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Joint Nature Conservation Committee

Intersessional paper

Appointment of an external member to the Audit and Risk Assurance Committee (ARAC)

Executive Summary

Sponsor director: Marcus Yeo

1. Action required

- 1.1. The Joint Committee is invited to **approve**:
 - i. the appointment of Ms Karen Balmer as an external member of the Audit and Risk Assurance Committee.

2. Key issues

- 2.1. This paper contains a proposal for the appointment of Ms Karen Balmer as an external member of ARAC for the period 1 September 2019 to 31 August 2021.
- 2.2 ARAC have discussed intersessionally Ms Balmer's suitability for the position and have agreed to recommend her appointment to the Joint Committee as an external ARAC member. Ms Balmer has substantial financial experience at a senior level, complemented by HR and governance experience. Her profile is contained in Annex 1.

**JNCC 19 32
August 2019**

Joint Nature Conservation Committee

Intersessional paper

Appointment of an external member to the Audit and Risk Assurance Committee (ARAC)

Paper by Tracey Quince

1. Proposed appointment of Ms Karen Balmer

- 1.1. Under current governance arrangements, the Joint Committee is required to approve membership of the Audit and Risk Assurance Committee, following a recommendation from ARAC.
- 1.2 It is proposed that Ms Balmer is appointed to ARAC initially for a two-year term, subject to satisfactory performance. The appointment is remunerated at the same daily rate as Joint Committee members for a maximum of six days per year.
- 1.3 The terms of reference for ARAC are included in Annex 2.

Annex 1

Karen Balmer profile

Karen is a CIPFA qualified accountant and has over 30 years' experience of financial management, providing both operational and strategic financial leadership within the public, private and not-for-profit sectors. She combines this with her extensive HR and governance experience to support her roles as an NRW board member and as a trustee for other charitable organisations.

Karen is currently the Chief Executive of Groundwork North Wales, an environmental charity that works with partners to tackle the social, economic and environmental issues faced by local communities. Karen served as Chair of NRW's Audit and Risk Assurance Committee for two years and remains on the Committee as Deputy Chair. She also serves on NRW's People and Remuneration Committee, the Flood Risk Management Advisory Group and is the Wellbeing, Health & Safety Champion for the organisation.

Annex 2.

TERMS OF REFERENCE FOR THE AUDIT AND RISK ASSURANCE COMMITTEE

1. Background

- 1.1 In March 2005, the Joint Committee formally delegated responsibility to its support company for setting up an Audit and Risk Management Committee. The company established the Audit and Risk Management Committee as a sub-committee of the company Board. In November 2013, the Joint Committee agreed to take on the role similar to that of a Non-Departmental Public Body (NDPB) Board covering matters including business management such as performance and risk management. The Audit and Risk Management Committee became a sub-committee of the Joint Committee and changed its title to Audit and Risk Assurance Committee.

2. Role and purpose

- 2.1 The Audit and Risk Assurance Committee has been established to support the Accounting Officer and the Joint Committee in their responsibilities for issues of risk, control and governance and associated assurance. The Audit and Risk Assurance Committee is an advisory and commissioning committee promoting a climate of financial discipline and internal control and overseeing arrangements to attain value for money, regularity and propriety and reduce the risks of financial or other mismanagement.
- 2.2 The Audit and Risk Assurance Committee will advise the Joint Committee and Accounting Officer on:
 - i. the strategic processes for risk, control and governance and the Governance Statement;
 - ii. the accounting policies, the annual report and accounts, including the process for review of the accounts prior to submission for audit, levels of error identified and management's letter of representation to the external auditors;
 - iii. the planned activity and results of both internal and external audit and the adequacy of management's response to issues identified by audit activity, including external audit's audit completion report;
 - iv. assurances relating to the management of risk and corporate governance requirements for the organisation;
 - v. assurances to the Joint Committee on the appropriateness of systems and processes in place to manage non-GIA income;
 - vi. proposals for tendering for internal audit services or for purchase of non-audit services from contractors who provide audit services;
 - vii. counter-fraud policies, whistle-blowing processes and arrangements for special investigations;

- viii. ensuring that a process operates effectively to enable matters involving significant risk to the JNCC's, UK Government's or devolved administrations' reputation, legal standing or financial position to be identified and referred to the Joint Committee;
- ix. commission audits of specific projects and value for money audits as required; and
- x. periodically review the effectiveness of the Audit and Risk Assurance Committee and report the results of the review to the Joint Committee.

3. Membership

- 3.1 Membership comprises between four and seven members including independent member(s) of the Joint Committee (excluding the Chair); member(s) from the UK nature conservation bodies (excluding Chairs); and external member(s) as required on a contractual basis. All external member appointments are approved by the Joint Committee. Country conservation body members are proposed by their bodies and approved by the Joint Committee in the same way as external members.
- 3.2 The current members are:
 - Professor Colin Galbraith (term ends 31 October 2021)
 - Mr Charles Banner (term ends 14 December 2020)
 - Mr Nigel Reader (external member) (term ends 31 August 2020)
 - Ms Cath Denholm (term ends 31 March 2022)
- 3.3 The Audit and Risk Assurance Committee will be chaired by a suitably experienced independent member of the Joint Committee, appointed by the Joint Committee. In the event that the Chair is not present, the members may appoint any member to be a 'substitute Chair' for that particular meeting.
- 3.4 The Audit and Risk Assurance Committee will be provided with a secretariat function by the JNCC Governance Manager.
- 3.5 The Audit and Risk Assurance Committee should corporately own an appropriate skills mix to allow it to carry out its overall function. Members of the Committee should be equipped with sufficient business acumen to discharge their duties in an effective and efficient way and should have a good understanding of the objectives and priorities of the organisation, including the organisation's risk profile.

4. Rights

- 4.1 The Audit and Risk Assurance Committee may:
 - i. co-opt additional members for a period not exceeding a year, to provide specialist skills and knowledge; and
 - ii. procure specialist ad-hoc advice at the expense of the organisation, subject to approval by the Joint Committee.

5. Terms of Appointment

- 5.1 All members of the Audit and Risk Assurance Committee will have a clear understanding of:
- time commitments;
 - the duration of their appointment;
 - training required and how this will be provided;
 - how individual performance will be appraised, including what would be regarded as unsatisfactory performance; and
 - the criteria which would indicate the termination of Audit and Risk Assurance Committee membership.
- 5.2 The terms of appointment of an Audit and Risk Assurance Committee member will be clearly set out at the time of appointment.

6. Meetings

- 6.1 The Audit and Risk Assurance Committee will meet at least four times a year. The Chair of the Audit and Risk Assurance Committee may convene additional meetings as they deem necessary.
- 6.2 At least half the current membership must be present for the meeting to be deemed quorate.
- 6.3 Audit and Risk Assurance Committee meetings will normally be attended by the Accounting Officer, the Director of Finance and Resources, the Head of Internal Audit, and a representative of external audit.
- 6.4 The Audit and Risk Assurance Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.
- 6.5 The Audit and Risk Assurance Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.
- 6.6 The Joint Committee, and the Accounting Officer, may ask the Audit and Risk Assurance Committee to convene further meetings to discuss particular issues on which they would like the Committee's advice.
- 6.7 A lead representative from internal audit and a representative from JNCC will, if required, attend Defra's Audit Committee to report on JNCC audit and risk assurance business.
- 6.8 The Chair of JNCC's Audit and Risk Assurance Committee will attend Defra's Audit and Risk Committee chairs' meetings on a regular basis.
- 6.9 Any member(s) or attendees having a potential conflict of interest in any of the agenda items at a given meeting will be required to declare it at the commencement of the meeting. In the event of a member not appreciating at the outset of a meeting that an interest exists, the member should declare such an interest as soon as (s)he becomes aware of it. The Chair will rule on whether any interest was such as to prevent the member participating in discussion or determination of the matter. Members are expected to keep themselves informed

of prevailing requirements, standards and good practice in relation to the conduct of audit and risk assurance business.

- 6.10 The Committee will normally reach decisions by consensus. Where agreement cannot be reached by consensus, a vote will be taken on recommendations to the Committee, once all issues relating to them have been discussed.
- 6.11 Each Committee member is entitled to one vote. A majority vote is required for a decision to be agreed. If a majority vote is not reached and the issue must be decided at the meeting, the Chair has a second or 'casting' vote. If any member(s) disagree(s) with the final decision he/she may have their views noted in the minutes. If a vote is not taken then the issue(s) may be deferred so that additional information or options can be provided. Once a vote has been taken and the outcome determined, the Chair will state the decision made and this will be recorded for the minutes.
- 6.12 Apologies should always be submitted prior to the meeting. If a member of the Committee is absent for more than three meetings without good cause, then that member may be asked to stand down. The Chair shall determine what constitutes 'good cause' in any given case.
- 6.13 All meetings of the JNCC Audit and Risk Assurance Committee are closed sessions, although members may invite any JNCC staff members to a meeting as necessary to provide information and advice. Members of the company Board or Joint Committee may also attend as observers at the discretion of the Audit and Risk Assurance Committee Chair.
- 6.14 Minutes will be taken by a member of staff. Taken in conjunction with the papers presented to the meeting, the minutes should provide a correct record of the meeting, in sufficient detail to comprise an audit trail of issues discussed and decisions taken by the Audit and Risk Assurance Committee. Unconfirmed minutes will be produced and circulated no later than six weeks after the meeting to which they relate.

7. Access

- 7.1 The lead representative of internal audit and the representative of JNCC's external audit will have free and confidential access to the Chair of the Audit and Risk Assurance Committee. Similarly, the Chair of JNCC's Audit and Risk Assurance Committee will have free and confidential access to internal and external audit representatives to discuss any issues of concern. The Chair of Defra's Audit and Risk Committee will also have direct access to the Chair of the Audit and Risk Assurance Committee and vice versa to discuss significant control, governance or risk issues that are emerging and/or have been identified in the minutes of the Audit and Risk Assurance Committee.

8. Reporting

- 8.1 The Audit and Risk Assurance Committee will formally report in writing to the Joint Committee after each meeting.
- 8.2 The Audit and Risk Assurance Committee will provide the Accounting Officer and the Joint Committee with an Annual Report each June, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has undertaken during the year.

- 8.3 Minutes and agendas of each meeting will be circulated to Audit and Risk Assurance Committee members and regular attendees. Minutes will be maintained at JNCC's offices in Peterborough for inspection and may be shared with Joint Committee members on request. Minutes may also be shared with staff in Defra as requested and with the prior approval of the Audit and Risk Assurance Committee Chair.

9. Information requirements

- 9.1 For each meeting the Audit and Risk Assurance Committee will be provided two weeks prior to the meeting with:

- i. a report summarising any significant changes to the organisation's significant risks and a copy of the significant risk register;
- ii. a progress report from the Head of Internal Audit summarising:
 - work performed (and a comparison with work planned)
 - key issues emerging from the work of internal audit
 - management response to audit recommendations
 - changes to the agreed internal audit plan; and
 - any resourcing issues affecting the delivery of the objectives of internal audit.

- 9.2 As and when appropriate the Audit and Risk Assurance Committee will also be provided with:

- proposals for the procurement of internal audit and the internal audit strategy;
- the Head of Internal Audit's Annual Opinion and Report;
- quality assurance reports on the internal audit function;
- the draft accounts of the organisation;
- the draft Governance Statement;
- a report on any changes to accounting policies;
- external Audit's management letter;
- a report on the organisation's management of risk and risk appetite statement;
- an annual report on information risk and cyber security, to include any reports of breaches.