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Audit and Risk Assurance Committee Meeting Outputs Thursday 8 June 2017, 10:00am at CJI offices

Attendees:

Independent member: (Acting Chair)	Mairead McCafferty, (MMcC)
Independent member:	Sam Pollock, (SP)
DoJ Sponsor Division :	Heather Gallagher, HG (representing Jane Holmes)
External Audit:	Richard Gardiner, (RG) (representing Michael Scoffield, RSMUK, External Audit)
DoJ Internal Audit:	Amanda Oliver, (AO) (representing Derek Anderson)
FSD:	Joanne Jamison, (JJ)
Criminal Justice Inspection (CJI):	Brendan McGuigan, (BMcG); James Corrigan, (JC); Meloney McVeigh, (MMcV); and Stephen Dolan, (SD)
ARAC Secretary:	Linda Boal, (LB)

Agenda No	Description / Comments
1	Introduction / acknowledgements MMcC welcomed everyone to the summer meeting.
2	Apologies Declan Cooper, (DC) NIAO; External Audit Leanne Gordon, (LG) NIAO; External Audit Michael Scoffield, (MS) External Audit Jane Holmes, (JH) DoJ; and Derek Anderson, (DA) DoJ Internal Audit
3	Declaration of interest / Conflict of interest



None.

- 4 Minutes of previous meeting – 12 April and matters arising**
The minutes of the previous meeting were circulated, agreed and signed.
Matters Arising:
Point 6: MMcV confirmed that the amendments were made to the Terms of Reference which were updated and marked Final.
Point 8: Covered in the Agenda.
Point 9: Internal Audit has agreed to move the date of the finance audit to 2017-18.
Point 10: RL provided the information for the Governance Statement.
- 5 Report summarising any significant changes to CJI's Risk Register**
A copy of the Risk Register was provided to Committee members prior to meeting attendance. MMcV advised that a revision was undertaken in May 2017 by CJI staff and highlighted the changes as follows:
4.2 Recurring annual budget cuts together with in-year reductions undermines the range and depth of inspections.
The residual risk has reduced from 64 to 56 following notification of 1.5% instead of the projected 4% budget cut from the 2016-17 opening baseline budget. CJI seeks to mitigate the impact as noted.
2.2 Loss of staff capacity including skills and knowledge.
While there is no change to the residual risk score, since the last meeting CJI has lost one full time Inspector. CJI are already engaged with Sponsor Department around proposals to fill this gap in the short and longer term. BMcG is speaking with criminal justice agencies regarding a possible short-term secondment.
2.3 Timeliness/relevance of report findings and recommendations may lose value due to delay around factual accuracy checking and permission to publish.
This risk is reflective of the continuing political situation. CJI is actively seeking organisation buy-in and action regarding report recommendations on completed reports. CJI are currently engaged with Sponsor Department to explore all possible avenues by which publication could be achieved. BMcG commented that these reports contain public interest issues and need to be in the public domain.
It was recognised if the political impasse continues post end of June, CJI will require a mechanism by which to progress its 2017-18 work programme and would ask Sponsor Department to clarify the position.
HG asked for a formal request in this regard and Sponsor Department will take legal advice in respect of Permanent Secretary authority to sign-off permission to publish in the absence of a Minister as the NI Act (1998) has handed down responsibility to the Department.
MMcC reiterated that in the public interest, openness and transparency was required and the Committee agreed CJI need a mechanism for taking report publication forward.
Action: MMcV
- 6 Consider Internal Audit's Assurance Report and Opinion for the financial 2016-17**
AO spoke to the paper which had been previously distributed to all members by

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Derek Anderson. The report gave an overall opinion rating of 'Satisfactory' (which is the highest rating obtainable). There were two priority 3 recommendations; one in respect of Information Assurance policy classifications and the other in relation to Information Assurance training.

MMcV advised that both recommendations had been accepted and were being progressed.

7 Discuss the implications of the result of the Accounting Officer's review of effectiveness of the system of control in relation to the Governance Statement.

The statement had been distributed to Committee members in advance of the meeting.

JC stated that he had nothing to add to the paper and was satisfied with the systems of internal control. There were no questions from the members and the report was agreed.

8 Consider the (emerging) External Audit opinion (Audit Completion Report) for the financial year 2016-17.

RG discussed a number of points contained in the report.

Pt 9 – The NIAO anticipate recommending to the C&AG that he certifies the 2016-17 financial statements with an **unqualified audit opinion without modification**.

There were two minor issues, both Priority 2 with no Priority 1 issues to report.

1 Procurement - IT disposal – where the new IT disposal framework agreement wasn't used. It was noted that the appropriate steps had been taken to ensure all data was cleared from the devices.

2 Classification error regarding the CJI pay remit. This was shown as an Accrual rather than a Provision. MMcC noted this as in previous years, it was shown as an accrual with no issue being raised and presumably this approach was now applied across the board. RG confirmed it would where appropriate. It was confirmed that neither of these points would have an impact on the Financial Statement.

The audit fieldwork remuneration report is awaiting the disclosure notice and the Letter of Representation is to follow.

RG advised that the new format of the draft audit report would be available soon.

MMcV advised that the pension information had been received this morning and any changes will be worked through.

The management has responded to the point in respect of the incorrect framework contract being used and taken steps to ensure that all staff now know the correct contract details. They also felt it was beneficial to know that the data was erased from the devices in line with Blancco data cleanse HM Government Standard 5, with certificates provided.

MMcC confirmed that this did not pose a risk to the organisation.

JC stated that the change of classification in respect of the Pay Remit was in contrast to previous years when it has always been classed as an Accrual. CJI will follow best practice in this regard and expect that this will be applied across all other organisations. The issue is that CJI can't process their four pay remits until the NICS agreement has been reached. We now need to think about how to best action this next year. Three pay remits relate to the same salary scales as NICS with the

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Inspector pay scale being specific to CJI. We should now look at this as an opportunity to action the pay remits in a different manner in order to meet accounting deadlines.

RG thanked MMcV and JC for their help and co-operation in compiling the report. SP thanked RG for the report and commended staff on the quality of audit reports which he felt displayed the high regularity of the organisation.

9

Review and consider the accounts

JJ presented the covering note for draft Annual Report and Accounts for the year ended 31 March 2017. The draft Accounts were submitted to NIAO/RSM on 28 April 2017 in line with the agreed timetable. Subject to audit completion and sign-off by the Comptroller and Auditor General, it is anticipated that the Accounts will be laid in the NI Assembly before Summer Recess on 7 July 2017. The paper highlighted the specific areas of the Performance Report, the Accountability Report and the Financial Statements. The area at most risk of causing a material adjustment to the carrying amounts in the Accounts are Depreciation and Amortisation. However, given the relatively small value and number of assets, together with the fact that the depreciation and amortisation figures are calculated by Account NI using a bespoke asset management system, it is not expected that the amounts have been miss-stated in the Accounts.

MMcV advised that the Governance Statement had been presented to the Audit and Risk Assurance Committee at the April meeting and had the addition of four paragraphs on page 37 relating to the 2017-18 financial year referring to the steps to allow the Permanent Secretary to flow funds forward.

MMcC asked if there were any further questions and if all were content. The Committee recommended sign-off of the Accounts.

10

Advise the Accounting Officer on signing the accounts and Government Statement

Covered in Point 9 above.

11

Report from management on whistle blowing and fraud issues, if applicable.

MMcV advised of a nil return.

12

Report from management on any direct award contracts during the period.

MMcV advised of a nil return.

13

Report summarising the expenses submitted by the Chief Inspector and the Deputy Chief Inspector.

MMcV provided the relevant figures as undernoted since the last meeting:

Government Procurement Card		Travel & Subs	
CI	£1.50	CI	£111.60
DCI	£197.37	DCI	£43.73

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The amount on the DCI's GPC related to information gathering meetings on Problem Solving Courts.

The amount on the CIs T&S claim related mainly to mileage incurred in the recent inspection of Maghaberry prison.

14 **Review of CJI's gifts and hospitality register**

Since the last meeting no gifts or hospitality have been received by CJI staff.

There was one item to report in relation to hospitality extended which was for the amount of £34.05 by the DCI for a working lunch in respect of Problem Solving Courts information gathering.

15 **AOB**

MMcC drew attention to the Management of Risk in Government report which had been distributed to all members prior to the meeting and commented that this was a very useful document.

MMcC commented on the professionalism of all staff involved in the work of the Committee and felt the level of assurance received at the meetings was excellent.

MMcV extended thanks on behalf of the CJI Management Team to JJ and FSD for producing the comprehensive set of CJI accounts.

JC thanked both MMcC and SP for stepping up to chair the Audit and Risk Assurance Committee over the past few months.

17 **Dates of next meetings**

Dates of meetings for the next financial year were agreed as follows:

Autumn meeting	Thursday 26 October 2017 at 10:00am
Winter meeting	Thursday 25 January 2018 at 10:00am
Spring meeting	Thursday 19 April 2018 at 10:00am
Summer meeting	Thursday 7 June 2018 at 10:00am

All located at CJI offices, Block 1 Knockview Buildings, Stormont Estate.

Sam Pollock
Acting Chairperson

26th October 2017

Date

