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# **Northern Ireland Courts and Tribunals Service**

## **Trust Statement For the year ended 31 March 2020**

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Laid before the Northern Ireland Assembly  
under section 11(1) and (2) of the Government Resources  
and Accounts Act (Northern Ireland) 2001  
by the Department of Justice  
on  
10 March 2021



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## GLOSSARY

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C&AG	Comptroller & Auditor General
COVID-19	Coronavirus Disease 2019
CFO	Court Funds Office
DAO	Dear Accounting Officer
DARC	Departmental Audit and Risk Committee
DfC	Department for Communities
DoF	Department of Finance
DoJ	Department of Justice
DVA	Driver and Vehicle Agency
ECHR	European Convention on Human Rights
EJO	Enforcement of Judgments Office
FCEP	Fine Collection and Enforcement Programme
FCEPB	Fine Collection and Enforcement Programme Board
FCS	Fine Collection and Enforcement Service
FCT	Fine Chasing Team
FPNs	Fixed Penalty Notices
FPO	Fixed Penalty Office
FPPC	Fixed Penalty Processing Centre
FPPU	Fixed Penalty Processing Unit
FReM	Government Financial Reporting Manual
GDPR	General Data Protection Regulations
GIRR	Governance and Information Risk Return
GSC	Government Security Classification
IAS	International Accounting Standard
ICO	Information Commissioner's Office
ICOS	Integrated Court Operations System
IFRS	International Financial Reporting Standards
JARD	Joint Asset Recovery Database
JASPAR	Judicial Allocation Sitting Programme and Record
MPMNI	Managing Public Money Northern Ireland

NDORS	National Driver Offender Retraining Scheme
NIAO	Northern Ireland Audit Office
NICF	Northern Ireland Consolidated Fund
NICS	Northern Ireland Civil Service
Niche RMS	Niche Records Management System
NICTS	Northern Ireland Courts and Tribunals Service
NIPS	Northern Ireland Prison Service
PAC	Public Accounts Committee
PBNI	Probation Board for Northern Ireland
PCNI	Parole Commissioners for Northern Ireland
PN	Penalty Notice
PNDs	Penalty Notices for Disorder
PPS	Public Prosecution Service
PSNI	Police Service of Northern Ireland
PUMA	PSNI hand held mobile data project
RMADs	Risk Management Accreditation Documents
RTTCWG	Report to Those Charged with Governance
SAOs	Supervised Activity Orders
SLA	Service Level Agreement
SoFP	Statement of Financial Position
SoROIE	Statement of Revenue, Other Income and Expenditure
SPG	Strategic Planning Group
SRO	Senior Responsible Owner
TAS	The Appeals Service
VP/FPO	Vehicle Procedures/Fixed Penalty Office

# PART 1 PERFORMANCE REPORT

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## OVERVIEW

### Foreword by Director of NICTS

As Director of the Northern Ireland Courts and Tribunals Service (NICTS) I am pleased to present the Trust Statement for NICTS for 2019-20. NICTS is an Agency of the Department of Justice (DoJ) and continues to do everything possible to ensure offenders pay what they owe, with the core aim of “serving the community through the administration of justice”. The Trust Statement provides an account of the revenues collected by NICTS which are due to the Northern Ireland Consolidated Fund (NICF) or other third parties. The Comptroller and Auditor General (C&AG) has once again, been able to provide an unqualified audit opinion on this statement.

The Coronavirus Disease 2019 (COVID-19) pandemic has changed many of the established ways in which we work and required many staff across the Agency to work in a more flexible way. I would like to place on record my gratitude to Peter Luney for leading this organisation as the acting CEO through extraordinary, unprecedented times. I would also like to commend all NICTS staff alongside the judiciary and other partners in ensuring our system of justice continued to operate throughout this difficult period.

In the financial year covered by this Trust Statement, there has been a £0.4m (3.2%) decrease in the monetary penalties imposed mainly due to a slight decrease in Fixed Penalty Notices and Other Party Criminal amounts imposed when compared with the previous year.

The net debt owing to NICTS as at 31 March 2020 decreased by £0.9m (10.6%) due to an increase in debt cleared by payment during 2019-20 and an increase in impairment during the year.

The fine collection and enforcement arrangements were examined by the Public Accounts Committee (PAC) in October 2014 and it was recommended that the reform of fine collection be expedited to enable new fine collection and enforcement arrangements to be established.

The new fine collection and enforcement arrangements, including the establishment of the NICTS Fine Collection and Enforcement Service (FCS) commenced on 1 June 2018 and has been operational for over 2 years.

Dedicated collection officers have a range of new powers to collect and enforce outstanding financial penalties including the ability to make instalment plans, deduction from benefits applications, attachment of earnings orders and interim bank

account orders. The new arrangements have created a more cost effective and proportionate system for the management of outstanding financial penalties.

I would like to thank everyone involved for their continued efforts to improve our activity in enforcement and collection of the range of financial penalties and fines for which we are collectively responsible.

A handwritten signature in grey ink that reads "Anthony Harbinson". The signature is written in a cursive, flowing style.

**Anthony Harbinson**  
Director of NICTS

## Statement of Purpose and Activities

This is the Trust Statement for NICTS for the financial year ended 31 March 2020. Sections 11 (1) and (2) of the Government Resources and Accounts Act (Northern Ireland) 2001 directs that NICTS shall prepare a Trust Statement for each financial year ended 31 March. This Trust Statement has been prepared in accordance with the accounting principles and disclosure requirements of Chapter 8 of the Government Financial Reporting Manual (FReM) and Annex G of the Accounts Direction, DAO (DoF) 01/19 from the Department of Finance (DoF).

The Trust Statement provides an account of the collection of revenues which, by statute or convention, are due to NICF or other third parties and where the entity undertaking the collection is consequently acting as an agent rather than as principal.

## Who we are

NICTS is an Executive Agency of the DoJ of Northern Ireland. During this reporting year the power-sharing Executive was restored on 11 January 2020 with Naomi Long MLA appointed as Justice Minister. From this date NICTS is accountable to the Northern Ireland Assembly and the Minister.

The role of NICTS is to:

- provide administrative support for Northern Ireland's courts, tribunals, Parole Commissioners for Northern Ireland (PCNI) and the Planning Appeals Commission and Water Appeals Commission (PACWAC);
- support an independent Judiciary;
- provide advice to the Department on matters relating to the operation of the courts, tribunals, Enforcement of Judgments Office (EJO) and PCNI;
- enforce civil court judgments through EJO;
- collect and enforce outstanding financial penalties imposed (or registered) by a criminal court through FCS;
- manage funds held in court on behalf of minors and patients;
- provide suitable courthouses and tribunals hearing centres; and
- act as the Central Authority under certain international conventions.

NICTS acts as an agent for NICF and is responsible for the collection of revenue from monetary penalties imposed each year by the Judiciary, the Police Service of



Northern Ireland (PSNI) and the Driver and Vehicle Agency (DVA). These impositions include fixed penalty notices (FPNs), penalty notices, court imposed monetary penalties (namely fines, extra costs, other party costs, compensation for victims of crime, offender levy and fixed penalty enforcement fines), and confiscation orders. The revenue collected is payable to either NICF or other third parties who are typically other government departments and victims of crime who have been awarded compensation by the court.

## Scope

The Trust Statement reflects the cash flows associated with the imposition and collection of fines and monetary penalties. It reflects the income due from the fines and monetary penalties imposed during the period and the expenditure incurred in the administration and collection of these; the third party bodies to which the funds are payable; and the balance owing to NICF at the year end. Provision for uncollectible amounts is accounted for in accordance with International Financial Reporting Standard (IFRS) 9: Financial Instruments.

The Trust Statement also reflects the complex interdependencies between NICTS and a number of other Departments and Agencies, including PSNI and the Public Prosecution Service (PPS), who work together to collect and enforce the payments due from offenders relating to the financial impositions which NICTS, PSNI and DVA impose.

The different types of fines and monetary penalties are discussed below.

### 1. Fixed Penalty Notices

FPNs are imposed by PSNI and DVA. FPNs are issued for traffic rule violations and other vehicle rule violations. FPNs that remain unpaid after 45 days are uplifted by 50% and sent to the court to be registered as court imposed fines that are enforced by NICTS.

### 2. Penalty Notices

Since 6 June 2012, Sections 59 to 70 and Schedule 4 of the Justice Act (Northern Ireland) 2011 gave PSNI the power to issue a defendant with a penalty notice for specified offences (e.g. disorderly behaviour, theft, criminal damage). These penalty notices are issued as an alternative to a court prosecution. There are currently two penalty notice amounts (£45 and £85) depending on the offence committed and all penalty notices include a £5 offender levy. If a penalty notice remains unpaid after 28 days it will be uplifted by 50% and sent to the court to be registered as a court imposed fine that is enforced by NICTS. As part of the COVID-19 "Recovering the Justice System" work, revision of DoJ and PSNI operational guidance has allowed the wider use of Penalty Notices for Disorder (PNDs) in certain circumstances. This is outlined in more detail below.

### 3. Court imposed monetary penalties

Court imposed monetary penalties include fines, extra costs, other party costs, other party compensation, offender levy, fixed penalty and penalty enforcement fines.

- A **fine** is the most common court order in the Magistrates' Court. A fine can be imposed at the Magistrates' Court, the County Court (on appeals from the Magistrates' Court), the Crown Court and the Court of Appeal (on appeals from the Crown Court). This includes fixed penalty and Penalty Notice enforcement fines, listed above, which have remained unpaid after 45 days and 28 days respectively and have been registered as a court imposed fine.
- **Extra costs** and **other party costs** are awarded in court to cover prosecution costs such as summons server fees and court appearance fees. Extra costs are paid to PPS.
- **Other party compensation** is awarded in court to victims of crime or may be awarded in relation to, for example, injury or damage to property. Other party costs and other party compensation receipts are paid to the appropriate third party, including other government departments and victims of crime.
- An **Offender levy** is imposed on all fines and immediate custodial sentences for offences committed on or after 6 June 2012. The receipts obtained from the collection of these levies are collected by NICTS and transferred to the DoJ Victims of Crime Fund which is used to pay for services that support victims and witnesses in the criminal justice system. These monies are therefore not paid over to NICE.

### 4. Confiscation Orders

Confiscation orders are imposed under the Proceeds of Crime Act 2002 or the Proceeds of Crime (NI) Order 1996. A confiscation order is an order directing the payment of money obtained by a defendant as a result of his/her criminal conduct, to the Crown. In Northern Ireland only the Crown Court has the jurisdiction to make a confiscation order. Confiscation orders are generally larger in value than other monetary penalties but smaller in volume. Interest accrues at a rate of 8% per annum on those confiscation orders that have a balance remaining unpaid after the payment date has expired. The interest is calculated daily on the Joint Asset Recovery Database (JAR).

### COVID-19 Penalty Notices

As a result of the public health emergency, new legislation (The Health Protection (Coronavirus, Restrictions) Regulations (Northern Ireland) 2020) was introduced by

the Department of Health on 28 March 2020<sup>1</sup>. This created a new type of Penalty Notice (PN) with 'temporary' offences for breach of COVID-19 restrictions. Tickets are issued by the PSNI with an initial amount of £60 reduced by 50% to £30 if paid within 14 days from the date of issue. Subsequent tickets may be issued to the same individual and double in amount each time up to a maximum of £960; no 50% remission is available on the higher value tickets and these must be paid in full.

On 8 June 2020, the Assembly introduced further legislation<sup>2</sup> (The Health Protection (Coronavirus, International Travel) Regulations (Northern Ireland) 2020) which imposes requirements on individuals arriving in Northern Ireland who have been in a country outside the common travel area. Failure to comply with these regulations is an offence attracting a PN of £60, reduced to £30 if paid within 14 days. Further breaches by an individual carry similar penalties to those outlined above however, tickets under this regulation cannot be uplifted if they remain unpaid. This legislation carries an additional offence for breach of Coronavirus International Travel Regulations in the amount of £1,000 with 28 days to pay and no remission for early payment. All of these penalties will fall away once the public health emergency has abated.

On 12 November 2020 the NI Assembly introduced amendments to The Health Protection (Coronavirus, Restrictions) Regulations (Northern Ireland) 2020. The amendments to the regulation changed the value of tickets which can be issued by PSNI and replace the original £60 fine with a £200 fine (50% remission is applicable if paid within 14 days). If these remain unpaid there is an uplift after 28 days which would see these increasing to £300.

The graduated £120, £240, £480, £960 increases for subsequent breaches have been removed. However other new penalties have been introduced as set out in the regulation for £1,000, £2,000, £4,000 and £10,000 depending on the severity of the breach. In respect of these higher tickets there is no 50% remission if paid within 14 days and no uplift if not paid within 28 days.

The COVID-19 penalty notices follow the normal fixed penalty process if they are not paid within the 28 day period – they can be registered as a court fine. This is not an automatic process and requires the PSNI to seek the registration and enforcement. If the fine remains unpaid it can proceed to the Fine Collection Service for recovery.

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<sup>1</sup> <http://www.legislation.gov.uk/nisr/2020/55/contents/made>

<sup>2</sup> <http://www.legislation.gov.uk/nisr/2020/90/contents/made>

## **Expenditure and Disbursements**

The Trust Statement reflects expenditure relating to the administrative write-off of fines and the impairment of debt related to outstanding monetary penalties and confiscation orders. Disbursements relate to extra costs, other party costs, compensation, and offender levy.

Subject to agreement, NICTS is permitted to retain an element of FPNs collected as income through the Road Safety Partnership (formerly known as the Safety Camera Scheme). The Explanatory Memorandum for the Criminal Justice (Northern Ireland) Order 2005 identifies that Article 20 allows fine revenue to be reinvested into the Road Safety Partnership at each level of its operation therefore allowing organisations to recover costs associated with the Partnership.

FPNs (apart from the element collected by the Road Safety Partnership), fines, PNs and confiscation order receipts are surrendered to NICF. Revenue collected through the Road Safety Partnership is reinvested in the Partnership by payment to PSNI and is therefore not payable to NICF. These remittances are reflected through the disbursements disclosed in the Statement of Revenue, Other Income and Expenditure (SoROIE).

The NI Justice (No. 2) Bill received Royal Assent on 12 May 2016 and is now known as the Justice Act (NI) 2016. The Act provides for the establishment of a FCS within NICTS, similar to the arrangements in England and Wales. DoJ sought parity of the financial arrangements in place in England and Wales in relation to the funding of new fine collection and enforcement arrangements in Northern Ireland and for a fine incentive scheme. The Department is permitted to retain an element of fines collected as income through two netting-off schemes and a fine incentive scheme which can be reinvested in NICTS, as follows:

- DoJ/NICTS retains an amount equal to the NICTS current costs in relation to enforcing and collecting fines (to be fixed at a maximum of £677k per annum);
- DoJ/NICTS retains an amount equal to the employment costs of the Collection Officers appointed in compliance with the Justice (No. 2) Bill (to be fixed at a maximum of £818k per annum); and
- DoJ/NICTS retains an amount of fines collected equal to 75% of fine monies collected above a 65% payment rate up to a maximum of £1m per annum.

The costs are calculated on a monthly basis and are presented within disbursements.

The role of the Trust Statement means that it reflects the balance at the year-end that is due to NICF. The nature of the Trust Statement means that all income is offset by expenditure and disbursements to third parties. In the simplest of cases all income would be disbursed to NICF, however in the case of the Trust Statement this value is impacted by disbursements to other third parties.

## Current Systems

During this year there were three systems used to record the transactions that are reflected in the Trust Statement: the Integrated Court Operating System (ICOS), DomePay and Niche Records Management System (Niche RMS). These systems are detailed below.

### ICOS

All monetary penalties imposed by a court in Northern Ireland are recorded on ICOS, the NICTS key line of business computer system. ICOS and the management information reports produced from ICOS provide accurate, timely and meaningful information on all court fines and confiscation orders imposed, collected and outstanding.

As part of the administrative confirmation process, when a monetary penalty is confirmed, a debtor account for the case is automatically created on ICOS. When imposing the monetary penalty the Judge will direct the payment terms (the payment due date or instalment terms). This information is recorded on ICOS.

All monetary penalties and penalty notices are collected and enforced through ICOS. Monetary penalties can be receipted on ICOS at any of the 18 court offices in Northern Ireland, the NICTS centralised Customer Service Centre in Londonderry or online through the NICTS secure website. When fine monies are received, NICTS records these on ICOS and the receipt is allocated against the specific case in the defendants account. All monies received into each court office are promptly collected and lodged into the relevant NICTS bank account. Penalty notice monies can be receipted on ICOS at any court office in Northern Ireland or through the NICTS centralised Customer Service Centre in Londonderry. PSNI at the point of execution, can receipt fine warrant payments online through a dedicated NICTS secure website.

The imposition of an offender levy is recorded on ICOS along with all revenue collected. The offender levy commenced on 6 June 2012 and included a £15 levy imposed on all court fines, a £25 or £50 levy imposed on immediate custodial sentences (depending on the length of the sentence) and a £5 levy on penalty notices issued under Sections 59 to 70 of the Justice Act (Northern Ireland) 2011.

Phase 2 implementation was carried out on 8 December 2016 and it extended a £5 levy to:

- endorsable road traffic fixed penalty notices (issued under Article 60 of the Road Traffic Offenders (Northern Ireland) Order 1996); and
- conditional offers of fixed penalty – speed safety cameras (issued under Article 80 of the 1996 Order).

The levy is collected and enforced in the same way as a fine, except for immediate custodial sentences where the monies are collected from the offender by the Northern Ireland Prison Service (NIPS) and then forwarded to NICTS to receipt against the debtor account. All offender levy monies collected are transferred to the DoJ Victims of Crime Fund.

There is a daily interface between ICOS and the NICTS accounting system. NICTS Finance Branch provides Account NI with a daily summary of what is included in the interface files. Account NI ensures the summary agrees to the interface file before uploading to the accounting system.

The key features of the ICOS control framework are:

- the segregation of duties and system access rights;
- verification of cash balances through completion of daily, monthly and quarterly bank reconciliations;
- all cases listed in court are entered onto ICOS;
- the verification of data entered onto the system;
- the supervision and control by management to ensure that staff use ICOS efficiently and effectively through ICOS management reports; and
- a new Fine Collection Service to increase the amount of fine monies received.

### **DomePay**

DomePay is a bespoke payment processing application. Domepay sits as a separate module within an existing PSNI database, Dome, and was developed by the service provider to facilitate the processing of fixed penalty payments for the Fixed Penalty Office (FPO) in NICTS. DomePay uses a single database (Dome) which supports both the Fixed Penalty Processing Centre (FPPC) in PSNI responsible for recording and processing fixed penalty offences, and the FPO in NICTS which processes the fixed penalty payments.

When an offence is detected by camera devices the information is uploaded to the PSNI database Dome via an interface, whereas if it is detected by a police officer or a DVA Enforcement Officer, the information is recorded on a ticket and sent to FPPC for manual input onto Dome. If a police officer issues the ticket through a hand held

device then the information will be automatically uploaded into Dome. Once populated, information on Dome is accessed through DomePay in order to process the fixed penalty payment.

When an individual is detected within specified speed criteria, details are passed to the National Driver Offender Retraining Scheme (NDORS) to check if a driver is eligible to attend a Safety Awareness Course as an alternative to the imposed penalty. Where individuals are not eligible or decline an invitation to attend the course the offence will then be processed on DomePay.

DomePay can accept payment of a fixed penalty in a number of ways including cash, cheque and debit/credit card. Payments can be made by post, by telephone or in person at the FPO counter in Laganside Courthouse. When a payment is receipted onto DomePay the status of the ticket is automatically updated.

The system also includes an interface to NICTS ICOS system for tickets that remain unpaid for 45 days and are required to be registered as a court fine.

The key features of the DomePay control framework are:

- monthly reconciliation of the bank account;
- collaboration between NICTS FPO accounts section and NICTS Finance Branch to ensure the regular transfer of fine monies collected to the Trust Statement Bank Account for onwards payment to NICF;
- the segregation of duties and system access rights;
- robust controls over postal, counter and telephone receipts; and
- controls over payments outwards and refunds.

The PSNI Accounting Officer has responsibility for reviewing the effectiveness of internal control relating to the information PSNI provides for NICTS Trust Statement. There are a number of controls within the Fixed Penalty Processing Unit (FPPU) to ensure that processes are being adhered to and that data provided via the Dome system are accurate and up to date. These include:

- regular sampling of data entry through exception reporting;
- regular reviews of cancellations and suspensions;
- restrictions on data entry capabilities between clerical and supervisory roles; and
- narrative notes are mandatory on each record for all clerical staff and all activity on Dome system can be audited.



Internal Audit regularly audit the key systems used in producing the annual Trust Statement to ensure controls are adequate.

### **Niche RMS**

The PSNI line of business system Niche RMS is used to record penalty notices issued by PSNI officers under Sections 59 to 70 of the Justice Act (Northern Ireland) 2011. Since 6 June 2012 penalty notices can be issued by PSNI officers as an alternative to a court prosecution.

The penalty notice information is recorded on Niche RMS following the issue of a penalty notice. This information is then shared with ICOS through the Causeway messaging solution. All payments for penalty notices are receipted through ICOS and information messaged back to Niche RMS of any notices paid via Causeway.

If a penalty notice has not been paid within 28 days, Niche RMS will automatically request a certificate of uplift through Causeway to ICOS. ICOS will generate an uplift of 50% on the penalty notice amount (including the £5 offender levy) and send confirmation through Causeway to Niche of the uplift.

Further updates will be generated by ICOS, through Causeway, to Niche to confirm payment of uplifted fine or summons issued.

## **Challenges and Issues**

### **COVID-19**

With the onset of the public health emergency and subsequent government guidelines, NICTS worked alongside partner agencies and stakeholders to reprioritise its business and consolidate urgent court business into the following five court hubs:

- The Royal Courts of Justice;
- Laganside Courts (also dealing with Ballymena, Antrim, Ards and Downpatrick);
- Lisburn (also dealing with Craigavon, Armagh, Newry and Banbridge);
- Dungannon (also dealing with Omagh, Enniskillen and Strabane); and
- Londonderry (also dealing with Magherafelt, Limavady and Coleraine).

These hubs were tasked with dealing with only very urgent court matters where the immediate liberty, health, safety and wellbeing of individuals were likely to be affected. Alternative means of conducting court business were agreed with the Office of the Lord Chief Justice which reduced the need for attendance at court including the adjournment of cases administratively, dispensing with the requirement for parties to attend court unless directed to in certain specified circumstances and



making greater use of technology to facilitate remote and virtual hearings in place of traditional face to face hearings.

Due to the governments continuing shift in restrictions, the court hub model outlined above was reviewed and revised in August 2020 in consultation with the Office of the Lord Chief Justice. This resulted in the majority of court venues re-opening and the re-establishment of scheduled magistrates courts, county courts, family proceedings courts and family care centre sittings by the start of September.

In addition there was extensive building work undertaken during August and September 2020 to make Crown Court venues PHA compliant for jury trials. This enabled the re-commencement of Crown Court business and the delivery of jury trials on an incremental basis during September.

Courts are now sitting in 15 venues across the jurisdiction; this increase in capacity has resulted in increased delivery of business across all court tiers and business types.

To meet social distancing requirements, staff worked on a rota basis and the number of home or remote workers increased to maximise output. To provide a safe working environment, social distancing has been enforced and a programme of risk assessments initiated. Public health guidelines will continue to be followed and implemented as necessary.

The restrictions imposed by lockdown saw a significant reduction in court business, both received and dealt with, across criminal, civil and family business during the period. It is expected that the recovery measures will take some time to bring business levels back to a pre-COVID-19 position and may be further impacted if restrictions are re-imposed at a later point.

Given that restrictions are likely to remain in place for some considerable time, NICTS will continue to work closely with the Office of the Lord Chief Justice and other stakeholders as it begins to increase the current levels of business while adhering to the new social distancing controls.

This will inevitably have an adverse impact on overall NICTS business performance as business recovery plans will be restricted by ongoing public health controls.

### **Fine Default Litigation**

NICTS Operational Policy Branch Fine Default Claims Team has processed a total of 930 claims, relating to the previous Divisional Court decision in 2013 that the enforcement of unpaid fines and other monetary penalties in Northern Ireland was unlawful. From this, 59 offers of settlement have been issued. The majority of claims were rejected as they fell outside the one year limitation period pursuant to section 7(5) of the Human Rights Act 1998. At the time of producing the accounts, a

total of 172 writs and civil bills have been issued challenging NICTS' decision to refuse compensation.

The statutory limitation time point was tested in May 2018, May 2019 and September 2019. All three Civil Bills were struck out with no order to pay costs. The first legal challenge seeking an extension to the one year limitation period was to be heard in the High Court in May 2020. This has been adjourned and is listed for late March 2021. A number of ongoing County Court cases have been adjourned pending the outcome of the High Court case.

Further to this, in 2018-19 leave was sought to judicially review the decision to imprison fine defaulters under the interim arrangements that were put in place following the 2013 Divisional Court decision. Submissions were lodged in May 2020 and a decision on whether the case will be allowed to proceed is expected soon.

If any of these were to succeed, there may be significant financial implications in the future for NICTS and the Department. As yet these are unquantifiable.

### **DomePay**

PSNI completed a procurement exercise in late 2015 and a software provider was tasked with developing a solution to replace the VP/FPO system. A new system, DomePay, was developed which went live in December 2016. Although all original snags identified during User Assurance Testing have been addressed, several issues, mainly around reporting, remain outstanding and need to be resolved. These issues are being dealt with in consultation with PSNI and Startraq, the service provider. Data migration of legacy VP/FPO records is now complete and all fixed penalty records will be held in accordance with the NICTS retention and disposal of records policy.

### **Fine Collection and Enforcement Service**

The FCS has been operational for two years and processes and procedures continue to be monitored and refined. The interim DoJ review of FCS was completed on 4 September 2019 and a subsequent external review, by Business Consultancy Services, was completed with the final report delivered on 9 June 2020. The review made a number of recommendations and these are currently being considered by FCS. By 31 May 2020 approximately £6.4m (30%) of the outstanding debt (excluding Confiscation Orders) was with FCS for collection and enforcement (31 May 2019 approximately £3.3m (16.2%)).

NICTS took the decision to pause fine enforcement from 23 March to end of May 2020 as it did not feel that it was appropriate to pursue fines during this time. This service has now resumed but our aim now is to offer support and agree payment plans with individuals who are not working due to COVID-19.

# PERFORMANCE ANALYSIS

## Fine Enforcement Developments and Initiatives

### Justice Act (NI) 2016

Part 1 of the Justice Act (NI) 2016 and related secondary legislation including the Enforcement of Fines and Other Penalties Regulations (NI) 2018 commenced on 1 June 2018 enabling the establishment of the new FCS in NICTS from this date.

Part 1 of the Act deals with the collection and enforcement of fines and other penalties. It creates civilian collection officers whose responsibility is to collect penalties as set by, and under the authority of, the courts and increases the collection options available to the courts and collection officers by creating the ability to deduct payments from earnings or benefits in certain circumstances. For the more willful defaulter who has the ability to pay but chooses not to, the Act allows a broader range of options for the courts to pursue, including bank account orders and vehicle seizure orders.

### Fine Collection and Enforcement Service

FCS is situated in Laganside House. Overall the team consists of 22 personnel with a number of dedicated civilian collection officers employed to collect and enforce outstanding financial penalties under court authority.

Where a court makes a collection order, collection officers have a range of powers to collect and enforce outstanding financial penalties, including granting instalment orders or additional time to pay, applying for deductions from benefits, making attachment of earnings orders, freezing money in a debtor's bank account and recommending to the court a bank account order or vehicle seizure order. The new arrangements have been in place for over 2 years and all of the above powers, with the exception of vehicle seizure orders; have started to be successfully used to collect outstanding financial penalties. With regular payment plans being established, for example through deduction from benefits, low but regular payments to FCS are increasing month on month and prison committals to clear outstanding financial penalties continue to reduce. Prison committals, solely for fine default, have reduced from 286 during 2018-19 to 116 during 2019-20.

However, it is worth noting that the COVID-19 lockdown measures, as expected, are having a negative impact on the ability of FCS to pursue fine recovery.

### Supervised Activity Orders (SAOs)

The ability for the court to make SAOs commenced on 1 June 2018 following the commencement of the Justice Act (NI) 2016. SAOs are managed by Probation

Board for Northern Ireland (PBNI) and require the debtor to complete unpaid work in the community to clear their outstanding financial penalty and also to undertake an information session on money management and citizenship as part of the pre-placement programme. It is noted that only four SAOs have been made from 1 June 2018. PBNI staff employed to deliver SAOs have been redeployed to other projects or vacant posts within PBNI.

### **FCS Performance**

During the period 1 April 2019 to the 31 March 2020, 30,227 collection orders were made of which 20,392 collection orders with a value of £5.8m were activated in FCS. During this period FCS collected £1.82m in outstanding financial penalties and 12,930 collection orders remained active in FCS at 1 April 2020. An independent review by Business Consultancy Services has been delivered with recommendations, which FCS will be implementing this year. FCS will continue to monitor and refine procedures to maximise performance.

The arrangements provide a more cost effective and proportionate system for the management of outstanding financial penalties by introducing dedicated collection officers and are designed to:

- reduce the number of cases referred back to court for a default hearing;
- reduce police involvement in fine enforcement thereby releasing police officers to undertake other front line duties;
- reduce the number of debtors going to prison for fine default; and
- improve collection rates through new payment methods.

New fine collection and enforcement arrangements are funded from fine receipts retention from the NICF as approved by HM Treasury up to the value of £1.495m. During 2019-20 £1,248,932 (2018-19: £990,422) was retained under these arrangements.

In addition HM Treasury approved a Fine Incentive Scheme, similar to England and Wales, permitting the retention of fines collected equal to 75% of fine monies collected above a 65% payment rate, up to a maximum of £1m per annum. As at 31 March 2020 the cumulative payment rate for retention was 67.2%. However, during 2018-19 no monies were retained under the Fine Incentive Scheme. This was due to fluctuations in the retention rate during the year. Finance Branch wanted to avoid retaining funds one month which would later need to be paid over and a prudent approach to retentions was taken during 2019-20. No amount for the fine incentive scheme has currently been included in the budget for 2020-21, although this will be kept under review.

## **FCS Oversight Board**

The FCS Oversight Board, chaired by the NICTS Chief Executive comprises of senior officials from NICTS, PSNI, NIPS, PBNI and DoJ was established in August 2018. The Chief Operating Officer will continue to chair future Board meetings. The Board monitors, reviews and reports on the new fine collection arrangements. The FCS Oversight Board reports to the NICTS Agency Board and the Criminal Justice Programme Delivery Group.

## Results for the Year and Financial Position

### Results for the Year (Statement of Revenue, Other Income and Expenditure)

The SoROIE details the income collected by NICTS acting as an agent on behalf of NICF and other third parties and shows the associated expenditure.

During 2019-20 the total impositions decreased by £0.4m (3.2%) to £12.2m (2018-19: £12.6m). The value of fines and penalties imposed decreased by £0.7m (6.5%) to £10.1m (2018-19: £10.8m) and the value of confiscation orders has increased by £0.3m (16.7%) to £2.1m (2018-19: £1.8m).

Expenditure has decreased by £0.8m (9.6%) to £7.5m in 2019-20 (2018-19: £8.3m).

The SoROIE shows an overall net revenue position for NICF of £4.7m in 2019-20 (2018-19: £4.4m).

### Financial Position (Statement of Financial Position)

The Statement of Financial Position (SoFP) primarily consists of outstanding fine balances at the year end. The value of fines (less impairment provision) outstanding at 31 March 2020 decreased by £0.9m (10.6%) to £7.6m (2018-19: £8.5m).

The net assets recorded in SoFP are represented by the balance owed to NICF. This balance decreased by £1.1m (15.5%) to £6.0m in 2019-20 (2018-19: £7.1m).

### Auditors

The Trust Statement is audited by C&AG in accordance with Government Resources and Accounts Act (Northern Ireland) 2001.

So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

The audit fee for the 2019-20 Trust Statement is £32.5k (2018-19: £32.5k). This is charged on a notional basis and is recognised in the Resource Accounts of NICTS.



**Anthony Harbinson**  
**Accounting Officer**  
11 February 2021

## PART 2 ACCOUNTABILITY REPORT

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### Statement of Accounting Officer's Responsibilities

Under section 11(1) and (2) of the Government Resources and Accounts Act (Northern Ireland) 2001, DoF has directed NICTS to prepare, for each financial year, a Trust Statement in the form and on the basis set out in the Accounts Direction. The Trust Statement is prepared on an accruals basis and must give a true and fair view of:

- the state of affairs relating to the collection and allocation of fines, penalties and confiscation orders by NICTS as agent and of the expenses incurred in the collection of those fines, penalties and confiscation orders insofar as they can properly be met from that revenue and other income;
- the revenue and expenditure; and
- the cash flows for the year then ended.

In preparing the Trust Statement, the Accounting Officer is required to comply with the requirements of FReM and in particular to:

- observe the Accounts Direction issued by DoF, 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 as set out in FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the Trust Statement on a going concern basis.

The Accounting Officer of DoJ has designated the Director of NICTS as the Accounting Officer of NICTS. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the NICTS's assets, are set out in the Accounting Officers' Memorandum and in 'Managing Public Money Northern Ireland' (MPMNI) issued by DoF.

The Director of NICTS is responsible for ensuring the maintenance and integrity of the information on the NICTS website



## Governance Statement

### SCOPE OF RESPONSIBILITY

NICTS is an executive agency of DoJ and operates under a Framework Document that has been agreed by DoJ and DoF. The Agency Framework Document sets out the arrangements for the effective governance, financing and operation of NICTS.

As Director of NICTS I am responsible for the day-to-day operation and administration of NICTS and the leadership and management of its staff. I am accountable to the DoJ Permanent Secretary and ultimately to the Assembly, working under the direction of the Justice Minister and in accordance with the Framework Document. The Assembly was in a period of suspension until January 2020, after it collapsed in January 2017. In January 2020, the British and Irish governments agreed on a deal to restore devolved government in Northern Ireland. Naomi Long MLA was appointed Minister of Justice on 11 January 2020.

I am also accountable for the NICTS budget and the efficient and effective delivery of NICTS business.

The COVID-19 pandemic has resulted in significant changes to the way NICTS operates. The UK was put into lockdown on 23 March 2020 in an unprecedented step to attempt to limit the spread of COVID-19. Certain courts and tribunals business have been prioritised, other business scaled back.

This emergency required us to radically change how we deliver our business and in just a few weeks we had implemented substantial change in the use of technology. We continue to work with the Office of the Lord Chief Justice (OLCJ) to consider how court business can be carried out in alternative ways, such as by using teleconferencing, Skype and video link technology. As we continue the focus on our recovery plans, we must ensure that we are working as flexibly as possible across all aspects of our business.

This statement describes the control framework in place over the recording and collection of revenue due from the financial penalties imposed by the Judiciary, PSNI and DVA and the payment of these revenues to either NICF or another third party.

### Strategic Context

The 2019-20 Business Plan sets out the strategic objectives, priorities and key targets for NICTS. The annual plan is derived from NICTS Corporate Plan 2019-22 and the Departmental 2019-20 Business Plan.

As a front-line service delivery Agency, one of our main priorities for 2019-20 was to continue to deliver our business objectives and performance standards. The Agency



Board reviewed progress against the 2019-20 Business Plan throughout the year. In addition, during 2019-20 NICTS continued work on the Business Modernisation Portfolio with a focus on the development of an Estates Strategy and a review of our existing line of business systems.

## **PURPOSE OF THE GOVERNANCE FRAMEWORK**

The governance framework is the system which ensures the effectiveness of the direction and control of NICTS. As Accounting Officer I have established a governance framework and management structure to support me in the management of the key risks of NICTS. The framework is not designed to eliminate all risk but to manage risk to a reasonable level. The framework is based on an ongoing process which is designed to identify and prioritise the risks to the achievement of policies, aims and objectives; evaluate the likelihood of those risks being realised and the impact should they be realised; managing them efficiently, effectively and economically.

## **GOVERNANCE FRAMEWORK AND MANAGEMENT STRUCTURE**

During 2019-20, NICTS complied with the key principals of the Corporate Governance in Central Government Departments – Code of Good Practice (NI) 2013, which it considered applicable. The key management structures which support the delivery of effective corporate governance in NICTS are the:

- Agency Board;
- Finance Committee;
- Audit and Risk Assurance Committee (ARAC); and
- Strategic Planning Group (SPG).

### Agency Board

The Board provides a vital role in shaping and directing the organisation to ensure it is equipped to deliver high quality and cost effective services to court and tribunal users. The Board is responsible for business and corporate planning and reporting and the oversight of the functions of NICTS including finance, planning, performance, and policy initiatives. The Board operates within the parameters of the Agency Framework Document and the agreed Terms of Reference. The Framework Document is published on the NICTS website.

The Board has established two formal sub-Committees to assist it in carrying out its functions – the Finance Committee and ARAC.

There were no Ministerial Directions given during the year.

The Board met on three occasions during the 2019-20 financial year. The meeting planned for 30 March 2020 did not take place due to COVID-19, however papers did issue electronically. At the beginning of each Board meeting members are asked by me, as the Chair, to declare any conflicts or potential conflicts of interest. To allow members to prepare and consider any potential conflicts of interest members are provided with an agenda and all papers to be discussed, five working days before the meeting. During 2019-20 one new potential conflict of interest was raised at the Board in relation to a Supreme Court Judgment regarding discrimination against part-time workers. Details of any significant interests which may conflict with Board members management responsibilities can be found in Note 24 to the 2019-20 Agency Accounts.

Attendance by members is shown below for the three meetings of the Board during 2019-20:

<b>Member</b>	<b>Position</b>	<b>Attendance</b>
Mr P Luney	*Acting Chief Executive (Chair)	3 / 3
Mrs E Topping	Head of Court Operations	2 / 3
Mr J Coffey	**Acting Head of Tribunals and Enforcement	2 / 2
Mrs G McClearn	**Acting Head of Tribunals and Enforcement	1 / 1
Mrs S Hetherington	Head of Modernisation Programme	2 / 3
Mrs L Lavery	Acting Head of Corporate Services	3 / 3
Ms N Lappin	Non-Executive Member	3 / 3
Mr G Dalton	Non-Executive Member	3 / 3
Mr D A Lavery CB	***DoJ Representative	0 / 1
Mr A Harbinson	***DoJ Representative	2 / 2
The Honourable Mr Justice Colton	Judicial Representative	3 / 3
His Honour Judge McFarland (Recorder of Belfast and Presiding County Court Judge)	Judicial Representative	3 / 3
District Judge Bagnall (Presiding District Judge (Magistrates' Court))	Judicial Representative	3 / 3
Mr J Duffy (President of the Appeals Tribunal)	Judicial Representative	3 / 3

\*Mr A Harbinson was appointed Director of NICTS effective from 3 August 2020; from that date the Director was designated as Accounting Officer of NICTS.

\*\*Mr Jim Coffey stepped down from the Agency Board in November 2019 and was replaced by Mrs Gillian McClearn, who became a member of the Board during November 2019.

\*\*\*Mr D A Lavery stepped down from the Agency Board on September 2019 and was replaced by Mr A Harbinson who is now the DoJ Representative on the NICTS Agency Board.

### Finance Committee

The Finance Committee (“the Committee”) assists the Board with financial oversight and budgetary control. The role of Finance Director in NICTS is performed by the Head of Corporate Services who advises the Committee on any material issues concerning financial oversight and budgetary control. The Terms of Reference for the Committee are included in the Agency Framework Document.

Attendance by members is shown below for the three meetings of the Finance Committee during 2019-20:

<b>Member</b>	<b>Position</b>	<b>Attendance</b>
Mr P Luney	Acting Chief Executive (Chair)	3 / 3
Mrs E Topping	Head of Court Operations	1 / 3
Mr J Coffey	*Acting Head of Tribunals and Enforcement	2 / 2
Mrs G McClearn	*Acting Head of Tribunals and Enforcement	0/1
Mrs S Hetherington	Head of Modernisation Programme	3 / 3
Mrs L Laverty	Acting Head of Corporate Services	3 / 3
Mr G Dalton	Non-Executive Member	3 / 3
The Honourable Mr Justice Colton	Judicial Representative	2 / 3

*\* Jim Coffey stepped down in November 2019. He was replaced by Gillian McClearn, who became a member of the Board in November 2019.*

A Finance Committee was scheduled for 18 March 2020 but this had to be cancelled due to COVID-19. The papers issued electronically to the Committee but no meeting was held. After each meeting the Finance Director provides a highlight report to the Board covering the main issues discussed by the Committee.

### Audit and Risk Assurance Committee

The role of the ARAC is to provide the Board and myself, as Accounting Officer, with independent assurance over the adequacy and effectiveness of the established internal control and risk management systems within NICTS. ARAC monitors the effective implementation of all agreed audit recommendations; examine the effectiveness of the overall risk management process, and receive assurance from the NICTS Risk Co-ordinator.

ARAC operates in accordance with the Audit Committee Handbook (NI), published on 29 May 2013 and updated on 1 April 2018. Although ARAC primarily considers matters within NICTS, it also ensures that the inter-relationships between it and the Departmental Audit and Risk Committee (DARC) are documented and agreed, particularly where assurance is provided on matters which properly support the Departmental Governance Statement.

The Terms of Reference for ARAC are included in the Agency Framework Document.

Attendance by members is shown below for the five meetings of the ARAC during 2019-20:

Member	Position	Attendance
Ms N Lappin	Chair	5 / 5
The Honourable Madam Justice McBride	Judicial Representative	4 / 5
Mr G Wilkinson	*Non-Executive Member	3 / 4
Mrs N Mc Auley	*Non-Executive Member	4 / 5

*\* Mrs Nuala McAuley joined the Committee in May 2019. Mr Graeme Wilkinson left the ARAC in February 2020.*

After each meeting the Chair presents a report to the Board covering the main issues discussed by the Committee. Matters considered include:

- Changes to the Corporate Risk Register;
- NIAO Reports to those Charged With Governance (RTTCWG);
- Internal Audit reports;
- Internal Audit work programme;
- Head of Internal Audit's Annual Assurance Statement;
- Annual Reports and Accounts;
- Updates on Fraud and Whistleblowing; and
- Financial Governance updates.

#### Strategic Planning Group

SPG is the decision making group for the senior executive team within NICTS. SPG takes a strategic look at the work of NICTS and considers resources, budget, business performance and operational issues. The Group meets once a month, and is attended by a representative from NICS-HR. Further meetings of the Group can be called as, and when, required.

#### **RISK MANAGEMENT AND INTERNAL CONTROL**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public funds and NICTS assets for which I am personally responsible, in accordance with the responsibilities assigned to me in MPMNI.

## Internal Control

The system of internal control is not designed to eliminate all risk of failure but to manage risk to a reasonable level to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control has been in place in NICTS for the year ended 31 March 2020 and up to the date of approval of the annual Trust Statement. This accords with DoF guidance.

NICTS has in place a range of policies and processes to ensure that it is compliant with MPMNI, policies and guidance issued by DoJ and financial delegations granted by DoJ and DoF.

In its capacity as an agent for NICF, NICTS collects the revenue from financial penalties imposed by the Judiciary, PSNI and DVA and is therefore responsible for elements of the systems and controls governing the collection of these penalties. As Accounting Officer, I have an obligation to ensure the features of the accounting systems and internal controls that operate within the remit of NICTS, and for which I am therefore responsible, are appropriate.

Controls over the relevant income types include:

- Court Imposed Payments

When a penalty is imposed by the courts it is processed on ICOS. Court imposed payments account for 80% of the Trust Statement impositions. ICOS has a number of embedded internal controls to ensure that all receipts are accounted for and reconciled, including an interface used by Finance Branch to carry out daily reconciliations of ICOS to the financial accounting system.

- Fixed Penalty Notices

FPNs are processed on DomePay. FPNs account for 19% of the Trust Statement impositions. PSNI and DVA both have the authority to impose FPNs with PSNI also being responsible for recording impositions on DomePay. The FPO within NICTS is responsible for the processing of the payment of FPNs. There are a number of embedded controls within FPO to ensure receipts are accounted for and reconciled such as segregation of certain duties.

- Penalty Notices for Disorder

PNDs are issued by PSNI as an alternative to court prosecution. PNDs account for 1% of the Trust Statement impositions. PNDs are recorded on the PSNI operational information system, Niche RMS. The Niche RMS system interfaces with ICOS via Causeway. NICTS is responsible for receipting and processing payments made in

respect of issued PNDs. When preparing the annual Trust Statement NICTS reconciles the PNDs data per ICOS to the PNDs information on Niche RMS.

This control framework has been in place throughout 2019-20.

### Risk Management

Risk management forms a central element of the governance framework. Risk management is championed by the Head of Corporate Services, with the Agency Board owning the overall risk management framework.

A Risk Management Policy is in operation and Risk Co-ordinators are in place throughout NICTS. They are responsible for promoting, supporting and co-ordinating risk management in their business areas. Risk management responsibilities are included in job descriptions and there is support and provision of guidance on risk issues from the Central Management Team.

Emerging risks are identified, considered and managed, and all risks are assessed in terms of their probability of occurrence and impact on the achievement of objectives; then scored and reported on accordingly.

The corporate risk appetite is set by the Board and used as a starting point for setting levels of risk tolerance. Managers and Heads of Division escalate risks which have exceeded specific risk appetites to the next level of management. Risk management is considered formally by senior management through quarterly reviews of the Corporate Risk Register and Corporate Plan monitoring reports.

Risk is also considered by ARAC at each of its quarterly meetings. NICTS operates a process to enable escalation of risks to the DoJ Corporate Risk Register if risks breach NICTS tolerance level.

All risk areas relating to PSNI operation of controls relating to the Trust Statement are managed under PSNI Risk Management Service Instruction, which describes the various roles and responsibilities of relevant positions, and includes monitoring and reporting of risk management. No significant risks have been identified in relation to the Internal Control or their operation regarding the Trust Statement. Anti-corruption and Anti-bribery

NICTS is committed to the values of probity and accountability which foster a positive organisational culture. It is also committed to the elimination of any internal fraud to the rigorous investigation of any prima facie case, and, where fraud or other criminal acts are proven, to ensure that wrongdoers are dealt with appropriately. NICTS will take proportionate steps to recover any assets lost as a result of fraud, corruption or theft and has a zero tolerance approach towards acts of bribery and corruption by staff, associated persons and organisations.

Managing the risk of fraud and bribery is seen in the context of managing a wider range of risks. NICTS promotes an anti-fraud and anti-bribery culture by encouraging management to create conditions in which staff members have neither the motivation nor the opportunity to commit fraud or either offer or accept bribes. Professional staff are the first line of defence against these issues, supported by the establishment and maintenance of carefully designed and consistently operated procedures. Managers have prime responsibility for establishing internal control arrangements to minimise the risk of fraud, corruption and other irregularities within their business areas.

NICTS complies with DoJ Anti-Fraud & Anti-Bribery Policy and Response Plan and the DoJ Whistleblowing Policy. DoJ is currently completing a review and update of these two policies. A fraud log is maintained and presented periodically to NICTS ARAC and updates are provided to DARC.

Any new regulations or Best Practice Guidance issued from DoJ, DoF or NIAO are considered and embedded accordingly.

#### Information Assurance

NICTS is committed to ensuring personal data is appropriately protected and managed in accordance with data protection legislation and DoJ policies and procedures. NICTS is represented on a number of departmental groups including the Information Risk Owners' Council, Accreditation Panel and Security Managers' Forum. In addition, bi-annual updates on records and information management are provided to ARAC.

Data incidents are reported and managed in line with DoJ Security Incident reporting policy that was revised to reflect changes to data protection legislation in May 2018. As a result, all data incidents are now reported to the Department to comply with the requirement to report significant data incidents to the Information Commissioner's Office (ICO) within 72 hours of becoming aware of the incident. During 2019-20, a total of 141 incidents were reported with the highest proportion relating to post lost in transit. All data incidents were fully investigated with the findings reviewed to identify any lessons learned and existing processes were amended as appropriate. One data breach was reported to the ICO during this period which resulted in no further action.

The accreditation of the network and infrastructure are the responsibility of DoF's Enterprise Shared Services, who have confirmed that these elements of its service are fully accredited.

NICTS is responsible for accrediting the aspects of the service that relate to line of business systems. Typically this relates to the operating system, database and application software. Accreditation Certificates have been issued by DoJ for all



NICTS line of business systems, including For The Record (digital audio recording), Sydney Enterprise (library system), Badge Maker (staff vetting and staff passes), Judicial Allocations and Sittings Programme And Records, ICOS, EJO, Office of Care and Protection, Court Funds Office, Online Services and the new Coroners Case Management System (CLEAR). Annual IT Health Checks on these systems took place in December 2019.

NICTS continues to monitor and review the application of Information Assurance policies to ensure data is handled appropriately and that any associated risks are identified and managed. IT Assist provides and hosts all NICTS information systems. They provide a resilient solution, based on high availability, redundancy and mirrored data centres. Disaster Recovery tests were completed for Causeway in March 2019 and on 31<sup>st</sup> January – 1<sup>st</sup> February 2020 for the main NICTS line of business applications.

PSNI adopts the principles of the Cabinet Office's Security Policy Framework and complies with National Police Chief's Council policy and guidance on information assurance and the management of police information. All data networks and systems associated with the production of information for the Trust Statement are fully accredited, with all PSNI networks being approved by the Home Office national Police Information Risk Management Team and there have been no data related incidents relevant to the Trust Statement in this period. There are no specific information risks associated with the production of the Trust Statement.

## **REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK**

As Accounting Officer I have responsibility for reviewing the effectiveness of the governance framework. The Board and I receive regular reports from ARAC concerning internal control, risk and governance. At the end of the reporting period, Heads of Division reviewed the stewardship statements completed by Business Managers to create a series of divisional statements from which I have been able to take assurance in respect of the management of risk and the achievement of objectives.

A Service Level Agreement (SLA) between NICTS and PSNI was agreed in September 2013. This SLA documents monthly financial information requirements and the year-end information requirements to support the production of the Trust Statement. The PSNI provides an annual assurance statement in accordance with the requirements of the SLA which supports the Trust Statement Governance Statement. Additionally there is an SLA between PSNI and NICTS to govern the delivery of fine warrants. This was agreed in August 2015 and it formalises the arrangements between PSNI and NICTS about the exchange and management of records of fine default warrants and the timely execution of the warrants by PSNI.



Internal Audit operated, and continues to operate, to the Public Sector Internal Audit Standards. It submitted, and will continue to submit, regular reports, including an independent opinion by the Head of Internal Audit, on the adequacy and effectiveness of NICTS system of risk management, control and governance.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within NICTS who have responsibility for the development and maintenance of the internal control framework as well as the comments made by the external auditors in their RTTCWG and other reports.

NIAO issued the 2018-19 Trust Statement RTTCWG in June 2020 which made three priority two recommendations. Further details of these are set out below in the External Audit section of Audit Recommendations.

### Agency Board Effectiveness

Information presented to the Board is fundamental for its assessment and understanding of the performance of NICTS. Information received is considered to be of a high standard and allows the Board to be kept informed of any issues it needs to be aware of, or take action on, to allow the Board to effectively carry out its duties. A Board evaluation exercise would normally be completed annually, however the 2019-20 exercise was impacted by the overall response to COVID-19 and will now be commissioned later in the 2020-21 business year.

## **SIGNIFICANT INTERNAL CONTROL ISSUES**

There are no issues which have been deemed as significant to NICTS during 2019-20 as a result of the assurance activity.

## **AUDIT RECOMMENDATIONS**

### Internal

DoJ's Internal Audit branch carried out a review of the NICTS Fixed Penalty Office and Fine Collection process as part of the 2019-20 Internal Audit Work Programme. This review provided satisfactory assurance over the NICTS operated controls.

### External

NIAO issued the final 2018-19 Trust Statement RTTCWG in June 2020 which made three recommendations as follows:

- Priority two – (NICTS) Impairment calculation;
- Priority two – (NICTS) Cash handling procedures; and

- Priority two – (PSNI) Collection procedures.

Within the Impairment Model two minor issues were identified during audit testing as a result of formula issues within Microsoft Excel worksheets. Management have ensured this model has been reviewed and streamlined in advance of preparation of the Trust Statement 2019-20. NIAO tested NICTS Cash handling procedures and uncovered incidents at a court office where lunchtime cash point balancing and till reconciliation procedures were not completed.

Staff have been reminded of the importance of completing lunchtime cash point balancing. This is now being monitored by the appropriate Staff Officer going forward. Finance Branch carried out a review of the Cash Handling Procedures which re-issued to all relevant staff on 30 December 2020.

NIAO also tested PSNI handling of cash received when a warrant is executed. All monies received were lodged to the bank, but there were a number of specific instances of non-compliance with PSNI guidelines in relation to documentation not being signed and time taken to lodge cash. All officers and staff have been reminded of the need to ensure that procedures are complied with fully when receipting warrant monies.

#### **ACCOUNTING OFFICER STATEMENT ON ASSURANCE**

NICTS has established a robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity and by an independent Internal Audit team operating to Public Sector Internal Audit Standards. They deliver an agreed prioritised programme of systems based audits covering all NICTS systems over time. This programme includes the annual review of the systems for fine collection and enforcement. The scope of this review is limited to directly reviewing the controls operated by NICTS, although internal audit also takes account of the wider control environment including those aspects of the overall process that are the responsibility of PSNI. The Head of Internal Audit provides me with her professional opinion on the level of assurance that she can provide based on the work done. For the 2019-20 year she has provided overall satisfactory assurance in relation to NICTS internal controls for the new FCS which was introduced on 1 June 2018 to manage outstanding financial penalties. This provides new collection options and enforcement powers and reduces PSNI involvement in fine enforcement.

Following my review I am satisfied that, with the exception of the issues noted above, I maintain effective systems of control in ICOS and FPO which operates as part of my organisation, however the end-to-end system of controls and reporting for fixed penalties stretches outside of NICTS, and into areas for which I have no

responsibility. For example roadside penalties are issued and registered by front line police operating throughout Northern Ireland.

NICTS has communicated with those organisations responsible for reviewing controls which operate outside of NICTS but I have made no assessment of their effectiveness. While I am not accountable for systems, processes and controls operated and owned by PSNI, which have been relied upon in drafting this Trust Statement, I am wholly dependent on the assurances provided by the PSNI Accounting Officer, the Chief Constable, for the information included in the Trust Statement sourced from PSNI. The Chief Constable has stated that, to the best of his knowledge, the data provided to NICTS is complete and accurate for the year 2019-20.



**Anthony Harbinson**  
**Accounting Officer**  
11 February 2021

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

### **Opinion on financial statements**

I certify that I have audited the financial statements of the Northern Ireland Courts and Tribunal Services (NICTS) Trust Statement for the year ended 31 March 2020 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Revenue, Other Income and Expenditure, Financial Position, Cash Flows; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- give a true and fair view of the state of NICTS Trust Statement's affairs as at 31 March 2020 and of the NICTS Trust Statement's net revenue for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

### **Emphasis of Matter: Carrying Value of Receivables**

I draw attention to Note 7 of the financial statements which discloses an impairment (provision for uncollectable amounts) of £18.046 million. NICTS has based this provision on all reasonable and supportable information available to it at the year end. However, changes to the fine collection process, including the introduction of Fine Collection and Enforcement Service and the related impact of new initiatives available under the Justice Act (NI) 2016 have led to considerable uncertainty over future debt collection rates and the subsequent carrying value of receivables reported in the financial statements. My opinion is not qualified in this matter.

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities

in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of NICTS Trust Statement in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs(UK) require me to report to you where:

- the NICTS Trust Statement's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the NICTS Trust Statement has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the NICTS Trust Statement's ability to continue to adopt the going concern basis.

### **Other Information**

The NICTS Trust Statement and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

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

## **Responsibilities of the NICTS and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the NICTS and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

### **Report**

I have no observations to make on these financial statements.



KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

3 March 2021

## PART 3 FINANCIAL STATEMENTS

### Statement of Revenue, Other Income and Expenditure

for the year ended 31 March 2020

	Note	2019-20 £'000	2018-19 £'000
<b>Revenue</b>			
Fixed Penalty Notices		2,300	2,613
Court Imposed Fines		5,628	5,668
Extra Costs		6	(3)
Confiscation Orders		2,099	1,834
Offender Levy		463	490
Other Party Criminal		1,719	2,045
<b>Total Revenue</b>		<b>12,215</b>	<b>12,647</b>
<b>Expenditure</b>			
Credit Losses	2	(3,053)	(5,397)
Revenue retained by the NICTS under statute	3	(1,431)	(1,152)
<b>Total Expenditure</b>		<b>(4,484)</b>	<b>(6,549)</b>
<b>Disbursements</b>			
Amounts paid to Other Parties	4	(1,913)	(750)
Amounts paid to Road Safety Partnership		(1,124)	(962)
<b>Total</b>		<b>(3,037)</b>	<b>(1,712)</b>
<b>Total Expenditure and Disbursements</b>		<b>(7,521)</b>	<b>(8,261)</b>
<b>Net Revenue for the Consolidated Fund</b>		<b>4,694</b>	<b>4,386</b>

There were no recognised gains or losses accounted for outside the above Statement of Revenue, Other Income and Expenditure.

The notes on pages 43 to 53 form part of this statement.



## Statement of Financial Position

as at 31 March 2020

		2019-20	2018-19
	Note	£'000	£'000
<b>Non-current Assets</b>			
Receivables falling due after more than one year	5	746	608
Total non-current assets		<u>746</u>	<u>608</u>
<b>Current Assets</b>			
Receivables falling due after less than one year	6	6,829	7,891
Cash and Cash Equivalents	8	867	565
Total current assets		<u>7,696</u>	<u>8,456</u>
<b>Total assets</b>		<u><b>8,442</b></u>	<u><b>9,064</b></u>
<b>Current Liabilities</b>			
Payables	9	(2,403)	(1,930)
Total current liabilities		<u>(2,403)</u>	<u>(1,930)</u>
<b>Total Assets less Current Liabilities</b>		<u><b>6,039</b></u>	<u><b>7,134</b></u>
Represented by:			
<b>Balance on Consolidated Fund Account</b>	10	<u><b>6,039</b></u>	<u><b>7,134</b></u>

The notes on pages 43 to 53 form part of this statement.



**Anthony Harbinson**  
**Accounting Officer**  
11 February 2021

## Statement of Cash Flows

for the year ended 31 March 2020

	Note	2019-20 £'000	2018-19 £'000
Net cash flow from operating activities	A below	6,091	4,930
Cash paid to the Consolidated Fund	10	(5,879)	(5,346)
Cash due from the NICF		90	-
<b>Increase/(Decrease) in cash in this period</b>		<b>302</b>	<b>(416)</b>

### Notes to the Cash Flow Statement

#### A: Reconciliation of Net Cash Flow to Movements in Net Funds

Net Revenue for the Consolidated Fund	10	4,694	4,386
Decrease in non-cash assets	5,6	924	1,638
Increase/(Decrease) in non-cash liabilities	9	473	(1,094)
<b>Net Cash Flow from operating activities</b>		<b>6,091</b>	<b>4,930</b>

#### B: Analysis of Changes in Net Funds

Increase/(Decrease) in cash in this period		302	(416)
Net Funds at 1 April		565	981
Net Funds at 31 March		867	565

The notes on pages 43 to 53 form part of this statement.

## Notes to the Trust Statement

### 1. Statement of Accounting Policies

#### 1.1 Basis of Accounting

The Trust Statement is prepared in accordance with Annex G of DoF's Accounts Direction, DAO (DoF) 01/20, in accordance with Section 11(1) and (2) of the Government Resources and Accounts Act (Northern Ireland) 2001. The Trust Statement is prepared in accordance with the accounting policies detailed below. These have been developed with reference to the 2019-20 FReM, in particular Chapter 8 which deals with Trust Statements and Accounting for Consolidated Fund Revenue. The accounting policies contained in FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NICTS for the purpose of providing a true and fair view has been selected. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The income and associated expenditure contained in these statements are those flows of funds which NICTS handles, on behalf of NICF and other entities, where it is acting as an agent rather than as principal. The sense in which these elements are used is described within the Performance Report.

Unless otherwise stated, the financial information contained in the statements and in the notes is rounded to the nearest £'000.

#### 1.2 Accounting Convention

The Trust Statement has been prepared under the historical cost convention modified to account for the valuation of receivables and payables. Receivables and payables have been accounted for on an accruals basis in accordance with DoF's accounts direction and FReM.

#### 1.3 Revenue Recognition

Fines and penalties are recognised as revenue in accordance with IFRS 15: Revenue from Contracts with Customers and Chapter 8 of FReM. They are measured at the fair value of amounts received or receivable net of judicial remissions. Revenue is recognised when a penalty is validly imposed and an obligation to pay arises. Where, on appeal, or for other legal reasons, the penalty is cancelled, the amount receivable is derecognised at the date of the successful appeal. Where a penalty is imposed, but with an alternative of a non-financial

penalty (including imprisonment or undertaking a training course), the penalty is recognised initially, but is derecognised when and if the option of the non-financial penalty is taken up.

#### **1.4 Expenditure**

Section 20 of the Criminal Justice (Northern Ireland) Order 2005 permits NICTS to recover costs associated with the operation of the Road Safety Partnership. These amounts are recovered from the Road Safety Partnership through PSNI and are accounted for as expenditure. This treatment is required by FReM where legislation permits that part of the revenue collected can be retained by the entity. The associated impositions are therefore recorded gross within revenue.

New fine collection and enforcement arrangements are funded from fine receipts retention from the NICF as approved by HM Treasury. The Department is permitted to retain an element of fines collected as income through two netting-off schemes and a fine incentive scheme which can be reinvested in NICTS. The fines retained are accounted for as expenditure.

#### **1.5 Receivables**

Receivables are shown net of impairments in accordance with the requirements of IFRS 9: Financial Instruments and FReM. IFRS 9 requires a recognition of credit loss allowances on initial recognition of financial assets. In relation to impairment IFRS 9 sets out a simplified approach. Under the simplified approach there is no need to monitor for significant increases in credit risk and entities will be required to measure lifetime expected credit losses at all times. The NICTS Trust Statement impairment model is based on the use of historical trends, analysis of different income streams and assessment of some individual balances to calculate the impairment of the outstanding debt balance. The model complies with the 'simplified approach' and is consistent with IFRS 9.

#### **1.6 Payables**

Payables are accounted for on an accruals basis. They represent the value of impositions that have been collected and are due to be paid to parties other than NICF.

#### **1.7 Disbursements**

Disbursements are accounted for on an accruals basis and represent the value of impositions for the year payable to parties other than NICF.

## 1.8 Net Revenue for the Northern Ireland Consolidated Fund

Net Revenue for NICF is the value of impositions for the year (net of impairment) that are payable to NICF for those categories of imposition applicable, including fixed penalties, fines, and confiscation orders.

## 1.9 Critical accounting judgements and estimates

The preparation of this statement in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying NICTS' accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

### (i) Credit Losses

Administratively NICTS do not have the ability to write off debt as this can only be carried out on Judicial Authority. During the year the Judiciary have remitted a number of fine debts. The value of debts written off is disclosed in Note 2.

### (ii) Impairment of Debt – Impairment Methodology

Receivables are shown net of impairment in accordance with the requirements of IFRS 9: Financial Instruments and FReM. The fair value of receivables is determined by making an impairment to reduce the value of receivables to the worth of the estimated future receipts. Statistics have been used to calculate the impairment of the outstanding debt balance. In preparing the methodology NICTS had to take account of areas of uncertainty around those factors which determine future revenue flows. Therefore judgements have to be made concerning some of these factors and procedures in place to do this. However, because of the areas of uncertainty involved, there will inevitably be differences between forecasts and future outturns. These differences arise because of the need to make judgements on areas of uncertainty and are not considered to be indicative of deficiencies in NICTS procedures.

### DomePay Receivables

At 31 March 2020 there was a closing balance of £0.6m (2018-19: £0.7m) on DomePay. DomePay records fixed penalties which are issued by the PSNI and DVA. If penalties remain unpaid on this system they will be transferred to ICOS after 45 days and will be enforced through this system. As a result of this we have not provided for any of the outstanding balance on DomePay.

## ICOS Receivables

At 31 March 2020 there was a total closing balance on ICOS of £24.8m (2018-19: £23.5m) which includes confiscation order interest. This balance is made up of fines, extra costs, offender levy, other party monies and confiscation orders that remained unpaid at that date.

The debt at 31 March 2020 was split into the following two categories to assess for recoverability:

1. Non-current Receivables: £50k (2018-19: £60k); and
2. Remaining Debt: £24.8m (2018-19: £23.5m).

Each of the two categories were examined for evidence of impairment as discussed below.

### 1. Non-current Receivables

A number of cases have due dates that are on or after 1 April 2021 and as this is more than one year after the year end they have been accounted for within non-current receivables. Provision for expected lifetime losses have been made for this debt in line with IFRS 9. This debt had a total value of £50k.

### 2. Remaining Debt

The total value of this debt is £24.8m. Impairment for this debt has been calculated based on a review of specific high value receivables combined with a collective assessment for all other debt split into fine imposition type. All estimations have involved judgements based on the latest available, reliable information. Given the introduction of FCS (outlined on page 18) and the effect this has had on Debt Collection operational policy the 2019-20 (and 2018-19) impairment has been based on actual collection rates. The assumption is that the profile of collections will be the same in the future as in the past. The historical collection rates include FCS data from 1 June 2018 up to 31 March 2020. The 2017-18 impairment was re-worked based on these collection rates.

## 1.10 Financial Instruments

In accordance with the provisions set out under Chapter 6 of FReM, any financial instruments that are not held in furtherance of NICTS objectives but that are held on behalf of Government more generally are accounted for in this Trust Statement.

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised in SoFP when the entity becomes a party to the contractual provisions of the instrument.

Interest accrues at a rate of 8% per annum on those confiscation orders that have a balance remaining unpaid after the payment due date has expired. Interest does not accrue on any other receivables.

## **Financial Assets**

### **Credit Risk Assessment**

The Trust Statement has financial instruments in the form of 'trade receivables'.

In accordance with IFRS 9: Financial Instruments: Recognition and Measurement, trade receivables are classified as 'receivables'. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In accordance with IFRS 9, receivables are initially recognised at fair value.

NICTS assesses at each SoFP date whether there is any objective evidence that a financial asset or group of financial assets classified as receivables is impaired. This includes an assessment of the risk associated with the recoverability of the different groups of receivables. The assessment of recoverability and the assumptions used in the impairment methodology have been documented in Note 6.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making a collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the SoROIE and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces, and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the SoROIE to the extent that a provision was not previously recognised.

### **Financial Liabilities**

The Trust Statement also has financial instruments in the form of 'trade payables' that are classified in accordance with IFRS 9: Financial Instruments: Recognition and Measurement as 'other financial liabilities'. These are initially measured at fair value,

net of transaction costs, and subsequently measured at amortised cost using the effective interest method. There are no liquidity risks associated with these financial liabilities. The credit risk assessment on the financial liabilities identified no liquidity risk in respect of these liabilities.

### 1.11 Financial Reporting

There were no accounting initiatives issued and effective in 2019-20 for the first time.

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2020, but which NICTS has not adopted early. Other than as outlined in the table below, NICTS considers that these standards are not relevant to its operations.

<b>Standard</b>	IFRS 16 - <i>Leases (replaces IAS 17 Leases and related interpretations)</i>
<b>Effective date</b>	January 2019 (EU endorsed 31 October 2017)
<b>FReM application</b>	2021-22
<b>Description of revision</b>	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted for those entities applying IFRS 15.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases, unless they qualify for low value or short-term exemptions. In addition, there are updated disclosure requirements.</p> <p>The lessor accounting model is generally unchanged from IAS 17 but entities should be aware of the introduction and impacts of IFRS 9 Financial Instruments, enhanced disclosure requirements and that a sub-lessor now determines whether a lease is finance or operating based on the right of use asset it subleases.</p>
<b>Comments</b>	IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of FReM, the implementation of IFRS 16, as interpreted and adapted for the public sector, has been postponed to take effect from 1 April 2021.



NICTS has considered the accounting initiatives identified by HM Treasury for which the Standards are under development and considers that these changes are not relevant or material to its operations.

## 2. Credit Losses

	Note	2019-20 £'000	2018-19 £'000
Debts written off by Judicial authority	2.1	833	634
Increase in value of impairment	2.2	2,220	4,763
		<b>3,053</b>	<b>5,397</b>

### 2.1 Debts written off by judicial authority

	2019-20 £'000	2018-19 £'000
Fines	395	414
Confiscation Orders	139	89
Offender Levy	7	4
Other Party Criminal	292	127
	<b>833</b>	<b>634</b>

### 2.2 Increase in value of impairment

	2019-20 £'000	2018-19 £'000
Balance as at 1 April	15,826	11,063
Adjustment to opening balance of reserves*	-	2,203
Change in estimated value of impairment	2,220	2,560
<b>Balance as at 31 March</b>	<b>18,046</b>	<b>15,826</b>

\*This is the additional impairment which would have been charged in 2017-18 had historical collection rates been used in 2017-18 impairment calculations.

## 3. Revenue retained by the NICTS under statute

	2019-20 £'000	2018-19 £'000
Road Safety Partnership*	182	162
Fine Collection and Enforcement Service**	1,249	990
	<b>1,431</b>	<b>1,152</b>

\*NICTS is entitled under statute to retain elements of the Road Safety Partnership penalties collected as revenue. The costs associated with running the partnership are charged as expenditure in the Trust Statement.

\*\*NICTS is permitted to retain an element of fines collected as income through two netting-off schemes and a fine incentive scheme which can be reinvested in NICTS.

#### 4. Amounts paid to Other Parties

	2019-20 £'000	2018-19 £'000
Amounts due to be paid to the PPS	4	(15)
Amounts due to be paid to Other Parties	1,514	444
Amounts payable to DoJ Victims Fund	395	321
	<b>1,913</b>	<b>750</b>

#### 5. Receivables falling due after more than one year

	2019-20 £'000	2018-19 £'000
Instalment Orders	1,486	987
Other receivables	50	60
less Impairment Provision	(790)	(439)
	<b>746</b>	<b>608</b>

#### 6. Receivables falling due after less than one year

	2019-20 £'000	2018-19 £'000
Instalment Orders	3,656	3,693
Other receivables	20,429	19,585
less Impairment Provision	(17,256)	(15,387)
	<b>6,829</b>	<b>7,891</b>

## 7. Total receivables

The table shows a breakdown of the receivables balance at 31 March 2020.

	Fixed Penalty Notices £'000	Court Imposed Fines £'000	Extra Costs £'000	Confiscation Orders £'000	Offender Levy £'000	Other Party Criminal £'000	Total £'000
<b>Receivables</b>							
At 1 April 2019	693	14,145	56	3,537	606	5,288	24,325
Imposed	2,300	5,827	6	2,105	501	1,794	12,533
Cleared by committal <sup>1</sup>	-	(199)	-	(6)	(38)	(75)	(318)
<b>Total Revenue</b>	<b>2,300</b>	<b>5,628</b>	<b>6</b>	<b>2,099</b>	<b>463</b>	<b>1,719</b>	<b>12,215</b>
<b>Total</b>	<b>2,993</b>	<b>19,773</b>	<b>62</b>	<b>5,636</b>	<b>1,069</b>	<b>7,007</b>	<b>36,540</b>
Cleared by payment	(2,383)	(3,870)	(1)	(2,467)	(402)	(1,053)	(10,176)
Written off	-	(395)	-	(139)	(7)	(292)	(833)
Refund due from NICF	-	-	-	90	-	-	90
<b>At 31 March 2020</b>	<b>610</b>	<b>15,508</b>	<b>61</b>	<b>3,120</b>	<b>660</b>	<b>5,662</b>	<b>25,621</b>
<b>Impairment (provision for uncollectable amounts)<sup>2</sup></b>							
At 1 April 2019	-	9,758	41	2,041	383	3,603	15,826
Increase/(Decrease) in year	-	1,797	2	61	67	293	2,220
<b>At 31 March 2020</b>	<b>-</b>	<b>11,555</b>	<b>43</b>	<b>2,102</b>	<b>450</b>	<b>3,896</b>	<b>18,046</b>
<b>Net book value at 31 March 2020</b>	<b>610</b>	<b>3,953</b>	<b>18</b>	<b>1,018</b>	<b>210</b>	<b>1,766</b>	<b>7,575</b>
<b>Net book value at 31 March 2019</b>	<b>693</b>	<b>4,387</b>	<b>15</b>	<b>1,496</b>	<b>223</b>	<b>1,685</b>	<b>8,499</b>

Aged analysis of receivables at 31 March 2020 based on date of imposition

	Fixed Penalty Notices £'000	Court Imposed Fines £'000	Extra Costs £'000	Confiscation Orders £'000	Offender Levy £'000	Other Party Criminal £'000	Total £'000
<b>Receivables</b>							
Less than one year	610	2,497	5	616	170	875	4,773
Greater than one year and less than five years	-	1,336	11	353	38	685	2,423
Greater than five years	-	120	2	49	2	206	379
<b>Net book value at 31 March 2020</b>	<b>610</b>	<b>3,953</b>	<b>18</b>	<b>1,018</b>	<b>210</b>	<b>1,766</b>	<b>7,575</b>

## Notes

- The balances cleared by committal to prison have been derecognised from income in line with Section 8.2.9 of Chapter 8 in FReM which states that "Fines

and penalties are recognised at the time that the fine or penalty is imposed and becomes receivable by the entity. Where, on appeal, or for other legal reasons, the penalty is cancelled, the amount receivable is derecognised at the date of successful appeal.”

2. Changes in the fine default process, including the introduction of FCS, and the impact of new initiatives available under the Justice Act (NI) 2016 have led to considerable uncertainty over future debt collection rates and the subsequent carrying value of receivables reported in the financial statements. NICTS continue to develop the use of historical trends, analysis of different income streams and assessment of some individual balances to calculate the impairment of the outstanding debt balance. NICTS takes account of areas of uncertainty around those factors which determine future revenue flows.
3. It is considered that the COVID-19 outbreak may have an impact on the collectability of the receivables balance. FCS continues to engage with NICTS customers and when appropriate agree repayment plans to suit customers.

## 8. Cash and cash equivalents

	2019-20 £'000	2018-19 £'000
Balance at 1 April	565	981
Net change in cash and cash equivalent balances	302	(416)
<b>Balance at 31 March</b>	<b>867</b>	<b>565</b>
The following balances were held at		
Commercial banks and cash in hand (payable to NICF)	421	511
Commercial banks and cash in hand (payable to 3 <sup>rd</sup> parties)	446	54
<b>Balance at 31 March</b>	<b>867</b>	<b>565</b>

On a monthly basis fines and confiscation order receipts will be transferred from NICTS to DoJ who will pay the monies over to NICF.

## 9. Payables

	2019-20 £'000	2018-19 £'000
Amounts due to be paid to the PPS	18	16
Amounts due to be paid to Other Parties	2,187	1,709
Amounts payable to DoJ Victims Fund	198	205
	<b>2,403</b>	<b>1,930</b>

## 10. Balance on Consolidated Fund Account

	2019-20 £'000	2018-19 £'000
Balance on Consolidated Fund as at 1 April	7,134	8,094
Adjustment to opening balance of reserves*	-	2,203
Net revenue for the Consolidated Fund	4,694	2,183
less amount paid to the Consolidated Fund	(5,879)	(5,346)
<i>Due from NICF</i>	90	-
	<b>6,039</b>	<b>7,134</b>

\*This the additional impairment which would have been charged in 2017-18 had historical collection rates been used in 2017-18 impairment calculations.

## 11. Related-party transactions

NICTS is an executive Agency of DoJ. DoJ is regarded as a related party. During the year NICTS has had various transactions in respect of this Trust Statement with DoJ, and with other entities for which DoJ is regarded as the parent department, namely PSNI and NIPS.

In addition, NICTS had various transactions in respect of this Trust Statement with other government departments including PPS, DVA and DoF.

## 12. Events after the reporting period

It is considered that the COVID-19 outbreak may have an impact on the collectability of the receivables balance. FCS continues to engage with NICTS customers and when appropriate agree repayment plans to suit customers. There were no other material events post SoFP, for the year ended 31 March 2020.

### Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 3 March 2021.