



JNCC SUPPORT CO.
BOARD MEETING

**CONFIRMED MINUTES OF THE SIXTEENTH MEETING OF THE JNCC
SUPPORT CO HELD ON WEDNESDAY 25 MARCH 2009 AT MONKSTONE
HOUSE, CITY ROAD, PETERBOROUGH, PE1 1JY**

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Present:

Mr Archdale
Dr Bridgewater
Mr Casement
Mr Crawley
Professor Doyle
Dr Goold
Professor Hill
Dr Joyce
Mr Pritchard
Mr Steer
Professor Usher
Professor Warren
Judith Webb
Mr Yeo

In attendance:

Mrs McQueen
Mrs Quince
Dr Stott

Apologies: Mr Thin, Mr Lloyd Jones, Mr Christensen

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1. Dr Bridgewater's opening remarks

- 1.1 Dr Bridgewater welcomed members to the sixteenth meeting. He informed the Board that this would be Professor Doyle's last meeting. Dr Bridgewater thanked Professor Doyle for his exemplary work on the Board.
- 1.2 Dr Bridgewater welcomed Mr Archdale as a new company director and to his first meeting of the Board.

2. Declaration of interests

2.1 No interests were declared.

3. Minutes of the fifteenth Board meeting

3.1 The minutes were agreed.

4. Matters arising

4.1 No matters were discussed

5. Report from the company Secretary (Oral)

5.1 Mrs McQueen reported the following matters to the Board:

- i. the termination of Dr Brown as a company director;
- ii. the appointment of Mr Archdale as a company director.

5.2 Mrs McQueen informed the Board that 5.2 of the articles of association state that only Committee members and staff employed by the JNCC support company can be directors of the company. As Dr Stott is currently seconded from Defra and therefore not a JNCC employee he could not become a company director. He was, however, a full member of the Executive Management Board.

5.3 Mrs McQueen reported that the annual return to Companies House would be made at the end of the month.

6. Report from the Executive Management Board (BD 09 P03)

6.1 The Board noted a paper which set out the main items discussed by the Executive Management Board and other significant issues relating to the running of the company.

6.2 The following matters were brought to the attention of the Board:

- i. item 4, Science Quality Task Force: the Board asked that a paper be brought back to them once the work had been completed. It was noted that staff in the company had welcomed this project.
- ii. item 6, Biodiversity Action Reporting System (BARS): this work would only go ahead if full funding was provided by the BARS partners; and
- iii. item 7: the event to be held on 20 May in London was JNCC's contribution to National Biodiversity Day and all members were encouraged to attend.

7. Quarter three monitoring report 2008-09 (BD 09 P02)

- 7.1 The Board noted the good progress against key performance indicators (KPIs) for the third quarter.
- 7.2 In discussion the following points were raised:
- i. the organisation was on track for a full spend at the end of March;
 - ii. KPI to facilitate collaboration between the UK science community and the Overseas Territories and Crown Dependencies (page 5 of the report): the Centre for Excellence and Conservation in Cambridge could be a partner for this work;
- 7.3 The Board congratulated the staff on the excellent achievement made against KPIs so far.

8. Report from the Audit and Risk Management Committee (Oral)

- 8.1 Mr Pritchard reported orally on the meeting of the Audit and Risk Management Committee (ARMC) the previous day. The report, which covered the following issues, would be sent to the Board in writing after the meeting.
- 8.2 The Board was advised that:
- i. the Committee considered options aired previously for refining some of the ways in which its overview of key risk areas interacts with the Executive Management Board's regular reviews of the same issue. Some additional steps were agreed to give more attention in particular to significant new, emerging or fast-evolving risks;
 - ii. following discussion of an earlier draft at its December meeting, the Committee approved the final version of the Strategy and Operational Plan for internal audit for 2009-2010. Approval of the definition of the scope of the individual audits was delegated to the Chair for a later date, pending incorporation of comments made by the Executive Management Board;
 - iii. the final two reports of internal audits in 2008-09 were received and discussed. The first of these was the report of follow-up of previous audit recommendations. The Committee noted that action on most outstanding recommendations was in hand, and in other cases where there was slippage or other issues it was able to obtain explanations of the reasons. The second report covered an audit of data security, context for which includes the discussion held in September concerning JNCC's response to the government's data-handling review. This audit received a "substantial" assurance rating. Further work touching on this subject will take place in the coming year. The

Committee flagged questions concerning its applicability to data and information handled by non-executive Board members as well as staff;

- iv. the Committee discussed the annual report on performance indicators for internal audit, and the accompanying summary report of the results of the annual survey which Deloitte undertakes to assess Support Company staff satisfaction as customers of internal audit. Both sets of results were good, and average customer satisfaction scores were higher than those in the previous year. In a closed session the Committee also discussed a qualitative report on the performance of both internal and external audit. This new process for obtaining quality assurance and identifying issues was found to be a useful additional measure, and will be continued in future;
- v. the legislation empowering the National Audit Office (NAO) to act as JNCC's external auditors has finally been put in place, and the ARMC discussed the strategy presented by NAO for undertaking this work. There will be some differences from the way this was done in the past, for example, greater emphasis on regularity (verifying that expenditure does not stray beyond statutory purposes), and preparation of annual accounts in-house rather than as part of the audit contract. There are some workload implications to keep under review, and significant issues of cost. While in the first year the fee charged will not be different from what it has been in the past, the NAO have indicated that in their view the real cost is nearly twice this amount, and in future they will be under an imperative to aim for closer to full recovery of this real cost. JNCC is now legally unable to use alternative auditors, so a negotiation lies ahead concerning the fees to be charged in future. One component of the engagement is a formal Letter of Understanding which will be sent by the NAO to the Board. Members' attention is drawn to this, as it includes important reminder statements concerning the financial responsibilities of the Directors of the Support Company;
- vi. for information, the agenda for the ARMC's next meeting in June will include an item on financial process-related actions required in relation to the handover from the present Managing Director to his successor, later in the year.

9. Strategy implementation: changes to corporate governance arrangements (BD 09 P01)

- 9.1 The Board were asked to endorse the changes to corporate governance arrangements in respect of the schedule of delegations (Annex 1), terms of reference for the Audit and Risk Management Committee (Annex 2) and terms of reference for the Executive Management Board (Annex 3). The Board were further asked to endorse proposals for signing-off the Standing Orders for the Board (3.1).

- 9.2 The Board asked that in Annex 2, terms of reference for the Audit and Risk Management Committee, item 4.1 be changed to 'up to six members', to allow for the addition of a second external member, as previously discussed.
- 9.3 On page 11, the Board asked that the last section relating to significant risk matters be re-worded and brought back to the next meeting for approval.
- 9.4 The Board:
- i. **endorsed** the proposed changes to corporate governance arrangements; and
 - ii. **endorsed** the proposals for signing-off the Standing Orders for the Board.

10. AoB

- 10.1 No further items were discussed.