



Northern Ireland

Courts and
Tribunals Service

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Trust Statement



For the year ended 31 March 2021

Northern Ireland Courts and Tribunals Service

Trust Statement For the year ended 31 March 2021

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
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GLOSSARY

ARAC	Audit and Risk Assurance Committee
C&AG	Comptroller & Auditor General
CFO	Court Funds Office
CLEAR	Coroners Case Management System
COVID-19	Coronavirus Disease 2019
DAO	Dear Accounting Officer
DAERA	Department Agriculture and Environment and Rural Affairs
DoF	Department of Finance
DoJ	Department of Justice
DVA	Driver and Vehicle Agency
EJO	Enforcement of Judgments Office
ERT	Emergency Response Team
FCS	Fine Collection and Enforcement Service
FPNs	Fixed Penalty Notices
FPO	Fixed Penalty Office
FPPC	Fixed Penalty Processing Centre
FPPU	Fixed Penalty Processing Unit
FReM	Government Financial Reporting Manual
HIA	Historical Institutional Abuse
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
JEMS	Enforcement of Judgments Office System
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
OCP	Office of Care and Protection
OLCJ	Office of the Lady Chief Justice
PACWAC	Planning Appeals Commission and Water Appeals Commission
PBNI	Probation Board for Northern Ireland
PCNI	Parole Commissioners for Northern Ireland
PHA	Public Health Association
PN	Penalty Notice
PNDs	Penalty Notices for Disorder
PPS	Public Prosecution Service
PSNI	Police Service of Northern Ireland
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

PART 1 PERFORMANCE REPORT

OVERVIEW

Foreword by Acting Director of NICTS

As Acting Director of the Northern Ireland Courts and Tribunals Service (NICTS) I am pleased to present the Trust Statement for NICTS for 2020-21. I began my new role as Acting Director of NICTS and Access to Justice on Monday 26 July 2021, following Anthony Harbinson's temporary promotion to Permanent Secretary in Department of Agriculture and Environment and Rural Affairs (DAERA).

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.

I have been impressed by the professionalism and dedication of Courts and Tribunals staff which has been very evident over the past 18 months or so in response to the impacts of COVID-19. It has been a particularly challenging time for all of the public sector. NICTS staff have pulled together and responded magnificently to the flexible working arrangements required so that NICTS, alongside the judiciary and other partners continued to ensure our system of justice was available throughout this difficult period.

In the financial year covered by this Trust Statement, there has been a £3.0m (24.15%) decrease in the monetary penalties imposed when compared with the previous year. This decrease in amounts imposed is largely attributable to the impact of COVID-19, which resulted in a significant reduction in criminal court business, both received and dealt with during the period.

The net debt owing as at 31 March 2021 decreased by £0.4m (5.0%) due to an increase in impairment during the year.

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 three years. During the past year there has been ongoing review and streamlining of FCS procedures and outcomes, building more capacity to improve performance. Further detail on developments in FCS can be found within the Challenges and Issues and the Performance Analysis sections of this report.

I would like to thank all those 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.



Glyn Capper
Acting Director of NICTS

Statement of Purpose and Activities

This is the Trust Statement for NICTS for the financial year ended 31 March 2021. 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 the Northern Ireland Consolidated Fund (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 and is accountable to the Northern Ireland Assembly through the Minister of Justice, Naomi Long MLA (“the Minister”).

The role of NICTS is to:

- provide administrative support for Northern Ireland’s courts, tribunals, Parole Commissioners for Northern Ireland (PCNI), Planning Appeals Commission and Water Appeals Commission (PACWAC) and Historical Institutional Abuse (HIA) Redress Board;
- support an independent Judiciary;
- provide advice to the Department on matters relating to the operation of the courts, tribunals, Enforcement of Judgements 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 tribunal hearing centres; and
- act as the Central Authority under certain international conventions.

NICTS acts as an agent for the 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 justice system's response to COVID-19, 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 NICF.

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 (JARD).

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 2020¹. This created a new type of Penalty Notice (PN) with 'temporary' offences for breach of COVID-19 restrictions. The COVID-19 ticket legislation was altered a number of times in 2020-21 resulting in differing ticket amounts imposable throughout the year.

Phase 1 - on 28 March 2020, tickets were 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 could be issued to the same individual and doubled in amount each time up to a maximum of £960; no 50% remission was available on the higher value tickets and these had to be paid in full. If the tickets remained unpaid they could be uplifted by 50% and registered as a court fine.

Phase 2 - on 8 June 2020, the Assembly introduced further legislation² (The Health Protection (Coronavirus, International Travel) Regulations (Northern Ireland) 2020) which imposed requirements on individuals arriving in Northern Ireland who had been in a country outside the common travel area. Failure to comply with these regulations was an offence attracting a penalty notice of £60, reduced to £30 if paid within 14 days. Further breaches by an individual carried similar penalties to those outlined above however, tickets under this regulation could not be uplifted if they remained unpaid, but none the less could be registered as a court fine. This legislation carried an additional offence for more serious breaches of Coronavirus International Travel Regulations in the amount of £1,000 with 28 days to pay and no remission for early payment.

Phase 3 - 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 could be issued by PSNI and replaced the original £60 fine with a £200 fine (50% remission was applicable if paid within 14 days). If these tickets remained unpaid they could be uplifted and register as a court fine. The graduated £120, £240, £480 and £960 increases for subsequent breaches were removed. However other new penalties were 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 unpaid but they could be registered as a court fine.

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

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

All of the COVID-19 penalty notices follow the normal 'penalty notice' process and if they are not paid within the 28 day period they can be registered as a court fine. If the fine remains unpaid it can proceed to FCS for recovery.

Although many coronavirus restrictions have eased, regulations and guidance remain in place to help stop the spread of COVID-19. You can find details of the current regulations on the nidirect website: [Coronavirus \(COVID-19\) regulations and guidance: what they mean for you | nidirect](#)

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 is to reflect the balance that is due to the NICF at the year end. The nature of the Trust Statement is to offset all income by expenditure and disbursements to third parties. In the simplest of cases all income would be disbursed to the 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 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 Account NI (the NI Civil Service finance shared service used by NICTS). 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; and
- the supervision and control by management to ensure that staff use ICOS efficiently and effectively through ICOS management reports.

DomePay

DomePay is a bespoke payment processing application. Domepay sits as a separate module within an existing PSNI database, Dome, and was developed 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 Dome via an interface. If an offence 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 NICE;
- 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 inclusion within the 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 is 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 to ensure 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.

Online payments facility for Fixed Penalties

PSNI and NICTS are currently working together to introduce a new online facility that will enable customers to pay Fixed Penalties online for the first time. This will be a staged process with Non-endorsable tickets being the first type of ticket that can be paid online. Non-endorsable tickets are for minor offences such as tinted windows & licence plate fonts, which are issued by a police officer at the roadside.

Latest indications are that this online facility will be operational by the end of the current financial year. The project will then move to Endorsable tickets and further down the line Conditional offer tickets having the ability to be paid online, however at this stage we are unable to put definitive dates to these developments. This project is a welcoming initiative as it should enable a much quicker and efficient means of paying Fixed Penalties to our customers.

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 RMS of the uplift. It should be noted that the process for COVID-19 tickets, in relation to the 50% uplift, will vary depending on the legislation under which it is issued – see page 11.

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

Challenges and Issues

COVID-19

In March 2020 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, Newtownards 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 then Office of the Lord Chief Justice, now the Office of the Lady Chief Justice (OLCJ), 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.

In August 2020, in response to updated restrictions, the court hub model outlined above was reviewed and revised in consultation with the OLCJ. 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 2020.

In addition there was extensive building work undertaken during August 2020 and September 2020 to make Crown Court venues compliant with Public Health Association (PHA) guidance for jury trials. This enabled the re-commencement of Crown Court business and the delivery of jury trials on an incremental basis during September 2020. There are currently 15 COVID-19 compliant Crown courtrooms dealing with jury trials. Courts are now sitting in 15 venues across the jurisdiction, with only the three smallest hearing centres remaining closed due to the social distancing requirements. 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.

The ongoing public health restrictions meant that access to court and tribunal venues for normal business delivery was severely restricted. In response, significant work was undertaken to upgrade IT infrastructure and, utilising the legislative provisions of the Coronavirus Act 2020, remote court and tribunal proceedings were rolled out for the majority of court and tribunals business.

NICTS continues to work closely with the Office of the Lady Chief Justice and other stakeholders as we continue to increase levels of business while adhering to social distancing requirements.

Fine Default Litigation

The 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 171 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, September 2019 and February 2020. All four Civil Bills were struck out with no order to pay costs. The first High Court legal challenge seeking an extension to the one year limitation period was reviewed on 11 June 2021. The first challenge in the High Court was heard on 17th and 18th November 2021. The Judge indicated that he would try to have a written judgment by early January 2022. 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. Following a hearing in April 2021, the Divisional Court was not persuaded that the Applicant had made arguable grounds and refused to grant leave for judicial review.

If a challenge to the one year limitation period were to succeed, there may be significant financial implications in the future for NICTS and the Department. As yet these are unquantifiable.

Fine Collection and Enforcement Service

The Fine Collection and Enforcement Service (FCS) has been operational for three years during which effective and efficient processes and procedures have been developed and implemented. A branch transformation plan, following an interim DoJ review of FCS (September 2019) and a subsequent external review by Business Consultancy Services (June 2020), is being rolled out with completion expected by the end of the financial year. This includes a grading review, system improvement changes and a review of internal procedures and processes.

On 30 June 2021, Criminal Justice Inspection Northern Ireland published its review entitled 'Effective Penalty Enforcement - A Review of the impact of current fine default strategy and services'. The Chief Inspector, whilst identifying areas of work requiring attention, highlighted year on year improvement - *"Since the FCS was established in June 2018, its performance has improved every year and the number of people paying their fines following its involvement has increased significantly. We recognise the FCS has made a good start in reducing the amount of unpaid financial penalties that exist but it needs the right tools to help it do its job and maximise its potential."*

The main CIJNI recommendations relating specifically to FCS are:

- Amending legislation to enable a deduction from benefit application to be made where a "debtor" is in receipt of Universal Credit. Work was ongoing at the time of the inspection and the necessary legislative amendment has now been passed and became operational in July 2021. It is estimated that Universal Credit receipts will be in the region of £50k per month.
- Developing and introducing a Legacy Fine Unit. Work was ongoing at the time of the inspection and a business case has been developed to resource a Legacy Fine Team. The business case is currently with DoF for approval.

Fine enforcement was paused from 23 March 2020 to 30 June 2020 as it was felt that it was inappropriate to pursue fines given the impact of the pandemic on many people's lives. NICTS continue to offer support and agree payment plans with individuals impacted by ongoing COVID-19 issues.

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 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. The team of 25 civilian collection officers will 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. These powers include 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 three years and all of the powers previously mentioned, with the exception of vehicle seizure orders, are being successfully used to collect outstanding financial penalties. From 1 June 2018 to 31 March 2021, a total of £1.1m has been recovered directly from benefits and a further £0.5m recovered by way of Attachment of Earnings. The establishment of regular payment plans generates low but regular monthly payments to FCS. This has increased the number of cases that fall into the "managed debt" category.

One of the key objectives when setting up FCS was to reduce prison committals for fine default. The following table illustrates that prison committals (solely for fine default) have continued to fall and have reduced from 371 during 2018-19 to 150 during 2020-21.

Prison Committals (solely for fine default)

Financial year	Prison Committals (solely for fine default)
2020-21	150
2019-20	222
2018-19	371

FCS 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.

The methods used by FCS have shown year on year improvement. A total of £4.2m has been recovered by FCS since the service launched in 1 June 2018 up to 31 March 2021:

- £2.63m has been recovered through payments received on-line, credit transfer, counter, telephone, and postal;
- £1.1m has been recovered from benefits; and
- £0.47m has been recovered from earnings.

During the period 1 April 2020 to 31 March 2021, 24,088 cases had collection orders made. Of these, 16,877 cases were transferred to FCS for enforcement. In the remaining cases, the debtor either paid the fine imposed or still has time to pay the fine imposed. Action taken by FCS during this period resulted in full fine recovery in 6,730 cases and a total of £1.87m being collected in relation to outstanding financial penalties. A total of 13,767 cases with collection orders remained active in FCS at 1 April 2021 (which relates to fines imposed in this financial year and in previous financial years which remained unpaid).

The following table provides a comparison of FCS fine recovery rates between the financial years 2019-20 and 2020-21:

Fine Collection and Enforcement Service: Fine recovery comparison between 2019-20 and 2020-21

Description	2019-20	2020-21	Increase/Percentage
Total recovered	£1.82m	£1.87m	£0.05m/3%
Deductions from Benefits	£0.39m	£0.65m	£0.26m/66%
Attachment of Earnings	£0.21m	£0.24m	£0.03m/13.3%
Monies paid to FCS by debtors voluntarily following FCS intervention (Online, Counter, Telephone, Postal)	£1.22m	£0.98m	(£0.24m)/(19.3%)
Paid in Full Cases	6,406	6,730	324/5%

The continuing improvement in FCS fine recovery rates can be linked to a number of factors, which include:

- the development and implementation of Deduction from Benefits and Attachment of Earnings operational processes;
- increased level of “cross skilling” across FCS enables transfer of resources to deal with work pressures;
- staff restructuring, which has included changes to staff complement, a grading review and the recruiting of more Agency staff; and
- the introduction of Universal Credit as a deductible benefit and further refinement of the Attachment of Earning process has the potential to increase payment recovery further.

It should be noted that performance this year was against a backdrop of COVID-19 uncertainty and the inability of FCS to apply for a deduction from benefit in cases where the debtor is in receipt of Universal Credit. It is expected that the first actual deductions will only materialise from October 2021 onwards.

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 2020-21, £1,072,974 (2019-20: £1,248,932) 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 2021, the cumulative payment rate for retention was 70.2% (31 March 2020: 67.2%). Plans are being developed to utilise this scheme.

Supervised Activity Orders (SAOs)

SAOs are managed by the 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.

To date, take up of this option remains very low and accordingly the majority of PBNI staff, employed to deliver SAOs, have been redeployed to other projects or vacant posts within PBNI.

Legacy Cases (Outstanding debt cases Pre 1 June 2018)

As at 31 March 2021 there are approximately 52,000 legacy cases, worth approximately £13m. As noted above, a business case has been developed to resource a Legacy Fine Team who will be dedicated to addressing the legacy debt.

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 2020-21 the total impositions decreased by £2.9m (23.77%) to £9.3m (2019-20: £12.2m). The value of fines and penalties imposed decreased by £2.3m (22.77%) to £7.8m (2019-20: £10.1m) and the value of confiscation orders has decreased by £0.7m (33.3%) to £1.4m (2019-20: £2.1m).

Expenditure has decreased by £1.9m (25.33%) to £5.6m in 2020-21 (2019-20: £7.5m).

The SoROIE shows an overall net revenue position for NICF of £3.7m in 2020-21 (2019-20: £4.7m).

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 2021 decreased by £0.5m (6.58%) to £7.2m (2019-20: £7.6m).

The net assets recorded in SoFP are represented by the balance owed to NICF. This balance increased slightly by £0.2m (3.33%) to £6.2m in 2020-21 (2019-20: £6.0m).

Auditors

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

The audit fee for the 2020-21 Trust Statement is £32.6k (2019-20: £32.5k). This is charged on a notional basis and is recognised in the Resource Accounts of NICTS.

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.



Glyn Capper
Accounting Officer
7 December 2021

PART 2 ACCOUNTABILITY REPORT

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;
- statement of financial position; 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;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable;
- 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. As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that NICTS's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

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 Acting 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.

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 and we continue to operate amid a public health emergency. NICTS has been required to radically change how we use our staff, IT and Estate deliver our business. The pandemic greatly impacted the way NICTS traditionally conducts court business and, in conjunction with stakeholders, NICTS has responded to the emerging situation. In the current recovery stage, with the potential for further waves of the pandemic, the aim is to manage a gradual return to more normal levels of operation.

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

For the period of this Trust Statement the 2020-21 Business Plan sets out the strategic objectives, priorities and key targets for NICTS. This was derived from the DoJ Corporate Plan for 2019-22 and the Departmental 2020-21 Business Plan supporting the policy agenda set by the Minister.

As a front-line service delivery agency, our main priority for the year was business recovery taking account of the prevailing public health advice and guidance. In this context business recovery was the overriding focus for the Agency over the course of the 2020-21 financial year. During 2020-21, NICTS also continued work its Modernisation Programme.

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 2020-21, NICTS complied with the key principles 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);
- Emergency Response Team (ERT).

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, 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.

Declarations of Interests

NICTS maintains a Register of Interests for Board Members. Declarations include anything which may give rise to conflict with the position of Board member, including:

- Any Directorships (including Non-Executive Directorships) held in Private Companies or Public Limited Companies (PLCs);
- Any private companies, businesses or consultancies which they may own (or part-own) and which may seek to do business with the DoJ and the public bodies it sponsors;
- Position of authority held in Charities or Voluntary Bodies in fields related to the work of the DoJ;
- Any connections which they may have with Voluntary, or other bodies, contracting with the DoJ and the public bodies it sponsors; and
- Any other interests that could have a conflict.

For 2020-21, the Accounting Officer has been provided with assurance that no Board members have declared any conflict of interest with the business of NICTS.

The Board met on four occasions during the 2020-21 financial year. At the beginning of each Board meeting members were asked by the then 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. Details of any significant interests which may conflict with Board members management responsibilities can be found in Note 22 to the 2020-21 Agency Accounts <https://www.justice-ni.gov.uk/sites/default/files/publications/justice/nicts-annual-report-and-accounts-2020-21.PDF>

Attendance by members is shown below for the four meetings of the Board during 2020-21:

Member	Position	Attendance
Mr A Harbinson	*Director (Chair)	3 / 3
Mr P Luney	*Chief Operating Officer	4 / 4
Mrs E Topping	**Head of Court Operations	1 / 1
Mrs G McClearn	**Acting Head of Tribunals and Enforcement	1 / 1
Mrs S Hetherington	***Head of Modernisation Programme	0 / 0
Mrs P Reid	****Head of Digital Transformation	1 / 1
Mrs L Lavery	*****Acting Head of Corporate Services	0 / 1
Mr G Capper	*****Department of Justice (DoJ) Representative	1 / 1
Ms N Lappin	Non-Executive Board Member	4 / 4
Mr G Dalton	Non-Executive Board Member	4 / 4
The Honourable Mr Justice Colton	Judicial Representative	4 / 4

The Honourable Mr Justice McFarland	***** Judicial Representative	1 / 2
His Honour Judge Fowler QC, Recorder of Belfast	***** Judicial Representative	1 / 2
Presiding District Judge Bagnall (Magistrates Court)	Judicial Representative	4 / 4
Mr J Duffy (President of the Appeals Tribunal)	Judicial Representative	3 / 4
Mrs M Kilpatrick (Principal Private Secretary to the Lord Chief Justice)	***** Judicial Representative	1 / 3
Mr P Butler (Head of Legacy Inquest Unit)	***** Judicial Representative	2 / 2

**Mr A Harbinson was appointed Director of NICTS effective from 3 August 2020; from that date he was designated as Accounting Officer of NICTS. (Mr P Luney stepped down as Chair of the Board on 3 August 2020 and was replaced by Mr A Harbinson). Glyn Capper was appointed Acting Director of the NI Courts and Tribunals Service and Accounting Officer on Monday 26 July, following Anthony Harbinson's temporary promotion in the role of Permanent Secretary in DAERA*

***Mrs E Topping and Mrs G McClearn stepped down from the Agency Board on 3 August 2020.*

****Mrs S Hetherington stepped down from the Agency Board and left NICTS on 31 May 2020.*

*****Mrs P Reid became a member of the Agency Board on 1 April 2020 and stepped down from the Agency Board on 3 August 2020.*

******Mrs L Lavery stepped down from the Agency Board on 3 August 2020.*

******Mr G Capper attended the Agency Board on 22 June 2020.*

******The Honourable Mr Justice McFarland resigned from the Board and was replaced by His Honour Mr Judge Fowler QC on 23 November 2020.*

******Mrs M Kilpatrick was nominated by the Lord Chief Justice to attend the Agency Board from 3 August 2020.*

******Mr P Butler was nominated by the Lord Chief Justice to attend the Agency Board from 5 October 2020.*

Key work of the Board during the year included:

- ensuring adherence to public health advice and guidance and NICTS business recovery;
- review of key risks to achievement of NICTS objectives during 2020-21;
- review of NICTS' Audit and Risk Assurance Report; and
- review of the implications of Brexit on NICTS.

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 four meetings of the Finance Committee during 2020-21:

Member	Position	Attendance
Mr A Harbinson	*Director (Chair)	3 / 3
Mr P Luney	*Chief Operating Officer	3 / 4
Mrs E Topping	**Head of Court Operations	2 / 2
Mrs G McClearn	Acting Head of Tribunals and Enforcement	3 / 4
Mrs S Hetherington	***Head of Modernisation Programme	0 / 0
Mrs P Reid	****Head of Digital Transformation	4 / 4
Mrs L Laverty	Acting Head of Corporate Services	3 / 4
Mr G Dalton	Non-Executive Board Member	4 / 4
The Honourable Mr Justice Colton	Judicial Representative	4 / 4

**Mr A Harbinson was appointed Director of NICTS effective from 3 August 2020; from that date he was designated as Accounting Officer of NICTS. (Mr P Luney stepped down as Chair of the Finance Committee on 3 August 2020 and was replaced by Mr A Harbinson). Glyn Capper was appointed Acting Director of the NI Courts and Tribunals Service and Accounting Officer on 26 July, following Anthony Harbinson's temporary promotion to the role of Permanent Secretary in DAERA*

***Mrs E Topping stepped down from the Finance Committee on 18 November 2020.*

****Mrs S Hetherington stepped down from the Agency Board and left NICTS on 31 May 2020.*

*****Mrs P Reid became a member of the Finance Committee on 1 April 2020.*

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 and Risk Assurance 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 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 Framework Document.

Attendance by members is shown below for the five meetings of the ARAC during 2020-21:

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

After each meeting the Chair of ARAC 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 and Trust Statement;
- Updates on Fraud and Whistleblowing; and
- Financial Governance updates.

Emergency Response Team

In addition to the above management structures the ERT was formed during 2020-21 to deal with COVID-19 specific issues. With the Chief Operating Officer in the role of Chair, membership comprised of senior managers from all business areas within NICTS. In addition, the OLCJ was also represented. When the then Director of NICTS took up post in August 2020 he became a member of the team.

Initially the focus was on managing the immediate impact of the pandemic on court business, compliance with the public health guidance and the varying degrees of restrictions introduced by the Assembly. As the year progressed planning for the recovery of court business, including the reopening of the court estate, became a key focus point for the team. At the outset of the pandemic meetings were held twice-weekly with the frequency reducing to fortnightly as the year progressed. Meetings can be called at any time to discuss important developments e.g. changes to the public health guidance or restrictions.

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 public funds and NICTS assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland (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 2021 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 63% 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 22% 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 15% 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 2020-21.

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 Corporate Support Branch.

Emerging risks are identified, considered and managed; 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 levels.

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 the DoJ Anti-Fraud & Anti-Bribery Policy and Response Plan and the DoJ Whistleblowing Policy. A fraud log is maintained and presented as a standing agenda item to NICTS ARAC and updates are provided to Departmental Audit and Risk Committee. The DoJ Anti-Fraud & Anti-Bribery Policy and Response Plan and the DoJ Whistleblowing Policy are available to staff on the intranet. The Whistleblowing Policy was updated in March 2021 and tells staff how to report a concern and what they should expect to happen. It is an effective policy as it encourages an open door culture within NICTS and also includes details of other regulatory bodies which may also provide assistance in raising concerns.

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 the DoJ Security Incident Reporting policy that was revised to reflect changes to data protection legislation in May 2018. Amendments were made to incident reporting procedures in April 2020 as a result of the COVID-19 pandemic, and these were ratified in a revised policy in

November 2020. As a result, only critical incidents (where an actual data breach has occurred and there is a risk of Information Commissioner's Office (ICO) action or harm/distress to individuals) are reported to the Department to comply with the requirement to report significant data incidents to the ICO within 72 hours of becoming aware of the incident. All minor data incidents are recorded and managed locally within NICTS.

During 2020-21, a total of 31 incidents were reported with the highest proportion relating to post or emails being sent to the wrong recipient. All data incidents were fully investigated with the findings reviewed to identify any lessons learned and existing processes were amended as appropriate. Of the 31 incidents, fourteen were deemed reportable incidents and sent to DoJ, and are now closed. No incidents were reported to the ICO during the reporting period.

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

NICTS is responsible for only accrediting the aspects of the service that relate to line of business systems. Typically this relates to the operating system, database and application software. Full 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 (JASPAR), the Integrated Court Operations System (ICOS), Enforcement of Judgments Office system (JEMS), Office of Care and Protection system (OCP), Court Funds Office system (CFO), Online Applications, Coroners Case Management System (CLEAR), HIA Redress Board system and the E-judiciary Portal. Annual IT Health Checks on all of these systems took place between January – March 2021.

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 in February 2020 for Causeway and for the main NICTS line of business applications and are currently being planned for 2021.

NICTS continues to monitor and review the application of Information Assurance policies (including a series of unannounced clear desk inspections) to ensure data is handled appropriately and that any associated risks are identified and managed.

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 controls, risks 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 was reviewed during 2020-21 and signed off by both parties. 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 operates to Public Sector Internal Audit Standards. It submits regular reports, including an independent opinion by the Head of Internal Audit, on the adequacy and effectiveness of the 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. I received additional comfort from the inter-departmental assurance report relating to shared services provided to the various NI departments, by the DoF Head of Internal Audit. This report offers an update on the key business areas and provides satisfactory assurance.

The Head of Internal Audit has provided overall **Satisfactory Assurance** based on the work carried out during the year.

The implementation of audit recommendations is subject to internal audit monitoring and regular updates on priority one recommendations are provided bi-annually to ARAC.

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 Effectiveness Questionnaire was commissioned in October 2020. The questionnaire was issued electronically to all members who sat on the Board in the 2020-21 year. It asked for responses to a number of questions in key areas including Board Governance, the way Board meetings were structured and conducted, performance and risk monitoring and internal audit and reporting. The Board noted the results of the survey at their meeting on 21 March 2021.

SIGNIFICANT INTERNAL CONTROL ISSUES

There are no issues which have been deemed as significant to NICTS during 2020-21 as a result of the assurance activity.

AUDIT RECOMMENDATIONS

Internal Audit

DoJ's Internal Audit branch carried out a review of the NICTS Fixed Penalty Office and Fine Collection process as part of the 2020-21 Internal Audit Work Programme. This review provided satisfactory assurance over the NICTS operated controls.

External Audit

NIAO issued the final 2019-20 Trust Statement RTTCWG in April 2021 which made three recommendations as follows:

- Priority two – (NICTS) Impairment calculation;
- Priority two – (NICTS) Reconciliations
- Priority two – (PSNI) Collection Procedures

During the audit NIAO identified a formula issue within the impairment worksheets which resulted in the initial impairment estimate being understated by £376k. A full comprehensive review of the existing impairment model has been carried out during 2021. This included a review of all inputs, formula and internal controls within the confines of the excel spreadsheets.

NIAO noted several issues when reviewing reconciliations completed by NICTS including: uncashed cheques that have been outstanding for longer than 6 months, an unexplained £9k difference in the Cash Reconciliation and some unmatched transactions in the bank reconciliations which Account NI complete. During the 2020-

21 financial year NICTS reviewed the various reconciliations and will attempt to ensure that unreconciled differences are resolved or written off.

NIAO examined the procedures for the handling of cash received when a warrant is executed. A total of 45 executed warrants were examined by NIAO at three police stations. From the sample NIAO confirmed that all monies received were lodged to the bank, but there were a number of instances of non-compliance with PSNI guidelines such as the Warrant Notification Form (WNF) not being signed by the Officer on all occasions. NIAO also found, cash can be held in drop safes for several weeks before being removed for preparation for bank lodgement. The longest period NIAO identified from the sample testing was 43 days. PSNI intend to review the current internal processes to see if any further automation can be brought in to reduce manual requirements.

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 2020-21 year she has provided overall satisfactory assurance in relation to NICTS internal controls for the FCS.

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 2020-21.



Glyn Capper
Accounting Officer
7 December 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 Tribunals Service (NICTS) Trust Statement for the year ended 31 March 2021 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. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

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 2021 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 £19.615 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019, 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

In auditing the financial statements, I have concluded that NICTS Trust Statement's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the NICTS Trust Statement's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for NICTS Trust Statement is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the NICTS Trust Statement and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

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

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.

Matters on which I report by exception

In the light of the knowledge and understanding of the NICTS Trust Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. 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.

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the NICTS Trust Statement and Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the NICTS Trust Statement's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by NICTS will not continue to be provided in the future.

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 reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the NICTS Trust Statement through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland 2001);
- making enquires of management and those charged with governance on NICTS Trust Statement's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of NICTS Trust Statement's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;

- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business.

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. 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.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB

15 December 2021

PART 3 FINANCIAL STATEMENTS

Statement of Revenue, Other Income and Expenditure

for the year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
Revenue			
Fixed Penalty Notices		1,989	2,300
Court Imposed Fines		4,573	5,628
Extra Costs		-	6
Confiscation Orders		1,435	2,099
Offender Levy		353	463
Other Party Criminal		915	1,719
Total Revenue		9,265	12,215
Expenditure			
Credit Losses	2	(2,461)	(3,053)
Revenue retained by the NICTS under statute	3	(1,255)	(1,431)
Total Expenditure		(3,716)	(4,484)
Disbursements			
Amounts paid to Other Parties	4	(877)	(1,913)
Amounts paid to Road Safety Partnership		(1,003)	(1,124)
Total		(1,880)	(3,037)
Total Expenditure and Disbursements		(5,596)	(7,521)
Net Revenue for the Consolidated Fund		3,669	4,694

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

The notes on pages 49 to 60 form part of this statement.

Statement of Financial Position

as at 31 March 2021

		2020-21	2019-20
	Note	£'000	£'000
Non-current Assets			
Receivables falling due after more than one year	5	650	746
Total non-current assets		650	746
Current Assets			
Receivables falling due after less than one year	6	6,539	6,829
Cash and Cash Equivalents	8	851	867
Total current assets		7,390	7,696
Total assets		8,040	8,442
Current Liabilities			
Payables	9	(1,841)	(2,403)
Total current liabilities		(1,841)	(2,403)
Total Assets less Current Liabilities		6,199	6,039
Represented by:			
Balance on Consolidated Fund Account	10	6,199	6,039

The notes on pages 49 to 60 form part of this statement.



Glyn Capper
Accounting Officer
7 December 2021

Statement of Cash Flows

for the year ended 31 March 2021

	Note	2020-21 £'000	2019-20 £'000
Net cash flow from operating activities	As below	3,493	6,091
Cash paid to the Consolidated Fund	10	(3,509)	(5,879)
Cash due from the NICF		-	90
Increase/(Decrease) in cash in this period		(16)	302

Notes to the Cash Flow Statement

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

Net Revenue for the Consolidated Fund	10	3,669	4,694
Decrease in non-cash assets	5,6	386	924
Increase/(Decrease) in non-cash liabilities	9	(562)	473
Net Cash Flow from operating activities		3,493	6,091

B: Analysis of Changes in Net Funds

Increase/(Decrease) in cash in this period		(16)	302
Net Funds at 1 April		867	565
Net Funds at 31 March		851	867

The notes on pages 49 to 60 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 2020-21 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 2021 there was a closing balance of £0.5m (2019-20: £0.6m) 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 2021 there was a total closing balance on ICOS of £26.3m (2019-20: £25.0m) which includes confiscation order interest. This balance is made up of

finances, extra costs, offender levy, other party monies and confiscation orders that remained unpaid at that date.

The debt at 31 March 2021 was split into the following two categories to assess for recoverability:

1. Non-current Receivables: £35k (2019-20: £50k); and
2. Remaining Debt: £26.3m (2019-20: £24.9m).

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 £35k.

2. Remaining Debt

The total value of this debt is £26.3m. 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 2020-21 (and 2019-20) 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 2021.

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 7.

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 2020-21 for the first time.

1.12 Accounting standards, interpretations and amendments to published standards not yet effective

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2022, 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.

Standard	IFRS 16 - <i>Leases (replaces IAS 17 Leases and related interpretations)</i>
Effective date	January 2019 (EU endorsed 31 October 2017)
FReM application	2022-23
Description of revision	<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>
Comments	IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of FReM, IFRS 16 will be implementation, as interpreted and adapted for the public sector, with effect from 1 April 2022.

	NICTS has undertaken a preliminary assessment of the potential impact of IFRS 16 on its future financial statements. It is currently considered that approximately £1m leases will be capitalised on the Statement of Financial Position in 2022-23 and it is not expected to have a material impact on the Statement of Comprehensive Net Expenditure.
Standard	IFRS 10, 11 and 12 – Group Accounting Standards
Effective date	1 January 2014 (with EU adoption)
FReM application	2022-23
Description of revision	The IASB issued new and amended standards (IFRS 10, IFRS 11 and IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures.
Comments	Accounting boundary IFRS are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016.

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	2020-21 £'000	2019-20 £'000
Debts written off by Judicial authority	2.1	892	833
Increase in value of impairment	2.2	1,569	2,220
		2,461	3,053

2.1 Debts written off by judicial authority

	2020-21 £'000	2019-20 £'000
Fines	490	395
Confiscation Orders	310	139
Offender Levy	5	7
Other Party Criminal	87	292
	892	833

2.2 Increase in value of impairment

	2020-21 £'000	2019-20 £'000
Balance as at 1 April	18,046	15,826
Change in estimated value of impairment	1,569	2,220
Balance as at 31 March	19,615	18,046

3. Revenue retained by the NICTS under statute

	2020-21 £'000	2019-20 £'000
Road Safety Partnership*	182	182
Fine Collection and Enforcement Service**	1,073	1,249
	1,255	1,431

*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

	2020-21 £'000	2019-20 £'000
Amounts due to be paid to the PPS	(5)	4
Amounts due to be paid to Other Parties	565	1,514
Amounts payable to DoJ Victims Fund	317	395
	877	1,913

5. Receivables falling due after more than one year

	2020-21 £'000	2019-20 £'000
Instalment Orders	1,173	1,486
Other receivables	41	50
less Impairment Provision	(564)	(790)
	650	746

6. Receivables falling due after less than one year

	2020-21 £'000	2019-20 £'000
Instalment Orders	4,169	3,656
Other receivables	21,421	20,429
less Impairment Provision	(19,051)	(17,256)
	6,539	6,829

7. Total receivables

The table shows a breakdown of the receivables balance at 31 March 2021.

	Fixed Penalty Notices £'000	Court Imposed Fines £'000	Extra Costs £'000	Confiscation Orders £'000	Offender Levy £'000	Other Party Criminal £'000	Total £'000
Receivables							
At 1 April 2020	610	15,508	61	3,120	660	5,662	25,621
Imposed	1,989	4,771	-	1,291	383	949	9,383
Cleared by committal ¹	-	(198)	-	144	(30)	(34)	(118)
Total Revenue	1,989	4,573	-	1,435	353	915	9,265
Total	2,599	20,081	61	4,555	1,013	6,577	34,886
Cleared by payment	(2,112)	(3,317)	(1)	(748)	(343)	(669)	(7,190)
Written off	-	(490)	-	(310)	(5)	(87)	(892)
At 31 March 2021	487	16,274	60	3,497	665	5,821	26,804
Impairment (provision for uncollectable amounts)²							
At 1 April 2020	-	11,555	43	2,102	450	3,896	18,046
Increase/(Decrease) in year	-	917	5	257	37	353	1,569
At 31 March 2021	-	12,472	48	2,359	487	4,249	19,615
Net book value at 31 March 2021	487	3,802	12	1,138	178	1,572	7,189
Net book value at 31 March 2020	610	3,953	18	1,018	210	1,766	7,575

Aged analysis of receivables at 31 March 2021 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
Receivables							
Less than one year	487	2,040	1	585	127	548	3,788
Greater than one year and less than five years	-	1,572	10	464	47	811	2,904
Greater than five years	-	190	1	89	4	213	497
Net book value at 31 March 2021	487	3,802	12	1,138	178	1,572	7,189

Notes

1. 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

	2020-21 £'000	2019-20 £'000
Balance at 1 April	867	565
Net change in cash and cash equivalent balances	(16)	302
Balance at 31 March	851	867
The following balances were held at		
Commercial banks and cash in hand (payable to NICF)	751	421
Commercial banks and cash in hand (payable to 3 rd parties)	100	446
Balance at 31 March	851	867

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

	2020-21 £'000	2019-20 £'000
Amounts due to be paid to the PPS	11	18
Amounts due to be paid to Other Parties	1,652	2,187
Amounts payable to DoJ Victims Fund	178	198
	1,841	2,403

10. Balance on Consolidated Fund Account

	2020-21 £'000	2019-20 £'000
Balance on Consolidated Fund as at 1 April	6,039	7,134
Net revenue for the Consolidated Fund	3,669	4,694
less amount paid to the Consolidated Fund	(3,509)	(5,879)
<i>Due from NICF</i>	-	90
	6,199	6,039

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 2021.

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 15 December 2021.

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