



ANNUAL REPORT AND ACCOUNTS 2012-13



Annual Report and Accounts 2012-13

Criminal Justice Inspection Northern
Ireland Annual Report and Accounts for
the year ended 31 March 2013.

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

5 July 2013.

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Chief Inspector Brendan McGuigan

Chief Inspector's Report

I am pleased to present my first Annual Report on the work of Criminal Justice Inspection Northern Ireland (CJI) and to build on the achievements of my predecessors Kit Chivers and Dr Michael Maguire.

Once again there has been a considerable volume of work spread across the main criminal justice agencies. Our inspections continue to focus on the experience of the victim, witness and offender as they move through the criminal justice process and our recommendations continue to focus on both strategic leadership and operational practice to ensure that *'a better justice system for all'* is achieved.

Over the past year the work of CJI has included oversight of recommendations in a more explicit way than has been the case before through my membership of the Prison Reform Oversight Group and CJI's role in independently assuring achievement of completed Prison Review Team recommendations.

In addition CJI's role in providing independent evaluation of the progress being made in delivering the Youth Justice Review recommendations will help transform the experience of young people who come into contact with the criminal justice system. We

continue to work with the Department of Justice (DOJ) in relation to avoidable delay and the treatment of victims and witnesses and have been pleased to see the implementation of our recommendations in respect of Victim Care Units and the co-location of Probation and Prisons' Victim Information Schemes, once again raising the status of victims and ensuring that they are given the respect and support they deserve.

It is important that the work of the Inspectorate is relevant to the issues impacting on our communities and those being discussed within the justice system, as well as focused on achieving, where necessary, improvements in performance. In considering our work on prison reform, avoidable delay, the Office of the Police Ombudsman, victims and witnesses, prisoner releases, the provision of legal services and youth custody among others, I firmly believe this is strong evidence of the relevance of the Inspectorate. This view is reinforced by the attention paid to our work by the Northern Ireland Assembly, the Committee for Justice and the

Northern Ireland Policing Board in their questions and debates. The media profile given to CJI reports also remains strong and this continues to assist with the dissemination of our inspection findings, conclusions and recommendations for further improvement to the wider community.

The objectives of CJI are to promote efficiency and effectiveness through assessment and inspection; to provide an independent and impartial assessment to Ministers and the wider community on the working of the justice system; to provide independent scrutiny of the conditions for, and treatment of users of, the justice system; and to work in partnership to deliver high quality independent, impartial inspection reports. Once again, as you will see from this Annual Report, I believe these objectives have been met in full.

Finally, I would like to thank all those organisations we have worked with throughout the year and CJI staff for their delivery of high quality inspection reports.



Brendan McGuigan
*Chief Inspector of Criminal Justice
in Northern Ireland*

April 2013



James Corrigan, Acting Chief Executive and Accounting Officer

Management Commentary

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.

Background information

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, other than the courts, and to contribute in a significant way to the effective and efficient running of the criminal justice system, while helping to guarantee that it functions in an even-handed way. The courts were initially omitted from the organisation's inspection remit, but were added following legislative change in 2007. The current Chief Inspector, Mr Brendan McGuigan was appointed by the Minister of Justice David Ford MLA on 30 November 2012.

Criminal Justice Inspection Northern Ireland (CJI) went live in October 2004 and from that time until the devolution of policing and justice matters to the Northern Ireland Assembly on 12 April 2010, 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, responsibility for agreeing CJI's inspection programme passed to the locally-elected Minister of Justice.

From 12 April 2010, CJI became an executive Non-Departmental Public Body of the Department of Justice (DOJ).

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:

Core criminal justice organisations

- The Police Service of Northern Ireland;
- The Public Prosecution Service;
- 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 Compensation Service for Northern Ireland (formerly the Compensation Agency for Northern Ireland);
- The Northern Ireland Legal Services Commission;
- Parole Commissioners for Northern Ireland;
- Community-based restorative justice schemes; and
- Probation and Bail hostels (Approved Premises).

The remit of the Inspectorate however goes wider than these core agencies. 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 Northern Ireland Child Maintenance and Enforcement Division;
- Health and Social Services Boards and Trusts;
- The Department of Enterprise, Trade and Investment;
- The Department of the Environment;
- 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 that 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. A justice system that can do these things is the foundation for a peaceful and cohesive community and is a prerequisite for health and prosperity.

That vision requires the collaboration of all the 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 of 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 maintain our robustness and independence by producing relevant, respected 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.

We will achieve our mission by:

- maintaining our values at all times;
- communicating clearly and frankly;
- listening to all interested parties;
- identifying and communicating good practice;
- producing enabling, balanced, objective reports;
- taking account of sensitive issues;
- providing a supportive work environment that reflects our values; and
- pursuing excellence.

CJI's Aims

CJI contributes to the DOJ's aims by improving public confidence in the justice system. It will do so by assisting the criminal justice agencies in Northern Ireland to become more efficient and effective, and by ensuring that they are being fair and equitable in all their policies and operations.

During 2012-13 CJI's formal accountability was to the Minister of Justice.

CJI's Objectives

The strategic objectives of CJI are to:

- promote efficiency and effectiveness through assessment and inspection to facilitate performance improvement;
- provide an independent assessment to Ministers and the wider community on the working of the criminal justice system;
- provide independent scrutiny of the conditions for and treatment of, users of the criminal justice system, in particular victims and witnesses, children and young people, prisoners and detainees; and
- work in partnership to deliver a high quality, independent and impartial inspection programme.

The business aims of CJI are to:

- conduct a series of planned inspections;
- conduct a series of planned follow-up inspections/action plan reviews;

- increase engagement with stakeholders in the criminal justice system;
- increase awareness of CJI within the justice system;
- fulfil its statutory requirements;
- maintain a sound system of financial control;
- retain external certification for its quality management system; and
- support the Inspectorate through an effective communications programme.

To achieve these objectives, CJI will:

- ensure the inspection of the main agencies of the criminal justice system in Northern Ireland;
- conduct cross-cutting thematic reviews of subjects which involve more than one agency;
- determine CJI's programme of inspection and action plan reviews/inspection follow-up reviews each year in consultation with the Minister of Justice and the Attorney General for Northern Ireland;
- present inspection reports to the Minister of Justice;
- publish an Annual Report of CJI's activities; and
- employ a small number of appropriately qualified and experienced Inspectors and seek expert assistance from other inspection agencies as necessary.

Performance against CJI's objectives and targets for 2012-13

In this section, CJI reports on progress against its objectives and targets for the 2012-13 financial year as listed in its Business Plan. They are divided into three areas: Inspections and Action Plan Reviews/Inspection Follow-Up Reviews; Communication; and Corporate Business.

Inspections and Action Plan Reviews /Inspection Follow-Up Reviews

Objectives

- To conduct a series of inspections within the legislative remit of CJI and to make the findings of these inspections publicly available; and
- 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.

Targets

- To present 14 inspection reports to the Minister of Justice for permission to publish during the financial year;
- to publish seven action plan/inspection follow-up reviews on the CJI website - www.cjini.org - during the financial year; and
- to commence those inspections listed in the Business Plan within the 2012-13 financial year.

Outcomes

CJI had by 31 March 2013 presented 11 inspection reports to the Minister of Justice seeking permission to publish the findings. In addition, five action plan/inspection follow-up reviews were published on the CJI website - www.cjini.org - during 2012-13. The Inspectorate also commenced work on all inspections listed in the 2012-13 Business Plan by the end of the financial year with the exception of one inspection on the administrative handling of court cases which was cancelled.

COMMUNICATION

Objectives

- To support the Inspectorate in all its publications in accordance with its legislative requirements;
- to increase engagement with stakeholders; and
- to increase awareness of CJI's contribution to the criminal justice system.

Targets

- to publish by laying before the Northern Ireland Assembly, all inspection reports within 15 working days of receiving written permission to publish from the Minister of Justice, subject to the Assembly timetable;
- to publish seven action plan/inspection follow-up reviews on the CJI website - www.cjini.org - during the financial year;
- to publish by laying before the Northern Ireland Assembly, CJI's Annual Report and Accounts for 2012-13 before 30 September 2013;
- to obtain feedback on CJI's work from the heads of the main criminal justice agencies; the Minister of Justice for Northern Ireland; the Lord Chief Justice; the Attorney General for Northern Ireland; and the justice representatives of the main political parties, at least once during the 2012-13 financial year;
- to run a conference in the 2012-13 financial year; and
- to publish within the 2012-13 financial year, three editions of CJI's newsletter *The Spec* plus an annual stakeholder *Conference Spec*, to be published and circulated within six weeks of the conference providing an overview of the conference proceedings to all participants and other stakeholders.

Outcomes

During the reporting period 10 inspection reports by CJI were published. Six of these were published and laid in the Northern Ireland Assembly within 15 working days of receiving written permission to publish from the Minister of Justice. Four reports: the use of special measures by the criminal justice system in Northern Ireland; an announced inspection of Maghaberry Prison; the use of early guilty pleas; and a review of the voluntary and community sector's involvement in the criminal justice system, were published after the 15 working day target. Two additional reports relating to the work of the Prison Review Team were submitted to the Minister of Justice during the year and will be included in a formal report due for publication during 2013-14. Five

inspection follow-up reviews which are not subject to written Ministerial approval, were published following their submission to the Minister of Justice. During the course of the year, one inspection and one follow-up review were deferred by mutual agreement between CJI and the agencies involved. A further inspection on the administrative handling of court cases was cancelled.

Throughout the year, CJI undertook to engage with key stakeholders in order to obtain feedback on the Inspectorate's work. This resulted in a series of meetings being held between the Chief Inspector and the heads of all the criminal justice agencies, the Attorney General for Northern Ireland, the Lord Chief Justice, the Director of the Public Prosecution Service, the Minister of Justice, the Chairman and deputy Chairman of the Committee for Justice, heads of the DOJ Directorates, the Northern Ireland Policing Board and criminal justice spokespersons for each of the political parties represented in the Northern Ireland Assembly. In addition, CJI hosted two focus groups in February 2013, one with members of various oversight bodies and the other with representatives from the voluntary and community sector and academia. The purpose of these meetings were to discuss the work of CJI and inform its inspection programme.

CJI also published three editions of its newsletter *The Spec* in June and November 2012 and in March 2013.

During the year CJI engaged with the multi-party Committee for Justice and gave evidence to the Committee on three separate follow-up reviews. This included presentations on the key findings of CJI's follow-up review on anti-social behaviour; policing with the community and the management of life and indeterminate sentence prisoners. These meetings helped raise awareness of the work of the Inspectorate and its contribution to the criminal justice system.

At the time of writing, CJI is working with its auditors and sponsor division within the DOJ to ensure that its target for laying the 2012-13 Annual Report and Accounts in the Northern Ireland Assembly by 30 September 2013 is met.

In light of the current economic climate, CJI reviewed its plans and chose not to hold a conference during the year therefore this target and the associated target of producing a special edition of the CJI newsletter dedicated to the conference proceedings have been superseded.

CORPORATE BUSINESS

Objective

- To fulfil the statutory requirements placed upon CJI by the Northern Ireland Assembly and UK Government;
- to maintain a sound system of financial control; and
- to obtain external re-certification for a Quality Management System within the 2012-13 financial year.

Targets

- To publish within the first 12 weeks of the start of the new financial year, a Business Plan for that year which has been approved by the Minister of Justice;
- to retain reaccreditation of ISO 9001:2008 certification for CJI;
- to process all payments within 10 days of receipt of a valid invoice or request for payment in line with UK Government recommendations;
- to seek to respond within 20 working days to all requests for information made to CJI under the Freedom of Information Act 2000;
- to respond to all Assembly or Parliamentary Questions within 10 working days or the specific timeframe advised by the Department of Justice; and
- to seek to obtain a clean (unqualified) audit certificate from the Comptroller and Auditor General for Northern Ireland for the 2012-13 accounts.

Outcomes

During 2012-13, CJI successfully retained ISO 9001:2008 reaccreditation for its business processes. The certification was awarded and approved by UKAS following an in-depth audit of CJI's processes by an independent consultancy firm in January 2013.

CJI also responded to all requests for information it received from the DOJ in relation to Assembly or Parliamentary Questions within its target timeframe and processed all requests for information received under the Freedom of Information Act 2000 within the 20 working day target timeframe in accordance with legislative requirements.

In July 2012 CJI outsourced the processing of its financial payments to Account NI as part of a shared service agreement signed with Financial Services Division (FSD) of the DOJ. The initial transfer period impacted on CJI's 10-day prompt payment figures (96.7% during the first quarter of 2012-13) and CJI has been working with colleagues in FSD during the year to return CJI's prompt payment figures to previous levels. By the end of the financial year, CJI processed an average of 71.0% payments within 10 working days and 91.27% within 30 calendar days.

A draft inspection programme for inclusion in CJI's 2013-14 Business Plan report was prepared and consulted upon during February 2013. At time of writing CJI has drafted its 2013-14 Business Plan with a view to submitting it to the Minister of Justice for approval.

In respect of the audit certificate and report of the Comptroller and Auditor General for Northern Ireland on CJI's 2012-13 accounts, please refer to the comments contained on pages 40 and 41 of this report.

Reports and Accounts

I am also the Accounting Officer for the organisation. As such, I have responsibility for the preparation of accounts and maintaining a sound system of internal control that supports the achievement of CJI's policies, aims and objectives while safeguarding the public funds and CJI's assets for which I am personally responsible.

I must also prepare a Statement of Account in each financial year in the form directed by the Minister of Justice. The Statement of Account must be submitted to the Department/Minister of Justice and the Comptroller and Auditor General for Northern Ireland.

The details of remuneration of senior management are set out in the remuneration report which can be found on page 29 to 33.

Going Concern

The Statement of Financial Position at 31 March 2013 shows negative Taxpayers' Equity of £109,813. This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the NI 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 the CJI is part.

Future financing of the 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 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 2012-13.

Disclosure to Auditors

As Accounting Officer, I am not aware of any relevant audit information of which CJI's auditor is unaware. I have taken all reasonable steps to make myself aware of any relevant audit

information and to establish that CJI's auditor is aware of that information. The accounts are audited by the Comptroller and Auditor General for Northern Ireland. Total audit fees for 2012-13 as per the accounts are £11,800 (£11,700 in 2011-12).

Principal Risks

During the 2012-13 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 April, September and December 2012 to ensure the risks considered were relevant to the organisation. The main risks in practice are seen as:

Report publication: Timeliness and relevance of report findings and recommendations lose value due to delays in clearance and permission to publish process.

Report publication: Report clearance to Minister becomes protracted and causes delay.

Reputational risk: Inspectorate's reports and recommendations not viewed as adding value to improve performance within the criminal justice system.

Personnel risk: The danger of losing key staff, with the associated loss of expertise.

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

Protected Personal Data

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 security cabinet in a store with a combination lock door.

This information does not leave CJI apart from initial registration with Personnel and Office Services Division within the DOJ and criminal record checks.

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.

CJI confirms that during 2012-13 period there were no personal data related incidents to report to the Information Commissioner.

Accounts Preparation and Financial Position

The accounts for 2012-13 have been prepared on an accruals basis.

The financial position at the year end is set out in the Statement of Comprehensive Net Expenditure on page 42.

Revenue Grant-in-Aid for the period was £1,080,000 (£1,413,000 in 2011-12) and the Net Expenditure £1,457,453 (£1,405,868 in 2011-12).

Details of the General Reserve and the Revaluation Reserve are given in the Statement of Changes in Taxpayer's Equity on page 45. An amount of £13,028 (£5,679 in 2011-12) was transferred to the Revaluation Reserve. This represents the movement in the valuation of non-current assets in the year. 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 in 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.

Prompt Payment

The Office of CJJ 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, CJJ has complied with the Government's 10 working day turnaround for goods/services and invoices.

During the year ended 31 March 2013, 71.0% (100% in 2011-12) were paid in this 10-day timeframe. This was due to the outsourcing of how financial payments were processed to Account NI as part of the shared service agreement signed with Financial Services Division (FSD) of the DOJ and the impact of the transfer period on CJJ's prompt payment statistics. CJJ will be working to ensure prompt payment figures are improved during 2013-14.

Pension Liabilities

Details of how pension liabilities are treated can be found in the accounting policy note 1(b) on page 46.

Off Payroll Engagements

CJJ had no 'off-payroll' engagements at a cost of over £58,200 per annum in place as at 31 January 2012.

Register of Interests

All staff members are 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. CJJ maintains a Register of Interests which is available for public inspection.

Review of Activities

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

any aspect of its performance.

CJJ will do this in two stages by:

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

CJJ believes that the most productive way to promote improvement is by working in partnership with agencies. There may be occasions when the work of an agency 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, CJJ will work in collaboration with the agencies it inspects, on the basis that their managers share the common aim of improvement.

Inspections conducted by CJJ fully reflect the Cabinet Office principles for the inspection of public services to:

- pursue the purpose of inspection;
- focus on outcomes;
- be proportionate to risk;
- encourage self-assessment by managers;
- use impartial evidence wherever possible;
- disclose the criteria used for judgment;
- be open about the processes involved;
- have regard to value for money, including that of the inspecting body; and
- continually learn from experience.

Each inspection involves seeking the views of the agency's partners in the criminal justice system and the community on the agency's performance. The agency 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 a token of its commitment to inspection and as an aid to improvement. The

development of a capacity for rigorous and perceptive self-criticism among the management of the agencies, is fundamental from that point of view.

On the basis of the self assessment an inspection fieldwork plan is produced. This forms the basis of the methodology and structure used to carry out the inspection fieldwork. This is followed by the drafting of the initial inspection report and the presentation of emerging findings to the inspected criminal justice agency/ies. Draft inspection reports are then shared with the inspected agency/ies as part of CJI's factual accuracy and quality assurance processes. The final report is then presented to the Minister of Justice and permission to publish by laying before the Northern Ireland Assembly sought.

Corporate Ethos

CJI aims to manage itself according to the best current principles and to serve as an example of the good management practices which it will foster. It aims to be a good employer but a disciplined one. Although the terms and conditions of staff members are basically aligned with those of the Northern Ireland Civil Service (NICS), the culture of the organisation is modelled on a modern, knowledge-based business. The health and wellbeing of staff members is of paramount concern.

As in other Inspectorates, staff will be expected to work beyond conditioned hours when the need arises, but that will be matched by time off in lieu and flexibility in working practices to meet the needs of those with caring responsibilities.

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.

Corporate and Social Responsibility

In 2012-13 CJI maintained its recycling policy for both sensitive and non-sensitive paper waste across the organisation.

Organisational Structure and Responsibilities

The Chief Inspector of Criminal Justice in Northern Ireland is the head of the organisation 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 and to deputise for the Chief Inspector in his absence and when otherwise required. The Deputy Chief Inspector is also the Chief Executive and Accounting Officer for CJI. As such, he has responsibility for the day-to-day running of the organisation. He is also responsible for 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 during the year and as such, are the key members of CJI's Senior Management Team (SMT). They are assisted in their work by the finance colleagues from the Financial Services Division of the DOJ, the Business and Communications Manager and a representative of the Inspection Team.

While CJJ does not have a Management Board, it has an Audit Committee which meets four times during a calendar year. Minutes of CJJ's Audit Committee meetings are publicly available on the CJJ website - www.cjini.org. CJJ also participates in quarterly oversight meetings with officials from its sponsor division within the DOJ.

Organisational Development

CJJ first indicated that it would seek external accreditation for its Quality Management System (QMS) in its 2009-12 Corporate Plan. In February 2011 a full audit of all our activities against the standard was carried out. As a result of this comprehensive audit, all of CJJ's business operations were awarded ISO 9001:2008 certification. CJJ was audited again in January 2012 and January 2013 and reaccreditation for the QMS system was retained.

A programme of internal audits and regular evaluation of procedures ensures that there is continuous improvement of the QMS. The focus for CJJ is to continue to enhance the system we use to consistently deliver a quality product.

Staffing

CJJ had a complement of 16 staff at the start of the financial year. During the course of the year, staffing figures reduced to 13 following the resignation of the previous Chief Inspector, the transfer of a member of the Business Support Team to Account NI under TUPE (Transfer of Employment (Protection of Employment) Regulations 2006), and the conclusion of the temporary Finance Manager's period of employment. Staff numbers increased to 14 in-year following the appointment of a new Inspector at the start of November 2012. This figure remained constant following the appointment of the former Deputy Chief Inspector to the position of Chief Inspector at the end of November 2012 and the substantive appointment of a Business and Communication Manager in February 2013.

During July 2012 CJJ transferred its finance function to the NICS's Account NI shared service. This was part of the overall transfer of DOJ divisions, Non-Departmental Public Bodies and Arms Length Bodies. CJJ staff have been closely involved in the transfer process and have worked in partnership with colleagues from FSD to embed the new processes and working arrangements. As part of this initiative a service level agreement has been signed between CJJ and FSD to support the new processes.

During 2012-13, the Chief Inspector and members of the Inspection Team undertook a one day media training session to enhance their skills. A member of the Inspection Team continued a two-year part-time Masters Degree in Public Administration which included modules on the economics of governance, policy evaluation and research methods while the Business and Communications Manager undertook courses on managing procurement risk and public accountability.

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

The Chief Inspector has line management responsibility for the Inspection staff, the Business and Communications Manager, IT and Security Manager and Personal Assistant. Following the appointment of a permanent Chief Executive, line management responsibility for these posts will be transferred. The Business and Communications Manager has line management responsibility for the Business and Communications Support Officer and Administration Support Officer.

In 2012-13 the average level of staff sickness absence stood at 3.07 days per employee (7 days in 2011-12).

External Communication

During 2012-13, CJI continued its programme of external communication. The publication of the findings of CJI's inspection reports/action plan reviews and inspection follow-up reviews provides a valuable opportunity to reinforce with stakeholders and the community, the quality of the work carried out by the Inspectorate and the impartial nature of the inspection process.

The publication of inspection reports also continued to play a vital role in highlighting the contribution CJI makes to the continued improvement of the criminal justice system in Northern Ireland.

The Chief Inspector took a lead role in promoting the work of the Inspectorate and the findings of its inspection reports and action plan reviews/inspection follow-up reviews.

During the last financial year the publication of each report was accompanied by a press release and where appropriate, supplementary communications activity. In addition, the Chief Inspector and members of the Inspection Team responded to requests for interviews from print and broadcast media outlets, wire and internet-based news services. They also contributed to a number of current affairs programmes examining issues related to criminal justice matters.

In addition, the Chief Inspector and members of the Inspection Team also gave evidence to the Northern Ireland Assembly's Committee for Justice on a range of inspection topics including anti-social behaviour, policing with the community and the management of life and indeterminate sentenced prisoners.

In year the Chief Inspector, Deputy Chief Inspector and Inspection Team engaged with the Northern Ireland Policing Board and its various Committees. They have also maintained regular contact with the Office of the Prisoner

Ombudsman for Northern Ireland during the course of the financial year.

The CJI Chief Inspector's involvement in the Prison Oversight Group continued during the course of the financial year along with David Ford MLA, Minister of Justice, Nick Perry Permanent Secretary, DOJ, Andrew McCormick Permanent Secretary, Department of Health, Social Services and Public Safety, Patricia Gordon, Northern Ireland Prison Service non-executive Director, Professor Monica McWilliams, former Chief Commissioner of the Northern Ireland Human Rights Commission and Duncan McCausland former Assistant Chief Constable, Police Service of Northern Ireland.

During 2012-13 the Chief Inspector maintained their involvement with the Heads of Inspectorates Forum which brings together the heads of all inspection and regulation agencies within the UK and attended a meeting of the Independent Monitoring Board Chairs.

In addition CJI senior management and members of the Inspection Team were pleased to accept a number of invitations to address conferences and seminars linked to criminal justice matters.

During April 2012 the Chief Inspector participated in *AgendaNi* magazine's annual criminal justice conference and a special interest conference organised by Public Protection Arrangements Northern Ireland on communication within and between criminal justice agencies. In May, Brendan McGuigan participated in a University of Ulster/Opportunity Youth event looking at providing opportunities and improving prospects through education within the youth justice system, and in June he addressed *eolas* magazine's criminal justice conference in Dublin on working towards an affordable and efficient justice system.

In July William Priestley from the Inspection Team travelled to Moscow to give three presentations to representatives from the Chechen Republic on police complaints and oversight as part of a seminar organised by the Council of Europe.

In September Mr McGuigan attended an event organised by the Law Commissioners looking at the issue of reform of the law and the practice of bail in Northern Ireland. This was followed later in the month by his participation in a NIACRO conference on challenging Hate Crime. In October Mr McGuigan represented CJI at the Policing with the Community Awards at Belfast City Hall and participated in discussions around the Northern Ireland Human Rights Commission's strategic plan in November 2012 and February 2013.

In February 2013 the Chief Inspector attended the opening of Quoile House at Maghaberry Prison and took part in the Vera Institute of Justice Round Table Talk hosted by Trinity College Dublin's Irish School of Ecumenics.

During the year the Chief Inspector and members of the Inspection Team welcomed visiting representatives from Kyrgyzstan and the Bahraini Police Ombudsman and government officials to CJI to discuss the issue of civilian oversight of the police. James Corrigan represented CJI when he travelled to The Netherlands during the course of the year to present a paper on forensic science inspection to the European Academy of Forensic Science Conference in The Hague.

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 Regulation and Quality Improvement Authority, the Independent Monitoring Boards and the Northern Ireland Policing Board's Independent Custody Visiting Scheme.

The inspections that CJI published in 2012-13 on the management of life and indeterminate sentenced prisoners, Maghaberry Prison, a follow-up review of Police Custody arrangements and ongoing monitoring visits to the Juvenile Justice Centre specifically related to its NPM function. The UK NPM published its third annual report in February 2013 which CJI contributed to and this provides an overview of the work across the UK.

Corporate and Business Planning

During the 2012-13 financial year, CJI published its 2012-15 Corporate Plan and 2012-13 Business Plan. The Corporate Plan provided a strategic look at the proposed inspection programme for the next three years while the Business Plan for 2012-13 set out more precisely the objectives, targets and resources CJI intended to employ to achieve them. CJI's organisational goals for 2012-13 and the programme of inspections and inspection reviews/action plan reviews the Inspectorate intended to undertake were included in the Business Plan.

As part of its preparation work for the Corporate and Business Plans, the Chief Inspector held a series of meetings with senior figures in each of the key criminal justice organisations. The

meetings were held to gain their views on the topics and areas which merited inclusion in the proposed 2012-15 inspection programme and the programme for 2012-13.

Consultation meetings were held with representatives of other criminal justice bodies and stakeholders working within the criminal justice sector which CJI has responsibility for inspecting. Discussions also took place with the Lord Chief Justice Sir Declan Morgan, the Attorney General for Northern Ireland John Larkin QC and senior figures from each of the political parties represented in the Northern Ireland Assembly. These discussions assisted the Inspectorate in refining the proposed inspection programme prior to its submission to the Minister of Justice. The Corporate and Business Plans were subsequently published in May 2012.

Similar meetings were also held in the latter part of the financial year with senior figures in each of the key criminal justice organisations, representatives of other criminal justice bodies and stakeholders working within the criminal justice sector including members of the voluntary and community sector and academics to inform CJI's thinking around the development of the 2013-14 inspection programme.

Working in partnership

During the 12 months between April 2012 and March 2013, CJI continued to work closely with its partner Inspectorates including Her Majesty's Inspectorate of Prisons, Her Majesty's Inspectorate of Constabulary, Her Majesty's Inspectorate of Probation, Her Majesty's Crown Prosecution Service Inspectorate, the Education and Training Inspectorate and the Regulation and Quality Improvement Authority.

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

Political engagement

During 2012-13 CJI enjoyed a productive and mutually beneficial working relationship with the Minister of Justice, David Ford MLA. The Chief Inspector attended quarterly meetings with the Minister which formed part of CJI's consultation on its proposed inspection agenda for the 2013-14 financial year. These meetings were supplemented by specific briefings on individual reports throughout the year.

The Inspectorate also welcomed the opportunity to engage and have discussions with politicians appointed to the Northern Ireland Assembly's Committee for Justice. MPs, MEPs and locally elected politicians within the Northern Ireland Assembly continued to receive copies of all CJI's inspection reports and action plan reviews/inspection follow-up reviews during the course of the year. CJI also met with local political party justice representatives during 2012-13.

Information Assurance

Following the devolution of policing and justice matters, 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 quarterly Accreditation and Risk Management reports in line with the DOJ Security Policy framework.

In November 2011 CJI was granted full accreditation from its sponsor department for its IT system. This accreditation is valid until June 2014 which ensures that CJI's Information, Communication and Technology systems are processing protectively marked information in the correct way.

CJI Equality Scheme and Action Plan

On 31 August 2012 Criminal Justice Inspection published its third 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 regard to the desirability of promoting good relations across a range of categories outlined in the Act.

A handwritten signature in black ink, appearing to read 'James Corrigan', is written over a solid red horizontal line.

James Corrigan
Acting Chief Executive and Accounting Officer

10 June 2013



Dr Willie McCarney

CJI Audit Committee Report

The Audit Committee held four meetings during the 2012-13 financial year.

The **Spring** meeting took place on 26 April 2012.

The Risk Register was updated to take into account the transfer of financial processing to Account NI and the service level agreement which was in the process of being arranged with Financial Services Division (FSD) of the DOJ. The Committee welcomed the news that all the recommendations made in the Internal Audit Report had been implemented and thanked CJI staff for their hard work in accomplishing this. CJI's new Anti-Fraud Policy was approved. There had been no Direct Award Contracts since the last meeting. Travel and Subsistence expenditure by the Chief Inspector and Deputy Chief Inspector was minimal. The Committee approved the Internal Audit Plan for 2012-13 and congratulated CJI on receiving an Annual Assurance rating of *Satisfactory*, noting that all five recommendations had been implemented. The Audit Committee's *Terms of Reference* were agreed with some minor amendments. The Committee welcomed the news that the pay strategy/assimilation plan had been approved by the Department of Finance and Personnel (DFP). The Chair congratulated Dr Michael Maguire on his

appointment to the role of Police Ombudsman for Northern Ireland and Martina White on her move to Account NI.

The **Summer** meeting took place on 7 June 2012.

The Committee welcomed the news that Internal Audit had discharged all last year's recommendations. External Audit requested that a paper be prepared and made available to the Audit Committee tracking progress on actioning all Internal and External audit recommendations. The Audit Committee's Annual Report to the Accounting Officer had been circulated to members for approval with a view to its inclusion in CJI's Annual Report. A draft of CJI's Annual Report would be circulated for comment. A report on the draft accounts, received from External Audit, was clean. It was agreed that all Audit Committee members should be provided with copies of CJI's draft accounts. The Statement of Internal Control was discussed. A laptop had gone missing but no data had been lost, as it had been encrypted. CJI's door security system had been enhanced and staff advised to implement the clear desk policy. The Committee discussed

the overall conclusions and opinions of the NIAO draft report to those charged with governance. The Audit Committee's *Terms of Reference* were reviewed and updated.

The **Autumn** meeting took place on 13 September 2012.

Congratulations were extended to Brendan McGuigan and James Corrigan who had been appointed Acting Chief Inspector and Acting Deputy Chief Inspector respectively. A few minor changes to CJI's Risk Register were noted. There had been no whistle blowing or fraud issues since the last meeting and no Direct Award Contracts. Expenses submitted by the Acting Chief Inspector and Acting Deputy Chief Inspector were minimal. The External Audit opinion for the previous year was discussed. An issue in relation to a newspaper copying licence was queried.

It was accepted that it should have been treated as a Direct Award Contract and staff were advised accordingly. A tracker document had been shared with Committee members summarising the progress report from management on the implementation of External and Internal Audit recommendations. Members noted that all recommendations had been dealt with. The Audit Committee's *Self-Assessment Report 2011-12* was considered and approved after some amendment to the wording. The benefits of transferring finance to FSD were highlighted. It was noted that some risks have consequently shifted, while CJI's independence was unaffected. The transfer of services will allow CJI to concentrate on its core business function. Members agreed that Internal Audit had provided an excellent service to date. The gifts and hospitality register was reviewed - no issues were raised.

The **Winter** meeting took place on 7 February 2013.

The Chairman extended his congratulations to Brendan McGuigan on his appointment as Chief Inspector. A few minor changes were noted in the Risk Register. There were no whistle blowing or fraud issues. All External and Internal Audit recommendations had been implemented. It was noted that CJI was seeking retrospective approval for a Direct Award Contract. It was agreed that at all times procurement guidelines should be followed. It was accepted that this situation occurred due to urgent business needs and that, following the adoption of the new guidance, this will not happen again. The Audit Committee approved asking the DOJ to introduce a delegated limit for Direct Award Contracts in line with the new DOJ policy as circulated in December 2012. The Committee received a verbal report on the Internal Audit fieldwork which was in the process of completion. The Internal Audit plan had been reviewed and changed at the request of management to reflect the changes CJI have faced with shared services. The Audit Committee's *Terms of Reference* were reviewed. Appropriate changes throughout the document were suggested to reflect changes in terminology. The Committee reviewed a report summarising a nine-month set of accounts. The information will assist with preparation of the final 12-month accounts to be incorporated into the Annual Report and Accounts. It was agreed that the Audit Committee should receive six-month, nine-month and year-end accounts.



Dr Willie McCarney
Chair of CJI Audit Committee
April 2013

Objectives of the Criminal Justice System in Northern Ireland

Constituents of the Criminal Justice System

The criminal justice system in Northern Ireland comprises seven main agencies:

- The Department of Justice (DOJ);
- The Northern Ireland Courts and Tribunals Service (NICTS);
- The Northern Ireland Prison Service (NIPS);
- The Police Service of Northern Ireland (PSNI);
- The Probation Board for Northern Ireland (PBNI);
- The Public Prosecution Service (PPS); and
- The Youth Justice Agency (YJA).

There are also a number of other agencies such as Forensic Science Northern Ireland and the State Pathologist's Department which are essential elements of the system.

By contrast, there are other agencies such as HM Revenue and Customs and the Serious and Organised Crime Agency (SOCA), that are important players in the criminal justice system but which are excluded from the remit of CJI.

Ministerial responsibility

The Minister of Justice was responsible during this financial year for all aspects of the criminal justice system apart from the judiciary and the Public Prosecution Service, which is a non-ministerial department funded through the Northern Ireland Assembly.

Government objectives for the Criminal Justice System

The policies in force during this financial year are set out in the DOJ's addendum to the Programme for Government which can be found at http://www.dojni.gov.uk/index/publications/doj_addendum_to_pfg.pdf

The DOJ's Corporate Plan for 2012-15 and Business Plan for 2012-13 outlines its strategic aims and objectives, planning assumptions and resourcing. A copy of the plan can be obtained from the DOJ website <http://www.dojni.gov.uk/index/publications/publication-categories/pubs-departmental-business/doj-corporate-and-business-plans.pdf>

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

This section summarises the findings of inspection reports published by CJI in 2012-13. During this financial year, CJI published 10 Inspections and five Action Plan Reviews/Inspection Follow-Up Reviews fulfilling its commitment to revisit each inspection report to assess progress against recommendations made and agreed by the various agencies within the criminal justice system.

It should be noted that some major pieces of work undertaken by CJI in 2012-13 are not due to be published until the 2013-14 financial year. They include CJI's inspection of Police Service of Northern Ireland (PSNI) Workforce Modernisation; an inspection of Probation Board for Northern Ireland (PBNI) Community Supervision; Corporate Governance within the Public Prosecution Service (PPS); an inspection of Forensic Science Northern Ireland; and a thematic inspection on the cost and impact of the Past.

INSPECTION REPORTS

The use of special measures in the criminal justice system in Northern Ireland

Northern Ireland needs a Witness Charter. This was the conclusion of a report on the use of special measures in the criminal justice system published by CJI in April 2012. CJI undertook the inspection at the request of the DOJ.

The inspection found many of the apparent issues surrounding special measures had already been identified by a Departmental working group and work-streams had been commenced to address these. Consequently, the findings and recommendations made by Inspectors in their report were broadly supporting and reinforcing that work.

However, the inspection also noted there were existing difficulties with the identification of vulnerable and intimidated witnesses. In addition to proper identification of vulnerability, the inspection highlighted two other key areas requiring priority attention by the criminal justice agencies. These were individual needs assessments and improved communication with witnesses.

Lead Inspector: Derek Williamson

Published: April 2012

Northern Ireland Courts and Tribunals Service: An inspection of the adequacy of the courts estate

The inspection of the adequacy of the courts estate examined the adequacy of the current courts estate in meeting the requirements of court business and considered the Northern Ireland Courts and Tribunals Service (NICTS) approach to managing its estate to deliver court business within a changing environment. The estate was valued at over £200m. and although £44m. was spent in the last eight years, the current court estate showed considerable variations in the quality of the facilities available. The variations in quality and the high costs incurred in certain areas indicated the need for an estate strategy that considered the overall nature of court provision.

The inspection report found that the NICTS faced serious challenges at around half of its court venues and the transfer for the overall responsibility for the support of a number of tribunals, including infrastructure, to the NICTS had compounded the issue. Although CJI acknowledged that the NICTS had an option to improve the estate at an indicative cost of £75m. it was unlikely that this financial demand would be met.

CJI proposed a possible alternative where the NICTS focused on a strategy to deliver those elements of the preferred option that were affordable within its annual capital funding, realise savings by closing the least efficient court venues, increase productivity at the others and prepare separate business cases for new build projects in Derry/Londonderry and North Down to take advantage of any reallocation of the DOJ capital budget.

The rationale for closure of certain courthouses was supported by the very low utilisation levels and high costs incurred at these venues. The report concluded that as the NICTS could no

longer meet user demands and comply with statutory requirements at every court venue, the development of an Estate Strategy based on user needs rather than legacy assets was essential.

Lead Inspector: Stephen Dolan
Published: May 2012

Telling Them Why - An inspection of the Public Prosecution Service for Northern Ireland's giving of reasons for its decisions

In May 2012 CJI published the findings of its inspection '*Telling Them Why*'. The purpose of the inspection was to consider whether there were effective, appropriate guidelines and mechanisms in place surrounding the policy and practice of the PPS on the giving of reasons for its decisions.

The inspection found that the PPS had taken important steps forward in the development of its policies and procedures regarding the giving of reasons to victims on prosecution decisions. Despite some difficulties with the existing policies, Inspectors also found many examples of good practice. However, the conclusion of the CJI report was that the PPS needed to make further progress towards more full and open engagement with all victims, insofar as might be possible within the limitations of the law.

In addition, the inspection found that the operational practice of the PPS could be improved and was inconsistent across the organisation. Ultimately, Inspectors recommended that more detailed reasons are provided in all cases, where possible.

Lead Inspector: Derek Williamson
Published: May 2012

Answering the call: An inspection of the Police Service of Northern Ireland's contact management arrangements

In June 2012 CJI published its report into how the PSNI dealt with emergency and non-emergency calls and found that significant improvements had been made in managing that critical first encounter with a member of the public. However, the report recommended that the PSNI Contact Management Strategy must be continuously reviewed to ensure user satisfaction in the long-term.

Delays in implementing Individual Performance Review across the Service had meant that there was no strong link from individual officers' operational actions to an annual assessment regime and this had hindered the full impact of the new contact management arrangements. The report found that there had been no organisational strategy to employ non-police in the role of dispatcher.

Given the benefits to the public of returning more police officers to front line duties, CJI recommended that the PSNI should actively pursue the deployment of non-police members of staff as dispatchers to reduce its dependence on serving officers within contact management centres.

The PSNI had moved from an eight-centre contact management model to a four-centre one and this had been managed and communicated well over a relatively short time span. Service excellence had been identified as integral to the development of a Contact Management Strategy but Inspectors found that there was still room for improvement in how the service was delivered. The rate of abandoned calls had significantly reduced under the new contact management arrangements from around 20% to 3.7% and this had represented a significant improvement in service delivery. In addition, the PSNI had performed

reasonably well on other contact management targets.

Lead Inspector: William Priestley

Published: June 2012

Early Youth Interventions

During the summer CJI published its report of a thematic inspection on early youth interventions, which looked at the contribution of the criminal justice agencies in Northern Ireland to preventing children and young people from entering the criminal justice system.

The report highlighted the benefits of early interventions which have been well documented in terms of social, emotional, educational and financial outcomes. However, Inspectors encountered a number of issues, including a limited overall strategy for justice agencies, a lack of co-ordination between Executive Departments, a cluttered landscape of provision leading to potential duplications and a lack of evaluation of outcomes.

Inspectors were not able to get a complete picture of the number, types and funding of early intervention programmes available in Northern Ireland. The lack of co-ordination meant there was a risk of duplication of funding for projects and the lack of evaluation made it difficult to assess effectiveness and value for money. Many of the problems that contribute to criminal behaviour are already formed long before the young person reaches the criminal justice system but justice needs to work with other agencies to divert young people away from offending.

The report recommended a clear commitment to the early interventions approach from the Ministerial representatives on the Ministerial Sub-Committee for Children and Young People. The Sub-Committee is chaired by the two Junior Ministers from the Office of the First Minister and

Deputy First Minister, who have responsibility for children and young people and all departmental Ministers are members. Inspectors believe that without this commitment from Ministers and those responsible for health and social care, education and criminal justice to implementing an early intervention approach, Northern Ireland will not be able to effectively tackle the problems emerging for at risk children, young people and their families.

Lead Inspector: Rachel Lindsay
Published: July 2012

The management of life and indeterminate sentenced prisoners in Northern Ireland

In July 2012 CJI reported that life sentence prisoners were being well managed in Northern Ireland, both in prison and while under supervision in the community, though there were key areas that required improvement to ensure public protection and confidence in the criminal justice system.

The Parole Commissioner's administration and contact with criminal justice agencies had improved. The inspection also found that life licensees were being carefully supervised in the community by the PBNI and that the Northern Ireland Prison Service (NIPS) had improved things by establishing a dedicated lifer house at Maghaberry Prison.

The report made three strategic recommendations for improvement, namely for the NIPS and others to urgently establish a new step-down facility for lifers; to reconfigure the respective roles of the PBNI and the NIPS psychology services; and to improve delivery of Offending Behaviour Programmes in the prisons.

Lead Inspector: Tom McGonigle
Published: July 2012

Anti-Social Behaviour

During the 2012-13 financial year CJI published a report on a thematic inspection of anti-social behaviour which included a follow-up on the recommendations made in the 2008 report on Anti-Social Behaviour Orders (ASBOs).

The report highlighted the importance of partnership working between the justice system and other Government departments in addressing the issue. The key strategic recommendation therefore was that the DOJ should continue to encourage organisations with responsibility for community safety matters, from within and outside the justice sector, to collaborate at a strategic and local level to take forward its implementation.

The report highlighted the significant role the recently established Policing and Community Safety Partnerships have to play in addressing and dealing with anti-social behaviour and the need for early intervention around anti-social behaviour was a reoccurring theme throughout the inspection, particularly when dealing with young people.

Inspectors also found that ASBOs continued to be a source of debate and divided opinion - especially as around 40% of ASBOs are granted against young people aged under 18 years. Whilst figures show that their use in Northern Ireland has declined in recent years, they are still used in the small number of cases where previous interventions have not secured a change in behaviour. In light of this Inspectors made two recommendations to support young people in changing their behaviour.

Lead Inspector: Rachel Lindsay
Published: October 2012

An announced inspection of Maghaberry Prison

A report published in December 2012 found that standards at Maghaberry Prison had improved in the past three years. Arrangements to support vulnerable prisoners were progressing and there had been positive investment in the prison's new Learning and Skills Centre. Resettlement was the most positive aspect of Maghaberry, with good attempts made to address the behaviour of both short and long-term prisoners.

While there had been some improvements in healthcare, organisational and staffing problems were having an adverse impact on clinical outcomes. The introduction of mandatory drug testing was welcomed but concerns remained around the diversion of prescription medication and poor drug treatment processes. Despite high staffing levels, association and exercise areas were not adequately supervised; and there were insufficient activities to occupy prisoners with around half of the population unemployed.

Inspectors concluded that Maghaberry did not yet provide a sufficient level of safety and respectful treatment, and too many prisoners had insufficient purposeful activity during their time there. A total of 93 recommendations for improvement were made.

Lead Inspector: Tom McGonigle

Published: December 2012

The use of early guilty pleas in the criminal justice system in Northern Ireland

An inspection report by CJI published in February 2013 examined how early guilty pleas are used by the criminal justice system in Northern Ireland. It examined the benefits early guilty pleas could provide for victims and witnesses by avoiding the need for a trial, and for offenders by improving the speed at which cases could be dealt with and offending behaviour programmes could commence.

Inspectors found overwhelming support for early guilty pleas during the inspection process and saw the need for clear schemes as essential to improve how the process is managed and operates. Consequently, CJI urged the DOJ to deliver and oversee the development of a clear early guilty plea scheme for both the Magistrates' and Crown Courts in Northern Ireland. In their inspection report Inspectors further advocated that this needed to be supported by the reform of a series of interrelated areas. This included committal procedures, case management, further reform of the criminal legal aid fee structures and improvements in the collection and sharing of data.

Inspectors noted that improvements in the use of early guilty pleas could have a positive impact in delivering significant benefits for victims, witnesses, offenders and to the public purse.

Lead Inspector: Derek Williamson

Published: February 2013

A review of the Voluntary and Community Sector's involvement in the Northern Ireland criminal justice system

CJI published its second review of the voluntary and community sector's (VCS's) involvement in the criminal justice system in March 2013. While the context had changed significantly with the devolution of justice and the recession, many of the positive features we observed in 2006 were still evident. In particular, the VCS continued to attract substantial monies into the criminal justice system from other sources to supplement local statutory funding.

Short-term and piecemeal funding, coupled with changes in the funding arrangements for VCS services remained an issue. Accountability arrangements had become more complex. Inspectors found they could vary considerably depending upon who was allocating the funding and there was scope for a more proportionate response for lower risk organisations.

Inspectors made four recommendations to improve the situation, including that responsible agencies should be identified from within the DOJ family to lead on specific funding relationships; and that criminal justice agencies should standardise their approach to funding.

Lead Inspector: Tom McGonigle

Published: March 2013

During the financial year Dr Ian Cameron also provided reports to the Minister of Justice on the work ongoing to implement the recommendations of the Prison Review Team in December 2012 and March 2013.

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

ACTION PLAN REVIEWS/ INSPECTION FOLLOW-UP REVIEWS

The Enforcement of Fines: A follow-up review of Inspection recommendations

A follow-up inspection undertaken by CJI on the enforcement of fines in Northern Ireland during the course of the financial year assessed progress made against 10 recommendations made in its original 2010 report.

Inspectors found that three recommendations had been achieved, five partially achieved and two not achieved. Inspectors accept the complexity of the issues surrounding the enforcement of fines, and acknowledge that much work has been undertaken, in particular the work of the NICTS which has made a significant reduction in the number of warrants issued to the police.

In addition a Fine Enforcement Project Group had also been established to take forward fine enforcement in the criminal justice agencies and Inspectors noted that the introduction of Supervised Activity Orders had the potential to make a positive impact as they are rolled-out across Northern Ireland.

Despite this work, CJI found overall progress in reducing the number of people sent to prison solely for fine default had been slow. This places tremendous pressures on the prison service at a time when it is undergoing a significant change programme; places undue pressures on women prisoners; and leaves the enforcement system open to abuse as people discharge their fines with minimal effort.

CJI's follow-up inspection report indicated that there had not been the substantive changes required to the enforcement process nor had there been a stricter regime introduced to maximise compliance and minimise police enforcement and the use of imprisonment.

Only when this has been completed - as outlined in the original inspection report - will the social and financial cost of short-term sentences for fine default and the operational impact on the courts, police and prisons be addressed.

Lead Inspector: Dr Ian Cameron

Published: July 2012

Policing with the Community: A follow-up review of Inspection recommendations

The follow-up review into policing with the community was published in September 2012 and made an assessment of the work undertaken to implement inspection recommendations and suggestions for improvement. CJI welcomed the progress made by the PSNI to embed the ethos of policing with the community across the organisation since the full inspection report of 2009.

Inspectors found that there had been substantial progress in terms of the resources allocated to support and sustain neighbourhood policing, the development of a revised Policing with the Community Strategy, and the implementation of a service-wide call management system. At the time of the report, 700 police officers were specifically involved in neighbourhood policing duties which is an important enabler of policing with the community. Inspectors would wish to see this investment adequately protected when pressure to sustain officer numbers in other police areas occur.

Inspectors concluded that to maintain into the long-term the improvements that had been delivered, the PSNI would have to imaginatively utilise the resources and personnel it had available to ensure policing with the community remained at the core of service delivery.

Lead Inspector: William Priestley

Published: September 2012

The independence of the Office of the Police Ombudsman for Northern Ireland: A follow-up review of Inspection recommendations

In January 2013 CJI published its follow-up review into progress made with recommendations detailed in its report of September 2011 into the independence of the Office of the Police Ombudsman (OPONI). At that time work on sensitive historical cases had ceased because Inspectors had found the way in which the OPONI dealt with the investigation of historical cases had led to a lowering of its operational independence.

The follow-up review found that there had been a sea change within the OPONI. Substantial progress had been made against recommendations. New structures and processes had focused on providing comprehensive and robust quality assurance of investigations into historical cases and on the subsequent production of public reports. Four of the six recommendations had been achieved with two being assessed as partially achieved. Work remained to be completed in relation to the review of the OPONI's Confidential Unit to ensure the needs of a civilian oversight body are met.

The report concluded that a complete assessment of whether the full independence of the Office had been restored could only be made after public reports on historical cases had been published. The Chief Inspector made a determination to return to carry out a full assessment when a number of historic reports have progressed through the process and had been published.

Lead Inspector: William Priestley

Published: January 2013

Police Custody: A follow-up review of Inspection recommendations

CJI and the Regulation and Quality Improvement Authority (RQIA) undertook a follow-up review of the 2009 inspection of Police Custody during the course of the financial year. This review forms part of CJI and RQIA's responsibilities as members of the UK's National Preventive Mechanism to prevent torture and ill-treatment of those held in custody. The report was published in February 2013 and assessed progress against the 12 inspection recommendations in the original report. The follow-up review found that three recommendations had been achieved, six had been partially achieved and three had not been achieved.

Progress had been made in relation to dealing with immigration detainees and training for custody officers as well as some operational issues. The PSNI had not however made final decisions about moving to a centralised model which continued to result in inconsistency of delivery across the estate. There were still issues with the overall management of custody provision, as a result of the devolved custody management structure. This was disappointing for CJI as the Inspectorate believe this is critical to ensuring the effective, efficient and safe provision of custody services.

There was also limited progress in the area of healthcare. Whilst the PSNI had introduced a new contract for Forensic Medical Officers no decision had been reached on the future model for healthcare provision. The PSNI were progressing the required changes to legislation in order to be able to engage other healthcare staff in custody suites. In the meantime there continued to be issues with inconsistencies across the estate of the selection, procurement, prescription, supply, dispensing, storage, administration and disposal of medications. Some improvements had been made in the approach to the cleaning and infection control procedures in the medical rooms and most were

clean and uncluttered, however there was still evidence of the need for improvement.

In light of these findings CJI and RQIA intend to re-visit this area with a full inspection in the 2013-14 inspection programme.

Lead Inspector: Rachel Lindsay

Publication date: February 2013

Please note CJI's inspection on anti-social behaviour carried out by Rachel Lindsay included a follow-up of its previous report on anti-social behaviour orders. Details of this work can be found within the *Inspection Reports* section.

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

Audited Information 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 Criminal Justice Inspection are remunerated largely in line with NICS pay agreements and the CJI pay strategy approved by the Department of Finance and Personnel in Spring 2012.

Service Contracts

Directly recruited appointments are made in accordance with the Civil Service Commissioners' for Northern Ireland's Recruitment Code, which requires appointments 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. The Deputy Chief Inspector position 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 <http://www.nicscommissioners.org>

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the most senior employees:

Remuneration (audited information)

The following sections provide details of the remuneration and pension interests of the Accounting Officer/Chief Executive and members of the Senior Management Team and Board.

| | 2012-13 | | | 2011-12 | | |
|--|---|----------------------------|---|-----------------|----------------------------|---|
| | Salary £'000 | Bonus Payments £'000 | Benefits in kind (to nearest £100) | Salary £'000 | Bonus Payments £'000 | Benefits in kind (to nearest £100) |
| Dr M Maguire Chief Inspector (1 April 2012 – 15 July 2012) | 30-35 (110-115 full year equivalent) | - | - | 110 –115 | - | - |
| Mr B McGuigan Deputy Chief Inspector, (1 April 2012 - 15 July 2012) Acting Chief Inspector and Chief Inspector (16 July 2012 onwards)* | 80-85 (100-105 full year equivalent) | - | - | 65-70 | - | - |
| Mr J Corrigan Acting Deputy Chief Inspector & Chief Executive (3 September 2012 onwards) ** | 30-35 (55-60 full year equivalent) | - | - | Nil | - | - |
| Band of Highest paid | £100k-£105k | | | £110k-£115k | | |
| Director's Total Remunerations | | | | | | |
| Median Total Remuneration | 46,364 | | | 45,532 | | |
| Ratio | 2.2 | | | 2.5 | | |

* Please note: The Deputy Chief Inspector was appointed as Acting Chief Inspector following the resignation of the former Chief Inspector on 15 July 2012. The Acting Chief Inspector remained in post from 16 July 2012 until they were permanently appointed as Chief Inspector on 30 November 2012.

** The position of Deputy Chief Inspector was vacant between 16 July 2012 and 2 September 2012. The Acting Deputy Chief Inspector was appointed with effect from 03 September 2012.

Public bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the workforce. The Chief Inspector is the highest paid official within the organisation.

The banded remuneration of the highest paid director in CJi in the financial year 2012-13 was £100k-£105k (2011-12: £110k - £115k). This was 2.2 times (2011-12: 2.5 times) the median remuneration of the workforce, which was £46,364 (2011-12: £45,532).

No employee received remuneration in excess of the Chief Inspector during either the year ended 31 March 2013 or the prior year ended 31 March 2012.

Total remuneration includes salary. It does not include employer pension contribution and the cash equivalent transfer value of pensions.

Salary

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

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 (2011-12: £Nil).

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses reported in 2012-13 relating to performance in 2012-13 or comparative bonuses reported for 2011-12 relating to performance in 2011-12.

Pension Entitlements (audited information)

| Name | Accrued pension at age 60 as at 31/03/13 and related lump sum £'000 | Real increase in pension and related lump sum at age 60 £'000 | CETV at 31/03/13 £'000 | CETV at 31/03/12 **** £'000 | Real increase in CETV £'000 | Employer contribution to partnership pension account Nearest £100 |
|--|--|--|---------------------------|-----------------------------------|--------------------------------|--|
| Dr M Maguire (1 April 2012-15 July 2012) | 0 - 5 | 0 - 2.5 | 149*** | 139 | 9 | - |
| Mr B McGuigan | 10 - 15 | 2.5 - 5 | 248 | 174 | 60 | - |
| Mr J Corrigan | 0 - 5 | 0 - 2.5 | 52 | 39 | 7 | - |

*** The CETV information for 2013 reflects the pension entitlement as at 15 July 2012 and incorporates pension values accrued with both PCSPS and PCSPS (NI). The PCSPS pension value (£112k) was in the process of being transferred to PCSPS (NI) however this transfer had not been completed as at 15 July 2012 and the value has not been reassessed from the assessed value as at 31 March 2012.

**** The CETV change factors notified in 2011-12 were not applied to last year's calculator for the completion of the 2011-12 accounts. The calculator has been updated and now reflects the revised factors previously notified, therefore the new factors mean the opening CETV figure shown in the 2012-13 report is not the same as the corresponding closing figure showing in the 2011-12 report.

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service Pension arrangements 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**, or **classic plus**). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under **classic**, **premium**, or **classic plus** are increased annually in line with changes in the Consumer Prices Index (CPI). 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 are eligible for membership of the **nuvos** or they can opt 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 increased annually in line with increases in the CPI. For 2013, public service pensions will be increased by 2.2% with effect from 8 April 2013.

Employee contributions are determined by the level of pensionable earnings. The current rates are as follows:

Members of **classic**:

| Annual pensionable earnings (full-time equivalent basis) | New 2013 contribution rate before tax relief |
|--|--|
| Up to £15,000 | 1.50% |
| £15,001-£21,000 | 2.70% |
| £21,001-£30,000 | 3.88% |
| £30,001-£50,000 | 4.67% |
| £50,001-£60,000 | 5.46% |
| Over £60,000 | 6.25% |

Members of **premium**, **nuvos** and **classic plus**:

| Annual pensionable earnings (full-time equivalent basis) | New 2013 contribution rate before tax relief |
|--|--|
| Up to £15,000 | 3.50% |
| £15,001-£21,000 | 4.70% |
| £21,001-£30,000 | 5.88% |
| £30,001-£50,000 | 6.67% |
| £50,001-£60,000 | 7.46% |
| Over £60,000 | 8.25% |

Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings 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 **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (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 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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**. Further details about the CSP arrangements can be found at the website www.dfpni.gov.uk/civilservicepensions-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 CSP 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 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.

Details of pensions within Accounting Policies can be located at paragraph 1(b) of Note 1 to the Accounts (see page 46).

Bonuses/Compensation for loss of office

No bonuses were paid in 2012-13 (2011-12: £Nil). No compensation for loss of office was paid during 2012-13 (2011-12: £Nil).



James Corrigan

Acting Chief Executive and Accounting Officer

10 June 2013

Statement of the Chief Inspector of Criminal Justice's and Chief Executive'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 Department of Justice has appointed the Acting 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.



James Corrigan

Acting Chief Executive and Accounting Officer

10 June 2013

Governance Statement

Governance Framework

Scope of Responsibility

Criminal Justice Inspection Northern Ireland (CJI) is an Arms 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, the Deputy Chief Inspector, who is also Chief Executive and Accounting Officer, the Business Manager, an individual Inspector and representatives 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 quarterly meetings with the DOJ sponsor division, twice monthly SMT meetings, monthly Inspectors' meetings and four Audit 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 arms 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 Public Service Agreement (PSA);
- 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 account 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; and
- Capital Expenditure.

Oversight and Control

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

Stakeholder relationships

- External communications, the Annual Report, the Spec (CJI's newsletter), press releases; and
- Engagement with inspected organisations.

The SMT(Board) of CJI receive monthly management reports including updates on the inspection programme, current and capital expenditure and reports on specific projects, such as ICT development and reviews of accommodation. The acceptability of the information provided to the SMT(Board) of CJI has been endorsed by the Chief Inspector of CJI.

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 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 Committee on behalf of the SMT.

The CJI system of internal control provides a proportionate and reasonable assurance of effectiveness in line with the risks identified. The system of internal control is based on a continuing process designed to identify and prioritise the risks to the achievement of CJI policies, aims and objectives, the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

CJI conducts periodic reviews of its Risk Register attended by all staff and reports the outcome of the review to the Audit Committee. This process is formally documented in the CJI ISO 9001:2008 process maps. The SMT has reviewed the CJI risk appetite and proposes using 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 (chose safe option with low degree of inherent risk). |

The risk appetite has been ratified by the CJI Audit Committee and thereafter will be refreshed at least annually and is linked to the ongoing assessment of risk expressed by the CJI Corporate Risk Register.

Audit Committee

The CJI Audit Committee has formally agreed Terms of Reference, reviewed on an annual basis. The Audit Committee comprises two independent Non-Executive Members, the Business 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 (External Audit), Internal Audit, and FSD (financial services provider to CJI) also attended during 2012-13.

The Audit Committee has access to all internal audit reports, external reviews, risk registers, and management reports. Standing agenda items at each of the four meetings include: progress against assurance plans; adequacy of response to the Risk Register; management responses and action progress against assurance reviews (internal and external); reports on fraud and whistle-blowing; ICT security; chief officers' expenses; and hospitality. The Audit Committee considers and approves before submission to DOJ, the Governance Statement and the Annual Report and Accounts of CJI.

It undertakes an annual self-assessment of performance that is presented at the first audit meeting of the new financial year with recommendations for development.

Internal Audit

The CJI Internal Auditor provides a report on internal audit activity each year. The Internal Auditor appointed by CJI carried out an audit of its systems (financial procedures; corporate governance; human resources; equality and risk management) in January 2013. 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.

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 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 2013 and up to the date of approval of the Annual Report and Accounts. It accords with Department of Finance and Personnel (DFP) guidance relating to corporate governance and management of risk.

Shared Services

Following devolution on 12 April 2010 CJI's Payroll and HR transactional support functions have been provided by DOJ HR Support and the NICS HRConnect service. Since July 2012 Finance transactional support functions have been provided by FSD via the NICS Account NI shared service system with internal control exercised by the Department. CJI 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 with 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 change management process 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 DFP 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 is reviewing the management of supplier performance 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 ISO 9001:2008 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 quarterly returns and Security Risk Management Overview Annual Return.

Review of Effectiveness

- 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 2012-13 Corporate and Business Plan. CJI also undertook additional and complex work linked to the implementation of recommendations associated with the work of the Prisons Review Team and Youth Justice Review;
- at the monthly SMT meetings the review of CJI financial reports indicated potential variances from budget that were satisfactorily explained. CJI met all its expenditure targets;
- a number of risks were re-evaluated during the year and the Risk Register was updated to reflect the highest priority risk to CJI;
- annual Internal Audit reviews were conducted by independent auditors to test the adequacy and effectiveness of systems of internal control as defined in the Government Internal Audit Standards and CJI attained a satisfactory level of assurance;

- the Audit Committee annual report gave CJJ a clean bill of health and reflected positively on the development of the risk management process and the transfer of transaction associated risk to FSD;
- through the continuous improvement process CJJ is proposing that FSD provide an annual assurance statement to CJJ primarily on the FSD internal controls governing risk and control monitoring activities, but also any relevant reporting processes and assurances provided by DOJ Internal Audit and other relevant sources of assurance; and
- CJJ successfully retained accreditation to ISO 9001:2008 following a reaccreditation audit by independent assessors. ISO 9001:2008 is a continuous improvement regime that maintains the standards for all CJJ processes.

Significant internal control issues

CJJ achieved a satisfactory assurance level from Internal Audit and there were no significant internal control issues. No Ministerial directions were given during 2012-13.



James Corrigan
Acting Chief Executive and Accounting Officer

10 June 2013

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 Office of the Chief Inspector of Criminal Justice in Northern Ireland for the year ended 31 March 2013 under the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of 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 Report 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 Inspection'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 examine, 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 Financial Reporting Council'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 Office of the Chief Inspector of Criminal Justice in Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Office of the Chief Inspector of Criminal Justice in 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. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported 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 the financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Office of Chief Inspector of Criminal Justice Northern Ireland's affairs as at 31 March 2013, and of the net expenditure, cash flows and changes in taxpayers' equity 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 Report to be audited has 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; and
- the information given in the Chief Inspector's Report, Management Commentary and the Remuneration Report 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 Report 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 and Personnel'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

27 June 2013

Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

| | Note | 2012-13 £ | 2011-12 £ |
|---|------|-------------------------|-------------------------|
| Expenditure | | | |
| Staff costs | 3 | 895,224 | 920,424 |
| Depreciation and amortisation | 5 | 81,531 | 72,417 |
| Other expenditures | 5 | 481,698 | 413,027 |
| | | <u>1,458,453</u> | <u>1,405,868</u> |
| Income | | | |
| Other Income | 6 | (1,000) | - |
| Net Expenditure | | <u>1,457,453</u> | <u>1,405,868</u> |
| Other comprehensive expenditure | | | |
| Net gain on revaluation of property, plant and equipment | 8 | (3,244) | (509) |
| Net gain on revaluation of intangible assets | 9 | (222) | |
| Total Comprehensive Expenditure for year 31 March 2013 | | <u>1,453,987</u> | <u>1,405,359</u> |

The notes on pages 46 to 61 form part of these accounts.

Statement of Financial Position as at 31 March 2013

| | Note | £ | 2013 £ | £ | 2012 £ |
|----------------------------------|------|-----------|------------------|-----------|----------------|
| Non-current assets: | | | | | |
| Property, plant and equipment | 8 | 111,106 | | 181,766 | |
| Intangible assets | 9 | 9,785 | | 13,492 | |
| Total non-current assets | | | 120,891 | | 195,258 |
| Current assets: | | | | | |
| Trade and other receivables | 11 | 19,858 | | 19,079 | |
| Cash and cash equivalents | 12 | 20,075 | | 231,100 | |
| Total current assets | | | 39,933 | | 250,179 |
| Total assets | | | <u>160,824</u> | | <u>445,437</u> |
| Current liabilities: | | | | | |
| Trade and other payables | 13 | (270,637) | | (181,263) | |
| Total current liabilities | | | (270,637) | | (181,263) |
| Assets less liabilities | | | <u>(109,813)</u> | | <u>264,174</u> |
| Taxpayers' equity: | | | | | |
| Revaluation reserve | | | 18,960 | | 28,522 |
| General reserve | | | (128,773) | | 235,652 |
| | | | <u>(109,813)</u> | | <u>264,174</u> |

The financial statements on pages 42 to 61 were approved by the board on 6 June 2013 and were signed on its behalf by:



James Corrigan
Acting Chief Executive and Accounting Officer
10 June 2013

The notes on pages 46 to 61 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2013

| | Note | 2012-13 £ | 2011-12 £ |
|---|------|---------------------------|---------------------------|
| Cash flows from operating activities | | | |
| Net expenditure for the year | | (1,457,453) | (1,405,868) |
| Adjustments for non-cash transactions | 5 | 80,758 | 79,413 |
| (Increase)/decrease in trade and other receivables | | (779) | 1,404 |
| Increase/(decrease) in trade and other payables | | 89,374 | (11,290) |
| Net cash outflow from operating activities | | <u>(1,288,100)</u> | <u>(1,336,341)</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 8 | (1,339) | (1,824) |
| Purchase of intangible assets | 9 | 1,586 | - |
| Net cash outflow from investing activities | | <u>(2,925)</u> | <u>(1,824)</u> |
| Cash flows from financing activities | | | |
| Grant-in-aid from parent department | 7 | 1,080,000 | 1,413,000 |
| Net financing | | <u>1,080,000</u> | <u>1,413,000</u> |
| Net (decrease)/increase in cash and cash equivalents in the period | | <u>(211,025)</u> | <u>74,835</u> |
| Cash and cash equivalents at the beginning of the period | 12 | <u>231,100</u> | <u>156,265</u> |
| Cash and cash equivalents at the end of the period | 12 | <u>20,075</u> | <u>231,100</u> |

The notes on pages 46 to 61 form part of these accounts.

Statement of Changes in Taxpayers' Equity for year ended 31 March 2013

| | Note | General Reserve £ | Revaluation Reserve £ | Reserves Restated £ |
|--|----------|-------------------------|--------------------------|-------------------------|
| Balance at 31 March 2011 | | 215,845 | 33,692 | 249,537 |
| Changes in taxpayers' equity for 2011-12 | | | | |
| Net gain on revaluation of property, plant and equipment | | - | 509 | 509 |
| Intra-Departmental notional costs | | 6,996 | - | 6,996 |
| Transfers between reserves | | 5,679 | (5,679) | - |
| Comprehensive Expenditure for the year | | (1,405,868) | - | (1,405,868) |
| | | <u>(1,393,193)</u> | <u>(5,170)</u> | <u>1,398,363</u> |
| Grant from parent department | 7 | 1,413,000 | - | 1,413,000 |
| Balance at 31 March 2012 | | <u>235,652</u> | <u>28,522</u> | <u>264,174</u> |
| Changes in taxpayers' equity for 2012-13 | | | | |
| Net gain on revaluation of property, plant and equipment | | - | 3,244 | 3,244 |
| Net gain on revaluation of intangible | | - | 222 | 222 |
| Transfers between reserves | | 13,028 | (13,028) | - |
| Comprehensive Expenditure for the year | | (1,457,453) | - | (1,457,453) |
| | | <u>(1,444,425)</u> | <u>(9,562)</u> | <u>(1,453,987)</u> |
| Grant from parent department | 7 | 1,080,000 | - | 1,080,000 |
| Balance at 31 March 2013 | | <u>(128,773)</u> | <u>18,960</u> | <u>(109,813)</u> |

The notes on pages 46 to 61 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2012-13 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.

e) Grant-in-aid

CJI is funded by Grant-in-Aid from the Department of Justice. 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 valuation evenly over the asset's anticipated life as follows:

| | | |
|--------------------------------|---|---------------------|
| Office Refurbishment | - | ten years |
| Computer Equipment | - | five years |
| Furniture and Office Equipment | - | up to fifteen years |

The Office Refurbishment life is set to correlate with the lease on the premises.

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 licenses are amortised on a straight line basis over their estimated useful lives of five years.

j) Value added tax

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

k) Revaluation reserve

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

l) Financial instruments

1) 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.

2) 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.

3) 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.

m) Accounting standards, interpretations and amendments to published standards and FReM – issued and effective in 2012-13 for the first time

| | |
|---|---|
| Requirement to produce A Governance Statement | All Northern Ireland Departments are required to produce a Governance Statement rather than a Statement on Internal Control for the 2012-13 accounts onwards. |
|---|---|

CJI has reviewed the remaining standards, interpretations and amendments to published standards and FReM that became effective during 2012-13. The adoption of these standards are either not relevant to CJI's operations or have not had a significant impact on CJI's financial position or results.

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

The International Accounting Standards Board (IASB) have issued new and amended standards (IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards have an effective date of January 2013, but EU adoption is due from 1 January 2014. The application of these IFRS changes is subject to further review by HM Treasury and the other relevant authorities before due process consultation.

Accounting boundaries for IFRS purposes are currently adapted in the *FReM* so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by Treasury. A review of the Northern Ireland financial process is currently under discussion with the Executive, which will bring NICS departments under the same adaptation. Should this go ahead, the impact on departments is expected to focus around the disclosure requirements under IFRS 12. The impact on the consolidation boundary of NDPBs and trading funds will be subject to review, in particular, where control could be determined to exist due to exposure to variable returns (IFRS 10), and where joint arrangements need reassessing.

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 2013 or later periods, but which CJI has not adopted early. Other than as outlined in the table below, CJI considers that these standards are not relevant to its operations.

| Standard | Description of revision | Effective date | Comments |
|---|--|-----------------------|--|
| IAS 1 – Presentation of financial statements (Other Comprehensive Income) | Requiring items of OCI to be grouped on the basis of whether they might at some point be reclassified ('recycled') from OCI to profit (e.g. cash flow hedges) or where they will not (e.g. gains on property revaluation). This will make it clearer to users what their potential effect on profit or loss will be in future periods, notably in light of improved disclosure of financial instruments and pensions, and where there will be no impact. | 1 July 2012 | The <i>FReM</i> application of the IAS 1 amendments (interpreted for terminology) and adapted for the public sector context is effective from 1 April 2013. |
| IAS 19 - Post-employment benefits (pensions) | The amended IAS 19 introduces a number of changes affecting Recognition, Presentation and Disclosures. It also modifies accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition. | 1 January 2013 | There is an impact on defined benefit pension scheme accounts and other entities consolidating defined benefit schemes due to the new presentation and disclosure requirements. Entities may also be impacted by modifications to accounting for termination benefits. |

Financial Reporting - Future Developments

In addition to the changes identified above, there are a number of future developments that will impact CJI including:

| Standard | Description of revision | Effective date | Comments |
|--|--|--|---|
| IAS 17 replacement - Leases | The proposals will be re-exposed, but are expected to include the abolition of the current operating-finance lease categorisation. Instead, assets and liabilities will be recognised on a 'right of use' basis. | Ongoing review | HM Treasury and the relevant authorities will review the implications and follow due process. |
| IAS 18 replacement - Revenue Recognition and Liabilities Recognition | Re-issued in November 2011, the Exposure Draft (ED) sought to develop a single conceptual model, and general principles, for determining when revenue should be recognised in the financial statements - replacing IAS 18 and IAS 11 <i>Construction Contracts</i> . | Effective no earlier than 1 January 2015 (as per ED) | Although the exposure draft seems relatively straightforward, and potentially applicable in full (as IAS 11 and 18 currently are), there will need to be due process undertaken to consider the impacts of any final IFRS issued. |

CJI has considered the remaining additional or revised accounting standards and new (or amendments to) interpretations contained within *FReM 2013-14*. CJI considers that these changes are not relevant to its operations.

2. Statement of Operating Costs by Operating segment

In the opinion of the Management Board, 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 Department of Justice through grant-in-aid and all services undertaken are within Northern Ireland. All non-current assets are located in Northern Ireland.

3. Staff numbers and related costs

Staff costs comprise:

| | 2012-13 £ | 2011-12 £ |
|--|----------------|----------------|
| Permanently employed staff | | |
| Wages and salaries | 659,367 | 697,296 |
| Social security costs | 63,263 | 67,263 |
| Other pension costs | 137,090 | 132,917 |
| Total permanently employed staff costs | 859,720 | 897,476 |
| Other staff | | |
| Temporary staff costs | 35,504 | 22,948 |
| Total staff costs | 895,224 | 920,424 |

Pension arrangements

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] is an unfunded multi-employer defined benefit scheme but CJI 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 2010 and details of this valuation are available in the PCSPS(NI) resource accounts.

For 2012-13, employers' contributions of £115,274 were payable to the PCSPS(NI) (2011-12 £111,805) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. However HM Treasury has instructed the scheme to cease further work on the March 2010 valuation. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2013-14, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 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 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil, 0.8% of pensionable pay, were payable to the PCSPS(NI) 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 balance sheet date were £Nil. Contributions prepaid at that date were £Nil.

In addition, pension contributions of £7,677 were paid in the year (2011-12: £20,402) on behalf of the former Chief Inspector to the Principal Civil Service Pension Scheme (PCSPS) Nuvos pension scheme.

In addition, pension contributions of £15,271 were paid in the year 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 2012-13 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

The Remuneration Report on page 29 to 33 contains detailed pension information regarding the Management Board.

Average number of persons employed

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

| | 2012-13 | 2011-12 |
|-----------------------------------|----------------|----------------|
| Permanently employed staff | | |
| Management | 1.87 | 2.00 |
| Inspectors | 6.84 | 7.00 |
| Administration and support staff | 5.23 | 6.83 |
| Agency/temporary staff | 0.59 | 0.00 |
| Total | 14.53 | 15.83 |

4. Reporting of compensation and exit packages for all staff

For 2012-13 no compensation and exit packages had been awarded (2011-12: £Nil).

5. Other Expenditure

| | 2012-13 | 2011-12 |
|---|-----------------------|-----------------------|
| | £ | £ |
| Staff related costs | 19,318 | 14,802 |
| Rentals under operating leases | 93,825 | 93,952 |
| Accommodation costs | 116,884 | 106,606 |
| Office services | 82,319 | 83,598 |
| Contracted out services | 8,357 | 8,012 |
| Professional and consultancy costs | 108,712 | 82,238 |
| Audit and accountancy fees | 11,800 | 11,700 |
| Managed services | 37,500 | - |
| Consumables, materials and equipment costs | 346 | 402 |
| Other expenditure | 3,410 | 4,721 |
| Non-cash transactions | | |
| Notional costs | - | 6,996 |
| Loss on disposal of property, plant and equipment | 286 | - |
| Net loss on revaluation | (1,059) | - |
| | <u>481,698</u> | <u>413,027</u> |
| Other non-cash items | | |
| Depreciation and amortisation | 81,531 | 72,417 |
| Total | <u>563,229</u> | <u>485,444</u> |

Summary of Non-Cash items

| | 2012-13 | 2011-12 |
|-------------------------------|----------------------|----------------------|
| | £ | £ |
| Depreciation and amortisation | 81,531 | 72,417 |
| Non-cash transactions | (773) | 6,996 |
| Total Income | <u>80,758</u> | <u>79,413</u> |

6. Income

| | 2012-13 | 2011-12 |
|---------------------|---------------------|-----------------|
| | £ | £ |
| Other income | 1,000 | - |
| Total Income | <u>1,000</u> | <u>-</u> |

7. Grant-in-aid

| | 2012-13 | 2011-12 |
|------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Grant-in-aid revenue expenditure | 1,080,000 | 1,411,000 |
| Grant-in-aid capital expenditure | - | 2,000 |
| Total Grant-in-aid received | <u>1,080,000</u> | <u>1,413,000</u> |

8. Property, plant and equipment

| 2012-13 | Refurbish- ment Costs £ | Furniture and Fittings £ | Office Equipment £ | Computer Equipment £ | Total £ |
|---|-------------------------------|--------------------------------|--------------------------|----------------------------|----------------|
| Cost or valuation | | | | | |
| At 1 April 2012 | 463,661 | 38,050 | 34,553 | 95,870 | 632,134 |
| Additions | - | - | - | 1,339 | 1,339 |
| Disposals | - | - | - | (3,046) | (3,046) |
| Revaluation | - | 875 | 25 | 6,487 | 7,387 |
| Revaluation released to SOCNE | - | 2 | - | 2,352 | 2,354 |
| At 31 March 2013 | 463,661 | 38,927 | 34,578 | 103,002 | 640,168 |
| Depreciation | | | | | |
| At 1 April 2012 | 350,481 | 18,953 | 31,204 | 49,730 | 450,368 |
| Charged in year | 56,553 | 2,545 | 2,150 | 14,744 | 75,992 |
| Disposals | - | - | - | (2,760) | (2,760) |
| Revaluation | - | 494 | 13 | 3,636 | 4,143 |
| Revaluation released to SOCNE | - | 1 | - | 1,318 | 1,319 |
| At 31 March 2013 | 407,034 | 21,993 | 33,367 | 66,668 | 529,062 |
| Carrying amount at 31 March 2013 | 56,627 | 16,934 | 1,211 | 36,334 | 111,106 |
| Carrying amount at 31 March 2012 | 113,180 | 19,097 | 3,349 | 46,140 | 181,766 |
| Asset financing: | | | | | |
| Owned | 56,627 | 16,934 | 1,211 | 36,334 | 111,106 |
| Carrying amount at 31 March 2013 | 56,627 | 16,934 | 1,211 | 36,334 | 111,106 |

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.

8. Property, plant and equipment (continued)

| 2011-12 | Refurbish- ment Costs £ | Furniture and Fittings £ | Office Equipment £ | Computer Equipment £ | Total £ |
|---|-------------------------------|--------------------------------|--------------------------|----------------------------|----------------|
| Cost or valuation | | | | | |
| At 1 April 2011 | 461,945 | 37,909 | 34,351 | 94,046 | 628,251 |
| Additions | - | - | - | 1,824 | 1,824 |
| Revaluation | 1,716 | 141 | 202 | - | 2,059 |
| At 31 March 2012 | 463,661 | 38,050 | 34,553 | 95,870 | 632,134 |
| Depreciation | | | | | |
| At 1 April 2011 | 303,751 | 16,337 | 26,973 | 34,985 | 382,046 |
| Charged in year | 45,433 | 2,546 | 4,048 | 14,745 | 66,772 |
| Revaluation | 1,297 | 70 | 183 | - | 1,550 |
| At 31 March 2012 | 350,481 | 18,953 | 31,204 | 49,730 | 450,368 |
| Carrying amount at 31 March 2012 | 113,180 | 19,097 | 3,349 | 46,140 | 181,766 |
| Carrying amount at 31 March 2011 | 158,194 | 21,572 | 7,378 | 59,061 | 246,205 |
| Asset financing: | | | | | |
| Owned | 113,180 | 19,097 | 3,349 | 46,140 | 181,766 |
| Carrying amount at 31 March 2012 | 113,180 | 19,097 | 3,349 | 46,140 | 181,766 |

9. Intangible assets

Intangible assets comprise software licenses and the associated implementation costs purchased.

| 2012-13 | Total £ |
|--|--------------------|
| Cost or valuation | |
| At 1 April 2012 | 45,789 |
| Additions | 1,586 |
| Disposals | (2,337) |
| Revaluation | 744 |
| Revaluation released to SOCNE | 81 |
| At 31 March 2013 | 45,863 |
| Amortisation | |
| At 1 April 2012 | 32,297 |
| Charged in year | 5,539 |
| Disposals | (2,337) |
| Revaluation | 522 |
| Revaluation released to SOCNE | 57 |
| At 31 March 2013 | 36,078 |
| Net book value at 31 March 2013 | 9,785 |
| Net book value at 31 March 2012 | 13,492 |
| Asset financing: | |
| Owned | 9,785 |
| At 31 March 2013 | 9,785 |

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.

9. Intangible assets (continued)

| 2011-12 | Total £ |
|--|---------------|
| Cost or valuation | |
| At 1 April 2011 | 45,789 |
| Additions | - |
| At 31 March 2012 | 45,789 |
| Amortisation | |
| At 1 April 2011 | 26,652 |
| Charged in year | 5,645 |
| At 31 March 2012 | 32,297 |
| Net book value at 31 March 2012 | 13,492 |
| Net book value at 31 March 2011 | 19,137 |
| Asset financing: | |
| Owned | 13,492 |
| At 31 March 2013 | 13,492 |

10. Financial instruments

As the cash requirements of CJI are met through Grant-in-Aid provided by the Department of Justice, 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.

11. Trade receivables and other current assets

| | 2012-13 £ | 2011-12 £ |
|--|---------------|---------------|
| Amounts falling due within one year | | |
| Prepayments and accrued income | 19,858 | 19,079 |
| Total | 19,858 | 19,079 |

Intra-Government receivables balances

| | 2012-13 £ | 2011-12 £ |
|---|---------------|---------------|
| Amounts falling due within one year | | |
| Balances with other central government bodies | - | - |
| Balances with bodies external to government | 19,858 | 19,079 |
| Total | 19,858 | 19,079 |

12. Cash and cash equivalents

| | 2012-13 £ | 2011-12 £ |
|---|---------------|----------------|
| Balance at 1 April | 231,100 | 156,265 |
| Net change in cash and cash equivalent balances | (211,025) | 74,835 |
| Balance at 31 March | 20,075 | 231,100 |

The following balances at 31 March were held at:

| | | |
|-----------------------------------|---------------|----------------|
| Commercial banks and cash in hand | 20,075 | 231,100 |
| Balance at 31 March | 20,075 | 231,100 |

13. Trade payables and other current liabilities

| | 2012-13 £ | 2011-12 £ |
|--|-----------------------|-----------------------|
| Amounts falling due within one year | | |
| Other taxation and social security | 20,486 | - |
| Trade payables | 270 | 770 |
| Other payables | 50,676 | 297 |
| Accruals and deferred income | 199,205 | 180,196 |
| Total | <u>270,637</u> | <u>181,263</u> |

Intra-Government receivables balances

| | 2012-13 £ | 2011-12 £ |
|---|-----------------------|-----------------------|
| Amounts falling due within one year | | |
| Balances with other central government bodies | 223,719 | 82,336 |
| Balances with local authorities | 104 | - |
| Subtotal: Intra-government balances | <u>223,823</u> | <u>82,336</u> |
| Balances with bodies external to government | 46,814 | 98,927 |
| Total | <u>270,637</u> | <u>181,263</u> |

14. Capital commitments

At 31 March 2013 there were no capital commitments contracted (2011-12: £Nil).

15. 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.

| | 2012-13 £ | 2011-12 £ |
|---|---------------|----------------|
| Obligations under operating leases for the following periods comprise: | | |
| Buildings: | | |
| Not later than one year | 79,800 | 79,800 |
| Later than one year and not later than five years | 6,650 | 86,450 |
| Later than five years | - | - |
| Total | 86,450 | 166,250 |
| Other: | | |
| Not later than one year | 1,840 | 2,616 |
| Later than one year and not later than five years | 586 | 2,108 |
| Later than five years | - | - |
| Total | 2,426 | 4,724 |

Finance leases

There were no finance lease commitments at 31 March 2013 (2011-12: £Nil).

16. Losses and special payments

There were no losses or special payments during 2012-13 (2011-12: £Nil).

17. Related party transactions

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

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 2013.

18. Events after the reporting period

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

The Accounting Officer authorised these financial statements for issue on 10 June 2013.



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