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Audit and Risk Assurance Committee Meeting Outputs

Thursday 19 April 2018, 10:00am at CJI offices

Attendees:

Independent member: (Acting Chair)	Sam Pollock, (SP)
Independent member:	Mairead McCafferty, (MMcC)
DoJ Sponsor Division :	Avril Galloway (AG) (representing Jane Holmes)
DoJ Internal Audit:	Amanda Oliver (AO)
External Audit:	Richard Gardiner (RG)
FSD:	Joanne Jamison, (JJ)
Criminal Justice Inspection (CJI):	James Corrigan, (JC) Meloney McVeigh, (MMcV)
ARAC Secretary:	Linda Boal, (LB) CJI

Agenda No	Description / Comments
1	Introduction / acknowledgements SP welcomed everyone to the meeting.
2	Apologies Brendan McGuigan (BMcG), CJI; Stephen Dolan (SD), CJI; Jane Holmes, (JH) DoJ; Michael Scoffield, (MS) RSM UK, External Audit; Karen Beattie, (KB) NIAO (Assignment Director); and Julie Canning, (JC) NIAO (Assignment Manager).
3	Declaration of interest / Conflict of interest None.
4	Minutes of previous meeting – 25 January 2018 and matters arising <ul style="list-style-type: none">The minutes of the previous meeting were circulated, agreed and signed.

- AO confirmed that the action from point 6 had been addressed and the Report was issued with Satisfactory Assurance and no recommendations.

5 Consideration of A&RAC Self-Assessment of its work.

- The Self-Assessment document was distributed to all members in advance of the meeting. The content was comprehensive and approved by both Independent Members and the Committee.

6 Review of A&RAC Terms of Reference.

- The Terms of Reference was distributed prior to the meeting.
- The document was based on the guidance from the 2016 HM Treasury Audit and Risk Assurance Committee Handbook and the Audit and Risk Assurance Committee Handbook (NI) issued March 2014.
- The document was mainly as previously agreed with a few small changes.
- Both Independent Members signed a copy and the Committee agreed with the content.

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

- MMcV spoke to the CJI Risk Register which had been distributed to members in advance of the meeting. The Register had been updated at the CJI staff meeting on 27 March 2018. Risks which had reduced or increased were clearly identified.
- A new risk had been added 4.2 '*Inaccurate processing of staff salaries/deductions resulting in payment/contribution errors.*' This risk was in relation to an error in-year when a pay remit uplift was incorrectly paid by HR Connect to a previous member of staff. The process is currently underway to re-coup this money. HR Connect have written to the individual concerned. The amount was equivalent to 0.05% of the annual salary expenditure. Investigations showed this was not attributable to CJI, but was a keying error at HR Connect. CJI is mindful of the issue and has taken what steps it can to ensure it doesn't re-occur, although this was outside CJI control.
- MMcC asked if HR Connect were also putting steps in place.
- MMcV explained that the error threshold for HR Connect was across the whole of the NICS and that this incident was within the tolerance of that threshold.
- MMcC asked if this was a rare occurrence and MMcV replied that while errors had happened in the past, it had been some time since the last occurrence.
- AG referred to the discussion on the Risk Register at the January meeting and in particular the move to IT Shared Services. The DoJ will be looking at this to take learnings to similar bodies and develop that.
- AG queried point 2.2 '*CJI is unable to deliver a meaningful, relevant inspection programme that contributes to the delivery of PfG outcomes.*' DoJ are concerned as to why this has not improved and suggested maybe a

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conversation with the Criminal Justice Delivery Group could help. AG also suggested this is picked up at the next Oversight Meeting as the Department would like to know of any potential delays to take them to the Criminal Justice Board. AG was concerned that the score was high.

- MMcV advised that the score, while high, sits within the CJI tolerance level. This risk links back to the budget uncertainty as yearly budget allocation impacts on planning.
- MMcC suggested that this point should be discussed with Sponsor Department at the next Oversight Meeting.
- MMcV agreed, and this will be added to the agenda for the Oversight Meeting on 30 April.

Action: MMcV to add to Oversight Meeting Agenda

- MMcC asked if that meeting could address wider strategic issues for CJI.
- JC stated that issues that impact on the future of CJI, such as collaborate working with other oversight bodies and the current oversight of the Prisoner Ombudsman's office, are best discussed at a separate meeting with DOJ.

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CJI Audit Strategy 2017-18 as prepared by NIAO

- RG spoke to the papers which had been distributed in advance of the meeting the purpose of which was to highlight the following points to the A&RAC:
 - audit the financial statement for the year ending 31 March 2018, addressing significant risk of material misstatement to transactions and balances;
 - matters of interest and developments in financial reporting and legislation;
 - planned timetable, fees and audit team;
 - matters required to be communicated under International Standards on Auditing; and
 - Value for Money work undertaken by the C&AG relevant to CJI.
- RG asked the Committee if there were any other areas they felt should be considered and the Committee were happy with those previously outlined.
- The audit will also consider presumed risks.
- Materiality will be set at £22,000.
- Karen Beattie, NIAO, will be responsible for the overall audit and report on a shadow audit opinion.
- The audit fee for this year is £9,000.
- An ongoing NIAO Value for Money examination which may be of interest to CJI is the work on Avoidable Delays in the CJS.
- AG advised that finance in respect to the replacement of the current Chief Inspector when his term of office ends on 30 November 2018 should be kept in mind. The Department are now beginning the recruitment process

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and when the salary is being set conversations will need to take place with FSD and others. There are likely to be cost implications.

- AG advised that both she and Jane Holmes met with the CI regarding the point in Appendix I of the Audit Strategy regarding the NIAO report on Avoidable Delays in the Criminal Justice System which is an area on which CJI have reported on many times before. BMcG is in favour of collaborative working in this area. The Criminal Justice Board met on Tuesday evening 17 April, and have accepted all the recommendations in the NIAO report and work has begun on them. DoF are meeting to develop a response to the report and are required to submit a response to the Secretary of State. The NIAO have indicated there will be a follow-up review in 12-18 months' time. The Public Accounts Committee will also take an interest in this area.
- JJ advised that the possible financial implication of the recruitment of a new CI have already been factored into the accounts.
- SP asked for the current status on the Prisoner Ombudsman role.
- MMcV replied that CJI had been asked by the Department of Justice to oversee the role of Prisoner Ombudsman on an interim basis and BMcG was happy to do so.
- AG added that the recruitment process for the Prisoner Ombudsman recruitment had progressed to the point where an appointment list was produced for Ministerial approval. In the case of the Chief Inspector for CJI, the recruitment process was only beginning. Legal advice had been received which confirmed that the Department of Justice could make the Chief Inspector of Criminal Justice appointment in the absence of a Minister.
- SP commented that it does appear to make sense to amalgamate both posts.
- RG referred to the salary error recorded on the CJI Risk Register and advised that this will be picked up in the audit but should not pose a significant risk. The Committee agreed.

9 Consideration of the Internal Audit Assurance report for the 2017-18 financial year

- AO is in the process of preparing the report which should be complete at the end of the month, when it will be circulated.
- A copy of the Internal Audit Plan and Strategy was distributed with the meeting papers.
- The audit focused on the area of corporate governance, with much of the work being done through attendance at the quarterly Audit and Risk Committee meetings.
- AO suggested that at quarter four next year the area of GDPR could be included.
- MMcC reminded the Committee of the GDPR compliance date of 25 May 2018.
- The Committee agreed that this would be a good idea.
- MMcC queried if there had been any guidance from the Department and AG advised that all information was being filtered out.

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- JC confirmed that CJI had already commenced work in this area.

10 Consideration of the draft three year Internal Audit strategy (2017-18 to 2019-20)

- Included in point 9 above.

11 Review of the draft CJI Governance Statement for inclusion in the 2017-18 Annual Report & Accounts

- MMcV referred to the Draft Governance Statement distributed with the meeting papers. This is a key document for the Committee and covers all areas of responsibility and included a summary of the 2017-18 financial position.
- The format follows that of previous statements.
- MMcV asked for Committee views on the document.
- SP and MMcC confirmed they were happy with the content and the other Committee members agreed to adopt the Governance Statement.
- MMcV will take this forward.

Action: MMcV

12 Overview of work ongoing in the preparation of the 12-month set of Accounts for CJI

- JJ confirmed that the CJI annual accounts are in an advanced state.
- The accounts have been reviewed by the Grade 6 in FSD and points raised taken forward in preparation for the Auditors fieldwork commencing on 30 April.
- JJ and MMcV will work through the relevant checklists next week.

13 Annual review of CJI Anti-Fraud Policy

- MMcV spoke to the document which had been distributed to members in advance of the meeting and invited comments.
- All members agreed to the content of the Policy.

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

MMcV advised of a nil return.

15 Report from management on any direct award contracts (DACs) during the period.

MMcV advised of a nil return.

**16 Report summarising the expenses submitted by the Chief Inspector and the Deputy Chief Inspector.
Report on annual expenditure by CJI.**

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MMcV provided the relevant figures as undernoted:

- **Since the last meeting – CI and DCI:**

Government Procurement Card		Travel & Subs	
CI	£12.50	CI	£196.43
DCI	£21.90	DCI	£13.70

- **Annual expenditure – CI and DCI:**

Government Procurement Card		Travel & Subs	
CI	£249.85	CI	£888.98
DCI	£380.37	DCI	£211.28

- **Annual expenditure for all CJI staff:**

Government Procurement Card		Travel & Subs	
All staff	£10,040.76	All staff	£3,110.55

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

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

There were two occasions of hospitality extended by the Deputy Chief Inspector, both in relation to working lunches: one for £91.00 (7 people) which was in relation to inspection work and the other for the amount of £34.05 (3 people) regarding problem solving courts observations.

During the past year there were a total of three instances of hospitality extended by the CI, DCI and staff amounting to a total of £143.90, all in respect of working lunches. There was one occasion of hospitality received in respect of a working lunch for one member of staff for the amount of £7.00.

These matters were noted by Chair and other members of Committee with no concern.

18 **AOB**

SP advised members that he would be tendering his resignation from the Committee. He has served the Committee as an Independent Member for approximately four years and feels now is an appropriate time to step down and enjoy his retirement.

JC advised members that SP had spoken with him at the end of the January 2018 meeting and steps were now underway to recruit a replacement.

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JC went on to thank SP for all his help and insight during his term of membership of the CJI Audit and Risk Committee and extended his best wishes for the future. MMCC extended her thanks and appreciation to SP for the support he had provided to her personally and the Committee in general over the years. SP will attend in June 2018 due to importance of that meeting, but step down after that.

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Dates of next meeting

Date of next Meeting: **Thursday 7 June 2018 @ 10am.**
Block I Knockview Buildings, Stormont Estate.

Sam Pollock
Acting Chairperson

7 - 6 - 18
Date

