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AUDIT COMMITTEE MEETING

Thursday 7 June 2012, 10am at CJI offices

Attendees:

- Willie McCarney (**WMcC**), Non-executive Chairperson;
- Eddie Simpson (**ES**), Independent member;
- Brian Clerkin (**BC**), ASM
- Brendan McGuigan (**BMcG**), CJI Deputy Chief Inspector;
- Patrick Charleton (**PC**), CJI Finance Officer
- William Jeffrey (**WJ**), DoJ;
- Philip Marshall (**PM**), KPMG;
- Stephen McCormick (**SMcC**), NIAO; and
- Amanda Hannan (**AH**), CJI (providing temporary cover for Minutes).

Agenda

No.:

Description / Comments:

1 Introduction / acknowledgement

WMcC welcomed everyone to the meeting. He offered a special welcome to Stephen McCormick on this his first meeting.

2 Apologies

Paula Mhic Artáin, Stephen Dolan and Michael Maguire, CJI;
Finula Magowan, NIAO; Pauline Poots, ASM;
Arthur O'Brien, KPMG; and Richard Logan, DOJ.

3 Minutes of meeting - 26 April 2012

WMcC noted that 'single tender action' should now correctly be referred to as 'direct award contracts' and this was agreed by the Committee. The Minutes were agreed with this amendment

WMcC confirmed that the Minutes would be signed later.

4 Matters arising

WMcC highlighted the point raised above in relation to direct award contracts and confirmed that the Committee's Terms of Reference had been amended at point 15 to reflect same.

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5 **Update on CJI Risk Register**

WMcC said there had been no update since the last meeting.

6 **A progress report from management on the implementation of NIAO and Internal Audit recommendations**

BMcG advised that internal audit has discharged all last year's recommendations, and a few small ones for this year. **PC** has actioned the points raised which included updating financial procedures and payroll reports being signed and dated.

SMcC requested that a paper is prepared and made available to the Audit Committee tracking progress on auctioning all internal and external audit recommendations. **BMcG** agreed to action this for the next Committee meeting.

Action: BMcG

7 **Agree the Audit Committee's Annual Report to the Accounting Officer**

WMcC confirmed that the draft report had been forwarded electronically to the Committee members. **BMcG** continued by advising it's inclusion in CJI's Annual Report, which is largely complete – once the financial report has been signed off. Reiterating that the report is still in draft form, **BMcG** also asked for any feedback before tabling the completed document. **BC** suggested that the draft Annual Report should have been shared with all the members of the committee in advance of the meeting to allow for their views. **SMcC** agreed that this was best practice. **PC** undertook to distribute the current draft annual report to those members who had not yet seen it for their views.

Action: PC

PM advised that 'single tender action' needs changed to 'direct award contracts'.

8 **A verbal review and consideration of the draft accounts including any changes to accounting policies**

PC commented that the accounts have been prepared and audited, and that a draft report has been received from KPMG with some minor issues, one of which relates to pensions. **PC** is continuing to work on this.

SMcC noted a few points including the remuneration report should disclose that there were no bonuses paid. **PM** added that the draft accounts were clean apart from some formatting issues. **SMcC** further added that all Audit Committee members should be provided with copies of CJI's draft accounts. **PC** to action, and any members with feedback, to do so via **BMcG**.

Action: PC / BMcG

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9 **Consideration of the draft Statement of Internal Control (SIC)**

CJI's SIC has been aired and included in its draft Annual Report. Only noteworthy incident is the theft of the CI's laptop from the premises. However, the laptop was encrypted, CJI's door security system has been enhanced and staff were advised to implement the clear desk policy.

WJ advised of a few typographical errors on the draft Annual Report. '2011' on Pages 57, 59, 60 should read '2012'. **PC** to correct.

Action: PC

Internal and external audit content with SIC.

10 **Discussion on the implications of the result of the Chief Executive's review of effectiveness of the system of internal control in relation to the SIC**

BMcG reiterated that the issues around the laptop theft have been dealt with. He noted that CJI has been without key staff on a few occasions this year. As a consequence he is reviewing where the organisation is, how they have coped and where things may go in the future. An example of this already progressing is CJI's service level agreement with FSD.

ES commented that CJI has coped well with any staff absence and that the Audit Committee is happy that things have continued to work effectively.

11 **Consideration of the draft report to those charged with governance (RTTCWG) from the NIAO**

WMcC, **SMcC** and **PM** provided meeting attendees with a brief summary of the overall conclusions and opinions of the NIAO draft report and annexes. All present obtained copies of said report.

SMcC thanked everyone for their assistance.

12 **A report from management as to whether there have been any whistle blowing and fraud issues**

Nil return.

13 **Direct Award Contracts**

Revision of 'single tender actions' phrase noted and accepted.

14 **Travel and subsistence expenditure of the Chief Inspector and Deputy Chief Inspector**

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Details of expenditure were presented to the Committee by **PC** for comment. It was agreed that the expenses were minimal.

BMcG highlighted that an Inspector is trialling the use of digital pens for note taking during inspection fieldwork.

15 Review of Audit Committee Terms of Reference

The number of changes highlighted at the previous Audit Committee meeting were approved and have since been undertaken.

WJ confirmed that he shared the ToR with an accountant within DoJ who subsequently raised two minor issues. These were:

At Paragraph 6.1, to add a penultimate bullet point stating '*anti-fraud policies, whistle blowing processes and arrangements for special investigations*;' and at Paragraph 7.5 to add '*draft Committee minutes are circulated to members for comment within seven working days of the meeting, and amended draft recirculated*.'

Both these points were discussed and agreed by the Committee members present. Changes to be taken forward. **WMcC** asked that members should respond with feedback and comments also within seven working days, where possible.

16 Review of CJI's gifts and hospitality

The gifts and hospitality was reviewed by the Committee. No issues were raised.

17 AOB

AH mentioned that any comments, feedback and conclusion of this month's Audit Committee minutes will be taken forward by Linda Boal, BMcG's PA.

18 Date for next meeting Thursday 13 September 2012.

WMcC proposed that the first meeting of 2013 be scheduled for Thursday 24 January. The dates for the four meetings for the incoming financial year should be set at the January meeting.


Dr Willie McCarney
Chairperson

13/09/12
Date