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AUDIT and RISK ASSURANCE COMMITTEE MEETING

Thursday 20 October 2016, 10:00am at CJI offices

Attendees:

Independent member: (Acting Chair)	Sam Pollock, (SP)
Independent member:	Mairead McCafferty, (MMcC)
DoJ Sponsor Division:	Jane Holmes (JH)
DoJ Internal Audit:	Amanda Oliver (AO) Tracey Devlin (TD)
FSD:	Joanne Jamison, (JJ)
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 SP welcomed everyone to the autumn meeting.
2	Apologies Derek Anderson, (DA) DoJ Internal Audit; Michael Scofield (MS) RSMNI Richard Gardiner (RG) RSMNI; Declan Cooper (DC) NIAO
3	Declaration of interest / conflict of interest Nil return
4	Minutes of previous meeting – 2 June, and matters arising The minutes of the previous meeting were circulated, agreed and signed by SP. There were no matters arising.
5	Report summarising any significant changes to CJI's Risk Register

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A copy of the Risk Register was provided to Committee members prior to meeting attendance. MMcV advised that a revision was undertaken in October 2016 and highlighted the areas amended as follows:

1.2 Risk of contravening the CJI document and record management legislation and guidance – New Risk

- Introduced in support of adherence to best practice and legislation and to retain internal focus on this area in advance of ISO 9001 re-certification visit in January 2017.

2.1 CJI IT system collapses or network is unavailable

- Additional counter measure included to reflect work ongoing regarding future support mechanisms and options.

2.2 Loss of staff capacity including skills and knowledge

- Reduced Residual Risk following successful recruitment of two part-time Inspectors in post from September 2016. Work is on-going within Business Support and with FSD colleagues to mitigate the impact of the loss of two staff from Business Support under voluntary exit scheme (VES) at end of September 2016.

4.1 Finance / Value for Money

- Rewording of counter measure to reflect work to be undertaken to revise the Financial Procedures Manual to reflect changes in responsibilities following departure of two staff on VES.

4.2 Recurring annual budget cuts together with in-year reductions undermine the range and depth of inspections

- Updated countermeasure and reduced residual risk noted to show 1) work ongoing within CJI to advise DOJ of financial impact of additional cuts being applied to the CJI baseline budget for 2016-17 and 2). Work being undertaken to develop new three-year Corporate Plan.

4.3 Inaccurate processing staff salaries

- Reduced residual risk scores applied as no errors have occurred since March 2015. Payment of 2015 Pay Remit was applied without incident.

SP asked for any comments in respect of the Risk Register.

MMcC asked if there would be any impact on Business Support staff given the changes in their duties.

MMcV confirmed that roles would be allocated to the correct grade and staff could bring any issues to their line manager.

JH asked that a more in-depth discussion of the issues of most concern/highest risk takes place at the next meeting and the Committee agreed.

Action: LB

SP commented that from his perspective it was good to give attention to the Risk Register and it is important to have that discipline. He agreed that Record

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Management can be a struggle and archiving of records is extremely important. This is a big risk area and he was glad that it is getting the attention it deserves. The addition of two new Inspectors is encouraging. Some of the modifications on the Register may be small but it is good housekeeping.

BMcG stated that as he looks at the functioning of the organisation, its viability is at a critical stage in terms of how we do business. If CJI continues to be impacted by budget cuts there is a challenge to consider a different way of delivering the inspection product. This may mean we need to join other organisations and become part of a whole delivery mechanism with CJI holding particular responsibility around criminal justice issues and maintaining its independence. To remain as a stand-alone organisation and deliver the current level of governance becomes very difficult when the budget continues to be reduced. We need to find ways of doing what we do with less money. Discretionary spend has gone while overheads remain. There needs to be a wider discussion with health, justice, education etc.

MMcC agreed that a bigger, broader conversation was needed in the context of large scale reform given the level of cuts imposed on all organisations, but that independence is the key.

BMcG said that small organisations are struggling and need to identify a different way of delivering. The targeted approach to areas was not working and front line service delivery is a priority.

SD agreed that outcome based delivery needs a partnership approach. Areas need shared resources and information. Recent thematic inspections have shown this and give the opportunity to present this challenge. Expected outcomes can only be delivered by shared resources.

MMcC suggested we were now moving in that direction with the Programme for Government but it is vital that there is integration of Inspection and Regulatory Bodies. Justice has to work with the other bodies.

SP asked if BMcG would be commenting on this point in the CJI Corporate Plan.

BMcG is considering it along with other environmental issues and how they can be managed. The challenge to the Department of Justice may be that we need to look at other ways of doing things. The CJI Risk Register shows the day-to-day running of the organisation but there is a lot more thinking on how the organisation is doing things.

JH asked where the tipping point would be in relation to financial planning.

BMcG replied that we are not quite there as yet.

JJ advised that in her opinion it would be at a budget cut in excess of 3% of the current baseline budget.

SP stated that budget cuts should be for positive reasons. As society is normalising there is an outstanding argument for working together across organisations and suggested a hard hitting Foreword in the CJI Corporate Plan could catch the eye of some people.

- 6 **Consider the External Audit management letter**
MMcV spoke to the Final Report to those charged with Governance. The report had no points to make. CJI are delighted with this and MMcV expressed her thanks to FSD.
MMcC commended CJI staff, JJ and her team for such an excellent report.
- 7 **Consider the External Audit strategy proposed in respect of the current year's accounts**
MMcV explained that the document was not yet available. MMcV, JJ and MS will meet on 10 November and a draft will be presented to the January meeting for approval.
Action: MMcV
- 8 **Consider any residual actions arising from the previous year's work of both Internal and External Audit.**
Nil return.
AO advised there would be a 2016-17 Audit Plan prepared for the final audit of the existing three-year programme.
- 9 **Update on six-month Accounts 2016/17**
JJ has completed the six month accounts with no issues to report. Preparation is underway for year end. There have been no notified modifications to the format for the Annual Report.
- 10 **Report from management on whistle blowing and fraud issues, if applicable**
Nil return.
- 11 **Report from management on any Direct Award Contracts during the period**
Nil return.
- 12 **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	£20.00	CI	£93.65
DCI	£361.90	DCI	0
TOTAL	£381.90	TOTAL	£93.65

- 13 **Review of CJI's gifts and hospitality register**
MMcV confirmed to meeting attendees that no gifts or hospitality were received.

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The amount of £43.90 hospitality was extended by CJI which was in connection with the recent Inspector recruitment exercise.

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AOB

JC updated the Committee on the position regarding the vacant Audit Committee Chair. It was his intention to utilise the list created by the Permanent Secretaries Group to avoid incurring the cost of a procurement exercise to fill the position. Unfortunately, this list has now expired and a new list is not available with no decision as yet to a new one being created. CJI could run its own open recruitment competition to replace the Audit Chair, but do not have the budget for it and it would be hard to justify the cost for such a small organisation. JC has decided to wait to see if a new list will be produced. SP and MMcC have agreed to rotate the position of Chair for the next two meetings but JC stated that this is an interim approach.

JH confirmed that a new list from the Permanent Secretaries Group would not be available any time soon. JH will take an action to look into the DOJ preparing its own list for audit committees across CJOs. She agreed that running a competition for CJI alone would be expensive.

Action: JH

BMcG commented that he valued the input from the Audit Committee particularly in terms of their advice. He re-iterated that CJI are now in a different space and he has tried to articulate this to the DoJ Permanent Secretary and Sponsor Department. There is an issue for the Assembly and the Executive to address in relation to finding a different way of doing business linked to an outcome based way of doing business.

JH suggested that a further discussion was required following on from Outcome Based Accountability.

BMcG stated he was trying to take a realistic view of maintaining a relevant inspection body and MMcC agreed. SP suggested this required joined-up thinking.

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Dates of next meetings

Winter meeting – Thursday 26 January 2017, 10am;
Spring meeting – Thursday 20 April 2017, 10am; and
Summer meeting – Thursday 8 June 2017, 10am.

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

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Sam Pollock
Acting Chairperson

26-1-17

Date