

Annual Report  
and Accounts  
2015/16

# Annual Report and Accounts

for the year ended 31 March 2016

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

1 July 2016.



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

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# Contents

## Performance Report

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### Overview

- Statement by the Chief Inspector 4
- Purpose and activities of CJI 6
- Performance summary and forward look 12

### Performance Analysis

- Performance against objectives and targets 14
- Financial Review 18
- Inspection Reports and Action Plan Reviews/Inspection Follow-up Reviews 20

## Accountability Report

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### Corporate Governance Report

- Directors' Report 25
- Statement of Chief Inspector of Criminal Justice's and Chief Executive and Accounting Officer's Responsibilities 27
- Governance Statement 28

### Remuneration and Staff Report

35

### Assembly Accountability and Audit Report

- Assembly accountability disclosures 44
- Certificate and Report of the Comptroller and Auditor General for Northern Ireland to the Northern Ireland Assembly 46

## Financial Statements

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Statement of Comprehensive Net Expenditure	48
Statement of Financial Position	49
Statement of Cash Flows	50
Statement of Changes in Taxpayers' Equity	51

## OVERVIEW

# Statement by the Chief Inspector

**This has been a challenging year for all public sector organisations in Northern Ireland, most of whom will have been operating with reduced budgets and in some cases, less staff to deliver their services.**

Criminal Justice Inspection Northern Ireland (CJI) has continued to respond to these challenges with creativity, flexibility and innovation, by working more collaboratively with the inspected organisations to increase the effectiveness and value of the inspection process.

CJI has continued to take a risk-based approach to the development and delivery of the inspection programme. It has also maintained a focus on supporting alternative disposals for minor offending, prioritising partnership working and building quality into the criminal justice processes.

The Inspectorate has continued to devote a significant amount of time and resources to inspecting the Northern Ireland Prison Service, through unannounced prison inspections and supporting the independent oversight of the Prison Reform Programme, by providing regular assessments of programme delivery.

The extremely negative report on the inspection of Maghaberry Prison carried out in May 2015 prompted CJI to recommend urgent action be taken to stabilise the prison.



**Brendan McGuigan**  
Chief Inspector

CJI also gave a commitment when the report was published in November 2015 to undertake a further full inspection of the prison, which was carried out in January 2016. To accommodate this inspection, other planned work had to be delayed or postponed. During 2015-16 the Inspectorate continued to receive Ministerial requests to undertake additional work, which once again, had consequences for the planned Inspection Programme published in our Business Plan.

The challenging fiscal environment which is set to increase in the foreseeable future, has caused CJI to review the current staffing model and plans to re-balance inspection and business support functions

are well underway. We continue to develop the productive relationship we have established with the local universities and interns who provide excellent support to inspection staff.

CJI remains a small, knowledge-based organisation which adds real value in the drive to reform and modernise the criminal justice system in Northern Ireland. Our collaborative approach to inspection that we have fostered with the criminal justice organisations, is starting to pay real dividends and I am encouraged with the response of the current leadership who share our aim.

Finally, I would like to thank all those organisations we have worked with throughout the financial year, and in particular the staff in CJI, for the delivery of high quality inspection reports and making the Inspectorate such an inspiring place to work.



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

09 June 2016



# 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 2016.**

## **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, other than the courts, and to contribute in a significant way to the effective and efficient running of the criminal justice system, while helping to guarantee that it functions in an even-handed way.

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 until the devolution of policing and justice matters to the Northern Ireland Assembly on 12 April 2010, 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, responsibility for agreeing CJI's inspection programme passed to the locally-elected Minister of Justice.

From 12 April 2010, CJI became an Executive Non-Departmental Public Body of the Department of Justice (DOJ).

## **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:

### Core criminal justice organisations

- 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 (formerly the Northern Ireland Legal Services Commission);
- The Parole Commissioners for Northern Ireland;
- Community-based restorative justice schemes;
- Probation and Bail hostels (Approved Premises);
- Department of Agriculture, Environment and Rural Affairs (DAERA) (formerly Department of Agriculture and Rural Development (DARD)) - Central Investigation Service; and
- DAERA (formerly DARD) - Veterinary Service Enforcement Unit.

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:

- The Child Maintenance and Enforcement Division;
- Health and Social Care Board and Trusts;
- The Department for the Economy (formerly the Department of Enterprise, Trade and Investment);
- The Department of Agriculture, Environment and Rural Affairs (formerly Department of the Environment);
- The Health and Safety Executive for Northern Ireland;
- The Northern Ireland Social Security Agency;
- Royal Mail Group;
- Belfast International Airport Ltd;
- Belfast Harbour Commissioners; and
- Larne Harbour Ltd.

### CJI's Vision

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

By that we mean a criminal justice system which works smoothly and efficiently, protecting everyone, working to reduce crime and helping to put offenders back on the right track so that they will not offend again. It also means a system that does all these things with absolute fairness, promotes equality and human rights and is responsive to the real concerns of the community. A justice system that can do these things is the foundation for a peaceful and cohesive community and is a prerequisite for health and prosperity.

That vision requires the collaboration of all the agencies of the criminal justice system, the voluntary sector and political and community-based organisations to bring it about. CJI contributes to it by conducting inspections of individual agencies and cross-cutting thematic reviews of aspects within the criminal justice system.

### **CJI's Values**

The Inspectorate's values are summed up as:

- independence;
- impartiality;
- honesty;
- integrity;
- respect;
- openness; and
- robustness.

### **CJI's Mission**

CJI's mission is to work closely with the inspected agencies in a professional and mature way. We will maintain our robustness and independence by producing relevant and respected inspection reports that add value to the criminal justice system and enhance the public's experience of contact with every part of the criminal justice system.

We will achieve our mission by:

- maintaining our values at all times;
- communicating clearly and frankly;
- listening to all interested parties;
- identifying and communicating good practice;
- producing enabling, balanced, objective reports;
- taking account of sensitive issues;
- providing a supportive work environment that reflects our values; and
- pursuing excellence.

### **CJI's Aims**

CJI contributes to the DOJ's aims by improving public confidence in the justice system. It will do so by assisting the criminal justice agencies in Northern Ireland to become more efficient and effective, and by ensuring that they are being fair and equitable in all their policies and operations.

During 2015-16 CJI's formal accountability was to the Minister of Justice.

### **CJI's Objectives**

The strategic objectives of CJI are to:

- promote efficiency and effectiveness through assessment and inspection to facilitate performance improvement;
- provide an independent assessment to Ministers and the wider community on the working of the criminal justice system;
- 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
- work in partnership to deliver a high quality, independent and impartial inspection programme.

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.

### **Organisational Structure and Responsibilities**

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 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 and to deputise for the Chief Inspector in his absence and when otherwise required. The

Deputy Chief Inspector is also the Chief Executive and Accounting Officer for CJI. As such, he has responsibility for the day-to-day running of the organisation. He is also responsible for 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). Details of other staff who attended the SMT meetings 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 a 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.

### Review of Activities

The aim of CJI's activities is improvement. Its inspections examine the strengths and areas for improvement within the organisation. It may make recommendations designed to help an organisation to improve in any aspect of its performance.

CJI will do this in two stages by:

- collecting data in advance and forming provisional judgments as to the strengths and weaknesses of the organisation; and

- testing those judgments during the inspection, finalising them and turning them, where appropriate, into strategic recommendations or areas for improvement.

CJI believes that the most productive way to promote improvement is by working in partnership with inspected bodies. There may be occasions when the work of an organisation is of such a poor standard and when it shows neither the will, nor the capacity to improve, that the Inspectorate would have no option but to state publicly that the position was unacceptable. But most of the time, CJI will work in collaboration with the bodies it inspects, on the basis that their managers share the common aim of improvement.

Inspections conducted by CJI fully reflect the Cabinet Office principles for the inspection of public services to:

- pursue the purpose of inspection;
- focus on outcomes;
- be proportionate to risk;
- encourage self-assessment by managers;
- use impartial evidence wherever possible;
- disclose the criteria used for judgment;
- be open about the processes involved;
- have regard to value for money, including that of the inspecting body; and
- continually learn from experience.

Each inspection involves seeking the views of the organisation's partners in the criminal justice system and the community on its performance. The organisation itself where appropriate, is also 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.

The development of a capacity for rigorous and perceptive self-criticism among the management of criminal justice organisations, is fundamental from that point of view.

On the basis of the self-assessment an inspection fieldwork plan is produced. This forms the basis of the methodology and structure used to carry out the inspection fieldwork. This is followed by the presentation of emerging findings to the inspected criminal justice organisation/s and drafting of the initial inspection report. Draft inspection reports 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 and permission to publish by laying before the Northern Ireland Assembly sought.

### **Working in partnership**

During the 12 months between April 2015 and March 2016, CJI continued to work closely with its partner Inspectorates including Her Majesty's Inspectorate of Prisons (HMIP), Her Majesty's Inspectorate of Constabulary (HMIC), Her Majesty's Inspectorate of Probation, Her Majesty's Crown Prosecution Service Inspectorate, the Education and Training Inspectorate and the Regulation and Quality Improvement Authority. Links with the Northern Ireland Audit Office 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 Regulation and Quality Improvement Authority, the Independent Monitoring Boards and the Northern Ireland Policing Board's Independent Custody Visiting Scheme.

The inspections that CJI published in 2015-16 on Woodlands Juvenile Justice Centre; inspections of Maghaberry Prison (November 2015 and February 2016) and police custody along with the follow-up review of the management of life and indeterminate sentence prisoners in Northern Ireland and ongoing monitoring visits to the Juvenile Justice Centre, specifically related to its NPM function. The UK NPM published its sixth annual report in December 2015. A copy of the report can be downloaded from the CJI website - [www.cjini.org](http://www.cjini.org).

### 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.

As in other Inspectorates, staff will be expected to work beyond conditioned hours when the need arises, but that will be matched by time off in lieu and flexibility in working practices to meet the needs of those with caring responsibilities.

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.

### Principal Risks

During the 2015-16 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 September 2015 and in January and March 2016, 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 seen as:

- **Finance/Value for Money** - recurring annual budget cuts together with in-year reductions undermine the range and depth of inspections; inaccurate processing of staff salaries/deductions resulting in payment/contribution errors; and
- **Operations** - the loss of staff capacity including skills and knowledge.

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 2016 shows negative Taxpayers' Equity of £118,626. 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 2015-16.

# Performance summary and forward look

## Performance summary

During 2015-16 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 published Business Plan.

In this reporting period CJI achieved one of its two inspection programme targets which were measurable in 2015-16. 100% of strategic and operational recommendations were accepted by the inspected organisation(s). CJI did not commence one of the inspections listed within its published inspection programme, as it was required to postpone this activity to facilitate CJI's participation in four unscheduled pieces of work. This unplanned work was undertaken as a result of identified need; a request from the Minister/DOJ; or a criminal justice organisation. The postponed inspection will be undertaken during 2016-17 when CJI's two remaining targets for this area will also become measurable.

CJI met four of its six communication activity targets including the publication of eight full inspection reports and four follow-up reviews during 2015-16. 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 2015-16 financial year, which supported CJI's corporate

governance activity and work to maintain a sound system of financial control.

CJI first indicated that it would seek certification for its Quality Management System (QMS) in its 2009-12 Corporate Plan. In February 2011 CJI's business operations were awarded ISO 9001:2008 certification following a comprehensive audit. Since then CJI has been independently audited on an annual basis and certification for the QMS system retained. 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.

During the financial year CJI enjoyed a productive working relationship with the Minister of Justice and the wider DOJ as well as members of the Committee for Justice and political parties represented in the Northern Ireland Assembly.

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.

Following the formation of a new Northern Ireland Assembly in May 2016 and the appointment of a new Minister of Justice, CJI will take forward its Business Plan for 2016-17 and its Corporate Plan for the next three years (2016-17 to 2018-19). These documents will take cognisance of new Ministerial priorities and objectives for the DOJ which will follow the drafting and setting of a new Programme for Government by the Northern Ireland Executive.

During 2015-16 CJI commenced work on a Workforce Plan which will assist senior management to identify and meet the organisational and resourcing priorities for the short to medium term (two to five years).

CJI is also engaged in exploratory discussions and planning for the Budget 2016 period in partnership with the DOJ, to raise awareness and understanding in relation to its resource and capital expenditure requirements over the next three to five financial years.

Throughout this process, CJI will retain a focus on identifying the risks to delivery of its organisational and business objectives and putting in place mitigating actions.

During the 2015-16 CJI began work in preparation for the transfer of its QMS system from ISO 9001:2008 to the ISO 9001:2015 certification standard. This work will continue in the 2016-17 financial year.

## PERFORMANCE ANALYSIS

# Performance against objectives and targets

### Corporate and Business Planning

During the 2015-16 financial year, CJI published its Business Plan which set out the objectives, targets and resources CJI intended to employ to achieve them during the financial year. The Business Plan included an overview of the programme of inspections and action plan reviews/inspection follow-up reviews the Inspectorate commenced and intended to undertake over the reporting period.

As part of its preparation work for the 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 Minister of Justice and subsequent publication.

### Summary of performance against CJI's objectives and targets for 2015-16

In this section, CJI reports in detail on progress against its objectives and targets for the 2015-16 financial year as listed in its Business Plan. In some instances these objectives and targets were set at the start of 2014-15 to cover the first half of the 2015-16 year.

Objectives	Target	Outcomes
<b>Inspection programme</b>		
<i>To conduct a series of inspections within the legislative remit of CJI and to make the findings of these inspections publicly available.</i>	90% of strategic and operational recommendations to be accepted by the inspected organisation(s).	<b>Achieved</b> - 100% strategic and operational recommendations were accepted by the inspected organisation(s).
<i>To conduct a series of follow-up reviews of inspections carried out by CJI and to make the findings of these follow-up reviews publicly available.</i>		

Objectives	Target	Outcomes
<b>Inspection programme</b>		
<p><i>To support the Programme for Government and the priorities of the Minister of Justice for the criminal justice system through the delivery of the CJI inspection programme.</i></p>	<p>To commence those inspections listed in the Business Plan within 2015-16 financial year.</p>	<p><b>Not achieved</b> - By 31 March 2016 CJI had commenced eight of the nine inspections scheduled to commence within the 2015-16 financial year. Planned work on Equality and Diversity Monitoring was postponed in-year to facilitate CJI's participation in four unscheduled pieces of work undertaken as a result of identified need; a request from the Minister/DOJ; or a criminal justice organisation which included:</p> <ul style="list-style-type: none"> <li>• an inspection of a community-based restorative justice scheme;</li> <li>• inspection work on coronial inquest files;</li> <li>• commencement of work on the PPS response to the Starmer Review; and</li> <li>• a review of FSNi presentation of evidence at court.</li> </ul>
	<p>To increase the proportion of strategic and operational recommendations fully achieved and partially achieved by 5% in comparison to the baseline figure established at the start of April 2014.</p>	<p>CJI will measure this target as follow-up reviews are completed on inspections published since April 2014. These follow-up reviews are expected to commence within the 2016-17 financial year after which point it will be possible to measure performance against the baseline figure established at the start of April 2014 (36 fully achieved; 33 partially achieved; 14 not achieved).</p>
	<p>To decrease the proportion of strategic and operational recommendations not achieved by 5% in comparison to the baseline figure established at the start of April 2014.</p>	<p>An assessment of whether the proportion of strategic and operational recommendations not achieved has been reduced by 5% in comparison to the baseline figure established at the start of April 2014 (see above), will be made after it has conducted follow-up/action plan reviews of those inspections published after 1 April 2014.</p> <p>These follow-up reviews are expected to commence within the 2016-17 financial year.</p>
<p><b>Overview:</b> CJI met one of its two inspection programme targets which were measurable in 2015-16. The remaining two targets will become measurable during 2016-17 and will be reported in subsequent annual reports.</p>		

Objectives	Target	Outcomes
<b>Communication activity</b>		
<p><i>To support the Inspectorate in all its publications in accordance with its legislative requirements.</i></p> <p><i>To maintain engagement with key stakeholders.</i></p> <p><i>To maintain awareness of CJI's contribution to the criminal justice system.</i></p> <p><i>To increase the use of electronic communication channels to raise awareness of CJI's work.</i></p>	<p>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 for Northern Ireland, subject to the Assembly timetable.</p>	<p><b>Achieved</b> - During the reporting period eight full inspection reports were published by CJI meeting the requirements of the relevant Business Plan targets.</p> <p>The organisation also published all inspection reports on its website, producing e-publications as appropriate.</p>
	<p>To present to the Northern Ireland Assembly all action plan/inspection follow-up reviews and publish this material on the CJI website - <a href="http://www.cjini.org">www.cjini.org</a> - during the financial year.</p>	<p><b>Achieved</b> - Four action plan/inspection follow-up reviews were published by CJI. The action plan/follow-up reviews were made available on the CJI website.</p>
	<p>To publish, by laying before the Northern Ireland Assembly, CJI's Annual Report and Accounts for 2014-15 before 30 September 2015.</p>	<p><b>Achieved</b> - CJI laid its 2014-15 Annual Report and Accounts in the Northern Ireland Assembly on 3 July 2015.</p>
	<p>To obtain feedback on CJI'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 2015-16 financial year.</p>	<p><b>Achieved</b> - During the year, CJI undertook to engage with these and other key stakeholders in order to obtain feedback on the Inspectorate's work.</p>
	<p>To plan consultation events for the development of a new interim Corporate Plan for 2015-16 and exploratory conversations in relation to the new three-year Corporate Plan commencing from 2016-17 (2016-17 - 2018-19) and Business Plan for the second half of 2015-16.</p>	<p><b>Not achieved</b> - While CJI undertook a number of consultation events involving representatives from the voluntary and community sector and academia in April 2015, exploratory conversations around the formation of the next three-year Corporate Plan (2016-17 to 2018-19) were postponed until after the outcome of the May 2016 Northern Ireland Assembly elections became known; a new Minister of Justice appointed; and a new Programme for Government developed by the Northern Ireland Executive to cover the new Assembly mandate.</p>

Objectives	Target	Outcomes
		It is CJI's intention to take cognisance of these developments in shaping its corporate/business objectives and strategic direction for the next three-year period.
	To publish within the 2015-16 financial year, three editions of CJI's newsletter 'The Spec' on the CJI website - www.cjini.org - and electronically circulate this material to key stakeholders.	<b>Not achieved</b> - Due to staffing issues, this target was not achieved in the reporting period.
<b>Overview:</b> CJI met four of its six communication activity targets for the 2015-16 financial year.		
<b>Corporate Business</b>		
<i>To fulfil the statutory requirements placed upon CJI by the Northern Ireland Assembly and Government.</i>	To publish a Business Plan for the second half of 2015-16 which has been approved by the Minister of Justice for Northern Ireland.	<b>Achieved</b> - CJI published its Business Plan for the second half of 2015-16 during the reporting period after receiving Ministerial approval to do so.
<i>To maintain a sound system of financial control.</i>	To respond to all Assembly Questions made of CJI within the specific timeframe advised by the DOJ for Northern Ireland.	<b>Achieved</b> - CJI responded to all requests for information it received from the DOJ in relation to Assembly Questions within its target timeframe.
<i>To retain a quality management system within the 2015-16 financial year.</i>	To seek to respond within 20 working days to all requests for information made to CJI under the Freedom of Information Act 2000.	<b>Achieved</b> - CJI processed all requests for information received under the Freedom of Information Act 2000 within the 20 working days in accordance with legislative requirements.
	To seek a clean (unqualified) audit certificate from the Comptroller and Auditor General for Northern Ireland for the 2014-15 accounts.	<b>Achieved</b> - In June 2015, CJI secured a clean (unqualified) audit certificate from the Comptroller and Auditor General for Northern Ireland in relation to its 2014-15 accounts.
	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, DOJ and AccountNI.	<b>Not achieved</b> - CJI processed 89% of payments within the 10 day target and 94% within 30 days. CJI remains committed to the faster processing of payments through close engagement with colleagues from FSD and AccountNI.
	To maintain a quality management system within CJI.	<b>Achieved</b> - During 2015-16, CJI successfully retained ISO 9001:2008 certification. The certificate was awarded following an in-depth audit of CJI's processes by NQA, an accredited certification body in January 2016.
<b>Overview:</b> CJI met five of its six corporate business targets for the 2015-16 financial year.		

# Financial Review

## Financial Position and Income

CJI was financed as part of the overall DOJ Departmental Expenditure Limit (DEL) voted by the Northern Ireland Assembly for 2015-16. Revenue Grants from the sponsoring department for the year was £1,116,000 (2014-15: £1,090,000). In addition, income achieved in-year amounted to £59,008 (2014-15: £20).

## Net Expenditure Review

The net expenditure of CJI for 2015-16 is compared to the previous two financial years in the table below:

	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Total operating income</b>	(59,008)	(20)	(14)
Staff Costs	873,388	798,272	852,482
Purchase of goods and services	240,142	332,553	354,463
Depreciation and impairment charges	19,700	28,567	81,656
Provision expense	-	-	-
<b>Total operating expenditure</b>	1,133,230	1,159,392	1,288,601
Net operating expenditure	1,074,222	1,159,372	1,288,587
Finance expense	-	-	-
<b>Net expenditure for the year</b>	1,074,222	1,159,372	1,288,587

## Non-Current Assets

Non-Current Asset expenditure movements are detailed in the Notes to the Financial Statements. Capital expenditure in 2015-16 in relation to Property, Plant and Equipment totalled £4,327 (2014-15: £22,211) and for Intangible Assets £4,933 (2014-15: £Nil).

## Financial position

The total net liabilities of CJI at 31 March 2016 were £118,626 (2014-15: £160,571).

## Cash flow

CJI's net increase in cash and cash equivalents in the year is £3,408 (2014-15: decrease £482).

## Financial Risk

For 2015-16 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 of liquidity risk.

### Audit

The Financial Statements are audited by the Comptroller and Auditor General (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. The C&AG is head of the Northern Ireland Audit Office, and reports their findings to the Northern Ireland Assembly. The C&AG and their 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 (2014-15: £12,700). No amounts were paid to the auditors for non-audit work for 2015-16 (2014-15: £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 2016, 89% (2014-15: 87%) were paid in this 10 day timeframe. CJI remains committed to further increasing its prompt payment figure and is working in partnership with colleagues in FSD and AccountNI to minimise delay and drive forward further improvements. By the end of the financial year, CJI processed an average of 94% of payments within 30 days (2014-15: 98%).

### Sustainable Development

CJI is committed to continuing its drive on 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 2015-16, CJI maintained its recycling policy for non-sensitive paper waste across the organisation and has increased its recycling activity to include aluminium and plastics alongside other business areas in adjacent office accommodation. It has also promoted the electronic publication and distribution of its inspection reports and other corporate publications.

### CJI Equality Scheme and Action Plan

On 31 August 2015 CJI published its sixth 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 2015-16. During this financial year, CJI published eight full inspections and four action plan reviews/inspection follow-up reviews.

It should be noted that some major pieces of work undertaken by CJI in 2015-16 are not due to be published until the 2016-17 financial year. They include CJI's inspection of the impact of the abuse of alcohol and drugs on the criminal justice system; inspection work in relation to cyber crime and business crime and inspections of the Department of Agriculture, Environment and Rural Affairs (DAERA) (formerly Department of Agriculture and Rural Development (DARD)) Central Investigation Unit and Veterinary Service Enforcement Unit.

## INSPECTION REPORTS

### A review of the Northern Ireland Environment Agency's Environmental Crime Unit

**Lead Inspector:** Derek Williamson

In May 2015, CJI published a report looking at the Environmental Crime Unit of the Northern Ireland Environment Agency.

The Inspectorate was invited to undertake this independent review of the Unit by the former Department of the Environment after concerns

were raised during the summer of 2014 about the operation of the Unit, its processes and investigation practice.

While CJI was satisfied the operation of the Unit did not pose any significant concerns, Inspectors made a number of strategic and operational recommendations designed to strengthen the Unit and its ability to tackle waste crime. This included that the Northern Ireland Environment Agency should enhance its enforcement and regulation activity and develop a more rigorous approach to dealing with offenders involved in environmental crime in Northern Ireland.

### An announced inspection of Woodlands Juvenile Justice Centre

**Lead Inspector:** Tom McGonigle

In this report CJI found changes were required within Woodlands Juvenile Justice Centre (JJC) in order to meet future challenges, yet Inspectors were pleased to praise the Centre for its role in improving the child custody system in Northern Ireland.

Inspectors acknowledged the significant achievement that since autumn 2012 all children under the age of 18 who are sent to custody, are held at the JJC. This means that no child is held in adult custody in this jurisdiction.

Challenges still remain though regarding education provision, clinical leadership and governance and for health care staff. The report was published in May 2015.

### Adult Safeguarding - An inspection of the approach of the criminal justice system to investigating and prosecuting crimes against vulnerable adults

**Lead Inspector:** Rachel Lindsay

The need for the criminal justice system to work collaboratively with Health and Social Services to help, support and protect vulnerable adults who are at risk of harm, was emphasised in this CJI report published in September 2015.

Inspectors recognised the challenge that adult safeguarding is for Governments throughout the world, and that it can only be effectively dealt with through a partnership approach between core departments such as Health and Justice and, in particular, Social Services and the police.

### Report of an unannounced inspection of Maghaberry Prison

**Lead Inspector:** Dr Ian Cameron

CJI published its independent inspection of Maghaberry Prison in November 2015. The report was highly critical and revealed significant failures in local leadership combined with an ineffective relationship with senior management within the Northern Ireland Prison Service, which contributed to the high security facility becoming unsafe and unstable for prisoners and staff.

The findings were made by a multi-disciplinary team from CJI, Her Majesty's Inspectorate of

Prisons, the Regulation and Quality Improvement Authority and the Education and Training Inspectorate who visited Maghaberry Prison in May 2015 to carry out the unannounced inspection.

Inspectors did meet a number of good, motivated managers and staff within the prison who gave some hope that with the right kind of leadership and tangible support, Maghaberry could recover and reach a point where progress could be made. CJI also welcomed the actions taken by the Prison Service and the South Eastern Health and Social Care Trust to address the issues raised in the report. However, given the serious concerns held regarding the operation of Maghaberry, Inspectors stated they would return in January 2016 to undertake a further inspection to assess both the impact of the work that was underway and progress against the inspection recommendations.

The report raised nine key concerns and recommendations.

### An inspection of the quality and timeliness of police files (incorporating disclosure) submitted to the Public Prosecution Service

**Lead Inspector:** Derek Williamson

CJI published a report looking at the quality and timeliness of police files submitted to the Public Prosecution Service in November 2015.

In this report, Inspectors called for greater collaboration between the Police Service of Northern Ireland and the Public Prosecution Service for Northern Ireland to address significant failings in the preparation of case files and the standards applied around disclosure.

With over 45,500 case files submitted by police officers to prosecutors in 2013-14, putting together a timely case file that is of sufficient quality to be considered for prosecution and used to present evidence in court, is a fundamental strand of an efficient criminal justice system.

Of the six strategic recommendations made, a pivotal one recommended that the police and the prosecution should immediately establish a 'Prosecution Team' to work collaboratively to deliver a Joint Transformation Programme dealing with investigative standards, bail management and forensic strategy, case management and disclosure.

### Monitoring of progress on implementation of the Youth Justice Review recommendations (second report)

**Lead Inspector:** David MacAnulty

Reducing the number of children entering the criminal justice system and dealing more appropriately and effectively with those that do, were the main goals of the Youth Justice Review. This report, the second of two by CJI, examined the progress made towards establishing the youth justice system envisaged when the review team reported in 2011.

In this December 2015 report, the primary achievement of the Youth Justice Review highlighted that fewer young people were entering the criminal justice system in Northern Ireland. In addition, the effective use of youth diversion, youth engagement clinics and other early intervention initiatives were reported, showing the number of young people being committed to youth custody had decreased.

### Overview of initial findings of a report on an announced inspection of Maghaberry Prison

**Lead Inspector:** Dr Ian Cameron

This initial findings report (published February 2016) followed CJI's full unannounced inspection of Maghaberry Prison in 2015, from which Inspectors took the unprecedented step of announcing they would return in January 2016.

This inspection of Maghaberry Prison carried out in January indicated the prison had 'stabilised' in the seven months since the multi-disciplinary team of Inspectors previously visited the facility. CJI and Her Majesty's Inspectorate of Prisons welcomed the action taken by the Northern Ireland Prison Service to address the serious concerns that had been raised, particularly around safety and leadership.

Inspectors intend, over the next 18 months, to support the prison governors at Maghaberry to oversee the delivery of the nine inspection recommendations, through a series of announced, low-impact visits to the prison.

### Police Custody - the detention of persons in police custody in Northern Ireland

**Lead Inspector:** Rachel Lindsay

Published in March 2016, this report by CJI and the Regulation and Quality Improvement Authority examined the standards and conditions of police custody arrangements in Northern Ireland.

Generally Inspectors found some progress on police custody arrangements but further changes were required. Five strategic recommendations were made including that a firm timescale is developed for the completion and the subsequent delivery of, a more effective alternative custody healthcare model for police custody suites. It was recommended that the police should urgently review its policies and procedures for the safe selection, procurement, prescription, supply, dispensing, storage, administration and disposal of medications.

This is the third time in six years Inspectors from CJI and the Regulation and Quality Improvement Authority have reported on police custody arrangements.

During the financial year Dr Ian Cameron also provided reports to the Minister of Justice on the ongoing work to implement the recommendations of the Prison Review Team.

*Full copies of all CJI inspection reports can be found in the 'The Inspections' page on the CJI website – [www.cjini.org](http://www.cjini.org).*

## **ACTION PLAN REVIEWS/ INSPECTION FOLLOW-UP REVIEWS**

### **Northern Ireland Courts and Tribunals Service: adequacy of the Courts Estate**

**Lead Inspector:** Stephen Dolan

This follow-up review published in July 2015 welcomed work undertaken to improve the use of the Northern Ireland Courts and Tribunals Service estate.

Inspectors found that steps were taken by the Northern Ireland Courts and Tribunals Service to ensure court buildings were less costly, better utilised and met the requirements of their users.

The review found three strategic and three operational recommendations had been fully achieved, with a further four recommendations partially achieved since the publication of CJI's original report on the adequacy of the courts estate in Northern Ireland in 2012.

### **Answering the Call - A follow-up review of the Police Service of Northern Ireland contact management inspection recommendations**

**Lead Inspector:** William Priestley

In this follow-up review, published in September 2015, Inspectors welcomed action taken by the Police Service of Northern Ireland to improve how it handles emergency and non-emergency calls from the public.

Inspectors reported that improved call management would help the police deliver a more consistent service to community. Of the eight previous recommendations, CJI found six had been achieved and the remaining two partially achieved when they returned to assess progress in spring 2015.

**Telling them why - A follow-up review of the inspection of the Public Prosecution Service for Northern Ireland's giving of reasons for its decisions**

**Lead Inspectors:** Derek Williamson and David MacAnulty

CJI's follow-up review looking at the Public Prosecution Service for Northern Ireland's giving of reasons was published October 2015.

Inspectors found the Prosecution Service had made satisfactory progress in implementing recommendations designed to improve the level of information provided to victims and witnesses around its prosecution decisions. Three of the seven recommendations made by the Inspectorate in 2012 had been implemented, with a further four partially achieved.

**The management of life and indeterminate sentenced prisoners in Northern Ireland - A follow-up review**

**Lead Inspector:** Dr Ian Cameron

The importance of a collaborative approach from the Northern Ireland Prison Service and the Probation Board for Northern Ireland regarding the management life and indeterminate sentence prisoners was highlighted in this follow-up review, published in February 2016.

Of the 11 operational recommendations made in the original CJI report, Inspectors found four were achieved and six were partially achieved. One operational recommendation was not achieved.

*Full copies of all CJI 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).*



**JAMES CORRIGAN**  
**Chief Executive and**  
**Accounting Officer**

09 June 2016

## 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 David Ford, MLA 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 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 quarterly Accreditation and Risk Management reports in line with the DOJ Security Policy framework.

In November 2011 CJI was granted full accreditation from its sponsor department for its IT system. Re-accreditation was secured in December 2015. These steps ensure CJI's Information, Communication and Technology systems are processing protectively marked information in the correct way.

## 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 Personnel and Office Services Division within the DOJ and criminal record checks.

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 year ended 31 March 2016. 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 during 2015-16 or in the previous year there were no personal data related incidents to report to the Information Commissioner.

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 and in support of this aim, 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 2015-16, CJI did not receive any complaints (2014-15: one complaint addressed and resolved via the complaints process).

# 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 judgments 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**

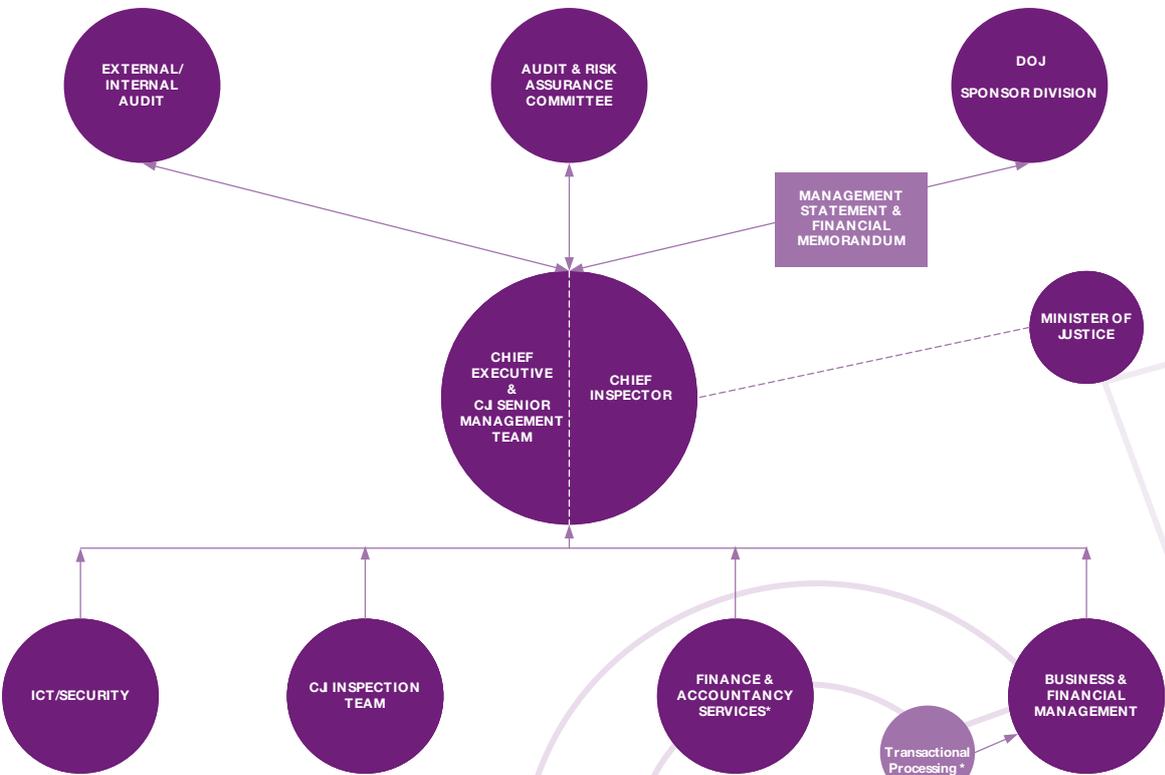
- Operating and financial performance;
- Internal controls; and
- Compliance (governance, risk, financial and regulatory).

**Stakeholder relationships**

- External communications, the Annual Report, the Spec (CJI's newsletter), 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. 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.

**Diagram showing CJI accountability arrangements**



\* Services provided via a Service Level Agreement with Financial Services Division, DOJ. After the first three months of 2015-16 CJI moved to undertake greater responsibility for transactional processing via direct input into the AccountNI system.

### 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:

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).

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 the impact of reoccurring annual budget cuts/in-year budgetary reductions and

their impact on the inspection programme as well as the danger of the loss of key staff and associated knowledge/skills. CJI has worked closely with its sponsor division within the DOJ to ensure a clear understanding of the potential impact on CJI's core business of in-year financial pressures and budget reductions. CJI has mitigated the danger of the loss of key staff by reviewing the timing of the inspection programme; adopting a risk-based approach to the allocation of external support for inspection work; and increased cross skilling within the Business Support Team. An agreement with

Ulster University has led to a number of post-graduate students providing research support to Inspectors across a range of inspections.

### Audit and Risk Assurance Committee

The CJI Audit and Risk Assurance Committee has 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. During 2015-16 a third appointment was made in advance of the scheduled retirement of one non-executive member in 2016-17. The Chief Inspector, the Accounting Officer (Deputy Chief Inspector), a representative from DOJ sponsor division, representatives of the NIAO/KPMG and RSM Northern Ireland (External Audit), DOJ Internal Audit, and FSD (financial services provider to CJI) also attended during 2015-16.

Attendance during 2015-16		
	No. of Meetings Held	No. of Meetings Attended
<b>CJI Audit and Risk Assurance Committee Members</b>		
EA Simpson (non-executive Chairman)	4	4
S Pollock (non-executive member)	4	3
M McCafferty (non-executive member)	4	1*
<b>CJI Audit and Risk Assurance Committee Attendees</b>		
B McGuigan (Chief Inspector)	4	3
J Corrigan (Chief Executive & Accounting Officer)	4	4
M McVeigh (Business and Communications Manager)	4	4
S Dolan (CJI Inspector)	4	2
J Jamison (FSD, DOJ)	4	4
W Jeffrey/AN Other Representative (DOJ Sponsor Division)	4	4
F Magowan (External Audit)	4	3
KPMG Representative (External Audit)	4	1**
RSM Northern Ireland Representative (External Audit)	4	1***
D Anderson/AN Other Representative (DOJ Internal Audit)	4	4
P Bean Mhic Artáin (Audit & Risk Assurance Committee Secretary)	4	2****

\* M McCafferty was appointed to the CJI Audit and Risk Assurance Committee with effect from January 2016.

\*\* The KPMG (External Audit) Representative did not attend the CJI Audit and Risk Assurance Committee with effect from the autumn meeting due to the conclusion of their contract with the NIAO.

\*\*\* The RSM Northern Ireland (External Audit) Representative did not attend the CJI Audit and Risk Assurance Committee until the winter meeting after their contract with the NIAO had commenced.

\*\*\*\* In the absence of the CJI Audit and Risk Assurance Committee Secretary their duties were performed by other CJI Business Support staff.

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 2015-16 completed an audit of CJI's systems linked to corporate governance. 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.

### **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 2016 and up to the date of approval of the Annual Report and Accounts. It accords with Department of Finance (formerly Department of Finance and Personnel (DFP)) guidance relating to corporate governance and management of risk.

### **Shared Services**

Following devolution in April 2010, CJI's Payroll and HR transactional support functions have been provided via DOJ HR Support and the NICS HRConnect service. Finance transactional support functions have been provided by FSD via the NICS AccountNI shared service system with internal control exercised by the Department since July 2012. With effect from July 2015, CJI has undertaken greater responsibility for transactional processing by inputting information directly to the AccountNI system. CJI's budget and financial reporting services have also been 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 and 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 travel and subsistence monitoring and approval which lies with the CJI Accounting Officer. Any changes to CJI processes are managed within the ISO 9001:2008 quality management system to ensure that objectives are still delivered and the control implications assessed, agreed and managed.

### 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 (formerly Department of Finance and Personnel (DFP)) procurement guidelines. CJI attends and is a member of the DOJ Procurement Forum.

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.

### 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 9001:2008 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 quarterly returns and the Security Risk Management Overview Annual Return.

### 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 and making the findings of its work publicly available; maintaining a sound system of financial control; and obtaining re-certification for its Quality Management System within the financial year as outlined in its 2015-16 Business Plan. CJI also concluded its work linked to the implementation of recommendations associated with the work of the Prisons Review Team and Youth Justice Review.

- Annual Internal Audit reviews were conducted by the independent DOJ 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 substantial 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 retained certification to ISO 9001:2008 following an audit by independent assessors. ISO 9001:2008 is a continuous improvement regime that maintains the quality standards for all CJI processes.

### **Conflicts of Interest**

All Audit and Risk Assurance Committee members, attendees and CJI staff members 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 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 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 member/attendee is required to absent themselves from the subsequent discussion.

### **Significant Internal Control Issues**

There were no significant internal control issues or Ministerial directions during 2015-16.

### **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 DOJ's 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 2015-16 year they have provided overall substantial assurance.

# Remuneration Report

## 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.

## 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.

## Single Total Figure of Remuneration (audited information)

2015-16					
	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	-	-	32	140-145
Mr J Corrigan Deputy Chief Inspector & Chief Executive	60-65	-	-	28	90-95

\* 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.

2014-15					
	Salary	Bonus Payments	Benefits in kind	Pension Benefits*	Total
	£'000	£'000	(to nearest £100)	(to nearest £1,000)	(£'000)
Mr B McGuigan, Chief Inspector	100-105	-	-	20	120-125
Mr J Corrigan Deputy Chief Inspector & Chief Executive	60-65	-	-	17	90-95

\* 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 include 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 (2014-15: £Nil).

### Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses reported in 2015-16 relating to performance in 2015-16 or comparative bonuses reported for 2014-15 relating to performance in 2014-15.

### Pension Entitlements (audited information)

Name	Accrued pension at pension age as at 31/03/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/16	CETV at 31/03/15	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	378	350	28	-
Mr J Corrigan	5-10	0-2.5	143	111	12	-

## Northern Ireland Civil Service (NICS)

### Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). 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**). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under **classic**, **premium**, and **classic plus** are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of **premium** 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 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 current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

A new pension scheme, **alpha**, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to **alpha** from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will 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 also 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 will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with the cost of living. Increases are applied from April and are determined by the CPI figure for the preceding September. The CPI in September 2015 was negative (-0.1%) and HM Treasury has announced that there will be no increase to public service pensions from April 2016. Therefore public service pensions will remain at their current level.

Employee contribution rates for all members for the period covering 1 April 2016 - 31 March 2017 are as follows:

**Scheme Year 1 April 2016 to 31 March 2017**

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 2016 to 31 March 2017	From 01 April 2016 to 31 March 2017
£0	£15,000.99	3.8%	4.6%
£15,001.00	£21,210.99	4.6%	4.6%
£21,211.00	£48,471.99	5.45%	5.45%
£48,472.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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 3% and 14.7% (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).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. The normal pension age in **alpha** is linked to the member's State Pension Age and cannot be before the age of 65. Further details about the NICS pension arrangements 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 2008 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. The actuarial factors used to calculate CETVs changed during the 2015-16 year and, consequently, CETV figures increased even without any further pension accrual. 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 2015-16 (2014-15: £Nil).

### Fair Pay Disclosures

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 2015-16 was £105,000 - £110,000 (2014-15: £100,000 - £105,000). This was 2.01 times (2014-15: 2.15) the median remuneration of the workforce, which was £52,821 (2014-15: £48,775). Remuneration ranged from £20,284 to £106,040 (2014-15: £19,615 to £103,950). The decrease in ratio and increase in median remuneration in comparison with prior year figures is linked to the employment of a temporary agency staff member for 8.5 months during 2015-16.

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

# Staff Report

## Staff costs

Staff costs comprise:

	<b>Permanently employed staff</b>	<b>Others</b>	<b>2015-16 £ Total</b>	<b>2014-15 £ Total</b>
Wages and salaries	617,300	49,992	667,292	606,948
Social security costs	58,155	-	58,155	56,710
Other pension costs	147,941	-	147,941	134,614
Sub total	<u>823,396</u>	<u>49,992</u>	<u>873,388</u>	<u>798,272</u>
Less recoveries in respect of outward secondments	(58,990)	-	(58,990)	-
Total net costs	<u><u>764,406</u></u>	<u><u>49,992</u></u>	<u><u>814,398</u></u>	<u><u>798,272</u></u>

## Pension arrangements

The Northern Ireland Civil Service pension arrangements 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 (formerly Department of Finance and Personnel

(DFP)) Superannuation and Other Allowances Resource Accounts as at 31 March 2016. For 2015-16, employers' contributions of £113,360 were payable to the NICS pension arrangements (2014-15: £112,429) 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 2016-17, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 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 (2014-15: £Nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 14.7% (2014-15: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £Nil, 0.5% (2014-15: £Nil, 0.8%) of pensionable pay, were payable to the NICS pension arrangements 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.

In addition, pension contributions of £27,524 were paid in the year (2014-15: £25,988) 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 2015-16 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.

	2015-16	2014-15
<b>Permanently employed staff</b>		
Senior Management	2.00	2.00
Inspectors	4.78	6.20
Administration and support staff	4.60	4.88
<b>Other</b>		
Agency/temporary staff	0.71	-
<b>Total</b>	<b>12.09</b>	<b>13.08</b>

At the start of the 2015-16 financial year, CJI had a complement of 14 staff (12.4 Full Time Equivalent (FTE)). Significant changes to the Inspection Team staffing levels occurred in-year with one member of the Inspection Team moving to a reduced hours working pattern from the start of the year; a second Inspection Team member moving to partial retirement and a third undertaking an initial secondment outside the organisation and subsequently resigning from CJI. By the end of the financial year CJI's staffing levels had dropped to 13 staff (11 FTE).

Due to these staffing changes CJI was required to secure temporary support for the Inspection Team in-year through the appointment of one agency staff member. The agency staff member left the organisation on 31 March 2016 after a period of eight and a half months.

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. The Business and Communications Manager has line management responsibility for the Business and Communications Support Officer and Business and Administration Support Officer.

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 AccountNI shared service.

**Staff composition**

The number of staff employed at 31 March 2016 was as follows:

	<b>Female staff</b>	<b>Male staff</b>	<b>Total staff</b>
Senior Management	0	2	2
Inspectors	1	5	6
Administration and Support Staff	4	1	5
<b>Total</b>	<b>5</b>	<b>8</b>	<b>13</b>

During 2015-16 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 2015-16 the average level of staff sickness absence stood at 13.32 days per employee

(5.92 days in 2014-15). This average figure takes account 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.

During 2015-16 CJI did not carry out any permanent recruitment activity 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. Similarly, 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**

During 2015-16 all staff undertook electronic diversity and information handling training courses.

During the year, the Business and Communications Manager successfully completed their CIPFA Certificate in Management Practice (Financial Skills) while a member of the Business Support Team commenced a modular qualification in procurement practice.

A member of the Inspection Team and two members of the Business Support Team completed training in preparation for the transfer of CJI's Quality Management System to the ISO 9001:2015 audit standard.

Another member of the Inspection Team undertook a secondment with another Government department to further their personal development, while a third undertook training with Her Majesty's Inspectorate of Constabulary.

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.

Other training opportunities for staff were not pursued due to in-year budgetary pressures.

### **Expenditure on consultancy**

During the 2015-16 financial year CJI did not incur any expenditure in relation to external consultancy (2014-15: £4,400). Expenditure in relation to internal consultancy (i.e work carried out by other Government organisations) was £60,038 in 2015-16 (2014-15: £49,484). 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 2015. 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 2016.

### **Reporting of compensation and exit packages for all staff**

For 2015-16 no compensation and exit packages had been awarded (2014-15: £Nil).

## ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

# Assembly accountability disclosures

### Regularity of Expenditure

#### Losses and special payments

There were no losses or special payments in 2015-16 (2014-15: £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 2015-16 (2014-15: £Nil) that require disclosure. Note 14 to the Accounts provides further details regarding the contingent liabilities that are included within the financial statements.

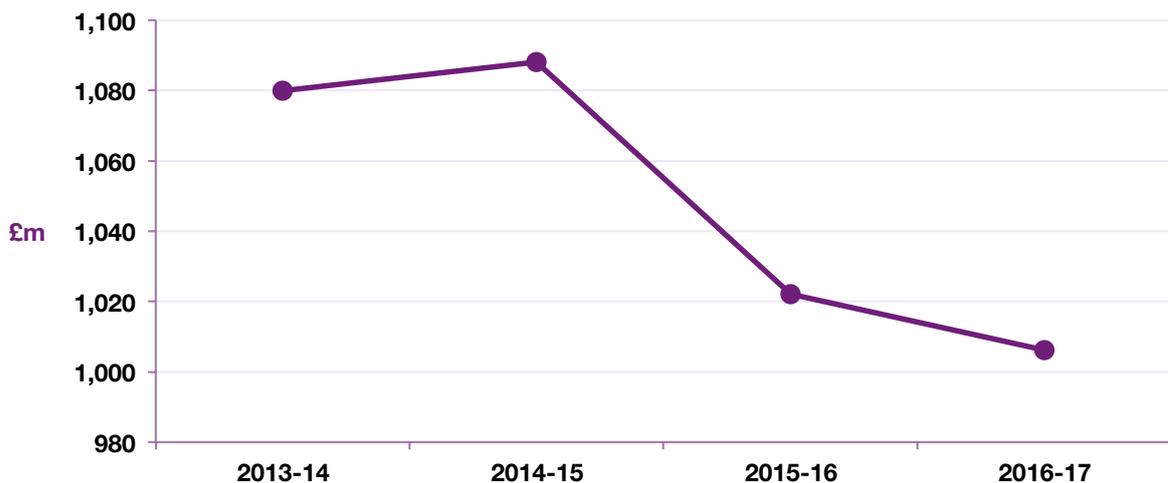
### Long term expenditure trends

The charts below show:

**Chart 1:** the movement in the DOJ unringfenced Resource Departmental Expenditure Limit (DEL) opening baseline over the period 2013-14 to 2016-17; and

**Chart 2:** the 2016-17 budget split by the Core Department, Executive Agencies and Non-Departmental Public Bodies (including CJI). For Forensic Science NI, this shows the net income received from the Department.

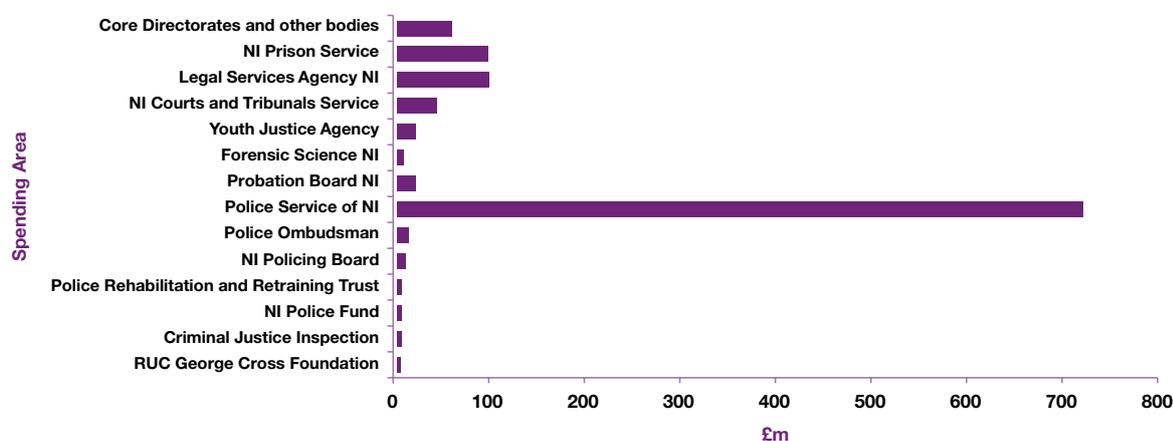
**Chart 1: DoJ unringfenced resource DEL opening baseline**



#### 2013-14 and 2014-15 financial years

Budgets for these years were set as part of the four year Budget 2011-15 period. During this period, covering the financial years 2011-12 to 2014-15, the DOJ was ringfenced. That did not mean that the budget was protected.

Instead, the Department received the direct Barnett consequentials from changes in the funding levels of the Home Office and Ministry of Justice as a result of the UK spending review settlement for Whitehall departments.

**Chart 2: DoJ 2016-17 unringfenced Resource DEL opening budget**

The DOJ's unringfenced Resource Departmental Expenditure Limit (DEL) fell by 7.2% from 2011-12 to 2014-15. Taking into account the effect of inflation, the real terms impact was significantly greater.

During this period, the CJI budget fell by 15.1%.

### 2015-16 financial year

In 2015-16, the DOJ ringfence was removed. The starting point for the Department's budget was a 15.1% cut against the 2014-15 baseline – a cut equivalent to £165m. The 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.

In setting opening 2015-16 budgets, the CJI budget fell by 9.8%.

### 2016-17 financial year

The 2016-17 Budget outcome for the Department 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 has been 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 CJI budget reduced by 3.5% going into 2016-17, compared to the overall figure of 5.7% for the Core Department.

### Accountability Report

**JAMES CORRIGAN**  
Chief Executive and  
Accounting Officer

09 June 2016

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

I certify that I have audited the financial statements of the Criminal Justice Inspection Northern Ireland for the year ended 31 March 2016 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 Remuneration Report and Staff Report and the Assembly Accountability disclosures that is described in that report as having been audited.

## **Respective responsibilities of the Chief Inspector of Criminal Justice, the Chief Executive and auditor**

As explained more fully in the Statement of Chief Inspector of Criminal Justice's and the Chief Executive's Responsibilities, the Chief Inspector of Criminal Justice and the Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining 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. This includes an assessment of: whether the accounting policies are appropriate to the Criminal Justice Inspection Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Criminal Justice Inspection Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

### 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.

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Criminal Justice Inspection Northern Ireland's affairs as at 31 March 2016 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the 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.

### Opinion on other matters

In my opinion:

- the part of the Remuneration and Staff Report and the Assembly Accountability disclosures to be audited 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

- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### 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 part of the Remuneration and Staff Report and Assembly and Accountability disclosures 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 (formerly Department of Finance and Personnel) 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

21 June 2016

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

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	2015-16 £	2014-15 £
Other operating income	5	(59,008)	(20)
<b>Total Operating Income</b>		<u>(59,008)</u>	<u>(20)</u>
Staff costs	3	873,388	798,272
Purchase of goods and services	4	240,142	332,553
Depreciation and impairment charges	4	19,700	28,567
<b>Total operating expenditure</b>		<u>1,133,230</u>	<u>1,159,392</u>
Finance income/expense		-	-
<b>Net expenditure for the year</b>		<u>1,074,222</u>	<u>1,159,372</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	6	(69)	(28)
Net (gain) on revaluation of intangible assets	7	(98)	(76)
<b>Comprehensive net expenditure for the year</b>		<u><u>1,074,055</u></u>	<u><u>1,159,268</u></u>

The notes on pages 52 to 66 form part of these accounts.

# Statement of Financial Position as at 31 March 2016

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

	Note	2015-16 £	2014-15 £
<b>Non-current assets:</b>			
Property, plant and equipment	6	40,770	54,309
Intangible assets	7	8,211	5,026
<b>Total non-current assets</b>		<u>48,981</u>	<u>59,335</u>
<b>Current assets:</b>			
Trade and other receivables	10	10,459	3,602
Cash and cash equivalents	9	3,484	76
<b>Total current assets</b>		<u>13,943</u>	<u>3,678</u>
<b>Total assets</b>		62,924	63,013
<b>Current liabilities</b>			
Trade and other payables	11	(181,550)	(223,584)
<b>Total current liabilities</b>		<u>(181,550)</u>	<u>(223,584)</u>
<b>Total assets less total liabilities</b>		<u><b>(118,626)</b></u>	<u><b>(160,571)</b></u>
<b>Taxpayers' equity and other reserves</b>			
Revaluation reserve		1,437	1,855
General reserve		(120,063)	(162,426)
<b>Total equity</b>		<u><b>(118,626)</b></u>	<u><b>(160,571)</b></u>

The financial statements on pages 48 to 51 were approved by the Board on 02 June 2016 and were signed on its behalf by:



**JAMES CORRIGAN**  
Chief Executive and  
Accounting Officer

09 June 2016

The notes on pages 52 to 66 form part of these accounts.

# Statement of Cash Flows for the year ended 31 March 2016

The Statement of Cash Flows shows the changes in cash and cash equivalents of CJI during the reporting period. The statement shows how CJI 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 CJI. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to CJI's future public service delivery.

	Note	2015-16 £	2014-15 £
<b>Cash flows from operating activities</b>			
Net expenditure for the year		(1,074,222)	(1,159,372)
Adjustment for non-cash transactions	4	19,381	30,973
(Increase)/Decrease in trade and other receivables		(6,857)	11,966
Increase/(Decrease) in trade and other payables		(42,034)	48,162
<i>Less movements in payables relating to items not passing through the Net Expenditure account</i>		18,775	9,860
<b>Net cash outflow from operating activities</b>		<b>(1,084,957)</b>	<b>(1,058,411)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(23,102)	(30,724)
Purchase of intangible assets	7	(4,933)	(1,347)
Proceeds of disposal of property, plant and equipment		400	-
<b>Net cash outflow from investing activities</b>		<b>(27,635)</b>	<b>(32,071)</b>
<b>Cash flows from financing activities</b>			
Grants from sponsoring department		1,116,000	1,090,000
<b>Net financing</b>		<b>1,116,000</b>	<b>1,090,000</b>
<b>Net increase in cash and cash equivalents in the period</b>		<b>3,408</b>	<b>(482)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	9	<b>76</b>	<b>558</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>3,484</b>	<b>76</b>

The notes on pages 52 to 66 form part of these accounts.

# Statement of Changes in Taxpayers' Equity for year ended 31 March 2016

This statement shows the movement in the year on the different reserves held by CJI 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 CJI, to the extent that the total is not represented by other reserves and financing items.

Note	General Fund £	Revaluation Reserve £	Taxpayers' Equity £
<b>Balance at 31 March 2014</b>	<b>(96,174)</b>	<b>4,871</b>	<b>(91,303)</b>
<b>Changes in taxpayers' equity for 2014-15</b>			
Grants from sponsoring department	1,090,000	-	1,090,000
Comprehensive Net expenditure for the year	(1,159,372)	104	(1,159,268)
Transfers between reserves	3,120	(3,120)	-
<b>Balance at 31 March 2015</b>	<b>(162,426)</b>	<b>1,855</b>	<b>(160,571)</b>
<b>Changes in taxpayers' equity for 2015-16</b>			
Grants from sponsoring department	1,116,000	-	1,116,000
Comprehensive Net expenditure for the year	(1,074,222)	167	(1,074,055)
Transfers between reserves	585	(585)	-
<b>Balance at 31 March 2016</b>	<b>(120,063)</b>	<b>1,437</b>	<b>(118,626)</b>

The notes on pages 52 to 66 form part of these accounts.

# Notes to the Accounts

## 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2015-16 Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM 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 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	-	five years;
Computer Equipment	-	five to 10 years; and
Furniture and Office Equipment	-	up to 15 years.

The Office Refurbishment depreciation policy, previously set at 10 years in line with the conclusion of CJI's 10 year lease on its previous office accommodation, has been reduced to five years. This change has been made to correlate with the medium term re-location of CJI's office premises to vacant accommodation within the Stormont Estate. This takes account of the potential changes which are anticipated to occur as a result of the out workings of the DOJ Headquarters Estate Strategy project. This will in turn feed into the wider long-term NICS Estate Strategy.

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 Reserve.

**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 Department'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 judgment 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**

**Update on 2014-15 position:**

Standard	Comments
IFRS 10 - <i>Consolidated Financial Statements</i>	The International Accounting Standards Board (IASB) has 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 are effective with EU adoption from 1 January 2014.
IFRS 11 - <i>Joint Arrangements</i>	Accounting boundaries for IFRS purposes are currently adapted in the FReM 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 Northern Ireland (NI), which will bring NI departments under the same adaptation, has been carried out but a decision has yet to be made by the Executive. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. Arm's Length Bodies (ALBs) apply IFRS in full and their consolidation boundary may change as a result of the new Standards
IFRS 12 - <i>Disclosure of Interests in Other Entities</i>	

**Issued and effective in 2015-16 for the first time:**

Standard	Comments
IFRS 13 - <i>Fair Value Measurement (new)</i>	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise). The Standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements.</p> <p>Although IFRS 13 is applied without adaptation, IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible assets</i> have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.</p> <p>IAS 16 is adapted to specify the valuation bases for assets which are held for their service potential (i.e. operational assets) and assets which were most recently held for their service potential but are surplus.</p> <p>IAS 38 has been adapted for the public sector dependent on whether or not an active (homogeneous) market exists.</p>

CJI has reviewed the remaining standards, interpretations and amendments to published standards and FReM that became effective during 2015-16. 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**

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for CJI's accounting periods beginning on or after 1 April 2016 or later periods, but which CJI has not adopted early. Other than as outlined in the below, CJI considers that these standards are not relevant or material to its operations.

<b>Standard</b>	IFRS 15 - <i>Revenue from Contracts with Customers (IAS 18 Revenue replacement)</i> (new)
<b>Effective date</b>	1 January 2018 (not yet EU adopted) - with a view to include in the 2018-19 FReM.
<b>Description of revision</b>	<p>The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled, in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements for accounting for contract costs.</p> <p>The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.</p>
<b>Comments</b>	The introduction of IFRS 15 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will be issuing an Exposure Draft on IFRS 15 over the Summer of 2016. Subsequent clarifications raised will also be reviewed as a part of the implementation project.

### **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 Board, 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. Staff Costs

	<b>2015-16</b>	<b>2014-15</b>
	<b>£</b>	<b>£</b>
	<b>Total</b>	<b>Total</b>
Wages and salaries	667,292	606,948
Social security costs	58,155	56,710
Other pension costs	147,941	134,614
<b>Sub Total</b>	<u>873,388</u>	<u>798,272</u>
Less recoveries in respect of outward secondments	(58,990)	-
<b>Total net costs</b>	<u><u>814,398</u></u>	<u><u>798,272</u></u>

A breakdown of the above costs into permanent staff and others can be found in the Staff Report within the Accountability Report.

#### 4. Other Operating Costs

	2015-16	2014-15
	£	£
Purchase of goods and services		
Cash items:		
Staff related costs	11,366	10,859
Rentals under operating leases	483	35,682
Accommodation costs	35,542	64,249
Office services	29,071	52,208
Contracted out services	6,566	6,499
Professional and consultancy costs	74,841	57,862
Audit fees	9,000	12,700
Managed services	61,374	70,896
Other expenditure	12,218	19,192
	<u>240,461</u>	<u>330,147</u>
Non-cash items:		
(Profit)/loss on disposal of property, plant and equipment	(319)	2,406
	<u>240,142</u>	<u>332,553</u>
Depreciation and impairment charges:		
Depreciation	17,785	22,463
Amortisation	1,846	6,097
Net loss/(gain) on revaluation	69	7
	<u>19,700</u>	<u>28,567</u>
Total Other Operating Costs	<u><u>259,842</u></u>	<u><u>361,120</u></u>

#### 5. Income

	2015-16	2014-15
	£	£
Seconded Costs	58,990	-
Other non-trading income	18	20
<b>Total Other operating income</b>	<u><u>59,008</u></u>	<u><u>20</u></u>

## 6. Property, plant and equipment

2015-16	Refurbishment Costs £	Furniture and Fittings £	Office Equipment £	Computer Equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2015	18,805	33,049	24,663	103,964	180,481
Additions	-	-	-	4,327	4,327
Disposals	-	-	(2,745)	(4,985)	(7,730)
Reclassifications	-	-	-	-	-
Revaluation released to SOCNE	-	-	-	(113)	(113)
Indexation	-	157	71	(170)	58
Revaluation	-	-	-	-	-
<b>At 31 March 2016</b>	<b>18,805</b>	<b>33,206</b>	<b>21,989</b>	<b>103,023</b>	<b>177,023</b>
<b>Depreciation</b>					
At 1 April 2015	-	23,128	17,392	85,652	126,172
Charged in year	5,015	2,228	2,281	8,261	17,785
Disposals	-	-	(2,679)	(4,970)	(7,649)
Reclassifications	-	-	-	-	-
Revaluation released to SOCNE	-	-	-	(44)	(44)
Indexation	-	121	33	(165)	(11)
Revaluation	-	-	-	-	-
<b>At 31 March 2016</b>	<b>5,015</b>	<b>25,477</b>	<b>17,027</b>	<b>88,734</b>	<b>136,253</b>
<b>Carrying amount at 31 March 2016</b>	<b>13,790</b>	<b>7,729</b>	<b>4,962</b>	<b>14,289</b>	<b>40,770</b>
<b>Carrying amount at 31 March 2015</b>	<b>18,805</b>	<b>9,921</b>	<b>7,271</b>	<b>18,312</b>	<b>54,309</b>
<b>Asset financing:</b>					
Owned	13,790	7,729	4,962	14,289	40,770
<b>Carrying amount at 31 March 2016</b>	<b>13,790</b>	<b>7,729</b>	<b>4,962</b>	<b>14,289</b>	<b>40,770</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. Property, plant and equipment (continued)

2014-15	Refurbishment Costs	Furniture and Fittings	Office Equipment	Computer Equipment	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 April 2014	463,661	33,018	30,099	128,202	654,980
Additions	18,805	-	557	2,849	22,211
Disposals	(463,661)	-	(16,688)	(8,531)	(488,880)
Reclassifications	-	-	10,660	(18,516)	(7,856)
Revaluation released to SOCNE	-	-	-	(15)	(15)
Revaluation	-	31	35	(25)	41
<b>At 31 March 2015</b>	<b>18,805</b>	<b>33,049</b>	<b>24,663</b>	<b>103,964</b>	<b>180,481</b>
<b>Depreciation</b>					
At 1 April 2014	463,586	20,880	29,364	76,918	590,748
Charged in year	75	2,226	3,386	16,776	22,463
Disposals	(463,661)	-	(15,104)	(7,709)	(486,474)
Reclassifications	-	-	(267)	(307)	(574)
Revaluation released to SOCNE	-	-	-	(4)	(4)
Revaluation	-	22	13	(22)	13
<b>At 31 March 2015</b>	<b>-</b>	<b>23,128</b>	<b>17,392</b>	<b>85,652</b>	<b>126,172</b>
<b>Carrying amount at 31 March 2015</b>	<b>18,805</b>	<b>9,921</b>	<b>7,271</b>	<b>18,312</b>	<b>54,309</b>
<b>Carrying amount at 31 March 2014</b>	<b>75</b>	<b>12,138</b>	<b>735</b>	<b>51,284</b>	<b>64,232</b>
<b>Asset financing:</b>					
Owned	18,805	9,921	7,271	18,312	54,309
<b>Carrying amount at 31 March 2016</b>	<b>18,805</b>	<b>9,921</b>	<b>7,271</b>	<b>18,312</b>	<b>54,309</b>

## 7. Intangible assets

<b>2015-16</b>	<b>Total £</b>
<b>Cost or valuation</b>	
At 1 April 2015	49,586
Additions	4,933
Disposals	(10,493)
Reclassifications	-
Revaluation released to SOCNE	-
Revaluation	150
<b>At 31 March 2016</b>	<b>44,176</b>
<b>Amortisation</b>	
At 1 April 2015	44,560
Charged in year	1,846
Disposals	(10,493)
Reclassifications	-
Revaluation released to SOCNE	-
Revaluation	52
<b>At 31 March 2016</b>	<b>35,965</b>
<b>Carrying amount at 31 March 2016</b>	<b>8,211</b>
<b>Carrying amount at 31 March 2015</b>	<b>5,026</b>
<b>Asset financing:</b>	
Owned	8,211
<b>Carrying amount at 31 March 2016</b>	<b>8,211</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. Intangible assets (continued)

2014-15	<b>Total</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 April 2014	46,344
Disposals	(4,733)
Reclassifications	7,856
Revaluation released to SOCNE	21
Revaluation	98
<b>At 31 March 2015</b>	<b><u>49,586</u></b>
<b>Amortisation</b>	
At 1 April 2014	42,583
Charged in year	6,097
Disposals	(4,733)
Reclassifications	574
Revaluation released to SOCNE	17
Revaluation	22
<b>At 31 March 2015</b>	<b><u>44,560</u></b>
<b>Carrying amount at 31 March 2015</b>	<b><u>5,026</u></b>
<b>Carrying amount at 31 March 2014</b>	<b><u>3,761</u></b>
<b>Asset financing:</b>	
Owned	5,026
<b>Carrying amount at 31 March 2015</b>	<b><u>5,026</u></b>

## 8. Financial Instruments

As the cash requirements of CJJ 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 CJJ's expected purchase and usage requirements and CJJ is therefore exposed to little credit, liquidity or market risk.

## 9. Cash and cash equivalents

	2015-16	2014-15
	£	£
Balance at 1 April	76	558
Net change in cash and cash equivalent balances	3,408	(482)
<b>Balance at 31 March</b>	<b>3,484</b>	<b>76</b>

The following balances at 31 March were held at:

Commercial banks and cash in hand	3,484	76
<b>Balance at 31 March</b>	<b>3,484</b>	<b>76</b>

## 10. Trade receivables, financial and other assets

	2015-16	2014-15
	£	£
<b>Amounts falling due within one year</b>		
Prepayments and accrued income	10,459	3,602
<b>Amounts falling due after more than one year</b>		
Prepayments and accrued income	-	-
<b>Total</b>	<b>10,459</b>	<b>3,602</b>

## 11. Trade payables and other current liabilities

	2015-16	2014-15
	£	£
<b>Amounts falling due within one year</b>		
Other taxation and social security	-	17,512
Trade payables	5,713	848
Other payables	60,483	50,162
Accruals and deferred income	115,354	155,062
<b>Total</b>	<b>181,550</b>	<b>223,584</b>

## 12. Capital commitments

At 31 March 2016 there was no capital commitments contracted (2014-15: £Nil).

## 13. 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.

	2015-16 £	2014-15 £
<b>Obligations under operating leases for the following periods comprise:</b>		
<b>Other:</b>		
Not later than one year	953	956
Later than one year and not later than five years	583	1,536
Later than five years	-	-
<b>Total</b>	<b><u>1,536</u></b>	<b><u>2,492</u></b>

### Finance leases

There were no finance lease commitments at 31 March 2016 (2014-15: £Nil).

## 14. Contingent liabilities

An application for leave for a Judicial Review has been made to the High Court in respect of the statutory remit of CJJ in relation to an inspection of *the quality and timeliness of police files (incorporating disclosure) submitted to the Public Prosecution Service for Northern Ireland*. The outcome of this application and any statutory or financial implications is unknown at this time.

## 15. Related party transactions

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

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

No Management Board member, key manager or other related party has undertaken any material transactions with CJJ during the year ended 31 March 2016.

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

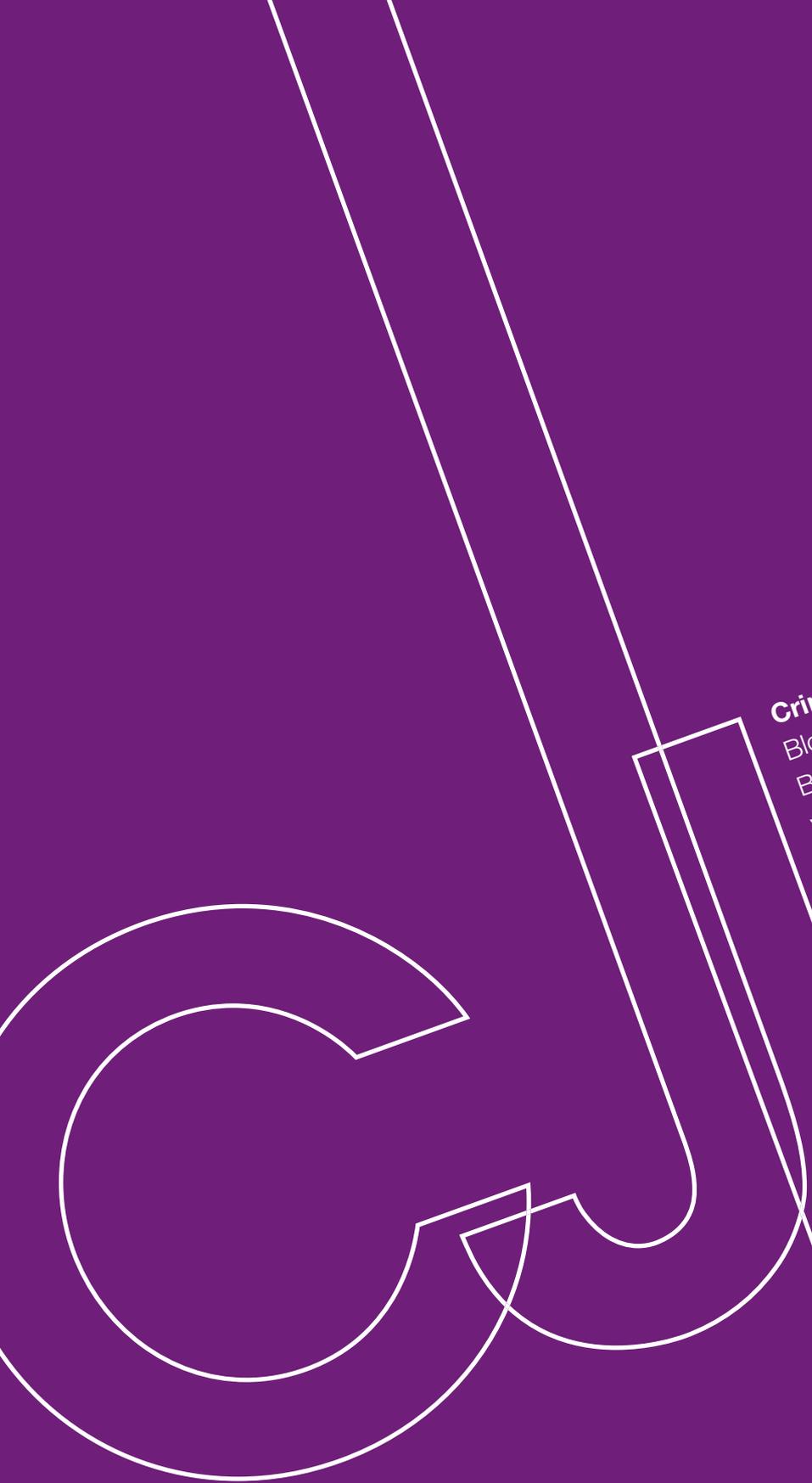
With effect from 6 May 2016 CJI launched a Voluntary Exit Scheme and applications were sought from a specific staff group within the organisation. Staff were required to register their interest in the scheme by 3 June 2016 after which applications will be processed, communicated and agreed with staff based on conditional offers. This will result in an obligation arising on CJI, since the reporting date, but the value of the liability cannot be quantified at this stage.

This is a non-adjusting event and consequently, the 2015-16 accounts have not been adjusted. It is expected that payments to settle this liability will be made during the 2016-17 financial year.

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

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

The Accounting Officer authorised these financial statements for issue on 21 June 2016.



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

