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AUDIT and RISK ASSURANCE COMMITTEE MEETING

Thursday 11 September 2014, 10:00am at CJI offices

Attendees:

- Non-executive Chairperson: Eddie Simpson (**ES**).
- Non-executive Independent Member Sam Pollock (**SP**).
- NIAO: Finula Magowan (**FM**).
- KPMG: Philip Marshall (**PM**).
- DOJ Sponsor Division
DOJ Internal Audit: William Jeffrey (**WJ**)
Derek Anderson (**DA**).
- FSD: Joanne Jamison (**JJ**).
- CJI: James Corrigan (**JC**), Deputy Chief Inspector;
Stephen Dolan (**SD**), Inspector;
Meloney McVeigh (**MMcV**), Business and Communications
Manager; and
Linda Boal (**LB**), Personal Assistant.

Agenda

No.: **Description / Comments:**

- 1** **Introduction / acknowledgement**

ES welcomed everyone to the meeting and introduced Mr Sam Pollock the new Non-executive Independent Member.
- 2** **Apologies**

Brendan McGuigan (**BMcG**), Chief Inspector.
Paula Bean Mhic Artáin (**PBMA**), Business and Administrative Support Officer.
- 3** **Minutes of previous meeting – 5 June 2014**

The Minutes were agreed as accurate.



ES signed the minutes and passed to **LB**.

4

Matters Arising

Relating to item 5: AOB – Update on identification and appointment of new non-executive members for CJI Audit and Risk Assurance Committee

ES thanked **WJ** for his email confirming that two non-executive members were sufficient.

Relating to item 8: Direct Award Contracts:

On the agenda for discussion.

Relating to item 12: 2013-14 CJI Annual Report and Accounts:

Timetable met as required and laid in Northern Ireland Assembly 10 July 2014. **ES** thanked everyone concerned.

5

Disclosure regarding conflict of interest and declaration of interest for all Audit Committee members.

Nil return.

6

Report summarising any significant changes to CJI's Risk Register.

- **MMcV** gave an overview of changes made to the risk register. **MMcV** said the scoring for risk 2.1 'CJI IT system collapses or network is unavailable' had reduced due to work scheduled to further upgrade the system to coincide with the move to new premises. Risk 2.2 'Danger of loss of key skills/knowledge from CJI staff' residual risk has increased due to the need to profile how CJI would deliver the in-year budget cuts. This situation should be mitigated from October when staff return from maternity leave. **JC** will be undertaking an exercise on succession planning for CJI after the accommodation move. Risks 3.1 'Breaches in accommodation/security systems' and 3.2 'Conduct of staff fails to meet standard of those in public office' both have had their counter measure strengthened. Risk 4.1 has been reworded to 'Existing financial management, procurement and contract management practice is not compliant with departmental policy or best practice'. This is to take account of the findings of the 2013-14 external audit report and CJI acceptance that procurement/contract management is a risk and the risk increased due to recent non compliance issue. Risk 4.2 reworded to 'In-year budget reduction jeopardises fulfilment of CJI Business Plan commitments'. This risk has increased to 100 and this is the first time CJI has recorded this score. CJI is very concerned by the current situation which creates an inability to plan effectively as 2014-15 Business Plan targets are set at the start of the financial year based on budget allocation at April 2014. Risk 5.1 'CJI fails to secure accommodation to meet future business need in a timely manner' has also increased to 100 due to the uncertain position CJI is in. Having secured approval for the accommodation Business Case for its preferred option, CJI

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was informed this option was no longer available following purchase of the building by DFP. CJI has worked closely with sponsor department with two options being presented, one of which has now been approved by the Permanent Secretary to be taken forward. CJI will now complete an addendum to the Business Case and resubmit for consideration and approval from DOJ Economists.

ES welcomed the updates to the CJI Risk Register and the changes were noted and agreed by the Committee.

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

Nil return.

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

MMcV gave an overview of DACs awarded.

MMcV said since the June meeting, CJI had put in place the following three short term DACs. Each DAC was primarily required due to current uncertainty around CJI's future accommodation. **MMcV** said all three DACs were justifiable and temporary.

1. Provision of Colour Photocopier extended for six weeks. The Tender is now being drafted for issue to procure a multi-function device;
2. Short term provision of car parking for essential users; and
3. Short term provision of intruder alarm maintenance and monitoring.

The DACs were noted and agreed by the Committee that all three DACs were justifiable and temporary.

9 Internal review of all contracts for the years' 2012-13 and 2013-14

MMcV said that CJI became aware that it had missed a step in the procurement process by not securing the advance approval of the Permanent Secretary of the DOJ for an external consultancy DAC valued at £1K. This was in respect of assistance from Lindsay Advisory to complete additional work on the accommodation Business Case. Retrospective approval was subsequently sought and obtained. The original contract valued at £4,950 was competitively tendered and within CJI's delegated authority limit. Additional work was required as the initial preferred accommodation identified was leased immediately prior to the submission of the Business Case. CJI was then required to identify another option and update the Business Case. To competitively tender this work would not make economic or business sense and a DAC offered continuity, a prompt turnaround and value for money. Sponsor Department wrote to CJI outlining their concerns. CJI responded in writing and has undertaken a full review of all contracts in place during the last two financial years.

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There were three occasions when correct procedure was not followed: one in respect of media material, one for HMI Probation consultancy and Lindsay Advisory. **SD** asked had CJI missed a step, should CJI have re-tendered and is a DAC allowed for consultancy? **MMcV** confirmed yes. **WJ** said that the issue of DACs is particularly sensitive within DOJ, as the Department is top of the 'leader board' for DACS requiring retrospective Perm Sec approval. Therefore, it is extremely important to comply with the rules in this area. **DA** stated that Internal Audit are conducting an exercise looking at avoidable DACs and referred to the management letter he has issued concerning any DACs over £5K. **DA** agreed that in this instance the DAC in question was generated by the delay in the accommodation move and therefore understandable. **MMcV** thanked **DA** and confirmed that all the DACs referred to today are in relation to the accommodation move. **ES** said that the Audit and Risk Committee are always kept informed of DACs and commended everything CJI had done on this matter.

10 Progress report from management on implementation of NIAO and Internal Audit recommendations.

MMcV said all internal audit recommendations had been completed and the contract database was in place and operational within CJI.

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

MMcV provided details of the quarterly expenses to the Committee.

The expenses were noted and agreed by the Committee as minimal spend.

12 Review of CJI's Gifts and Hospitality Register.

MMcV provided details of the quarterly expenses to the Committee.

The expenses were noted and agreed by the Committee as minimal spend.

13 Consider mid-year report on emerging findings from Internal Audit

DA said that the timetable for internal audit would be decided following the CJI accommodation move.

Terms of Reference to be discussed at the next meeting.

14 Consider the External Audit management letter for the previous year, any emerging findings from the current interim/in-year work of External Audit and External Audit's approach to their work

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FM referred to the letter to **JC** of 11 July 2014 and confirmed that the management response had been received. **FM** confirmed there was no interim work to be carried out and proposed a similar strategy to the 2013-14 year with a timetable along similar lines. **PM** suggested a start date of late autumn.

ES queried the need for an Audit and Risk Assurance Committee meeting early in September. **DA** agreed that the September meeting was light with key milestone occurring later in the year. **FM** agreed. **JJ** said mid October may be more appropriate as FSD would have the six month interim review to present.

ES suggested that this be considered in January when the schedule of meetings was being prepared.

15 Consider the External Audit strategy proposed in respect of the current year's accounts

Nil return.

16 Consider any residual actions arising from the previous year's work of both Internal and External Audit.

Nil return.

17 A.O.B.

Nil return.

18 Date of next meeting

Thursday 22 January 2015 @ 10:00am

E. A. Simpson
Chairperson

Date

29/1/15

