of the Defra facilities management supplier. This work is not considered in reaching our Head of Internal Audit opinion and the impact of this work is for the consideration of the Accounting Officer.

Fraud and irregularities

It is a management responsibility to maintain systems and to ensure that resources are properly applied in an appropriate manner on approved activities. This includes responsibility for the prevention and detection of fraud and other illegal acts.

Internal audit staff have regard to the possibility of such malpractice and should seek to identify within the systems and processes they review serious defects in internal control which might permit the occurrence of such events. As stated in our internal audit strategy, the Head of Internal Audit should be advised of any discovery or suspicions of malpractice by management or the Audit Committee. Likewise the Head of Internal Audit is responsible for notifying management or the Audit and Risk Assurance Committee in the event of internal audit staff discovering evidence or suspicion of malpractice. Management should determine any action to be taken.

Based on the work we have performed, we have not identified any such matters we wish to bring to your attention, nor have we been notified by management or the Audit Committee of any fraud or illegality in the 2014/15 financial year.

Section Three

Implementation of Recommendations

This section provides an update on the status of recommendations not yet actioned at the beginning of the period and those raised during the year.

We have raised 25 recommendations from our reviews in 2014-15, which were all accepted by management although 17 of these were low priority recommendations where we did not require a formal management response. These are summarised below. There were 21 recommendations raised by your previous internal audit provider during 2013-14. These are also summarised below. We have largely relied on the management's internal follow up process for this annual summary, but have corroborated management's view on progress through sample of high and medium priority recommendations through discussions with management.

Recommendations raised	Priority			
	High	Medium	Low	Total
Recommendations raised by your internal audit provider in 2013-14	-	10	11	21
Recommendations raised by KPMG and accepted by management	3	5	17	25
Total	3	15	28	46

Analysis of recommendations

We summarise below the status of recommendations raised across reviews in 2013-14 and prior years. "Overdue" recommendations are those that have not been actioned yet where the agreed action date has passed, while those shown as "in progress" have had some demonstrable progress made in implementation.

Priority	Status				
	Implemented or superseded	In progress or partially implemented	Overdue	Not yet due	Total
High	-	1	-	2	3
Medium	11	-	-	6	17
Low	5	2	1	2	10
Total	16	3	1	10	30

Overdue recommendations

As at 31 March 2015, there were no overdue high priority recommendations, although one of the high priority recommendations from our Scientific Evidence review had only been partially implemented.

There was one low priority recommendation that has past its due date. We track all overdue internal audit recommendations and report these at each Audit, Risk Assurance Committee meeting through our progress report.

Section Four

Performance of Internal Audit

Key performance indicators

Performance indicators agreed in our audit strategy and our performance against them is detailed below:

Measure	Target	Achievement
% of draft reports issued within 10 working days of closure meeting	100%	75% *
% of final audit reports issued within 5 working days of Management responses	100%	100%
% of audit recommendations accepted by Management in finalised audit reports*	90%	100%
% Agreed recommendations implemented by agreed due date	100%	80%
Respond to all emails within:	1 working day	Yes
Respond to all telephone calls within:	1 working day	Yes
Respond to all requests for assistance within:	2 working days	Yes
Customer satisfaction: Results from client questionnaire*	Average of 4.0 or greater	4.0
Completion of annual plan	100%	100%

- Issue of data penetration testing draft report was delayed by staff sickness at KPMG

Staffing

All staff deployed on this service hold or are training for suitable industry qualifications. All staff complete an online induction to the Defra network. Where team changes have had to occur, staff have been replaced with similarly qualified individuals and detailed handovers take place.

Compliance with standards

Based upon our ongoing assignment and client review processes, our internal audit service has complied with Public Sector Internal Audit Standards since our appointment.

Quality control

Our aim is to provide a service that not only meets this organisation's needs but also maintains consistently high standards. This is achieved through the following internal processes:

- Preparation of a detailed audit plan which is agreed by management and the Audit and Risk Assurance Committee for approval;
- Regular review of progress against the plan to ensure we are delivering the work we have promised. This year, we completed all audit work as required;
- A tailored audit approach using a defined methodology and assignment control documentation which is subject to the Firm's review protocol;
- The use of qualified, highly trained and experienced staff;
- Monitoring of performance against targets;
- The review of all audit files and reports by the manager and all reports by the HoIA;
- Reviews of a random sample of files by staff from other offices within the firm to ensure they comply with the Firm's standards of technical excellence and client service and meet or exceed PSIAS requirements.

Head of Internal Audit Opinion

Basis of opinion for the period 1 April 2014 to 31 March 2015

Our internal audit service has been performed in accordance with KPMG's internal audit methodology which conforms to Public Sector Internal Audit Standards. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) or International Standard on Assurance Engagements (ISAE) 3000. PSIAS require that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform our work to obtain sufficient, appropriate evidence on which to base our conclusion.

Roles and responsibilities

The Accounting Officer is accountable for maintaining appropriate governance arrangements and a sound system of internal control including risk management. The Accounting Officer is also responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement (AGS) is an annual statement by the Accounting Officer setting out:

- the governance framework of the organisation, including information about the Joint Committee's structure, its attendance records, and the coverage of its work;
- the Joint Committee's performance, including its assessment of its own effectiveness;
- highlights of committee reports, notably by the Audit and Risk Assurance Committee;
- an account of corporate governance, including the Joint Committee's assessment of its compliance with the Corporate Governance Code, with explanations of any departures;
- information about the quality of the data used by the Joint Committee, and why the Joint Committee finds it acceptable;
- a risk assessment, including the organisation's risk profile, and how it is managed, including, subject to a public interest test: any newly identified risk; a record of any ministerial directions given; and a summary of any significant lapses of protective security.

We, as the Head of Internal Audit (HoIA), are required to provide an annual opinion in accordance with Public Sector Internal Audit Standards, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the system of internal control). This is achieved through a risk-based programme of work, agreed with Executive team and approved by the Audit and Risk Assurance Committee, which can provide assurance, subject to the inherent limitations described below.

The purpose of our HoIA Opinion is to contribute to the assurances available to the Accounting Officer and the Joint Committee which underpin the Accounting Officer's own assessment of the effectiveness of the system of internal control as reflected in the Annual Governance Statement (AGS)

The opinion does not imply that the HoIA has covered all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from the organisation's risk management framework. As such, it is one component that the Joint Committee take into account in preparing its AGS.

HEAD OF INTERNAL AUDIT OPINION

Our opinion is set out as follows:

- Basis for the opinion;
- Overall opinion; and
- Commentary.

Our opinion is formed based on:

- An assessment of the design and operation of the risk management framework and supporting processes; and
- An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account of the relative materiality of these areas; and

Our overall opinion* for the period 1 April 2014 to 31 March 2015 is:

Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
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Commentary

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety. Our opinion covers the period 1 April 2014 to 31 March 2015 inclusive, and is based on the audits that we completed in this period.

The design and operation of the risk management framework

Overall our work found that a risk management process is in place. The risk register and associated reporting reflects the key objectives and risks and is reviewed by the Joint Committee through its nominated committees.

The range of individual opinions arising from risk-based audit assignments, contained within our risk-based plan that have been reported throughout the year

For two reviews, we provided substantial or moderate assurance.

For one reviews we provided limited/unsatisfactory assurance:

- Scientific Evidence, our assessment of unsatisfactory assurance is a result of the newly introduced policy across the organisation and lack of adoption by most project teams. We found quality assurance documentation is not recorded or stored in a consistent way and gaining access to it is a difficult process. For half of the records selected for testing we were unable to obtain any evidence of quality assurance processes and therefore cannot conclude that adequate quality assurance processes have been conducted.

At the year end, we are satisfied that management has taken, or is in the process of taking, sufficient action to address the recommendations.

KPMG LLP

Chartered Accountants

Canary Wharf

13 May 2015

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Annex 2. ARAC forward programme

1. Standing items on agenda for every meeting

- i. Internal audit reports.
- ii. Cases of fraud or presumptive fraud and significant losses.
- iii. Forward plan.
- iv. Review of significant risks and discussion on new, emerging and fast-evolving risks.
- v. Any significant non-compliance relating to health and safety, quality strategy and environmental performance.
- vi. Meeting feedback.

2. Every March meeting

- i. Approve the annual Internal Audit Operational Plan.
- ii. Summary of audit recommendations and report on outstanding recommendations (follow-up audit report).
- iii. Draft of internal audit annual assurance report.
- iv. Annual report on performance of internal audit*.
- v. Comment on the draft Governance Statement.
- vi. Recommending the corporate risk register to the Joint Committee.
- vii. Review of ARAC effectiveness.

3. Intersessionally between March and June

- i. A pre-audit draft of the JNCC Annual Report and Accounts, for comment.

4. Every June meeting

- i. Recommend the post-audit JNCC Annual Report and Accounts to the Company Board and endorse the final draft of the Governance Statement for inclusion within JNCC Annual Report and Accounts.
- ii. Review of NAO's draft Audit Completion Report on the previous year's Financial Statement audit.
- iii. Final draft of internal audit's annual assurance report.
- iv. ARAC annual report to the Joint Committee.
- v. Audit scopes for audits to be undertaken in the current financial year.
- vi. Report on internal audit performance indicators.

5. Intersessionally between June and September

- i. Annual report on single tenders over £7,500.
- ii. Annual report on fruitless payments, losses and special payments for the previous year.

6. Every September meeting

- i. Mid-year annual internal audit assurance report and review of the operational plan in light of external audit findings and emerging risks.
- ii. Review the process for producing the accounts for the previous year.

- iii. External audit – if required, review and consider the management responses to recommendations raised in the external auditor’s Audit Completion Report and progress on implementation.
- iv. Annual report on performance of external audit*.
- v. Report on legislative compliance.

7. Every November meeting

- i. Comment on the draft annual strategy for external audit.
- ii. Timetable for the production of the JNCC Annual Report and Accounts.
- iii. Preparation for the Joint Committee’s annual discussion on risk.

8. Intersessionally between November and March

- i. Comment on the draft annual operational plan for internal audit.

9. Miscellaneous/occasional Items

- i. Value for money auditing.
- ii. Post-project reviews of major projects.
- iii. Review/extension of internal audit provision* (next review due in November 2016 for new contract from 1 April 2017).
- iv. Internal Audit Strategy (every three years).
- v. Review of the Fraud Policy (next review November 2015).
- vi. Performance indicators for internal audit.
- vii. Reports on staff risk management surveys.
- viii. Advise ARAC of major changes to accounting policies (as required).
- ix. ARAC meeting dates.
- x. Review of ARAC terms of reference (next review November 2015).

* closed session items