

AUDIT COMMITTEE MEETING Tuesday 7th June 2011

Those present: Willie McCarney (**WMcC**), Non Executive Chairperson;
Brendan McGuigan (**BMcG**), CJI Deputy Chief Inspector;
Pauline Poots (**PP**), ASM;
Paula McCullough (**PMcC**), CJI Secretary;
Meloney McVeigh (**MMcV**), CJI Business & Communications
Manager;
Michael Maguire (**MM**), CJI Chief Inspector;
Stephanie Brotherston (**SB**), CJI Finance Manager;
Philip Marshall (**PM**), KPMG
Arthur O'Brien (**AOB**), KPMG
Finula Magowan (**FM**), NIAO
William Jeffrey (**WJ**), DOJ

Apologies: Eddie Simpson (**ES**), Independent member
Stephen Dolan (**SD**), CJI Inspector;
Karen Beattie (**KB**), NIAO

1 Introductions

WMcC welcomed everyone.

2 Minutes of meeting of 25th March 2011

WMcC signed the previous minutes dated the 25th March 2011 as factually accurate.

3 Matters Arising

WMcC said the Audit Committee minutes for the 18th June 2010 & 2nd December 2010 had been uploaded to CJI website.

WMcC and **ES** will agree a date with **MMcV** to look at the process maps for ISO 9001.

Action WMcC & ES

WMcC said **ES** extended his apologies for missing the Audit Committee meeting but it was unavoidable.

WMcC said as the Risk Register is on the agenda it will be discussed later.



WMcC said that Arthur O'Brien (**AOB**) needed to leave the meeting early and moved to bring forward item 5 on the agenda.

4 2010/11 CJI Annual Report & Accounts & NIAO 10/11 Report To Those Charged With Governance

Finula Magowan (**FM**) introduced **AOB** from KPMG who were contracted to carry out CJI's external audit by the NIAO.

AOB thanked **MMcV** & **SB** for facilitating the audit on a tight timetable and congratulated CJI on a clean audit report with just a few minor items to note. Single Tender Actions (**STA**) had received a priority rating 2. **WMcC** said priority rating 2 seemed high for a minor incident. **AOB** said that the point was one of non-compliance with procedures rather than a best practice finding and would therefore normally be rated priority 2 rather than 3, but at the end of the day it was a judgement call.

AOB said there were minor breaches on procurement - 3 quotes were obtained instead of 4.

AOB said, in terms of access rights and general ledger access to post journals on Sage, audit recommended that checks on Journals should be carried out by management on a monthly basis.

Action MMcV

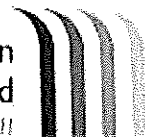
WJ said on page 7 there was an error and the date should read the 1st August 2010 and not 1st July 2010 for assimilation of pay. **AOB** said that this will be changed and recalculated but the impact on figures will be extremely small. **AOB** said CJI was working on a draft business case in reference to NICS current pay offer for a two year deal from the 1st August 2010 and 1st August 2011. **SB** said the exercise had been carried out and in reference to the 1st August 2011 will have an impact on next year's accounts. Philip Marshall (**PM**) agreed.

WMcC said Management are quick to respond to queries and comply with any changes.

WJ commented that CJI's Pay Strategy/Assimilation business case was ultimately subject to DFP approval. **AOB** said that some other NDPBs were in the same situation and they have made accruals in the account to reflect the changes as have CJI.

The report was agreed by the committee.

5 Update on CJI Risk Register



MMcV said the risk register was reviewed on the 26th May 2011 and she drew the committee's attention to the one change which had been made. **PP** said that it may be helpful to input an arrow on the report which would show if a risk had increased or decreased. **PP** said she could forward some examples to **MMcV**. The committee agreed the change.

Action PP & MMcV

6 Update on Audit Committee Self Assessment

WMcC presented the Audit Committee Self Assessment. **WJ** asked for clarity around the Chief Inspector's specific request for a meeting within the financial year ending 2011 in reference to a matter in 2009/10. **WMcC** said that a special Audit meeting was held in the 2010/11 financial year as reflected in column 1 on page 1 and column 1 on page 3. However the actual matter was dealt with in the previous (2009/10) financial year. **WJ** thanked **WMcC** for the clarification.

The Self Assessment report was agreed by the committee.

7 Single Tender Actions over £5000

Nil Return

WMcC referred to **AOB's** comments on STA in the audit report. **WMcC** said that with the nature of the work carried out by CJI there are occasions when CJI need to carry out STA. These occasions should be exceptional and a clear business case must be provided in writing to justify the use of an STA – with approval secured from DoJ's Perm Sec via JSD (Sponsor Division) before proceeding.

8 Travel and Subsistence expenditure of Chief and Deputy Chief Inspectors

MMcV presented current expenditure and the total annual expenditure for the Chief and Deputy Chief Inspectors and the annual expenditure on CJI hospitality and catering to the Audit Committee for notification. **WMcC** asked the committee if they had any questions. The committee had no questions.

9 A.O.B

WMcC said he met with **ES** before the Audit Committee meeting and they would like to congratulate CJI on the detailed Annual Report and Accounts which show CJI's achievements in the financial year. They welcomed the attention given to the



Audit Committee in the Report which, they feel, demonstrates the important role the Audit Committee plays in CJI.

WMcC congratulated CJI on the ISO 9001.

WMcC said **ES** wanted to know if it was beneficial to the committee to present their expenses as part of the Remuneration report in the Annual Report and Accounts. **BMcG** and **MM** agreed that it was not necessary.

WMcC and **ES** congratulated CJI on the high standard and number of reports published in the financial year.

WMcC said CJI will be facing extremely difficult times over the next few years with the budget cuts. **WMcC** and **ES** said they see two main challenges facing CJI - a possible reduction in staff and the high quality of the reports being compromised. They believe that efforts should be taken to ring fence expenditure in these two areas. **BMcG** said that he and **MM** believe that these are the two main issues facing CJI. **BMcG** said CJI will strive to reduce costs over the next few years and cut overheads without a reduction in staff and without compromising the high standard of reports.

WMcC proposed that the Audit Committee meet four times a year instead of three.

MM & **BMcG** said they were happy to move to four meetings a year, so long as this was kept under review. It will be necessary to monitor whether there is sufficient business to merit four meetings.

Members agreed to move to four meetings per year.

PP said she would provide the Chair with a draft agenda for each of the four meetings.

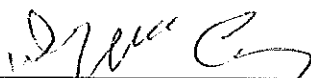
MMcV presented the committee with the letter of understanding from the NIAO.

PP presented the ASM Final Annual Assurance Report to the committee.

PP said that ASM's 3 year contract has come to an end and DOJ have agreed to a year on year extension for the next 2 years. **PP** said she will meet with senior management to discuss and take forward a two year audit plan. The plan would then be brought to the next Audit Committee meeting for discussion with the view of seeking formal approval.



Thursday 15th September @ 10.00am.



Dr Willie McCarney
Chairperson

25/09/11
Date

