

Presented pursuant to Schedule 8, 5(4)(b) of the Justice (Northern Ireland) Act 2002

Office of the Chief Inspector of Criminal Justice in Northern Ireland Account 2003-2004

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 25 MAY 2005

The National Audit Office
scrutinises public spending
on behalf of Parliament.

The Comptroller and Auditor General,
Sir John Bourn, is an Officer of the
House of Commons. He is the head of the
National Audit Office, which employs some
800 staff. He, and the National Audit Office,
are totally independent of Government.

He certifies the accounts of all Government
departments and a wide range of other public
sector bodies; and he has statutory authority
to report to Parliament on the
economy, efficiency and effectiveness
with which departments and other bodies
have used their resources.

Our work saves the taxpayer millions of
pounds every year. At least £8 for every
£1 spent running the Office.

This account can be found on the National Audit Office web site at
www.nao.org.uk

Contents

	Page
Foreword	2
Statement of Accounting Officer's responsibilities	4
Statement on Internal Control	5
The Certificate and Report of the Comptroller and Auditor General	7
Receipts and Payments Account	9
Notes to the Account	10

Foreword

Background information

- 1 The Belfast Agreement provided for a wide ranging review of Criminal Justice (other than policing and those aspects of the system relating to emergency legislation) to be carried out.
- 2 The Criminal Justice Review Group recommended the creation of a statute-based single independent Criminal Justice Inspectorate.
- 3 Schedule 8 of the Justice (Northern Ireland) Act 2002 gave legislative effect to the appointment of a Chief Inspector of Criminal Justice in Northern Ireland (CJINI).
- 4 The Chief Inspector was appointed by the Secretary of State for Northern Ireland and took up post in August 2003. The Chief Inspector was appointed 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.
- 5 The Chief Inspector did not receive financial provision by way of grant under paragraph 5 of Schedule 8 to the Justice (Northern Ireland) Act 2002. Expenditure for 2003/04, although included for in the Northern Ireland Office Resource Accounts, is being accounted for separately in this statement of accounts as required by the above Act.
- 6 The Office of the Chief Inspector of Criminal Justice in Northern Ireland went live in October 2004 and commenced a programme of inspections which have been agreed with the Secretary of State.
- 7 This account covers the period 26 May 2003 to 31 March 2004 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

- 8 A small project team from within the Criminal Justice Division of the Northern Ireland Office have been helping the Chief Inspector set up the Office of the Chief Inspector of Criminal Justice in Northern Ireland and until 21 June 2004 they had operated from offices in Massey House.
- 9 New premises have been leased at 14 Great Victoria Street, Belfast and the Office of the Chief Inspector of Criminal Justice in Northern Ireland are in the process of recruiting the necessary inspectors, administrative and IT support.
- 10 During the period covered by this account the Office of the Chief Inspector of Criminal Justice in Northern Ireland had not yet received their budget allocation. Consequently the programme of work began modestly building up as resources both, financial and human, became available.
- 11 During the period of this account the Chief Inspector quality assured the work done by the Project Team. He held meetings with stakeholders, promoted a network of relationships with statutory, voluntary and community based organisations, engaged on an outreach programme for harder to reach groups and developed key documents such as the Prospectus for the Office of Criminal Justice Inspection Northern Ireland and a work programme.

The programme of work includes a cross-cutting thematic inspection of how dangerous offenders are managed and a review of the Multi-Agency Procedures for the Assessment and Management of Sex Offenders, an inspection of Magilligan prison, inspections of the Pathology Department and Forensic Science Agency.

Prompt payment

- 12 The office of the Chief Inspector of Criminal Justice in Northern Ireland 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 later.

During the period, 85.8% of invoices received were paid within 30 days of receipt.

Brendan McGuigan
Deputy Chief Inspector and Accounting Officer

4 April 2005

Statement of Accounting Officer's responsibilities

Under paragraph 6 of schedule 8 of the Justice (Northern Ireland) Act 2002 the Deputy 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 Northern Ireland, in the form and on the basis directed by the Secretary of State. The accounts are prepared on a cash basis, for the period 26 May 2003 to 31 March 2004 to reflect the transitional status of the Office of the Chief Inspector of Criminal Justice in Northern Ireland, and must properly present receipts and payments for the financial period.

The Secretary of State has appointed the Deputy Chief Inspector as Accounting Officer for the Office of the Chief Inspector of Criminal Justice in Northern Ireland. 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.

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 CJINI's policies, aims and objectives, while safeguarding the public funds and CJINI's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. CJINI's constitution is governed by a management statement and financial memorandum agreed with the Northern Ireland Office (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 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 CJINI for the year ending 31 March 2004 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 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 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;
- a review of financial procedures including the segregation of duties in particular in connection with payment processing; and
- an established system of financial planning and budgeting with the annual budget agreed with the NIO.

Review of effectiveness

As Accounting Officer for 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 was informed by the work of the executive managers within the department who have a responsibility for the development and maintenance of the internal control framework. Shortcomings relating to following of proper tender procedures were noted by the auditors following CJINI's inception. Internal controls have since been strengthened to ensure compliance with proper procurement procedures. Current systems in place include the following

- regular reviews by senior management of risks at all levels within CJINI;
- establishment of key performance and risk indicators; and
- in addition the Northern Ireland Office exercised control over the funding of inspection expenses, processed all payments during the period 26 May 2003 to 31 March 2004 and produced monthly management accounts.

Brendan McGuigan
Deputy Chief Inspector and Accounting Officer

4 April 2005

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 9 to 12 under the Justice (Northern Ireland) Act 2002.

Respective responsibilities of the Deputy Chief Inspector and Auditor

As described on page 4, the Deputy Chief Inspector is responsible for the preparation of financial statements in accordance with the Justice (Northern Ireland) Act 2002 and directions made thereunder by the Secretary of State for Northern Ireland and for ensuring the regularity of financial transactions. The Deputy Chief Inspector is also responsible for the preparation of the Foreword. 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 properly present the receipts and payments and are properly prepared in accordance with the Justice (Northern Ireland) Act 2002 and directions made thereunder by the Secretary of State for Northern Ireland, and whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and 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 Office of the Chief Inspector of Criminal Justice in Northern Ireland has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 5 and 6 reflects the Office of the Chief Inspector of Criminal Justice in Northern Ireland'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 Office of the Chief Inspector of Criminal Justice in Northern Ireland'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 judgements made by the Deputy Chief Inspector in the preparation of the financial statements.

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 receipts and payments have been applied to the purposes intended by Parliament and 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.

Opinion

In my opinion

- the financial statements properly present the receipts and payments of the Office of the Chief Inspector of Criminal Justice in Northern Ireland for the period ended 31 March 2004 and have been properly prepared in accordance with the Justice (Northern Ireland) Act 2002 and directions made thereunder by the Secretary of State for Northern Ireland; and
- in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

6 May 2005

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

Receipts and Payments Account for the period 26 May 2003 to 31 March 2004

	Notes	£
Payments		
Salary costs	3	87,502
Other operating expenditure	4	<u>111,091</u>
Total expenditure		<u>198,593</u>
Deficit for the period		(198,593)

The notes on pages 10 to 12 form part of these accounts

Notes to the account

- 1 This account is drawn up in a form directed by the Secretary of State and in accordance with relevant Treasury guidance.
- 2 The Office of the Chief Inspector of Criminal Justice in Northern Ireland did not record any receipts over the course of the 2003-2004 financial period. It operated as a cost centre within the Criminal Justice Division of the Northern Ireland Office. Expenditure during the 2003-2004 financial period was funded by the Northern Ireland Office, Request for Resources 1.

3 Staff numbers and related costs

3.1 Staff costs

	2003-2004 £
Salaries and Emoluments	77,199
Social Security Contributions	8,740
Pension Contributions	1,563
Total	87,502

3.2 Average number of staff

The average number of full time equivalent persons employed (including the Chief Inspector and one support staff on secondment) during the 10 month period is as follows

	For the period 26 May 2003 to 31 March 2004
Management	1
Support Staff	1
Total	2

3.2.a Pensions

Pension benefits are provided through the Civil Service pension 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). 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).

3.2.b Classic Scheme

Benefits accrue at a rate of 1/80th of final pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. Members pay contributions of 1.5 per cent of pensionable earnings. On death, pensions are payable to the surviving spouse at the rate of half the members' pension. On death in service, the scheme pays a lump sum benefit of twice pensionable pay and also provides a service enhancement on computing the spouse's pension. The enhancement depends on length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately with actuarial reduction and with service enhanced as for widow(er) pensions.

3.2.c Premium Scheme

Benefits accrue at a rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum, but members may commute some of their pension to provide a lump sum up to a maximum of 3/80ths of final pensionable earnings for each year of service or 2.25 times pension if greater (the commutation rate is £12 of lump sum for each £1 of pension given up). For the purposes of pension disclosure the tables assume maximum commutation. Members pay contributions of 3.5 per cent of pensionable earnings. On death, pensions

are payable to the surviving spouse or eligible partner at a rate of 3/8ths the member's pension (before any commutation). On death in service, the scheme pays a lump-sum benefit of three times pensionable earnings and also provides a service enhancement on computing the spouse's pension. The enhancement depends on the length of service and cannot exceed 10 years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction. Where the member's ill health is such that it permanently prevents them undertaking any gainful employment, service is enhanced to what they would have accrued at age 60.

3.2.d *Classic Plus Scheme*

This is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

Pensions payable under classic, premium and classic plus are increased in line with the Retail Price Index.

3.2.e *Partnership Pension Account*

This is a stakeholder-type arrangement where the employer pays 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. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3 per cent (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 risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 25 per cent of the fund as a lump sum.

The Principal Civil Service Pension Scheme (NI) (PCSPNI) is an unfunded multi-employer defined benefit scheme but the Office of the Chief Inspector of Criminal Justice in Northern Ireland 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 period 26 May 2003 to 31 March 2004 employer contributions of £1563 were payable to PCSPNI at 12 per cent of Pensionable pay. Rates will remain the same for the next year, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. 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.

Remuneration received by the Chief Inspector is non-pensionable.

3.3 *Senior employees*

The salary and pension entitlement of the most senior employee was as follows

Name	Salary	Real increase in Pension at age 60	Total Accrued Pension at age 60 at 31 March 2004	Benefits In Kind
Mr Kit Chivers	£71,809	N/A	N/A	N/A

4 Other operating expenditure

	£
Professional fees	80,741
Travel and subsistence	12,428
Stationery and printing	6,828
Computer hardware	3,906
Computer maintenance	2,030
Staff training	1,279
Publicity and advertising	1,313
Furniture	1,725
Telephone	318
Hospitality	233
Miscellaneous	290
	<u>111,091</u>

5 Related party transactions

All transactions of the Office of the Chief Inspector of Criminal Justice in Northern Ireland were processed by the Northern Ireland Office during the financial period 26 May 2003 to 31 March 2004.

None of the managerial staff of the Office of the Chief Inspector of Criminal Justice in Northern Ireland has undertaken any material transactions with the Office of the Chief Inspector of Criminal Justice in Northern Ireland during this period.

Brendan McGuigan
Deputy Chief Inspector and Accounting Officer

4 April 2005

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Tel: 020 7798 7400
Email: enquiries@nao.gsi.gov.uk

DG Ref: D83719 5662WC

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
08/05

Published by TSO (The Stationery Office) and available from:

Online

www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Fax orders 0870 600 5533

Order through the Parliamentary Hotline

Lo-call 0845 702 3474

E-mail book.orders@tso.co.uk

Textphone 0870 240 3701

TSO Shops

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

TSO Accredited Agents

(see Yellow Pages)

and through good booksellers

ISBN 0-10-328535-0



9 780103 285351