

# PROTECT

Criminal Justice Inspection  
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## AUDIT and RISK ASSURANCE COMMITTEE MEETING

Thursday 28 January 2016, 10:00am at CJI offices

### Attendees:

- Non-executive Chairperson: Eddie Simpson (**ES**)
- Independent member: Sam Pollock (**SP**)
- Independent member: Mairead McCafferty (**MMcC**)
- NIAO: Finula Magowan (**FM**)
- RSM McClure Watters: Michael Scoffield (**MS**)
- DoJ Sponsor Division: William Jeffrey (**WJ**)
- DoJ Internal Audit: Derek Anderson (**DA**)
- FSD: Joanne Jamison (**JJ**)
- CJI: Linda Boal (**LB**)  
Meloney McVeigh (**MMcV**)  
James Corrigan (**JC**)  
Stephen Dolan (**SD**)

### Agenda

#### No.:      Description / Comments:

#### 1      **Introduction / acknowledgement.**

ES welcomed everyone to the meeting. ES introduced Mairead McCafferty (MMcC), the new Independent Member of the Audit Committee and Michael Scoffield (MS) of RSM McClure Watters External Audit Manager.

#### 2      **Apologies.**

Brendan McGuigan (**BMcG**), CJI.  
Paula Bean Mhic Artáin (PMcA) CJI



**3 Declaration of interest / conflict of interest.**

Nil Return.

**4 Minutes of previous meeting – 22 October 2015 and Matters Arising.**

The minutes of the previous meeting were circulated and agreed.  
ES signed the minutes and passed to LB.

*Matters arising Item 4*

MMcV presented the Assurance Mapping for CJI which was distributed prior to the meeting. This exercise had been taken forward in a manner proportionate to the size of CJI.

DA is encouraging the use of Assurance Mapping in the DoJ family and was delighted to see CJI have produced this document.

MMcV will remove the DRAFT reference and forward to DA.

ES agreed that the document was proportionate to CJI. He welcomed the inclusion of the responsibilities of the Audit Committee in this important document.

MMcC agreed with ES and commented that the inclusion of the diagram on the last page was particularly helpful.

The Audit Committee approved the Document.

**Action: MMcV**

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

MMcV presented the CJI Risk Register which had been distributed prior to the meeting with changes highlighted for ease of reference. The Risk Register was reviewed at the CJI staff meeting on 20 January with changes to the following risks:

**Risk 2.1 CJI IT system collapses or network unavailable** - amended Counter Measure to reflect the Restore aspect of the contingency was tested in December 2015.

**Risk 2.2 Loss of staff capacity including skills and knowledge** – inherent risk score increased to 72 and residual risk score increased to 56. Counter measure wording amended to *'Use of agency/temp staff employed as/when required and financially viable. Review of inspection work programme as/when required to take account of loss of capacity/change in way of working within CJI'*.

The Committee discussed this risk further:

ES asked if JC had the resources to carry out the Inspection Programme.

JC advised that capacity was 30-40% less in the Inspector pool. He has two options: to reduce the inspection programme or fill the gaps of expertise lost. At present CJI has one Inspector post filled by agency staff and have recruited student placements to assist in inspection work but the Inspector pool continues to contract. JC is working

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on a workforce planning exercise and his view is that if CJI continue below capacity, it will have a serious risk in terms of the inspection programme including the inspection areas of prisons and policing and the ability to take on Ministerial requests. From April CJI would struggle to fulfil the expectations of the Justice Committee. There is over capacity in the business support team. An application for VES in respect of the business support team has been made and JC is awaiting official confirmation of this. The budget cut of 5.7% will mean CJI will have to declare a pressure. It is a challenging period in terms of workforce planning with big decisions to be made over the next few months. A meeting has been arranged with Sponsor Department on 19 February regarding inter alia workforce planning. CJI require a team of 5-6 Inspectors to function effectively. The inspection pool has contracted through voluntary reduction in working hours and a resignation.

ES agreed that this must be kept as a high risk for CJI. He also asked if there was anything the Audit Committee can do to support this issue or do we accept this is a risk CJI have to live with and that there has to be a realistic expectation from the Department and the Justice Committee.

MMcC added that various organisations were facing similar budget cuts and this becomes a particular risk when cuts impact on an organisation's viability. The meeting with the sponsor department on 10 February to reiterate risks is of obvious importance.

ES said he didn't think there was anything the Audit Committee could do but be aware of the risk.

WJ suggested that CJI come forward to Sponsor Department with its plans.

ES felt it was appropriate for the Audit Committee to express its concern regarding any further budget cuts given the serious implications for the viability of CJI.

MMcV suggested that when the outcome of the meeting with Sponsor Department becomes apparent, that a note be sent to Audit Committee members prior to the next meeting.

ES agreed that would be helpful.

SP asked for clarification on the reason for the reduction in the Inspector pool.

JC advised that if CJI wanted to remain viable, he needs to replace posts if we don't want to become seriously under capacity hence the workforce planning exercise.

Prison inspections are resource intensive and two Ministerial requests have been received in the past month which were not included in the Inspection Programme.

CJI may not have the resources to do these in future.

WJ clarified that the current staffing issues have to date been voluntarily acceded to within CJI.

ES said the ability to replace staff is a problem.

MMcV stated that CJI would have faced problems with the budget if the voluntary reduction in the inspection pool working hours hadn't happened.

JJ supported MMcV's point and said that if VES is not taken up CJI will have to declare a pressure in April 2016. The 8% increase in the National Insurance contribution has added an additional pressure to the budget. CJI will be in a very difficult position to deliver these cuts going forward.

WJ asked if the potential take up of VES would cover the pressure?



JJ confirmed that it wouldn't cover the full amount and that a budget for specialist consultancy assistance for inspections would not be available.

MMcC asked if there was scope to bid for additional funds at the monitoring rounds.

JJ replied that this had not been necessary during the current year, but that CJI would be declaring a pressure in April.

SD stated that due to the reduction in the inspection pool specialist skills were being lost which is an issue given the small team. CJI inspects all aspects of the justice sector and needed the ability to bring in specialist knowledge.

***Risk 2.3 Timeliness/relevance of report findings and recommendations may lose value due to delays internally and externally including around the factual accuracy checking process and clearance of report to seek permission to publish.***

Addition to counter measure: *'Mitigation factors applied to risk 2.2 around change in internal operations within CJI applied'*.

***Risk 3.1 Breaches of accommodation and/or systems security – amended countermeasure to read 'Refresher training re security and information assurance completed by all staff November 2015'.***

***Risk 3.5 Risk of adverse finding following legal challenge – New Risk. Inherent Risk score 27, Residual Risk score 18. Counter Measure 'CJI works within its statutory remit. Adheres to agreed inspection process/operation guidance. CJI consults with relevant stakeholder. Robust drafting of Terms of Reference for inspection work'. MMcV advised this risk had been added to the Risk Register following a request for a Judicial Review against CJI.***

***Risk 4.2 Recurring annual budget cuts together with in-year reductions undermines the range and depth of inspections – amended counter measure to read 'Response provided highlight challenges faced by CJI in potentially delivering indicative 5.7% reduction in 2016-17 based on current 2015-16 baseline budget'.***

SP asked who will be providing legal support in respect of the Judicial Review and MMcV confirmed that the Departmental Solicitor's Office is advising CJI in this regard.

MMcC asked if budget pressures would mean a review of the inspection programme. JC advised that a new Corporate and Business Plan for the next three years will be prepared shortly and that budget pressures will make it much more difficult to compile the inspection programme.

ES noted the increased risks on the Risk Register and stated that a note of the meeting with Sponsor Department in advance of the next Audit Committee meeting would be helpful.

**Action: MMcV**

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### **6 Review and challenge the internal audit strategy and the periodic work plan for the beginning of the new financial year.**

DA presented on this paper. The three year audit programme was agreed last year. The audit for the current year will focus on Corporate Governance and is planned for next month. The audit for 2016-17 will focus on IT with the next focusing on HR. CJI currently have a 'Substantial' assurance rating. The audit will be a deliberate 'light touch' in recognition of this assurance rating.

ES confirmed that this is the next stage of the agreed plan and was delighted to have the 'Substantial' rating for 2014-15.

DA stated that this was the first time he had given a Substantial' rating to any organisation.

The Committee approved the audit plan.

### **7 Consider the Audit Planning Report from External Audit.**

FM advised there had been only one issue regarding contracts which related to the premises move and there were no further issues arising.

ES was pleased to note the clean bill of health.

MS presented the current strategy and drew particular attention to the following points; Pg 2 Materiality; pg 3 Error reporting threshold; and pg 4 Significant Risks. MS has met with MMcV and JJ to go through the risks and no significant risks were identified. The 'Financial position and pressure on funding' risk will address the 5.7% budget cut and the increase in National Insurance costs. The audit will also look at the 'Information governance/data protection' risk. The risk on pg 5 'Approval to changes to the remuneration of staff' will look at changes in staffing roles etc and the pay remits. The risk 'Provision for litigation and claims' will include a review of correspondence in respect of the Judicial Review. Notes on page 6 refer to the changes in the reporting format with page 8 detailing the timetable for the audit. FM advised she will be rotating away from CJI and will be replaced by Leanne Gordon.

MS advised that a number of RSM McClure Watters staff were awaiting CTC clearance and names would be provided once that was obtained. Page 14 of the report provides information on Value for Money reports over the last year.

ES stated that the timetable would be tight given that Audit Committee meeting dates were already set and that it would take a lot of hard work both internally and externally to deliver in this timeframe.

The Committee approved the strategy.

### **8 Review the overall Assurance Framework.**

Covered under point 4 above.

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- 9 Consider areas in which the Committee will particularly promote co-operation between auditors and other review bodies in the coming year.**

DA advised that Internal Audit enjoy a good working relationship with the NIAO and FM agreed.

- 10 Re-visit emerging findings from auditors and review actions in response to the External Audit management letter.**

Covered in point 6 above.

- 11 Consider the Committee's own effectiveness in its work.**

A copy of the NAO Good Practice guide 'The Audit Committee self-assessment checklist' was available in the meeting pack. A condensed version had been produced by the CJI Audit Committee in previous years. A similar format will be used for this year. ES will complete. This will be tabled at the next meeting.

**Action: ES**

- 12 Report summarising nine – month set of accounts.**

JJ presented the accounts which are in a good state for year end. These will be reviewed by a Grade 6 next week and there was nothing untoward to report. ES expressed his thanks for this work.

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

Nil return.

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

Nil return.

- 15 Report summarising the expenses submitted:**
- the Chief Inspector; and
  - the Deputy Chief Inspector.

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MMcV provided the relevant figures.

Since the last meeting –

CI: £239.25

DCI: £19.40

Total: £258.65 (travel and subs)

CI: Nil

DCI: £33.45

Total: £33.45 (procurement card)

The above expenses relate to car parking in Belfast City Centre for a media launch of the CJI prison inspection report and a working lunch with the Chief Inspector of HMIP.

### 16 Review of CJI's gifts and hospitality register.

MMcV – provided the relevant figures. These were as follows:

Hospitality given working lunch for

1. 5 November - Chief Inspector of HMIP, CJI Deputy Chief Inspector and CJI Inspector £27.45.
2. 13 January – Chief Inspector CJI, Prisoner Ombudsman and Deputy Chief Inspector of HMIP £28.95.

Hospitality received £0.

### 17 AOB

Three issues were raised under AOB. They were:

WJ referred to the point in relation to non-executive members under AOB in the outputs from the previous meeting. He thought that the proportionate number of non-executive members for an organisation the size of CJI was two. MMcV confirmed that was correct but CJI were taking the opportunity to have another member in place prior to the departure of ES. MMcV will amend the wording in the previous outputs to more accurately reflect this point.

ES confirmed that the Audit Committee required two Independent Members in attendance at every meeting to make the quorate for the meeting.

**Action: MMcV**

ES will review the Audit Committee Terms of Reference in April and will provide a copy at the next meeting. These should be signed by all members for the record.

**Action: ES**

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MMcV is drafting the Governance Statement for review and will endeavour to bring it to the next Audit Committee meeting for discussion. A copy will be emailed in advance for feedback.

**Action: MMcV**

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## Dates of next meetings

Spring Meeting – Thursday 14<sup>th</sup> April, 10am;  
Summer Meeting – Thursday 2<sup>nd</sup> June, 10am.

**E. A. Simpson**  
Chairperson

14 / 4 / 16

Date