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AUDIT & RISK COMMITTEE MEETING

Thursday 6 June 2013, 10am at CJI offices

Attendees:

- Non-executive Chairperson: Willie McCarney (**WMcC**)
- Independent Member: Eddie Simpson (**ES**)
- NIAO: Finula Magowan (**FM**)
- KPMG: Arthur O'Brien (**AO'B**)
- DoJ: William Stevenson (**WS**)
Derek Anderson (**DA**)
- FSD: Billy Irvine (**BI**)
- CJI: Brendan McGuigan (**BMG**) Chief Inspector
James Corrigan (**JC**), Acting Deputy Chief Inspector;
Stephen Dolan (**SD**) Inspector
Meloney McVeigh (**MMcV**), Business and Communications Manager;
and;
Paula Bean Mhic Artáin (**PBMA**), CJI Administrative Support Officer.

Agenda

No.: Description / Comments:

1 **Introduction / acknowledgement**

WMcC welcomed everyone to the meeting, particularly Derek Anderson (**DA**) from DOJ Internal Audit and William Stevenson (**WS**) from DOJ Sponsor Division who were attending the Audit and Risk Committee meeting for the first time.

WMcC congratulated Tom McGonigle on his appointment as the new Prisoner Ombudsman and greatly welcomed the fact that he was remaining in his post of inspector on a part-time basis.

2 **Apologies**

William Jeffrey (**WJ**), DOJ

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Joanne Jamison (**JJ**), FSD
Philip Marshall (**PM**), KPMG
Amanda Oliver (**AO**), DOJ

3 Minutes of meeting – 25 April 2013

WMcC signed minutes and passed to PBMA.

4 Matters arising

- Relating to Point No. 5
WMcC confirmed Audit and Risk Committee members had completed and returned signed Conflict of Interests and Declaration of Interests to the Audit and Risk Committee Secretary.
- Relating to Point No. 7
Point of clarification:
DAC under £5k - CJI approval only required; CPD does not provide advice/guidance for under £5k it is seen as 'business as usual'.
Over £5k but less than £10k – CJI must contact CPD for advice but approval would be granted by CJI.
Over £10K - CJI needs internal approval along with Permanent Secretary approval. The DAC will be handled by CPD. Where CPD leads on a DAC an estimated hard charge to CJI would be £2-2.5K dependent on work level involved.
- Relating to Point No. 10
AO'B said the draft NIAO report was ready and would be discussed at point 16.
- Relating to Point No. 11
MMcV said revisions of the Internal Audit Assurance report had been received and would be discussed at Point 9 of the agenda.
- Relating to Point No. 12
WMcC said the Internal Audit Strategy would be discussed at point 17 of the agenda.
- Relating to Point No. 13
WMcC said the review of the Governance Statement would be discussed at Point 14 of the agenda.

The Committee raised no questions.

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

WMcC said this item had been completed.

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

WMcC noted considerable changes had been undertaken to CJI's Risk Register since the previous Audit and Risk Committee meeting.

MMcV said these changes were partly driven by CJI's preparation to move to the two-tier approach to risk (which scores both the inherent risk and the residual risk and takes account the risk appetite and tolerance level of the organisation) advocated by the NAO which was recommended in the last Internal Audit Report and accepted by CJI. **MMcV** said she has planned to continue this work over the summer period consulting internally and the new format of the risk register would be presented to the Audit and Risk Committee in the September meeting and to DOJ Internal Audit to ensure the approach adopted is in line with best practice.

MMcV said CJI no longer felt the 9-box graph visually depicting our risks was an accurate reflection of the significant risks faced by CJI. **MMcV** said CJI would review how it would visually present the risk register and risk scoring to focus on the significant risks CJI faced and this would be presented to the Audit and Risk Committee in the September meeting. **MMcV** presented the risk register to the Audit and Risk Committee.

Action MMcV

ES said that, after reviewing the Annual Report and Accounts, he wondered if there was a potential risk to CJI's ability to deliver its inspection programme with the limited number of staff and resources available to them. **BMcG** said that the inspection programme went through an intensive consultation process and did not deem this as a risk. **JC** said a potential future risk to CJI could be the impact of efficiency savings on CJI's future budget which could have a negative impact on the CJI being able to outsource outside expertise needed for certain inspections such as State Pathology.

No additional queries were raised by the meeting attendees.

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

Nil Return.

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

Nil Return.

On a point of clarification **MMcV** advised the Audit and Risk Committee that CJI's request to secure a delegated limit of £10k to enable the Chief Executive/Accounting Officer to authorise DACs internally has been approved. **MMcV** said any DACs awarded by CJI would be recorded on the DOJ Procurement Database.

9 **Progress Report from management on implementation of NIAO and Internal Audit recommendations.**

WMcC advised the Audit and Risk Committee that the tracker document for the implementation of NIAO and Internal Audit recommendations was included in the papers prepared for today's meeting. **MMcV** said out of 13 recommendations, eight had been completed and work is continuing on the other five recommendations. She will provide an update at September's Audit and Risk Committee meeting. **DA** said in regards to point B8, DFP had carried out an Internal Audit and Assurance report on HR connect, Account NI and IT services and can provide a copy of the report to the Audit and Risk Committee.

Action MMcV & DA

10 **Report summarising the expenses submitted by the Chief Inspector and the Acting Deputy Chief Inspector.**

Details of expenditure were presented to the Committee by **MMcV**.

Meeting attendees agreed that the expenses showed minimal spends.

11 **Review of CJI's Gifts and Hospitality.**

Nil return

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12 Agree the Audit and Risks Committee's annual report to the Accounting Officer.

The Audit and Risk Committee agreed.

13 A verbal review and consideration of the draft accounts including any changes to accounting policies.

BI said everything was in order with the accounts and policies are consistent with previous years.

The Audit and Risk Committee gave its approval for the Accounting Officer to sign and date and then submit to the Comptroller and Auditor General of the NIAO for his review and issuing of the C&AG's Certificate in advance of laying before the NI Assembly.

14 Consideration of the draft Corporate Governance Statement.

WMcC referred to pages 41- 45 of the Annual Report and Accounts. **MMcV** said the draft version shared with the Audit and Risk Committee in April had been subjected to only very minor revision at the request of the Sponsor Division and KPMG/NIAO to ensure clarity. This information had been included. **AO'B** said he was happy with the document.

The Audit and Risk Committee agreed.

15 Discussion on the implications of the result of the Chief Executive's review of effectiveness of the system of internal control in relation to the Corporate Governance Statement.

JC said CJI had a very good working relationship with the DOJ Sponsor Division and the outcome of the review was very positive.

16 Consideration of the draft report to those charged with governance (RTTCWG) from the NIAO.

AO'B gave a high level summary of the RTTCWG report findings. **AO'B** said overall it was a good clean set of accounts subject to the remuneration data and Management Response to the audit point being received. **AO'B** said he was happy

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to answer any questions. **ES** said he was pleased with the report and congratulated everyone involved for all their hard work. **BMcG** said returning financial functions back to the Department had been a success story and he would recommend this approach to other Non Departmental Public Bodies.

MMcV said CJI welcomed the report findings and action had already started to address the recommendations. **MMcV** said the Management Response to the audit point will be circulated to Audit and Risk Committee.

Action MMcV & PBMA

17 Internal Audit Strategy.

DA gave a high level overview of the Internal Audit Strategy for the next three years. **DA** said he was aware that the ISO 9001 audit would take place in January 2014 so he has arranged for the Internal Audit to commence in early autumn. **DA** advised that the days aside for each area can be lowered depending on how the Audit progresses. **DA** said he was happy to take any questions.

ES said he would like the SLA agreement between DOJ Internal Audit and CJI to be circulated to the Audit and Risk Committee. **DA** and **MMcV** agreed to this. **DA** said he was looking forward to working with CJI.

Action DA, MMcV & PBMA

18 CJI's 2012 – 2013 Annual Report and Accounts.

WMcC asked if the Audit and Risk Committee agreed the Financial Statements presented and approved signing by the CJI Accounting Officer.

The Audit and Risk Committee agreed.

19 AOB

WMcC asked for an update on the Deputy Chief Inspectors recruitment process. **BMcG** said the deadline for applications is Friday 7th June and he would be joined by Vilma Patterson (Chair of the Northern Ireland Policing Board and a Northern Ireland Civil Service Commissioner) to short list the following week. **BMcG** said he is hopeful that the appointed Deputy Chief Inspector would be in post by September.

DA said an Accounting Officer letter has been sent to all bodies within the DOJ family to highlight changes in the standard assurance rating definitions applied by Internal Audit. **DA** said that the new definitions give clarity to the meaning of limited and satisfactory service. **DA** said this will be circulated to the Audit and Risk Committee and discussed at the next meeting.

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Action DA & PBMA

20

Date of next meeting

Thursday 12th September @10.00am

Dr Willie McCarney
Chairperson

12/09/13
Date

