

Annual Report  
and Accounts  
**2017/18**



# Annual Report and Accounts

for the year ended 31 March 2018

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 2018.



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Any enquiries related to this publication should be sent to the Business and Communications Manager, Criminal Justice Inspection Northern Ireland, Block 1, Knockview Buildings, Stormont Estate, Belfast BT4 3SJ or **info@cjini.org**.

This publication is also available on our website at **www.cjini.org**

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## OVERVIEW

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

It outlines the principal business objectives in place during the 2017-18 financial year and highlights the key risks identified in year by CJI to achieving these objectives. It also provides an overview of the Inspectorate's performance during this reporting period.

## Statement by the Chief Inspector

**Despite the absence of an Executive and an operational devolved Assembly, CJI has continued to provide independent assessments of the functioning of the criminal justice system in Northern Ireland through the inspection agenda agreed in 2016 as part of a three-year corporate planning process with the then Minister of Justice, Claire Sugden MLA. I am grateful to the Permanent Secretary of the Department of Justice in exercising his authority to approve the inspection reports to be laid in the Northern Ireland Assembly and their findings published, thereby helping me comply with my statutory obligations.**

In common with all criminal justice bodies, the continuing reductions in both budgets and staff has meant that CJI has prioritised its work so that we can achieve the greatest impact to improve public service delivery. CJI has continued to devote a significant amount of time and resources to inspecting the Northern Ireland Prison Service, which in this financial year included an unannounced inspection of Magilligan Prison.



**Brendan McGuigan**  
Chief Inspector

The significant improvements that were reported reflected the time and effort of the leadership team, their staff and other organisations including the North West College towards delivering the opportunity for many prisoners at Magilligan to make their journey to rehabilitation.

A short unannounced visit to Maghaberry Prison concluded that the leadership team and staff were applying increased drive, determination, innovation and creativity to stabilise the prison and improve the outcomes for those committed to their care.

Improvements in healthcare and educational provision were observed and I was encouraged with the ongoing operations to stem the flow of illicit drugs into the prison. I continue to be concerned about the misuse of prescription medication and the high numbers of vulnerable prisoners being sent to Maghaberry.

The inspections of Cyber Crime and Business Crime have helped identify and quantify the new and emerging threats to the public and business community and the reaction of the criminal justice agencies. The inspection of Hate Crime reinforced the need for the criminal justice agencies to continue the progress they have achieved and for a more co-ordinated approach across the whole of government to tackle the issue.

I continue to espouse the collaborative approach to inspection and value the support I receive from the leadership of all criminal justice agencies, Department of Justice and third sector organisations who support the criminal justice system.

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



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**BRENDAN MCGUIGAN**  
**Chief Inspector of Criminal Justice**  
**in Northern Ireland**

08 June 2018

# Purpose and activities of CJI

**As Chief Executive and Accounting Officer, I am pleased to present the Annual Report and Accounts for the financial year ended 31 March 2018.**

## **Background information**

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

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

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

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

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



**James Corrigan**  
Chief Executive and Accounting Officer

During 2017-18 CJI's formal accountability was to the Permanent Secretary of the DoJ in the absence of a locally appointed Minister of Justice.

## **Remit of CJI**

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

Inspections must be carried out by CJI in relation to these bodies or organisations, unless the Inspectorate is satisfied they are subject to a satisfactory inspection regime. Organisations which fall within CJI's remit include:

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

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

- Department of Agriculture, Environment and Rural Affairs;
- The Child Maintenance and Enforcement Division;
- Health and Social Care Board and Trusts;
- The Department for the Economy;
- The Health and Safety Executive for Northern Ireland;

- The Department for Communities (Benefit Fraud);
- Royal Mail Group;
- Belfast International Airport Ltd;
- Belfast Harbour Commissioners; and
- Larne Harbour Ltd.

### **CJI's vision, approach and values**

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

This vision requires the collaboration of all agencies and organisations within the criminal justice system to bring it about. It involves working with the voluntary and community sector, politicians and Government to support the development of meaningful partnerships which will deliver for the community.

It also involves looking beyond the criminal justice system when required. This can involve identifying where intervention and diversion away from the formal criminal justice system in partnership with education, training and healthcare providers, may secure better outcomes for society as a whole.

We are committed to carrying out our inspection work with honesty and integrity. We will work with the inspected organisations in a professional, mature way to produce relevant inspection reports that contain strategic and operational recommendations which focus on achieving meaningful change.

We will achieve this by:

- maintaining our organisational values;
- communicating clearly, frankly and openly with those we are inspecting and working with;
- listening to all interested parties;
- benchmarking and identifying innovative practice found in other jurisdictions;

- producing reports which are balanced, objective and evidence-based;
- identifying and sharing good practice found within the criminal justice system;
- taking account of sensitive issues;
- pursuing excellence; and
- when necessary, supporting organisations to achieve accepted inspection recommendations and implement change.

### Corporate Ethos

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

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

CJI endeavours to make a positive contribution to the justice system and the wider community by promoting staff wellbeing, conducting its business in a way that promotes equality and through consulting widely in relation to the development of the Inspection Programme.

### Organisational Structure

The Chief Inspector is the head of CJI and as such, has responsibility for ensuring the Inspectorate carries out a programme of inspection among the criminal justice agencies within its legislative remit.

He has responsibility to report the findings of the Inspectorate's work to the Minister of Justice (or in their absence, to the Permanent Secretary, DoJ) and to ensure CJI's reports are laid in the Northern Ireland Assembly.

The Deputy Chief Inspector's role is to support the Chief Inspector in the delivery and management of the inspection programme. The Deputy Chief Inspector is also the Chief Executive and Accounting Officer for CJI and as such, he has responsibility for the day-to-day running of the organisation and ensuring the relevant responsibilities assigned to him as Chief Executive and Accounting Officer are met. This includes controlling the Inspectorate's budget and monitoring expenditure to ensure the most efficient and effective use of resources.

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

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

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

### CJI's work

The overarching aim of CJI's work is improvement. CJI endeavours through independent, impartial inspection work to identify areas where greater collaboration and partnership working will enhance the criminal justice system for the benefit of those who use and engage with it.

This can be through securing improvements in the effectiveness and efficiency of the criminal justice agencies it inspects. CJI also seeks to ensure that the criminal justice agencies in Northern Ireland are being fair and equitable in all their policies and operations. Through its inspection activity CJI seeks to make a contribution to Outcome Seven of the draft Programme for Government 2016-21 (PfG) via its work in support of the DoJ's indicator 'increased effectiveness of the justice system.'

### CJI's Objectives

The strategic objectives of CJI are:

- to provide an independent assessment to the Minister of Justice, Committee for Justice, Department of Justice and the wider community on the working of the criminal justice system;
- to challenge and support the criminal justice organisations to improve performance;
- to work in partnership to deliver a high quality, independent and impartial inspection programme;
- to support through the work of the Inspectorate, the outcome based approach promoted in the draft Programme for Government 2016-21<sup>1</sup> to deliver long-term positive change for Northern Ireland society;

- to 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
- to fulfil its responsibilities as part of the UK's National Preventive Mechanism in support of the Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading treatment or Punishment (OPCAT).

The overarching business aims of CJI focus on conducting a series of planned inspections and action plan reviews/inspection follow-up reviews; fulfilling its statutory requirements and maintaining a sound system of financial control. Further detail on the specific business aims of the organisation and how they will be achieved, can be found in CJI's Corporate and Business Plans available from [www.cjini.org](http://www.cjini.org).

### CJI's Method of working

Inspections are evidence-led and identified on a risk based approach. They are undertaken in line with CJI's published inspection programme for each financial year, although CJI retains the ability to adjust and reprioritise the inspection programme in-year if required.

CJI examines organisations for strengths and to identify areas for improvement. It may make recommendations designed to help an organisation to improve in any aspect of its performance. CJI also seeks where possible, to identify areas of good practice and innovation which could be beneficial for the wider criminal justice system.

1. In the absence of Ministers and an Executive, on 4 June 2018 the Head of the Northern Ireland Civil Service published an Outcome Delivery Plan for 2018-19 to ensure the operational business of government is discharged as effectively as possible. The delivery plan sets out the actions that Departments will take to give effect to the previous Executive's stated objective of Improving Wellbeing for All - by tackling disadvantage and driving economic growth. Please see <https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/execoffice/outcome-delivery-plan-2018-19.PDF> for further details.

CJI conducts its inspections by collecting data in advance, seeking the views of the organisation's partners in the criminal justice system and the community on its performance and forming provisional judgements as to the strengths and weaknesses of the organisation. Where appropriate, organisations are asked to self-assess against the inspection criteria identified in the Terms of Reference, identifying as honestly as possible, its own strengths and weaknesses, not to be used against it, but as evidence of its commitment to inspection and as an aid to improvement.

Provisional judgements are then tested in the inspection and emerging findings presented to the inspected criminal justice organisation/s. Draft inspection reports including recommendations are then shared with the inspected organisation/s as part of CJI's factual accuracy and quality assurance processes. The final report is then presented to the Minister of Justice or in their absence, the DoJ Permanent Secretary and permission to publish by laying before the Northern Ireland Assembly sought.

CJI does not believe the most productive way to secure change is by 'naming and shaming' organisations. However, there may be occasions when the performance of an organisation(s) falls below an acceptable standard and/or risks are of such concern that the Inspectorate would be required to make the extent of the problems and recommended actions publically known.

CJI will endeavour to work in partnership with the organisations it inspects on the basis that managers and leadership within the organisation share the common aim of improvement.

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

### **Working in partnership**

In undertaking our inspection work CJI will draw upon its internal skills, knowledge and professional expertise. Where required this skills and knowledge base will be supplemented by additional assistance provided by other Inspectorates. In the 12 months from April 2017 to March 2018, CJI undertook inspection work with Her Majesty's Inspectorate of Prisons (HMIP), Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), Her Majesty's Crown Prosecution Service Inspectorate (HMCPSI), the Education and Training Inspectorate (ETI) and the Regulation and Quality Improvement Authority (RQIA). Links with the Northern Ireland Audit Office (NIAO) were also maintained.

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

### **CJI involvement in the UK's National Preventive Mechanism**

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

focus on prevention through a series of regular visits to places of detention.

Article 3 of OPCAT requires State Parties to *'set up, designate or maintain at the domestic level one or several visiting bodies for the prevention of torture and other cruel, inhumane or degrading treatment or punishment'*. These domestic bodies are referred to as the National Preventive Mechanism (NPM) and the UK Government has designated bodies in each jurisdiction to undertake the visiting role. In Northern Ireland the bodies include CJI along with the RQIA, the Independent Monitoring Boards and the Northern Ireland Policing Board's Independent Custody Visiting Scheme.

The inspections that CJI published in 2017-18 on Maghaberry Prison (August 2017) and Magilligan Prison (December 2017) together with ongoing monitoring visits to the Juvenile Justice Centre, specifically related to its NPM function. The UK NPM published its eighth annual report in February 2018. A copy of the report can be downloaded via the NPM website - [www.nationalpreventivemechanism.org.uk](http://www.nationalpreventivemechanism.org.uk) - or the CJI website - [www.cjini.org](http://www.cjini.org).

### Principal Risks

During the 2017-18 financial year, CJI conducted a risk analysis examining a wide range of possible risks to the organisation and to the delivery of its objectives. The risks were reviewed in May and October 2017 as well as in January and March 2018 to ensure relevance to the organisation. CJI's risk register takes into account the organisation's risk appetite, inherent and residual risks and control mechanisms to minimise disruption to CJI's operations. The main risks in practice are:

- **Operations** – CJI is unable to deliver a meaningful and relevant inspection programme that contributes to the delivery of PfG outcomes;
- **Operations** – the timeliness and relevance of report findings and recommendations may lose value due to delays internally and externally including around the factual accuracy checking process and clearance of reports to seek permission to publish.

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

### Going Concern

The Statement of Financial Position at 31 March 2018 shows negative Taxpayers' Equity of £156,799 (2016-17: £128,054). This reflects the inclusion of liabilities falling due in future years which are to be financed by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from Grants of Supply approved annually by the Northern Ireland Assembly, to meet the Net Cash Requirement of the DoJ of which CJI is part.

Future financing of CJI's liabilities is accordingly to be met by future Grants of Supply to the DoJ and the application of future income, both to be approved annually by the Northern Ireland Assembly. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the CJI's financial statements for 2017-18.

# Performance summary and forward look

## Performance summary

During 2017-18 CJI set objectives and targets to cover three areas: the inspection programme; communication activity; and corporate business. These objectives and targets are detailed in CJI's Business Plan.

In this reporting period CJI achieved all of its inspection programme targets which were measurable in 2017-18. Of the 13 strategic and 51 operational recommendations made by CJI over the financial year, 100% were accepted by the inspected organisation(s) (98% in 2016-17).

CJI met its four communication activity targets including the publication of seven full inspection reports, one review of the implementation of recommendations by the PPS, one 'light touch' review of Maghaberry Prison and one inspection follow-up review during 2017-18. These reports were made available on CJI's website - [www.cjini.org](http://www.cjini.org). Throughout the year, CJI also undertook to engage with key stakeholders in order to obtain feedback on the Inspectorate's work.

In relation to corporate business CJI achieved five of its six targets for the 2017-18 financial year, which supported CJI's corporate governance activity and work to maintain a sound system of financial control.

Six years after first securing ISO 9001:2008 certification for its Quality Management System, (QMS) CJI successfully transitioned to the ISO 9001:2015 certification standard following a comprehensive audit in January 2018. CJI continues to undertake a programme of internal audits and evaluations of procedures to deliver continuous improvement of its QMS and high quality inspection reports.

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

## Forward look

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

CJI developed its Business Plan for 2017-18 taking cognisance of the priorities identified in 2016 by the Minister of Justice and relevant outcomes identified in the draft Programme for Government (PfG) for 2016-21. An inspection programme for 2017-18 was also developed. CJI will take account of any future changes made to the draft PfG or amendments to Ministerial priorities in future Business and Corporate Plans.

In order to address capacity gaps which emerged in-year following the resignation of one full-time Inspector, CJI appointed a full-time Inspector on secondment for a period of six months. CJI subsequently increased the hours of three part-time Inspection staff in order to enhance and maintain organisational capability and resilience in 2018-19 and future years. During 2017-18 CJI also expanded its involvement with Shared Services by transferring its ICT requirements to the IT Assist platform from late October 2017. This development means CJI will not incur the capital costs of maintaining its ICT network in future financial years. It will provide senior management with greater flexibility around workforce planning.

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

## PERFORMANCE ANALYSIS

### Performance management

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

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

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

## Performance against objectives and targets

### Corporate and Business Planning

In December 2017, CJI published its Corporate Plan for 2016-19 and Business Plan 2017-18 which set out the objectives and targets for the reporting period and resources CJI intended to employ to achieve them. The 2017-18 Business Plan included an overview of the programme of inspections and action plan reviews/inspection follow-up reviews the Inspectorate intended to undertake over the reporting period.

As part of its preparation work for the 2017-18 Business Plan, the Chief Inspector met with representatives of other criminal justice bodies and stakeholders working within the criminal justice sector which CJI has responsibility for inspecting, as well as senior management in each of the key criminal justice organisations. Discussions were also held with political parties

represented in the Northern Ireland Assembly. The meetings were held to gain their views on the topics and areas which merited inclusion in the proposed inspection programme prior to its submission to the Permanent Secretary, DoJ for permission to publish in the absence of an appointed Minister of Justice.

### Performance against CJI's objectives and targets for 2017-18

In this section, CJI reports in detail on its performance against the objectives and measures it set in its 2017-18 Business Plan. Through this work CJI has sought to make its contribution to the DoJ's indicator of the increased effectiveness of the justice system in support of the achievement of draft PfG Outcome Seven. Based on the organisation's performance in 2017-18, CJI assesses 92% of measures (targets) set as being achieved.

## INSPECTION PROGRAMME

### OBJECTIVES



- To conduct a series of inspections within the legislative remit of CJI and make the findings of these inspections publically available;
- through utilising a risk based approach, to conduct a series of follow-up reviews (FURs) and make the findings of these reviews publically available; and
- by publishing inspection reports and recommendations that help criminal justice organisations to both improve their individual effectiveness and efficiency and the effectiveness of the criminal justice system overall.

### MEASURES



- All strategic and 90% of operational recommendations to be accepted by the inspected organisation(s);
- to commence all those inspections listed in the Business Plan within the 2017-18 financial year; and
- to actively engage with criminal justice organisations following the completion of inspection work in support of the achievement of strategic recommendations.

### PERFORMANCE



- During 2017-18 13 (100%) strategic and 51 (100%) operational recommendations were accepted out of the total made in-year;
- all inspections due to take place within 2017-18 commenced before 31 March 2018;
- a risk based approach to the commencement and scheduling of follow-up reviews (FURs) was used in-year with one FUR carried out and the results published in the reporting period. A second planned FUR was reassessed in-year and upgraded to a full inspection. This work is included in the planned 2018-19 inspection programme; and
- CJI liaised with the NIPS regarding resettlement; the NIPS and the PBNI regarding on-going collaboration; has supported preparatory work to develop a new funding model for Forensic Science Services in Northern Ireland; and engaged with the PSNI and the PPS to further the recommendations of the 'Working Together' project.

## COMMUNICATION ACTIVITY

### OBJECTIVES



- Maintain engagement with key stakeholders to improve the effectiveness and efficiency of the criminal justice system; and
- maintain awareness of CJJ's contribution to the criminal justice system.

### MEASURES



- To publish, by laying before the Northern Ireland Assembly, all inspection reports as soon as is practicable after receiving written permission of approval to publish from the Minister of Justice/DoJ subject to the Assembly timetable and presenting to the Northern Ireland Assembly all inspection follow-up reviews. This material will be made publically available via the CJJ website - [www.cjini.org](http://www.cjini.org) - during the financial year;
- to ensure recommendations contained within CJJ inspection reports are clearly understood;
- to obtain feedback on CJJ's work from the heads of the main criminal justice agencies, the Minister of Justice for Northern Ireland, the Attorney General for Northern Ireland, the Lord Chief Justice and the justice representatives of the main political parties at least once during the 2017-18 financial year; and
- to undertake consultation events to support the formation/development of the Inspection Programme for 2018-19.

### PERFORMANCE



- CJJ published seven full inspection reports, one review of recommendations made to the PPS, a light touch review of a prison and one inspection follow-up review during 2017-18. All material was published on CJJ's website - [www.cjini.org](http://www.cjini.org);
- CJJ undertook a number of meetings with the heads of the main criminal justice agencies, senior officials within the DoJ (in the absence of a Minister), the Attorney General for Northern Ireland, the Lord Chief Justice and the justice representatives of the main political parties;
- two consultation events were also held for representatives from the voluntary and community sector (VCS), academia and regulatory bodies in relation to the 2018-19 Inspection Programme. CJJ also engaged fully with the heads of the main criminal justice agencies, DoJ representatives, the Lord Chief Justice and the Attorney General for Northern Ireland; and
- CJJ undertook communications activity in support of the publication of all inspections and follow-up reviews in-year; Senior Management participated in stakeholder consultation events; in a PBNI Business Planning event; and the Northern Ireland Policing Board's From Crime to Court seminar.

## CORPORATE BUSINESS

### OBJECTIVES



- To fulfil the requirements placed upon CJI by the Northern Ireland Assembly and Government;
- to maintain a sound system of financial control; and
- to retain a quality management system within the 2017-18 financial year.

### MEASURES



- To publish a business plan for the 2017-18 year that has been approved by the Minister of Justice/DoJ;
- to maintain a quality management system within CJI;
- to process all payments within 10 days of receipt of a valid invoice or request for payment in line with Government recommendations in partnership with Financial Services Division (FSD), DoJ and Account NI;
- 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 Questions made of CJI within the specific timeframe advised by the DoJ for Northern Ireland; and
- to seek a clean (unqualified) audit certificate from the Comptroller and Auditor General for Northern Ireland for the 2016-17 accounts and publish by laying before the Northern Ireland Assembly, the 2016-17 Annual Report and Accounts before the start of the 2017 Northern Ireland Assembly summer recess period.

### PERFORMANCE



- CJI's Business Plan for 2017-18 was approved by the DoJ Permanent Secretary and published in December 2017;
- CJI successfully transitioned from ISO 9001:2008 certification standard to the ISO 9001:2015 certification standard in 2017-18. The certificate was awarded following an in-depth audit of CJI's processes by SGS, an accredited certification body in January 2018;
- CJI processed all requests for information received under the Freedom of Information Act 2000 within the 20 working days in accordance with legislative requirements;
- 97% of payments were processed within 10 days of receipt;
- CJI responded to all requests for information it received from the DoJ within the agreed timeframe; and
- In June 2017, CJI secured a clean (unqualified) audit certificate from the Comptroller and Auditor General for Northern Ireland in relation to its 2016-17 accounts. The 2016-17 Annual Report and Accounts were laid in the Northern Ireland Assembly on 7 July 2017.

# Financial Review

## Financial Provision and Income

CJI was financed as part of the indicative budget estimate for the DoJ set out by the Secretary of State in April 2017. In the absence of a Northern Ireland Executive, a subsequent Budget Bill was presented by the Secretary of State for Northern Ireland to Parliament and approved in November 2017. Revenue Grants from the sponsoring department for the year was £1,021,000 (2016-17: £1,071,000). In addition, income achieved in-year amounted to £108 (2016-17: £65).

## Net Expenditure Review

The net expenditure of CJI for 2017-18 is compared to the previous two financial years in the table below:

	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>
	£	£	£
<b>Total operating income</b>	<b>(108)</b>	<b>(65)</b>	<b>(59,008)</b>
Staff Costs	800,844	823,917	873,388
Purchase of goods and services	225,144	242,901	240,142
Depreciation and impairment charges	23,926	14,394	19,700
<b>Total operating expenditure</b>	<b>1,049,914</b>	<b>1,081,212</b>	<b>1,133,230</b>
<b>Net operating expenditure</b>	<b>1,049,806</b>	<b>1,081,147</b>	<b>1,074,222</b>
Finance expense	-	75	-
<b>Net expenditure for the year</b>	<b>1,049,806</b>	<b>1,081,222</b>	<b>1,074,222</b>

## Non-Current Assets

Non-Current Asset expenditure movements are detailed in the Notes to the Financial Statements. Capital expenditure in 2017-18 in relation to Property, Plant and Equipment totalled £3,049 (2016-17: £Nil) and for Intangible Assets £475 (2016-17: £Nil).

## Financial Position

The total net liabilities of CJI at 31 March 2018 were £156,799 (2016-17: £128,054).

## Cash Flow

CJI's net increase in cash and cash equivalents in the year was £865 (2016-17: decrease £1,329).

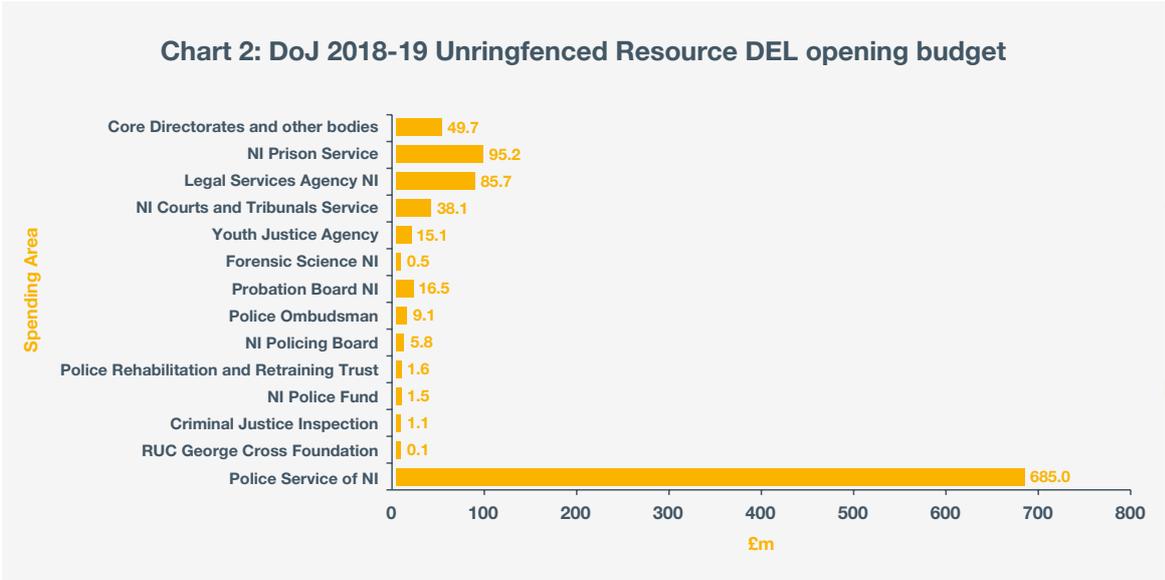
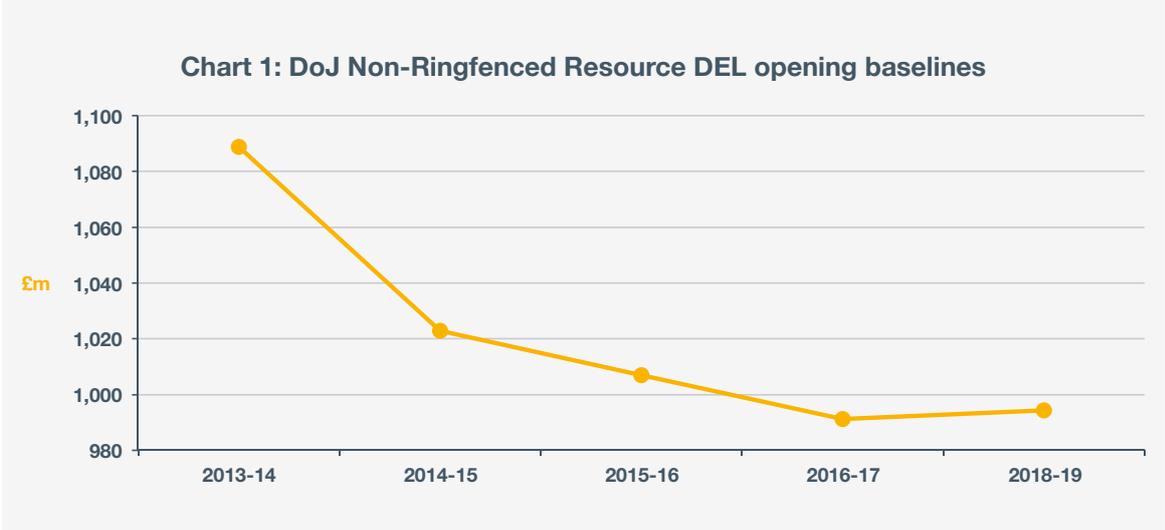
## Financial Risk

For 2017-18 the cash requirements of CJI were met through Revenue Grants provided by the DoJ and the risk to this funding is low. CJI accounts for all transactions in sterling and has no borrowings. As such, CJI is not exposed to any exchange rate or liquidity risk.

**Long term expenditure trends**

The charts below show:

- **Chart 1:** the movement in the Department of Justice unringfenced Resource DEL opening baseline over the period 2014-15 to 2018-19; and
- **Chart 2:** the 2018-19 unringfenced Resource DEL budget split by the Core Department, Executive Agencies and Non-Departmental Public Bodies.



### 2015-16 financial year

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

### 2016-17 financial year

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

- with the exception of the PSNI, the starting point for all DoJ spending areas was a reduction of 5.7% from 2015-16 opening baselines;
- the reduction to the core PSNI budget was limited to 2%;
- £32m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement;
- in recognition of the ongoing pressures facing the Department in respect of legal aid, an allocation of £15m was provided by the Executive; and
- additional Voluntary Exit Scheme (VES) funding of £12.4m.

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

### 2017-18 financial year

On 24 April 2017, the Secretary of State for Northern Ireland outlined an indicative 2017-18 budget position and set out indicative allocations for Northern Ireland Government Departments. This position was based on the advice of the Head of the Northern Ireland Civil Service (NICS) in conjunction with the NICS Boards. The purpose of the statement was to give clarity to Departments as to the basis for Departmental

allocations in the absence of a Northern Ireland Executive, so that Permanent Secretaries could plan and prepare to take more detailed decisions in that light.

The Departmental allocations set out by the Secretary of State provided the basis on which Departments could plan for 2017-18. A Budget Bill was presented by the Secretary of State for Northern Ireland to Parliament in November 2017, confirming the DoJ's budget allocation for the financial year.

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

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

CJJ's budget for 2017-18 fell by 1.5% compared to the prior financial year.

### 2018-19 financial year

On 8 March 2018 the Secretary of State presented a written Ministerial Statement to Parliament which outlined a one-year Budget allocation for 2018-19 for Northern Ireland. This allowed Permanent Secretaries within Government Departments to plan and prioritise resources for the next financial year.

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

- a 2% cut to the opening budget;
- 25% of the PSNI budget was protected and had no percentage cut;
- £20m has been provided towards pressures identified by the Department; and
- in line with the 'Fresh Start' Agreement, the PSNI will receive £34m of additional security funding.

Should the Northern Ireland Executive be restored during the course of the financial year, it would be open to the Executive to consider and revise this position.

CJI commenced 2018-19 with an opening budget of £1,053,000 having retained a comparable financial allocation to the prior financial year.

### Audit

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

The audit fee for the work performed by the staff of the C&AG during the reporting period was £9,000 (2016-17: £9,000). No amounts were paid to the auditors for non-audit work for 2017-18 (2016-17: £Nil).

### Prompt Payment

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

During the year ended 31 March 2018, 97% (2016-17: 83%) were paid in this 10 day timeframe and 100% of payments within 30 days (2016-17: 93%).

### Sustainable Development

CJI is committed to sustainable development by promoting and maintaining a positive and inclusive culture amongst staff and stakeholders. Its aim is to foster governance and leadership in sustainability and to work collaboratively to avoid and minimise adverse impacts of the organisation's activities on the environment and society and reduce the organisation's carbon footprint. During 2017-18, CJI maintained its recycling policy for non-sensitive paper waste, aluminium and plastics across the organisation in partnership with other business areas in adjacent office accommodation. It continues to promote the electronic publication and distribution of its inspection reports and other corporate publications.

### Whistleblowing

CJI adheres to the NICS policy in respect of whistleblowing which is designed to reassure staff that it is safe and acceptable to speak up when they have a concern about malpractice. The procedures provide arrangements so that such concerns can be addressed at an early stage and in a fair and proper way.

### CJI Equality Scheme and Action Plan

On 31 August 2017 CJI published its eighth annual report to the Equality Commission. CJI's Equality Scheme and Action Plan is also available on the CJI website - [www.cjini.org](http://www.cjini.org). The Scheme sets out how CJI proposes to fulfil its statutory duties and was drawn up in accordance with Section 75 and Schedule 9 of the Northern Ireland Act 1998 and Equality Commission guidelines. Section 75 of the Northern Ireland Act 1998 (the Act) requires public authorities, in carrying out their functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity and the desirability of promoting good relations across a range of categories outlined in the Act.

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

**This section summarises the findings of inspection reports published by CJI in 2017-18. During this financial year, CJI published seven full inspections, a review of progress by the PPS against the Starmer recommendations, and a 'light touch' review of Maghaberry Prison. CJI also published one action plan review/inspection follow-up review.**

It should be noted that publication of some pieces of work commenced during the financial year are not due to be published until 2018-19. They include among others, an inspection of equality and diversity monitoring by the criminal justice agencies; an inspection of Public Protection Arrangements Northern Ireland (PPANI); inspections in relation to Sexual Abuse and Violence and Domestic Abuse and Violence; the role of the Voluntary and Community Sector in the criminal justice system and an inspection of resettlement work undertaken by the Northern Ireland Prison Service.

## INSPECTION REPORTS

**Cyber Crime: An inspection of how the Criminal Justice System deals with Cyber Crime in Northern Ireland**

**Lead Inspector:** Dr Ian Cameron

**Published:** June 2017

Cyber crime is a relatively recent phenomenon and its prevalence has increased exponentially in recent years at the same time as rates for the traditional crime types have fallen. The nature of cyber crime requires a multi-agency, cross-jurisdictional and cross-national approach.

Cyber crime was a fast-developing crime area and a comprehensive assessment of its scale and extent was necessary for the PSNI to provide an effective response to the current threat, to allocate resources and to meet investigative and victim needs. The scale of demand for digital forensic examinations, coupled with the increasing capacity of devices had created examination backlogs for the PSNI Cyber Crime Centre.

Whilst the PSNI had taken positive steps to improve fraud investigation management and monitoring to improve outcomes, Inspectors considered it an opportune time to review the effectiveness of the approach to tackle fraud.

Cyber crime was the cause of considerable concern amongst the public, and Inspectors identified the need for a more strategic approach to increase awareness and education about cyber crime and internet security amongst the business and wider community in Northern Ireland.

The report contained one strategic and six operational recommendations.

**An inspection of the Department of Agriculture and Rural Development's (DARD) Fraud Investigations and Enforcement Activities**

**Lead Inspector:** Stephen Dolan

**Published:** August 2017

The CJI inspection of the former DARD (now Department of Agriculture, Environment and Rural Affairs) Veterinary Service Enforcement Branch and Central Investigation Service found that the Department conducted investigations and prepared prosecution files on enforcement action to a high standard.

The dual approach to securing compliance through both inspections and warnings alongside court prosecutions was highlighted as an effective means of enforcement and deterrence.

Inspectors found no evidence of any influence being brought to bear on the Department or its officials and a process was in place to handle conflicts of interest. The report included a number of areas for improvement that the Department accepted.

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

**Lead Inspector:** Dr Ian Cameron

**Published:** August 2017

Inspectors from CJI, HMIP, RQIA and ETI carried out an unannounced visit to Maghaberry Prison in April 2017, with the findings of the inspection published during the summer.

Inspectors welcomed the drive being shown by the leadership team and staff to stabilise the prison and improve outcomes for prisoners. Healthcare and educational provision were improving and these were positive developments. There were also ongoing operations to stem the flow of illicit drugs into the prison, however the misuse of prescription medication and the tendency of some prisoners to experiment with any substance available to get a 'high' remained an issue.

The number of vulnerable prisoners remained high and their care and management continued to present a real challenge to staff and management.

Concerns were raised by the Inspection Team that despite the critical reports into deaths in custody and serious self-harm, some important lessons had not been learnt. Prison does not provide the therapeutic environment that is required for prisoners with complex needs and the courts should be aware of these limitations when committing people to prison for mental health assessments. The management and delivery of effective care plans for some prisoners assessed to be at risk of suicide and self-harm remained unacceptable and required urgent attention.

One recommendation was made as a result of this inspection.

**Made to Measure: The availability and use of Management and Performance Management Information in the Criminal Justice System**

**Lead Inspector:** Stephen Dolan

**Published:** September 2017

This report by CJI found there was a wealth of high quality, detailed information available across the criminal justice system. Traditionally, the focus of management information has been to assess performance against organisations' objectives and targets.

With the adoption of an outcomes based Programme for Government (PfG) criminal justice bodies need to measure performance - and organisational success - from a collective as well as individual basis. The importance of a partnership approach to solving criminal justice issues is now greater than ever.

The need to focus on whether what they do is delivering an outcome that will make a measurable, positive difference to the lives of local people requires collecting the right type of information to assess long term results.

The report recommended that key information on performance be made more accessible to the public using a score or report card system with information made available online similar to the *Scotland Performs* website used by the Scottish Government.

The report contained two strategic and three operational recommendations.

**Review of the Public Prosecution Service's response to the independent review of the prosecution of related sexual abuse and terrorism cases (the Starmer Review)**

**Lead Inspector:** Rachel Lindsay

**Published:** October 2017

In 2016 the Director of the PPS asked CJI to carry out an independent assessment of work undertaken by the PPS to address the recommendations made by Sir Keir Starmer, KCB, QC in his 2015 report. The Starmer Review looked at the PPS' handling and conduct of two related sexual abuse and terrorism cases that did not proceed. It made nine recommendations for improvement.

These recommendations were focused around making sure staff within the PPS and counsel working on their behalf, received training around the PPS' policies on Victims and Witnesses and the Prosecution of Rape Cases. They also included recommendations to ensure that as a case progressed, the PPS kept the prospect of conviction under review and that prosecution counsel had a clear understanding of their role, responsibilities and the expectations upon them.

Inspectors found that while the PPS Victims and Witnesses Policy had been reviewed as per the Starmer Review recommendation, the quality of letters sent by the PPS to victims varied. While there were some excellent examples of empathetic letters sent to victims which explained decisions in an easy to understand manner, just under half of the correspondence was assessed by Inspectors not to be sufficiently empathetic. Inconsistencies were also identified in relation to the level, detail and location of records kept within the file sample reviewed by Inspectors.

While steps were taken by the PPS to improve its case planning and strategic thinking around complex cases as well as developing new case management procedures and associated guidance, additional work was required to embed the benefits of this approach within the organisation.

The Inspectorate welcomed the steps taken to date to meet the requirements of the Starmer recommendations but believed further work was required to address inconsistencies between policy and practice, embed the changes, and fully embrace the spirit of the recommendations across the organisation.

The review assessed that four of the Starmer recommendations have been achieved. Progress made in implementing a further five recommendations was substantial on four occasions and limited in relation to one recommendation.

<b>Business Crime</b>
<b>Lead Inspector:</b> Rachel Lindsay
<b>Published:</b> October 2017

A thematic inspection by CJI into how the criminal justice systems deals with business crime found that business crime was often perceived by the public as a 'victimless' crime with little direct impact on people's lives. Yet in reality it has a wide ranging impact and can involve small independent local retailers and farm businesses, as well as larger local, national and multi-national companies.

The inspection examined the work of the PSNI and the partnership formed with the business community, the DoJ and the Northern Ireland Policing Board to develop the Business Crime Action Plan. The inspection found that the PSNI had well established strategic relationships in place through this partnership and that the Action Plan arising from it was a positive step.

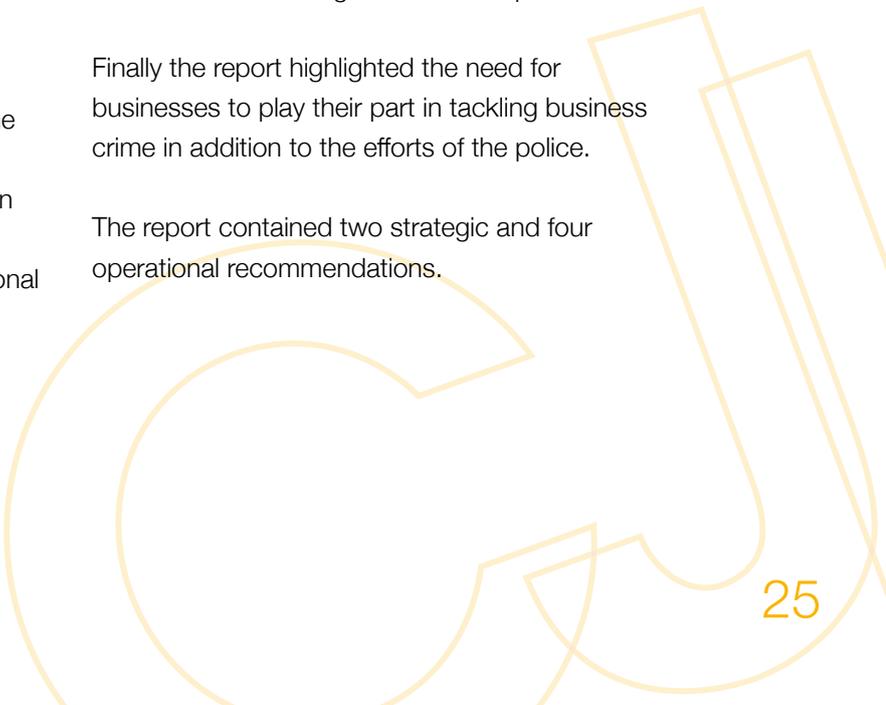
The lack of both an agreed definition of Business Crime or way of accurately recording the level of business crime occurring, however were areas Inspectors recommended the PSNI should work on to address with its partners from the business community.

The report identified that better succession planning was required to maintain the strong relationships developed between crime prevention, neighbourhood policing officers and the business community.

Inspectors also recommended that opportunities available to the police through partnership working with schemes such as Retailers against Crime and Belfast Retail Crime Watch should be better utilised to share information and intelligence around individuals involved in committing crime in retail premises.

Finally the report highlighted the need for businesses to play their part in tackling business crime in addition to the efforts of the police.

The report contained two strategic and four operational recommendations.



**Hate Crime: An inspection of the Criminal Justice System’s response to hate crime in Northern Ireland**

**Lead Inspector:** William Priestley with assistance from Stephen Wilson

**Published:** December 2017

This report published in December 2017 found that the level of hate crimes occurring in Northern Ireland remains stubbornly high with an average of eight incidents reported to the police every day. This is higher than the equivalent rate in England and Wales and is very concerning when considered alongside the known under reporting of many incidents to the police.

The inspection found that the criminal justice organisations have taken positive steps to improve how they responded to, and supported individuals, impacted by hate crime, through initiatives such as the Hate Crime Advocacy Service.

The report recommended the PSNI should continue to develop a more consistent and high quality approach to its early engagement with victims and that hate crime specific scenarios should be used when training officers so that they could understand how best to overcome barriers when interviewing victims and witnesses of hate incidents to achieve the best evidence available. The Northern Ireland Prison Service has also been urged to immediately develop and implement a hate crime strategy. There is also a need for both the PSNI and PPS to continue its joint working in relation to file quality, which is critical to case progression/court outcomes.

There is also a recognition that a review of existing legislation in Northern Ireland would be beneficial and could include the possible introduction of statutory offences similar to those in England and Wales.

The wider message from the report is that hate crime is primarily a societal problem, which requires solutions from both inside and outside the criminal justice system. The Chief Inspector called on the Department of Justice’s Hate Crime Strategy to be linked to the Northern Ireland Executive’s *Together: Building United Communities* or any future cohesion, sharing and integration policy.

Three strategic and five operational recommendations were contained in the report.

**Magilligan Prison**

**Lead Inspector:** Dr Ian Cameron

**Published:** December 2017

The quality of relationships between staff and prisoners was identified as a major strength when Inspectors from CJI, HMIP, RQIA and ETI carried out an unannounced inspection of Magilligan Prison in June 2017.

Inspectors found that older accommodation at the prison remained poor, but significant efforts had been made to make the best of this. Concerns however continued to remain about poorer outcomes in key areas for Catholic prisoners and Inspectors again called for a greater focus on the underlying reasons for this.

Resettlement work at Magilligan remained a significant strength. The support provided was comprehensive, although Foyleview, the semi-open unit, had been reduced in capacity, use of home leave to support rehabilitation and family contact had more than doubled since the last inspection. Work to support prisoners in maintaining relationships with their children, families and friends remained very strong, as were public protection arrangements.

Overall, this was an immensely encouraging inspection. There had been a real focus on the concerns Inspectors raised at the last inspection, and progress had been made in many areas, most significantly in improving the opportunities for prisoners to increase their skills, employability and self-confidence.

The report contained four main recommendations and 35 other recommendations aimed at improving performance. Two examples of good practice were also identified.

## ACTION PLAN REVIEW/ INSPECTION FOLLOW-UP REVIEW

**A follow-up review of the Public Prosecution Service response to strategic inspection recommendations made between 2013 and 2015**

**Lead Inspector:** Stephen Dolan

**Published:** February 2018

CJI conducted a follow-up review of the PPS's response to recommendations contained in previous reports covering corporate governance, police use of discretion and child sexual exploitation.

In total six recommendations were subject to review with the PPS deemed to have fully achieved four and partially achieved the other two.

The follow-up review recognised the impact of budgetary pressures on the PPS with the closure of some regional offices and the loss of 80 staff through a voluntary redundancy scheme. The establishment of a Serious Crime Unit was welcomed as a major step in dealing with sexual crimes, especially those dealing with child sexual abuse.

The report recommended that the possibility of using experienced voluntary and community organisations that already support victims/witnesses of child sexual exploitation by acting as intermediaries, could be an avenue for further development that the PPS could explore.

*Full copies of all CJI inspection reports and Action Plan Reviews/Inspection Follow-up Reviews can be found via the 'The Inspections' page on the CJI website – [www.cjini.org](http://www.cjini.org).*

## Performance Report



**James Corrigan**  
**Chief Executive and Accounting Officer**

08 June 2018

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

The *Corporate Governance Report* comprises a Directors' report which outlines CJI's executive management structure; how it identifies and manages potential conflicts of interests; its information assurance and data management practices and how the organisation handles and learns from complaints it receives. The *Corporate Governance Report* also outlines the responsibilities of the Chief Inspector of Criminal Justice and the Chief Executive's responsibilities and includes its Governance Statement which outlines its key corporate governance processes and the controls in place within CJI during 2017-18.

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

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

## CORPORATE GOVERNANCE REPORT

### Directors' Report

#### Chief Inspector

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

#### Executive Management

The Chief Inspector has responsibility for ensuring the Inspectorate carries out a programme of inspection among the criminal justice organisations within its legislative remit.

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

Attendees included:

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

### Register of Interests

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

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

### Information Assurance

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

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

From December 2015 until October 2017 CJI retained full accreditation from its sponsor department for its IT system. This ensured CJI's Information, Communication and Technology systems were processing protectively marked information in the correct way. Following its move to the NICS Enterprise Shared Services (ESS) IT Assist platform, CJI has commenced work to undertake a re-accreditation process.

### Protected personal data and data handling

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

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

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

None of this detail is transported outside of CJI.

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

CJI confirms that there were no personal data related incidents which it had responsibility for to report to the Information Commissioner during 2017-18 (2016-17: Nil). Information risk is managed within CJI within the context of the risk management framework referred to in CJI's Governance Statement.

### Complaints

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

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

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

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

During 2017-18, CJI did not receive any complaints (2016-17: Nil).

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

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

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

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

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

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

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

# Governance Statement

## Governance Framework

### Scope of Responsibility

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

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

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

Northern Ireland Audit Office (NIAO).

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

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

### The Role of the Senior Management Team (SMT)

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

**Setting Direction**

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

**Approval**

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

**Oversight and Control**

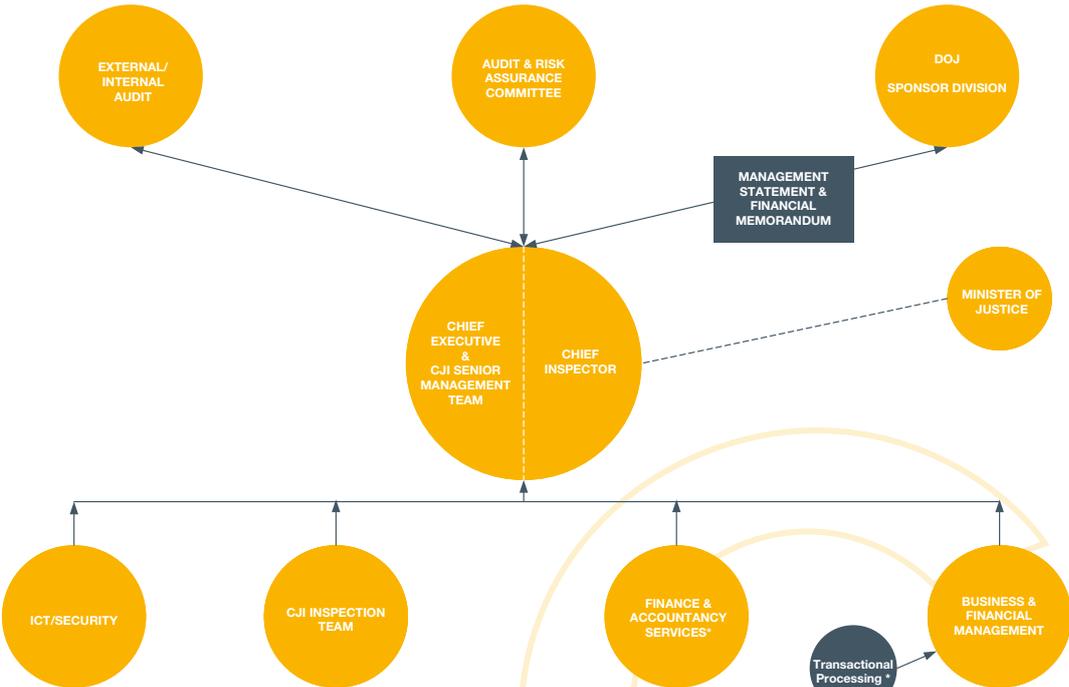
- Operating and financial performance;
- Internal controls; and
- Compliance (governance, risk, financial and regulatory).

**Stakeholder relationships**

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

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

**CJI accountability arrangements**



\* Services provided via a Service Level Agreement with Financial Services Division, DoJ.

### Risk Management and Internal Control

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

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

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

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

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

### Risk Assessment

A number of risks were re-evaluated during the year and the Risk Register was updated to reflect the highest priority risks to CJI. The most significant risks to the organisation identified in-year were that CJI would be unable to deliver a meaningful and relevant inspection programme that contributes to the delivery of draft PfG outcomes, and the timeliness and relevance of report findings and recommendations may lose value due to delays internally and externally including around the factual accuracy checking process and clearance of reports to seek permission to publish.

CJI has sought to manage these risks internally and liaised with its sponsor division within the DoJ to ensure a clear understanding of the potential impact on CJI's core business of ongoing financial pressures and budget reductions combined with staffing changes.

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

CJI has sought to mitigate the impact of these risks on its core business by reviewing the timing of the inspection programme; where possible increasing the hours of Inspection staff who work on a part-time basis; and adopting a risk-based approach to the allocation of external support for inspection work.

### Audit and Risk Assurance Committee

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

The Audit and Risk Assurance Committee comprises two independent non-executive members, who are supported by the Business and Communications Manager, and a nominated CJI Inspector. The Chief Inspector, the Accounting Officer (Deputy Chief Inspector), a representative from DoJ sponsor division, representatives of the NIAO/RSM UK Audit LLP (External Audit), NICS Group Internal Audit (formerly DoJ Internal Audit), and FSD (financial services provider to CJI) also attended during 2017-18.

Attendance during 2017-18		
	No. of Meetings Held	No. of Meetings Attended
<b>CJI Audit and Risk Assurance Committee Members</b>		
S Pollock (non-executive member/Chairperson)	4	4
M McCafferty (non-executive member/Chairperson)	4	3
<b>CJI Audit and Risk Assurance Committee Attendees</b>		
B McGuigan (Chief Inspector)	4	4
J Corrigan (Chief Executive & Accounting Officer)	4	4
M McVeigh (Business and Communications Manager)	4	4
S Dolan (CJI Inspector)	4	3
Representative of DoJ Financial Services Division	4	4
Representative of DoJ (Sponsor Division)	4	3
NIAO (External Audit)	4	1
RSM UK Audit LLP (External Audit)	4	2
Representative of NICS Group Internal Audit	4	4
Audit & Risk Assurance Committee Secretary	4	4

\* The role of Chairperson was rotated between the non-executive members of the ARAC during 2017-18.

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

### Internal Audit

The CJI Internal Auditor provides a report on internal audit activity each year. The Internal Auditor has during 2017-18 completed an audit of CJI's financial support systems. The annual assurance report includes the Internal Auditor's independent opinion on the adequacy and effectiveness of CJI's system of internal control with recommendations for improvement.

From the beginning of the 2017-18 year, a single NICS Group Internal Audit team was established within the Department of Finance incorporating the former DoJ Internal Audit team. The Internal Audit service to CJI/the DoJ continues to be provided as before with the same personnel and to the same professional standards.

### Core Business Risks

All CJI inspections include a formal risk assessment with mitigating plans in place and responsibility for delivery clearly assigned. Risk policies and processes are supported

and maintained by the Business and Communications Manager who is responsible for advising on corporate risk management and the escalation of risks from the risk and control framework to the SMT and, if relevant, to DoJ. This system of internal control has been in place in CJI for the year ended 31 March 2018 and up to the date of approval of the Annual Report and Accounts. It accords with Department of Finance guidance relating to corporate governance and management of risk.

### Shared Services

#### Financial

CJI's Payroll and HR transactional support functions are provided via NICS HR and the NICS HRConnect service. Finance transactional support functions have been provided by FSD via the NICS Account NI shared service system with internal control exercised by the Department since July 2012 with CJI's budget and financial reporting services provided by FSD since November 2012. The control responsibility and internal audit processes for those internal elements of the transaction streams that remain within CJI rest with the CJI Accounting Officer. These include validation of expenditure requests, compliance within delegated limits; 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 expense monitoring and approval (travel and subsistence) which lies with the CJI Accounting Officer. Any changes to CJI processes are managed within the ISO 9001:2015 quality management system to ensure that objectives are still delivered and the control implications assessed, agreed and managed.

### ICT

From October 2004 when CJI first became operational until October 2017 CJI operated a standalone computer system to meet its business requirements. As a result of the need to allocate money from its budget to fund substantial capital investment in updating CJI's IT system, coupled with the need to deliver year-on-year financial savings and the opportunities presented following CJI's re-location to new accommodation within the Stormont Estate in December 2014, CJI prepared and secured approval for a business case to move to the NICS Enterprise Shared Services IT Assist platform.

CJI's ICT requirements subsequently transferred across to IT Assist with effect from mid October 2017. A detailed Service Level Agreement governs the delivery of the services. The SLA will be reviewed on an annual basis with supporting in-year reviews carried out by the ICT Manager to monitor the service.

### Information Security

CJI's Information Security is managed by CJI's IT and Security Manager. Staff awareness of Information Assurance/Security is supported by the ISO 9001:2015 certified Quality Management System, which gives staff full access to all relevant and current security policies and guidance.

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

Following the successful move from CJI's stand alone computer system to the ESS IT Assist platform in October 2017, CJI commenced work in preparation to secure the re-accreditation of its ICT systems. Work was also undertaken in 2017-18 to prepare for the introduction of the General Data Protection Regulations (GDPR) and ensure CJI was suitably positioned to meet its obligations in respect of the retention, handling and processing of personal data. This work was ongoing at the end of the financial year.

### Value for Money

All proposed business changes are examined through the preparation of an appropriate and proportionate business case. If appropriate, benefits realisation plans and monitoring are built into all such developments and direct periodic reporting to the SMT for corporate projects. All procurement and contract management complies with UK and/or EU procurement regulations to ensure full and fair competition amongst prospective suppliers of goods and services. All procurement and contract management activities are managed in line with the Cabinet Office transparency guidelines and approvals processes, with supplier engagement compliant with EU, UK Government and Department of Finance procurement guidelines. CJI attends and is a member of the DoJ Procurement Forum and utilises the E-Tendering platform in relation to the letting of contracts where the value exceeds £5,000.

As part of the selection process for new contracts, tender evaluation incorporates monetary and non-monetary factors and contracts are awarded to the most economically advantageous tender. CJI reviews supplier performance information to ensure that quality and services are maintained for the duration of the contract and that post evaluation takes place.

### 2017-18 financial year

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

In the continuing absence of a Budget Act determined by the Northern Ireland Executive, the Permanent Secretary of the Department of Finance, was required to use his limited powers under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 to release cash to Northern Ireland Government Departments including the DoJ from the Northern Ireland Consolidated Fund.

This limited measure was designed to ensure that funds continued to flow to Departments and Arm's Length Bodies such as CJI so that public services continued to be provided and public servants paid until 13 November 2017 when the Secretary of State for Northern Ireland presented a Budget Bill for Northern Ireland for 2017-18 at Westminster which was subsequently agreed by Parliament. The Northern Ireland Budget Act 2017 received Royal Assent on 16 November 2017.

CJI had commenced 2017-18 with an indicative budget of £1,053,000 which incorporated a 1.5% reduction against its opening baseline for the prior financial year of £1,069,000. This indicative budget was confirmed after the Budget Bill was passed.

### 2018-19 financial year

In the continuing absence of a devolved administration and Northern Ireland Executive, the Secretary of State presented a written Ministerial Statement to Parliament on 8 March 2018 outlining a one-year Budget allocation for Northern Ireland. The Northern Ireland Budget (Anticipation and Adjustment) Act 2018 received Royal Assent on 28 March 2018.

This allowed Permanent Secretaries within Government Departments to plan and prioritise resources for the next financial year. Should the Northern Ireland Executive be restored during the course of the financial year, it would be open to the Executive to consider and revise this position.

CJI commenced 2018-19 with an opening budget of £1,053,000 having retained a comparable financial allocation to the prior financial year.

### Review of Effectiveness

- The SMT assesses achievement of the CJI Business Plan objectives and targets on a continuous basis. The outcome of this continuous assessment is used to inform the development of the Corporate and Business Plan(s) for the succeeding period.
- At the monthly SMT meetings the review of CJI financial reports indicated potential variances from budget that were satisfactorily explained.

- CJI met all key objectives such as conducting a series of inspections and follow-up reviews within its legislative remit; maintaining a sound system of financial control; and obtaining re-certification for its Quality Management System within the financial year as outlined in its 2017-18 Business Plan.
- Annual Internal Audit reviews were conducted by the independent NICS Group Internal Auditor to test the adequacy and effectiveness of systems of internal control as defined in the Public Sector Internal Audit Standards (PSIAS). CJI attained a satisfactory level of assurance in the Head of Internal Audit's Annual Report and Opinion report.
- There were no significant lapses in security in-year.
- CJI received an annual assurance statement from FSD providing information on the FSD internal controls governing risk and control monitoring activities, and other relevant reporting processes and assurances provided by DoJ Internal Audit and other relevant sources of assurance.
- CJI successfully transitioned from ISO 9001:2008 to the new ISO 9001:2015 standard and was certified following an audit by independent assessors. ISO 9001:2015 is a continuous improvement regime that maintains the quality standards for all CJI processes.

### Conflicts of Interest

All Audit and Risk Assurance Committee members, CJI staff members and attendees (with the exception of Internal and External Audit representatives) are required to complete an annual declaration of potential personal or business interests. This information is used to identify where potential conflicts of interest may apply. Should this information change in-year,

CJI staff members, Audit and Risk Assurance Committee members and attendees (with the exception of Internal and External Audit representatives) are required to inform the Chief Executive and update their declaration of interests accordingly. This register of interests is available for public inspection. A register of interests pertaining to CJI's SMT (Board) and attendees at SMT meetings can be viewed online at [www.cjini.org](http://www.cjini.org).

Members and attendees at the CJI Audit and Risk Assurance Committee (with the exception of Internal and External Audit representatives) are also required to disclose any potential conflicts of personal or business interest at the start of each Audit and Risk Assurance Committee meeting. Where a conflict arises, the individual is required to absent themselves from the subsequent discussion.

### Significant Internal Control Issues

There were no significant internal control issues or Ministerial directions during 2017-18.

### Accounting Officer statement on assurance

CJI has an established and robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity and by the NICS Group Internal Audit Services operating to Public Sector Internal Audit Standards (PSIAS). They deliver an agreed prioritised programme of system based audits covering all CJI systems over time. The Head of Internal Audit provides me with an Annual Report and their professional opinion on the level of assurance that they can provide based on the work done. For the 2017-18 year they have provided overall satisfactory assurance.

## REMUNERATION AND STAFF REPORT

# Remuneration Report

**The Remuneration Report provides information on the terms and conditions of employment applicable to CJI's senior management and the salary and pension entitlements along with any additional remuneration which is payable to the Inspectorate's most senior staff. This ensures transparency in relation to how staff salaries are set as well as the payments made and due to staff as a result of their employment.**

### Remuneration Policy

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

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

The pay remit for Northern Ireland Public Sector employees and those aligned with the NICS Senior Civil Service (SCS) pay scales are normally approved by the Minister of Finance but in the absence of an Executive, the DoF Permanent Secretary has set the

2017-18 public sector pay policy in line with the overarching HM Treasury parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. [The pay award for SCS aligned staff for 2017-18 has not yet been finalised].

### Service Contracts

Directly recruited appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition, but also includes the circumstances when appointments may otherwise be made.

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

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

### Salary and Pension Entitlements

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

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

2017-18					
	Salary	Bonus Payments	Benefits in kind	Pension Benefits*	Total
	£'000	£'000	(to nearest £100)	(to nearest £1,000)	£'000
Mr B McGuigan, Chief Inspector	105-110	-	-	14	115-120
Mr J Corrigan Deputy Chief Inspector & Chief Executive	65-70	-	-	48	115-120

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

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

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

**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 (2016-17: £Nil).

**Bonuses**

Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses reported in 2017-18 relating to performance in 2017-18 or comparative bonuses reported for 2016-17 relating to performance in 2016-17.

**Fair pay disclosures (audited information)**

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

The banded remuneration of the highest-paid director in CJJ in the financial year 2017-18 was £105,000 - £110,000 (2016-17: £105,000 - £110,000). This was 1.93 times (2016-17: 1.98) the median remuneration of the workforce, which was £54,987 (2016-17: £53,626). Remuneration ranged from £26,086 to £105,000 - £110,000 (2016-17: £26,086 to £105,000 - £110,000). The decrease in ratio and increase in median remuneration in comparison with prior year figures is linked to the secondment of a staff member at Inspector level.

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

The **alpha** scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the **classic, premium, classic plus** and **nuvos** pension arrangements also moved to **alpha** from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to **alpha** and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to **alpha** on 1 April 2015 or at a later date determined by their age. **Alpha** is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

**Pension Entitlements (audited information)**

Name	Accrued pension at pension age as at 31/03/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/18	CETV at 31/03/17	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr B McGuigan	20-25	0-2.5	426	405	11	-
Mr J Corrigan	10-15	2.5-5	211	163	26	-

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

**Northern Ireland Civil Service (NICS) Pension schemes**

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). The **alpha** pension scheme was introduced for new entrants from 1 April 2015.

New entrants joining can choose between membership of **alpha** or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (**partnership** pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the **nuvos** arrangement or they could have opted for a **partnership** pension account. **Nuvos** is also a 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%.

Staff in post prior to 30 July 2007, may be in one of three statutory based 'final salary' defined benefit arrangements (**classic**, **premium**, and **classic plus**). From April 2011 pensions payable under **classic**, **premium**, and **classic plus** are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of **premium** or joining a **partnership** pension account.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2017 was 3% and HM Treasury has announced that public service pensions will be increased accordingly from April 2018.

Employee contribution rates for all members for the period covering 1 April 2018 - 31 March 2019 are as follows:

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

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

#### Scheme Year 1 April 2018 to 31 March 2019

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates - Classic members or classic members who have moved to alpha	Contribution rates - all other members
From	To	From 01 April 2018 to 31 March 2019	From 01 April 2018 to 31 March 2019
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,636.99	4.6%	4.6%
£21,637.00	£51,515.99	5.45%	5.45%
£51,516.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

#### Cash Equivalent Transfer Values

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

Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

#### Real increase in CETV

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

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

#### Compensation on early retirement or for loss of office

No compensation on early retirement or for loss of office was paid to members of senior management during 2017-18 (2016-17: £Nil).

# Staff Report

## Staff costs (audited information)

Staff costs comprise:

	2017-18 £000			2016-17 £000
	<b>Permanently employed staff</b>	<b>Others</b>	<b>Total</b>	<b>Total</b>
Wages and salaries	564,968	26,167	591,135	617,884
Social security costs	64,033	3,140	67,173	66,935
Other pension costs	136,570	5,966	142,536	139,098
<b>Sub total</b>	<b>765,571</b>	<b>35,273</b>	<b>800,844</b>	<b>823,917</b>
Less recoveries in respect of outward secondments	-	-	-	-
<b>Total net costs</b>	<b>765,571</b>	<b>35,273</b>	<b>800,844</b>	<b>823,917</b>

## Pension arrangements

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes 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 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the Department of Finance (DoF) Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2018.

For 2017-18, employers' contributions of £113,317 were payable to the NICS pension arrangements (2016-17: £110,139) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha

from April 2015. For 2018-19, the rates will range from 20.8% to 26.3% however the salary bands differ. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 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 (2016-17: £Nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2016-17: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil, 0.5% (2016-17: £Nil, 0.5%) of pensionable pay, were payable to the NICS pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

No persons (2016-17: Nil persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2016-17: £Nil).

In addition, pension contributions of £27,888 were paid in the year (2016-17: £27,888) 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 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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

### Average number of persons employed

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

	2017-18	2016-17
<b>Permanently employed staff</b>		
Senior Management	2.00	2.00
Inspectors	4.95	5.08
Administration and support staff	3.00	3.80
<b>Other</b>		
Secondment	0.42	0
<b>Total</b>	<b>10.37</b>	<b>10.88</b>

At the start of the 2017-18 financial year, CJI had a complement of 13 permanent staff (10.6 Full Time Equivalent (FTE)). There were a number of staff changes in-year. One full-time Inspector resigned and three part time Inspectors subsequently increased their working hours. This brought CJI staffing levels to 12 permanent staff (10.4 FTE) at the end of the year.

During the financial year CJI welcomed a secondee to the Inspection Team on a full time basis for a period of six months (1 November 2017 – 30 April 2018). Salary costs for the secondee were recouped by their permanent employer in line with the secondment agreement.

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

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

During 2017-18 CJI had two employees who were equivalent to NICS Senior Civil Service grades. They were the Chief Inspector (Grade 3 equivalent) and the Deputy Chief Inspector and Chief Executive (Grade 5 equivalent).

#### Sickness absence

In 2017-18 the average level of staff sickness absence stood at 3.66 days per employee (11.96 days in 2016-17). This average figure takes account of one period of long-term sickness absence which occurred during the financial year.

#### Staff policies - disabled persons

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

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

#### Staff composition (audited information)

The number of staff employed at 31 March 2018 was as follows:

	Female staff	Male staff	Total staff
<b>Permanently employed staff</b>			
Senior Management	0	2	2
Inspectors	2	5	7
Administration and Support Staff	2	1	3
<b>Other</b>			
Secondment	1	0	1
<b>Total</b>	<b>5</b>	<b>8</b>	<b>13</b>

During 2017-18 CJI offered one secondment opportunity for a period of six months where it was required to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes or abilities. CJI was not required to arrange appropriate training for staff who had become disabled during the reporting period to ensure their continuing employment.

### **Learning and development**

CJI is committed to supporting the continued learning and development of staff acknowledging that skilled and engaged staff are an essential resource in terms of meeting the Inspectorate's current and future business needs and the achievement of its corporate objectives. CJI sees learning and development as a collaborative process involving individual staff members and line managers which is linked to the Performance Management system. CJI is a participant in the Interchange Scheme which provides secondment/development opportunities for staff working with the public sector.

During the financial year CJI staff undertook a number of mandatory e-learning modules, with three Inspectors undertaking advanced Excel training to assist with the analysis of data for Inspection purposes.

CJI Inspectors also continued their work with the Council of Europe in respect of policing and prison matters.

During the year the Chief Inspector participated in a number of panel discussions linked to key areas of interest for the justice system.

They included matters which impact on young people in care; facilities for young people in the justice system; how to meet the needs of females within the justice system; justice delivery and victims' issues. The Chief Inspector also participated in the Public Protection Advisory Group and attended a number of events linked to policing in 2017-18.

CJI also took the opportunity to engage with students from both Ulster University and Canterbury Christ Church University.

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

### **Expenditure on consultancy**

During the 2017-18 financial year CJI did not incur any expenditure in relation to external consultancy (2016-17: Nil). Expenditure in relation to internal consultancy (i.e. work carried out by other Government organisations) was £30,000 in 2017-18 (2016-17: £38,386). This expenditure related to support for the achievement of the inspection programme.

### **Off-payroll engagements**

CJI had no 'off-payroll' engagements at a cost of over £58,200 per annum lasting longer than six months in place as at 1 April 2017. This remained the case in-year with no 'off-payroll' engagements at a cost of over £58,200 per annum or lasting longer than six months in place as at 31 March 2018.

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

Exit Package Cost band	Number of compulsory redundancies	Number of other departures agreed	2017-18	2016-17
			Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	-	-	-
£10,000 - £25,000	-	-	-	2
£25,000 - £50,000	-	-	-	-
£50,000 - £100,000	-	-	-	-
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
Over £200,000	-	-	-	-
<b>Total number of exit packages</b>	-	-	-	<b>2</b>
<b>Total resource cost £</b>	-	-	-	<b>£37,000</b>

During 2017-18 CJI did not have any compensation or exit packages in place for staff leaving the organisation. In 2016-17 CJI operated a Voluntary Exit Scheme (VES) under which two members of CJI's support staff participated and left the organisation. CJI's VES scheme mirrored a previous scheme which operated in the Northern Ireland Civil Service during 2015-16.

## ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

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# Assembly accountability disclosures

(audited information)

### Regularity of Expenditure

#### Losses and special payments

There were no losses or special payments in 2017-18 (2016-17: £Nil).

#### Remote contingent liabilities

There were no contingent liabilities requiring disclosure under Northern Ireland Assembly reporting requirements. CJI had no significant remote contingent liabilities during 2017-18 (2016-17: £Nil) that require disclosure. Note 14 to the Accounts provides further details regarding the contingent liabilities that are included within the financial statements.

## Accountability Report



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**James Corrigan**

**Chief Executive and Accounting Officer**

08 June 2018

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Criminal Justice Inspection Northern Ireland for the year ended 31 March 2018 under the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of Criminal Justice Inspection Northern Ireland's affairs as at 31 March 2018 and of the net expenditure for the year then ended; and
- 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 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.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Criminal Justice Inspection Northern Ireland in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

## Other Information

The Accounting Officer is responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Justice directions made under the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010; and
- the information given in the Performance and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Justice (Northern Ireland) Act 2002 as amended by the Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010.

I am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of my certificate. In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### 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 parts of the Accountability 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 the Department of Finance's guidance.

### Report

I have no observations to make on these financial statements.



**KJ Donnelly**

**Comptroller and Auditor General**

Northern Ireland Audit Office  
106 University Street  
Belfast BT7 1EU

19 June 2018

# Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

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

	Note	2017-18 £	2016-17 £
Other operating income	4	(108)	(65)
<b>Total Operating Income</b>		<u>(108)</u>	<u>(65)</u>
Staff costs	3	800,844	823,917
Purchase of goods and services	3	225,144	242,901
Depreciation and impairment charges	3	23,926	14,394
<b>Total operating expenditure</b>		<u>1,049,914</u>	<u>1,081,212</u>
<b>Net operating expenditure</b>		<u>1,049,806</u>	<u>1,081,147</u>
Finance expense		-	75
<b>Net expenditure for the year</b>		<u>1,049,806</u>	<u>1,081,222</u>
<b>Other comprehensive net expenditure</b>			
Items that will not be reclassified to Net operating expenditure:			
Net (gain) on revaluation of property, plant and equipment	5	(61)	(652)
Net (gain) on revaluation of intangible assets	6	-	(142)
<b>Comprehensive net expenditure for the year</b>		<u><u>1,049,745</u></u>	<u><u>1,080,428</u></u>

The notes on pages 57 to 69 form part of these accounts.

# Statement of Financial Position as at 31 March 2018

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

	Note	2017-18 £	2016-17 £
<b>Non-current assets:</b>			
Property, plant and equipment	5	14,445	29,394
Intangible assets	6	473	5,865
Trade and other receivables	9	-	496
<b>Total non-current assets</b>		14,918	35,755
<b>Current assets:</b>			
Trade and other receivables	9	1,996	8,091
Cash and cash equivalents	8	3,020	2,155
<b>Total current assets</b>		5,016	10,246
<b>Total assets</b>		19,934	46,001
<b>Current liabilities</b>			
Trade and other payables	10	(176,733)	(174,055)
<b>Total current liabilities</b>		(176,733)	(174,055)
<b>Total assets less total liabilities</b>		<b>(156,799)</b>	<b>(128,054)</b>
<b>Taxpayers' equity and other reserves</b>			
General reserve		(157,415)	(129,826)
Revaluation reserve		616	1,772
<b>Total equity</b>		<b>(156,799)</b>	<b>(128,054)</b>

The financial statements on pages 53 to 56 were approved by the Audit and Risk Assurance Committee on 07 June 2018 and signed by:



James Corrigan

**Chief Executive and Accounting Officer**

08 June 2018

The notes on pages 57 to 69 form part of these accounts.

# Statement of Cash Flows

## for the year ended 31 March 2018

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

	Note	2017-18 £	2016-17 £
<b>Cash flows from operating activities</b>			
Net operating expenditure		(1,049,806)	(1,081,222)
Adjustment for non-cash transactions	3	23,867	14,385
(Increase)/Decrease in trade and other receivables		6,591	1,872
Increase/(Decrease) in trade and other payables		2,678	(7,495)
<i>Less movements in payables relating to items not passing through the Net Expenditure account</i>		(475)	1,721
<b>Net cash outflow from operating activities</b>		<b><u>(1,017,145)</u></b>	<b><u>(1,070,739)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(3,049)	(1,721)
Purchase of intangible assets	6	-	-
Proceeds of disposal of property, plant and equipment		59	131
<b>Net cash outflow from investing activities</b>		<b><u>(2,990)</u></b>	<b><u>(1,590)</u></b>
<b>Cash flows from financing activities</b>			
Grants from sponsoring department		1,021,000	1,071,000
<b>Net financing</b>		<b><u>1,021,000</u></b>	<b><u>1,071,000</u></b>
<b>Net increase/(decrease) in cash and cash equivalents in the period</b>		<b><u>865</u></b>	<b><u>(1,329)</u></b>
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b><u>2,155</u></b>	<b><u>3,484</u></b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b><u>3,020</u></b>	<b><u>2,155</u></b>

The notes on pages 57 to 69 form part of these accounts.

# Statement of Changes in Taxpayers' Equity for year ended 31 March 2018

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

	General Fund	Revaluation Reserve	Taxpayers' Equity
Note	£	£	£
<b>Balance at 31 March 2016</b>	<b>(120,063)</b>	<b>1,437</b>	<b>(118,626)</b>
<b>Changes in taxpayers' equity for 2016-17</b>			
Grants from Sponsoring department	1,071,000	-	1,071,000
Comprehensive Net Expenditure for the year	(1,081,222)	794	(1,080,428)
Other reserves movements including transfers	459	(459)	-
<b>Balance at 31 March 2017</b>	<b><u>(129,826)</u></b>	<b><u>1,772</u></b>	<b><u>(128,054)</u></b>
<b>Changes in taxpayers' equity for 2017-18</b>			
Grants from Sponsoring department	1,021,000	-	1,021,000
Comprehensive Net Expenditure for the year	(1,049,806)	61	(1,049,745)
Other reserves movements including transfers	1,217	(1,217)	-
<b>Balance at 31 March 2018</b>	<b><u>(157,415)</u></b>	<b><u>616</u></b>	<b><u>(156,799)</u></b>

The notes on pages 57 to 69 form part of these accounts.

# Notes to the Accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2017-18 Government 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 (SOCNE) on a straight line basis over the period of the lease.

**e) Grant-in-aid**

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

**f) Property, plant and equipment**

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

**g) Depreciation**

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

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

The Office Refurbishment depreciation policy, previously set at five years has been increased to 10 years. This change has been made to correlate with the longer term re-location of CJI's office premises to vacant accommodation within the Stormont Estate. This takes account of the potential changes which may occur as a result of the out workings of the DoJ Strategic Review of Estates under the DoF Reform of Property Management to ensure more effective and efficient use of buildings.

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

**h) Realised Element of Depreciation from Revaluation Reserve**

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

**i) Intangible assets**

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

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

**j) Contingent liabilities**

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

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

**k) Value added tax**

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

**l) Corporation Tax**

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

**m) Revaluation reserve**

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

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

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

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

**ii) Financial assets**

**Cash and cash equivalents**

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

**iii) Financial Liabilities**

**Trade and other payables**

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

**o) Critical accounting estimates and key judgements**

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

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

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

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

**Review of Financial Process:**

Standard	Comments
IFRS 10 - Consolidated Financial Statements	The International Accounting Standards Board (IASB) issued new and amended standards (IFRS 10, IFRS 11 and IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014.
IFRS 11 - Joint Arrangements	Accounting boundaries for IFRS purposes are currently adapted in the <i>FReM</i> so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by HM Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change to include NDPBs and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.
IFRS 12 - Disclosure of Interests in Other Entities	

**Issued and effective in 2017-18 for the first time:**

There were no accounting initiatives issued and effective in 2017-18 for the first time.

CJI has reviewed the remaining standards, interpretations and amendments to published standards and *FReM* that became effective during 2017-18. The adoption of these standards are either not relevant to CJI's operations or have not had a significant impact on its financial position or results.

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

CJI has reviewed new standards, interpretations and amendments to existing standards that have been published that are mandatory for CJI's accounting periods beginning on or after 1 April 2018 or later periods, but which CJI has not adopted early. CJI considers that these standards are not relevant or material to its operations.

**Financial reporting - future developments**

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

## 2. Statement of Operating Costs by Operating Segment

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

## 3. Expenditure

	Note	2017-18 £	2016-17 £
<b>Staff Costs*:</b>			
Wages and Salaries		591,135	617,884
Social Security Costs		67,173	66,935
Other Pension Costs		142,536	139,098
		<b>800,844</b>	<b>823,917</b>
<b>Purchase of goods and services:</b>			
<b>Cash items:</b>			
Staff related costs		15,761	20,298
Rentals under operating leases		635	954
Accommodation costs, maintenance and utilities		42,538	41,107
IT, communications and office services		42,540	44,587
Contracted out and managed services		72,300	69,948
Professional and consultancy costs		33,864	49,674
Audit fees		9,000	9,000
Other expenditure		8,565	7,342
		<b>225,203</b>	<b>242,910</b>
<b>Non-cash items:</b>			
(Profit)/loss on disposal of property, plant and equipment		(59)	(9)
		<b>225,144</b>	<b>242,901</b>
<b>Depreciation and impairment charges:</b>			
Depreciation	5	18,059	11,959
Amortisation	6	5,867	2,488
Net loss/(gain) on revaluation			(53)
		<b>23,926</b>	<b>14,394</b>
<b>Finance expense</b>			
Interest payable and similar charges		-	75
<b>Total</b>		<b>1,049,914</b>	<b>1,081,287</b>

\*Further analysis of staff costs is located in the Staff Report within the Accountability Report.

#### 4. Income

	2017-18	2016-17
	£	£
Other non-trading income	108	65
<b>Total Other operating income</b>	<b>108</b>	<b>65</b>

#### 5. Property, plant and equipment

2017-18	Refurbishment Costs £	Office Equipment, Furniture and Fittings £	Computer Equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2017	18,805	43,547	102,044	164,396
Additions	-	3,049	-	3,049
Disposals	-	(8,472)	(5,191)	(13,663)
Revaluation released to SOCNE	-	-	-	-
Revaluations	-	(307)	213	(94)
<b>At 31 March 2018</b>	<b>18,805</b>	<b>37,817</b>	<b>97,066</b>	<b>153,688</b>
<b>Depreciation</b>				
At 1 April 2017	8,776	34,912	91,314	135,002
Charged in year	3,331	5,689	9,039	18,059
Disposals	-	(8,472)	(5,191)	(13,663)
Revaluation released to SOCNE	-	-	-	-
Revaluations	-	(316)	161	(155)
<b>At 31 March 2018</b>	<b>12,107</b>	<b>31,813</b>	<b>95,323</b>	<b>139,243</b>
<b>Carrying amount at 31 March 2018</b>	<b>6,698</b>	<b>6,004</b>	<b>1,743</b>	<b>14,445</b>
<b>Carrying amount at 31 March 2017</b>	<b>10,029</b>	<b>8,635</b>	<b>10,730</b>	<b>29,394</b>
<b>Asset financing:</b>				
Owned	6,698	6,004	1,743	14,445
<b>Carrying amount at 31 March 2018</b>	<b>6,698</b>	<b>6,004</b>	<b>1,743</b>	<b>14,445</b>

## 5. Property, plant and equipment (continued)

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

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.

## 6. Intangible assets

2017-18	Total £
<b>Cost or valuation</b>	
At 1 April 2017	44,490
Additions	475
Disposals	(31,573)
Revaluation released to SOCNE	-
Revaluations	-
<b>At 31 March 2018</b>	<b>13,392</b>
<b>Amortisation</b>	
At 1 April 2017	38,625
Charged in year	5,867
Disposals	(31,573)
Revaluation released to SOCNE	-
Revaluations	-
<b>At 31 March 2018</b>	<b>12,919</b>
<b>Carrying amount at 31 March 2018</b>	<b>473</b>
<b>Carrying amount at 31 March 2017</b>	<b>5,865</b>
<b>Asset financing:</b>	
Owned	473
<b>Carrying amount at 31 March 2018</b>	<b>473</b>

## 6. Intangible assets (continued)

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

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

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

## 7. Financial Instruments

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

## 8. Cash and cash equivalents

	2017-18	2016-17
	£	£
Balance at 1 April	2,155	3,484
Net change in cash and cash equivalent balances	865	(1,329)
<b>Balance at 31 March</b>	<b>3,020</b>	<b>2,155</b>

The following balances at 31 March were held at:

Commercial banks and cash in hand	3,020	2,155
<b>Balance at 31 March</b>	<b>3,020</b>	<b>2,155</b>

## 9. Trade receivables, financial and other assets

	2017-18	2016-17
	£	£
<b>Amounts falling due within one year</b>		
Trade receivables	38	-
Other receivables	702	44
Prepayments and accrued income	1,256	8,047
	<b>1,996</b>	<b>8,091</b>
<b>Amounts falling due after more than one year</b>		
Prepayments and accrued income	-	496
<b>Total</b>	<b>1,996</b>	<b>8,587</b>

## 10. Trade payables, financial and other current liabilities

	2017-18	2016-17
	£	£
<b>Amounts falling due within one year</b>		
Other payables	65,202	64,334
Accruals and deferred income	111,531	109,721
<b>Total</b>	<b>176,733</b>	<b>174,055</b>

## 11. Capital commitments

At 31 March 2018 there were no capital commitments contracted (2016-17: £Nil).

## 12. 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.

	2017-18	2016-17
	£	£
<b>Obligations under operating leases for the following periods comprise:</b>		
<b>Other:</b>		
Not later than one year	-	583
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<u>-</u>	<u>583</u>

### Finance leases

There were no finance lease commitments at 31 March 2018 (2016-17: £Nil).

## 13. Related party transactions

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

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

No Management Team member, key manager or other related party has undertaken any material transactions with CJI during the year ended 31 March 2018.

#### **14. Contingent liabilities**

There were no contingent liabilities at 31 March 2018.

#### **15. Events after the reporting period**

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

#### **Date for authorisation and issue**

The Accounting Officer authorised these financial statements for issue on 19 June 2018.











**Criminal Justice Inspection NI**  
Block 1, Knockview Buildings  
Belfast BT4 3SJ  
[www.cjini.org](http://www.cjini.org)

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