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Criminal Justice Inspection Northern Ireland
Annual Report and Statement of Accounts 2004/05
together with the report of the Comptroller and Auditor General

Presented to the Houses of Parliament by the Secretary of State for
Northern Ireland under Section 49(2) of the Justice (Northern Ireland) Act 2002

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Foreword

This is the first substantive annual report by the Chief Inspector of Criminal Justice in Northern Ireland¹ (CJI). CJI officially came into operation on 1 October 2004, although it had in practice started inspecting before that date.²

The nature of the Inspectorate

CJI is a unique institution. The Criminal Justice Review was ahead of its time when in 2000 it recommended that, to support the Good Friday Agreement, there should be a single inspectorate of criminal justice in Northern Ireland to improve the working of the criminal justice system, assure its even-handedness and increase public confidence.³

CJI is deliberately a small organisation. It has a core of just five Inspectors and two Assistant Inspectors. To carry out its work it depends on assistance from other Inspectorates and from the experts whom it invites in to assist with particular inspections.

CJI's collaborators

Inspectors from HM Inspectorates of Constabulary, the Crown Prosecution Service, Court Administration, Prisons and Probation, the Education and Training Inspectorate (Northern Ireland) and the Social Services Inspectorate (Northern Ireland) have all taken part in the inspections undertaken in the past year. Prof Brian Caddy of Strathclyde University assisted with the inspection of Forensic Science Northern Ireland, Prof Chris Millroy of Sheffield University with the State Pathologist's Department, Dr Linda Moore of the Human Rights Commission with the inspection of the Juvenile Justice Centre and Mark Harris of

Victim Support UK with the review of services to Victims and Witnesses. The help of all of these was invaluable.

I am most grateful to the five Chief Inspectors in England and Wales for enabling me to establish satisfactory arrangements for joint working. I particularly appreciated the help of HM Inspector of Constabulary, Ken Williams, in making sense of the convoluted legislation governing our respective roles in relation to the Police Service of Northern Ireland.

I hope that at some stage it may be possible to simplify the arrangements, to the benefit of the PSNI. Other aspects of CJI's remit could also usefully be revisited when the time is right.

The criminal justice system

The criminal justice system is a complicated network of organisations, some of which – the Courts, the Prosecution Service and the Police Ombudsman, for example - have important elements of constitutional independence. The system is not well understood by many members of the public, as our work with victims and witnesses has shown.

Public information is therefore a crucial part of the task of the Inspectorate. The better the justice system is understood, the more people will feel able to play their part in it, the more confidence in it will be increased and the more effective it will become. It is for that reason that CJI has made a point of engaging with District Policing Partnerships and other community-based groups, and actively publicising its reports.

Essential achievements of the first year

The prime tasks of the first year have been the recruitment of the Inspector team and the physical establishment of the office, with its necessary IT systems and website. I am delighted to have recruited such a strong team and grateful to the NIO for providing CJI with accommodation of such a high standard. CJI has:

- developed an inspection framework⁴ and provided training for agencies in self-assessment, which is an essential element of the methodology;
- established close working relationships with the counterpart HM Inspectorates in England and Wales and provided training for their Inspectors who will be coming to work with CJI in Northern Ireland;
- held a stakeholder conference and a number of meetings with District Policing Partnerships and other locally based organisations with a view to forging links with the wider community;
- established financial and administrative systems and supporting documentation to ensure the proper functioning of the office.

CJI has also started on an ambitious programme of inspections, both single agency inspections and cross-cutting thematic reviews, as described in this report.

These are early days. CJI's reputation will depend on building up a track record of authoritative and well-presented reports. The early reports have, however, been well received and the attitude of the criminal

justice agencies themselves has been constructive.

CJINI's way of working

CJI's approach to inspection is co-operative, not confrontational. While an inspectorate can never afford to get into a 'cosy' relationship with its clients there is every sign that we shall be able to develop robust, healthy relationships founded upon a common interest in improvement.

There are a large number of supervisory organisations in place – particularly in relation to the Police Service of Northern Ireland – and there is a danger that supervision could become burdensome if it is not properly managed. CJI will do its best to co-ordinate with other inspection and audit agencies to minimise that risk.

Thanks to those who helped to establish CJI

I should like to record my thanks to the NIO Project Team of Dan Mulholland, Barbara McAtamney, Keith Boyce and Stephen Western who were responsible for setting up the Inspectorate, and to Dr Marie Smyth, Head of Research and Communication, who made a unique contribution to the first year of CJI.

Kit Chivers

Chief Inspector of Criminal Justice in Northern Ireland



1. A short proforma report was submitted for the year 2003-04 when the Inspectorate was in existence but not yet operational.
2. Prior to 1 October 2004 the costs of CJINI were met directly out of the Northern Ireland Office Vote, thereafter by grant in aid from the NIO, see page 26.
3. Review of the Criminal Justice System in Northern Ireland, Recommendation 263.
4. 'Notes for Inspectors', available on www.cjini.org

What is the Criminal Justice System in Northern Ireland

Constituents of the criminal justice system

The criminal justice system (CJS) in Northern Ireland comprises six main agencies:

The Police Service (PSNI)



The Public Prosecution Service (PPSNI)



The Court Service, in respect of the criminal and coroners courts (NICtS)



The Prison Service (NIPS)



The Probation Board (PBNI)



The Youth Justice Agency (YJA)



There are also a number of minor agencies such as Forensic Science Northern Ireland and the State Pathologist's Department, which are essential elements of the System.

The remit of the Inspectorate goes wider than these core agencies to include other regulatory agencies which interface to a greater or lesser degree with the criminal justice system (see Annex 2).

By contrast, there are other agencies, such as HM Revenue and Customs and the Asset Recovery Agency, which are important players in the criminal justice system but which are excluded from the remit.

The Court Service is at present also excluded, though with the Lord Chancellor's agreement it participates voluntarily in thematic inspections. The Office of the Director of Public Prosecutions was outwith the Inspectorate's remit in 2004-05, but on 13 June 2005, on becoming the Public Prosecution Service, it came within it.

How is it Managed?

Ministerial responsibility

The Secretary of State for Northern Ireland is responsible for all aspects of the criminal justice system apart from:

- the Courts, which are the responsibility of the Lord Chancellor and Secretary of State for Constitutional Affairs, and
- the Public Prosecution Service, which reports to the Attorney General.

Ministers of those three Departments meet together regularly to agree strategy for the criminal justice system. The co-ordination of criminal justice policy at official level is handled by the Criminal Justice Board, chaired by the Director of Criminal Justice in the NIO.



Peter Hain
Secretary of State



Lord Goldsmith



Shaun Woodward



David Hanson

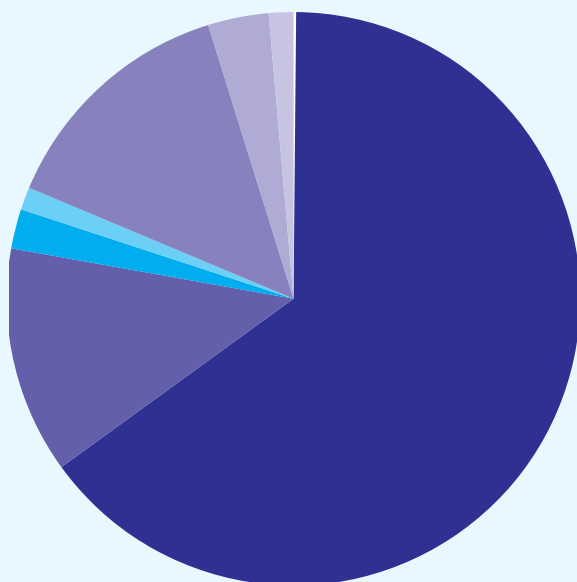


Bridget Prentice

Expenditure on the criminal justice system

Statistics for public expenditure 2004-05 [1] show that for public order and security £763 was spent per head in Northern Ireland compared to £394 in England, £389 in Scotland and £399 in Wales. Figures 1 and 2 show the level of expenditure and personnel within the Criminal Justice System Northern Ireland for 2004/2005 [2].

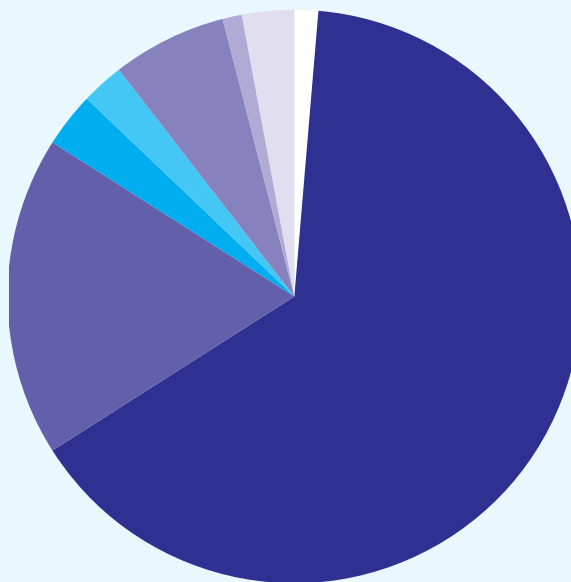
Figure 1: Criminal Justice system Northern Ireland (CJSNI) Resources for 2004/2005 - £1074.5m



KEY

| | |
|--------------------------------|---------|
| ● Police | £696.9m |
| ● Prisons | £137.6m |
| ● Dept. of Public Prosecutions | £24m |
| ● Probation | £13.7m |
| ● Court Service | £149m |
| ● NIO (Criminal Justice) | £36.8m |
| ● Youth Justice Agency | £14.9m |
| ● Forensic Science | £1.6m |

Figure 2: CJSNI personnel for 2004/2005 – 11628 persons



KEY

| | |
|--------------------------------|------|
| ● Police (full time) | 7515 |
| ● Prisons | 2100 |
| ● Dept. of Public Prosecutions | 359 |
| ● Probation | 280 |
| ● Court Service | 750 |
| ● NIO (Criminal Justice) | 127 |
| ● Youth Justice Agency | 341 |
| ● Forensic Science | 156 |

Reform of the criminal justice system

Following the Belfast (Good Friday) Agreement in 1998 ^[3] a radical reform of the Police Service was undertaken in accordance with the recommendations of the Patten Commission ^[4].

The Royal Ulster Constabulary was replaced by the Police Service of Northern Ireland, which was subject to 50:50 recruitment to improve its inter-community balance. The progress of the Patten reforms has been recorded thrice-yearly by the Policing Oversight Commissioner ^[5]. The institution of the Office of the Police Ombudsman in 2001 was another major step towards increasing public confidence in the police.



Reform of other aspects of the criminal justice system was prescribed in recommendations of the Criminal Justice Review, which reported in 2000 ^[6]. Progress in relation to these 294 recommendations (which included the recommendation to create a Criminal Justice Inspectorate) has been recorded in twice-yearly reports ^[7] by the Justice Oversight Commissioner, Lord Clyde.

Both Commissioners provide a comprehensive overview of the progress of the reforms, and it is unnecessary to duplicate that here. Progress has been considerable. Lord Clyde has commented that it would be hard to find an example of any jurisdiction that has undertaken such a comprehensive programme of reform.

Government objectives for the criminal justice system

The policies in force are set out in the Northern Ireland Office's Departmental Report ^[8], which incorporates targets and objectives agreed with the Treasury as part of the Public Service Agreement (PSA) underpinning the 2004 Expenditure Review.

The main PSA targets relevant to the work of CJI are:

Objective II

To build and sustain confidence in the effectiveness and efficiency of the police service and police oversight and accountability arrangements in Northern Ireland.

Objective III

To promote and build confidence in a criminal justice system in Northern Ireland that is efficient, effective and responsive through implementing the published plan of agreed changes deriving from the accepted recommendations of the review of the criminal justice system established under the Good Friday Agreement.

Objective V

To lessen the impact of crime by working in partnership with other criminal justice agencies to maintain and develop policies aimed at preventing or reducing the threat of crime, the fear of crime and the incidence of crime and to provide support for the victims of crime.

Objective VI

To ensure that the supervisory and custodial sentences imposed on offenders by the courts are delivered appropriately to protect the people of Northern Ireland and help reduce the risk of re-offending

Objective VII

To ensure a cost effective prison service.

Performance against targets for 2004-05

Objective I

To complete the setting up of the inspectorate, with staff, property and IT systems in place

The Inspectorate has been established in an accessible, city centre base at 14 Great Victoria Street. It has its own IT system and all but one of the Inspector and Assistant Inspector posts had been filled by the end of 2004-05.⁵

Objective II

To establish protocols for co-operation with all partner Inspectorates (subject to their being in a position to make such agreements)

Satisfactory working arrangements are in place with all the partner Inspectorates. Protocols have been established with HMIC and HMI Prisons and letters have been exchanged with other Inspectorates where it was considered necessary.

Objective III

To conduct the following inspections and reviews:

PSNI

- inspection of call handling (HMIC)
Postponed to 05-06⁶

PPSNI

- South Belfast Pilot evaluation (HMCPSI)
Completed

NIPS

- Magilligan prison (HMI Prisons)
Completed

Ash House, Hydebank Wood (Unannounced therefore not in the original plan)
Completed

PBNI

- corporate governance
Postponed to 05-06⁷

Review of girls in custody
Fieldwork completed

Juvenile Justice Centre
Completed

Hydebank Wood YOC (Unannounced therefore not in the original plan)
Completed

Forensic Science Northern Ireland
Fieldwork completed

State Pathologist's Department
Fieldwork completed

Thematic reviews

Management of sex offenders
Completed

Victims and witnesses
Fieldwork completed

Objective IV

To establish extensive contact with the community through programme of meetings, electronic communications, publications and a second annual Stakeholder Conference.

The Chief Inspector has undertaken a programme of establishing and maintaining contacts with local groups, sector and special interest groups and District Policing Partnerships, children's organisations, churches, ex-prisoner organisations and organisations supporting victims.

⁵ This post was subsequently filled as a result of a competition held in March 2005.

⁶ HMIC undertook this as part of a national thematic inspection of call handling arrangements. It will be reported on late in 2005.

⁷ It was ascertained to be too soon after the strategic review of PSNI which was reported on in April 2004.



Objective V

To make plans for inspections in 2005-06

A work programme of inspections for 2005-06 was put to a Stakeholder Conference in January 2005 before being finalised and put to the Secretary of State with the Business Plan for his endorsement in May 2005 (it was delayed pending the General Election).

CJ's programme of work for 2004-05

This section gives a fuller description of how objective 3 was delivered.

Inspections reported within the year

Although the Inspectorate did not officially become operational until 1 October 2004, two inspections were already underway:

1. The Management Of Sex Offenders In Northern Ireland – a cross-cutting thematic review of the MASRAM arrangements; and
2. Magilligan Prison – a joint inspection with HMI Prisons, Adult Learning Inspectorate (ALI) and the Education and Training Inspectorate (ETI).

Both inspections were completed and reports issued during 2004-05.

Inspections conducted but not yet reported by 31 March 2005

Fieldwork on the following inspections was conducted as part of the 2004-05 work programme, but reports were not published until the first quarter of 2005-06.

3. The Juvenile Justice Centre
4. Ash House, Hydebank Wood (Unannounced joint inspection with HMI Prisons)
5. State Pathology Northern Ireland
6. Forensic Science Northern Ireland
7. Police Use of Forensics (Joint inspection with HM Inspectorate of Constabulary)
8. Hydebank Wood Young Offenders Centre (Unannounced joint inspection with HMI Prisons)
9. Victims & Witnesses (Cross cutting thematic inspection assisted by Inspectors from HM Inspectorate of Constabulary, HM Magistrates' Courts Service Inspectorate, HM Crown Prosecution Service Inspectorate and the Victim Support Standards Unit).

INSPECTIONS

THE MANAGEMENT OF SEX OFFENDERS IN NORTHERN IRELAND



CJI published its first cross-cutting thematic review on 3 March 2005 [9]. It was initiated by a request from the agencies involved with the procedures for the assessment and

management of sex offenders, known as MASRAM. This work had grown rapidly since being launched in 2001, and had not previously received any internal or external scrutiny.

The inspection team found many positive features of the current system: the agencies attach high priority to their sex offender work, despite it being a small proportion of caseloads and they work hard at public protection. Inspectors saw some excellent examples of collaborative working, especially with high risk offenders in crisis situations.

Recommendations for improvement were made to build on these positive foundations and address a number of issues, including the fact that the MASRAM arrangements are overloaded. Key recommendations are that MASRAM should be placed on a statutory footing; its remit should include violent offenders; and the agencies should establish a co-located Public Protection Team.

The Criminal Justice Agencies are in the process of compiling an action plan to address the recommendations.

MAGILLIGAN PRISON

CJI, in collaboration with HM Inspectorate of Prisons, inspected Magilligan Prison in September 2004.

Magilligan holds about 350 low to medium risk prisoners who are mostly nearing the end of their sentences. They are accommodated in H Blocks built to the same design as in the former HMP The Maze, which lack integral sanitation. A quarter of the prisoners are sex offenders. There is no separation of prisoners on the basis of their political allegiance, as in Maghaberry.

The Inspectors found [10] that there was much good to record at Magilligan, but that industrial relations problems since the last inspection in 2002 had put a brake on progress.

The prison prepared a comprehensive action plan which was published simultaneously on the CJI website.

THE JUVENILE JUSTICE CENTRE

In November a multi-disciplinary inspection team led by Ronnie Orr of the Social Services Inspectorate carried out an inspection of the JJC. The Centre accommodates up to 34 young people charged or convicted of offences, some of whom are among the most needy, challenging and difficult offending young people in Northern Ireland.



Over the past year the Centre's new director and staff have had to establish and manage the amalgamation of two Juvenile Justice Centres into one, located on the Rathgael site. They are now

occupying a cluster of buildings providing accommodation and amenities in the refurbished centre in Bangor. However, this is an interim solution, and the plan is to replace the existing centre with a complete rebuild in approximately two years' time.

The report^[11] was positive. The overall conclusion was that the young people in the JJC were well cared for in a pleasant and stimulating environment. The report commended the progress that had been made at the Centre and the good work the management and staff are doing, while recognising that this represented only one stage on a journey.

CONDITIONS FOR WOMEN PRISONERS - ASH HOUSE, HYDEBANK WOOD



In November 2004 inspectors from CJI and HMI Prisons carried out an unannounced inspection of Ash House which accommodates some 30 women prisoners. Ash House is one of six blocks on the

Hydebank Wood site. The other blocks house about 250 young offenders (all male) mainly aged between 17 and 23. The inspection found that the Northern Ireland Prison Service took no action to implement the recommendations of a 2002 Prison Inspectorate report [12] into the conditions and treatment for women prisoners, then held at Mourne House at Maghaberry

Prison. Instead, following two deaths and a critical report from the Northern Ireland Human Rights Commission [13], the women and girls were moved to Ash House. The Chief Inspectors described this as "a poorly implemented decision to move women from a purpose-built environment, which was not being managed or operated as it should have been, to a much less suitable facility – without providing staff with sufficient specialist training, management or support to ensure that they could properly look after the women and girls in their care." The Northern Ireland Prison Service (NIPS) responded positively to the Chief Inspectors' report, accepting almost all their recommendations. Work is planned to install integral sanitation in the cells in Ash House, and the NIPS recognises that even so Ash House cannot be a permanent solution to the problem of accommodating the women. There is now a dedicated Governor with responsibility for the women prisoners, reporting to the Governor of Hydebank Wood, and many aspects of the regime will be improved.

VICTIMS AND WITNESS THEMATIC INSPECTION



In January 2005 the inspection team (led by CJI with the assistance of other Inspectorates) set about gathering information through individual interviews, focus groups and research. With the

assistance of the statutory agencies, victims and witnesses, voluntary sector bodies and other community based groups a framework was established for the inspection using the common core approach.

Fieldwork was completed over a two month period, and based on the analysis of the findings Inspectors are currently

drafting a report which will set out a range of recommendations based on the findings for improvement of services to both victims and witnesses.

THE STATE PATHOLOGIST'S DEPARTMENT



Fieldwork for the inspection of the State Pathologist's Department was undertaken in January 2005 and the report was published in June [14]. It contained a number of positive

findings, including the consolidation of a 24 hour, 365 days per year forensic pathology service to the Coroners Service and wider criminal justice system.

Inspectors concluded that the Department was providing a valuable and necessary service but that some changes were necessary. Key recommendations were targeted at strengthening the governance structures of the Department, enhancing the role of the Business Manager, improving working conditions of staff, building effective partnerships with key stakeholders such as hospital pathologists and tackling the problem of delays in submitting post mortem reports to the Coroners Service. Sixteen percent of post mortem reports were outstanding for more than 6 months at the end of 2004.

A joint action plan, addressing each of the 30 recommendations, was prepared by the State Pathologist and the Northern Ireland Office and published as an appendix to the report.

FORENSIC SCIENCE NORTHERN IRELAND

Fieldwork for the inspection of Forensic Science Northern Ireland (FSNI) took place in February 2005.

The Agency is part way through a major modernisation programme, which includes a new senior management structure, investment in IT systems and the implementation of a new business strategy.

The report [15] recommends that a clearer sense of strategic direction is necessary from the NIO and FSNI in terms of a future governance model for the Agency. Sustaining the benefits of change will require a more effective approach to succession planning as current management and many of the senior scientists are expected to leave the organisation in the near future.

A number of recommendations are made in relation to improving relationships with stakeholders and customers, particularly the PSNI who account for over 90% of FSNI revenue. Reducing delays in providing reports is essential for the criminal justice system at large. The building of a new laboratory, after 12 years in temporary accommodation, is critical to business development and improving staff motivation.





HYDEBANK WOOD YOUNG OFFENDERS' CENTRE

CJI joined the Prisons Inspectorate in an unannounced inspection of Hydebank Wood Young Offenders Centre in March 2005. This was a follow-up to the most recent announced inspection of the Centre which was undertaken in February 2002.

The inspectors were keen to see if the progress that had been noted in 2002 had been maintained. Achievements at that stage included providing a safe environment, introducing sentence planning, incentive schemes, personal officers and resettlement initiatives, and delivering good training, Physical Education and drugs interventions.

Attention was also paid to areas for improvement that were highlighted in 2002:

- A tendency for officers to interact with each other, rather than with the young people;
- The approach to vulnerability and risk assessment needed to be broadened and strengthened;
- The Centre needed to provide activities, education and training to meet the needs of its young people and reduce the risk of them re-offending;

- While the Centre had begun some very good initiatives on resettlement, these needed to be drawn together into a strategy;
- Young people were effectively still slopping out on some wings.

Outreach, communication and the website

A communication strategy was drawn up for CJI, which set out how CJI would communicate with the public and the criminal justice system, and how it would seek their views on its work.



The media strategy for CJI is grounded in its work in inspections. During the year media interest was limited, with some coverage of the inspection on the Management of Sex Offenders (MASRAM) and of the inspection of Magilligan prison. An interview with the Chief Inspector was published in Fortnight magazine, and Scope magazine and the British Association of Social Workers' magazine each published features on the work of CJI.

Tom McGonigle presented a paper at the December 2004 meeting of the Northern Ireland Branch of the British Psychological Society on 'Protecting the Public: the assessment and management of dangerous offenders'. He also ran a seminar in March 2005 with a colleague from the police at the annual meeting of the National Association for the Treatment of Abusers (NOTA), in Scotland.

The annual Stakeholder Conference was held in January 2005, and took the theme of children and young people. For the first time, children and young people had the opportunity to provide feedback on their experience of the criminal justice system directly to the range of criminal justice agencies attending. A report on the conference was posted on the CJI website. CJI also presented their programme of work for the forthcoming year and invited comments on it.

The Chief Inspector and Dr Marie Smyth also embarked on a programme of community visits, and conducted visits in Derry Londonderry and Armagh early in the year. A programme of meetings with District Policing Partnerships was also drawn up and begun. The Chief Inspector met with representatives of the main political parties, and continues to meet with key people on a regular basis.

CJI also began publishing its quarterly newsletter. The Spec is circulated to some 1,000 readers in hard copy and posted on the website. The Spec provides regular updates on CJI's work programme, inspections completed, and current issues for the criminal justice system.

CJI established its website at www.cjini.org where information about CJI is provided, inspection reports are posted upon publication, and where agencies can download the self-assessment guide and other relevant materials, such as the Notes for Inspectors.

Baseline Survey

A telephone survey of 1000 respondents was conducted in March 2005 by Research and Evaluation Services (RES) on behalf of the Criminal Justice Inspection Northern Ireland (CJINI). Some of the headline information from this survey is reproduced below. A full report will be published on the CJINI website later this year.



CJI Challenge Day with Common Purpose

Have you heard of the CJINI?

Fourteen percent (143 respondents) of respondents indicated that they had heard of CJINI.

How confident would you be that CJINI would act independently of government?

Just under three-quarters (72%) of respondents were fairly (61%) or very confident (11%) that CJINI would act independently of government. Conversely, 12% of respondents were not confident (9%) or not at all confident (3%) and 16% didn't know.

Do you think CJI can inspect the criminal justice system fairly?

Over seven in ten respondents (71%) believed that CJINI will inspect the criminal justice system fairly, 11% disagreed while 19% didn't know.

In your opinion: Which part of the system is most in need of improvement?

All respondents were asked their opinion on which part of the system is most in need of improvement. Over a third (38%) of respondents indicated youth justice, 29% police,

13% new public prosecution service, 5% prisons, 3% probation and 12% didn't know.

Research

A range of research objectives were identified for CJI, and incorporated into the business plan. During the year, research activities focused on a number of areas.

First, research activity provided backup data to support ongoing inspections, and this function was performed by the Assistant Inspectors, Ian Craig and Ann Duncan.

Second, research activity supported the outreach and presentations made by CJI staff, mainly the Chief Inspector, during the year.

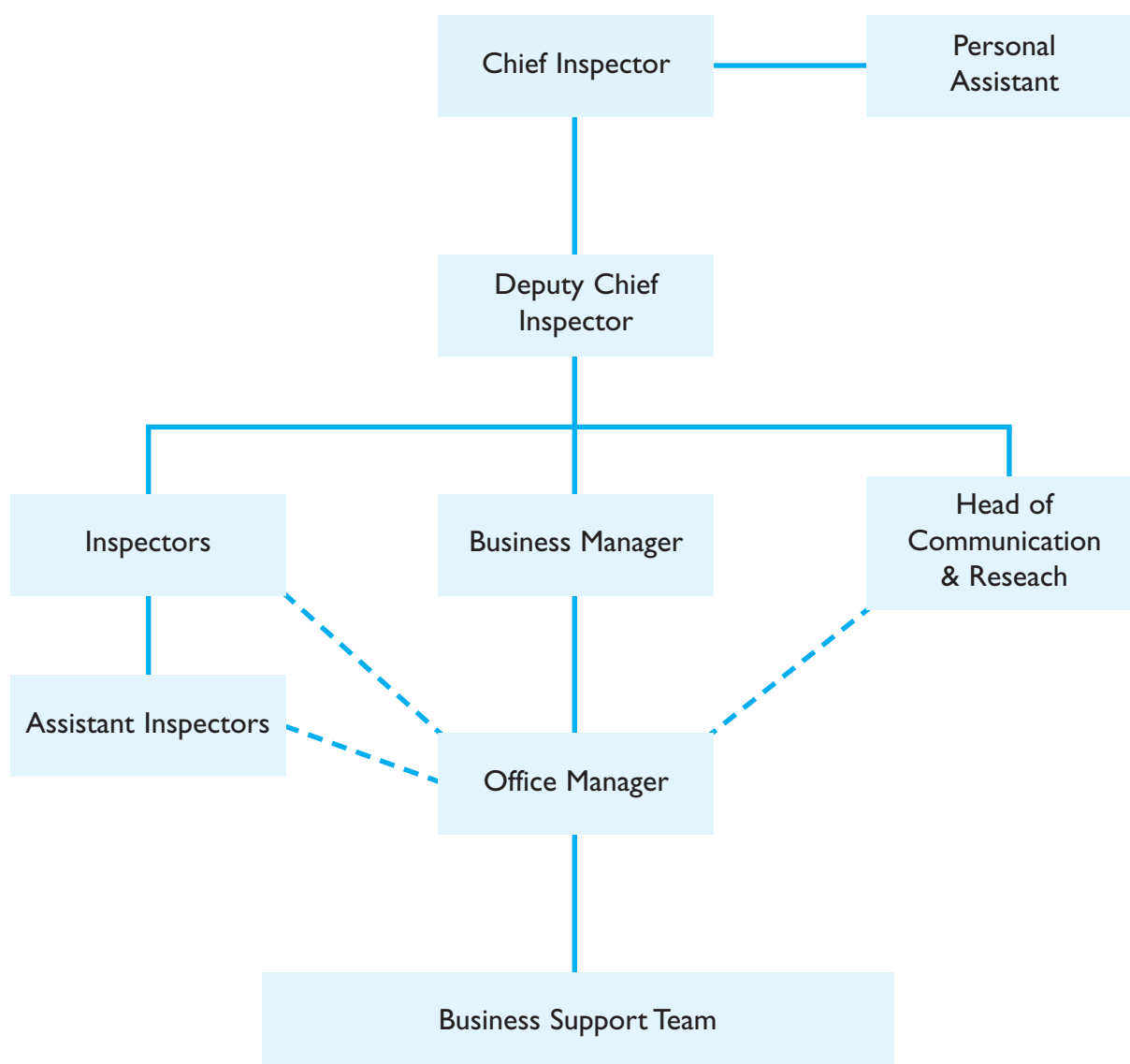
Third, a baseline study establishing the level of public awareness of CJI was conducted, in order to measure future public awareness of the work of CJI and its functions. Research tools and software were acquired, and staff training on the use of the statistical package SPSS, including Builder, Station and Analysis is scheduled for the coming months.

Finally, work began on establishing a library of research resources, which will be augmented as work within CJI proceeds. When this has reached a critical size, it is anticipated that an electronic searchable catalogue of holdings will be created.

Management of CJI

CJI is led by a Chief Inspector and a Deputy Chief Inspector, who also acts as the Chief Executive, with five Inspectors and two Assistant Inspectors. They are supported by a Business Manager and a team of support staff whose duties include the human resources, financial management, Business Planning, IT and accommodation aspects of the business.

The Chief Inspector, his Deputy and the Inspectors and the Assistant Inspectors were recruited by open competition and are not civil servants. The Business Manager and the support team are civil servants seconded from the Northern Ireland Office.



Staff training and development

A training needs analysis identified the types of training required for staff to understand the background to the organisation, their roles within the organisation and to help enable them to carry out their jobs within CJINI.

Staff Induction



All new staff were offered induction training consisting of four modules:

- Corporate Induction
- Performance Management Awareness
- Equal Opportunities Awareness
- Health & Safety Awareness

Team building and personal development activities were also undertaken.

Information technology

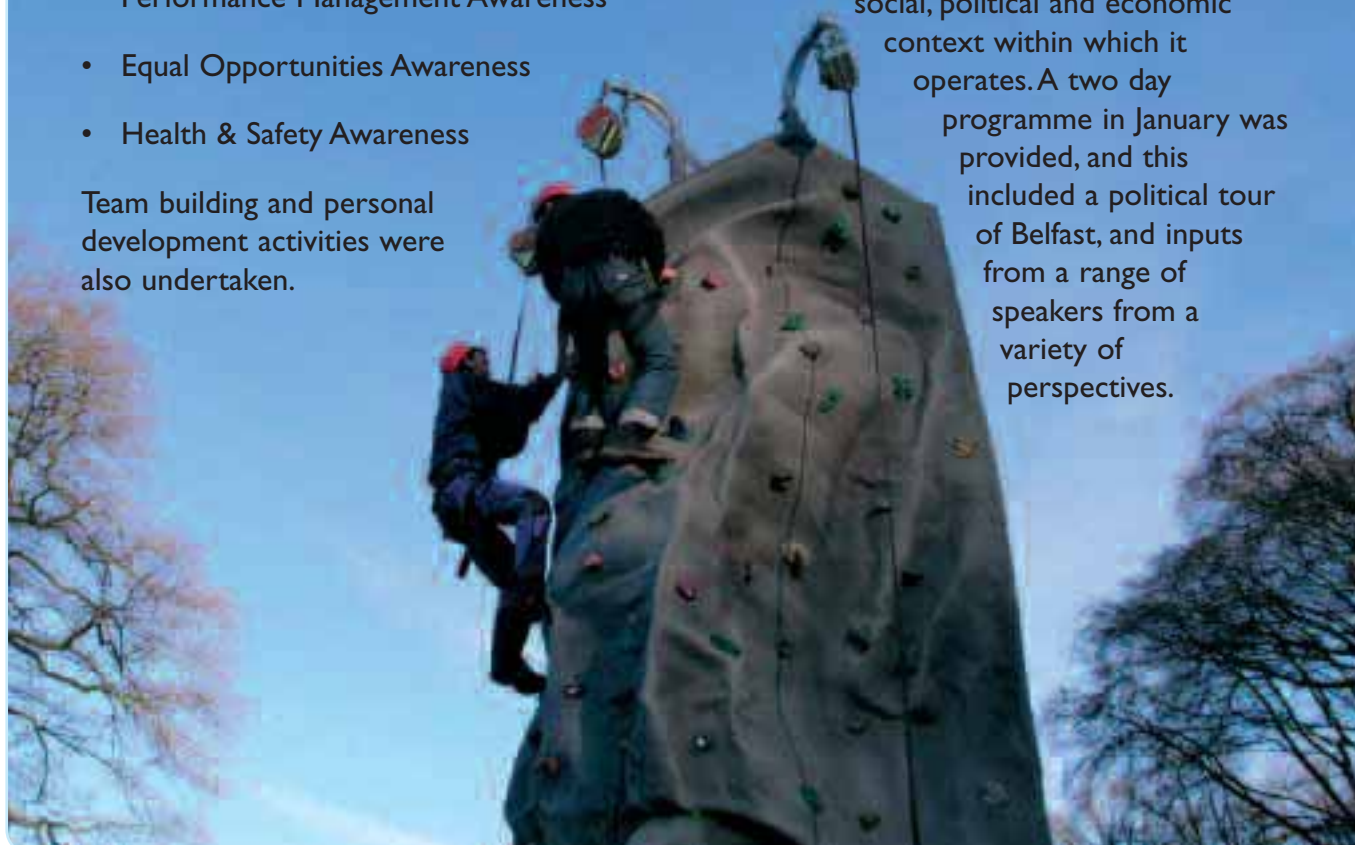
The CJI IT system consists of a number of software applications including Microsoft Word, Excel, and Powerpoint as well as SPSS and SAGE for financial management. Staff were trained in these as necessary.

Staff development

Forward job plans have been used to ensure that staff have the necessary competences and skills to achieve the objectives set for their posts. Where development was identified in particular areas staff were able to attend relevant training courses to address these needs.

Training of visiting Inspectors

In January 2005 CJI organised a training programme for inspectors currently working with other Inspectorates in the UK, who plan to work with CJI in Northern Ireland. The aim of the training was to familiarise these inspectors with the unique features of the criminal justice system in Northern Ireland and afford them an opportunity to consider the social, political and economic context within which it operates. A two day programme in January was provided, and this included a political tour of Belfast, and inputs from a range of speakers from a variety of perspectives.



New Accounting System

From 1 April 2004 to 30 September 2004 the NIO was accountable for CJI's spending as part of the cost of establishing the organisation ('project costs'). This included processing and paying all invoices.

When CJI was established on 1 October 2004 the NIO provided £800K in the form of Grant-in-Aid for the period 1 October 2004 to 31 March 2005. From 1 October 2004 CJINI became responsible for processing and paying all invoices and accounting for this expenditure. SAGE software was installed to ensure that income and expenditure was recorded accurately on an accrual basis.

To ensure that CJI complied with the Treasury's accounts guidance for Executive Non-Departmental Public Bodies, Price Waterhouse Cooper was appointed to provide professional assistance to design a chart of accounts and set up accounting records.

Accounts for 2004-05

The accounts for 2004-05⁸ have been prepared in accordance with:

Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance;

Other guidance which the Treasury have issued in respect of accounts which are required to give a true and fair view; and

Any other specific disclosures required by the Secretary of State for Northern Ireland.

Table 1: CJI budget 2004-05

| | April to Sept | Oct to March | Year Total |
|--|---------------|--------------|------------|
| Salaries, including ERNIC and Pensions | 131,000 | 300,000 | 431,000 |
| Other staff-related costs (e.g. T&S, training) | 6,000 | 53,000 | 59,000 |
| External staff (inspectors and consultants) | 342,000 | 80,000 | 422,000 |
| Other administrative costs (IT, publications) | 27,000 | 70,000 | 97,000 |
| Accommodation, furnishing and equipment | 235,000 | 90,000* | 325,000 |
| Total | 741,000 | 593,000* | 1,334,000 |

* Includes depreciation on cost of assets of £39,000, notional administration and personnel costs of £10,000 and permanent diminution costs of £8,000

⁸ Full audited accounts will be laid before Parliament and published later in the year

Annex I

Crime in Northern Ireland

Actual and reported crime

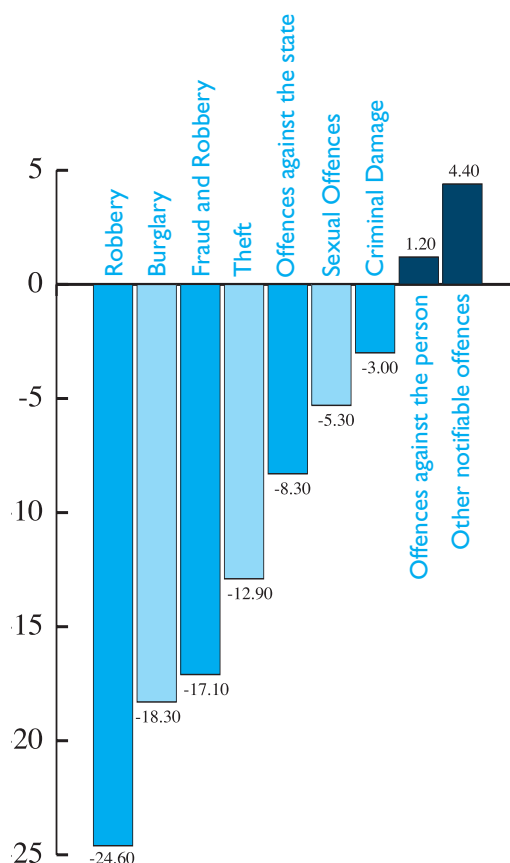
Northern Ireland has a relatively low incidence of reported crime. Figure 3 shows the incidence of reported crime [16] per thousand of population [17] in each of those jurisdictions during 2003/2004. However, there is probably more crime that goes unreported, and the pattern of offences is unusual with, for example, more murders and fewer burglaries than other jurisdictions.

Figure 3: Reported crime per thousand of population



Recorded crime in Northern Ireland fell in 2004-05 [18] by 7.7% compared with 2003-04. Figure 4 shows the percentage change for offences recorded between 2003-04 and 2004-05.

Figure 4: Percentage change for offences recorded from 2003-04 to 2004-05



The proportion of crime being reported appears to have fluctuated in recent years. In Northern Ireland there are particular uncertainties about the reliability of the figures because of the low level of reporting and the difficulty of collecting information in some districts. The 2003/04 Northern Ireland Crime Survey [19] suggested that just over two-fifths (41%) of offences were being reported to the police. The most common reasons for not reporting a crime to the police were given as:

- too trivial / no loss (33%),
- police could not have done anything (32%) and
- police would not have been interested (24%).

Public confidence

As specified in the Criminal Justice System Northern Ireland annual report 2003/2004 [20] the range of indicators measured via both the 2003/04 Northern Ireland Crime Survey (NICS) and the 2002/2003 British Crime survey (BCS), the level of community confidence in the CJS in Northern Ireland is broadly on a par with that in England and Wales.

Over three-quarters (77%) of people in both jurisdictions are fairly or very confident that the CJS respects the rights of people accused of committing a crime and treats them fairly. Just under two-fifths of people in Northern Ireland (38%) and England and Wales (39%) believe the CJS is effective in terms of bringing people who commit crimes to justice.

The CJS in Northern Ireland received higher confidence ratings than its counterpart in England and Wales for both meeting the needs of victims of crime (33% v 30%) and dealing with young people accused of crime (26% v 21%). However, people in England and Wales were more positive than those in Northern Ireland about the CJS in terms of dealing with cases promptly and efficiently (36% v 33%) and reducing crime (32% v 28%).

The same survey reveals greater levels of confidence in the individuals CJS agencies in Northern Ireland than in England and Wales. For example, 56% of NICS 2003/04 respondents stated that the police are doing a good job, compared with just under half (48%) of respondents to BCS 2003/03.

Approaching two-fifths of people in Northern Ireland believe that the prison (39%), probation (38%) and prosecution services (36%) are doing a good job, whereas around a quarter of people in England and Wales believe this to be the

case. A third (33%) of respondents to NICS 2003/04 stated that judges and magistrates do a good job, compared with a quarter (25%) of BCS 2002/03 respondents. Youth courts in both jurisdictions were given the lowest ratings, with 26% of people in Northern Ireland believing they do a good job, again higher than the proportion for England and Wales (14%).

Clear-up rate

Clearance rate for 2004/05 [18] is up 0.8% from 27.4 recorded for 2003/04. The percentage clearance rate for offences against the state has increased by 4.3% while for offences against the person the percentage has reduced by 3.8%, see table 2.

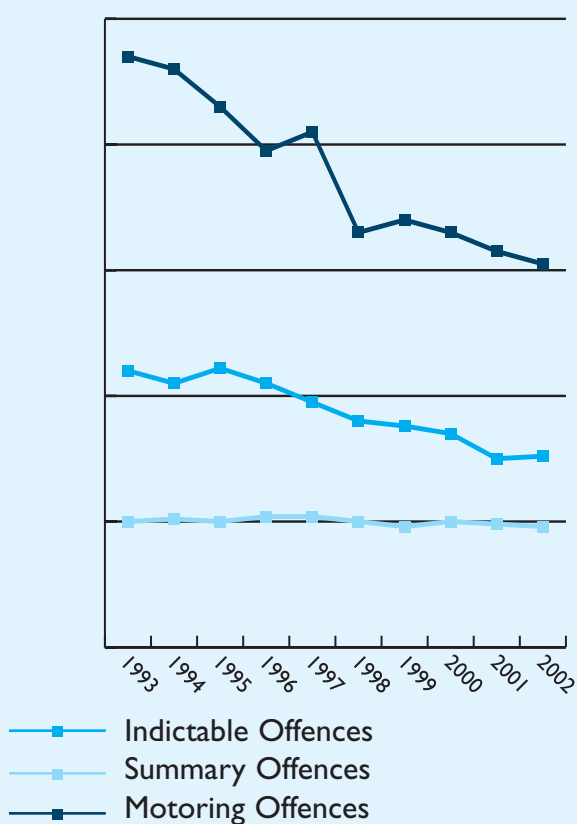
Table 2: Percentage clearance rate 2003/04 and 2004/05

| Offence | 2003/04 | 2004/05 | % Change |
|----------------------------------|-------------|-------------|-------------|
| Robbery | 14.4 | 16.7 | +2.2 |
| Theft | 15.9 | 17.4 | +1.5 |
| Criminal Damage | 15.2 | 14.4 | -0.8 |
| Burglary | 12.2 | 14.8 | +2.7 |
| Other notifiable offences | 71 | 72.8 | +1.8 |
| Fraud and forgery | 32.4 | 36.0 | +3.6 |
| Sexual Offences | 50.8 | 46.0 | -4.8 |
| Offences against the person | 57 | 53.1 | -3.8 |
| Offences against the state | 41.6 | 45.9 | +4.3 |
| Grand Total (all classes) | 27.4 | 28.2 | +0.8 |

Flow of cases through the Courts

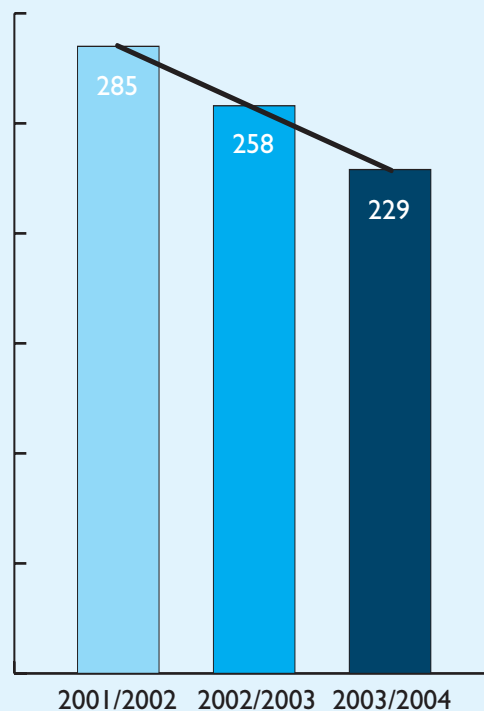
The number of all court prosecutions in Northern Ireland has fallen steadily in the last ten years [21]. The total number of prosecutions was 30,492 in 2000, falling to 28,563 in 2001 and to 28,044 in 2002. Figure 5 shows the number of indictable, summary and motoring offences from 1993 to 2002 (inclusive).

Figure 5: All courts: Persons proceeded against, 1993-2002



The average time from arrest to disposal for the PSNI between 2001/02 and 2003/04 fell from 285 days to 229 days [22], see figure 6.

Figure 6: Average time (in days) from arrest to disposal



Annex 2

CJI's method of working

The aim of all CJI's activities is improvement. Its inspections will examine the strengths and weaknesses of organisations with a view to identifying the scope for improvement. It may make recommendations designed to help an organisation to improve in any aspect of its performance.

CJI will take that in two stages:

1. Collecting data in advance, and forming provisional judgments as to the strengths and weaknesses of the organization. Testing those judgements in the inspection, finalizing them and turning them, where appropriate, into recommendations.
2. CJI does not believe that the most productive way to promote improvement is by 'naming and shaming' agencies. There will be occasions when the work of an agency is of such a poor standard and when it shows neither the will nor the capacity to improve, when the Inspectorate will have no option but to state publicly that the position is unacceptable. But most of the time the CJI will work in partnership with the agencies, on the basis that the agency managements share the common aim of improvement.

Inspections will be based on a so-called 'Common Core' of standards, composed of:

- Openness and accountability
- Partnership with other agencies in the criminal justice system
- Promotion of equality and human rights
- Being a learning organization, responsive to customers and the community

- Delivering results in relation to the Government's objectives

Each inspection starts by seeking the views of the agency's partners in the criminal justice system and the community on the agency's performance. This is followed by inviting the agency itself to self-assess against the common core framework, identifying as honestly as possible its own strengths and weaknesses – not to be used against it, but as a token of its commitment to inspection as an aid to improvement.

Remit of Criminal Justice Inspection Northern Ireland

Under s.46 Justice (Northern Ireland) Act 2002 CJINI must inspect the following agencies:

1. Police Service of Northern Ireland
2. Forensic Science Northern Ireland
3. State Pathology Department
4. Public Prosecution Service for Northern Ireland
5. Probation Board for Northern Ireland
6. Northern Ireland Prison Service
7. Youth Justice Agency
8. Health and Social Services Boards and Trusts
9. Compensation Agency
10. Northern Ireland Child Support Agency
11. Department of Enterprise, Trade and Investment
12. Department of the Environment
13. Health and Safety Executive for Northern Ireland
14. Northern Ireland Tourist Board
15. Police Ombudsman for Northern Ireland
16. Northern Ireland Social Security Agency
17. Royal Mail Group
18. Belfast International Airport Limited
19. Belfast Harbour Commissioners
20. Larne Harbour Limited

Annex 3

Corporate Ethos and Values

CJI aims to manage itself according to the best current principles and to serve as an example of the good management practices which it will foster. It aims to be a good employer, but a disciplined one. Although the terms and conditions of staff are basically those of the NI Civil Service, the culture of the organisation is modelled on a modern, knowledge-based business, not a conventional bureaucracy. The health and well-being of staff will be a paramount concern. 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.



CJI will:

- Conduct inspections and report with honesty and impartiality, basing its findings upon evidence;
- Be open about its practices and procedures, and about the expectations against which judgments are made;
- Publish all its reports and make all its papers freely available, subject to the normal exceptions for security and personal information;
- Encourage self-assessment, and make improvement the main purpose of all its inspections;
- Work in a non-adversarial, consultative and interactive way, collaborating wherever possible with other agencies and Inspectorates;
- Aim to minimise the demands it makes on those inspected;
- Treat people courteously fairly and without discrimination, valuing diversity and promoting equality in accordance with s75, NI Act 1998.
- Monitor and evaluate its own performance from the perspective of value for money;
- Welcome and be responsive to any complaints or other feedback from the agencies inspected.

Staff are expected to comply with the standards of conduct laid down by Section 4 of the Civil Service Management Code, which sets out in detail the rules governing confidentiality, acceptance of outside appointments and involvement in political activities.

Annex 4

CJI staff in post during
2004-05

| | | | |
|--------------------------|-------------------------|-----------------------|-----------------------|
| Kit Chivers | Brendan McGuigan | Keith Boyce | James Corrigan |
| Ian Craig | Sean Deegan | Ann Duncan | John Gallagher |
| Sheila Hagan | Tom McGonigle | Linda McGookin | Dan Mulholland |
| William Priestley | John Shanks | Marie Smyth | Martina White |



Annex 5

1. Public Expenditure Statistical Analysis 2005, The Stationary Office, ISBN: 010 1652127, Table 8.11, Page 106.
2. Criminal Justice System Northern Ireland (CJSNI) annual report 2004.2005, delivering a criminal justice system which services the people of Northern Ireland and in which the whole community can have confidence, Page 8
3. The Agreement, It's your decision, agreement reached in the multi-party negotiations, 1998, <http://cain.ulst.ac.uk/events/peace/docs/agreement.htm>.
4. A new beginning: Policing in Northern Ireland, The report of the independent commission on policing for Northern Ireland, Crown copyright 1999.
5. Office of the Police Oversight Commissioner, report 13 – June 2005
6. Northern Ireland Office Departmental Report 2005, London: The stationery Office.
7. Justice Oversight Commissioner, Third report of the justice oversight commissioner, December 2004
8. Review of the criminal justice system in Northern Ireland, Crown copyright 2000.
9. The management of sex offenders in Northern Ireland – an inspection of the MASRAM process and its potential for development, Criminal Justice Inspection Northern Ireland, March 2005
10. Report on an announced inspection of Magilligan prison by HM Chief Inspector of prisons and the Chief Inspector of Criminal Justice in Northern Ireland, 20-24 September 2004.
11. Inspection of the Juvenile Justice Centre (Northern Ireland), Criminal Justice Inspection Northern Ireland, October 2004.
12. Report on a full announced inspection of HM Prison Maghaberry, 13-17 May 2002 by HM Chief Inspector of Prisons.
13. The Hurt Inside: The Imprisonment of Women and Girls in Northern Ireland, Northern Ireland Human Rights Commission, October 2004
14. Review of the State Pathologist's Department in Northern Ireland, Criminal Justice Inspection Northern Ireland, June 2005
15. Review of the Forensic Science Northern Ireland, Criminal Justice Inspection Northern Ireland, unpublished report.
16. Northern Ireland Recorded crime in Northern Ireland, 2003/2004, a national statistical publication, Northern Ireland statistics and research agency.
17. England & Wales Crime in England and Wales, quarterly update to June 2004, 21 October 2004, 14/04
18. Scotland Recorded crime in Scotland, 2003, www.scotland.gov.uk/stats/bulletins/00338-24.asp
19. United Kingdom National Statistics, Census 2001: www.statistics.gov.uk/cci/nugget.asp?id=185
20. Police Service for Northern Ireland, Statistical report 1 April 2004 – 31 March 2005
21. Research and Statistical Bulletin 4/2005, Crime Victimization in Northern Ireland: Findings from the 2003/04 Northern Ireland Crime Survey, B French and P Campbell, pages 10 and 11
22. Criminal Justice System Northern Ireland, annual report 03.04.
23. NIO Statistics and Research Branch – A commentary on Northern Ireland Crime Statistics 2003
24. Information from fax from the Police Service of Northern Ireland received by CJINI, 28 February 2005

The Office of the Chief Inspector of Criminal Justice in Northern Ireland

Statement of Account for the
year ended 31 March 2005

FOREWORD TO ACCOUNTS

Background Information

1. The Office of the Chief Inspector of Criminal Justice in Northern Ireland (the Office of CJINI) was established as an executive Non-Departmental Public Body under Schedule 8 to The Justice (Northern Ireland) Act 2002.
2. The 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 in Northern Ireland, other than the courts, to contribute in a significant way to the efficient and effective running of the criminal justice system, while helping to guarantee that it functions in an even handed way.
3. The Office of CJINI went live in October 2004 and commenced a programme of inspections which have been agreed with the Secretary of State.
5. This account covers the period 1 April 2004 to 31 March 2005 and is in a form directed by the Secretary of State for Northern Ireland in accordance with Schedule 8 of the Justice (Northern Ireland) Act 2002.

Review of Activities

6. During the period of this account the Office of CJINI recruited four inspectors and two assistant inspectors to assist the Chief Inspector and Deputy Chief Inspector and by 31 March 2005 had completed inspections of the following:
 - a) Thematic Inspection of the Multi-Agency Procedures for the Management of Sex Offenders.

- b) Full announced inspection of Magilligan Prison.
- c) Inspection of the Juvenile Justice Centre.
- d) Unannounced inspection of Ash House Women's Prison.
- e) The State Pathology Department.
- f) The Forensic Science Northern Ireland.
- g) Police Use of Forensics.
- h) Unannounced Inspection of Hydebank Wood Young Offenders Centre.
- i) Thematic Inspection of how Victims and Witnesses are treated within the Criminal Justice System.

A full programme of inspections is planned for 2005-2006.

Financial Aspects

7. Total expenditure of £740,688 (see note 10) during the first six months of the year, although included in the Northern Ireland Office Resource Accounts, is being accounted for separately in this statement of accounts in accordance with Schedule 8 of the Justice (Northern Ireland) Act 2002. During the last six months of the year the Office of CJINI was financed by a Grant in Aid from the Northern Ireland Office (NIO), Request for Resources 1. Total Grant in Aid was £500,000 this included £14,167 which was spent on capital expenditure. In the future the Office of CJINI will continue to be financed through Grant in Aid.
8. The accounts for the year ended 31 March 2005 have been prepared on an accruals basis. The financial position at the year-end is set out in the Income and Expenditure Account included on page 35. The total revenue expenditure

for the period was £833,112 and the total deficit for the year was £341,359. Included in this deficit was £72,839 which related to expenditure in the last six months of the year which exceeded the Grant in Aid drawn down. Details of the General Fund are given in note 10 to the Accounts. A net amount of £20,880 was transferred into the revaluation reserve as a result of an upward revaluation of some of the fixed assets. Details of the revaluation reserve are given in Note 11 to the Accounts.

9. The Office of CJINI 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 in the contract, payment is due within 30 days of the receipt of the goods or service, or presentation of a valid invoice or similar demand, whichever is the later. During the period 1 April 2004 to 30 September 2004, 85.3% of invoices received were paid within 30 days of receipt and for the period 1 October 2004 to 31 March 2005, 97.7% of invoices received were paid within 30 day of receipt.

Events since the end of the financial year

10. There have been no significant events since the end of the financial year which would affect the results for the year or the assets and liabilities at the year-end.

Future Developments

11. Details of future developments are contained in the Corporate and Business Plan prepared by the Office of CJINI which is available as a separate document.

Disabled employees and equal opportunities

12. It is the policy of the Office of CJINI to promote equality of opportunity. The office will provide equal opportunity for all job applicants and employees. All recruitment, promotion and training will be based on a person's ability and job performance and will exclude any consideration of an applicants/employees religious beliefs, political opinion, sex, marital status or disability.

Employee Involvement

13. The Office of CJINI recognises the importance of good industrial relations and is committed to promoting and maintaining effective communication and consultation with its staff, and to creating and maintaining good morale. Team building is achieved by having regular general meetings and the circulation of minutes of all senior management meetings.

Auditors

14. The financial statements are audited by the Comptroller and Auditor General (C&AG). His certificate and report are produced on pages 33 and 34. The audit fee for the work performed by his staff during the reporting period and which relates solely to the audit of these financial statements is estimated to be £5,000.

Brendan McGuigan

**Deputy Chief Inspector
and Accounting Officer**

29th November 2005

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under paragraph 6 of schedule 8 of the Justice (Northern Ireland) Act 2002 the Chief Inspector is required to prepare a statement of accounts for each financial year in respect of the Chief Inspector of Criminal Justice, in the form and on the basis directed by the Secretary of State. The accounts are to be prepared on an accruals basis and must give a true and fair view of the Chief Inspector of Criminal Justice state of affairs at the year-end and of its income and expenditure, recognised gains and losses 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 Secretary of State, 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 Northern Ireland Office has appointed the Deputy Chief Inspector as Accounting Officer for 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 Government Accounting.

Brendan McGuigan
Deputy Chief Inspector and
Accounting Officer

29th November 2005

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Office of CJINI's policies, aims and objectives, while safeguarding the public funds and the Office of CJINI's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. The Office of CJINI's constitution is governed by a management statement and financial memorandum agreed with the NIO.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurances of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Office of CJINI's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Office of CJINI for the year ending 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

CAPACITY TO HANDLE RISK

Responsibility for risk management within the Office of CJINI previously rested with staff of the NIO and currently rests with the Business Manager who has attended and will attend future risk management training and seminars to keep up to date with developments within that sector of management. A risk management strategy is being developed and will be communicated to all staff within the Office of CJINI who will be trained to manage risks in a way appropriate to their responsibilities and duties.

THE RISK AND CONTROL FRAMEWORK

In order to ensure risk management is effective, a risk register is being prepared, which will include all identifiable risks and will prioritise them by likelihood and impact. Each risk will be assigned an owner who will be responsible for ensuring that the necessary actions are taken within a timescale. The risk register will be reviewed and updated accordingly.

The control framework is based on:

- The examination of financial management reports produced by Financial Services Division of the NIO.
- The review of financial procedures including the segregation of duties in particular in connection with payment processing.
- An established system of financial planning and budgeting with the annual budget agreed with the NIO.
- A report by the internal auditors appointed by the Office of CJINI who carried out an audit of its systems in April 2005.

REVIEW OF EFFECTIVENESS

As Accounting Officer for the Office of CJINI I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system on internal control is informed by the work of the internal auditors and comments made by the external auditors in their management letter and other reports and work of the executive managers within the Office of CJINI who have a responsibility for the development and maintenance of the internal control framework.

I am in the process of implementing recommendations made by the internal auditors to address weaknesses and ensure continuous improvement of the systems in place.

Current systems in place include the following:

- Regular reviews by senior management of risks at all levels within The Office of CJINI.
- Establishment of key performance and risk indicators.
- In addition the Northern Ireland Office exercised control over the funding of inspection expenses, processed all payments during the period 1 April 2004 to 30 September 2004 and produced monthly management accounts.

Brendan McGuigan
Deputy Chief Inspector and
Accounting Officer

29th November 2005

CHIEF INSPECTOR OF CRIMINAL JUSTICE

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 35 to 48 under the Justice (Northern Ireland) Act 2002. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 38 to 39.

Respective responsibilities of the Chief Inspector of Criminal Justice, the Deputy Chief Inspector and Auditor

As described on page 30, the Chief Inspector of Criminal Justice and Deputy Chief Inspector are responsible for the preparation of the financial statements in accordance with the Justice (Northern Ireland) Act 2002 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions. The Chief Inspector of Criminal Justice and Deputy Chief Inspector are also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Justice (Northern Ireland) Act 2002 and directions made thereunder by the Secretary of State, and

whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Chief Inspector has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on pages 31 and 32 reflects the Chief Inspector's compliance with Treasury's guidance on the Statement on Internal Control. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Chief Inspector's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment

of the significant estimates and judgements made by the Chief Inspector of Criminal Justice and Deputy Chief Inspector in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Chief Inspector of Criminal Justice's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

John Bourn
Comptroller and Auditor General

8th December 2005

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Chief Inspector of Criminal Justice at 31 March 2005 and of the deficit, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Justice (Northern Ireland) Act 2002 and directions made thereunder by the Secretary of State; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

| | Note | Year ended 31 March 2005 £ | For the Period 26 May 2003 to 31 March 2004 £ |
|--|------|----------------------------------|--|
| Income | | | |
| Revenue Grant in Aid | 1,2 | <u>485,833</u> | <u>-</u> |
| Expenditure | | | |
| Staff Costs | 3 | 430,589 | 87,502 |
| Other operating expenses | 4 | 345,363 | 125,942 |
| Depreciation | 6 | 39,138 | - |
| Notional Costs | 5 | 9,994 | - |
| Permanent diminution | 6 | <u>8,028</u> | <u>-</u> |
| Total expenditure | | <u>(833,112)</u> | <u>(213,444)</u> |
| Operating Deficit for the period | | <u>(347,279)</u> | <u>(213,444)</u> |
| Release from Government Grant Reserve re depreciation and diminution | 10 | 1,852 | - |
| Credit in respect of notional costs and cost of capital | 5 | <u>4,068</u> | <u>-</u> |
| Total Deficit for the year | | <u>(341,359)</u> | <u>(213,444)</u> |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2005

| | | 2005 £ |
|--|----|------------------|
| Retained deficit for the year ended 31st March 2005 | 10 | (341,359) |
| Net gain on revaluation of fixed assets | 11 | 22,869 |
| Realised element of depreciation transferred to general fund | 11 | <u>(1,989)</u> |
| Total recognised losses for the financial year | | <u>(320,479)</u> |

In the period ended 31 March 2004 there were no recognised gains or losses other than the deficit reported above.

The notes on pages 38 to 48 form part of this account.

BALANCE SHEET AS AT 31 MARCH 2005

| | Note | 31 March 2005 | 31 March 2004 |
|--------------------------------------|------|-----------------|-----------------|
| Fixed Assets | | £ | £ |
| Tangible Assets | 6 | 480,119 | 3,673 |
| | | <u>480,119</u> | <u>3,673</u> |
| Current Assets | | | |
| Cash | 7 | 48,291 | - |
| Prepayments | 8 | 3,170 | 17 |
| | | <u>51,461</u> | <u>17</u> |
| Current Liabilities | | | |
| Creditors due within one year | 9 | (105,992) | (18,541) |
| Net Current Liabilities | | <u>(54,531)</u> | <u>(18,524)</u> |
| Total Assets less Liabilities | | <u>425,588</u> | <u>(14,851)</u> |
| Financed By: | | | |
| Capital and Reserves | | | |
| General Fund | 10 | 392,393 | (14,851) |
| Government Grant Reserves | 10 | 12,315 | - |
| Revaluation reserve | 11 | 20,880 | - |
| | | <u>425,588</u> | <u>(14,851)</u> |

Signed on behalf of the Office of Criminal Justice in Northern Ireland.

Brendan McGuigan
Deputy Chief Inspector and Accounting Officer

29th November 2005

The notes on pages 38 to 48 form part of this account.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

| | Note | 2004/2005 £ | 2003/2004 £ |
|--|------|----------------------|-----------------|
| Cash Outflow from Continuing Operating Activities | 12 | (210,622) | (194,920) |
| Capital Expenditure | | | |
| Payments to acquire fixed assets | 6 | <u>(495,942)</u> | <u>(3,887)</u> |
| Cash Outflow before Financing | | (706,564) | (198,807) |
| Financing | | | |
| Request for resources | 10 | 740,688 | 198,807 |
| Grant in Aid to fund capital expenditure | 10 | <u>14,167</u> | <u>-</u> |
| Increase in Cash | 7 | <u>48,291</u> | <u>-</u> |

The notes on pages 38 to 48 form part of this account.

Brendan McGuigan
Deputy Chief Inspector and Accounting Officer

29th November 2005

NOTES TO THE ACCOUNTS

I. ACCOUNTING POLICIES

(a) Basis of Accounts

The financial statements have been prepared on an accruals basis in accordance with the Accounts Direction given by the Secretary of State for Northern Ireland under paragraph 6 of the scheme in accordance with Section 8 of the Order. The accounts are prepared using the historic cost convention modified by the inclusion of fixed assets at current cost. The financial statements for the period ended 31 March 2004 were prepared on a cash basis, although the comparative figures in this account for that year have been restated on an accruals basis.

(b) Accounting Conventions

The accounts meet:

- (i) the accounting and disclosure requirements of the Companies NI Order to the extent that such requirements are appropriate to the Office of CJINI and are in line with the requirements of the Accounts Direction;
- (ii) standards issued by the Accounting Standards Board;
- (iii) disclosure and accounting requirements of the Treasury; and
- (iv) the requirements of the Accounts Direction and the Financial Memorandum issued to the Office of CJINI by the Secretary of State for Northern Ireland.

(c) Income

In the first 6 months of the year the Office of CJINI did not receive grant-in-aid and all of its accounting transactions were processed through the Northern Ireland Office (NIO). From 1st October 2004 the Office of CJINI became funded by Grant-in Aid from the Northern Ireland Office, request for resources 1. Grant in Aid received for revenue expenditure is credited to income in the year to which it relates. Grant in Aid for Capital expenditure is credited to a Government Grant Reserve. Each year an amount equal to the depreciation charge in respect of each category of fixed assets and any deficit on their revaluation in excess of any prior revaluation increase, will be released from the Government Grant Reserve to the Income and Expenditure Account.

(d) Fixed Assets

Assets (both tangible and intangible) are capitalised as Fixed Assets if they are intended for use on a continuous basis and their original purchase cost, on an individual or grouped basis, is £1,000 or more. Fixed Assets are valued at current replacement cost by using the Price Index Numbers for Current Cost Accounting published by the Office for National Statistics. Any surplus on revaluation is credited to the Revaluation Reserve. A deficit on revaluation is debited to the Income and Expenditure Account if the deficit exceeds the balance on the Revaluation Reserve.

(e) Depreciation

Depreciation is provided on all Fixed Assets on a straight-line basis to write off the cost or valuation evenly over the asset's anticipated life as follows:

Office Refurbishment - ten years
 Computer Equipment - five years
 Furniture and Office Equipment - up to fifteen years
 Software Development - five years
 Licences - five years

The Office Refurbishment life is set to correlate with the lease on the premises.

(f) Notional Charges

A notional charge, reflecting the cost of capital utilised by the Office of CJINI, is included in the operating costs. The charge is calculated at the government’s standard rate of 3.5% (6%-2003) in real terms using the average net book values of the assets and liabilities.

In addition, the accounts reflect a notional charge in respect of services provided by the Northern Ireland Office on behalf of the Office of CJINI. The calculation is based on a formula for unit cost per person multiplied by the Office of CJINI staff numbers.

(g) Value Added Tax

The Office of CJINI is not eligible to register for VAT and all costs post 1st October 2004 are shown inclusive of VAT. Pre 1st October 2004 some of the costs are shown net of VAT as the Northern Ireland Office were able to reclaim VAT on certain items.

(h) Pensions

Past and present employees are covered by the provisions of the Civil Service Pension (CSP) Schemes which are described at note 3(e). 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 Principal Civil Service Pension Schemes NI (PCSPSNI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPSNI. In respect of the defined contribution elements of the schemes, the organisation recognises the contributions payable for the year.

2. INCOME

| | 2004/2005 |
|--|-----------------------|
| HMG | £ |
| Grant in Aid received from the Northern Ireland Office, Request for resources 1, for revenue expenditure | 485,833 |
| HMG | |
| Grant in Aid received from the Northern Ireland Office, Request for resources 1, for capital expenditure | <u>14,167</u> |
| Total Grant in Aid Received | <u>500,000</u> |

The Grant in Aid related to the 6 month period from 1st October 2004 to 31st March 2005. The Office of CJINI will continue to be funded through Grant In Aid in the future. The Office of CJINI was funded directly by the NIO for the period 1st April 2004 to 30th September 2004.

3. STAFF COSTS AND NUMBERS

(a) Chief Inspector's Remuneration

During the year the Chief Inspector's total remuneration was £100,495.

The Chief Inspector is not a member of the Principal Civil Service Pension Scheme (NI).

(b) Senior Employees

The salary and pension entitlement of the most senior employees were as follows:

| Name | Salary £'000 | Benefits in Kind £'000 | Real increase in pension & related lump sum at age 60 £ | Total accrued pension at age 60 at 31/3/05 & related lump sum £ | CETV at 31/3/04 (nearest £K) | CETV at 31/3/05 (nearest £K) | Real increase in CETV after adjustment for inflation and change in market investment factors (nearest £K) |
|--|-----------------|------------------------------|---|--|---|---|--|
| Mr K Chivers Chief Inspector | 85 - 90 | 15 | N/A | N/A | N/A | N/A | N/A |
| Mr B McGuigan Deputy Chief Inspector | 45 - 50 | N/A | 833 | 833 | 0 | 11 | 9 |

(c) Staff Costs incurred during the period were as follows

| | Year ended 31 March 2005 £ | Period ended 31 March 2004 £ |
|--|----------------------------------|------------------------------------|
| Amounts payable in respect of directly employed staff of the Office of CJINI : | | |
| Salaries and Emoluments | 224,145 | 64,010 |
| Social Security Contributions | 16,893 | 7,799 |
| Pension Contributions | <u>18,875</u> | <u>-</u> |
| Total direct employee staff costs | 259,913 | 71,809 |
| Amounts payable in respect of staff on secondment, agency/ temporary staff and contract staff | <u>170,676</u> | <u>15,693</u> |
| Total Staff Costs | <u>430,589</u> | <u>87,502</u> |

The Office of CJINI meets all the staff costs for seconded staff as these are incurred. Although these costs are fully re-charged to the Office of CJINI, the seconding organisation remains the permanent employer with responsibility for their pay, allowances and pension.

(d) The average number of full time equivalent persons employed during the period were as follows:

| | 2005 | 2004 |
|---|-------------|-------------|
| Directly employed by the Office of CJINI staff | | |
| Management and executive | 3 | 1 |
| Inspectors | 2 | |
| Seconded, agency/temporary and contract staff | | |
| Management and executive | 0.5 | |
| Administrative and support staff | <u>3.5</u> | <u>1</u> |
| Total | <u>9</u> | <u>2</u> |

The Principal Civil Service Pension Scheme (NI) (PCSPNI) is an unfunded multi-employer defined benefit scheme but the Office of CJINI is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Superannuation (www.civilservice-pensions.gov.uk)

For the year ended 31 March 2005, employer contributions of £18,875 were payable to PCSPNI at one of four rates in the range of 12 to 18.5 per cent of Pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 1 April 2005 these rates have increased as a result of the latest actuarial valuation to between 16.5% to 23.5%. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

No employees who joined after 1 October 2002 opened a partnership pension account.

(e) Pensions

Pension benefits are provided through the Civil Service pension (CSP) arrangements. From 1 October 2002, civil servants may be in one of three statutory based "final salary" defined benefit schemes (classic, premium and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality "money purchase" stakeholder based arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. 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.

Partnership Pension Account

The partnership pension accounts is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (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 up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk.

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 2003-2004 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. 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. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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.

4. OTHER OPERATING EXPENSES

| | Year ended 31 March 2005 | For the period 26 May 2003 to 31 March 2004 |
|--|-----------------------------|---|
| | £ | £ |
| Inspections | 79,286 | - |
| Conference Fees | 14,967 | - |
| Printing, stationary, postage and publications | 25,836 | 8,141 |
| Repairs and Maintenance | 807 | - |
| Accommodation | 88,406 | 318 |
| Computer consumables | 17,629 | 4,163 |
| Professional Advisers | 49,234 | 86,567 |
| Hire of Equipment | 665 | - |
| Other equipment and expenses | 19,314 | 7,777 |
| Training | 29,663 | 1,279 |
| Hospitality | 2,706 | 269 |
| Travel and Subsistence | 11,850 | 12,428 |
| Audit | 5,000 | 5,000 |
| | <u>345,363</u> | <u>125,942</u> |

5. NOTIONAL COSTS

| | 1 April 2004 to 30 Sept 2004 | 1 Oct 2004 to 31 March 2005 | Total 2005 |
|-------------------------------|---------------------------------|--------------------------------|---------------|
| | £ | £ | £ |
| Cost of Capital | 3,631 | 3,631 | 7,262 |
| Notional Administration Costs | 1,859 | - | 1,859 |
| Notional Personnel Costs | 436 | 437 | 873 |
| | <u>5,926</u> | <u>4,068</u> | <u>9,994</u> |

The notional administration and personnel costs relate to services provided by the Northern Ireland Office.

A notional credit equal to the interest on capital employed and other notional costs relating to the last six months of the year when CJINI was funded through Grant in Aid is included in the Income and Expenditure Account.

6. TANGIBLE FIXED ASSETS

| | Refurbishment Costs | Furniture and Office Equipment | Computer Equipment | Total |
|--|------------------------|--------------------------------------|-----------------------|-----------------------|
| | £ | £ | £ | £ |
| Cost at 1 April 2004 | - | - | 3,887 | 3,887 |
| Additions | 398,101 | 37,190 | 65,452 | 500,743 |
| Disposals | - | - | - | - |
| Revaluation | 21,033 | 1,836 | (8,053) | 14,816 |
| Cost at 31 March 2005 | <u>419,134</u> | <u>39,026</u> | <u>61,286</u> | <u>519,446</u> |
| Depreciation at 1 April 2004 | - | - | 214 | 214 |
| Provided during the year | 29,603 | 2,272 | 7,263 | 39,138 |
| Backlog depreciation | - | - | (25) | (25) |
| Depreciation at 31 March 2005 | <u>29,603</u> | <u>2,272</u> | <u>7,452</u> | <u>39,327</u> |
| Net Book Value at 31 March 2005 | <u>389,531</u> | <u>36,754</u> | <u>53,834</u> | <u>480,119</u> |
| Net Book Value at 31 March 2004 | <u>-</u> | <u>-</u> | <u>3,673</u> | <u>3,673</u> |

Payments to Acquire Fixed Assets:

| | £ |
|-----------------------|----------------|
| Additions | 500,743 |
| Less capital creditor | <u>4,801</u> |
| Amount paid in period | <u>495,942</u> |

7. CASH IN HAND

| | 31 March 2005 | 31 March 2004 |
|--------------|---------------|---------------|
| | £ | £ |
| Cash in Hand | <u>48,291</u> | <u>-</u> |
| | <u>48,291</u> | <u>-</u> |

8. PREPAYMENTS

| | 31 March 2005 | 31 March 2004 |
|---------------|---------------|---------------|
| | £ | £ |
| Accommodation | 2,432 | |
| Other | <u>738</u> | <u>17</u> |
| | <u>3,170</u> | <u>17</u> |

9. CREDITORS DUE WITHIN ONE YEAR

| | 31 March 2005 | 31 March 2004 |
|------------------|----------------|---------------|
| | £ | £ |
| Accruals | 92,532 | - |
| Capital Accruals | 4,801 | |
| Capital Creditor | 8,659 | 18,541 |
| | <u>105,992</u> | <u>18,541</u> |

10. RECONCILIATION OF GENERAL FUND AND GOVERNMENT GRANT RESERVE

| | General Fund 2005 | Government Grant Reserve 2005 |
|---|----------------------|-------------------------------------|
| | £ | £ |
| Opening balance at 1 April | (14,851) | - |
| Grant in Aid received to fund capital expenditure | - | 14,167 |
| Transfer from income and expenditure account | (341,359) | |
| Notional Costs re 1 st six months of the year | 5,926 | |
| Request for resources from NIO for the 1 st six months of the year | 740,688 | |
| Transfer from revaluation reserve | 1,989 | |
| Diminution arising on the revaluation of fixed assets | - | (671) |
| Depreciation transferred to income and expenditure account | - | (1,181) |
| Balance at 31 March 2005 | <u>392,393</u> | <u>12,315</u> |

The £341,359 transferred across from the income and expenditure account relates to a deficit of £268,520 when the Office of CJINI was funded directly through the NIO and a deficit of £72,839 when it was funded through grant in aid.

The government grant reserve relates to the grant in aid received to purchase fixed assets after the 1st October 2004. Prior to the 1st October 2004 the Office of CJINI was being deficit funded through the Northern Ireland Office.

11. REVALUATION RESERVE

| | 2005 |
|--|---------------|
| | £ |
| Balance at 1 April | - |
| Gain on revaluation | 22,869 |
| Backlog depreciation on revaluation upwards | - |
| Realised element of depreciation transferred to general fund | (1,989) |
| Balance at 31 March 2005 | 20,880 |

12. RECONCILIATION OF RESULT FOR THE PERIOD TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2005 | 2004 |
|--|------------------|------------------|
| | £ | £ |
| Result for the year | (347,279) | (213,444) |
| Depreciation | 39,138 | - |
| Diminution in fixed assets | 8,028 | - |
| Notional Costs | 9,994 | - |
| Change in debtors | (3,153) | (17) |
| Change in other creditors | 82,650 | 18,541 |
| Net cash flow from operating activities | (210,622) | (194,920) |

13. CAPITAL COMMITMENTS

At 31 March 2005 there were no capital commitments contracted for.

14. COMMITMENTS UNDER OPERATING LEASES

Payable in the following year relating to operating leases that expire:

| | Buildings | Other | Total £ |
|----------------------------|------------------|--------------|----------------|
| Within one year | - | - | - |
| Between one and five years | - | 2,008 | 2,008 |
| After 5 years | 87,835 | - | 87,835 |
| TOTAL | 87,835 | 2,008 | 89,843 |

15. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2005.

16. POST BALANCE SHEET EVENTS

There were no post balance sheet events to report.

17. RELATED PARTY TRANSACTIONS

The Office of CJINI is a Non Departmental Public Body (NDPB) and is sponsored by the Northern Ireland Office. The Northern Ireland Office is regarded as a related party. During the period the Office of CJINI has had various material transactions with the Northern Ireland Office. In addition, the Office of CJINI has had various transactions with other government departments and with the Inspector of Prisons.

None of the managerial staff of the Office of CJINI, has undertaken any material transactions with the Office of CJINI during the year ended 31 March 2005.

18. LOSSES AND SPECIAL PAYMENTS

There were no losses or special payments during the 12 months ended 31 March 2005.

19. FINANCIAL INSTRUMENTS

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. Due to the non-trading nature of its activities and the way in which Non-Departmental Public Bodies are financed, the Office of CJINI is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS13 mainly applies. The Office of CJINI has no powers to borrow or invest surplus funds and has limited end year flexibility. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Office of CJINI in undertaking its activities.

As permitted by FRS13, debtors and creditors which mature or become payable within 12 months from the balance sheet date have been excluded from this disclosure.

Liquidity Risk

The Office of CJINI is financed by the Northern Ireland Office and is accountable to Parliament through the Secretary of State for Northern Ireland and is therefore not exposed to significant liquidity risk.

Interest Rate Risk

All financial assets and financial liabilities of the Office of CJINI carry nil rates of interest and are therefore not exposed to interest-rate risk.

Currency Risk

The Office of CJINI does not trade in foreign currency and therefore has no exposure to foreign currency risk.

Fair Values

The book values and fair values of the Office of CJINI's financial assets and financial liabilities as at 31 March 2005 are set out below:

Primary Financial Instruments

| | Book Value | Fair Value |
|-------------------------------|-------------------|-------------------|
| Financial Assets: | £ | £ |
| Cash at Bank | 48,291 | 48,291 |
| Financial Liabilities: | | |
| None | N/A | N/A |