

Annual Report
and Accounts
2016/17

Annual Report and Accounts

for the year ended 31 March 2017

The Annual Report is laid before the Northern Ireland Assembly under paragraph 4 of Schedule 8 to the Justice (Northern Ireland) Act 2002 (as amended by paragraph 24(5) of Schedule 13 to the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010) by the Department of Justice.

The Statement of Accounts and Report of the Comptroller and Auditor General is laid before the Northern Ireland Assembly under paragraph 6 of Schedule 8 to the Justice (Northern Ireland) Act 2002 (as amended by paragraph 24(7) of Schedule 13 to the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010) by the Comptroller and Auditor General for Northern Ireland

on

7 July 2017.



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OVERVIEW

The purpose of this overview is to provide information on Criminal Justice Inspection Northern Ireland (CJI) to ensure the remit and purpose of the Inspectorate is understood.

It outlines the principal business objectives in place during the 2016-17 financial year and highlights the key risks identified in year by CJI to achieving these objectives. It also provides an overview of the Inspectorate's performance during this reporting period.

Statement by the Chief Inspector

In common with many public sector organisations in Northern Ireland, CJI had looked forward to working with the new Assembly, and as it transpired a new Minister of Justice and Justice Committee. I welcomed the draft Programme for Government (PfG) that recognised the changed fiscal environment and the absolute need for an outcome based approach to the delivery of public services.

The reduction in CJI's budget was being met in part by the loss of administration staff through the Voluntary Exit Scheme. However replacing Inspectors who had left or moved to partial retirement or part-time working became an organisational priority. We achieved this objective despite the fiscal uncertainty and with the flexibility and goodwill of all staff.

I have continued to adopt a risk based approach to the development of the inspection agenda and incorporated both Ministerial priorities and the key components of the draft PfG as they relate to the criminal justice system.

CJI has continued to devote a significant amount of time and resources to inspecting the Northern Ireland Prison Service through the unannounced inspection of Hydebank Wood



Brendan McGuigan
Chief Inspector

Secure College and Ash House Women's Prison. The significant improvements that were reported reflected the time and effort of the leadership team, their staff and other organisations, to transform the experience of the women and young men held at the prison.

We also conducted a low impact announced inspection at Maghaberry Prison which noted the continued progress that was being made but also highlighted ongoing concerns about the misuse of drugs and how vulnerable prisoners were being managed.

CJI also completed a Ministerial request for an inspection of the police disclosure arrangements in respect of 'Troubles' related Legacy Inquests.

The report described the risk averse nature and complex processes that had developed over time and the protracted involvement of other departments to quality assure the information being provided.

The political crisis/instability which occurred in the last quarter of the financial year and subsequent election have created a new and unexpected challenge for the Inspectorate.

Without a Minister and a functioning Northern Ireland Executive and Assembly completed inspection reports were unable to be published. In the interim where reports have been completed, I have written to the relevant organisations and requested action plans be produced to address accepted recommendations with publication of the inspection findings to follow. Legal opinion was sought which has confirmed that permission to publish inspection reports can be granted by the Permanent Secretary of the Department of Justice. The Permanent Secretary has exercised his authority in this regard in the public interest and publication of inspection reports recommenced from 21 June 2017.

The devolution of Justice and Policing in 2010 was a pivotal event for CJJ. A local Minister supported by an intrusive, well informed Justice Committee opened up the way for more effective scrutiny and enhanced accountability of the criminal justice agencies. I sincerely hope that these arrangements are restored as soon as possible.

I continue to espouse the collaborative approach to inspection and value the support I receive from the leadership of all criminal justice agencies, Department of Justice and third sector organisations who support the criminal justice system. We have continued to nurture the productive relationship established with the local universities and the research support provided by an intern.

Finally I would like to pay tribute to the organisations we have worked with throughout the financial year and in particular, to my own staff who have shown resilience and endeavour in achieving our shared goals.



BRENDAN MCGUIGAN
Chief Inspector of Criminal Justice
in Northern Ireland

13 June 2017

Purpose and activities of CJI

As Chief Executive and Accounting Officer, I am pleased to present the Annual Report and Accounts for the financial year ended 31 March 2017.

Background information

The Office of the Chief Inspector of Criminal Justice in Northern Ireland was established as an Executive Non-Departmental Public Body under s.45 of the Justice (Northern Ireland) Act 2002.

The first Chief Inspector was appointed by the Secretary of State for Northern Ireland in August 2003, to inspect or ensure the inspection of all aspects of the criminal justice system

The courts administration was initially omitted from the organisation's inspection remit but was added following legislative change in 2007.

Criminal Justice Inspection Northern Ireland (CJI) became operational in October 2004 and from that time, it conducted a programme of inspections which were agreed annually with the Secretary of State for Northern Ireland.

Following the devolution of policing and justice matters on 12 April 2010, responsibility for agreeing CJI's inspection programme passed to the locally-elected Minister of Justice. At this time, CJI became an Executive Non-Departmental Public Body



James Corrigan
Chief Executive and Accounting Officer

of the Department of Justice (DOJ). During 2016-17 CJI's formal accountability was to the Minister of Justice.

Remit of CJI

CJI has a remit to inspect a wide variety of organisations and bodies under s.46 of the Justice (Northern Ireland) Act 2002, and s.45 of the Justice and Security (Northern Ireland) Act 2007, as amended by Schedule 13 to the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

Inspections must be carried out by CJI in relation to these bodies or organisations, unless the Inspectorate is satisfied they are

subject to a satisfactory inspection regime. Organisations which fall within CJI's remit include:

- The Police Service of Northern Ireland;
- The Public Prosecution Service for Northern Ireland;
- The Northern Ireland Prison Service;
- The Probation Board for Northern Ireland;
- The Youth Justice Agency;
- The Northern Ireland Courts and Tribunals Service;
- The Office of the Police Ombudsman for Northern Ireland;
- Forensic Science Northern Ireland;
- The State Pathologist's Department;
- The Legal Services Agency Northern Ireland;
- The Parole Commissioners for Northern Ireland;
- Community-based restorative justice schemes;
- Probation and Bail hostels (Approved Premises);
- Department of Agriculture, Environment and Rural Affairs (DAERA) - Central Investigation Service; and
- DAERA - Veterinary Service Enforcement Unit.

The remit of the Inspectorate however goes wider than these core organisations. It includes other organisations and bodies with a regulatory/prosecutorial role which interface to a greater or lesser degree with the criminal justice system. They include:

- The Child Maintenance and Enforcement Division;
- Health and Social Care Board and Trusts;
- The Department for the Economy;
- The Health and Safety Executive for Northern Ireland;

- The Northern Ireland Social Security Agency;
- Royal Mail Group;
- Belfast International Airport Ltd;
- Belfast Harbour Commissioners; and
- Larne Harbour Ltd.

CJI's Vision

CJI's vision is summed up as '*a better justice system for all*'.

By that we mean a criminal justice system which works smoothly and efficiently, protecting everyone, working to reduce crime and helping to put offenders back on the right track so that they will not offend again. It also means a system that does all these things with absolute fairness, promotes equality and human rights and is responsive to the real concerns of the community.

That vision requires the collaboration of all the organisations/agencies of the criminal justice system, the voluntary sector and political and community-based organisations to bring it about. CJI contributes to it by conducting inspections of individual agencies and cross-cutting thematic reviews of aspects within the criminal justice system.

CJI's Values

The Inspectorate's values are summed up as:

- independence;
- impartiality;
- honesty;
- integrity;
- respect;
- openness; and
- robustness.

CJI's Mission

CJI's mission is to work closely with the inspected agencies in a professional and mature way. We will produce relevant, balanced, and objective inspection reports that add value to the criminal justice system and enhance the public's experience of contact with every part of the criminal justice system. As part of this work we will communicate clearly and frankly at all times, take account of sensitive issues, listen to all interested parties and identify and communicate good practice.

CJI's Aims

CJI aims to assist the criminal justice agencies in Northern Ireland to become more efficient and effective, by ensuring that they are being fair and equitable in all their policies and operations.

CJI's Objectives

The strategic objectives of CJI are to:

- provide an independent assessment to Ministers and the wider community on the working of the criminal justice system;
- to challenge and support the criminal justice organisations to improve performance;
- to work in partnership to deliver a high quality, independent and impartial inspection programme;
- to provide an independent assessment to Ministers and the wider community on the working of the criminal justice system; and
- to fulfil its responsibilities as part of the UK's National Preventive Mechanism in support of the Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading treatment or Punishment (OPCAT).

The overarching business aims of CJI focus on conducting a series of planned inspections and action plan reviews/inspection follow-up reviews; fulfilling its statutory requirements and maintaining a sound system of financial control.

Further detail on the specific business aims of the organisation and how they will be achieved, can be found in CJI's Corporate and Business Plans.

Corporate Ethos

CJI aims to manage itself according to the best current principles. It aims to be a good employer but a disciplined one. Although the terms and conditions of staff members are broadly aligned with those of the Northern Ireland Civil Service (NICS), the culture of the organisation is modelled on a modern, knowledge-based business.

Staff members are expected to comply with the standards of conduct laid down by s.4 of the Civil Service Management Code and in the NICS Standards and Conduct guidance which sets out in detail the rules governing confidentiality, acceptance of outside appointments and involvement in political activities. Staff members are also expected to adhere to the ethics and principles outlined in the NICS Code of Ethics.

Organisational Structure and Responsibilities

The Chief Inspector is the head of CJI and as such, has responsibility for ensuring the Inspectorate carries out a programme of inspection among the criminal justice agencies within its legislative remit. He has responsibility to report the findings of the Inspectorate's work to the Minister of Justice and to ensure CJI's reports are laid in the Northern Ireland Assembly.

The Deputy Chief Inspector's role is to support the Chief Inspector in the delivery and management of the inspection programme. The Deputy Chief Inspector is also the Chief Executive and Accounting Officer for CJI and as such, he has responsibility for the day-to-day running of the organisation and ensuring the

relevant responsibilities assigned to him as Chief Executive and Accounting Officer are met. This includes controlling the Inspectorate's budget and monitoring expenditure to ensure the most efficient and effective use of resources.

The Chief Inspector and Deputy Chief Inspector have responsibility for directing and controlling the major activities of the organisation. They are the key members of CJI's Senior Management Team (SMT). Minutes of CJI's SMT meetings are publicly available on the CJI website - www.cjini.org. Details of other staff who attended the SMT can be found within the Directors' Report.

While CJI does not have a Management Board, it has an Audit and Risk Assurance Committee which meets four times during the calendar year. Minutes of CJI's Audit and Risk Assurance Committee meetings are publicly available on the CJI website - www.cjini.org.

CJI also participates in oversight and pay remit meetings with officials from its sponsor division within the DOJ.

Review of Activities

The aim of CJI's activities is improvement. Its inspections examine the strengths and areas for improvement within the organisation. It may make recommendations designed to help an organisation to improve in any aspect of its performance.

CJI do this by:

- collecting data in advance and forming provisional judgments as to the strengths and weaknesses of the organisation; and
- testing those judgments during the inspection, finalising them and turning them, where appropriate, into strategic recommendations or areas for improvement.

CJI believes that the most productive way to promote improvement is by working in partnership with inspected bodies. There may be occasions when the work of an organisation is of such a poor standard and when it shows neither the will, nor the capacity to improve, that the Inspectorate would have no option but to state publicly that the position was unacceptable. But most of the time, CJI will work in collaboration with the bodies it inspects, on the basis that their managers share the common aim of improvement.

Inspections conducted by CJI fully reflect the Cabinet Office principles for the inspection of public services. Further details can be found at http://webarchive.nationalarchives.gov.uk/+http://www.cabinetoffice.gov.uk/regulation/documents/public_services_inspection/pdf/policy.pdf

Each inspection involves seeking the views of the organisation's partners in the criminal justice system and the community on its performance. The organisation itself where appropriate, is also asked to self-assess against the inspection criteria identified in the Terms of Reference, identifying as honestly as possible, its own strengths and weaknesses – not to be used against it, but as evidence of its commitment to inspection and as an aid to improvement.

An inspection fieldwork plan is then produced and following inspection fieldwork, emerging findings are presented to the inspected criminal justice organisation/s and the initial inspection report is drafted. Draft inspection reports are then shared with the inspected organisation/s as part of CJI's factual accuracy and quality assurance processes. The final report is then presented to the Minister/Department of Justice and permission to publish by laying before the Northern Ireland Assembly sought.

Working in partnership

During the 12 months between April 2016 and March 2017, CJI continued to work closely with its partner Inspectorates including Her Majesty's Inspectorate of Prisons (HMIP), Her Majesty's Inspectorate of Constabulary (HMIC), Her Majesty's Crown Prosecution Service Inspectorate (HMCPSI), the Education and Training Inspectorate (ETI) and the Regulation and Quality Improvement Authority (RQIA). Links with the Northern Ireland Audit Office (NIAO) were also maintained.

The Inspectorate acknowledges the valuable skills, expertise and knowledge colleagues working in other organisations can bring to CJI's inspection work, especially in relation to benchmarking, identifying best practice and interface with other public services.

CJI involvement in the UK's National Preventive Mechanism

The Optional Protocol to the Convention against Torture and other Cruel, Inhumane or Degrading Treatment or Punishment (OPCAT) is an international human rights treaty designed to strengthen the protection of people deprived of their liberty. It acknowledges that such people are particularly vulnerable to ill-treatment and advocates that efforts to end such ill-treatment focus on prevention through a series of regular visits to places of detention.

Article 3 of OPCAT requires State Parties to *'set up, designate or maintain at the domestic level one or several visiting bodies for the prevention of torture and other cruel, inhumane or degrading treatment or punishment'*. These domestic bodies are referred to as the National Preventive Mechanism (NPM) and the UK

Government has designated bodies in each jurisdiction to undertake the visiting role. In Northern Ireland the bodies include CJI along with the RQIA, the Independent Monitoring Boards (IMBs) and the Northern Ireland Policing Board's Independent Custody Visiting Scheme.

The inspections that CJI published in 2016-17 on Prisoner Recalls (June 2016), Maghaberry Prison (July 2016 and November 2016), Hydebank Wood Secure College and Ash House Women's Prison (October 2016) together with ongoing monitoring visits to the Juvenile Justice Centre, specifically related to its NPM function. The UK NPM published its seventh annual report in January 2017. A copy of the report can be downloaded via the NPM website - www.nationalpreventivemechanism.org.uk - or the CJI website - www.cjini.org.

Principal Risks

During the 2016-17 financial year, CJI conducted a risk analysis examining a wide range of possible risks to the organisation and to the delivery of its objectives. The risks were reviewed in May, July, October and December 2016 and in March 2017, to ensure relevance to the organisation. CJI's risk register takes into account the organisation's risk appetite, inherent and residual risks and control mechanisms to minimise disruption to CJI's operations. The main risks in practice are:

- **Finance/Value for Money** - recurring annual budget cuts together with in-year reductions undermine the range and depth of inspections; and
- **Operations** - the loss of staff capacity including skills and knowledge.

In each case – including other less likely but potentially damaging risks – CJI has up-to-date plans in place to negate the impact.

Going Concern

The Statement of Financial Position at 31 March 2017 shows negative Taxpayers' Equity of £128,054 (2015-16: £118,626). This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from Grants of Supply approved annually by the Northern Ireland Assembly, to meet the Net Cash Requirement of the DOJ of which CJI is part.

Future financing of CJI's liabilities is accordingly to be met by future Grants of Supply to the DOJ and the application of future income, both to be approved annually by the Northern Ireland Assembly. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the CJI's financial statements for 2016-17.

Performance summary and forward look

Performance summary

During 2016-17 CJI set objectives and targets to cover three areas: the inspection programme; communication activity; and corporate business. These objectives and targets are detailed in CJI's Business Plan.

In this reporting period CJI achieved two of its four inspection programme targets which were measurable in 2016-17. A total 98% of strategic and operational recommendations were accepted by the inspected organisation(s). The remaining targets will become measurable on the completion of follow-up reviews and will be reported in subsequent annual reports.

CJI met its six communication activity targets including the publication of eight full inspection reports and one follow-up review during 2016-17. These reports were made available on CJI's website - www.cjini.org. Throughout the year, CJI also undertook to engage with key stakeholders in order to obtain feedback on the Inspectorate's work.

In relation to corporate business CJI achieved four of its six targets for the 2016-17 financial year, which supported CJI's corporate governance activity and work to maintain a sound system of financial control.

CJI first indicated it would seek certification for its Quality Management System (QMS) in its 2009-12 Corporate Plan. In February 2011 CJI's business operations

were awarded ISO 9001:2008 certification following a comprehensive audit. Since then CJI has been independently audited on an annual basis and certification for the QMS system retained.

CJI continues to undertake a programme of internal audits and evaluations of procedures to deliver continuous improvement of its QMS and high quality inspection reports.

During the financial year CJI enjoyed a productive working relationship with the Minister of Justice and the wider DOJ as well as members of the Committee for Justice and political parties represented in the Northern Ireland Assembly.

Further detail on CJI's objectives, targets, performance and inspection findings, can be found within the Performance Analysis section of this report.

Forward look

CJI is engaged in actively planning for the future development of the organisation. This activity will ensure CJI's business priorities and contribution to the continued development of the criminal justice system in Northern Ireland remains relevant and acts as an enabler for meaningful change. CJI is focused on ensuring it makes the best use of its available resources both human and financial, to do this.

Following the publication of the draft Programme for Government (PfG) for 2016-21 by the Northern Ireland Executive, CJI developed its Business Plan for 2016-17 which took cognisance of the priorities identified in 2016 by the Minister of Justice. Provisional inspection programmes for 2017-18 and 2018-19 were also developed.

CJI undertook work to develop a draft three-year Corporate Plan (2016-19) however following the dissolution of the Northern Ireland Assembly in January 2017, subsequent election in March 2017 and talks to secure agreement and form a new Northern Ireland Executive, work was postponed. Work on the Corporate Plan will re-commence following the formation of a new Northern Ireland Executive and the appointment of a new Justice Minister. This work will take account of any changes made to the draft PfG following the conclusion of the public consultation period and any amendments to Ministerial priorities.

As part of CJI's workforce plan, CJI recruited an additional two Inspection staff members on a part-time basis to enhance organisational capability and resilience. Following the departure in-year of two members of CJI's Business Support staff under a Voluntary Exit Scheme (VES), CJI has realigned key responsibilities in this area. CJI has engaged in developing its involvement with Shared Services in relation to financial transactional support and future ICT requirements.

CJI is also committed to investing and developing staff at all levels across the organisation to maximise the benefit and contribution of the Inspectorate to the criminal justice system.

CJI successfully retained its ISO 9001:2008 certification following an independent assessment of its Quality Management System (QMS) in January 2017. CJI is now engaged in preparation for the transfer of its QMS system to the ISO 9001:2015 certification standard.

PERFORMANCE ANALYSIS

Performance management

As part of its ongoing business activities CJI reviews and manages organisational performance through discussions and reports presented to the Senior Management Team (SMT). The Deputy Chief Inspector reports performance and progress in relation to the Inspection programme on a fortnightly basis, while the Business and Communications Manager reports on communications activity and business management matters. CJI's accountant also reports organisational spend against the profiled budget for the financial year on a fortnightly basis.

Staff performance in CJI is continually managed through discussions between staff members and their respective line manager and formally recorded on a biannual basis through the performance review reporting system.

Overall organisational performance linked to corporate governance is reported to the CJI Audit and Risk Assurance Committee and CJI's sponsor division, while financial performance is monitored by way of monthly returns and quarterly monitoring exercises submitted to the DOJ's Financial Services Division.

Performance against objectives and targets

Corporate and Business Planning

In January 2016, CJI published its Corporate and Business Plan for 2015-16 which set out the objectives, targets and resources CJI intended to employ to achieve them during the financial year. CJI produced a Business Plan for 2016-17 which included an overview of the programme of inspections and action plan reviews/inspection follow-up reviews the Inspectorate commenced and intended to undertake over the reporting period.

As part of its preparation work for the 2016-17 Business Plan, the Chief Inspector met with representatives of other criminal justice bodies and stakeholders working within the criminal

justice sector which CJI has responsibility for inspecting, as well as senior management in each of the key criminal justice organisations. Discussions were also held with political parties represented in the Northern Ireland Assembly. The meetings were held to gain their views on the topics and areas which merited inclusion in the proposed inspection programme prior to its submission to the Minister of Justice for permission to publish.

Summary of performance against CJI's objectives and targets for 2016-17

In this section, CJI reports in detail on progress against its objectives and targets for the 2016-17 financial year as listed in its Business Plan.

| Objectives | Target | Outcomes |
|--|--|--|
| Inspection programme | | |
| <i>To conduct a series of inspections within the legislative remit of CJI and to make the findings of these inspections publicly available.</i> | 90% of strategic and operational recommendations to be accepted by the inspected organisation(s). | Achieved - At the time of writing 98% of strategic and operational recommendations had been accepted with a further 2% supported by the inspected organisation/s to which they applied, and progress linked to necessary funding being available. |
| <i>To conduct a series of follow-up reviews of inspections carried out by CJI and to make the findings of these follow-up reviews publicly available.</i> | To commence those inspections listed in the Business Plan within 2016-17 financial year. | Achieved - By 31 March 2017 CJI had commenced all inspections scheduled to commence within the financial year. CJI also commenced work on all action plan/inspection follow-up scheduled to start in the reporting period. |
| <i>To engage with all criminal justice organisations to foster support for the achievement of strategic recommendations.</i> | To increase the proportion of strategic and operational recommendations fully achieved and partially achieved by 5% in comparison to the baseline figure established at the start of April 2014. | CJI will measure this target as follow-up reviews are completed on inspections published since April 2014. Performance will be measured against the baseline figure established at the start of April 2014 (36 fully achieved; 33 partially achieved; 14 not achieved). |
| | To decrease the proportion of strategic and operational recommendations not achieved by 5% in comparison to the baseline figure established at the start of April 2014. | An assessment of whether the proportion of strategic and operational recommendations not achieved has been reduced by 5% in comparison to the baseline figure established at the start of April 2014 (see above), will be made after it has conducted follow-up/action plan reviews of those inspections published after 1 April 2014. |
| Overview: CJI met its two inspection programme targets which were measurable in 2016-17. The remaining two targets will become measurable on the completion of follow-up reviews some of which will be undertaken during 2017-18 and will be reported in subsequent annual reports. | | |

| Communication activity | | |
|--|--|--|
| <p><i>To support the Inspectorate in all its publications in accordance with its legislative requirements.</i></p> <p><i>To maintain engagement with key stakeholders.</i></p> <p><i>To maintain awareness of CJI's contribution to the criminal justice system.</i></p> | <p>To publish, by laying before the Northern Ireland Assembly, all inspection reports as soon as is practicable after receiving written permission of approval to publish from the Minister of Justice for Northern Ireland, subject to the Assembly timetable.</p> | <p>Achieved - During the reporting period eight full inspection reports were published by CJI meeting the requirements of the relevant Business Plan targets.</p> <p>The organisation also published all inspection reports on its website, producing e-publications as appropriate.</p> |
| | <p>To present to the Northern Ireland Assembly all action plan/ inspection follow-up reviews and publish this material on the CJI website - www.cjini.org - during the financial year.</p> | <p>Achieved - One action plan/inspection follow-up review was published by CJI. The action plan/follow-up review was made available on the CJI website.</p> |
| | <p>To publish, by laying before the Northern Ireland Assembly CJI's Annual Report and Accounts for the year 2015-16 before the start of the summer recess.</p> | <p>Achieved - CJI laid its 2015-16 Annual Report and Accounts in the Northern Ireland Assembly on 1 July 2016.</p> |
| | <p>To obtain feedback on CJI's work from the heads of the main criminal justice agencies, the Minister of Justice for Northern Ireland, the Attorney General for Northern Ireland, the Lord Chief Justice and the justice representatives of the main political parties at least once during the 2016-17 financial year.</p> | <p>Achieved - During the year, CJI undertook to engage with these and other key stakeholders in order to obtain feedback on the Inspectorate's work.</p> |
| | <p>To undertake consultation events to support the formation of the new three-year Corporate Plan.</p> | <p>Achieved - CJI undertook a number of meetings with the heads of the main criminal justice agencies, the Minister of Justice for Northern Ireland, the Attorney General for Northern Ireland, the Lord Chief Justice and the justice representatives of the main political parties. A consultation event was also held for representatives from the voluntary and community sector (VCS), academia and Regulatory Bodies.</p> |
| | <p><i>To increase the use of electronic communication channels to raise awareness of CJI's work.</i></p> | <p>To refresh CJI's website www.cjini.org to maximise its flexibility and ease of use particularly when using mobile devices, tablets and other similar operating systems.</p> |
| <p>Overview: CJI met its six communication activity targets for the 2016-17 financial year.</p> | | |

| Corporate Business | | |
|---|--|---|
| To fulfil the statutory requirements placed upon CJI by the Northern Ireland Assembly and Government. | To publish a business plan for the 2016-17 year that has been approved by the Minister of Justice. | Not achieved - CJI drafted its Business Plan for 2016-17 following the publication of the Northern Ireland Executive's draft Programme for Government in autumn 2016 and extensive consultation with stakeholders. Political developments in Northern Ireland including the dissolution of the Northern Ireland Assembly in January 2017 and election on 2 March 2017 meant the Business Plan was not approved before the end of the financial year. CJI will seek to publish this document as soon as possible after approval is obtained from a new Minister of Justice. |
| | To process all payments within 10 days of receipt of a valid invoice or request for payment in line with Government recommendations in partnership with Financial Services Division (FSD), DOJ and Account NI. | Not achieved - CJI processed 83% of payments within the 10 day target and 93% within 30 days. CJI remains committed to the faster processing of payments through close engagement with colleagues from FSD and Account NI. |
| To maintain a sound system of financial control. | To seek to respond within 20 working days to all requests for information made to CJI under the Freedom of Information Act 2000. | Achieved - CJI processed all requests for information received under the Freedom of Information Act 2000 within the 20 working days in accordance with legislative requirements. |
| | To respond to all Assembly Questions made of CJI within the specific timeframe advised by the DOJ for Northern Ireland. | Achieved - CJI responded to all requests for information it received from the DOJ in relation to Assembly Questions within its target timeframe. |
| | To seek a clean (unqualified) audit certificate from the Comptroller and Auditor General for Northern Ireland for the 2015-16 accounts. | Achieved - In June 2016, CJI secured a clean (unqualified) audit certificate from the Comptroller and Auditor General for Northern Ireland in relation to its 2015-16 accounts. |
| | To maintain a quality management system within CJI. | Achieved - During 2016-17, CJI successfully retained ISO 9001:2008 certification. The certificate was awarded following an in-depth audit of CJI's processes by SGS, an accredited certification body in January 2017. |
| To retain a quality management system within the 2016-17 financial year. | | |
| Overview: CJI met four of its six corporate business targets for the 2016-17 financial year. | | |

Financial Review

Financial Provision and Income

CJI was financed as part of the overall DOJ Estimate voted by the Northern Ireland Assembly for 2016-17. Revenue Grants from the sponsoring department for the year was £1,071,000 (2015-16: £1,116,000). In addition, income achieved in-year amounted to £65 (2015-16: £59,008).

Net Expenditure Review

The net expenditure of CJI for 2016-17 is compared to the previous two financial years in the table below:

| | 2016-17 | 2015-16 £ | 2014-15 £ |
|-------------------------------------|------------------|------------------|------------------|
| Total operating income | (65) | (59,008) | (20) |
| Staff Costs | 823,917 | 873,388 | 798,272 |
| Purchase of goods and services | 242,901 | 240,142 | 332,553 |
| Depreciation and impairment charges | 14,394 | 19,700 | 28,567 |
| Provision expense | - | - | - |
| Total operating expenditure | 1,081,212 | 1,133,230 | 1,159,392 |
| Net operating expenditure | 1,081,147 | 1,074,222 | 1,159,372 |
| Finance expense | 75 | - | - |
| Net expenditure for the year | 1,081,222 | 1,074,222 | 1,159,372 |

Non-Current Assets

Non-Current Asset expenditure movements are detailed in the Notes to the Financial Statements. Capital expenditure in 2016-17 in relation to Property, Plant and Equipment totalled £Nil (2015-16: £4,327) and for Intangible Assets £Nil (2015-16: £4,933).

Financial Position

The total net liabilities of CJI at 31 March 2017 were £128,054 (2015-16: £118,626).

Cash Flow

CJI's net decrease in cash and cash equivalents in the year was £1,329 (2015-16: increase £3,408).

Financial Risk

For 2016-17 the cash requirements of CJI were met through Revenue Grants provided by the DOJ and the risk to this funding is low. CJI accounts for all transactions in sterling and has no borrowings. As such, CJI is not exposed to any exchange rate or liquidity risk.

Long term expenditure trends

2013-14 and 2014-15 financial years

Budgets for these years were set as part of the four year Budget 2011-15 period. During this period, covering the financial years 2011-12 to 2014-15, the DOJ was ringfenced. That did not mean that the budget was protected. Instead, the Department received the direct Barnett consequentials from changes in the funding levels of the Home Office and Ministry of Justice as a result of the UK spending review settlement for Whitehall departments.

The DOJ's unringfenced Resource Departmental Expenditure Limit (DEL) fell by 7.2% from 2011-12 to 2014-15. Taking into account the effect of inflation, the real terms impact was significantly greater.

During this period, the CJI budget fell by 15.1%.

2015-16 financial year

In 2015-16, the DOJ ringfence was removed. The starting point for the Department's budget was a 15.1% cut against the 2014-15 baseline – a cut equivalent to £165m. The Executive then provided an allocation of £90m, equivalent to 8.3%. In total, the PSNI received £65m of the £90m with the balance allocated to priority areas.

In setting opening 2015-16 budgets, the CJI budget fell by 9.8%.

2016-17 financial year

The 2016-17 Budget outcome for the Department is summarised below:

- with the exception of the PSNI, the starting point for all DOJ spending areas was a reduction of 5.7% from 2015-16 opening baselines;

- the reduction to the core PSNI budget was limited to 2%;
- £32m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement;
- in recognition of the ongoing pressures facing the Department in respect of legal aid, an allocation of £15m has been provided by the Executive; and
- additional Voluntary Exit Scheme (VES) funding of £12.4m.

Taking into account the above outcome, and in line with Ministerial priorities, the CJI budget reduced by 3.5% going into 2016-17, compared to the overall figure of 5.7% for the Core Department.

2017-18 financial year

On 24 April 2017, the Secretary of State for Northern Ireland outlined an indicative 2017-18 budget position and set out indicative allocations for Northern Ireland Government Departments.

This was to give clarity to Departments as to the basis for Departmental allocations in the absence of an Northern Ireland Executive, so that Permanent Secretaries can plan and prepare to take more detailed decisions in that light.

The starting point for the DOJ's indicative unringfenced Resource DEL budget was as follows:

- a 4% cut was applied to the opening budget;
- 25% of the PSNI budget was protected and had no % cut;
- £34m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement; and
- £20m was provided towards pressures.

Audit

The Financial Statements are audited by the Comptroller and Auditor General (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. The C&AG is head of the Northern Ireland Audit Office, and reports his findings to the Northern Ireland Assembly. The C&AG and his staff are wholly independent of CJI.

The audit fee for the work performed by the staff of the C&AG during the reporting period was £9,000 (2015-16: £9,000). No amounts were paid to the auditors for non-audit work for 2016-17 (2015-16: £Nil).

Prompt Payment

The Office of CJI is committed to the prompt payment of bills for goods and services received in accordance with the Confederation of British Industry's Prompt Payers Code. Unless otherwise stated within the contract, payment is due within 30 days of the receipt of the goods or services, or the presentation of a valid invoice or similar demand. From November 2008, CJI has complied with the Government's 10-working day turnaround for goods/services and invoices.

During the year ended 31 March 2017, 83% (2015-16: 89%) were paid in this 10 day timeframe. CJI remains committed to further increasing its prompt payment figure and is working in partnership with colleagues in FSD and Account NI to minimise delay and drive forward further improvements. By the end of the financial year, CJI processed an average of 93% of payments within 30 days (2015-16: 94%).

Sustainable Development

CJI is committed to continuing its drive on sustainable development by promoting and maintaining a positive and inclusive culture amongst staff and stakeholders. Its aim is to foster governance and leadership in sustainability and to work collaboratively to avoid and minimise adverse impacts of the organisation's activities on the environment and society and reduce the organisation's carbon footprint. During 2016-17, CJI maintained its recycling policy for non-sensitive paper waste across the organisation and has increased its recycling activity to include aluminium and plastics alongside other business areas in adjacent office accommodation. It has also promoted the electronic publication and distribution of its inspection reports and other corporate publications.

CJI Equality Scheme and Action Plan

On 31 August 2016 CJI published its seventh annual report to the Equality Commission. CJI's Equality Scheme and Action Plan is also available on the CJI website - www.cjini.org. The Scheme sets out how CJI proposes to fulfil its statutory duties and was drawn up in accordance with Section 75 and Schedule 9 of the Northern Ireland Act 1998 and Equality Commission guidelines. Section 75 of the Northern Ireland Act 1998 (the Act) requires public authorities, in carrying out their functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity and the desirability of promoting good relations across a range of categories outlined in the Act.

Inspection Reports and Action Plan Reviews/Inspection Follow-Up Reviews

This section summarises the findings of inspection reports published by CJI in 2016-17. During this financial year, CJI published eight full inspections, including a 'Light touch' review of Maghaberry Prison. CJI also published one action plan review/inspection follow-up review.

It should be noted that publication of some major pieces of work undertaken by CJI in 2016-17 were delayed due to the impact of the pre-election period (purdah) in advance of March 2017 Northern Ireland Assembly election, and subsequent loss of an appointed Minister for Justice from office after agreement was not reached to form a new Northern Ireland Executive. Other pieces of work undertaken in 2016-17 are not due to be published until the 2017-18 financial year. They include CJI's inspection of investigation and enforcement activity within DARD (now DAERA); inspections of Business Crime and Cyber Crime; an inspection on the availability and use of management and performance information within the criminal justice system; a review of the PPS's response to the Starmer Review and work on how the criminal justice system deals with Hate Crime.

Inspection Reports

The Impact of Prisoner Recalls on the criminal justice system

Lead Inspector: Stephen Dolan

Published: June 2016

This report examined how the prisoner recall system operated and sought to balance the need to provide offenders released on licence with the opportunity to make a fresh start, with the requirement to effectively manage the risk of further offending and maintaining public safety.

It showed offenders who have attempted to deal with their offending behaviour while in prison and are released on licence, can move on and contribute positively to society. Others who do not address their offending behaviour, experience mental illness, have limited family support, poor life skills or education and may face homelessness, alcohol or drug addiction, struggle to keep from reoffending or breaching their parole or licence conditions and are recalled to custody.

Inspectors found the processes currently in place were working reasonably well and that of the 2,505 offenders released from custody up until August 2015, 723 (29%) were subsequently recalled to prison - a drop of six per cent since 2010.

The report contained two operational recommendations.

Maghaberry – An announced inspection

Lead Inspector: Dr Ian Cameron

Published: July 2016

This inspection reiterated the initial findings of the multi-disciplinary inspection team published in February 2016, when Inspectors indicated Maghaberry prison had ‘stabilised’ after serious concerns around safety and leadership were raised following an unannounced inspection of the high-security facility carried out in May 2015.

It also repeated the earlier assessment of the Inspection Team that each of the nine recommendations made in 2015 were ‘partially achieved’ at the time the Inspection was carried out in January 2016.

Four areas were identified where additional action was recommended after Inspectors from CJI, Her Majesty’s Inspectorate of Prisons (HMIP), the Regulation and Quality Improvement Authority (RQIA) and the Education and Training Inspectorate (ETI) identified new concerns.

Resolve Community-based Restorative Justice Scheme

Lead Inspector: Tom McGonigle

Published: September 2016

An inspection of Resolve, a community-based restorative justice scheme, operating in east Belfast found the scheme was making a useful contribution in a politically complex and fragmented local community.

Inspectors found the scheme complied fully with its obligations under human rights legislation including the rights of the child.

Resolve was at an early stage of development therefore Inspectors made eight operational recommendations aimed at improving and consolidating its operational practice, demonstrating its uniqueness and added value.

It was the view of Inspectors that Resolve was suitable to proceed to the second stage of the accreditation process and have its staff considered by the Department of Justice’s Suitability Panel, where the ultimate decision on accreditation under the Government Protocol rests.

Driving Change: the enforcement of road traffic legislation in Northern Ireland

Lead Inspector: David MacAnulty

Published: September 2016

In this report CJI called for statutory organisations with a responsibility for enforcing road traffic laws to work more closely together to improve road safety.

Inspectors recommended the Departments of Justice (DOJ) and Infrastructure (DfI) should alongside the Road Safety Partnership and North/South Ministerial Council, advocate the mutual recognition of disqualified drivers and penalty points for motorists on both sides of the border.

The inspection report highlighted opportunities to streamline how the prosecution of lower level road traffic offences was carried out in Northern Ireland and maximise the use of new and available technology to support enforcement action, such as extending the use of Automatic Number Plate Recognition to include the full range of road traffic laws.

The report contained three strategic and two operational recommendations.

Ash House Women's Prison**Lead Inspector:** Dr Ian Cameron**Published:** October 2016

An independent, unannounced inspection of Ash House, Northern Ireland's women's prison was conducted in May 2016 by a multi-disciplinary team of Inspectors from CJI, HMIP, RQIA and ETI.

Inspectors found a major shift had occurred in the ethos of the facilities since the previous inspection and there was a clear focus on providing enhanced educational and learning opportunities. This centred on helping women prisoners break the cycle of reoffending and offering assistance in the process of rehabilitation to help offenders live a more purposeful, law-abiding life on release.

Significant concerns however remained around the availability of illicit drugs and new psychoactive substances, which mimic the effects of illegal drugs, are difficult to detect and can have unpredictable and life-threatening effects. Inspectors also noted that many of the women within Ash House reported experiencing mental health issues, and in some cases, their needs would be best met within a mental health or hospital setting.

Inspectors recommended that a more strategic, multi-disciplinary approach to substance misuse dependency was needed. Four main recommendations and a further 44 other recommendations were made. Five areas of good practice were identified.

Hydebank Wood Secure College**Lead Inspector:** Dr Ian Cameron**Published:** October 2016

Inspectors commended the NIPS for delivering 'significant improvements in outcomes' for young men held Hydebank Wood Secure College. The independent, unannounced inspection of Hydebank Wood Secure College was conducted in May 2016 by a multi-disciplinary team of Inspectors.

Time out of cell was good and nearly everyone had meaningful purposeful activity. Learning and skills provision had progressed considerably as a result of the developing relationship with Belfast Met and a broader, better quality curriculum was now on offer within the Secure College. Relationships between staff and prisoners had moved on considerably since the last inspection.

The inspection identified that over 50% of young men spoken to in Hydebank Wood Secure College reported having mental health difficulties. Around double the number of young men indicated they had drug or alcohol dependency issues compared to England and Wales.

Inspectors also heard the greater availability of illicit drugs combined with a concentration of prisoners presenting with challenging behaviour, was resulting in bullying and intimidation.

Inspectors made three main recommendations and 39 other recommendations aimed at improving performance in the College.

Maghaberry Prison: An announced review of progress against the nine inspection recommendations made in 2015

Lead Inspector: Dr Ian Cameron

Published: November 2016

A small team of experienced Inspectors from CJI, HMIP, RQIA and ETI carried out a three-day review of Maghaberry Prison in early September 2016. This review was not intended to replicate a full inspection but to check that momentum and progress against the nine inspection recommendations made in 2015, had been maintained.

The visit found the NIPS and senior leaders within Maghaberry remained committed to turning the prison around. Prisoners were experiencing a more predictable routine, focused around a core day where they attended work, education or other activities and fewer regime restrictions occurred. Issues however remained around support for vulnerable prisoners and the availability and use of drugs.

CJI will also continue to carry out further low impact reviews within the prison, to support continued progress and ensure any loss of momentum or slippage is identified and halted at the earliest opportunity.

An inspection of the arrangements in place in the PSNI to manage and disclose information in support of the Coronial process in Northern Ireland

Lead Inspector: William Priestley

Published: December 2016

The inspection report looked at the efficiency and effectiveness of the arrangements in place

in the Police Service of Northern Ireland (PSNI) to manage and disclose information to the Coroners Service for Northern Ireland in support of legacy inquests.

The report found arrangements were in place to support legacy inquests in Northern Ireland but the existing processes were complex, convoluted and contributing to delay.

Legacy inquest proceedings were found to have, through time, become adversarial rather than inquisitorial in nature. As a result, the processes to support the disclosure of sensitive and non-sensitive material in legacy inquests were risk averse.

Inspectors considered that if the Coroners legal representatives were to become more involved early on, they could help streamline the disclosure process by carrying out an early independent assessment of the information available to determine its relevance to the inquest.

The inspection found that while there was a need for legacy inquests to be appropriately resourced from start to finish, there was also a need for political will to resolve the current situation to become explicit, if change was to occur.

The inspection made five recommendations to the PSNI aimed at improving existing processes and a further two recommendations to others involved in the legacy inquest process.

Full copies of all CJI inspection reports can be found in the 'The Inspections' page on the CJI website – www.cjini.org.

ACTION PLAN REVIEW/ INSPECTION FOLLOW-UP REVIEW

Anti-Social Behaviour

Lead Inspector: Rachel Lindsay

Published: June 2016

This follow-up review found that in the four years since the original CJI inspection was published, levels of anti-social behaviour have reduced. While this development was welcomed, for some communities, anti-social behaviour remained a substantial challenge which often came to public attention when a larger, critical incident occurred.

With fewer police officers on the streets and the need to target their work towards areas of concern, the effectiveness and importance of a partnership approach to dealing with anti-social behaviour - where local communities are involved along with statutory agencies in addressing local issues - was highlighted.

Inspectors welcomed the work undertaken by Policing and Community Safety Partnerships (PCSPs), Reducing Offending Partnerships and Youth Engagement Clinics to ensure early interventions occurred, particularly where young people were involved in persistent or low-level offending behaviour.

Reasonable progress had been made against the 11 inspection recommendations with one strategic recommendation and six operational recommendations achieved.

Full copies of CJI's Action Plan Reviews/ Inspection Follow-up Reviews can be found via the 'The Inspections' page on the CJI website – www.cjini.org.

Performance Report



JAMES CORRIGAN

Chief Executive and Accounting Officer

13 June 2017

The Accountability section of this Annual Report demonstrates how CJI meets its key accountability requirements to the Northern Ireland Assembly and ensures best practice in relation to corporate governance is achieved. The Accountability Report has three sections: a Corporate Governance report; a Remuneration and Staff report; and an Assembly Accountability and Audit report.

The *Corporate Governance Report* comprises a Directors' report which outlines CJI's executive management structure, how it identifies and manages potential conflicts of interests, its information assurance and data management practices and how the organisation handles and learns from complaints it receives. The *Corporate Governance Report* also outlines the responsibilities of the Chief Inspector of Criminal Justice and the Chief Executives responsibilities and includes its Governance Statement which outlines its key corporate governance processes and the controls in place within CJI during 2016-17.

The *Remuneration and Staff Report* outlines the policies in place within CJI governing the remuneration of staff within the organisation and the salary and pension entitlements of the most senior staff within the Inspectorate. It also outlines CJI's staff policies which were in operation during the reporting period.

The *Assembly Accountability and Audit Report* outlines the scope of the audit and the opinion of the Comptroller and Auditor General for Northern Ireland (C&AG) in relation to regularity of expenditure, the financial statements prepared by CJI and other matters which the C&AG wishes to comment or make observations on.

CORPORATE GOVERNANCE REPORT

Directors' Report

Chief Inspector

The Chief Inspector of Criminal Justice in Northern Ireland is the head of the organisation. The current Chief Inspector Brendan McGuigan was re-appointed by the Minister of Justice on 30 November 2015.

Executive Management

The Chief Inspector has responsibility for ensuring the Inspectorate carries out a

programme of inspection among the criminal justice organisations within its legislative remit.

The Chief Inspector is supported in executing his responsibilities and directing and controlling the major activities of the organisation during the year by James Corrigan, Deputy Chief Inspector, Chief Executive and Accounting Officer for CJI and by other staff members who attend CJI's Senior Management Team (SMT) meetings.

Attendees included:

- B McGuigan Chief Inspector;
- J Corrigan Chief Executive and Accounting Officer and Deputy Chief Inspector;
- M McVeigh Business and Communications Manager;
- J Jamison Accountant, Financial Services Division, DOJ; and
- a representative of the Inspection Team on a rotational basis.

Register of Interests

The members of CJI's SMT are required to disclose personal or business interests including company directorships or other significant interests which could conflict or impact on their management responsibilities. These disclosures are made on an annual basis by way of a declaration of interest statement. An online Register of Interests of CJI's SMT members is available to view at www.cjini.org.

All Audit and Risk Assurance Committee members, attendees and other CJI staff members are also required to provide information on personal or business interests that may be perceived by a reasonable member of the public to influence their judgement in the exercise of their public duty.

Information Assurance

CJI has aligned itself with the Information Assurance arrangements in place within the DOJ. These arrangements mirror policies and procedures in place within other departments in the Northern Ireland Executive.

CJI continues to comply with the Information Assurance Action Plan implementing security policies and guidance. CJI further complies with Accreditation and Risk Management reports in line with the DOJ Security Policy framework.

In December 2015 CJI secured full accreditation from its sponsor department for its IT system. This ensures CJI's Information, Communication and Technology systems are processing protectively marked information in the correct way.

Protected personal data and data handling

- A.1 CJI holds names, home addresses including postcodes, mobile telephone numbers and dates of birth for all directly recruited members of staff.
- A.2 Bank, financial details, National Insurance Numbers and mother's maiden names are also on file.

The above information is retained on individual personnel files which are stored in a locked security cabinet in a store with a dual locked door, the key of which is held in a combination key safe. This information does not leave CJI apart from initial registration with Personnel and Office Services Division within the DOJ and criminal record checks.

- B. CJI maintains a database in excess of 1,000 names, addresses, postcodes, email and fax numbers of stakeholders/recipients of all CJI publications.

None of this detail is transported outside of CJI.

The Chief Executive is required to report personal data related incidents which occurred during the year ended 31 March 2017. Personal data includes any information that links one or more identifiable living person with information about them, the release of which would put them at significant risk of harm or distress, or any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain.

CJI confirms that there were no personal data related incidents to report to the Information Commissioner during 2016-17 (2015-16: Nil).

Information risk is managed within CJI within the context of the risk management framework referred to in CJI's Governance Statement.

Complaints

CJI seeks to ensure it adheres to best practice in all aspects of its business activities. In support of this aim, it has in place a complaints procedure which is publically available on its website - www.cjini.org. We welcome and will be responsive to any complaints or other feedback from our customers. CJI defines a complaint as when a person expresses dissatisfaction with any aspect of CJI's standard of service. This may include the conduct of any permanent or temporary member(s) of CJI staff or other people carrying out inspection related work for or on behalf of CJI. CJI has a Complaints Officer appointed to co-ordinate the management of any complaints it receives.

Should CJI receive a complaint either verbally or in writing it will:

- acknowledge the complaint in writing, within seven working days of receiving it;
- on receipt of a complaint the CJI officer receiving it or an officer nominated by the CJI Complaints Officer, will attempt to resolve the complaint by informal resolution;
- attempt to resolve a first stage complaint as soon as we can and in any case within 15 working days of receiving it; and
- if we have been unable to resolve a complaint within 15 working days of receipt of it, we will write to the individual/ organisation and keep them informed of its progress.

If an individual is dissatisfied with CJI's response, individuals may contact the Northern Ireland Ombudsman.

During 2016-17, CJI did not receive any complaints (2015-16: Nil).

Statement of the Chief Inspector of Criminal Justice's and Chief Executive and Accounting Officer's Responsibilities

Under paragraph 6 of Schedule 8 to the Justice (Northern Ireland) Act 2002 (as amended), the Chief Inspector is required to prepare a statement of accounts for each financial year in respect of the Office of the Chief Inspector of Criminal Justice, in the form and on the basis directed by the Minister of Justice. The accounts are to be prepared on an accruals basis and must give a true and fair view of the Office of the Chief Inspector of Criminal Justice's state of affairs at the year-end and of its operating costs, changes in Taxpayer's Equity and cash flows for the financial year.

In preparing the accounts the Chief Inspector of Criminal Justice is required to:

- observe the accounts direction issued by the Minister of Justice, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis.

- The Accounting Officer of the DOJ has appointed the Chief Executive as Accounting Officer for the Office of the Chief Inspector of Criminal Justice. His relevant responsibilities as Accounting Officer, including his responsibility for propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Body Accounting Officers Memorandum issued by the Treasury and published in Managing Public Money Northern Ireland.

As far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware and the Accounting Officer has taken all the steps that he ought to have taken, to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer is also required to confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

Governance Statement

Governance Framework

Scope of Responsibility

Criminal Justice Inspection Northern Ireland (CJI) is an Arm's Length Body (classified as an Executive Non-Departmental Public Body) of the Department of Justice for Northern Ireland (DOJ) established under the Justice (Northern Ireland) Act 2002 as amended. The organisation is led by the Chief Inspector of Criminal Justice. The Chief Inspector is a public appointee, appointed by the Minister of Justice and operates as a corporation sole.

The Senior Management Team (SMT) of CJI acts as its Board and is made up of the Chief Inspector, who acts as chair, and the Deputy Chief Inspector, who is also Chief Executive and Accounting Officer. Also in attendance is the Business and Communications Manager, an individual Inspector and a representative from the Financial Services Division (FSD) of the DOJ for Northern Ireland who provide finance and accountancy services to CJI.

The accountability arrangements within CJI encompass oversight and pay remit meetings with its DOJ sponsor division, twice monthly SMT meetings, monthly Inspectors' meetings and four Audit and Risk Assurance Committee meetings per year. The quality and performance of the third party services provided by FSD are managed through a detailed Service Level Agreement. CJI also prepares financial statements subject to independent audit by the Northern Ireland Audit Office (NIAO).

CJI complies with the Treasury Corporate Code of Governance and specifically complies with the principles governing the relationships between departments and their arm's length bodies. To this end, a Management Statement and Financial Memorandum govern *inter alia* the relationship between the DOJ and CJI with particular emphasis on:

- CJI's overall aims, objectives and targets in support of the DOJ's wider strategic aims, outcomes and targets contained in its current Management Statement and Financial Memorandum;
- the rules and guidelines relevant to the exercise of CJI's functions, duties and powers;
- the conditions under which any public funds are paid to CJI;
- how CJI is to be held accountable for its performance; and
- the appointment of the CJI Accounting Officer with a documented record of this appointment and the terms and conditions that pertain.

The Role of the Senior Management Team (SMT)

The SMT is ultimately responsible for strategy and overseeing the performance of CJI and in this regard acts as the Board of CJI. In support of this focus, the following matters are reserved for the SMT to approve or monitor:

Setting Direction

- Vision, Mission, Values, Ethics and Business Practice.

Approval

- Corporate and Business Plans;
- Annual Budget and programme expenditure; pay remits;
- Capital Expenditure; and
- Change Programmes.

Oversight and Control

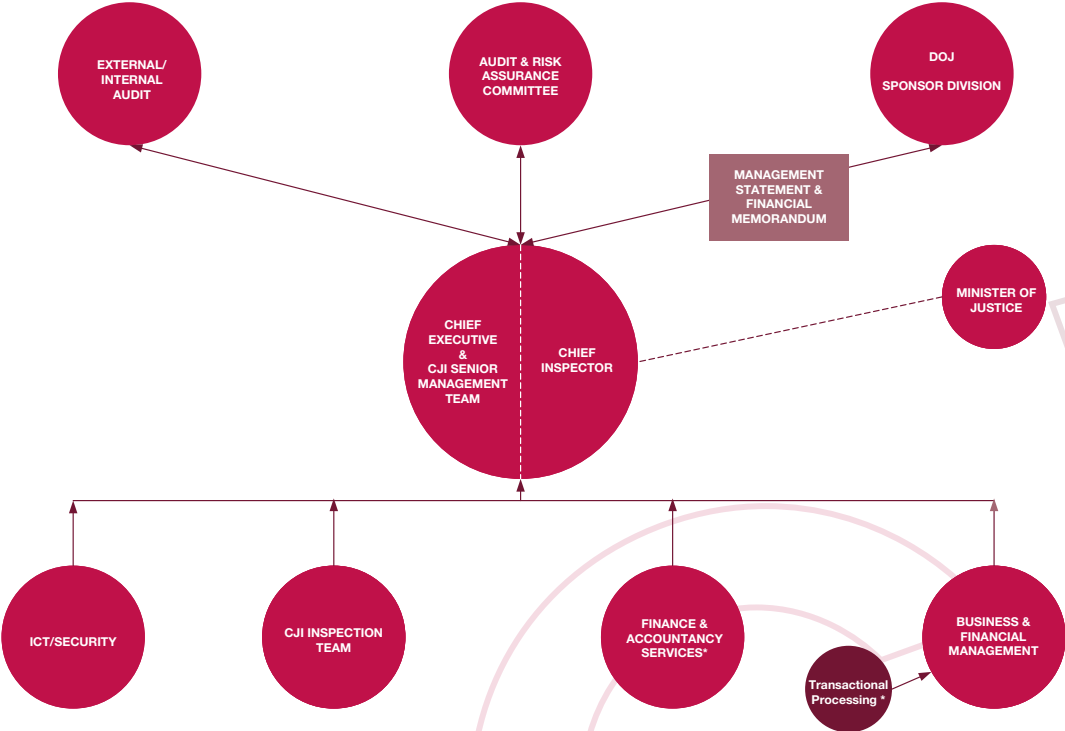
- Operating and financial performance;
- Internal controls; and
- Compliance (governance, risk, financial and regulatory).

Stakeholder relationships

- External communications, the Annual Report, press releases; and
- Engagement with inspected organisations.

The SMT (Board) of CJI receives twice monthly management reports including updates on the inspection programme, current and capital expenditure and reports on specific projects, such as ICT development. The acceptability of the information provided to the SMT (Board) of CJI has been endorsed by the Chief Inspector of CJI. The Chief Inspector in turn gains his assurance on financial data from the DOJ FSD representative and their compliance with the CJI/FSD Service Level Agreement. The inspection programme information is validated by the Chief Executive who has line management responsibility for all Inspectors and oversees the delivery of the inspection programme.

Diagram showing CJI accountability arrangements



* Services provided via a Service Level Agreement with Financial Services Division, DOJ. From October 2016, Financial Services Division, DOJ took on greater responsibility for transactional processing and direct input into the Account NI system after two CJI staff members left the organisation as part of a Voluntary Exit Scheme.

Risk Management and Internal Control

The SMT is responsible for CJI's system of internal controls and risk management and for reviewing the effectiveness of these systems.

Key features are:

- a Risk Register identifying CJI's key risks and the means to manage and mitigate them;
- a well established system of financial and business controls, the operation of which are regularly reported to the Audit and Risk Assurance Committee and the Chief Executive;
- regular assessments of internal controls by CJI's Internal Audit service; and

- the review of the effectiveness of the internal control processes by the Audit and Risk Assurance Committee on behalf of the SMT.

CJI conducts periodic reviews of its Risk Register involving all staff to identify and prioritise the risks to the achievement of CJI policies, aims and objectives; the likelihood/impact of those risks being realised; and establish the mitigating actions required.

The outcome of these reviews are reported to the Audit and Risk Assurance Committee. The SMT has reviewed the CJI risk appetite and uses five categories of risk with assessments of the risk appetite:

| Category of Risk | Risk Appetite |
|-------------------------|--|
| Reputation | Cautious (preference for safe options that offer a low degree of residual risk and may offer limited reward). |
| Operations | Open (willing to consider all potential delivery options and choose one most likely to result in success). |
| Change Programmes | Open (willing to consider all potential delivery options and choose one most likely to result in success). |
| Finance/value for money | Cautious (preference for safe options that offer a low degree of residual risk and may offer limited reward). |
| Legal/regulatory | Minimal (choose safe option with low degree of inherent risk). |

The risk appetite has been ratified by the CJI Audit and Risk Assurance Committee. It is refreshed annually and is linked to the ongoing assessment of risk expressed by the CJI Corporate Risk Register.

Risk Assessment

A number of risks were re-evaluated during the year and the Risk Register was updated to reflect the highest priority risks to CJI. The most significant risks to the organisation identified in-year were the impact of reoccurring annual budget cuts/in-year budgetary reductions and

their impact on the inspection programme as well as the danger of the loss of key staff and associated knowledge/skills. CJI has worked with its sponsor division within the DOJ to ensure a clear understanding of the potential impact on CJI's core business of in-year financial pressures and budget reductions and staffing changes. CJI has mitigated the danger of the loss of key staff by reviewing the timing of the inspection programme; recruiting additional Inspection staff to work on a part-time basis; adopting a risk-based approach to the allocation of external support for inspection work; and

increased cross skilling within the Business Support Team. An agreement with Ulster University has provided an opportunity for post-graduate students to support CJI Inspectors by undertaking research support across a range of inspections.

Audit and Risk Assurance Committee

The CJI Audit and Risk Assurance Committee have formally agreed Terms of Reference, reviewed on an annual basis. The Audit and Risk Assurance Committee comprises

two independent non-executive members, who are supported by the Business and Communications Manager, and a nominated CJI Inspector. The Chief Inspector, the Accounting Officer (Deputy Chief Inspector), a representative from DOJ sponsor division, representatives of the NIAO/RSM UK Audit LLP (formerly RSM Northern Ireland) (External Audit), DOJ Internal Audit, and FSD (financial services provider to CJI) also attended during 2016-17.

| Attendance during 2016-17 | | |
|---|----------------------|--------------------------|
| | No. of Meetings Held | No. of Meetings Attended |
| CJI Audit and Risk Assurance Committee Members | | |
| EA Simpson (non-executive Chairman) | 4 | 2* |
| S Pollock (non-executive member/Chairperson) | 4 | 4 |
| M McCafferty (non-executive member/Chairperson) | 4 | 4 |
| CJI Audit and Risk Assurance Committee Attendees | | |
| B McGuigan (Chief Inspector) | 4 | 4 |
| J Corrigan (Chief Executive & Accounting Officer) | 4 | 4 |
| M McVeigh (Business and Communications Manager) | 4 | 4 |
| S Dolan (CJI Inspector) | 4 | 4 |
| J Jamison (FSD, DOJ) | 4 | 4 |
| Representative of DOJ Sponsor Division | 4 | 4 |
| NIAO | 4 | 1 |
| RSM UK Audit LLP (formerly RSM Northern Ireland) (External Audit) | 4 | 2 |
| D Anderson/AN Other (Representative DOJ Internal Audit) | 4 | 4 |
| Audit & Risk Assurance Committee Secretary | 4 | 4 |

* EA Simpson's term as Chairperson ended in August 2016. The role of Chairperson was rotated between the remaining non-executive members of the ARAC for the autumn and winter meetings.

The Audit and Risk Assurance Committee has access to all internal audit reports, external reviews, risk register, and management reports. Standing agenda items at each of the four meetings include: progress of management responses and actions against assurance reviews (internal and external); adequacy of response to the Risk Register; reports on fraud and whistle-blowing; direct award contracts; chief officers' expenses; and gifts and hospitality. The Audit and Risk Assurance Committee considers and approves before submission to the DOJ, the Governance Statement and the Annual Report and Accounts of CJI. It undertakes an annual self-assessment of performance which is presented to the Audit and Risk Assurance Committee with recommendations for development made to CJI's SMT.

Internal Audit

The CJI Internal Auditor provides a report on internal audit activity each year. The Internal Auditor has during 2016-17 completed an audit of CJI's systems linked to IT Support systems. The annual assurance report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of CJI's system of internal control with recommendations for improvement.

From the beginning of the 2017-18 year, a single NICS Internal Audit team has been established within the Department of Finance and this will incorporate the DOJ Internal Audit team. The Internal Audit service to CJI/the DOJ will continue to be provided as before with the same personnel and to the same professional standards.

Core Business Risks

All CJI inspections include a formal risk assessment with mitigating plans in place and

responsibility for delivery clearly assigned. Risk policies and processes are supported and maintained by the Business and Communications Manager who is responsible for advising on corporate risk management and the escalation of risks from the risk and control framework to the SMT and, if relevant, to DOJ.

This system of internal control has been in place in CJI for the year ended 31 March 2017 and up to the date of approval of the Annual Report and Accounts. It accords with Department of Finance guidance relating to corporate governance and management of risk.

Shared Services

Following devolution in April 2010, CJI's Payroll and HR transactional support functions have been provided via DOJ HR Support and the NICS HRConnect service. Finance transactional support functions have been provided by FSD via the NICS Account NI shared service system with internal control exercised by the Department since July 2012. With effect from October 2016, FSD has undertaken greater responsibility for transactional processing by inputting information directly to the Account NI system following the departure of two CJI staff members under a Voluntary Exit Scheme. CJI's budget and financial reporting services have also been provided by FSD since November 2012. The control responsibility and internal audit processes for those internal elements of the transaction streams that remain within CJI rest with the CJI Accounting Officer. These include validation of expenditure requests, compliance within delegated limits and segregation of duties and adherence to the CJI Financial Procedures Manual. The Deputy Director, Finance (DOJ) and the Accounting Officer, CJI have individual responsibility to ensure that the two sets of controls provide an environment of overall appropriate control

for their respective organisation/business area. These controls are incorporated into the Service Level Agreement governing the delivery of the service.

Throughout the year CJI has continued to ensure that its own controls and processes are operating effectively, with manual checking of data integrity and accuracy where necessary, specifically in the area of travel and subsistence monitoring and approval which lies with the CJI Accounting Officer. Any changes to CJI processes are managed within the ISO 9001:2008 quality management system to ensure that objectives are still delivered and the control implications assessed, agreed and managed.

Value for Money

All proposed business changes are examined through the preparation of an appropriate and proportionate business case. If appropriate, benefits realisation plans and monitoring are built into all such developments and direct periodic reporting to the SMT for corporate projects. All procurement and contract management complies with UK and/or EU procurement regulations to ensure full and fair competition amongst prospective suppliers of goods and services. All procurement and contract management activities are managed in line with the Cabinet Office transparency guidelines and approvals processes, with supplier engagement compliant with EU, UK Government and Department of Finance procurement guidelines. CJI attends and is a member of the DOJ Procurement Forum.

As part of the selection process for new contracts, tender evaluation incorporates monetary and non-monetary factors and contracts are awarded to the most economically advantageous tender. CJI reviews supplier

performance information to ensure that quality and services are maintained for the duration of the contract and that post evaluation takes place.

Information Security

CJI's Information Security is managed by CJI's IT and Security Manager. Staff awareness of Information Assurance/Security is supported by the ISO 9001:2008 certified Quality Management System, which gives staff full access to all relevant and current security policies and guidance.

Information Assurance within CJI is further supported by CJI's IT and Security Manager, the DOJ Information Security Forum and Security Branch. HM Government mandatory requirements are supported by the completion of Information Assurance returns and the Security Risk Management Overview Annual Return.

2017-18 financial year

Due to political developments in Northern Ireland during the latter part of 2016-17, a budget was not agreed by the Northern Ireland Executive prior to the dissolution of the Northern Ireland Assembly on 26 January 2017 for an election on 2 March 2017, on which date Ministers ceased to hold office.

In the continuing absence of a Budget Act determined by the Northern Ireland Executive, the Permanent Secretary of the Department of Finance, has been required to use his limited powers under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 to release cash to Northern Ireland Government Departments including the DOJ from the Northern Ireland Consolidated Fund, until such times as a budget is agreed and provided for in legislation.

This limited measure was designed to ensure that funds flow to Departments and arms length bodies such as CJI so that public services continue to be provided and public servants paid until such times as a budget is agreed and a Budget Act passed. Government Departments have been provided with an indication of what they might reasonably have expected to receive in 2017-18 and plans for the delivery of services have been made on the basis of this advice.

CJI therefore commenced 2017-18 with an indicative budget of £1,053,000 which incorporated a 1.5% reduction against its opening baseline for the prior financial year of £1,069,000. CJI intends to monitor this situation closely throughout the course of the year.

Review of Effectiveness

- The SMT assesses achievement of the CJI Business Plan objectives and targets on a continuous basis. The outcome of this continuous assessment is used to inform the development of the Corporate and Business Plan(s) for the succeeding period.
- At the monthly SMT meetings the review of CJI financial reports indicated potential variances from budget that were satisfactorily explained.
- CJI met all key objectives such as conducting a series of inspections and follow-up reviews within its legislative remit and making the findings of its work publicly available; maintaining a sound system of financial control; and obtaining re-certification for its Quality Management System within the financial year as outlined in its 2016-17 Business Plan. CJI also concluded its work linked to the implementation of recommendations associated with the work of the Prisons Review Team and Youth Justice Review.

- Annual Internal Audit reviews were conducted by the independent DOJ Internal Auditor to test the adequacy and effectiveness of systems of internal control as defined in the Public Sector Internal Audit Standards (PSIAS). CJI attained a satisfactory level of assurance in the Head of Internal Audit's Annual Report and Opinion report.
- There were no significant lapses in security in-year.
- CJI received an annual assurance statement from FSD providing information on the FSD internal controls governing risk and control monitoring activities, and other relevant reporting processes and assurances provided by DOJ Internal Audit and other relevant sources of assurance.
- CJI successfully retained certification to ISO 9001:2008 following an audit by independent assessors. ISO 9001:2008 is a continuous improvement regime that maintains the quality standards for all CJI processes.

Conflicts of Interest

All Audit and Risk Assurance Committee members, attendees and CJI staff members are required to complete an annual declaration of potential personal or business interests. This information is used to identify where potential conflicts of interest may apply. Should this information change in-year, CJI staff members are required to inform the Chief Executive and update their declaration of interests accordingly. This register of interests is available for public inspection. A register of interests pertaining to CJI's SMT (Board) and attendees at SMT meetings can be viewed online at www.cjini.org.

Members and attendees at the CJI Audit and Risk Assurance Committee are also required to disclose any potential conflicts of personal or business interest at the start of each Audit and Risk Assurance Committee meeting. Where a conflict arises, the member/attendee is required to absent themselves from the subsequent discussion.

Significant Internal Control Issues

There were no significant internal control issues or Ministerial directions during 2016-17.

Accounting Officer statement on assurance

CJI has an established and robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity and by the DOJ's Internal Audit Services operating to Public Sector Internal Audit Standards (PSIAS). They deliver an agreed prioritised programme of system based audits covering all CJI systems over time. The Head of Internal Audit provides me with an Annual Report and their professional opinion on the level of assurance that they can provide based on the work done. For the 2016-17 year they have provided overall satisfactory assurance.

REMUNERATION AND STAFF REPORT

Remuneration Report

Remuneration Policy

The position of Chief Inspector of Criminal Justice in Northern Ireland is a public appointment and remuneration is a decision for the Minister of Justice in line with any guidance issued by the Commissioner for Public Appointments Northern Ireland.

Other directly recruited staff employed by CJI are remunerated largely in line with NICS pay agreements and the CJI pay strategy approved by the Department of Finance (formerly Department of Finance and Personnel (DFP)) in spring 2012. The CJI remuneration arrangements are based on a system of pay scales for each grade within CJI containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance.

Service Contracts

Directly recruited appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the

basis of fair and open competition, but also includes the circumstances when appointments may otherwise be made.

The current Chief Inspector was appointed by the Minister of Justice in November 2012 for an initial period of three years and reappointed in November 2015 for a further three years. The Deputy Chief Inspector and other members of staff hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org.

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior employees including the Accounting Officer/Chief Executive who are members of the Senior Management Team and Board.

Remuneration (including salary) and pension entitlements (audited information)

| | 2016-17 | | | | |
|---|---------|----------------|-------------------|---------------------|---------|
| | Salary | Bonus Payments | Benefits in kind | Pension Benefits* | Total |
| | £'000 | £'000 | (to nearest £100) | (to nearest £1,000) | (£'000) |
| Mr B McGuigan, Chief Inspector | 105-110 | - | - | 29 | 135-140 |
| Mr J Corrigan Deputy Chief Inspector & Chief Executive | 65-70 | - | - | 16 | 80-85 |

* Please note: The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

| 2015-16 | | | | | |
|--|---------|----------------|-------------------|---------------------|---------|
| | Salary | Bonus Payments | Benefits in kind | Pension Benefits* | Total |
| | £'000 | £'000 | (to nearest £100) | (to nearest £1,000) | (£'000) |
| Mr B McGuigan, Chief Inspector | 105-110 | - | - | 32 | 140-145 |
| Mr J Corrigan Deputy Chief Inspector & Chief Executive | 60-65 | - | - | 28 | 90-95 |

* Please note: The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

Salary

This presentation is based on gross salary payments made by CJJ and thus recorded in these accounts.

Bonuses

Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses reported in 2016-17 relating to performance in 2016-17 or comparative bonuses reported for 2015-16 relating to performance in 2015-16.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No benefits in kind were paid during the financial year (2015-16: £Nil).

Fair Pay Disclosures (audited information)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in CJJ in the financial year 2016-17 was £105,000 - £110,000 (2015-16: £105,000 - £110,000). This was 1.98 times (2015-16: 2.01) the median remuneration of the workforce, which was £53,626 (2015-16: £52,821). Remuneration ranged from £26,086 to £105,000-£110,000 (2015-16: £20,284 to £105,000-£110,000). The decrease in ratio and increase in median remuneration in comparison with prior year figures is linked to the recruitment of two permanent staff members at Inspector level and the departure of two Business Support staff as part of CJJ's Voluntary Exit Scheme (VES).

Total remuneration includes salary, non-consolidated performance-related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Pension Entitlements (audited information)

| Name | Accrued pension at pension age as at 31/03/17 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31/03/17 | CETV at 31/03/16 | Real increase in CETV | Employer contribution to partnership pension account |
|---------------|--|--|------------------|------------------|-----------------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 | Nearest £100 |
| Mr B McGuigan | 20-25 | 0-2.5 | 405 | 378 | 25 | - |
| Mr J Corrigan | 10-15 | 0-2.5 | 163 | 143 | 2 | - |

No pension benefits are provided to the Non-Executive Members of the Audit and Risk Assurance Committee.

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007, may be in one of three statutory based ‘final salary’ defined benefit arrangements (**classic**, **premium**, and **classic plus**). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under **classic**, **premium**, and **classic plus** are reviewed annually in line with changes in the cost of living. Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of **premium** or joining a good quality ‘money purchase’ stakeholder arrangement with a significant employer contribution (**partnership** pension account). New entrants joining on or after 30 July 2007 were eligible for membership

of the **nuvos** arrangement or they could have opted for a **partnership** pension account. **Nuvos** is a ‘Career Average Revalued Earnings’ (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

A new pension scheme, **alpha**, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to **alpha** from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to **alpha** and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to **alpha** on 1 April 2015 or at a later date determined by their age. **Alpha** is also a ‘Career Average Revalued Earnings’ (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2016 was 1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2017.

Employee contribution rates for all members for the period covering 1 April 2017 - 31 March 2018 are as follows:

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Scheme Year 1 April 2017 to 31 March 2018

| Annualised Rate of Pensionable Earnings (Salary Bands) | | Contribution rates - Classic members or classic members who have moved to alpha | Contribution rates - all other members |
|---|-------------|--|---|
| From | To | | |
| £0 | £15,000.99 | 4.6% | 4.6% |
| £15,001.00 | £21,422.99 | 4.6% | 4.6% |
| £21,423.00 | £51,005.99 | 5.45% | 5.45% |
| £51,006.00 | £150,000.99 | 7.35% | 7.35% |
| £150,001.00 and above | | 8.05% | 8.05% |

Benefits in **classic** accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). **Classic plus** is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per **classic**.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. The normal pension age in **alpha** is linked to the member's State Pension Age and cannot be before the age of 65. Further details about the NICS pension schemes can be found at the website <http://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Details of pensions within Accounting Policies can be located at paragraph 1(b) of Note 1 to the Accounts.

Compensation on early retirement or for loss of office

No compensation on early retirement or for loss of office was paid to members of senior management during 2016-17 (2015-16: £Nil).

Staff Report

Staff costs

Staff costs comprise:

| | Permanently employed staff | Others | 2016-17 £ Total | 2015-16 £ Total |
|---|---|----------------|--------------------------------|--------------------------------|
| Wages and salaries | 622,468 | (4,584) | 617,884 | 667,292 |
| Social security costs | 66,935 | - | 66,935 | 58,155 |
| Other pension costs | 139,098 | - | 139,098 | 147,941 |
| Sub total | 828,501 | (4,584) | 823,917 | 873,388 |
| Less recoveries in respect of outward secondments | - | - | - | (58,990) |
| Total net costs | 828,501 | (4,584) | 823,917 | 814,398 |

Pension arrangements

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but CJJ is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the Department of Finance (DoF) Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £110,139 were payable to the NICS pension arrangements (2015-16: £113,360) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2017-18, the rates will range from 20.8% to 26.3%. The contribution

rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £Nil (2015-16: £Nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.7% (2015-16: 3% to 14.7%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil, 0.5% (2015-16: £Nil, 0.5%) of pensionable pay, were payable to the NICS pension arrangements to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period were £Nil. Contributions prepaid at that date were £Nil.

No persons (2015-16: Nil persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2015-16: £Nil).

In addition, pension contributions of £27,888 were paid in the year (2015-16: £27,524) on behalf of the current Chief Inspector to the Principal Civil Service Pension Scheme (PCSPS (NI)) Premium pension scheme.

The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

The Remuneration Report contains detailed pension information regarding the Senior Management Team and Board.

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows.

| | 2016-17 | 2015-16 |
|-----------------------------------|--------------|--------------|
| Permanently employed staff | | |
| Senior Management | 2.00 | 2.00 |
| Inspectors | 5.08 | 4.78 |
| Administration and support staff | 3.80 | 4.60 |
| Other | | |
| Agency/temporary staff | 0 | 0.71 |
| Total | 10.88 | 12.09 |

At the start of the 2016-17 financial year, CJI had a complement of 13 staff (11 Full Time Equivalent (FTE)). There was a number of staff changes in-year. Two part-time Inspectors were recruited through open competition and two members of business support staff left the organisation under a Voluntary Exit Scheme. This brought CJI staffing levels to 13 staff (10.6 FTE) at the end of the year.

The Chief Inspector has line management responsibility for the Deputy Chief Inspector

while the Deputy Chief Inspector has line management responsibility for the Inspection staff, the Business and Communications Manager, IT and Security Manager and Personal Assistant.

Financial support continues to be provided to CJI by colleagues from Financial Services Division, DOJ under a Service Level Agreement established following the transfer of finance functions to the NICS's Account NI shared service.

Staff composition (audited information)

The number of staff employed at 31 March 2017 was as follows:

| | Female staff | Male staff | Total staff |
|----------------------------------|-----------------|---------------|----------------|
| Senior Management | 0 | 2 | 2 |
| Inspectors | 2 | 6 | 8 |
| Administration and Support Staff | 2 | 1 | 3 |
| Total | 4 | 9 | 13 |

During 2016-17 CJI had two employees who were equivalent to NICS Senior Civil Service grades. They were the Chief Inspector (Grade 3 equivalent) and the Deputy Chief Inspector and Chief Executive (Grade 5 equivalent).

Sickness Absence

In 2016-17 the average level of staff sickness absence stood at 11.96 days per employee (13.32 days in 2015-16). This average figure takes account of three periods of long-term sickness absence which occurred during the financial year.

Staff policies - disabled persons

CJI is an equal opportunities employer which seeks to ensure equality of opportunity for all staff regardless of gender, age, community background or disability in relation to its recruitment and employment practices.

In respect of disabled persons, CJI's staff policies default to those of the DOJ (its sponsoring department) and the wider Northern Ireland Civil Service with regard to Section 75 of the Northern Ireland Act 1998 and the Disability Discrimination Act 1995.

During 2016-17 CJI held one recruitment competition for permanent staff where it was required to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes or abilities. CJI was not required to arrange appropriate training for staff who had become disabled during the reporting period to ensure their continuing employment.

Learning and development

During the year two new Inspectors participated in a comprehensive induction programme after joining the organisation which included peer mentoring and completion of courses in Report Writing and Proof Reading. They also individually participated in inspections with HMIP of prison establishments in England.

A member of the Inspection Team completed ISO 9001:2015 internal auditor training and assisted colleagues from HMCPSI inspecting the Crown Prosecution Service in England and Wales while another Inspector continued their work with the Council of Europe in respect of a Ukrainian Prison Inspection.

The Chief Inspector and an Inspector met with IMB Executive Chair and Chairs in relation to prisons issues. They also attend quarterly update meetings with representatives from the South Eastern Health and Social Care Trust and RQIA in respect of prison health issues.

The Chief Inspector met with the Justice Minister and members of the new Justice Committee shortly following their appointment in May 2016.

During the year CJI gave evidence before the Justice Committee on its inspections of enforcement of road traffic legislation (Driving Change) and Legacy Coronial Inquests.

The Chief Inspector attended a number of events linked to policing in 2016-17. These included the Police Federation annual conference, the NIPB/PSNI event to mark 15 years of policing reforms and the Update to the Policing Plan. He also spoke at a Ulster University conference on policing 15 years after the establishment of the PSNI. The Chief and Deputy Chief Inspector also took part in a *Working Together* workshop with the PSNI and PPS.

The Chief Inspector continued his interest in Voluntary and Community Sector events throughout the year. These included attending the Hate Crime Policy Hack with the Deputy Chief Inspector and another member of the Inspection Team; the NIACRO Justice Series Seminar 'Positive Youth Justice' and the Community and Voluntary Sector (CVS) Forum which he attended with two other Inspectors.

Senior management and members of the Inspection Team within CJI are also members of the Chief Executive's Forum and attended a number of events, seminars and training events organised by the Forum throughout the year.

During 2016-17, the Business and Communications Manager undertook training regarding Discipline and Underperformance at Work, while other staff members undertook training linked to database development and management, business case and tender evaluation training.

Staff members also completed a number of mandatory e-learning modules.

Expenditure on consultancy

During the 2016-17 financial year CJI did not incur any expenditure in relation to external consultancy (2015-16: Nil). Expenditure in relation to internal consultancy (i.e. work carried out by other Government organisations) was £38,386 in 2016-17 (2015-16: £60,038). This expenditure related to support for the achievement of the inspection programme.

Off Payroll Engagements

CJI had no 'off-payroll' engagements at a cost of over £58,200 per annum lasting longer than six months in place as at 1 April 2016. This remained the case in-year with no 'off-payroll' engagements at a cost of over £58,200 per annum or lasting longer than six months in place as at 31 March 2017.

Reporting of compensation and exit packages for all staff (audited information)

| Exit Package Cost band | Number of compulsory redundancies | Number of other departures agreed | 2016-17 | 2015-16 |
|--------------------------------------|-----------------------------------|-----------------------------------|--|--|
| | | | Total number of exit packages by cost band | Total number of exit packages by cost band |
| <£10,000 | - | - | - | - |
| £10,000 - £25,000 | - | 2 | 2 | - |
| £25,000 - £50,000 | - | - | - | - |
| £50,000 - £100,000 | - | - | - | - |
| £100,000 - £150,000 | - | - | - | - |
| £150,000 - £200,000 | - | - | - | - |
| Over £200,000 | - | - | - | - |
| Total number of exit packages | - | 2 | 2 | - |
| Total resource cost £ | - | £37,000 | £37,000 | - |

During 2016-17 CJI operated a Voluntary Exit Scheme (VES) mirroring a previous scheme which operated in the Northern Ireland Civil Service during 2015-16. As a result of this scheme, two members of CJI's support staff who opted to participate in the scheme were selected and left the organisation during the financial year.

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

Assembly accountability disclosures

(audited information)

Regularity of Expenditure

Losses and special payments

There were no losses or special payments in 2016-17 (2015-16: £Nil).

Remote Contingent Liabilities

There were no contingent liabilities requiring disclosure under Northern Ireland Assembly reporting requirements. CJI had no significant remote contingent liabilities during 2016-17 (2015-16: £Nil) that require disclosure. Note 14 to the Accounts provides further details regarding the contingent liabilities that are included within the financial statements.

Accountability Report



JAMES CORRIGAN
Chief Executive and
Accounting Officer

13 June 2017

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of the Criminal Justice Inspection Northern Ireland for the year ended 31 March 2017 under the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice functions) Order 2010. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Assembly Accountability disclosures that is described in that report as having been audited.

Respective responsibilities of the Chief Inspector of Criminal Justice, the Chief Executive and auditor

As explained more fully in the Statement of Chief Inspector of Criminal Justice's and the Chief Executive's Responsibilities, the Chief Inspector of Criminal Justice and the Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Criminal Justice Inspection Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Criminal Justice Inspection Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Criminal Justice Inspection Northern Ireland's affairs as at 31 March 2017 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010 and Department of Justice directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report and the Assembly Accountability disclosures to be audited have been properly prepared in accordance with the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010; and

- the information given in the Performance Report and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration and Staff Report and Assembly Accountability disclosures to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance.

Report

I have no observations to make on these financial statements.



KJ DONNELLY

Comptroller and Auditor General

Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

22 June 2017

Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

| | Note | 2016-17 £ | 2015-16 £ |
|---|------|-------------------------|-------------------------|
| Other operating income | 5 | 65 | 59,008 |
| Total Operating Income | | <u>65</u> | <u>59,008</u> |
| Staff costs | 3 | 823,917 | 873,388 |
| Purchase of goods and services | 4 | 242,901 | 240,142 |
| Depreciation and impairment charges | 4 | 14,394 | 19,700 |
| Total operating expenditure | | <u>1,081,212</u> | <u>1,133,230</u> |
| Net operating expenditure | | <u>1,081,147</u> | <u>1,074,222</u> |
| Finance expense | 4 | 75 | - |
| Net expenditure for the year | | <u>1,081,222</u> | <u>1,074,222</u> |
| Other comprehensive net expenditure | | | |
| Items that will not be reclassified to Net operating expenditure: | | | |
| Net (gain) on revaluation of property, plant and equipment | 6 | (652) | (69) |
| Net (gain) on revaluation of intangible assets | 7 | (142) | (98) |
| Comprehensive net expenditure for the year | | <u><u>1,080,428</u></u> | <u><u>1,074,055</u></u> |

The notes on pages 55 to 69 form part of these accounts.

Statement of Financial Position as at 31 March 2017

This statement presents the financial position of CJI. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

| | Note | 2016-17 £ | 2015-16 £ |
|---|------|-------------------------|-------------------------|
| Non-current assets: | | | |
| Property, plant and equipment | 6 | 29,394 | 40,770 |
| Intangible assets | 7 | 5,865 | 8,211 |
| Trade and other receivables | 10 | 496 | - |
| Total non-current assets | | <u>35,755</u> | <u>48,981</u> |
| Current assets: | | | |
| Trade and other receivables | 10 | 8,091 | 10,459 |
| Cash and cash equivalents | 9 | 2,155 | 3,484 |
| Total current assets | | <u>10,246</u> | <u>13,943</u> |
| Total assets | | 46,001 | 62,924 |
| Current liabilities | | | |
| Trade and other payables | 11 | (174,055) | (181,550) |
| Total current liabilities | | <u>(174,055)</u> | <u>(181,550)</u> |
| Total assets less total liabilities | | <u>(128,054)</u> | <u>(118,626)</u> |
| Taxpayers' equity and other reserves | | | |
| General fund | | (129,826) | (120,063) |
| Revaluation reserve | | 1,772 | 1,437 |
| Total equity | | <u>(128,054)</u> | <u>(118,626)</u> |



JAMES CORRIGAN
Chief Executive and Accounting Officer

13 June 2017

The notes on pages 55 to 69 form part of these accounts.

Statement of Cash Flows

for the year ended

31 March 2017

The Statement of Cash Flows shows the changes in cash and cash equivalents of CJJ during the reporting period. The statement shows how CJJ generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by CJJ. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to CJJ's future public service delivery.

| | Note | 2016-17 £ | 2015-16 £ |
|---|------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Net expenditure for the year | | (1,081,222) | (1,074,222) |
| Adjustment for non-cash transactions | 4 | 14,385 | 19,381 |
| (Increase)/Decrease in trade and other receivables | | 1,872 | (6,857) |
| Increase/(Decrease) in trade and other payables | | (7,495) | (42,034) |
| <i>Less movements in payables relating to items not passing through the Net Expenditure account</i> | | 1,721 | 18,775 |
| | | (1,070,739) | (1,084,957) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 6 | (1,721) | (23,102) |
| Purchase of intangible assets | 7 | - | (4,933) |
| Proceeds of disposal of property, plant and equipment | | 131 | 400 |
| | | (1,590) | (27,635) |
| Cash flows from financing activities | | | |
| Grants from sponsoring department | | 1,071,000 | 1,116,000 |
| | | 1,071,000 | 1,116,000 |
| Net (decrease)/increase in cash and cash equivalents in the period | | | |
| | | (1,329) | 3,408 |
| Cash and cash equivalents at the beginning of the period | 9 | 3,484 | 76 |
| Cash and cash equivalents at the end of the period | 9 | 2,155 | 3,484 |

The notes on pages 55 to 69 form part of these accounts.

Statement of Changes in Taxpayers' Equity for year ended 31 March 2017

This statement shows the movement in the year on the different reserves held by CJJ analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of CJJ, to the extent that the total is not represented by other reserves and financing items.

| Note | General Fund £ | Revaluation Reserve £ | Taxpayers' Equity £ |
|---|-------------------|--------------------------|------------------------|
| Balance at 31 March 2015 | (162,426) | 1,855 | (160,571) |
| Changes in taxpayers' equity for 2015-16 | | | |
| Grants from sponsoring department | 1,116,000 | - | 1,116,000 |
| Comprehensive net expenditure for the year | (1,065,222) | 167 | (1,065,055) |
| Auditors Remuneration | (9,000) | - | (9,000) |
| Transfers between reserves | 585 | (585) | - |
| Balance at 31 March 2016 | (120,063) | 1,437 | (118,626) |
| Changes in taxpayers' equity for 2016-17 | | | |
| Grants from sponsoring department | 1,071,000 | - | 1,071,000 |
| Comprehensive net expenditure for the year | (1,072,222) | 794 | (1,071,428) |
| Auditors Remuneration | (9,000) | - | (9,000) |
| Transfers between reserves | 459 | (459) | - |
| Balance at 31 March 2017 | (129,826) | 1,772 | (128,054) |

The notes on pages 55 to 69 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2016-17 Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of CJI for the purpose of giving a true and fair view has been selected. The particular policies adopted by CJI are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

a) Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets.

The accounts are stated in sterling, which is CJI's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in pounds sterling (£).

b) Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in the Salary and Pension Entitlements section of the Remuneration Report. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits. The organisation recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the organisation recognises the contributions payable for the year.

c) Staff costs

Under IAS19, Employee Benefits, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end.

d) Operating leases

Assets leased under operating leases are not recorded on the Statement of Financial Position. Rental payments are charged directly to the Statement of Comprehensive Net Expenditure on a straight line basis over the period of the lease.

e) Grant-in-aid

CJI is funded by Grant-in-Aid from the Department of Justice (DOJ). Grant-in-aid matches CJI's cash needs, is accounted for on a cash basis as financing and is reflected in Taxpayers' Equity.

f) Property, plant and equipment

Expenditure on property, plant and equipment is capitalised if it is intended for use on a continuous basis. Property, plant and equipment is valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics. Any gain on revaluation is credited to the Statement of Comprehensive Net Expenditure to the extent that it reverses a revaluation loss on the same asset previously recognised in that Account. Other gains are credited to the Revaluation Reserve. Losses arising on revaluation are taken to the Revaluation Reserve unless they exceed previous revaluation gains in which case they are taken to the Statement of Comprehensive Net Expenditure.

g) Depreciation

Depreciation is provided on property, plant and equipment on a straight-line basis to write off the cost or revaluation less any residual value evenly over the asset's anticipated life as follows:

| | | |
|--------------------------------|---|-----------------------|
| Office Refurbishment | - | five years; |
| Computer Equipment | - | five to 10 years; and |
| Furniture and Office Equipment | - | up to 15 years. |

The Office Refurbishment depreciation policy, previously set at 10 years in line with the conclusion of CJI's 10-year lease on its previous office accommodation, has been reduced to five years since 2015. This change has been made to correlate with the medium term re-location of CJI's office premises to vacant accommodation within the Stormont Estate. This takes account of the potential changes which are anticipated to occur as a result of the out workings of the DOJ Headquarters Estate Strategy project. This will in turn feed into the wider long-term NICS Estate Strategy.

A further adjustment is made for any backlog depreciation arising from the requirement to value assets by reference to current costs and from this the backlog depreciation is posted to the revaluation reserve.

h) Realised Element of Depreciation from Revaluation Reserve

Depreciation is charged to expenditure on the revalued amount of property, plant and equipment and intangibles. An element of depreciation therefore arises due to the increase in valuation and is in excess of the depreciation that would be charged on the historical cost of assets. The amount relating to this excess is a realised gain on disposal and is transferred from the Revaluation Reserve to the General Fund.

i) Intangible assets

Intangible assets which comprise computer software and software licenses are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics. Any gain on revaluation is credited to the Statement of Comprehensive Net Expenditure to the extent that it reverses a revaluation loss on the same asset previously recognised in that Account. Other gains are credited to the Revaluation Reserve. Losses arising on revaluation are taken to the Revaluation Reserve unless they exceed previous revaluation gains in which case they are taken to the Net Expenditure Account.

Software licences are amortised over the shorter of the term of the licence and the useful economic life.

j) Contingent liabilities

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, CJI discloses as contingent liabilities, potential future obligations arising from past obligating events where the existence of such obligations remain uncertain pending the outcome of future events outside the Department's control, unless their likelihood is considered to be remote.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts.

k) Value added tax

CJI is not eligible to register for VAT and all costs are shown inclusive of VAT.

l) Corporation Tax

As an Executive Non-Departmental Public Body (NDPB), CJI falls within the scope of Corporation Tax provision in respect of trading profits. Activities have been appropriately assessed and are not considered to be trading and therefore are not subject to Corporation Tax.

m) Revaluation reserve

The revaluation reserve reflects the unrealised balance of the cumulative indexation revaluation adjustments to non-current assets.

n) Financial instruments**i) Recognition and De-recognition of Financial Assets and Financial Liabilities**

Financial assets and liabilities are recognised when the organisation becomes party to the contractual provisions of the instrument.

Financial assets are de-recognised when the organisation no longer has rights to the cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognised when the obligation under the liability is discharged, cancelled or expires.

ii) Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

iii) Financial Liabilities

Trade and other payables

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, less provision for impairment.

o) Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Office's accounting policies. CJI continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing material adjustment to the carrying amount of assets and liabilities are discussed below.

Depreciation of plant, property and equipment - Depreciation is provided so as to write-down the respective assets to their residual values over their expected lives, and as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are shown in note 1g.

Amortisation of intangible assets - Amortisation is provided so as to write-down the respective assets to their residual values over their expected lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are shown in note 1i.

p) Accounting standards, interpretations and amendments to published standards and *FReM*

Update on 2015-16 position:

| Standard | Comments |
|--|---|
| IFRS 10 - <i>Consolidated Financial Statements</i> | The IASB issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014. |
| IFRS 11 - <i>Joint Arrangements</i> | |
| IFRS 12 - <i>Disclosure of Interests in Other Entities</i> | |
| | Accounting boundary for IFRS purposes are currently adapted in the <i>FReM</i> so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by HM Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, CJI will be Consolidated within the Financial Statements of the Department of Justice. |

Issued and effective in 2016-17 for the first time:

CJI has considered the standards, interpretations and amendments to published standards and *FReM* that became effective during 2016-17. The adoption of these standards are either not relevant to CJI's operations or have not had a significant impact on its financial position or results.

Accounting standards, interpretations and amendments to published standards not yet effective

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for CJI's accounting periods beginning on or after 1 April 2017 or later periods, but which CJI has not adopted early. Other than as outlined in the below, CJI considers that these standards are not relevant or material to its operations.

| | |
|--------------------------------|---|
| Standard | IFRS 16 - <i>Leases</i> (IAS 17 <i>Leases</i> replacement) (new) |
| Effective date | 1 January 2019 (not yet EU adopted) - with a view to include in the 2019-20 <i>FReM</i> . |
| Description of revision | <p>IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements.</p> <p>IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p> |
| Comments | The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in early 2018. |

Financial reporting - future developments

CJI has considered the accounting initiatives identified by HM Treasury for which the Standards are under development and considers that these changes are not relevant or material to its operations.

2. Statement of Operating Costs by Operating segment

In the opinion of the Management Team, CJI operates only one reportable segment and all income and expenditure as shown in the Statement of Comprehensive Net Expenditure is attributable to the overall services provided by CJI. All CJI's financing is derived from the DOJ through grant-in-aid and all services undertaken are within Northern Ireland. All non-current assets are located in Northern Ireland.

3. Staff Costs

| | 2016-17 £ Total | 2015-16 £ Total |
|---|-----------------------|-----------------------|
| Wages and salaries | 617,884 | 667,292 |
| Social security costs | 66,935 | 58,155 |
| Other pension costs | 139,098 | 147,941 |
| Sub Total | 823,917 | 873,388 |
| Less recoveries in respect of outward secondments | - | (58,990) |
| Total net costs | 823,917 | 814,398 |

A breakdown of the above costs into permanent staff and others can be found in the Staff Report within the Accountability Report.

4. Other Operating Costs

| | Note | 2016-17 £ | 2015-16 £ |
|--|------|-----------------------|-----------------------|
| Purchase of goods and services | | | |
| Cash items: | | | |
| Staff related costs | | 18,410 | 11,366 |
| Rentals under operating leases | | 954 | 483 |
| Accommodation costs | | 41,107 | 35,542 |
| Office services | | 44,587 | 29,071 |
| Contracted out services | | 6,048 | 6,566 |
| Professional and consultancy costs | | 49,674 | 74,841 |
| Audit fees | | 9,000 | 9,000 |
| Managed services | | 63,900 | 61,374 |
| Other expenditure | | 9,230 | 12,218 |
| | | <u>242,910</u> | <u>240,461</u> |
| Non-cash items: | | | |
| (Profit)/loss on disposal of property, plant and equipment | | (9) | (319) |
| | | <u>242,901</u> | <u>240,142</u> |
| Depreciation and impairment charges: | | | |
| Depreciation | 6 | 11,959 | 17,785 |
| Amortisation | 7 | 2,488 | 1,846 |
| Net loss/(gain) on revaluation | | (53) | 69 |
| | | <u>14,394</u> | <u>19,700</u> |
| Finance expense | | | |
| Interest payable and similar charges | | 75 | - |
| | | <u>257,370</u> | <u>259,842</u> |
| Total Other Operating Costs | | <u><u>257,370</u></u> | <u><u>259,842</u></u> |

5. Income

| | 2016-17 £ | 2015-16 £ |
|-------------------------------------|------------------|----------------------|
| Seconded Costs | - | 58,990 |
| Other non-trading income | 65 | 18 |
| | <u>65</u> | <u>59,008</u> |
| Total Other operating income | <u><u>65</u></u> | <u><u>59,008</u></u> |

6. Property, plant and equipment

| 2016-17 | Refurbishment Costs £ | Office Equipment, Furniture and Fittings £ | Computer Equipment £ | Total £ |
|---|-----------------------------|---|----------------------------|----------------|
| Cost or valuation | | | | |
| At 1 April 2016 | 18,805 | 55,195 | 103,023 | 177,023 |
| Additions | - | - | - | - |
| Disposals | - | (11,693) | (4,341) | (16,034) |
| Reclassifications | - | - | - | - |
| Revaluation released to SOCNE | - | - | 136 | 136 |
| Revaluation | - | 45 | 3,226 | 3,271 |
| At 31 March 2017 | 18,805 | 43,547 | 102,044 | 164,396 |
| Depreciation | | | | |
| At 1 April 2016 | 5,015 | 42,504 | 88,734 | 136,253 |
| Charged in year | 3,761 | 3,950 | 4,248 | 11,959 |
| Disposals | - | (11,571) | (4,341) | (15,912) |
| Reclassifications | - | - | - | - |
| Revaluation released to SOCNE | - | - | 83 | 83 |
| Revaluation | - | 29 | 2,590 | 2,619 |
| At 31 March 2017 | 8,776 | 34,912 | 91,314 | 135,002 |
| Carrying amount at 31 March 2017 | 10,029 | 8,635 | 10,730 | 29,394 |
| Carrying amount at 31 March 2016 | 13,790 | 12,691 | 14,289 | 40,770 |
| Asset financing: | | | | |
| Owned | 10,029 | 8,635 | 10,730 | 29,394 |
| Carrying amount at 31 March 2017 | 10,029 | 8,365 | 10,730 | 29,394 |

6. Property, plant and equipment (continued)

| 2015-16 | Refurbishment Costs £ | Office Equipment, Furniture and Fittings £ | Computer Equipment £ | Total £ |
|---|-----------------------------|---|----------------------------|----------------|
| Cost or valuation | | | | |
| At 1 April 2015 | 18,805 | 57,712 | 103,964 | 180,481 |
| Additions | - | - | 4,327 | 4,327 |
| Disposals | - | (2,745) | (4,985) | (7,730) |
| Reclassifications | - | - | - | - |
| Revaluation released to SOCNE | - | - | (113) | (113) |
| Revaluation | - | 228 | (170) | 58 |
| At 31 March 2016 | 18,805 | 55,195 | 103,023 | 177,023 |
| Depreciation | | | | |
| At 1 April 2015 | - | 40,520 | 85,652 | 126,172 |
| Charged in year | 5,015 | 4,509 | 8,261 | 17,785 |
| Disposals | - | (2,679) | (4,970) | (7,649) |
| Reclassifications | - | - | - | - |
| Revaluation released to SOCNE | - | - | (44) | (44) |
| Revaluation | - | 154 | (165) | (11) |
| At 31 March 2016 | 5,015 | 42,504 | 88,734 | 136,253 |
| Carrying amount at 31 March 2016 | 13,790 | 12,691 | 14,289 | 40,770 |
| Carrying amount at 31 March 2015 | 18,805 | 17,192 | 18,312 | 54,309 |
| Asset financing: | | | | |
| Owned | 13,790 | 12,691 | 14,289 | 40,770 |
| Carrying amount at 31 March 2016 | 13,790 | 12,691 | 14,289 | 40,770 |

Property, plant and equipment are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics.

7. Intangible assets

| 2016-17 | Total £ |
|---|----------------------|
| Cost or valuation | |
| At 1 April 2016 | 44,176 |
| Disposals | - |
| Reclassifications | - |
| Revaluation released to SOCNE | - |
| Revaluation | 314 |
| At 31 March 2017 | <u>44,490</u> |
| Amortisation | |
| At 1 April 2016 | 35,965 |
| Charged in year | 2,488 |
| Disposals | - |
| Reclassifications | - |
| Revaluation released to SOCNE | - |
| Revaluation | 172 |
| At 31 March 2017 | <u>38,625</u> |
| Carrying amount at 31 March 2017 | <u>5,865</u> |
| Carrying amount at 31 March 2016 | <u>8,211</u> |
| Asset financing: | |
| Owned | 5,865 |
| Carrying amount at 31 March 2017 | <u>5,865</u> |

7. Intangible assets (continued)

| 2015-16 | Total £ |
|---|---------------|
| Cost or valuation | |
| At 1 April 2015 | 49,586 |
| Additions | 4,933 |
| Disposals | (10,493) |
| Reclassifications | - |
| Revaluation released to SOCNE | - |
| Revaluation | 150 |
| At 31 March 2016 | 44,176 |
| Amortisation | |
| At 1 April 2015 | 44,560 |
| Charged in year | 1,846 |
| Disposals | (10,493) |
| Reclassifications | - |
| Revaluation released to SOCNE | - |
| Revaluation | 52 |
| At 31 March 2016 | 35,965 |
| Carrying amount at 31 March 2016 | 8,211 |
| Carrying amount at 31 March 2015 | 5,026 |
| Asset financing: | |
| Owned | 8,211 |
| Carrying amount at 31 March 2016 | 8,211 |

Intangible assets comprise software licenses and the associated implementation costs of purchase.

Intangible assets are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics.

8. Financial Instruments

As the cash requirements of CJI are met through Grant-in-Aid provided by the DOJ, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with CJI's expected purchase and usage requirements and CJI is therefore exposed to little credit, liquidity or market risk.

9. Cash and cash equivalents

| | 2016-17 | 2015-16 |
|---|--------------|--------------|
| | £ | £ |
| Balance at 1 April | 3,484 | 76 |
| Net change in cash and cash equivalent balances | (1,329) | 3,408 |
| Balance at 31 March | 2,155 | 3,484 |

The following balances at 31 March were held at:

| | | |
|-----------------------------------|--------------|--------------|
| Commercial banks and cash in hand | 2,155 | 3,484 |
| Balance at 31 March | 2,155 | 3,484 |

10. Trade receivables, financial and other assets

| | 2016-17 | 2015-16 |
|---|--------------|---------------|
| | £ | £ |
| Amounts falling due within one year | | |
| Other receivables | 44 | - |
| Prepayments and accrued income | 8,047 | 10,459 |
| | 8,091 | 10,459 |
| Amounts falling due after more than one year | | |
| Prepayments and accrued income | 496 | - |
| Total | 8,587 | 10,459 |

11. Trade payables and other current liabilities

| | 2016-17 | 2015-16 |
|--|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year | | |
| Trade payables | - | 5,713 |
| Other payables | 64,334 | 60,483 |
| Accruals and deferred income | 109,721 | 115,354 |
| Total | 174,055 | 181,550 |

12. Capital commitments

At 31 March 2017 there was no capital commitments contracted (2015-16: £Nil).

13. Commitments under leases

Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

| | 2016-17 £ | 2015-16 £ |
|---|--------------|--------------|
| Obligations under operating leases for the following periods comprise: | | |
| Other: | | |
| Not later than one year | 583 | 953 |
| Later than one year and not later than five years | - | 583 |
| Later than five years | - | - |
| Total | 583 | 1,536 |

Finance leases

There were no finance lease commitments at 31 March 2017 (2015-16: £Nil).

14. Contingent liabilities

An application for leave for a Judicial Review was made to the High Court in respect of the statutory remit of CJI in relation to an inspection of *the quality and timeliness of police files (incorporating disclosure) submitted to the Public Prosecution Service for Northern Ireland* during 2015-16. The application was rejected in September 2016 and there were no statutory or financial implications for CJI other than payment of its own costs for legal representation.

15. Related party transactions

CJI is a Non-Departmental Public Body (NDPB) and is sponsored by the DOJ. The DOJ is considered to be CJI's ultimate controlling party. The DOJ is regarded as a related party. During the accounting period CJI has had various material transactions with the DOJ.

In addition, CJI has had various transactions with other government departments and with HM Chief Inspector of Prisons, HM Chief Inspector Crown Prosecution Service Inspectorate and HM Chief Inspector of Probation.

No Management Board member, key manager or other related party has undertaken any material transactions with CJI during the year ended 31 March 2017.

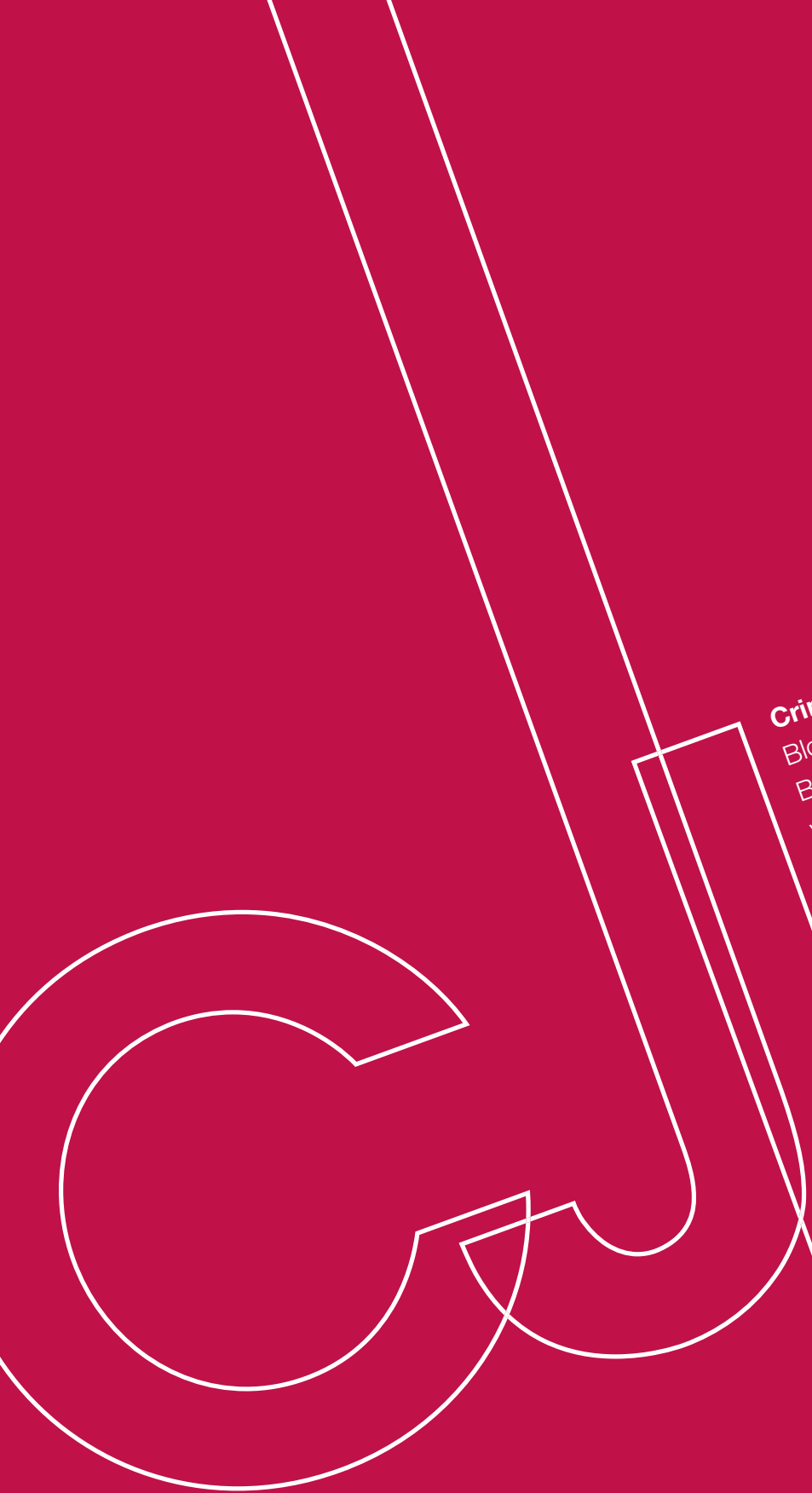
16. Events after the reporting period

There were no events after the reporting date that required disclosure.

Date for authorisation and issue

The Accounting Officer authorised these financial statements for issue on 22 June 2017.





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