

## PROTECT

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### AUDIT and RISK ASSURANCE COMMITTEE MEETING

Thursday 24 April 2014, 10am at CJI offices

#### Attendees:

- Non-executive Chairperson: Eddie Simpson **(ES)**
- Independent Member: Willie McCarney **(WMcC)**
- NIAO: Finula Magowan **(FM)**
- KPMG: Philip Marshall **(PM)**
- DoJ: William Jeffrey **(WJ)**  
Derek Anderson **(DA)**
- FSD: Billy Irvine **(BI)**
- CJI: Brendan McGuigan **(BMcG)**, Chief Inspector  
James Corrigan **(JC)**, Deputy Chief Inspector  
Meloney McVeigh **(MMcV)**, Business and Communications Manager  
Paula Bean Mhic Artáin **(PBMA)**, CJI Business and Administrative Support Officer.

#### Agenda

- | <u>No.:</u> | <u>Description / Comments:</u>   |
|-------------|--|
| 1           | <b>Introduction / acknowledgement</b><br><br><b>ES</b> welcomed everyone to the meeting. |
| 2           | <b>Apologies</b><br><br>Stephen Dolan <b>(SD)</b>  |
| 3           | <b>Minutes of meeting – 23 January 2014</b>  |

The Minutes were agreed as accurate.  
**ES** signed minutes and passed to **PBMA**.

**4 Matters arising**

Relating to Point No. 11.  
**ES** said the Terms of Reference would be discussed after item 5 on the agenda.

**5 Audit & Risk Assurance Handbook (NI) issued March 2014**

**ES** said the letter of 18 March from Mike Brennan of Department of Finance and Personnel (**DFP**) and Handbook clearly stated the principles CJI need to comply with in the 2014/15 financial year and in subsequent years..

**ES** said the first requirement would be to change the Audit & Risk Committee title to the Audit & Risk Assurance Committee.

**The name change was noted and agreed by the Committee**

Action **PBMA**

**ES** said the letter and handbook stated the Audit & Risk Assurance Committee should comprise of at least three members who should be non executive members. The membership could comprise of two paid non-executives and one non-paid public non-executive member at Senior Officer Level preferably with financial experience from the wider NICS. **BMcG** said that proportionality needed to be considered due to the size of CJI, it may not be viable to have three non-executive members. **DA** said the pool of Grade 5 staff with financial experience eligible to sit on Audit & Risk Assurance Committees in the wider NICS was limited and each member can only sit on two Audit & Risk Assurance Committees. **MMcV** said that the DOJ Sponsor Division were assisting with the process of identifying potential candidate/s to sit on the Audit & Risk Assurance Committee. **WJ** said that proportionality should be considered with CJI's organisational size. **ES** said in accordance to the Handbook, if CJI had only two non-executive members and if either one of those members were unable to attend a meeting, that meeting would have to be cancelled. **ES** said that would be unacceptable. **DA** said the Departments Audit & Risk Assurance Committee was made up of three non-executive members and one of those was a non-executive member from the NICS pool.

**The recommendation of three non-executive members was noted and accepted in principle by the Committee.**

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**BMcG** said he would approach the wider DOJ family to identify a potential non-executive member.

**DA** asked if there would be any conflict of interest if the non-executive member was appointed from the wider DOJ family due to the nature of CJI's work. **BMcG** said CJI's finances were in the public domain, there would be no concern over independence and/or conflict of interest. **JC** said there were public bodies in the wider DOJ family who were not under CJI's inspection remit. **MMcV** asked external audit what would be deemed suitable. **FM** said processes were sound with the preference being to look for available non-executive members from DOJ organisations which were not under CJI's inspection remit. **DA** said the Committee had to comply fully with the handbook but if it decided to not follow the procedure it would have to explain why and record this in the Annual Report and Accounts.

**ES** asked the Committee to look at page 29 of the handbook at the example of the core work programme. **ES** said the Committee will need to change its terminology from consideration of the various documents to comment, consider, agree and review.

**The terminology in the handbook was noted and agreed by the Committee.**

#### 4

##### **Matters arising**

Returning to item four on the agenda. **MMcV** said that to reflect the discussion on Audit & Risk Assurance Handbook, she would make the agreed changes to the Terms of Reference.

##### **Action MMcV**

**MMcV** asked the Committee to review point 7.2 on the Terms of Reference. **MMcV** said currently the expenses were reported on a quarterly basis at every Audit & Risk Assurance Committee meeting and asked the Committee if it was necessary to provide an annual summary of expenses. **ES** said the quarterly report on expenses was sufficient.

**The quarterly update on expenses was noted and agreed by the Committee**

**MMcV** said once the agreed changes were made to Terms of Reference the document would be circulated to the Committee to be signed at the June meeting.

**Action MMcV & PBMA.**



**6 Report on management regarding any conflict of interests and declaration of interest.**

**ES** said members of the Committee had completed the conflict of interests and declaration of interest forms and returned to the Secretary. **ES** said the item will remain on the agenda for verbal updates which will be noted in the Audit & Assurance Committee meeting minutes.

**Action PBMA.**

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

**MMcV** said the risk register was reviewed on the 17<sup>th</sup> April and provided a brief summary of changes to the members in attendance.

**MMcV** said it was the first time the risk register had been reviewed in the new format. **MMcV** said she retained the arrows to assist the Committee by providing indications of changes. **MMcV** said that changes had occurred in risks 2.2, 3.1, 4.2 & 5.1 and she was happy to receive any questions from the Committee.

**WMcC** asked when CJI expected to receive confirmation from the Department on the 2014/15 budget. **BI** said DOJ & Strategic Resource Committee (**SRC**) met in March and were due to meet at the end of April, and that DOJ Departments would be notified of their budget at the beginning of May.

**WMcC** asked how secure Zip files were. **MMcV** said that all Zip files sent were password protected.

**The changes to the risk register were noted and agreed by the Committee with risks 4.2 & 5.2 noted as a cause for concern.**

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

Nil Return.



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

**MMcV** had one Direct Award Contract to report for the value of one thousand pounds to Lindsay Advisory. **MMcV said** the preferred option of a competitive tender was unavailable because of the time frame needed to provide further information for the Business Case for the Accommodation move. **MMcV** said the original contract was awarded through an open competition and the additional work was required to update the business case which was outside the timeframe specified in the original contract.

**DA** said DOJ was at the top of the NICS league table for DAC's which now had been brought to the attention of the Department. **DA** said DACs were justified at times however the Departmental Board and POSD (Personnel and Office Services Division) were scheduled to carry out a comprehensive review on DAC's to assist Departments to reduce DACs.

**BMcG** said it was the 24<sup>th</sup> April and CJI still does not know what its 2014/15 budget would be. **BMcG** said this has made it difficult for good business planning.

**MMcV** said the DAC had been recorded on the procurement database. **MMcV** said that clarification was needed around the recording of procurement under the value of £5k.

**The DAC was noted and agreed by the Committee.**

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

**MMcV** provided details of the annual and quarterly expenses to the Committee.

**The expenses were noted and agreed by the Committee as minimal spend.**

**11 Consideration of the Internal Audit Assurance Report for the preceding financial year (2013/14).**

**DA** presented CJI with the Head of Internal Audit's Annual Report and Opinion for 2013/14. **DA** said the overall Opinion Rating was Substantial. **DA** said this was exceptional and should be reflected in the Governance Statement.

**ES** said this was outstanding and the first time CJI received a substantial audit opinion. **ES** thanked all staff involved who contributed to this achievement.

**WJ** said the Sponsoring Body welcomed the Substantial Audit Opinion Rating and congratulated CJI on this achievement.

**12      Consideration of the Internal Audit Strategy and approval of Internal Audit Plan for the forthcoming year 2014/15.**

**DA** gave an over view of the Internal Audit Strategy and said the cost of the services should remain the same as 2013/14.

**The Internal Audit Strategy was noted and agreed by the Committee.**

**13      Progress report from management on implementation of NIAO and previous Internal Audit recommendations.**

**MMcV** said all external and internal recommendations had been completed. **ES** said management response to the recommendations was excellent.

**This was noted and agreed by the Committee.**

**14      Consideration of External Audit Strategy (2013/14).**

**PM** said the External Audit Strategy had been unavailable for circulation at the January meeting. **PM** gave an overview of the strategy. **ES** asked if the timeframe was still on target. **PM** said the timetable was similar to last year and he was confident that they could remain on schedule.

**FM** said that the Director of the NIAO was Suzanne Walsh (**SW**).



**The External Audit Strategy was noted and agreed by the Committee.**

**15      Review of CJI's 2013-14 Governance Statement.**

**MMcV** said she had prepared and circulated the draft Governance Statement to the Audit and Risk Assurance Committee and received comments from **ES** and **WJ**. **MMcV** asked other members/attendees of the Committee if they had further comments in terms of the statement and positioning of the diagram. **ES** said it was important and fundamental that CJI's draft Governance Statement was consistent with other organisations.

**DA** said the draft Governance Statement was very comprehensive and CJI need to update the assurance rating to substantial. **ES** asked the Committee for its opinion on the position of the diagram. **DA** suggested the diagram could be added as an annex. **JC** said this was a presentational issue which would be agreed with the designers.

**The draft Governance Statement and diagram was noted and agreed by the Committee.**

**ES** presented the draft Audit & Risk Committee Report for 2013-14. **ES** said the document fitted in with the handbook detailing the role of the Committee, the scope of its work and how it had discharged its responsibilities. The report confirmed that no major issues were identified throughout the year. **WJ** noted a typographical error in the document. **DA** said the document was concise and very good.

**The Audit and Risk Committee Report for 2013/14 was noted and agreed by the Committee.**

**16      Review of CJI's gifts and hospitality register**

**MMcV** summarised the gifts and hospitality register which was presented to the Audit and Risk Assurance Committee for review.

**The expenses were noted and agreed by the Committee as minimal spend.**

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### 17 Overview of work on-going regarding the 12 month Set of Accounts

**BI** said all year end expenditure had been reconciled and he was continuing work on the Audit file. **BI** said the resource accounts would be ready for completion by next Thursday (1<sup>st</sup> May) and that he was meeting with **MMcV** to finalise before sending the file to external audit before their fieldwork commenced on 6<sup>th</sup> May.

**ES** said thank you to **BI** for the work completed on schedule.

### 18 A.O.B.

**ES** said the Committee had been updated on the accommodation.

**MMcV** gave an update on the progress of the Business Plan.

**ES** said the Committee had already been updated on the progress of the non-executive member **appointment**

### 19 Date of next meeting

Thursday 5<sup>th</sup> June @ 10am

**ES** said the June meeting was extremely important because the draft Annual Report & Accounts for 2013-14 would need to be noted and agreed by the Committee. **ES** said the document will be circulated to the Committee a week in advance so that the Committee would give the document careful consideration and provide comments at their earliest convenience

**WJ** noted his apology in advance of the June meeting, due to a conflicting meeting on the 5<sup>th</sup> June neither himself or William Stevenson (**WS**) would be able to attend.

**WJ** said he will send **MMcV** any comments on the document prior to the meeting of the date.



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*E A Simpson*

**Eddie Simpson**  
Chairperson

Date

*5 June 2024*

