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AUDIT and RISK ASSURANCE COMMITTEE MEETING

Thursday 5 June 2014, 10am at CJI offices

Attendees:

- Non-executive Chairperson: Eddie Simpson **(ES)**.
- Independent Member: Willie McCarney **(WMcC)**.
- NIAO: Finula Magowan **(FM)**.
- KPMG: Philip Marshall **(PM)**; and Arthur O'Brien **(AO'B)**.
- DOJ Internal Audit: Derek Anderson **(DA)**.
- FSD: Billy Irvine **(BI)**; Joanne Jamison **(JJ)**.
- CJI: James Corrigan **(JC)**, Deputy Chief Inspector; Stephen Dolan **(SD)**, Inspector; Meloney McVeigh **(MMcV)**, Business and Communications Manager; and Paula Bean Mhic Artáin **(PBMA)**, Business and Administrative Support Officer.

Agenda

No.: Description / Comments:

1 Introduction / acknowledgement

ES welcomed everyone to the meeting.

2 Apologies

Brendan McGuigan (**BMcG**), Chief Inspector; and
William Jeffrey (**WJ**), DOJ.

**3 Report from management regarding any conflict of interest and
declaration of interest.**

Nil return.

4 Minutes of meeting – 24 April 2014

The Minutes were agreed as accurate.

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

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5 Matters Arising

Relating to item 18. AOB – Update on identification and appointment of new non-executive members for CJI Audit and Risk Assurance Committee

MMcV said **BMcG** had made an informal approach to the Northern Ireland Policing Board (**NIPB**) in regards to identifying a suitable individual to become a new non-executive member of the Committee. Sam Pollock (**SP**) had volunteered to take up the post. **MMcV** confirmed that there would be no conflict of interest if **SP** was appointed as a new non-executive member, as the NIPB was not within CJI's inspection remit. **JC** said a letter had been sent to **SP** and he was waiting to receive an official written letter of acceptance from **SP**. **ES** said he had previously worked with **SP** and he would be a welcome addition to the Committee as a new non-executive member and due to his professional experience, **SP** would not require any training.

SP invitation to become a non-executive member of the Audit and Risk Assurance Committee was noted and agreed by the Committee

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

MMcV apologised for the late circulation of the risk register, however due to the cancellation of meetings and other work commitments by CJI staff, it was unavoidable.

MMcV gave an overview of changes made to the risk register. **MMcV** said the scoring for risks 2.2 and 4.2 had reduced because of the budget secured for 2014/15.

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MMcV said risk 5.1- accommodation remains critical because to date CJI had not received a letter of approval for the accommodation business case. **MMcV** said one new risk had been added to the register risk 4.3 - Inaccurate processing of staff salaries/deductions resulting in payment/contribution errors.

JC said CJI received a budget cut of 1.5% for welfare reform, with an additional cut of £5,000. **ES** said this was manageable for the organisation. **ES** said a budget cut of 4% or above to CJI's 14/15 budget would have been unacceptable.

ES asked how much of the 14/15 budget had been allocated to the current accommodation costs and when would this become an area of concern for the organisation? **MMcV** said CJI had allocated six months of the 14/15 budget to the current accommodation costs, however if CJI remained in the current accommodation after six months into the 14/15 financial year, the costs of the current accommodation would become a major issue of concern for the organisation.

ES said the Committee had to record its concern around the implications the accommodation costs would have on CJI's budget, if the organisation remained in the current accommodation for more than six months into the 14/15 financial year.

ES said it was unsatisfactory and incomprehensible the number of errors HR Connect had made to staff salaries. **WMcC** said HR Connect had been heavily criticised in the media recently for poor delivery of service. **DA** said that he had received assurances from DFP over shared services and that issues with HR Connect had been reported by the Department of Finance and Personnel (**DFP**). **DA** said HR Connect awarding the 2012/13 pay award into staff salaries before official authorisation could have resulted in a qualification on CJI's accounts. **DA** said the risk with HR Connect should remain on the register.

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The changes to the risk register were noted and agreed by the Committee with risk 5.1 noted as a cause of concern.

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 April 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;
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.

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

MMcV said all internal audit recommendations had been completed and any recommendations from the external audit report would be added to the register.

ES said the NIAO's Report to Those Charged With Governance (RTTCWG) was on the agenda to be discussed.

10 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.

11 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.

12 Review and consider the 2013-14 CJI Annual Report and Accounts

ES thanked all those involved in producing the Annual Report and Accounts. **ES** said it was an excellent document clearly covering all the areas in CJI. **ES** asked the Committee for comments.

BI thanked KPMG for a clean audit. **BI** said the preliminary work carried out on a monthly basis to produce the 6-month set-of-accounts and 9-month set of accounts all contributed towards producing the end of year accounts.

ES asked the Committee to approve the Annual Report and Accounts for signing and submitting.

AO'B said that he would present the NIAO's RTTCWG to enable the Committee to approve the Annual Report and Accounts.

13 Consider the (emerging) External Audit opinion (Audit Completion Report - RTTCWG) for the financial year 2013-14 and advise the Accounting Officer on signing the accounts and Governance Statement.

AO'B thanked **MMcV, JC**, CJI staff and colleagues in FSD for assisting the external audit process. **AO'B** gave a high level summary of the RTTCWG report findings.

AO'B said overall it was a good clean set of accounts and he was happy with management's response to the audit recommendation. **AO'B** said he was happy to answer any questions from the Committee. **ES** welcomed the clean audit opinion and management's response to the audit recommendation.

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DA asked for an explanation for the significant differences regarding page 67, Cash and Cash Equivalents for the 2012/13 financial year and 2013/14 financial year. **BI** gave an explanation for this and **DA** was satisfied with the explanation. **DA** said he was pleased to see Internal Audit's Opinion reflected in the Governance Statement.

ES asked the Committee to consider and approve the signing and submitting of the Annual Report and Accounts.

The signing and submitting of the Annual Report and Accounts was considered and agreed by the Committee.

14 Consider Internal Audit's opinion for the financial year just finished.

ES said Internal Audit's Opinion had been discussed at the spring meeting, however following the summer schedule from the Audit and Risk Assurance Committee Handbook issued in April 2014, the secretary noted the item on the agenda.

15 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.

ES said the discussion on the implications of the result of the Accounting Officer's review of effectiveness of the system of control in relation to the Governance Statement had been discussed at the spring meeting, however following the summer schedule from the Audit and Risk Assurance Committee Handbook issued in April 2014, the secretary noted the item on the agenda.

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16 Audit and Risk Assurance Committee's Terms of Reference (ToR)

MMcV confirmed the Terms of Reference were ready for signing.

The signing of the Terms of Reference was noted and agreed by the Committee

17 Code of Conduct for Board Members of Public Bodies (NI) issued April 2014

ES said although CJI had no board members, the non-executive members in the Committee were a close representation to board members. **ES** said he would be happy to implement the Code of Conduct for Board Members of Public Bodies (NI) issued in April 2014 and asked the Committee to consider and agree this document.

The Code of Conduct for Board Members of Public Bodies (NI) issued in April 2014 was considered and agreed by the Committee.

18 A.O.B.

ES said the Committee was updated on CJI's accommodation under item 6 of the agenda.

19 Date of next meeting

Thursday 11th September 2014 @ 10am

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ES thanked **WMcC** for attending the spring and summer Committee meetings as a non-executive member to enable them to take place.

A handwritten signature in black ink that reads "E. A. Simpson". The signature is written in a cursive style with a large initial 'E'.

E. A. Simpson
Chairperson

11/09/2014

Date