

Criminal Justice Inspection  
Northern Ireland  
*a better justice system for all*



Annual Report  
and Accounts  
**2014/15**

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# Annual Report and Accounts 2014/15

Criminal Justice Inspection Northern Ireland Annual Report and Accounts for the year ended 31 March 2015.

The Annual Report is laid before the Northern Ireland Assembly under paragraph 4 of Schedule 8 to the Justice (Northern Ireland) Act 2002 (as amended by paragraph 24(5) of Schedule 13 to the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010) by the Department of Justice.

The Statement of Accounts and Report of the Comptroller and Auditor General is laid before the Northern Ireland Assembly under paragraph 6 of Schedule 8 to the Justice (Northern Ireland) Act 2002 (as amended by paragraph 24(7) of Schedule 13 to the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010) by the Comptroller and Auditor General for Northern Ireland

on

3 July 2015.

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This publication is also available on our website at **www.cjini.org**

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# Chief Inspector's Report

**Austerity has definitely arrived in Northern Ireland and the impact has been felt right across all public services. For the Department of Justice and the agencies that it funds, this has necessitated changes to the delivery landscape for criminal justice. Criminal Justice Inspection Northern Ireland (CJI) has not been immune from the challenging budget reductions, some of which had to be made in-year and we have not shirked from making difficult decisions.**

I am pleased to report that we have managed to make our budget savings and at the same time protect the depth and range of the inspection programme by reducing accommodation costs and adopting new ways of working. We have forged a new relationship with Ulster University and currently have post-graduate students temporarily attached to CJI as interns providing research support to the inspection team.

There is in my view an even greater imperative for partnership working amongst the criminal justice agencies who sadly, will not have the same levels of help and support from the voluntary and community sector that they previously enjoyed. Our inspections will continue to focus on new opportunities for collaboration to improve effectiveness and efficiency.



**Brendan McGuigan**  
Chief Inspector

During the year CJI has completed and published a number of inspection reports and follow-up reviews and provided support to the Committee for Justice by delivering an independent assessment of the impact of reductions to the legal aid budget. We have also contributed inspection support to the Independent Inquiry into Child Sexual Exploitation in Northern Ireland and conducted a review of Crown Court Cases for the Lord Chief Justice and the Justice Delivery Group.

I continue to provide independent assessments on the progress being made to deliver prison reform and as the programme comes to a conclusion, there is still more to be done including the securing of the necessary funding to enable the much needed up-grading of the prison estate. During the year CJI and its partner inspectorates assessed the outcomes for prisoners at Magilligan Prison and the scale of the challenge in providing safety for many of those committed to prison. Healthcare in prisons remains a significant concern.

The Stormont House Agreement in December 2014 has provided an agreed mechanism for dealing with the past and CJI is prepared to play its part in providing whatever accountability and oversight arrangements are subsequently established. In addition to the obvious political and societal benefits, there is now an opportunity for the criminal justice agencies to begin to focus on the future and how they intend to deliver their services in this new fiscal environment.

Finally, I would like to thank all those organisations we have worked with throughout the year, and in particular the staff in CJI, for the delivery of high quality inspection reports and in making the office accommodation move from the city centre to Knockview Buildings in the Stormont Estate, as seamless as possible.



**BRENDAN MCGUIGAN**  
**Chief Inspector of Criminal Justice in Northern Ireland**  
April 2015

# Director's Report

## Introduction

As Chief Executive and Accounting Officer, I am pleased to present the Annual Report and Accounts for the financial year ended 31 March 2015.

This Director's Report should be read in conjunction with the Strategic Report on pages 8 to 21 which provides more information on the operational and financial performance of the Office of the Chief Inspector of Criminal Justice in Northern Ireland (CJI) across the financial year.

## Chief Inspector

The Chief Inspector of Criminal Justice in Northern Ireland is the head of the organisation. The current Chief Inspector Brendan McGuigan was appointed by the Minister of Justice David Ford, MLA on 30 November 2012.

## Executive Management

The Chief Inspector has responsibility for ensuring the Inspectorate carries out a programme of inspection among the criminal justice agencies within its legislative remit.

The Chief Inspector is supported in executing his responsibilities and directing and controlling the major activities of the organisation during the year by me as Chief Executive and by the other members of CJI's Senior Management Team (SMT). The SMT comprises:

- B McGuigan, Chief Inspector;
- J Corrigan, Chief Executive and Accounting Officer and Deputy Chief Inspector;



**James Corrigan**  
Chief Executive and Accounting Officer

- M McVeigh, Business and Communications Manager;
- J Jamison, Accountant, Financial Services Division, DOJ; and
- a representative of the Inspection Team on a rotational basis.

There were no changes within the SMT during the financial year.

## Remuneration and Pensions

Details of the remuneration and pension interests of the executive management for the year ended 31 March 2015 are contained in the Remuneration Report on pages 30 to 34. Pensions are provided to staff through the Principal Civil Service Pension Scheme

(Northern Ireland). Further details in respect of pensions liabilities and pension arrangements can be found in Note 1 paragraph 1(b) and Note 3 to the Accounts.

### Register of Interests

All Audit and Risk Assurance Committee members, attendees and CJI staff members are required to provide information on personal or business interests that may be perceived by a reasonable member of the public to influence their judgement in the exercise of their public duty. CJI maintains a Register of Interests which is available for public inspection.

### Sickness Absence

In 2014-15 the average level of staff sickness absence stood at 5.92 days per employee (7.00 days in 2013-14). This average figure takes account of long-term sickness absence which occurred during the financial year.

### Disclosure to Auditors

The Financial Statements are audited by the Comptroller and Auditor General (C&AG) who is head of the Northern Ireland Audit Office, is appointed by statute and reports to the Northern Ireland Assembly. His certificate and report are produced on pages 42 and 43.

As Accounting Officer I am required to ensure that all relevant audit information is provided to the auditors. I have taken all reasonable steps to make myself aware of any relevant audit information and have ensured that all such information is available to the auditors. I also confirm that there is no relevant audit information about which I am aware that the auditors have not been informed about.

The audit fee for the work performed by the staff of the C&AG during the reporting period was £12,700 (2013-14:£12,000) which relates solely to the audit of these financial statements.

The C&AG may also undertake other work that is not related to the audit of CJI's Financial Statements, such as Value for Money reports. No such activity took place during the year.

### Protected Personal Data and Data Handling

- A.1 CJI holds names, home addresses including postcodes, mobile telephone numbers and dates of birth for all directly recruited members of staff.
- A.2 Bank, financial details, National Insurance Numbers and mother's maiden names are also on file.

The above information is retained on individual personnel files which are stored in a locked security cabinet in a store with a dual locked door, the key of which is held in a combination key safe.

This information does not leave CJI apart from initial registration with Personnel and Office Services Division within the DOJ and criminal record checks.

- B. CJI maintains a database in excess of 1,000 names, addresses, postcodes, email and fax numbers of stakeholders/recipients of all CJI publications.

None of this detail is transported outside of CJI.

I am required to report personal data related incidents which occurred during the year ended 31 March 2015. Personal data includes any information that links one or more identifiable living person with information about them, the release of which would put them at significant risk of harm or distress, or any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain.

CJI confirms that during 2014-15 or in the previous years there were no personal data related incidents to report to the Information Commissioner. Information risk is managed within CJI within the context of the risk management framework to which I refer in CJI's Governance Statement on pages 36 to 41.



**JAMES CORRIGAN**

**Chief Executive and Accounting Officer**

04 June 2015



# Strategic Report

## Background information

The Office of the Chief Inspector of Criminal Justice in Northern Ireland was established as an Executive Non-Departmental Public Body under s.45 of the Justice (Northern Ireland) Act 2002.

The first Chief Inspector was appointed by the Secretary of State for Northern Ireland in August 2003, to inspect or ensure the inspection of all aspects of the criminal justice system, other than the courts, and to contribute in a significant way to the effective and efficient running of the criminal justice system, while helping to guarantee that it functions in an even-handed way. The courts were initially omitted from the organisation's inspection remit, but were added following legislative change in 2007.

Criminal Justice Inspection Northern Ireland (CJI) went live in October 2004 and from that time until the devolution of policing and justice matters to the Northern Ireland Assembly on 12 April 2010, it conducted a programme of inspections which were agreed annually with the Secretary of State for Northern Ireland. Following the devolution of policing and justice matters, responsibility for agreeing CJI's inspection programme passed to the locally-elected Minister of Justice.

From 12 April 2010, CJI became an Executive Non-Departmental Public Body of the Department of Justice (DOJ).

## Remit of CJI

CJI has a remit to inspect a wide variety of organisations and bodies under s.46 of the Justice (Northern Ireland) Act 2002, and s.45 of the Justice and Security (Northern Ireland) Act 2007, as amended by Schedule 13 to the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

Inspections must be carried out by CJI in relation to these bodies or organisations, unless the Inspectorate is satisfied they are subject to a satisfactory inspection regime. Organisations which fall within CJI's remit include:

### Core criminal justice organisations

- The Police Service of Northern Ireland;
- The Public Prosecution Service;
- The Northern Ireland Prison Service;
- The Probation Board for Northern Ireland;
- The Youth Justice Agency;
- The Northern Ireland Courts and Tribunals Service;
- The Office of the Police Ombudsman for Northern Ireland;
- Forensic Science Northern Ireland;
- The State Pathologist's Department;
- The Northern Ireland Legal Services Commission;
- The Parole Commissioners for Northern Ireland;
- Community-based restorative justice schemes; and
- Probation and Bail hostels (Approved Premises).

The remit of the Inspectorate however goes wider than these core organisations. It includes other organisations and bodies with a regulatory/prosecutorial role which interface to a greater or lesser degree with the criminal justice system. They include:

- The Child Maintenance and Enforcement Division;
- Health and Social Care Board and Trusts;
- The Department of Enterprise, Trade and Investment;
- The Department of the Environment;
- The Health and Safety Executive for Northern Ireland;
- The Northern Ireland Social Security Agency;
- Royal Mail Group;
- Belfast International Airport Ltd;
- Belfast Harbour Commissioners; and
- Larne Harbour Ltd.

During 2014-15 the Central Investigation Service and the Veterinary Service Enforcement Unit of the Department of Agriculture and Rural Development were added to CJI's inspection remit while the Compensation Service for Northern Ireland was removed.

### **CJI's Vision**

CJI's vision is summed up as '*a better justice system for all*'.

By that we mean a criminal justice system which works smoothly and efficiently, protecting everyone, working to reduce crime and helping to put offenders back on the right track so that they will not offend again. It also means a system that does all these things with absolute fairness, promotes equality and human rights and is responsive to the real concerns of the community. A justice system that can do these things is the foundation for a peaceful and cohesive community and is a prerequisite for health and prosperity.

That vision requires the collaboration of all the agencies of the criminal justice system, the voluntary sector and political and community-based organisations to bring it about. CJI contributes to it by conducting inspections of individual agencies and cross-cutting thematic reviews of aspects within the criminal justice system.

### **CJI's Values**

The Inspectorate's values are summed up as:

- independence;
- impartiality;
- honesty;
- integrity;
- respect;
- openness; and
- robustness.

### **CJI's Mission**

CJI's mission is to work closely with the inspected agencies in a professional and mature way. We will maintain our robustness and independence by producing relevant, respected inspection reports that add value to the criminal justice system and enhance the public's experience of contact with every part of the criminal justice system.

We will achieve our mission by:

- maintaining our values at all times;
- communicating clearly and frankly;
- listening to all interested parties;
- identifying and communicating good practice;
- producing enabling, balanced, objective reports;
- taking account of sensitive issues;
- providing a supportive work environment that reflects our values; and
- pursuing excellence.

### **CJI's Aims**

CJI contributes to the DOJ's aims by improving public confidence in the justice system. It will do so by assisting the criminal justice agencies in Northern Ireland to become more efficient and effective, and by ensuring that they are being fair and equitable in all their policies and operations.

During 2014-15 CJI's formal accountability was to the Minister of Justice.

### **CJI's Objectives**

The strategic objectives of CJI are to:

- promote efficiency and effectiveness through assessment and inspection to facilitate performance improvement;
- provide an independent assessment to Ministers and the wider community on the working of the criminal justice system;

- provide independent scrutiny of the conditions for and treatment of, users of the criminal justice system, in particular victims and witnesses, children and young people, prisoners and detainees; and
- work in partnership to deliver a high quality, independent and impartial inspection programme.

The business aims of CJI are to:

- conduct a series of planned inspections;
- conduct a series of planned follow-up inspections/action plan reviews;
- increase/maintain engagement with stakeholders in the criminal justice system;
- increase/maintain awareness of CJI within the justice system;
- fulfil its statutory requirements;
- maintain a sound system of financial control;
- retain a quality management system; and
- retain support for the Inspectorate through an effective communications programme.

To achieve these objectives, CJI will:

- ensure the inspection of the main agencies of the criminal justice system in Northern Ireland;
- conduct cross-cutting thematic reviews of subjects which involve more than one agency;
- determine CJI's programme of inspection and action plan reviews/inspection follow-up reviews each year in consultation with the Minister of Justice and the Attorney General for Northern Ireland;
- present inspection reports to the Minister of Justice;
- publish an Annual Report of CJI's activities; and
- employ a small number of appropriately qualified and experienced Inspectors and seek expert assistance from other inspection agencies as necessary.

## Organisational Structure and Responsibilities

The Chief Inspector is the head of CJI and as such, has responsibility for ensuring the Inspectorate carries out a programme of inspection among the criminal justice agencies within its legislative remit. He has responsibility to report the findings of the Inspectorate's work to the Minister of Justice and to ensure CJI's reports are laid in the Northern Ireland Assembly.

The Deputy Chief Inspector's role is to support the Chief Inspector in the delivery and management of the inspection programme and to deputise for the Chief Inspector in his absence and when otherwise required. The Deputy Chief Inspector is also the Chief Executive and Accounting Officer for CJI. As such, he has responsibility for the day-to-day running of the organisation. He is also responsible for ensuring the relevant responsibilities assigned to him as Chief Executive and Accounting Officer are met. This includes controlling the Inspectorate's budget and monitoring expenditure to ensure the most efficient and effective use of resources.

The Chief Inspector and Deputy Chief Inspector have responsibility for directing and controlling the major activities of the organisation. They are the key members of CJI's Senior Management Team (SMT). Details of other members of the SMT can be found within the Directors' Report on pages 6 and 7.

While CJI does not have a Management Board, it has an Audit and Risk Assurance Committee which meets four times during a calendar year. Minutes of CJI's Audit and Risk Assurance Committee meetings are publicly available on the CJI website - [www.cjini.org](http://www.cjini.org). CJI also participates in oversight and pay remit meetings with officials from its sponsor division within the DOJ.

## Corporate and Business Planning

During the 2014-15 financial year, CJI published its Business Plan which set out the objectives, targets and resources CJI intended to employ to achieve them during the financial year. The Business Plan included an overview of the programme of inspections and action plan reviews/inspection follow-up reviews the Inspectorate intended to undertake over a period of 18 months.

As part of its preparation work for the Business Plan, the Chief Inspector held a series of meetings with senior figures in each of the key criminal justice organisations. The meetings were held to gain their views on the topics and areas which merited inclusion in the proposed inspection programme.

Consultation meetings were held with representatives of other criminal justice bodies and stakeholders working within the criminal justice sector which CJI has responsibility for inspecting. Discussions also took place with the Lord Chief Justice, Sir Declan Morgan, the Attorney General for Northern Ireland, John Larkin, QC and senior figures from each of the political parties represented in the Northern Ireland Assembly. These discussions assisted the Inspectorate in refining the proposed inspection programme prior to its submission to the Minister of Justice and subsequent publication.

Plans were made in the latter part of the financial year for similar meetings to be held with senior figures in each of the key criminal justice organisations, representatives of other criminal justice bodies and stakeholders working within the criminal justice sector, including members of the voluntary and community sector and academics. The meetings aimed to inform CJI's thinking around the development of the inspection programme for the second half of 2015-16 and future financial years.

## Performance against CJI's objectives and targets for 2014-15

In this section, CJI reports on progress against its objectives and targets for the 2014-15 financial year as listed in its Business Plan. They are divided into three areas: Inspection programme; Communication activity; and Corporate business.

Objectives	Target	Outcomes
<b>Inspection programme</b>		
<p><i>To conduct a series of inspections within the legislative remit of CJI and to make the findings of these inspections publicly available.</i></p> <p><i>To conduct a series of follow-up reviews of inspections carried out by CJI and to make the findings of these follow-up reviews publicly available.</i></p> <p><i>To support the Programme for Government and the priorities of the Minister of Justice for the criminal justice system through the delivery of the CJI inspection programme.</i></p>	<p>To commence all those inspections listed in the Business Plan within 18 months of the start of the 2014-15 financial year.</p>	<p><b>Achieved</b> - By 31 March 2015 CJI had commenced all inspections scheduled to commence within the first 12 months of the 18-month Inspection Programme contained in the 2014-15 Business Plan. In addition CJI was involved in-year in four further pieces of work which included:</p> <ul style="list-style-type: none"> <li>• an inspection of Crown Court files for the Lord Chief Justice and the Justice Delivery Group;</li> <li>• participation in the joint DOJ/Department of Health, Social Services and Public Safety (DHSSPS) Independent Inquiry into Child Sexual Exploitation in Northern Ireland led by Kathleen Marshall, which was published in November 2014;</li> <li>• a report on the proposed legal aid reforms for the Justice Committee; and</li> <li>• a review of the Environmental Crime Unit of the Northern Ireland Environment Agency - the findings of which were published in early 2015-16.</li> </ul> <p>Reports relating to the work of the Prison Review Team were also submitted to the Minister of Justice during the course of the financial year.</p> <p>CJI also commenced work on all five of the seven action plan/inspection follow-up scheduled to start by 31 March 2015.</p>
	<p>To agree and sign new agreements with CJI's partner Inspectorates and oversight bodies it engages with as part of its inspection remit.</p>	<p><b>Achieved</b> - new agreements with CJI's partner Inspectorates and oversight bodies were signed in-year.</p>

Objectives	Target	Outcomes
	To increase the proportion of strategic and operational recommendations fully achieved and partially achieved by 5% in comparison to the baseline figure established at the start of April 2014.	CJI will measure this target as follow-up reviews are completed on inspections published since April 2014. These follow-up reviews are expected to commence later in 2015. As stated in the business plan, it will then be possible to measure performance against the baseline figure established at the start of April 2014 (36 fully achieved; 33 partially achieved; 14 not achieved).
	To decrease the proportion of strategic and operational recommendations not achieved by 5% in comparison to the baseline figure established at the start of April 2014.	An assessment of whether the proportion of strategic and operational recommendations not achieved has been reduced by 5% in comparison to the baseline figure established at the start of April 2014 (see above), will be made after CJI has conducted follow-up/action plan reviews of those inspections published after 1 April 2014.
<p><b>Overview:</b> CJI met both inspection programme targets which were measurable in 2014-15. The remaining two targets will become measurable during 2015-16 and will be reported in subsequent annual reports.</p>		

#### Communication activity

<p><i>To support the Inspectorate in all its publications in accordance with its legislative requirements.</i></p> <p><i>To maintain engagement with key stakeholders.</i></p> <p><i>To maintain awareness of CJI's contribution to the criminal justice system.</i></p> <p><i>To increase the use of electronic communication channels to raise awareness of CJI's work.</i></p>	<p>To publish, by laying before the Northern Ireland Assembly, all inspection reports as soon as is practicable after receiving written permission of approval to publish from the Minister of Justice for Northern Ireland, subject to the Assembly timetable.</p> <p>To present to the Northern Ireland Assembly all action plan/inspection follow-up reviews and publish this material on the CJI website - <a href="http://www.cjini.org">www.cjini.org</a> - during the financial year.</p>	<p><b>Achieved</b> - During the reporting period eight full inspection reports were published by CJI meeting the requirements of the relevant Business Plan targets.</p> <p>The organisation also published all inspection reports on its website, producing e-publications as appropriate.</p> <p><b>Achieved</b> - Four action plan/inspection follow-up reviews were published by CJI. The action plan/follow-up reviews were made available on the CJI website with e-publications developed as appropriate.</p>
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Objectives	Target	Outcomes
	To publish, by laying before the Northern Ireland Assembly, CJI's Annual Report and Accounts for 2013-14 before 30 September 2014.	<b>Achieved</b> - CJI laid its 2013-14 Annual Report and Accounts in the Northern Ireland Assembly on 10 July 2014.
	To obtain feedback on CJI's work from the heads of the main criminal justice agencies, the Minister of Justice for Northern Ireland, the Attorney General for Northern Ireland, the Lord Chief Justice and the justice representatives of the main political parties at least once during the 2014-15 financial year.	<b>Achieved</b> - Throughout the year, CJI undertook to engage with these and other key stakeholders in order to obtain feedback on the Inspectorate's work.
	To run a bi-annual symposium within the 2014-15 year involving representatives of the voluntary and community sector and academia with an interest in criminal justice matters.	<b>Not achieved</b> - CJI commenced planning in February 2015 to host two symposiums involving representatives from the voluntary and community sector and academia. These events were held in April 2015.
	To publish within the 2014-15 financial year, three editions of CJI's newsletter 'The Spec' on the CJI website - www.cjini.org - and electronically circulate this material to key stakeholders.	<b>Not achieved</b> - Due to staffing issues, CJI published two edition of its newsletter <i>The Spec</i> in the financial year.

**Overview:** CJI met four of its six communication activity targets for the 2014-15 financial year.

Objectives	Target	Outcomes
<b>Corporate Business</b>		
<i>To fulfil the statutory requirements placed upon CJI by the Northern Ireland Assembly and Government;</i>	To publish a Business Plan for the 2014-15 year which has been approved by the Minister of Justice for Northern Ireland.	<b>Achieved</b> - CJI published its 2014-15 Business Plan after receiving Ministerial approval to do so.
<i>To maintain a sound system of financial control;</i>	To respond to all Assembly Questions made of CJI within the specific timeframe advised by the DoJ for Northern Ireland.	<b>Achieved</b> - CJI responded to all requests for information it received from the DOJ in relation to Assembly Questions within its target timeframe.
<i>To retain a quality management system within the 2014-15 financial year.</i>	To seek to respond within 20 working days to all requests for information made to CJI under the Freedom of Information Act 2000.	<b>Achieved</b> - CJI processed all requests for information received under the Freedom of Information Act 2000 within the 20 working days in accordance with legislative requirements.
	To seek a clean (unqualified) audit certificate from the Comptroller and Auditor General for Northern Ireland for the 2013-14 accounts.	<b>Achieved</b> - In June 2014, CJI secured a clean (unqualified) audit certificate from the Comptroller and Auditor General for Northern Ireland in relation to its 2013-14 accounts.
	To process all payments within 10 days of receipt of a valid invoice or request for payment in line with Government recommendations in partnership with Financial Services Division, DoJ and AccountNI.	<b>Not achieved</b> - CJI processed 86.6% of payments within the 10-day target and 97.5% within 30 days of processing financial payments in partnership with FSD and Account NI. CJI remains committed to the faster processing of payments through close engagement with colleagues from FSD and AccountNI.
	To maintain a quality management system within CJI.	<b>Achieved</b> - During 2014-15, CJI successfully retained ISO 9001:2008 certification. The certificate was awarded following an in-depth audit of CJI's processes by NQA, an accredited certification body in January 2015.
<b>Overview:</b> CJI met five of its six corporate business targets for the 2014-15 financial year.		



## Review of Activities

The aim of CJI's activities is improvement. Its inspections examine the strengths and areas for improvement. It may make recommendations designed to help an organisation to improve in any aspect of its performance.

CJI will do this in two stages by:

- collecting data in advance and forming provisional judgments as to the strengths and weaknesses of the organisation; and
- testing those judgments during the inspection, finalising them and turning them, where appropriate, into recommendations or areas for improvement.

CJI believes that the most productive way to promote improvement is by working in partnership with agencies. There may be occasions when the work of an agency is of such a poor standard and when it shows neither the will, nor the capacity to improve, that the Inspectorate would have no option but to state publicly that the position was unacceptable. But most of the time, CJI will work in collaboration with the agencies it inspects, on the basis that their managers share the common aim of improvement.

Inspections conducted by CJI fully reflect the Cabinet Office principles for the inspection of public services to:

- pursue the purpose of inspection;
- focus on outcomes;
- be proportionate to risk;
- encourage self-assessment by managers;
- use impartial evidence wherever possible;
- disclose the criteria used for judgment;
- be open about the processes involved;
- have regard to value for money, including that of the inspecting body; and
- continually learn from experience.

Each inspection involves seeking the views of the agency's partners in the criminal justice system and the community on the agency's performance. The agency itself where appropriate, is also asked to self-assess against the inspection criteria identified in the

Terms of Reference, identifying as honestly as possible, its own strengths and weaknesses – not to be used against it, but as a token of its commitment to inspection and as an aid to improvement. The development of a capacity for rigorous and perceptive self-criticism among the management of the agencies, is fundamental from that point of view.

On the basis of the self-assessment an inspection fieldwork plan is produced. This forms the basis of the methodology and structure used to carry out the inspection fieldwork. This is followed by the drafting of the initial inspection report and the presentation of emerging findings to the inspected criminal justice agency/ies. Draft inspection reports are then shared with the inspected agency/ies as part of CJI's factual accuracy and quality assurance processes. The final report is then presented to the Minister of Justice and permission to publish by laying before the Northern Ireland Assembly sought.

## Working in partnership

During the 12 months between April 2014 and March 2015, CJI continued to work closely with its partner Inspectorates including Her Majesty's Inspectorate of Prisons, Her Majesty's Inspectorate of Constabulary, Her Majesty's Inspectorate of Probation, Her Majesty's Crown Prosecution Service Inspectorate, the Education and Training Inspectorate and the Regulation and Quality Improvement Authority. Links with the Northern Ireland Audit Office were also maintained.

The Inspectorate acknowledges the valuable skills, expertise and knowledge colleagues working in other organisations can bring to CJI's inspection work, especially in relation to benchmarking and identifying best practice.

## Reports and Accounts

I am also the Accounting Officer for the organisation. As such, I have responsibility for the preparation of accounts and maintaining a sound system of internal control that supports the achievement of CJI's policies, aims and

objectives while safeguarding the public funds and CJI's assets for which I am personally responsible.

I must also prepare a Statement of Account in each financial year in the form directed by the Minister of Justice. The Statement of Account must be submitted to the Department/Minister of Justice and the Comptroller and Auditor General for Northern Ireland.

The details of remuneration of senior management are set out in the Remuneration Report which can be found on page 30 to 34.

### Going Concern

The Statement of Financial Position at 31 March 2015 shows negative Taxpayers' Equity of £160,571. This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the NI Consolidated Fund. Such drawings will be from grants of Supply approved annually by the Northern Ireland Assembly, to meet the Net Cash Requirement of the DOJ of which the CJI is part.

Future financing of CJI's liabilities is accordingly to be met by future grants of Supply to the DOJ and the application of future income, both to be approved annually by the Northern Ireland Assembly. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the CJI's financial statements for 2014-15.

### Principal Risks

During the 2014-15 financial year CJI conducted a risk analysis examining a wide range of possible risks to the organisation and to the delivery of its objectives. The risks were reviewed in June, September and November 2014 and in March 2015, to ensure were relevant to the organisation. CJI's risk register takes into account the organisation's risk appetite, inherent and residual risks and control mechanisms to minimise disruption to CJI's operations. The main risks in practice are seen as:

- **Finance/Value for Money** - recurring annual budget cuts together with in-year reductions undermine the range and depth of inspections; inaccurate processing of staff salaries/deductions resulting in payment/contribution errors; and
- **Operations** - the loss of staff capacity including skills and knowledge.

In each case – including other less likely but potentially damaging risks – CJI has up-to-date plans in place to negate the impact.

### Information Assurance

CJI has aligned itself with the Information Assurance arrangements in place within the DOJ. These arrangements mirror policies and procedures in place within other departments in the Northern Ireland Executive.

CJI continues to comply with the Information Assurance Action Plan implementing security polices and guidance. CJI further complies with quarterly Accreditation and Risk Management reports in line with the DOJ Security Policy framework.

In November 2011 CJI was granted full accreditation from its sponsor department for its IT system with interim accreditation secured while CJI undertook the re-accreditation process during this financial year. These steps ensure CJI's Information, Communication and Technology systems are processing protectively marked information in the correct way.

### Financial Position

The financial position at the year end is set out in the Statement of Comprehensive Net Expenditure on page 44.

Revenue Grants from sponsoring department for the period was £1,090,000 (£1,307,000: 2013-14) and the Net Expenditure £1,159,372 (£1,288,587:2013-14).

Details of the General Reserve and the Revaluation Reserve are given in the Statement of Changes in Taxpayer's Equity on page 47. An amount of £3,120 (£14,186:2013-14) was

transferred to the Revaluation Reserve. This represents the movement in the valuation of non-current assets in the year.

As the cash requirements of CJI are met through Grant-in-Aid provided by the DOJ, financial instruments play a more limited role in creating and managing risk than would apply in a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with CJI's expected purchase and usage requirements and CJI is therefore exposed to little credit, liquidity or market risk.

### **Prompt Payment**

The Office of CJI is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code. Unless otherwise stated within the contract, payment is due within 30 days of the receipt of the goods or services, or the presentation of a valid invoice or similar demand. From November 2008, CJI has complied with the Government's 10 working day turnaround for goods/services and invoices.

During the year ended 31 March 2015, 86.6% (79% in 2013-14) were paid in this 10-day timeframe. CJI remains committed to further increasing its prompt payment figure and is working in partnership with colleagues in FSD and Account NI to minimise delay and drive forward further improvements in 2015-16. By the end of the financial year, CJI processed an average of 97.5% of payments within 30 days (95% in 2013-14).

### **Off Payroll Engagements**

CJI had no 'off-payroll' engagements at a cost of over £58,200 per annum in place as at 1 April 2014. This remained the case in-year with no 'off-payroll' engagements at a cost of over £58,200 per annum in place as at 31 March 2015.

### **Sustainable Development**

CJI is committed to continuing its drive on sustainable development by promoting and maintaining a positive and inclusive culture amongst staff and stakeholders. Its aim is to foster governance and leadership in sustainability and to work collaboratively to avoid and minimise adverse impacts of the organisation's activities on the environment and society and reduce the organisation's carbon footprint.

During 2014-15, CJI rationalised its office accommodation by relocating from its Belfast city centre base to alternative vacant accommodation within the Stormont Estate. This resulted in better utilisation of space and a reduction in the organisation's overall carbon footprint. CJI also maintained its recycling policy for non-sensitive paper waste across the organisation and has promoted the electronic publication and distribution of its inspection reports and other corporate publications where possible.

### **Organisational Development**

CJI first indicated that it would seek certification for its Quality Management System (QMS) in its 2009-12 Corporate Plan. In February 2011 CJI's business operations were awarded ISO 9001:2008 certification following a comprehensive audit. Since then CJI has been independently audited on an annual basis and certification for the QMS system retained.

CJI continues to undertake a programme of internal audits and evaluations of procedures to deliver continuous improvement of its QMS and high quality inspection reports.

### **Corporate Ethos**

CJI aims to manage itself according to the best current principles. It aims to be a good employer but a disciplined one. Although the terms and conditions of staff members are broadly aligned with those of the Northern Ireland Civil Service (NICS), the culture of the organisation is modelled on a modern, knowledge-based business.

As in other Inspectorates, staff will be expected to work beyond conditioned hours when the need arises, but that will be matched by time off in lieu and flexibility in working practices to meet the needs of those with caring responsibilities.

Staff members are expected to comply with the standards of conduct laid down by s.4 of the Civil Service Management Code and in the NICS Standards and Conduct guidance which sets out in detail the rules governing confidentiality, acceptance of outside appointments and involvement in political activities. Staff members are also expected to adhere to the ethics and principles outlined in the NICS Code of Ethics.

### Staffing

CJI had a complement of 14 staff (13.2 Full Time Equivalent (FTE)) at the start of 2014-15. During the course of the year, staffing figures reduced to 12.8 FTE after two members of the Business Support Team moved to reduced hours working patterns. Of the staff at senior management level two are male. Of the total staff within the organisation, nine are male and five are female.

Financial support continues to be provided to CJI by colleagues from Financial Services Division, DOJ under a Service Level Agreement established following the transfer of finance functions to the NICS's Account NI shared service.

The Chief Inspector has line management responsibility for the Deputy Chief Inspector while the Deputy Chief Inspector has line management responsibility for the Inspection staff, the Business and Communications Manager, IT and Security Manager and Personal Assistant. The Business and Communications Manager has line management responsibility for the Business and Communications Support Officer and Business and Administration Support Officer.

During 2014-15 all staff undertook electronic diversity and information handling training courses. The Deputy Chief Inspector and

Business and Communication Manager also undertook e-learning programmes linked to sickness absence management to refresh their knowledge.

During the year, the Business and Communication Manager also continued their studies towards a CIPFA Certificate in Management Practice (Financial Skills) while a member of the Business Support Team participated in the DOJ mentoring scheme as a mentee.

Senior management and members of the Inspection Team within CJI are also members of the Chief Executive's Forum and attended a number of events and seminars organised by the Forum throughout the year.

### Political engagement

In-year CJI enjoyed a productive and mutually beneficial working relationship with the Minister of Justice, David Ford MLA. The Chief Inspector attended quarterly meetings with the Minister which were supplemented by specific briefings on individual reports throughout the year.

The Inspectorate also welcomed the opportunity to engage and have discussions with politicians appointed to the Northern Ireland Assembly's Committee for Justice. MPs, MEPs and locally elected politicians within the Northern Ireland Assembly continued to receive copies of all CJI's inspection reports and action plan reviews/inspection follow-up reviews during the course of the year. CJI also met with local political party justice representatives during 2014-15.

### External Communication

During 2014-15, CJI continued its programme of external communication. The publication of the findings of CJI's inspection reports and action plan reviews/inspection follow-up reviews provides a valuable opportunity to reinforce with stakeholders and the community, the quality and impartial nature of the work carried out by the Inspectorate.

It also enables the organisation to highlight the contribution it makes to the continued improvement of the criminal justice system in Northern Ireland.

The Chief Inspector and Deputy Chief Inspector took the lead roles in promoting the work of the Inspectorate and the findings of its inspection reports and action plan reviews/inspection follow-up reviews.

During the financial year the publication of each report was accompanied by a press release and where appropriate, supplementary communications activity. In addition, the Chief Inspector and members of the Inspection Team responded to requests for interviews from print and broadcast media outlets, wire and internet-based news services. They also contributed to a number of current affairs programmes examining issues related to criminal justice matters.

The Chief Inspector, Deputy Chief Inspector and Inspection Team engaged with the Northern Ireland Policing Board and its various Committees. They have also maintained regular contact with the Criminal Justice Board; the Justice Delivery Group and the Office of the Prisoner Ombudsman for Northern Ireland.

The CJI Chief Inspector's involvement in the Prison Oversight Group continued during the course of the financial year along with David Ford MLA, Minister of Justice; Nick Perry, Permanent Secretary, DOJ; Andrew McCormick, Permanent Secretary, Department of Health, Social Services and Public Safety; Patricia Gordon, Northern Ireland Prison Service non-executive Director; Professor Monica McWilliams, former Chief Commissioner of the Northern Ireland Human Rights Commission; and Duncan McCauseland, former Assistant Chief Constable, Police Service of Northern Ireland.

During 2014-15 the Chief Inspector continued their involvement with the Five Nations Heads

of Inspectorates Forum which brings together the heads of all inspection and regulation agencies within the UK and attended a meeting of the Independent Monitoring Board Chairs.

CJI also maintained its links with the Council of Europe through William Priestley's participation in seminars in Bitola and Skopje, The Former Yugoslav republic of Macedonia (July 2014) and Tbilisi, Georgia (January 2015).

The Chief Inspector and Deputy Chief Inspector participated in a number of events linked to criminal justice matters and took part in a number of seminars focusing on prisons, victims and witnesses, equality matters and other linked topics. Members of the Inspection Team were also pleased to accept a number of invitations to address conferences and seminars linked to criminal justice.

### **CJI involvement in the UK's National Preventive Mechanism**

The Optional Protocol to the Convention against Torture and other Cruel, Inhumane or Degrading Treatment or Punishment (OPCAT) is an international human rights treaty designed to strengthen the protection of people deprived of their liberty. It acknowledges that such people are particularly vulnerable to ill-treatment and advocates that efforts to end such ill-treatment focus on prevention through a series of regular visits to places of detention.

Article 3 of OPCAT requires State Parties to *'set up, designate or maintain at the domestic level one or several visiting bodies for the prevention of torture and other cruel, inhumane or degrading treatment or punishment'*. These domestic bodies are referred to as the National Preventive Mechanism (NPM) and the UK Government has designated bodies in each jurisdiction to undertake the visiting role. In Northern Ireland the bodies include CJI along with the Regulation and Quality Improvement Authority, the Independent Monitoring Boards and the Northern Ireland Policing Board's Independent Custody Visiting Scheme.

The inspections that CJI published in 2014-15 on the safety of prisoners and Magilligan Prison, along with the follow-up review of Prisoner Escort and Court Custody Arrangements and ongoing monitoring visits to the Juvenile Justice Centre, specifically related to its NPM function. The UK NPM published its fifth annual report in December 2014.

### **CJI Equality Scheme and Action Plan**

On 31 August 2014 CJI published its fifth annual report to the Equality Commission. CJI's Equality Scheme and Action Plan is also available on the CJI website - [www.cjini.org](http://www.cjini.org). The Scheme sets out how CJI proposes to fulfil its statutory duties and was drawn up in accordance with Section 75 and Schedule 9 of the Northern Ireland Act 1998 and Equality Commission guidelines. Section 75 of the Northern Ireland Act 1998 (the Act) requires public authorities, in carrying out their functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Act.

### **Complaints**

CJI seeks to ensure it adheres to best practice in all aspects of its business activities and in support of this aim, has in place a complaints procedure which is publically available on its website - [www.cjini.org](http://www.cjini.org). We welcome and will be responsive to any complaints or other feedback from our customers. CJI defines a complaint as when a person expresses dissatisfaction with any aspect of CJI's standard of service. This may include the conduct of any permanent or temporary member of CJI or other people carrying out inspection related work for or on behalf of CJI. CJI has a Complaints Officer appointed to coordinate the management of any complaints it receives.

Should CJI receive a complaint either verbally or in writing it will:

- acknowledge the complaint in writing, within seven working days of receiving it;
- on receipt of a complaint the CJI officer receiving it or an officer nominated by the CJI Complaints Officer will attempt to resolve the complaint by informal resolution;
- CJI will attempt to resolve a first stage complaint as soon as we can and in any case within 15 working days of receiving it; and
- if CJI have been unable to resolve your complaint within 15 working days of receipt of it, we will write to the individual/organisation and keep them informed of its progress.

If an individual is dissatisfied with CJI's response, individuals may contact the Northern Ireland Ombudsman.

During 2014-15, CJI received one complaint which was addressed and resolved via the complaints process. CJI has also taken forward lessons learned from the complaint and has sought to improve its inspection and business processes as a result of the findings.



**JAMES CORRIGAN**

**Chief Executive and Accounting Officer**

04 June 2015

# CJI Audit and Risk Assurance Committee Report

**The role of the Audit and Risk Assurance Committee (previously the Audit and Risk Committee) is to support the Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment, the integrity of financial statements and the Annual Report.**

The scope of the Committee's work is defined in its Terms of Reference and encompasses the assurance needs of the Accounting Officer. Within this, the Committee is required to have particular engagement with the work of Internal Audit, risk management, the External Auditor and financial management and reporting issues. Internal Audit and External Audit are two significant sources of independent and objective assurance for the Committee and the Accounting Officer.

In order to discharge these responsibilities, the Audit and Risk Assurance Committee met four times during the 2014-15 financial year. The meetings were attended by the Chairperson of the Committee who is a non-executive member and one other non-executive member. Also in attendance were the Chief Inspector, the Chief Executive and Accounting Officer, the CJI Business and Communications Manager and a representative of the CJI Inspection Team. Representatives from DOJ sponsor division, Internal and External Audit, and

Financial Services Division, DOJ (financial services provider to CJI) were also present. All meetings were well attended.

During the year the Committee:

- reviewed the Risk Register at each meeting. The Committee has adopted a two-tier approach to risk which scores both inherent and residual risk and takes account of the risk appetite and tolerance level of CJI. The Committee remains concerned by the impact of budget cuts on CJI's ability to deliver its Business Plan commitments. Problems with inaccurate processing of staff salaries/deductions by an external service provider remain to be resolved;
- received the DOJ's Head of Internal Audit report and opinion for 2013-14. The Committee was pleased to welcome the Internal Auditor's overall opinion of substantial assurance and congratulated all staff involved in contributing to this outstanding achievement;
- approved the Internal Audit Plan for 2014-15 as part of the three-year Internal Audit strategy;
- received and welcomed the Northern Ireland Audit Office (NIAO) letter and final Report To Those Charged With Governance (RTTCWG) which provided a clean report reflecting the high standards of control within CJI;
- welcomed the fact that all Internal and External Audit recommendations were implemented by management;

- updated and amended the Committee's Terms of Reference;
- considered and approved the Committee's Self Assessment Report for 2014-15;
- commented on a draft of CJI's Annual Report, a report on CJI's draft accounts and its Governance Statement and presented the Committee's Annual Report to the Accounting Officer;
- at each meeting reviewed CJI's gifts and hospitality register, the expenses submitted by the Chief Inspector and the Deputy Chief Inspector/Chief Executive and any Direct Award Contracts; and
- noted the joint Audit Office guidance on whistle blowing, the CJI Anti-Fraud Policy and Fraud Response Plan. No whistle blowing or fraud issues were reported nor were there any declarations of conflicts of interest in-year.

I am satisfied that the CJI Audit and Risk Assurance Committee has an understanding of the objectives of CJI and its current significant issues and risks, as well as its structure and governance arrangements which continue to be effective and comprehensive. No major issues were identified during the year.



**E A SIMPSON**  
**Chair, CJI Audit and Risk Assurance**  
**Committee**

23 April 2015



# Objectives of the Criminal Justice System in Northern Ireland

## Constituents of the Criminal Justice System

The criminal justice system in Northern Ireland comprises:

- The Department of Justice (DOJ);
- The Northern Ireland Courts and Tribunals Service (NICTS);
- The Northern Ireland Prison Service (NIPS);
- The Police Service of Northern Ireland (PSNI);
- The Probation Board for Northern Ireland (PBNI);
- The Public Prosecution Service (PPS); and
- The Youth Justice Agency (YJA).

There are also a number of other bodies such as Forensic Science Northern Ireland and the State Pathologist's Department which are essential elements of the system.

By contrast, there are other agencies such as HM Revenue and Customs that are important participants in the criminal justice system but which are excluded from the remit of CJJ.

## Ministerial responsibility

The Minister of Justice was responsible during this financial year for all aspects of the criminal justice system apart from the judiciary and the Public Prosecution Service, which is a non-ministerial department funded through the Northern Ireland Assembly.

## Government objectives for the Criminal Justice System

The policies in force during this financial year are set out in the DOJ's addendum to the Programme for Government which can be found at

[http://www.dojni.gov.uk/index/publications/doj\\_addendum\\_to\\_pfg.pdf.pdf](http://www.dojni.gov.uk/index/publications/doj_addendum_to_pfg.pdf.pdf)

The DOJ's Corporate Plan for 2012-15 and Business Plan for 2014-15 outlines its strategic aims and objectives, planning assumptions and resourcing. A copy of the Business Plan can be obtained from the DOJ website

[http://www.dojni.gov.uk/index/publications/publication-categories/pubs-departmental-business/doj-departmental-business/doj-business-plans/doj-business-plan-2014-2015\\_final\\_.pdf](http://www.dojni.gov.uk/index/publications/publication-categories/pubs-departmental-business/doj-departmental-business/doj-business-plans/doj-business-plan-2014-2015_final_.pdf)

# Inspection Reports and Action Plan Reviews/Inspection Follow-Up Reviews

This section summarises the findings of inspection reports published by CJI in 2014-15. During this financial year, CJI published eight full inspections and four action plan reviews/inspection follow-up reviews, fulfilling its commitment to revisit each inspection report to assess progress against recommendations made and agreed by the various agencies within the criminal justice system. CJI also contributed to work on the impact of legal fee reductions; the Independent Inquiry on Child Sexual Exploitation in Northern Ireland; and work on Crown Court files.

It should be noted that some major pieces of work undertaken by CJI in 2014-15 are not due to be published until the 2015-16 financial year. They include CJI's inspection of the Northern Ireland Environment Agency's Environmental Crime Unit; the use of disclosure in serious criminal cases; the effectiveness of adult safeguarding across the criminal justice system; an inspection of the Juvenile Justice Centre and the impact of recalls to prison on the criminal justice system. At the time of writing, work is also ongoing in relation to a range of inspections including the impact of the abuse of alcohol on the criminal justice system.

## INSPECTION REPORTS

### Community Restorative Justice Ireland

**Lead Inspector:** Tom McGonigle  
**Published:** May 2014

On 28 May 2014, CJI published an inspection report looking at two schemes run by Community Restorative Justice Ireland (CRJI). This report found that the schemes provide valuable and distinctive community work functions in North Belfast and South and East Belfast.

Inspectors reviewed the operation of both schemes and their case files to assess their suitability for accreditation by the DOJ.

The report concluded that the practice within the North and South and East Belfast CRJI schemes was of a sufficient standard for them to progress to the next stage of having their staff considered by the Accreditation Panel.

## The State Pathologist's Department for Northern Ireland

**Lead Inspector:** Stephen Dolan  
**Published:** August 2014

Published on 7 August 2014, CJI's report on the State Pathologist's Department found the standard of service to be good, but identified significant issues around the timeliness of completing reports and the administration and business processes underpinning this important service.

Inspectors made two recommendations for improvement stating that the State Pathologist's Department should be included within the DOJ's strategic review and considered within any proposal to consolidate forensic services for Northern Ireland.

Inspectors also recommended the post of State Pathologist should be assessed with a view to reducing the administrative functions currently attached to it and transferring them to a business support function, following the introduction of any new structure.

## The Safety of Prisoners held by the Northern Ireland Prison Service

**Lead Inspector:** Dr Ian Cameron  
**Published:** October 2014

CJI and the Regulation and Quality Improvement Authority (RQIA) undertook this joint inspection which called on the Northern Ireland Prison Service (NIPS) and the South Eastern Health and Social Care Trust (SEHSCT) to improve how they tackle issues of self-harm, suicide, bullying and drug misuse in local prisons.

The report, published on 22 October 2014, recommended joint strategies between the NIPS and the SEHSCT should be introduced to address the inter-linked areas of suicide, self-harm, bullying and violence reduction and the

availability and access to illegal and prescription drugs. The recommendations should be implemented by July 2015.

## Serious and Organised Crime

**Lead Inspector:** Derek Williamson  
**Published:** November 2014

This inspection report looking into how the criminal justice system in Northern Ireland deals with serious and organised crime found that many criminal justice agencies have invested heavily in responding to the threats posed by such crime.

Inspectors found strong evidence within the justice system of partnership working, focus and determination to tackle criminal activity of this type, which can be further strengthened through the implementation of a number of strategic and operational recommendations made within the report.

## Independent Inquiry into Child Sexual Exploitation in Northern Ireland

**Contributing Inspector:** Derek Williamson  
**Published:** November 2014

Following submission to the Ministers of Health, Justice and Education on 13 November 2014, the report of the Independent Inquiry into child sexual exploitation in Northern Ireland was published on 19 November.

A key element of this inquiry was strong engagement with young people, parents, professional and community groups and a range of statutory and voluntary agencies across the health, social care, justice and education sectors.

The inquiry made 17 key recommendations, and a further 60 supporting recommendations to the Ministers of Health, Justice and Education.

## Police and Community Safety Partnerships

**Lead Inspector:** Stephen Dolan  
**Published:** December 2014

The contribution made by Police and Community Safety Partnerships (PCSPs) in Northern Ireland to improving community safety in local areas and addressing concerns around policing issues, was examined in CJI's report published on 4 December 2014.

The report looked at governance, performance and accountability, and found a lack of reliable performance information meant it was difficult to establish the overall impact of PCSPs.

Inspectors made a number of recommendations designed to help PCSPs evolve and grasp the opportunity created by the establishment of a small number of larger council areas and the introduction of community planning, to introduce greater efficiencies and effectiveness in the delivery of local services.

## Police use of Discretion incorporating Penalty Notices

**Lead Inspector:** William Priestley  
**Published:** January 2015

This report examined how the Police Service of Northern Ireland (PSNI) used discretionary disposals along with fixed penalty notices and penalty notices for disorder, to deal with less serious offences that did not warrant referral to the Public Prosecution Service for Northern Ireland (PPS) or the courts.

Inspectors found that since discretionary disposals were introduced in 2010 as an alternative to prosecution, higher numbers of low level offences have been dealt with by this route than anticipated (the vast majority of these were appropriate).

In order to minimise the risk and potential for discretion to be applied inappropriately, Inspectors have made one strategic recommendation - that the PSNI together with the PPS should review the governance and management of all non-PPS disposals, which includes improvements in its governance and quality assurance arrangements.

## Magilligan Prison

**Lead Inspector:** Dr Ian Cameron  
**Published:** February 2015

Published on 26 February 2015, CJI Inspectors together with partner inspectorates, found that while Magilligan Prison has significant strengths, its performance has slipped since it was last inspected in 2010 and action is needed to prevent a further decline.

The inspection was carried out by CJI and Her Majesty's Inspectorate of Prisons (HMIP) in England and Wales with support from the Regulation and Quality Improvement Authority (RQIA) and the Education and Training Inspectorate (ETI).

Respective Chief Inspectors of CJI and HMIP highlighted concerns regarding some inspection findings and called for improvements to be made.

## The effectiveness of Youth Conferencing

**Lead Inspector:** William Priestley  
**Published:** March 2015

The report 'The effectiveness of youth conferencing' examined how the Youth Justice Agency (YJA) used youth conferences to deal with young offenders in supporting them to accept responsibility for their behaviour and its impact on their victims.

Dealing proportionately with children who break the law, helping them to accept responsibility for their behaviour and recognise their effect on victims, are key objectives for our criminal justice system.

The report also highlights the importance of children, their parents or guardians, victims and the courts having confidence that the process of restorative conferencing works in the best interests of the child and wider society.

The inspection revealed that the youth conference process is working more effectively and efficiently than identified in past CJI reports published in 2008 and 2010.

*During the financial year Dr Ian Cameron provided reports to the Minister of Justice on the ongoing work to implement the recommendations of the Prison Review Team.*

*Full copies of all CJI inspection reports can be found in the 'The Inspections' page on the CJI website – [www.cjini.org](http://www.cjini.org).*

## ACTION PLAN REVIEWS/ INSPECTION FOLLOW-UP REVIEWS

### The handling of complaints by the criminal justice system

**Lead Inspector:** William Priestley  
**Published:** April 2014

This short follow-up review of how complaints are handled by the criminal justice system (published on 3 April 2014) found information generated as a result of complaints was being used to further develop services and incorporated into organisational learning.

Inspectors suggest two areas for improvement in this report, which if implemented, would further strengthen existing arrangements.

### Prisoner Escort and Court Custody arrangements in Northern Ireland

**Lead Inspector:** Stephen Dolan  
**Published:** April 2014

In this report, Inspectors praised the Northern Ireland Prison Service Prisoner Escort and Court Custody Service for implementing inspection recommendations aimed at improving prisoner escort and court custody arrangements in Northern Ireland.

Published on 10 April 2014, CJI commended the fact that of the 17 recommendations for improvement made in its 2010 report, 13 had been achieved with work undertaken in relation to the remaining four recommendations.

## The Office of the Police Ombudsman for Northern Ireland

**Lead Inspector:** William Priestley  
**Published:** September 2014

This CJI publication reported on an independent review of processes within the Office of Police Ombudsman for Northern Ireland (OPONI) for the investigation and publication of reports on historical cases. Inspectors found that the independence of the Office had been fully restored.

The assessment was carried out 18 months after a CJI follow-up review paved the way for work on historical cases to begin again. CJI had previously recommended in September 2011 that work in this area be suspended and a review conducted, after the operational independence of the Office was found to have been lowered.

The OPONI has an important role to play in providing independent oversight of policing in Northern Ireland, which in turn has an impact on public confidence. On the basis of the evidence reviewed by the inspection team, the Inspectorate was satisfied the systems and process in place could withstand buffeting and challenge, and the independence of the OPONI had been restored.

## Care and Treatment of victims and witnesses incorporating the use of Special Measures

**Lead Inspector:** Derek Williamson  
**Published:** March 2015

CJI published this report on 19 March 2015, commending very good progress made by local criminal justice agencies in meeting the needs of victims and witnesses.

In this report, Inspectors looked at progress regarding the implementation of recommendations from its separate reviews of the care and treatment of victims and witnesses and the use of special measures published in 2011 and 2012 respectively.

Inspectors were pleased to report that considerable progress had been made. It also revealed the challenge facing justice organisations in Northern Ireland as they strive to meet the very diverse needs of victims and witnesses in Northern Ireland.

*Full copies of all CJI Action Plan Reviews/Inspection Follow-up Reviews can be found via the 'The Inspections' page on the CJI website – [www.cjini.org](http://www.cjini.org).*

## Audited Information

# Remuneration Report

### **Remuneration Policy**

The position of Chief Inspector of Criminal Justice in Northern Ireland is a public appointment and remuneration is a decision for the Minister of Justice in line with any guidance issued by the Commissioner for Public Appointments Northern Ireland.

Other directly recruited staff employed by CJI are remunerated largely in line with NICS pay agreements and the CJI pay strategy approved by the Department of Finance and Personnel in spring 2012.

### **Service Contracts**

Directly recruited appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointments to be on merit on the basis of fair and open competition, but also includes the circumstances when appointments may otherwise be made.

The current Chief Inspector was appointed by the Minister of Justice in November 2012 for an initial period of three years. The Deputy Chief Inspector and other members of staff hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

### **Salary and Pension Entitlements**

The following sections provide details of the remuneration and pension interests of the most senior employees including the Accounting Officer/Chief Executive and members of the Senior Management Team and Board.

## Remuneration (including salary) and pension entitlements (audited information)

	2014-15					2013-14				
	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest (1'000)	Total (£'000)	Salary £'000	Bonus Payments £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest (1'000)	Total (£'000)
<b>Mr B McGuigan,</b> Chief Inspector	100-105	-	-	20	120-125	100-105	-	-	74	175-180
<b>Mr J Corrigan</b> Deputy Chief Inspector	60-65	-	-	17	80-85	60-65	-	-	31	90-95
Band of Highest paid Director's Total Remunerations	£100k - £105k					£100k - £105k				
Median Total Remuneration	48,411					45,522				
Ratio	2.15					2.3				

\* Please note: The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases include increases due to inflation and any increase or decrease due to a transfer of pension rights.



## Salary

This presentation is based on gross salary payments made by CJI and thus recorded in these accounts.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No benefits in kind were paid during the financial year (2013-14:£Nil).

pensions payable under **classic**, **premium**, and **classic plus** are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of **premium** or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (**partnership** pension account). New entrants joining on or after 30

## Pension Entitlements (audited information)

Name	Accrued pension at pension age as at 31/03/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/15	CETV at 31/03/14	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
<b>Mr B McGuigan</b>	15-20	0-2.5	355	330	18	-
<b>Mr J Corrigan</b>	5-10	0-2.5	111	87	7	-

## Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses reported in 2014-15 relating to performance in 2014-15 or comparative bonuses reported for 2013-14 relating to performance in 2013-14.

July 2007 are eligible for membership of the **nuvos** arrangement or they can opt for a **partnership** pension account. **Nuvos** is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

## Northern Ireland Civil Service (NICS)

### Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service Pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007, may be in one of three statutory based 'final salary' defined benefit arrangements (**classic**, **premium**, and **classic plus**). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011

A new pension scheme, **alpha**, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move to **alpha** from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to **alpha** and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to **alpha** on 1 April 2015 or at a later date determined by their age. **alpha** is also a

'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

Employee contribution rates for all members for the period covering 1st April 2015 - 31st March 2016 are as follows:

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

#### Scheme Year 1st April 2015 to 31st March 2016

Pay band - assessed each pay period		Contribution rates - classic members	Contribution rates - classic plus, premium, nuvos and alpha
From	To	From 01 April 2015 to 31 March 2016	From 01 April 2015 to 31 March 2016
£0	£15,000.99	3%	4.6%
£15,001.00	£21,000.99	4.6%	4.6%
£21,001.00	£47,000.99	5.45%	5.45%
£47,001.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

Benefits in **classic** accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement.

For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). **Classic plus** is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per **classic**.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. The normal pension age in **alpha** will be linked to the member's State Pension Age and cannot be before the age of 65. Further details about the NICS pension arrangements can be found at the website [www.dfpni.gov.uk/civilservicepensions-ni](http://www.dfpni.gov.uk/civilservicepensions-ni).

### **Cash Equivalent Transfer Values**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real increase in CETV**

This reflects the increase in CETV effectively funded by the employer. It does include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Details of pensions within Accounting Policies can be located at paragraph 1(b) of Note 1 to the Accounts (see page 48).

### **Compensation for loss of office**

No compensation for loss of office was paid during 2014-15 (2013-14:£Nil).



**JAMES CORRIGAN**

**Chief Executive and Accounting Officer**

04 June 2015

# Statement of the Chief Inspector of Criminal Justice's and Chief Executive's Responsibilities

Under paragraph 6 of Schedule 8 to the Justice (Northern Ireland) Act 2002 (as amended), the Chief Inspector is required to prepare a statement of accounts for each financial year in respect of the Office of the Chief Inspector of Criminal Justice, in the form and on the basis directed by the Minister of Justice. The accounts are to be prepared on an accruals basis and must give a true and fair view of the Office of the Chief Inspector of Criminal Justice's state of affairs at the year-end and of its operating costs, changes in Taxpayer's Equity and cash flows for the financial year.

In preparing the accounts the Chief Inspector of Criminal Justice is required to:

- observe the accounts direction issued by the Minister of Justice, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

The Accounting Officer of the Department of Justice has appointed the Chief Executive as Accounting Officer for the Office of the Chief Inspector of Criminal Justice. His relevant responsibilities as Accounting Officer, including his responsibility for propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Body Accounting Officers Memorandum issued by the Treasury and published in Managing Public Money Northern Ireland.



**JAMES CORRIGAN**

**Chief Executive and Accounting Officer**

04 June 2015

# Governance Statement

## GOVERNANCE FRAMEWORK

### Scope of Responsibility

Criminal Justice Inspection Northern Ireland (CJI) is an Arms Length Body (classified as an Executive Non-Departmental Public Body) of the Department of Justice for Northern Ireland (DOJ) established under the Justice (Northern Ireland) Act 2002 as amended.

The organisation is led by the Chief Inspector of Criminal Justice. The Chief Inspector is a public appointee appointed by the Minister of Justice and operates as a corporation sole.

The Senior Management Team (SMT) of CJI acts as its Board and is made up of the Chief Inspector, who acts as chair, the Deputy Chief Inspector, who is also Chief Executive and Accounting Officer, the Business and Communications Manager, an individual Inspector and representatives from the Financial Services Division (FSD) of the DOJ for Northern Ireland who provide finance and accountancy services to CJI.

The accountability arrangements within CJI encompass oversight and pay remit meetings with its DOJ sponsor division, twice monthly SMT meetings, monthly Inspectors' meetings and four Audit and Risk Assurance Committee meetings per year. The quality and performance of the third party services provided by FSD are managed through a detailed Service Level Agreement. CJI also prepares financial statements subject to independent audit by the Northern Ireland Audit Office (NIAO).

CJI complies with the Treasury Corporate Code of Governance and specifically complies with the principles governing the relationships between departments and their arms length bodies. To this end, a Management Statement and Financial Memorandum govern *inter alia* the relationship between the DOJ and CJI with particular emphasis on:

- CJI's overall aims, objectives and targets in support of the DOJ's wider strategic aims, outcomes and targets contained in its current Public Service Agreement;
- the rules and guidelines relevant to the exercise of CJI's functions, duties and powers;
- the conditions under which any public funds are paid to CJI;
- how CJI is to be held accountable for its performance; and
- the appointment of the CJI Accounting Officer with a documented record of this appointment and the terms and conditions that pertain.

### The Role of the Senior Management Team (SMT)

The SMT is ultimately responsible for strategy and overseeing the performance of CJI and in this regard acts as the Board of CJI. In support of this focus, the following matters are reserved for the SMT to approve or monitor:

#### Setting Direction

- Vision, Mission, Values, Ethics and Business Practice.

*Approval*

- Corporate and Business Plans;
- Annual Budget and programme expenditure, pay remits;
- Capital Expenditure; and
- Change Programmes.

*Oversight and Control*

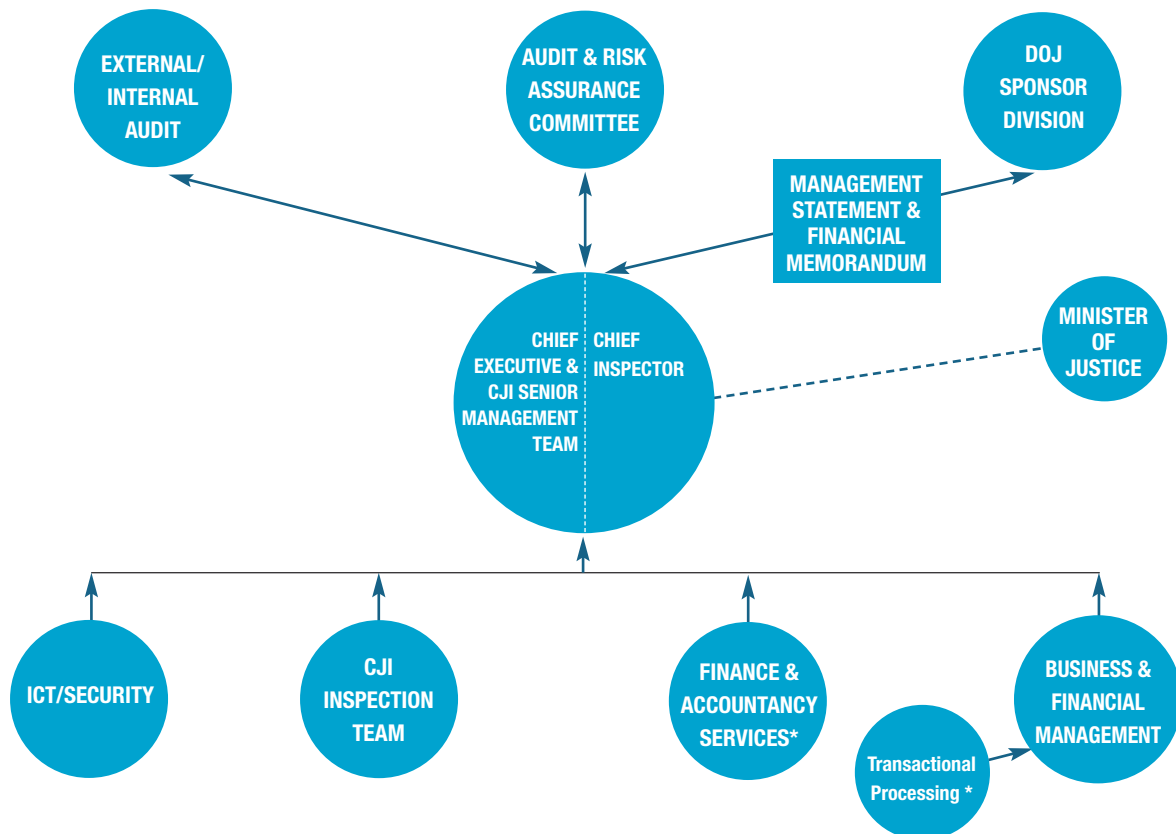
- Operating and financial performance;
- Internal controls; and
- Compliance (governance, risk, financial and regulatory).

*Stakeholder relationships*

- External communications, the Annual Report, the Spec (CJI's newsletter), press releases; and
- Engagement with inspected organisations.

The SMT (Board) of CJI receives twice monthly management reports including updates on the inspection programme, current and capital expenditure and reports on specific projects, such as ICT development and progress on the new accommodation project. The acceptability of the information provided to the SMT (Board) of CJI has been endorsed by the Chief Inspector of CJI. The Chief Inspector in turn gains his assurance on financial data from the DOJ FSD representative and their compliance with the CJI/FSD Service Level Agreement. The inspection programme information is validated by the Chief Executive who has line management responsibility for all Inspectors and oversees the delivery of the inspection programme.

**Diagram showing CJI accountability arrangements**



\* Services provided via a Service Level Agreement with Financial Services Division, Department of Justice.

### Risk Management and Internal Control

The SMT is responsible for CJI's system of internal controls and risk management and for reviewing the effectiveness of these systems. Key features are:

- a Risk Register identifying CJI's key risks and the means to manage and mitigate them;
- a well established system of financial and business controls, the operation of which are regularly reported to the Audit and Risk Assurance Committee and the Chief Executive;
- regular assessments of internal controls by CJI's Internal Audit service: and
- the review of the effectiveness of the internal control processes by the Audit and Risk Assurance Committee on behalf of the SMT.

CJI conducts periodic reviews of its Risk Register involving all staff to identify and prioritise the risks to the achievement of CJI policies, aims and objectives; the likelihood/impact of those risks being realised; and establish the mitigating actions required.

The outcome of these reviews are reported to the Audit and Risk Assurance Committee. The SMT has reviewed the CJI risk appetite and uses five categories of risk with assessments of the risk appetite:

Category of Risk	Risk Appetite
Reputation	<b>Cautious</b> (preference for safe options that offer a low degree of residual risk and may offer limited reward).
Operations	<b>Open</b> (willing to consider all potential delivery options and choose one most likely to result in success).
Change Programmes	<b>Open</b> (willing to consider all potential delivery options and choose one most likely to result in success).
Finance/value for money	<b>Cautious</b> (preference for safe options that offer a low degree of residual risk and may offer limited reward).
Legal/regulatory	<b>Minimal</b> (choose safe option with low degree of inherent risk).

The risk appetite has been ratified by the CJI Audit and Risk Assurance Committee. It is refreshed annually and is linked to the ongoing assessment of risk expressed by the CJI Corporate Risk Register.

### Risk Assessment

A number of risks were re-evaluated during the year and the Risk Register was updated to reflect the highest priority risks to CJI. The most significant risks to the organisation identified in-year were the danger of the loss of key staff and associated knowledge/skills and the need to manage in-year financial pressures. CJI has mitigated the danger of the loss of key staff by reviewing the timing of the inspection programme; adopting a risk-based approach to the allocation of external support for inspection work; and increased cross skilling within the Business Support Team. An agreement with Ulster University has led to a number of post-graduate students providing research support to Inspectors across a range of inspections. CJI also worked closely with its sponsor division within the DOJ to ensure a clear understanding of the potential impact on CJI's core business of in-year financial pressures and budget reductions.

### Audit and Risk Assurance Committee

The CJI Audit and Risk Assurance Committee has formally agreed Terms of Reference, reviewed on an annual basis. The Audit and

Risk Assurance Committee comprises two independent non-executive members, who are supported by the Business and Communications Manager, and a nominated CJI Inspector. The Chief Inspector, the Accounting Officer (Deputy Chief Inspector), a representative from DOJ sponsor division, representatives of the NIAO/KPMG (External Audit), DOJ Internal Audit, and FSD (financial services provider to CJI) also attended during 2014-15.

Governance Statement and the Annual Report and Accounts of CJI. It undertakes an annual self-assessment of performance which is presented to the Audit and Risk Assurance Committee with recommendations for development made to CJI's SMT. The chairperson of the CJI Audit and Risk Assurance Committee also provides an annual report on the Committee's activities and performance for inclusion within the CJI Annual Report and Accounts.

### Attendance during 2014-15

	No of Meetings Held in year	No of Meetings Attended
<b>CJI Audit and Risk Assurance Committee Members</b>		
EA Simpson (non-executive Chairman)	4	4
Dr WG McCarney (non-executive member)	4	2*
S Pollock (non-executive member)	4	1
<b>CJI Audit and Risk Assurance Committee Attendees</b>		
B McGuigan (Chief Inspector)	4	2
J Corrigan (Chief Executive & Accounting Officer)	4	3
M McVeigh (Business and Communications Manager)	4	3
S Dolan (CJI Inspector)	4	2
B Irvine/J Jamison (FSD, DOJ)	4	4
W Jeffrey (DOJ Sponsor Division)	4	3
F Magowan (External Audit)	4	4
KPMG Representative (External Audit)	4	4
D Anderson/AN Other representative (DOJ Internal Audit)	4	4
P Bean Mhic Artáin (Audit and Risk Assurance Committee Secretary)	4	3

\* Dr W G McCarney attended the first two meetings of the CJI Audit and Risk Assurance Committee to ensure sufficient members were available to form a quorum until a new non-executive member was appointed.

The Audit and Risk Assurance Committee has access to all internal audit reports, external reviews, risk register, and management reports. Standing agenda items at each of the four meetings include: progress of management responses and actions against assurance reviews (internal and external); adequacy of response to the Risk Register; reports on fraud and whistle-blowing; direct award contracts; chief officers' expenses; and gifts and hospitality. The Audit and Risk Assurance Committee considers and approves before submission to the DOJ, the

### Internal Audit

The CJI Internal Auditor provides a report on internal audit activity each year. The Internal Auditor has completed an audit of CJI's systems (financial procedures; corporate governance; and human resources/working arrangements with HRConnect). The annual assurance report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of CJI's system of internal control with recommendations for improvement.



### **Core Business Risks**

All CJI inspections include a formal risk assessment with mitigating plans in place and responsibility for delivery clearly assigned. Risk policies and processes are supported and maintained by the Business and Communications Manager who is responsible for advising on corporate risk management and the escalation of risks from the risk and control framework to the SMT and, if relevant, to the DOJ.

This system of internal control has been in place in CJI for the year ended 31 March 2015 and up to the date of approval of the Annual Report and Accounts. It accords with Department of Finance and Personnel (DFP) guidance relating to corporate governance and management of risk.

### **Shared Services**

Following devolution in April 2010, CJI's Payroll and HR transactional support functions have been provided via DOJ HR Support and the NICS HRConnect service. Finance transactional support functions have been provided by FSD via the NICS Account NI shared service system with internal control exercised by the Department since July 2012. CJI's budget and financial reporting services have also been provided by FSD since November 2012. The control responsibility and internal audit processes for those internal elements of the transaction streams that remain within CJI rest with the CJI Accounting Officer. These include, validation of expenditure requests, compliance within delegated limits and segregation of duties and adherence to the CJI Financial Procedures Manual. The Deputy Director, Finance (DOJ) and the Accounting Officer, CJI have individual responsibility to ensure that the two sets of controls provide an environment of overall appropriate control for their respective organisation/business area. These controls are incorporated into the Service Level Agreement governing the delivery of the service.

Throughout the year CJI has continued to ensure that its own controls and processes are

operating effectively, with manual checking of data integrity and accuracy where necessary, specifically in the area of travel and subsistence monitoring and approval which lies with the CJI Accounting Officer. Any changes to CJI processes are managed within the ISO 9001:2008 quality management system to ensure that objectives are still delivered and the control implications assessed, agreed and managed.

### **Value For Money**

All proposed business changes are examined through the preparation of an appropriate and proportionate business case. If appropriate, benefits realisation plans and monitoring are built into all such developments and direct periodic reporting to the SMT for corporate projects. All procurement and contract management complies with UK and/or EU procurement regulations to ensure full and fair competition amongst prospective suppliers of goods and services. All procurement and contract management activities are managed in line with the Cabinet Office transparency guidelines and approvals processes, with supplier engagement compliant with EU, UK Government and DFP procurement guidelines. CJI attends and is a member of the DOJ Procurement Forum.

As part of the selection process for new contracts, tender evaluation incorporates monetary and non-monetary factors and contracts are awarded to the most economically advantageous tender. CJI reviews supplier performance information to ensure that quality and services are maintained for the duration of the contract and that post evaluation takes place. CJI completed a business case that evaluated a number of options for alternative accommodation. In December 2014 CJI moved to Knockview Buildings on the Stormont Estate and generated significant savings.

### **Information Security**

CJI's Information Security is managed by CJI's IT and Security Manager. Staff awareness of Information Assurance/Security is supported by the ISO 9001:2008 certified Quality

Management System, which gives staff full access to all relevant and current security policies and guidance.

Information Assurance within CJI is further supported by CJI's IT and Security Manager, the DOJ Information Security Forum and Security Branch. HM Government mandatory requirements are supported by the completion of Information Assurance quarterly returns and the Security Risk Management Overview Annual Return.

### Review of Effectiveness

- The SMT assesses achievement of the CJI Business Plan objectives and targets on a continuous basis. The outcome of this continuous assessment is used to inform the development of the Corporate and Business Plan(s) for the succeeding period.
- At the monthly SMT meetings the review of CJI financial reports indicated potential variances from budget that were satisfactorily explained.
- CJI met all key objectives such as conducting a series of inspections and follow-up reviews within its legislative remit and making the findings of its work publicly available; maintaining a sound system of financial control; signing new agreements with partner Inspectorates and oversight bodies; and obtaining re-certification for its Quality Management System within the financial year as outlined in its 2014-15 Business Plan. CJI also continued its work linked to the implementation of recommendations associated with the work of the Prisons Review Team and Youth Justice Review.
- Annual Internal Audit reviews were conducted by the independent DOJ Internal Auditor to test the adequacy and effectiveness of systems of internal control as defined in the Public Sector Internal Audit Standards (PSIAS). CJI attained a substantial level of assurance in the Head of Internal Audit's Annual Report and Opinion report.
- The Audit and Risk Assurance Committee annual report gave CJI a clean bill of health.
- There were no significant lapses in security in-year.

- CJI received an annual assurance statement from FSD providing information on the FSD internal controls governing risk and control monitoring activities, and other relevant reporting processes and assurances provided by DOJ Internal Audit and other relevant sources of assurance.
- CJI successfully retained certification to ISO 9001:2008 following an audit by independent assessors. ISO 9001:2008 is a continuous improvement regime that maintains the quality standards for all CJI processes.

### Conflicts of Interest

All Audit and Risk Assurance Committee members, attendees and CJI staff members are required to complete an annual declaration of potential personal or business interests. This information is used to identify where potential conflicts of interest may apply. Should this information change in-year, CJI staff members are required to inform the Chief Executive and update their declaration of interests accordingly. This register of interests is available for public inspection.

Members and attendees at the CJI Audit and Risk Assurance Committee are also required to complete annual declaration of interest disclosure forms and to disclose any potential conflicts of personal or business interest at the start of each Audit and Risk Assurance Committee meeting. Where a conflict arises, the member/attendee is required to absent themselves from the subsequent discussion.

### Significant Internal Control Issues

CJI achieved a substantial assurance level from Internal Audit and there were no significant internal control issues. No Ministerial directions were given during 2014-15.



**JAMES CORRIGAN**

**Chief Executive and Accounting Officer**

04 June 2015

# The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of the Criminal Justice Inspection Northern Ireland for the year ended 31 March 2015 under the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice functions) Order 2010. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## **Respective responsibilities of the Chief Inspector of Criminal Justice, the Chief Executive and auditor**

As explained more fully in the Statement of Chief Inspector of Criminal Justice's and the Chief Executive's Responsibilities, the Chief Inspector of Criminal Justice and the Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Criminal Justice Inspection Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Criminal Justice Inspection Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the

Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Criminal Justice Inspection Northern Ireland's affairs as at 31 March 2015 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions issued thereunder.

### Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010; and
- the information given in the Chief Inspector's Report, Directors Report, Strategic Report and the Remuneration Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

### Report

I have no observations to make on these financial statements.



### KJ DONNELLY

**Comptroller and Auditor General  
Northern Ireland Audit Office**

106 University Street  
Belfast  
BT7 1EU

19 June 2015

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

	Note	2014-15 £	2013-14 £
<b>Expenditure</b>			
Staff costs	3	798,272	852,482
Depreciation and amortisation	4	28,560	81,656
Other expenditures	4	332,560	354,463
		<u>1,159,392</u>	<u>1,288,601</u>
<b>Income</b>			
Other non-trading income	5	(20)	(14)
<b>Net Expenditure</b>		<u><b>1,159,372</b></u>	<u><b>1,288,587</b></u>
<b>Other Comprehensive Expenditure</b>			
Net (gain) on revaluation of property, plant and equipment	6	(28)	(14)
Net (gain) on revaluation of intangible assets	7	(76)	(83)
		<u></u>	<u></u>
<b>Total Comprehensive Expenditure for the year</b>		<u><b>1,159,268</b></u>	<u><b>1,288,490</b></u>

The notes on pages 48 to 64 form part of these accounts.

## Statement of Financial Position as at 31 March 2015

	Note	£	2015 £	£	2014 £
<b>Non-current assets:</b>					
Property, plant and equipment	6	54,309		64,232	
Intangible assets	7	5,026		3,761	
<b>Total non-current assets</b>			59,335		67,993
<b>Current assets:</b>					
Trade and other receivables	9	3,602		15,568	
Cash and cash equivalents	10	76		558	
<b>Total current assets</b>			3,678		16,126
<b>Total assets</b>			63,013		84,119
<b>Current liabilities</b>					
Trade and other payables	11	(223,584)		(175,422)	
<b>Total current liabilities</b>			(223,584)		(175,422)
<b>Total assets less liabilities</b>			<b>(160,571)</b>		<b>(91,303)</b>
<b>Taxpayers' equity</b>					
Revaluation reserve			1,855		4,871
General reserve			(162,426)		(96,174)
			<b>(160,571)</b>		<b>(91,303)</b>

The financial statements on pages 44 to 64 were approved by the board on 04 June 2015 and were signed on its behalf by:



**James Corrigan**  
**Chief Executive and Accounting Officer**  
 04 June 2015

The notes on pages 48 to 64 form part of these accounts.

## Statement of Cash Flows for the year ended 31 March 2015

	2014-15	2013-14
	£	(restated) £
Note		
<b>Cash flows from operating activities</b>		
Net expenditure for the year	(1,159,372)	(1,288,587)
Adjustment for non-cash transactions	4      30,973	83,516
Decrease in trade and other receivables	11,966	4,290
Decrease in trade and other payables	48,162	(95,215)
<i>Less movements in payables relating to items not passing through the Net Expenditure account</i>	9,860	(27,431)
<b>Net cash outflow from operating activities</b>	<b>(1,058,411)</b>	<b>(1,323,427)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	6      (32,071)	(3,897)
Proceeds of disposal of property, plant and equipment	-	807
<b>Net cash outflow from investing activities</b>	<b>(32,071)</b>	<b>(3,090)</b>
<b>Cash flows from financing activities</b>		
Grants from sponsoring department	1,090,000	1,307,000
<b>Net financing</b>	<b>1,090,000</b>	<b>1,307,000</b>
<b>Net decrease in cash and cash equivalents in the period</b>	<b>(482)</b>	<b>(19,517)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>558</b>	<b>20,075</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>76</b>	<b>558</b>

The notes on pages 48 to 64 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for year ended 31 March 2015

	Note	General Reserve £	Revaluation Reserve £	Total Reserve £
<b>Balance at 31 March 2013</b>		<b>(128,773)</b>	<b>18,960</b>	<b>(109,813)</b>
<b>Changes in taxpayers' equity 2013-14</b>				
Grants from sponsoring department		1,307,000	-	1,307,000
Comprehensive Expenditure for the year		(1,288,587)	-	(1,288,587)
Net gain on revaluation of property, plant and equipment		-	14	14
Net gain on revaluation of intangible assets		-	83	83
Transfers between reserves		14,186	(14,186)	-
<b>Balance at 31 March 2014</b>		<b>(96,174)</b>	<b>(4,871)</b>	<b>(91,303)</b>
<b>Changes in taxpayers' equity for 2014-15</b>				
Grant from parent department		1,090,000	-	1,090,000
Comprehensive Expenditure for the year		(1,159,372)	-	(1,159,372)
Net gain on revaluation of property, plant and equipment		-	28	28
Net gain on revaluation of intangible assets		-	76	76
Transfers between reserves		3,120	(3,120)	-
<b>Balance at 31 March 2015</b>		<b>(162,426)</b>	<b>1,855</b>	<b>(160,571)</b>

The notes on pages 48 to 64 form part of these accounts.



# Notes to the Accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2014-15 Financial Reporting Manual (FRM) issued by HM Treasury. The accounting policies contained in the FRM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of CJI for the purpose of giving a true and fair view has been selected. The particular policies adopted by CJI are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### a) Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

The accounts are stated in sterling, which is CJI's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in pounds sterling (£).

### b) Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in the Salary and Pension Entitlements section of the Remuneration Report. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits. The organisation recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the organisation recognises the contributions payable for the year.

### c) Staff costs

Under IAS19, Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end.

### d) Operating leases

Assets leased under operating leases are not recorded on the Statement of Financial Position. Rental payments are charged directly to the Statement of Comprehensive Net Expenditure on a straight line basis over the period of the lease.

### e) Grant-in-aid

CJI is funded by Grant-in-Aid from the Department of Justice. Grant-in-aid matches CJI's cash needs, is accounted for on a cash basis as financing and is reflected in Taxpayers' Equity.

### f) Property, plant and equipment

Expenditure on property, plant and equipment is capitalised if it is intended for use on a continuous basis. Property, plant and equipment is valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for

National Statistics. Any gain on revaluation is credited to the Statement of Comprehensive Net Expenditure to the extent that it reverses a revaluation loss on the same asset previously recognised in that Account. Other gains are credited to the Revaluation Reserve. Losses arising on revaluation are taken to the Revaluation Reserve unless they exceed previous revaluation gains in which case they are taken to the Statement of Comprehensive Net Expenditure.

**g) Depreciation**

Depreciation is provided on property, plant and equipment on a straight-line basis to write off the cost or revaluation less any residual value evenly over the asset's anticipated life as follows:

Office Refurbishment	-	five years;
Computer Equipment	-	five years; and
Furniture and Office Equipment	-	up to fifteen years

The Office Refurbishment depreciation policy, previously set at 10 years in line with the conclusion of CJI's 10-year lease on its previous office accommodation, has been reduced to five years. This change has been made to correlate with the medium term re-location of CJI's office premises to vacant accommodation within the Stormont Estate. This takes account of the potential changes which are anticipated to occur as a result of the out workings of the DOJ Headquarters Estate Strategy project. This will in turn feed into the wider long-term NICS Estate Strategy.

A further adjustment is made for any backlog depreciation arising from the requirement to value assets by reference to current costs and from this the backlog depreciation is posted to the revaluation reserve.

**h) Realised Element of Depreciation from Revaluation Reserve**

Depreciation is charged to expenditure on the revalued amount of property, plant and equipment and intangibles. An element of depreciation therefore arises due to the increase in valuation and is in excess of the depreciation that would be charged on the historical cost of assets. The amount relating to this excess is a realised gain on disposal and is transferred from the Revaluation Reserve to the General Reserve.

**i) Intangible assets**

Intangible assets which comprise computer software and software licenses are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics. Any gain on revaluation is credited to the Statement of Comprehensive Net Expenditure to the extent that it reverses a revaluation loss on the same asset previously recognised in that Account. Other gains are credited to the Revaluation Reserve. Losses arising on revaluation are taken to the Revaluation Reserve unless they exceed previous revaluation gains in which case they are taken to the Net Expenditure Account.

Software licenses are amortised on a straight line basis over their estimated useful lives of five years.

**j) Value added tax**

CJI is not eligible to register for VAT and all costs are shown inclusive of VAT.

**k) Corporation Tax**

As an Executive Non-Departmental Public Body (NDPB), CJI falls within the scope of Corporation Tax provision in respect of trading profits. Activities have been appropriately assessed and are not considered to be trading and therefore are not subject to Corporation Tax.

## **l) Revaluation reserve**

The revaluation reserve reflects the unrealised balance of the cumulative indexation revaluation adjustments to non-current assets.

## **m) Financial instruments**

### **1) Recognition and De-recognition of Financial Assets and Financial Liabilities**

Financial assets and liabilities are recognised when the organisation becomes party to the contractual provisions of the instrument.

Financial assets are de-recognised when the organisation no longer has rights to the cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

### **2) Financial assets**

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

### **3) Financial Liabilities**

#### **Trade and other payables**

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, less provision for impairment.

## **n) Critical accounting estimates and key judgements**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Office's accounting policies. Criminal Justice Inspection Northern Ireland continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing material adjustment to the carrying amount of assets and liabilities are discussed below.

Depreciation of plant, property and equipment - Depreciation is provided so as to write-down the respective assets to their residual values over their expected lives, and as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are shown in note 1g).

Amortisation of intangible assets - Amortisation is provided so as to write-down the respective assets to their residual values over their expected lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are shown in note 1i).

**o) Accounting standards, interpretations and amendments to published standards and FReM – issued and effective in 2014-15 for the first time**

Standard	Comments
IFRS 10 - <i>Consolidated Financial Statements</i>	The International Accounting Standards Board (IASB) have issued new and amended Standards that affect the consolidation and reporting of subsidiaries, associates, joint ventures and investment entities. These standards are effective with EU adoption for accounting periods beginning on or after 1 January 2014.
IFRS 11 - <i>Joint Arrangements</i>	
IFRS 12 - <i>Disclosure of Interests in Other Entities</i>	Accounting boundaries for IFRS purposes are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by Treasury. A review of the Northern Ireland (NI) financial process, which will bring NI departments under the same adaptation, has been presented to the Executive, but a decision has yet to be made. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. Arm's Length Bodies (ALBs) apply IFRS in full and their consolidation boundary may change as a result of the new Standards.
IAS 27 - <i>Separate Financial Statements</i>	
IAS 28 - <i>Investments in Associates and Joint Ventures</i>	

CJI has reviewed the remaining standards, interpretations and amendments to published standards and FReM that became effective during 2014-15. The adoption of these standards are either not relevant to CJI's operations or have not had a significant impact on its financial position or results.

**Accounting standards, interpretations and amendments to published standards not yet effective**

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for CJI's accounting periods beginning on or after 1 April 2015 or later periods, but which CJI has not adopted early. Other than as outlined in the below, CJI considers that these standards are not relevant to its operations.

<b>Standard</b>	IFRS 13 - <i>Fair Value Measurement</i> (new)
<b>Description of revision</b>	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise).</p> <p>The standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements. The standard requires fair value be measured using the most reliable data and inputs available to determine the exit price for an asset/liability. This exit price is taken to be the price that two market participants (a buyer and seller) would settle on - based on a hierarchy for input quality. Entities are required to use the most appropriate inputs available to them in determining fair value. The inference is that the higher the quality, the more appropriate the input.</p> <p>IFRS 13 requires additional disclosures where Level 3 inputs are used to assess fair value, to give readers an understanding of the sensitivity of the valuation to changes in those inputs.</p>
<b>Effective date</b>	1 January 2013 (EU adopted) - <i>FReM</i> 2015-16.
<b>Comments</b>	Although IFRS 13 is applied without adaptation, IAS 16 and IAS 38 have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.

<b>Standard</b>	IAS 36 - <i>Impairment of assets - recoverable amount disclosures</i> (amendment)
<b>Description of revision</b>	This amendment, which seeks to address the implications of references to IFRS 13, modifies some of the disclosure requirements regarding measurement of the recoverable amount of impaired assets. It clarifies the scope of certain disclosures and removes burdensome and unintended disclosures requirements without reducing the relevance and understand-ability of the financial information.
<b>Effective date</b>	1 January 2014 (EU adopted) – with a view to include in the final version of the 2015-16 <i>FReM</i> .
<b>Comments</b>	To be considered by HM Treasury with the expectation that it will be applied when IFRS 13 is introduced in the <i>FReM</i> . Any adaptations or interpretations will follow due process and be included in the final version of 2015-16 <i>FReM</i> .

## Financial Reporting - Future Developments

In addition to the changes identified above, there are a number of future developments that will impact upon CJI including:

Standards	Effective date and FReM application	Description of revision	Comments
IAS 17 <i>Leases</i> (replacement)	The IASB plans to issue the new Standard before the end of 2015.  <i>FReM</i> inclusion will be subject to consultation.	The current proposals include the elimination of the current operating lease categorisation for virtually all leases. Instead, assets and liabilities will be recognised on a 'right of use' basis. Two possible exemptions are anticipated, one being for short leases (less than 1 year) and the second being for small value assets.  The latest update emphasises that service contracts are not required to be capitalised on the balance sheet and that the new Standard will include accompanying guidance to help entities assess whether a contract is (or contains) a lease.	HM Treasury has continued to analyse this process including the project update and consideration of practical implications. HM Treasury and Relevant Authorities will review the implications and follow due process once there is a final Standard.
IAS 1 - <i>Disclosure Initiative</i> (amendment)	1 January 2016 (not yet EU adopted).  With a view to include in the 2016-17 <i>FReM</i> .	These amendments encourage professional judgement to be used in determining what information to disclose in financial statements, and where and in what order information is presented in the financial disclosures. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.	HM Treasury and other Relevant Authorities will review the implications of this amendment and follow due process nearer to the EU adoption date. Any substantive changes to the <i>FReM</i> will follow normal due process.
IAS 16 and IAS 38 - <i>Clarification of acceptable methods of depreciation and amortisation</i> (amendment)	1 January 2016 (not yet EU adopted).  With a view to include in the 2016-17 <i>FReM</i> .	This amendment prohibits revenue-based depreciation methods and generally presumes that such methods are an inappropriate basis for amortising intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.	HM Treasury and other Relevant Authorities will review the implications of these changes and follow due process nearer to the EU adoption date. Any substantive changes to the <i>FReM</i> will follow normal due process.

<b>Standards</b>	<b>Effective date and FReM application</b>	<b>Description of revision</b>	<b>Comments</b>
IFRS 9 – Financial Instruments (new)	1 January 2018 (not yet EU adopted).  With a view to include in the 2018-19 <i>FReM</i> .	The objective of the new standard is to provide users with more useful information about an entity's expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date of financial instruments.	The introduction of the IFRS 9 is subject to analysis and review by HM Treasury and other relevant Authorities. A work plan has recently started to assess the impact on the public sector.

CJI has considered the remaining additional or revised accounting standards and new (or amendments to) interpretations contained within *FReM* 2015-16. CJI considers that these changes are not relevant to its operations.

## **2. Statement of Operating Costs by Operating segment**

In the opinion of the Management Board, CJI operates only one reportable segment and all income and expenditure as shown in the Statement of Comprehensive Net Expenditure is attributable to the overall services provided by CJI. All CJI's financing is derived from the Department of Justice through grant-in-aid and all services undertaken are within Northern Ireland. All non-current assets are located in Northern Ireland.

### 3. Staff numbers and related costs

#### Staff costs comprise:

	2014-15 £	2013-14 £
<b>Permanently employed staff</b>		
Wages and salaries	606,948	642,556
Social security costs	56,710	61,381
Other pension costs	134,614	148,545
Total permanently employed staff costs	798,272	852,482
<b>Other staff</b>		
Temporary staff costs	-	-
<b>Total staff costs</b>	<b>798,272</b>	<b>852,482</b>

#### Pension arrangements

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but CJI is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £112,429 were payable to the NICS pension arrangements (2013-14: £115,323) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contributions for the introduction of new career average earning scheme from April 2015. From 2015-16, the new rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £Nil (2013-14: £Nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2013-14: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil, 0.8% (2013-14: £Nil, 0.8%) of pensionable pay, were payable to the PCS(S)(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.



Contributions due to the **partnership** pension providers at the balance sheet date were £Nil.  
Contributions prepaid at that date were £Nil.

In addition, pension contributions of £25,988 were paid in the year (2013-14: £26,062) on behalf of the current Chief Inspector to the Principal Civil Service Pension Scheme [PCSPS(NI)] Premium pension scheme.

The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

The Remuneration Report on page 30 to 34 contains detailed pension information regarding the Management Board.

### **Average number of persons employed**

The average number of whole-time equivalent persons employed during the year was as follows. Please note: the figures for 2013-14 have been restated as the divisor for the calculation of employee benefits and whole time equivalent persons changed during the financial year changed from 365 days (calendar year) to 260 days (working days).

	<b>2014-15</b>	<b>2013-14 (restated)</b>
<b>Permanently employed staff</b>		
Management	2.00	2.00
Inspectors	6.20	6.20
Administration and support staff	4.88	5.00
Agency/temporary staff	-	-
<b>Total</b>	<b>13.08</b>	<b>13.20</b>

### **Reporting of compensation and exit packages for all staff**

For 2014-15 no compensation and exit packages had been awarded (2013-14: £Nil).

#### 4. Other Expenditure

	2014-15 £	2013-14 £
<b>Depreciation and amortisation</b>		
Depreciation	22,463	75,535
Amortisation	6,097	6,121
<b>Total</b>	<b>28,560</b>	<b>81,656</b>

	2014-15 £	2013-14 £
<b>Other expenditures</b>		
<b>Cash items:</b>		
Staff related costs	10,859	14,012
Rentals under operating leases	35,682	62,829
Accommodation costs	64,249	93,051
Office services	52,208	56,515
Contracted out services	6,499	5,629
Professional and consultancy costs	57,862	23,688
Audit fees	12,700	12,000
Managed services	70,896	70,896
Other expenditure	19,192	13,983
	<u>330,147</u>	<u>352,603</u>

<b>Non-cash items:</b>		
Loss on disposal of property, plant and equipment	2,406	1,867
Net loss/(gain) on revaluation	7	(7)
	<u>2,413</u>	<u>1,860</u>
<b>Total</b>	<b>332,560</b>	<b>354,463</b>

<b>Summary of non-cash transactions</b>	<b>2014-15 £</b>	<b>2013-14 £</b>
Depreciation and amortisation	28,560	81,656
Non-cash items	2,413	1,860
<b>Total</b>	<b>30,973</b>	<b>83,516</b>

#### 5. Income

	2014-15 £	2013-14 £
Other non-trading income	20	14
<b>Total</b>	<b>20</b>	<b>14</b>

## 6. Property, plant and equipment

2014-15	Refurbish- ment Costs £	Furniture and Fittings £	Office Equipment £	Computer Equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2014	463,661	33,018	30,099	128,202	654,980
Additions	18,805	-	557	2,849	22,211
Disposals	(463,661)	-	(16,688)	(8,531)	(488,880)
Reclassifications	-	-	10,660	(18,516)	(7,856)
Revaluation released to SOCNE	-	-	-	(15)	(15)
Revaluation	-	31	35	(25)	41
<b>At 31 March 2015</b>	<b>18,805</b>	<b>33,049</b>	<b>24,663</b>	<b>103,964</b>	<b>180,481</b>
<b>Depreciation</b>					
At 1 April 2014	463,586	20,880	29,364	76,918	590,748
Charged in year	75	2,226	3,386	16,776	22,463
Disposals	(463,661)	-	(15,104)	(7,709)	(486,474)
Reclassifications	-	-	(267)	(307)	(574)
Revaluation released to SOCNE	-	-	-	(4)	(4)
Revaluation	-	22	13	(22)	13
<b>At 31 March 2015</b>	<b>-</b>	<b>23,128</b>	<b>17,392</b>	<b>85,652</b>	<b>126,172</b>
<b>Carrying amount at 31 March 2015</b>	<b>18,805</b>	<b>9,921</b>	<b>7,271</b>	<b>18,312</b>	<b>54,309</b>
<b>Carrying amount at 31 March 2014</b>	<b>75</b>	<b>12,138</b>	<b>735</b>	<b>51,284</b>	<b>64,232</b>
<b>Asset financing:</b>					
Owned	18,805	9,921	7,271	18,312	54,309
<b>Carrying amount at 31 March 2015</b>	<b>18,805</b>	<b>9,921</b>	<b>7,271</b>	<b>18,312</b>	<b>54,309</b>

Property, plant and equipment are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics.

## 6. Property, plant and equipment (continued)

2013-14	Refurbish- ment Costs £	Furniture and Fittings £	Office Equipment £	Computer Equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2013	463,661	38,927	34,578	103,002	640,168
Additions	-	-	-	31,328	31,328
Disposals	-	(6,224)	(4,505)	(5,616)	(16,345)
Revaluation released to SOCNE	-	-	-	(10)	(10)
Revaluation	-	315	26	(502)	(161)
<b>At 31 March 2014</b>	<b>463,661</b>	<b>33,018</b>	<b>30,099</b>	<b>128,202</b>	<b>654,980</b>
<b>Depreciation</b>					
At 1 April 2013	407,034	21,993	33,367	66,668	529,062
Charged in year	56,552	2,457	484	16,042	75,535
Disposals	-	(3,769)	(4,505)	(5,397)	(13,671)
Revaluation released to SOCNE	-	-	-	(3)	(3)
Revaluation	-	199	18	(392)	(175)
<b>At 31 March 2014</b>	<b>463,586</b>	<b>20,880</b>	<b>29,364</b>	<b>76,918</b>	<b>590,748</b>
<b>Carrying amount at 31 March 2014</b>	<b>75</b>	<b>12,138</b>	<b>735</b>	<b>51,284</b>	<b>64,232</b>
<b>Carrying amount at 31 March 2013</b>	<b>56,627</b>	<b>16,934</b>	<b>1,211</b>	<b>36,334</b>	<b>111,106</b>
<b>Asset financing:</b>					
Owned	75	12,138	735	51,284	64,232
<b>Carrying amount at 31 March 2014</b>	<b>75</b>	<b>12,138</b>	<b>735</b>	<b>51,284</b>	<b>64,232</b>

## 7. Intangible assets

Intangible assets comprise software licenses and the associated implementation costs purchased.

<b>2014-15</b>	<b>Total £</b>
<b>Cost or valuation</b>	
At 1 April 2014	46,344
Disposals	(4,733)
Reclassifications	7,856
Revaluation released to SOCNE	21
Revaluation	98
<b>At 31 March 2015</b>	<b>49,586</b>
<b>Amortisation</b>	
At 1 April 2014	42,583
Charged in year	6,097
Disposals	(4,733)
Reclassifications	574
Revaluation released to SOCNE	17
Revaluation	22
<b>At 31 March 2015</b>	<b>44,560</b>
<b>Carrying amount at 31 March 2015</b>	<b>5,026</b>
<b>Carrying amount at 31 March 2014</b>	<b>3,761</b>
<b>Asset financing:</b>	
Owned	5,026
<b>Carrying amount at 31 March 2015</b>	<b>5,026</b>

Intangible assets are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics.

## 7. Intangible assets

2013-14	Total £
<b>Cost or valuation</b>	
At 1 April 2013	45,863
Revaluation released to SOCNE	37
Revaluation	444
<b>At 31 March 2014</b>	<b>46,344</b>
<b>Amortisation</b>	
At 1 April 2013	36,078
Charged in year	6,121
Revaluation released to SOCNE	23
Revaluation	361
<b>At 31 March 2014</b>	<b>42,583</b>
<b>Carrying amount at 31 March 2014</b>	<b>3,761</b>
<b>Carrying amount at 31 March 2013</b>	<b>9,785</b>
<b>Asset financing:</b>	
Owned	3,761
<b>Carrying amount at 31 March 2014</b>	<b>3,761</b>

## 8. Financial instruments

As the cash requirements of CJI are met through Grant-in-Aid provided by the Department of Justice, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with CJI's expected purchase and usage requirements and CJI is therefore exposed to little credit, liquidity or market risk.

## 9. Trade receivables and other current assets

	2014-15 £	2013-14 £
<b>Amounts falling due within one year</b>		
Prepayments and accrued income	3,602	15,568
<b>Total</b>	<b>3,602</b>	<b>15,568</b>

### Intra-Government receivables balances

	2014-15 £	2013-14 £
<b>Amounts falling due within one year</b>		
Balances with other central government bodies	-	-
Balances with local authorities	-	-
Subtotal: Intra-government balances	-	-
Balances with bodies external to government	3,602	15,568
<b>Total</b>	<b>3,602</b>	<b>15,568</b>

## 10. Cash and cash equivalents

	2014-15 £	2013-14 £
Balance at 1 April	558	20,075
Net change in cash and cash equivalent balances	(482)	(19,517)
<b>Balance at 31 March</b>	<b>76</b>	<b>558</b>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	76	558
<b>Balance at 31 March</b>	<b>76</b>	<b>558</b>

## 11. Trade payables and other current liabilities

	2014-15 £	2013-14 £
<b>Amounts falling due within one year</b>		
Other taxation and social security	17,512	17,471
Trade payables	848	(35)
Other payables	50,162	49,961
Accruals and deferred income	155,062	108,025
<b>Total</b>	<b>223,584</b>	<b>175,422</b>
<b>Intra-Government receivables balances</b>		

	2014-15 £	2013-14 £
<b>Amounts falling due within one year</b>		
Balances with other central government bodies	164,550	121,960
Balances with local authorities	-	-
Subtotal: Intra-government balances	164,550	121,960
Balances with bodies external to government	59,034	53,462
<b>Total</b>	<b>223,584</b>	<b>175,422</b>

## 12. Capital commitments

At 31 March 2015 there was no capital commitments contracted (2013-14: £Nil).



### 13. Commitments under leases

#### Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2014-15 £	2013-14 £
<b>Obligations under operating leases for the following periods comprise:</b>		
Buildings:		
Not later than one year	-	3,325
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>-</b>	<b>3,325</b>
Other:		
Not later than one year	956	586
Later than one year and not later than five years	1,536	-
Later than five years	-	-
<b>Total</b>	<b>2,492</b>	<b>586</b>

#### Finance leases

There were no finance lease commitments at 31 March 2015 (2013-14: £Nil).

### 14. Losses and special payments

There were no losses or special payments during 2014-15 (2013-14: £Nil).

### 15. Related party transactions

CJI is a Non-Departmental Public Body (NDPB) and is sponsored by the Department of Justice. The Department of Justice is considered to be CJI's ultimate controlling party. The Department of Justice is regarded as a related party. During the accounting period CJI has had various material transactions with the Department of Justice.

In addition, CJI has had various transactions with other government departments and with HM Chief Inspector of Prisons, HM Chief Inspector Crown Prosecution Service Inspectorate and HM Chief Inspector of Probation.

No Management Board member, key manager or other related party has undertaken any material transactions with CJI during the year ended 31 March 2015.

### 16. Events after the reporting period

There were no events occurring after the reporting date that required disclosure.

The Accounting Officer authorised these financial statements for issue on 19 June 2015.



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