

Northern Ireland Courts and Tribunals Service

Trust Statement 2022-23



HC 448

Northern Ireland Courts and Tribunals Service

Trust Statement – Annual Report and Accounts 2022-23 for the year ended 31 March 2023

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PART 1 - PERFORMANCE REPORT

OVERVIEW

The purpose of this overview is to provide sufficient information to ensure that the purpose and remit of the Northern Ireland Courts and Tribunals Service (NICTS) is understood. This includes:

- a statement from the Director of NICTS providing his perspective on the performance of NICTS over the period;
- a statement of the purpose and activities of NICTS;
- the key issues and risks that could affect NICTS in delivering its objectives; and
- a performance summary.

FOREWORD BY THE DIRECTOR OF NICTS

I am pleased to introduce the NICTS Trust Statement for 2022-23.

The annual Trust Statement shows the revenue collected relating to fines, confiscation orders and other financial penalties imposed by the courts and PSNI (Police Service Northern Ireland).

The following sections of this Report describe in more detail what we do and our performance during the past year. I trust that this highlights both the range of services we provide and how we delivered against our targets.

During 2022-23 collections continued to increase with over £10.6m collected (cleared by payment) in the financial year across all imposition types (2021-22: £9.3m). As we look ahead, we continue to face a range of challenges, including recovery from the impacts of COVID-19 and a difficult budgetary environment. However, there are also significant opportunities as we focus on business recovery, deliver our Vision 2030 modernisation portfolio and build on the innovative ways of delivering business that emerged from the pandemic.

I would like to take the opportunity to formally record my thanks to staff across NICTS for their hard work and dedication in delivering our objectives. Delivering our objectives is very much a collaborative effort and I would also like to thank the judiciary and our many partner organisations and stakeholders for their support.

Glyn Capper
Director of NICTS

STATEMENT OF PURPOSE AND ACTIVITIES

This is the Trust Statement for NICTS for the financial year ended 31 March 2023. 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) 01/23 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 Department of Justice (DoJ) in Northern Ireland accountable to the Northern Ireland Assembly through the Minister for Justice. The Northern Ireland Assembly was dissolved on 28 March 2022 with an election taking place on 5 May 2022, on which date Ministers ceased to hold office. An Executive was not formed following the May 2022 election. Consequently, the DoJ minister, Naomi Long, retained her role in a caretaker capacity until 28 October 2022. The Northern Ireland (Executive Formation etc) Act 2022 has provided a framework for progressing decisions in the absence of a Minister which has enabled some of the work of the Department to continue.

The role of NICTS includes:

- **supporting:**
 - an independent Judiciary;
 - Northern Ireland's courts;
 - the majority of Northern Ireland's tribunals;
 - the Coroners' Service for Northern Ireland (CSNI); and
 - the delivery of legacy inquests through the Legacy Inquest Unit (LIU).
- **enforcing** civil court judgments through the Enforcement of Judgments Office (EJO);
- **collecting and enforcing** outstanding financial penalties imposed (or registered) by a criminal court through the Fine Collection and Enforcement Service (FCS);
- **managing** funds held in court on behalf of minors and patients; and
- **advising** the DoJ and Minister of Justice on matters relating to the operation of NICTS.

NICTS also provides administrative support to:

- the Parole Commissioners for Northern Ireland (PCNI);
- the Planning Appeals Commission and Water Appeals Commission (PACWAC);
and
- the Historical Institutional Abuse (HIA) Redress Board.

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, 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 the 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, 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 the 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 several 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 described below.

1. Fixed Penalty Notices

FPNs are imposed by PSNI and DVA. FPNs are issued for traffic rule violations and other vehicle rule violations. Normally 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.

Normally 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.

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 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 NICTS.

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).

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 the NICF. Revenue collected through the Road Safety Partnership is reinvested in the Partnership by payment to PSNI and is therefore not payable to the NICF. These remittances are reflected through the disbursements disclosed in the Statement of Revenue, Other Income and Expenditure (SoROIE).

The Justice Act (NI) 2016 provided for the establishment of a Fine Collection and Enforcement Service (FCS) within NICTS, similar to the arrangements in England and Wales. DoJ sought parity with 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. DoJ will continue to ensure that parity is maintained with counterparts in England and Wales regarding the arrangements in place for retention of funds under the fine incentive scheme. The Department is currently 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 retain an amount equal to the NICTS current costs in relation to enforcing and collecting fines. DoJ/NICTS also retain an amount equal to the employment costs of the Collection Officers appointed in compliance with the Justice Act (NI) 2016. The collective retention from the two netting-off schemes is fixed up to a maximum of £1.5m per annum; and
- DoJ/NICTS retain an amount 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.

In January 2022, NICTS received permission from DoF to retain an additional £819k over a period of two years, starting from 1 April 2022, to fund a temporary Legacy Fine Unit to address the outstanding legacy fine debt.

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 (CSC) 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 defendant's 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 CSC 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. Offender levies were introduced in 2012 and extended in 2016 and are currently set as:

- 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);
- a £5 levy on penalty notices issued under Sections 59 to 70 of the Justice Act (Northern Ireland) 2011;
- a £5 levy on endorsable road traffic fixed penalty notices (issued under Article 60 of the Road Traffic Offenders (Northern Ireland) Order 1996) and
- a £5 levy on 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).

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.

The NICTS Vision 2030 modernisation portfolio includes a range of important programmes focusing on digital modernisation; improved service design; and the modernisation of NICTS estate. The Themis Project is NICTS' cornerstone digital modernisation project for the delivery of the strategic objectives set out in the NICTS Digital Strategy. The project is to procure a delivery partner to deliver business transformation and implement a new digital solution and web portal for courts and tribunals business that will replace the aging line of business systems and online services, which will include ICOS. Key priorities in 2022-23 included developing the associated business case (which was approved in August 2022) and capturing requirements for the new digital solution following extensive staff and stakeholder engagement. The procurement process is underway and following award of contract, new operating models and digital solutions are planned to be implemented over a phased five-year implementation period.

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 handheld device, then the information will be automatically uploaded into Dome. Once populated, information on Dome is accessed through DomePay 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 received onto DomePay the status of the ticket is automatically updated.

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 from the FPO bank account to NICTS Finance Branch for onward payment to NICF;
- the segregation of duties and system access rights;
- robust controls over postal, counter and telephone receipts; and
- controls over payments in and out of the FPO bank account.

The PSNI Accounting Officer has responsibility for reviewing the effectiveness of internal controls 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 payment facility for Fixed Penalties

PSNI and NICTS continue to work together to introduce a new online facility that will enable customers to pay Fixed Penalties online. Testing has been carried out by FPO staff on the payment functions associated with non-endorsable tickets on both the new On-line System and DomePay and the results have been forwarded to PSNI for further action. We are currently awaiting PSNI response and an update on the way forward towards introduction. Endorsable

tickets will be a much longer-term project involving a number of agencies, namely NICTS, DVLA and PPS. Legislative changes will be required in relation to how Endorsable tickets are processed online and therefore this cannot be processed until there is a functioning Executive in Northern Ireland.

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 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.

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

CHALLENGES AND ISSUES

Criminal Justice Inspection Northern Ireland update

FCS has been operational for five years. During this time the organisational structure, resource complement and grading has been remodelled as have processes, procedures and system functionality, all culminating in a year-on-year increase in the value of fines collected.

On 30 June 2021, Criminal Justice Inspection Northern Ireland (CJINI) 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 CJINI recommendations relating specifically to FCS in this report were:

- Amending legislation to enable a deduction from benefit application to be made where a "debtor" is in receipt of Universal Credit. The necessary legislative amendment became operational in July 2021 and receipts from benefits for 2022-23 averaged £116k per month.

- Developing and introducing a Legacy Fine Unit. A new Legacy Fine Unit has been operational since 1 April 2022. In 2022-23 the Legacy Fine Unit has recovered £842k of legacy debt.

The above recommendations have now been fully implemented. As noted elsewhere in the accounts, there are plans in place to seek approval to extend the existing legacy project beyond the initial two years due to the success realised to date; this will require approval from DoF.

FCS remains committed to recovering the outstanding fines and have worked with relentless optimism in setting up procedures/service level agreements with key external partners in order to effectively recover the outstanding penalties taking account of the protected earnings guidelines.

Challenges remain in ensuring identification of the correct individual from the available sources. The preferred option for FCS is to have an individual's National Insurance Number (NINO) to use as its primary search parameter as this is a unique identifier.

It should be noted that although performance has increased it has not been without its challenges. FCS has carried a number of vacancies throughout the year and have recruited Agency staff where possible. However, this has resulted in additional staff training being required whilst striving to maintain service delivery and the continued processing of legacy cases.

The success of the Legacy Project to date is having a positive impact in ensuring a successful enforcement measure is put in place to recover legacy fines and reduce legacy debt overall.

Fine Default Litigation

Following a decision by the Divisional Court in 2013 that ruled that the longstanding procedure for the enforcement of unpaid fines in Northern Ireland was unlawful, NICTS introduced a settlement scheme. A number of claims were refused compensation having been deemed out of time as, pursuant to section 7(5) of the Human Rights Act 1998, proceedings alleging a breach of a Convention right must be brought within one year, beginning with the date on which the act complained of took place. NICTS is currently dealing with approximately 170 High Court writs challenging NICTS' decision to refuse compensation.

NICTS plans to contest three cases, selected to raise a broad spread of issues for consideration by the court and are likely to offer the greatest assistance to the resolution of other cases. The cases are listed for January 2024.

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. The legislation provided the collection officers with a range of additional powers to recover penalties imposed by the court.

Fine Collection and Enforcement Service Performance

The FCS has a complement of 34 collection officers:

- 25 of the team are dedicated to the business as usual work; and
- 9 are working on the pre 1 June 2018 outstanding legacy debt.

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 arrangements have been in place for over five years and all the powers previously mentioned, with the exception of vehicle seizure orders, are being successfully deployed to collect outstanding financial penalties. The establishment of regular payment plans, deduction from benefits and attachment of earnings generates 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. Where a debtor is returned to court for fine default, FCS will have exhausted all avenues in attempting to recover the penalty. The following table illustrates that prison committals (solely for fine default) fell from 285 during 2018-19 to 89 in 2021-22. However there has been an increase in 2022-23 to 117 which would reflect the continuing increase in cases moving to FCS for fine recovery.

Prison Committals (solely for fine default)

Financial year	Restated: Prison Committals (Solely for fine default)	Prison Committals (Published 2021-22 Trust Statement)
2022-23	117	
2021-22	89	89
2020-21	59	*150
2019-20	115	*222
2018-19	285	*371

*Prior to 2021-22, in the Northern Ireland Prison Population Report, receptions were defined as both a committal into prison and/or a change in an individual's custody type while in prison. An individual could have multiple receptions within one custodial period if their committal type changed while in custody. There was a chance therefore of the reader misunderstanding when viewing reception numbers and misinterpreting them as committal numbers. For this reason and also to add value to the report, Analytical Services Group (ASG), the statistical and research team within DoJ, proposed the inclusion of a section on committal numbers (still called receptions) and a section for custodial type changes for the financial year which was supported by the responses to a user consultation in 2022 - [Results from the 2022 User Consultation on Content Changes to the Northern Ireland Prison Population Report | Department of Justice \(justice-ni.gov.uk\)](#).

The current arrangements for fine recovery 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 as noted in the table below.

Fine Collection and Enforcement Service: Fines recovered from creation of service to 31 March 2023

June 2018 - March 2020	2020-2021	2021-2022	2022-2023	TOTAL INCOME
£2.33m	£1.87m	£2.78m	£3.55m	£10.53m

A total of £10.53m has been recovered by FCS since the service launched on 1 June 2018 up to 31 March 2023:

- £6.08m has been recovered through payments received on-line, credit transfer, counter, telephone, and postal;

- £3.32m has been recovered from benefits; and
- £1.12m has been recovered from earnings.

Action taken by FCS during this period resulted in full fine recovery in 10,036 cases and a total of £3.55m being collected in relation to outstanding financial penalties. As at 1 April 2023 there are a total of 31,961 active cases in FCS equating to approximately £13.3m debt and includes Legacy debt which has been activated within the FCS process. These 31,961 active cases relate to debt which has passed its due date, and include fines imposed in this financial year and in previous financial years which remained unpaid.

The following table provides a comparison of FCS fine recovered between the financial years 2022-23 and 2021-22:

Fine Collection and Enforcement Service: Fine recovery and payment method comparison between 2022-23 and 2021-22

Description	2022-23	2021-22	Increase/Percentage
Total recovered	£3.55m	£2.78m	£0.77 m / +28%
Deductions from Benefits	£1.39m	£0.87m	£0.52m / +60%
Attachment of Earnings	£0.35m	£0.32m	£0.03m / +9%
Monies paid to FCS by debtors voluntarily following FCS intervention (Online, Counter, Telephone, Postal)	£1.81m	£1.59m	£0.22m / +14%
Paid in Full Cases	10,036	8,227	1809 / +22%

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

- The ability to deduct from both legacy benefits and Universal Credit;
- Access to real-time third-party information such as Searchlight and HMRC;
- The creation of a compliance team within FCS to governance missed payments and to apply the next level of enforcement where necessary;
- The flexibility to redeploy staff within FCS business areas to maintain service delivery; and
- Continued utilisation of Agency staff when vacancies arise.

Fine collection and enforcement arrangements are funded from fine receipts retention from the NICF as approved by HM Treasury up to the value of £1.5m. During 2022-23: £1.41m (2021-22: £1.31m) 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 of 31 March 2023, the cumulative payment rate for retention was 83%, with £752k retained (2021-22: £232k).

Legacy Cases (Outstanding debt cases Pre-1 June 2018)

NICTS also obtained approval (January 2022) to retain an element of fines to set up the new Legacy Unit who are responsible for managing the recovery of legacy debt. This approval granted NICTS the ability to retain fines up to the value of £819k over two financial years from 1 April 2022 to 31 March 2024 to fund the running costs of this team. In 2022-23 fines retained associated with legacy debt were £241k.

As per the business case for the Legacy Unit there were approximately 50,000 legacy cases dated pre-1 June 2018 with a value of approximately £12.9m.

Prior to the commencement of the Legacy Project in April 2022 FCS were still recovering legacy fines as part of business as usual. When processing 'new cases' if a case was identified as having a fine which pre-dated 1 June 2018 and was still outstanding this legacy fine was attached to the new case for recovery. There was approximately £1.06m recovered from legacy fines since FCS inception on 1 June 2018 until April 2022 when the Legacy Unit was introduced. From April 2022 to March 2023 a further £842k was recovered giving a total of £1.90m in legacy debt recovered up to March 2023.

The current legacy project has funding approval to 31 March 2024. The legacy team currently have approximately 22,000 outstanding cases to progress as at August 2023. There are approximately 15,000 active legacy cases currently being managed in the day-to-day FCS workstream and will continue to be managed until paid in full or a further order of the court is deemed necessary.

The initial business case for a two-year period was optimistic to realise the project however due to the success demonstrated, it is envisaged there will be a further business case drafted and DoF approval sought to extend the project. It is envisaged that the extension of the Legacy Unit will be for an additional four years which will provide further time to recover the legacy debt.

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 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.

Fraud and error analysis

NICTS is not aware of any material fraud during 2022-23. There were two minor instances of fraud reported within NICTS during the financial year (2021-22: one case). Both incidents related to a small amounts of cash being unaccounted for. There is a zero-based tolerance level to any fraud within NICTS and all managers are aware of their responsibilities to detect and prevent fraud.

Anti-corruption and anti-bribery

NICTS complies with the DoJ Anti-Fraud and Anti-Bribery Policy and Response Plan. 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 (DARC). The DoJ Anti-Fraud & Anti-Bribery Policy and Response Plan are available to staff on the DoJ intranet.

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

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. NICTS 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.

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 2022-23 the total impositions increased by £0.5m (4.39%) to £11.9m (2021-22: £11.4m). This increase is due to the value of Confiscation Orders increasing by £0.5m (55.55%) to £1.4m (2021-22: £0.9m).

Expenditure increased by £1.2m (22.22%) to £6.6m in 2022-23 (2021-22: £5.4m).

The SoROIE shows an overall net revenue position for NICF of £5.2m in 2022-23 (2021-22: £6.0m).

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 2023 increased by £1.3m (14.1%) to £10.5m (2021-22: £9.2m).

The net assets recorded in SoFP are represented by the balance owed to NICF. This balance increased by £1.6m (23.5%) to £8.4m in 2022-23 (2021-22: £6.8m).

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 2022-23 Trust Statement is £36.5k (2021-22: £33.0k). This is charged on a notional basis and is recognised in the Resource Accounts of NICTS.



Glyn Capper
Accounting Officer
3 January 2024

PART 2 - ACCOUNTABILITY REPORT

The Accountability section of the Trust Statement outlines how NICTS meets its key accountability requirements to the Assembly and ensures best practice with corporate governance norms and codes. The two sub-sections within the Accountability Report are outlined below.

i Corporate Governance Report

The purpose of this section is to explain the composition and organisation of the NICTS governance structures and how they support the achievement of its objectives.

The Corporate Governance Report includes:

- Statement of Accounting Officer's responsibilities; and
- Governance Statement.

ii Audit Report

This section brings together the key accountability documents within the Trust Statement. It comprises:

- Certificate and Report of the C&AG to the Assembly.

CORPORATE GOVERNANCE 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' 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' auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

NICTS GOVERNANCE STATEMENT 2022-23

GOVERNANCE STATEMENT

1. Role and responsibilities of NICTS

NICTS is an Agency of DoJ. NICTS 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. An updated version of the Framework Document was agreed by the NICTS Agency Board on 27 March 2023 and will remain in draft until it is approved by a future Minister of Justice.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Service's policies, aims and objectives, whilst safeguarding the public funds and assets for which, in accordance with the responsibilities assigned to me in my letter of delegation and in accordance with MPMNI.

As Director of NICTS I am responsible for the day-to-day operation and administration of NICTS and the leadership and management of its staff. I am accountable to the DoJ Permanent Secretary. There is currently no established Assembly in place. A new Minister of Justice will be appointed when a new Executive is established.

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

Strategic Context

The 2022-23 Business Plan set out the strategic objectives, priorities and key targets for NICTS. The annual plan was derived from the DoJ Corporate Plan 2022-25 and Departmental Business Plan 2022-23.

The Agency Board reviewed progress against the 2022-23 Business Plan throughout the year and are kept regularly updated on the performance of the FCS. Key performance statistics of FCS are contained in the Performance Report section of this account.

2. Purpose of the governance framework

The governance framework is the system which ensures the effectiveness of direction and control of NICTS. The framework encompasses the following internal controls:

- **governance** - how NICTS plans, sets, communicates and monitors its corporate objectives;
- **risk management** - how NICTS identifies, considers and manages the risks to the achievement of corporate objectives; and
- **business controls** - how NICTS assures itself and its stakeholders that it is in control of its business and the risks to the achievement of its objectives.

The governance framework is designed to manage risk to a reasonable level rather than to eliminate all risk. The framework is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

As Accounting Officer, I have established a governance framework and management structure to support me in the management of the key risks of NICTS.

3. Governance framework

During 2022-23 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 organisational structures which support the delivery of effective corporate governance are:

- Agency Board;
- Finance Committee; and
- Audit and Risk Assurance Committee (ARAC).

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.

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 a 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 2022-23, 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 2022-23 financial year. At the beginning of each Board meeting members are asked by me, as the Chair, to declare any conflicts or potential conflicts of interest. To allow members to prepare and consider any potential conflicts of interest members are provided with an agenda and all papers to be discussed, five working days before the meeting. Details of any significant interests which may conflict with Board members' management responsibilities can be found in Note 21 of the 2022-23 Agency Accounts www.justice-ni.gov.uk/publications/nicts-annual-report-and-accounts.

Attendance by members is shown below for the four meetings of the Board during 2022-23:

Position	Member	Attendance
Director of NICTS (Chair)	Glyn Capper	4/4
Acting Chief Operating Officer	Elaine Topping	3/4
Chief Modernisation Officer	Karen Ward	3/4
Non-Executive Member	Nicole Lappin	4/4
Non-Executive Member	Graham Dalton	4/4
Judicial Representative	The Honourable Mr Justice Colton	4/4
Judicial Representative	Her Honour Judge Smyth QC, Recorder of Belfast *	1/3
	His Honour Judge Fowler QC, Recorder of Belfast *	0/1
Judicial Representative	Presiding District Judge Keown, Magistrates Court **	0/1
	Presiding District Judge McGarrity, Magistrates Court **	1/3
Judicial Representative	John Duffy, President of the Appeals Tribunal	4/4
Lady Chief Justice's Office (LCJO)	Alison Houston, Principal Private Secretary to the Lady Chief Justice ***	1/2
	Mandy Kilpatrick, Principal Private Secretary to the Lady Chief Justice ***	2/2
Head of Legacy Inquest Unit and Coroners Service NI	Patrick Butler	3/4

* His Honour Judge Fowler QC, Recorder of Belfast resigned from the Agency Board and was replaced by Her Honour Judge Smyth QC, Recorder of Belfast on 20 July 2022.

** Presiding District Judge McGarrity, Magistrates' Court resigned from the Agency Board and was replaced by Presiding District Judge Keown, Magistrates' Court on 19 January 2023.

*** Mandy Kilpatrick (Principal Private Secretary to the Lady Chief Justice) resigned from the Agency Board and retired from NICTS and has been replaced by Alison Houston on 05 December 2022.

Key work of the Board during the year included:

- delivery of the NICTS key priorities against the Business Plan within the constraints of significant financial pressures;
- continuing business recovery from the COVID-19 pandemic;
- monitoring and mitigating against NICTS risks;
- overseeing the management of NICTS resources including staff, information, physical and financial resources; and
- review of the NICTS Audit and Risk Assurance Report.

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.

Finance Committee

The Finance Committee (“the Committee”) assists the Board with financial oversight and budgetary control. The Head of Finance in NICTS advises the Committee on any material issues concerning financial oversight and budgetary control. The Terms of Reference for the Committee are published on the NICTS website.

Attendance by members is shown below for the four meetings of the Finance Committee during 2022-23:

Position	Member	Attendance
Director of NICTS (Chair)	Glyn Capper	4/4
Acting Chief Operating Officer	Elaine Topping	4/4
Chief Modernisation Officer	Karen Ward	3/4
Acting Head of Finance	Louise Lavery	4/4
Non-Executive Member	Graham Dalton	4/4
Judicial Representative	The Honourable Mr Justice Colton	4/4

After each meeting the Acting Head of Finance provides a highlight report to the Agency Board covering the main issues discussed by the Finance Committee.

Audit and Risk Assurance Committee (ARAC)

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; examines the effectiveness of the overall risk management process and receives 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 relating to NICTS, it also ensures that the inter-relationships between it and the Departmental Audit and Risk Committee (DARC) are documented and agreed, particularly where assurance is provided on matters which properly support the Departmental Governance Statement.

The Terms of Reference for ARAC are published on the NICTS website.

The Committee is chaired by an independent Non-Executive Member of the Agency Board.

Attendance by members is shown below for the five meetings of the Committee during 2022-23:

Position	Member	Attendance
Non-Executive Member (Chair)	Nicola Lappin	5/5
Non-Executive Member	Philip Cromie	5/5
Judicial Representative	The Honourable Mr Justice Huddleston	5/5

Key work of ARAC included consideration of:

- NIAO audit strategies and reports to those charged with governance;
- Internal Audit's plan including strategy, activity reports and progress updates;
- Head of Internal Audit's annual opinion and report;
- Risk management and corporate governance;
- Financial governance and fraud reporting; and
- Annual reports and accounts.

After each meeting the Chair of ARAC presents a report to the Agency Board covering the main issues discussed by the Committee.

4. Risk management and internal control

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.

The Agency aims to assess and effectively manage risk in the achievement of its business objectives. Its capacity to manage risk derives from the experience and ability of managers to operate the fully documented risk management process. The Departmental Risk Management Framework is in line with best practice set out in the NIAO report on Good Practice in Risk Management.

The Framework details the approach to risk management, including risk appetite; the hierarchy for managing risks; the risk identification and escalation process; and the roles and responsibilities of the various levels of management.

This approach allows risks to be identified and managed at all levels and to be escalated as appropriate.

The Board provides leadership and direction in managing the risk environment in which the Agency operates. Each Head of Division provides leadership to the risk management process in their particular areas of responsibility, as well as corporately through their involvement in the Board, the ARAC and local management meetings. Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. 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. The Agency's overall arrangements for effective risk management include:

- an approach to risk management that aligns directly with that of the Department;
- an agreed risk appetite in line with the DoJ's policy;
- quarterly review of Branch, Divisional and Corporate Risk Registers to identify and escalate the risks threatening to impact upon the achievement of the Agency's objectives;
- quarterly review of corporate risks by the Board;
- ARAC agenda items focusing specifically on risk management;
- structures in place to assess and report on information risk; and
- bi-annual Stewardship Statements from managers, providing formal assurance on their management of risk for their respective business areas.

A key element of the Agency's risk and control framework is a professionally led Internal Audit function that works to Government Internal Audit Standards. Internal Audit reviews the overall arrangements for managing risk, provides assurance, and subsequently reports any matters of concern to ARAC. Assurance is also obtained from NIAO who present their audit report to ARAC following the statutory audit of the Agency's Annual Report and Accounts.

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.

Information assurance

NICTS is committed to managing and protecting personal data in line with data protection legislation and DoJ policies and procedures. NICTS is represented on a number of Departmental groups including the Information Risk Owners' Council (IROC), Accreditation Panel and Security Managers' Forum. In addition, NICTS provides bi-annual updates on records and information management to the Agency ARAC.

Data incidents are reported and managed in line with the DoJ Security Incident Reporting policy. Minor or low risk incidents are recorded and managed locally by NICTS. Major incidents which involve an actual data breach, may result in the Information Commissioner's Office (ICO) taking enforcement action or could cause harm and/or distress to individuals. Major incidents are reported to the DoJ Information Security (IS) Team to allow for potential notification to the ICO within 72 hours of becoming aware of the incident.

During 2022-23, 69 data incidents (2021-22: 50 data incidents) occurred with the highest proportion relating to post lost in transit. Of the 69 incidents, 5 were deemed reportable to DoJ (2021-22: 4 incidents). However, none of the incidents met the threshold for reporting to the ICO. All data incidents are investigated to identify lessons learned and appropriate remedial actions including the implementation of revised business processes as required.

The Information Assurance Risk Register continues to be reviewed at every meeting of IROC and the Chief Information Officer (CIO) presents a report for discussion covering all incidents.

The accreditation of the network and infrastructure are the responsibility of DoF Enterprise Shared Services (ESS), who have confirmed that these elements of its service are fully accredited. NICTS is responsible for accrediting only the aspects of the service that relate to line of business systems. Typically, this relates to application software, databases, and online interfaces. Full Accreditation Certificates have been issued by DoJ for all NICTS line of business systems, including a number of new systems.

Annual IT Health Checks on all NICTS Line of Business systems have been completed.

IT Assist, part of DoF ESS, 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 September 2022 for Causeway and May 2023 for the main NICTS line of business applications.

NICTS continues to monitor and review the application of Information Assurance policies to ensure data is handled appropriately and that any associated risks are identified and managed.

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 Policing 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.

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 2023 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 75% 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 24% 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 processing the payments of FPNs. There are a number of embedded controls within FPO to ensure receipts are accounted for and reconciled such as segregation of certain duties.

Penalty Notices for Disorder

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

This control framework has been in place throughout 2022-23.

5. Review of effectiveness of the governance framework

As Accounting Officer, I have responsibility for reviewing the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit, the internal control framework and comments made by external audit in their reports to those charged with governance and other reports. A sound governance framework has been established across NICTS which includes:

- Agency Board;
- ARAC with independent membership;
- Governance reviews;
- Annual governance statement;
- Stewardship statements; and
- Independent reviews by Internal Audit.

A Service Level Agreement (SLA) between NICTS and PSNI was agreed in September 2013. This was reviewed during 2020-21 and signed 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 formalises the arrangements between PSNI and NICTS in relation to the exchange and management of records of fine default warrants and the timely execution of the warrants by PSNI.

I received additional comfort from the inter-departmental assurance report relating to shared services provided to 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 **Satisfactory Assurance** based on the work carried out during the year. There were some instances of limited opinion, for example the Information

Governance report on HR Connect. However, ESS senior management have since met with the DARC members and provided an assurance that all weaknesses have been addressed and the assurance level has been raised to satisfactory.

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. The Board receives a variety of standard information, and other papers, which are quality reviewed by the Board secretariat. The information received allows the Board to be kept informed of any issues that it needs to be aware of, or take action on, to support decision making and drive improvement.

A review of effectiveness of the Board was commissioned in March 2023. The results of the Board Effectiveness Survey went before Agency Board on 19 June. The Board considers that it is fulfilling its governance requirements.

6. Budget position

The Northern Ireland Budget (No. 2) Act 2023, which received Royal Assent on 18 September 2023, provides the statutory authority for the 2023-24 Northern Ireland Budget which the Secretary of State for Northern Ireland set in his Written Ministerial Statement on 27 April 2023.

The Secretary of State NI set out the budget position for 2023-24, providing to the Department of Justice a non-ring fenced Resource DEL budget of £1,122m (excluding HMT funding for Additional Security and NI Protocol). This reflected an effective reduction against the Department's baseline of 1.7%. The Budget also provided a Ring-Fenced budget of £93m and a Capital DEL budget of £129m. Technical transfers were subsequently approved in August 2023 and, as a result, NICTS has received a non-ring fenced Resource DEL budget of £53.4m, a Ring Fenced budget of £10.1m and a Capital DEL budget of £4.3m for 2023-24.

7. Significant internal control issues

The following sections outline the internal control issues identified as a result of assurance activities in NICTS together with details of the plans in place to address any weaknesses identified.

There are no issues which have been deemed as significant to NICTS during 2022-23 as a result of the assurance activity.

Internal Audit

DoJ's Internal Audit Team carried out a review of the NICTS Fixed Penalty Office and Fine Collection process as part of the 2022-23 Internal Audit Work Programme. This review provided satisfactory assurance over the NICTS operated controls.

External Audit

NIAO issued the final 2021-22 Trust Statement RTTCWG in February 2023 which contained no audit recommendations.

8. 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.

In addition, independent assurance is provided by the NICS Group Internal Audit and Fraud Investigation Service operating to Public Sector Internal Audit Standards. Internal Audit delivers 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 review completed by Internal Audit. For the 2022-23 year she has provided overall satisfactory assurance in relation to NICTS internal controls for the FCS.

Following my review, I am satisfied that, I have effective governance arrangements and the necessary policies and procedures in place to provide a sound system of internal control to support NICTS in delivering its statutory duties and to meet the aims and objectives set by the Department, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my letter of delegation and in accordance with MPMNI. 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 policing 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 Assistant Chief Constable (for Community Safety), for the information included in the Trust Statement sourced from PSNI. The Assistant Chief Constable has stated that, to the best of his knowledge, the data provided to NICTS is complete and accurate for the year 2022-23.

A handwritten signature in black ink, consisting of two large, overlapping loops followed by a long, sweeping horizontal stroke that tapers to the right.

Glyn Capper
Accounting Officer
3 January 2024

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 2023 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. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

In my opinion the financial statements:

- give a true and fair view of the state of the NICTS Trust Statement's affairs as at 31 March 2023 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 £17.343 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 and Regularity of Public Sector Bodies 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 the NICTS Trust Statement in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the

Financial Reporting Council's Ethical Standard, 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 the 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 the 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 Trust Statement and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the NICTS Trust Statement 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; and
- 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 the NICTS Trust Statement 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 the 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 the 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; and
- 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.

Report

I have no observations to make on these financial statements.



Dorinnia Carville
Comptroller and Auditor General

Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

10 January 2024

PART 3 - FINANCIAL STATEMENTS
STATEMENT OF REVENUE, OTHER INCOME AND EXPENDITURE
for the year ended 31 March 2023

	Note	2022-23 £'000	2021-22 £'000
Revenue			
Fixed Penalty Notices		2,832	2,675
Court Imposed Fines		5,487	5,705
Extra Costs		4	3
Confiscation Orders		1,415	937
Offender Levy		487	458
Other Party Criminal		1,628	1,572
Total Revenue		11,853	11,350
Expenditure			
Credit gains / (losses)	2	144	(103)
Revenue retained by the NICTS under statute	3	(2,702)	(1,825)
Total Expenditure		(2,558)	(1,928)
Disbursements			
Amounts paid to Other Parties	4	(2,598)	(2,267)
Amounts paid to Road Safety Partnership		(1,479)	(1,151)
Total		(4,077)	(3,418)
Total Expenditure and Disbursements		(6,635)	(5,346)
Net Revenue for the Consolidated Fund		5,218	6,004

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

The notes on pages 39 to 48 form part of this statement.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2023

	Note	2022-23 £'000	2021-22 £'000
Non-current Assets			
Receivables falling due after more than one year	5	1,226	1,099
Total non-current assets		1,226	1,099
Current Assets			
Receivables falling due after less than one year	6	9,308	8,070
Cash and Cash Equivalents	8	1,252	382
Total current assets		10,560	8,452
Total assets		11,786	9,551
Current Liabilities			
Payables	9	(3,420)	(2,806)
Total current liabilities		(3,420)	(2,806)
Total Assets less Current Liabilities		8,366	6,745
Represented by:			
Balance on Consolidated Fund Account	10	8,366	6,745



Glyn Capper
Accounting Officer
3 January 2024

The notes on pages 39 to 48 form part of this statement.

STATEMENT OF CASH FLOWS for the year ended 31 March 2023

	Note	2022-23 £'000	2021-22 £'000
Net cash flow from operating activities	As below	4,467	4,989
Cash paid to the Consolidated Fund	10	(3,597)	(5,458)
Increase / (Decrease) in cash in this period		870	(469)

Notes to the Cash Flow Statement

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

Net Revenue for the Consolidated Fund	10	5,218	6,004
Increase in non-cash assets	5,6	(1,365)	(1,980)
Increase in non-cash liabilities	9	614	965
Net Cash Flow from operating activities		4,467	4,989

B: Analysis of Changes in Net Funds

Increase in cash in this period		870	(469)
Net Funds at 1 April		382	851
Net Funds at 31 March		1,252	382

The notes on pages 39 to 48 form part of this statement.

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

1.01 Basis of Accounting

The Trust Statement is prepared in accordance with Annex G of DoF's Accounts Direction, DAO (DoF) 01/23, 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 2022-23 FReM, in particular Chapter 11 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.

1.02 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.

1.03 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.

1.04 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. All fine monies retained are accounted for as expenditure.

1.05 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.

1.06 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.

1.07 Disbursements

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

1.08 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.

1.09 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 are 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 2023 there was a closing balance of £0.9m (2021-22: £0.7m) on DomePay. DomePay records fixed penalties which are issued by the PSNI and DVA. If penalties remain unpaid on Domepay, they will normally 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 2023 there was a total closing balance on ICOS of £27.1m (2021-22: £26.9m) which includes confiscation order interest. This balance is made up of fines, extra costs, offender levy, other party monies and confiscation orders that remained unpaid at that date.

The debt at 31 March 2023 was split into the following two categories to assess for recoverability:

1. Non-current Receivables: £118k (2021-22: £7k); and
2. Remaining Debt: £27.0m (2021-22: £26.9m).

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

1. Non-current Receivables

A number of cases have due dates that are on or after 1 April 2024 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 £118k.

2. Remaining Debt

The total value of this debt is £27.0m. 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. 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 2023.

1.10 Financial Instruments

In accordance with the provisions set out under Chapter 8 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 Accounting standards, interpretations, amendments, or other updates that were issued and effective for the 2022-23 financial year

NICTS has considered those new Standards, interpretations and amendments to existing Standards which have been published and are mandatory for the NICTS accounting periods beginning on or after 1 April 2022 or later periods, but which NICTS has not adopted. NICTS considers that these are either not relevant or material to its operations.

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

NICTS has considered those new Standards, interpretations and amendments to existing Standards which have been published but are not yet effective, nor adopted early, for these accounts. NICTS considers that these are either not relevant or material to its operations.

2. Credit gains / (losses)

	Note	2022-23 £'000	2021-22 £'000
Debts written off by Judicial authority	2.1	1,004	1,227
Decrease in value of impairment	2.2	(1,148)	(1,124)
		(144)	103

2.1 Debts written off by judicial authority

	2022-23 £'000	2021-22 £'000
Fines	625	624
Confiscation Orders	120	386
Offender Levy	17	10
Other Party Criminal	242	207
	1,004	1,227

2.2 Decrease in value of impairment

	2022-23 £'000	2021-22 £'000
Balance as at 1 April	18,491	19,615
Change in estimated value of impairment	(1,148)	(1,124)
Balance as at 31 March	17,343	18,491

3. Revenue retained by the NICTS under statute

	2022-23 £'000	2021-22 £'000
Road Safety Partnership*	297	282
Fine Collection and Enforcement Service**	2,405	1,543
	2,702	1,825

*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. In addition to this NICTS are allowed to retain an element of fines from 1 April 2022 for two years to fund the new Legacy Unit.

4. Amounts paid to Other Parties

	2022-23 £'000	2021-22 £'000
Amounts due to be paid to the PPS	9	16
Amounts due to be paid to Other Parties	2,091	1,809
Amounts payable to DoJ Victims Fund	498	442
	2,598	2,267

5. Receivables falling due after more than one year

	2022-23	2021-22
	£'000	£'000
Instalment Orders	1,639	1,610
Other receivables	118	7
less Impairment Provision	(531)	(518)
	1,226	1,099

6. Receivables falling due after less than one year

	2022-23	2021-22
	£'000	£'000
Instalment Orders	6,033	5,285
Other receivables	20,087	20,758
less Impairment Provision	(16,812)	(17,973)
	9,308	8,070

7. Total receivables

The table shows a breakdown of the receivables balance at 31 March 2023.

	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 2022	773	17,033	54	3,004	693	6,103	27,660
Imposed	2,832	5,782	4	1,410	528	1,678	12,234
Cleared by committal ¹	-	(295)	-	5	(41)	(50)	(381)
Total Revenue	2,832	5,487	4	1,415	487	1,628	11,853
Total	3,605	22,520	58	4,419	1,180	7,731	39,513
Cleared by payment	(2,743)	(4,597)	(9)	(1,045)	(473)	(1,765)	(10,632)
Written off		(625)	-	(120)	(17)	(242)	(1,004)
At 31 March 2023	862	17,298	49	3,254	690	5,724	27,877
Impairment (provision for uncollectable amounts)²							
At 1 April 2022	-	12,308	35	1,813	472	3,863	18,491
Increase/(Decrease) in year	-	(430)	(6)	(5)	(33)	(674)	(1,148)
At 31 March 2023	-	11,878	29	1,808	439	3,189	17,343
Net book value at 31 March 2023	862	5,420	20	1,446	251	2,535	10,534
Net book value at 31 March 2022	773	4,725	19	1,191	221	2,240	9,169

Aged analysis of receivables at 31 March 2023 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	862	2,550	0	1,109	174	637	5,332
Greater than one year and less than five years	0	1,779	6	92	41	1,120	3,038
Greater than five years	0	1,091	14	245	36	778	2,164
Net book value at 31 March 2023	862	5,420	20	1,446	251	2,535	10,534

Notes

- The balances cleared by committal to prison have been derecognised from income in line with Section 8.2.9 of Chapter 8 in FReM which states that "Fines and penalties are recognised at the time that the fine or penalty is imposed and becomes receivable by the entity. Where,

on appeal, or for other legal reasons, the penalty is cancelled, the amount receivable is derecognised at the date of successful appeal.”

- 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.

8. Cash and cash equivalents

	2022-23 £'000	2021-22 £'000
Balance at 1 April	382	851
Net change in cash and cash equivalent balances	870	(469)
Balance at 31 March	1,252	382
The following balances were held at		
Commercial banks and cash in hand (payable to NICF)	543	1
Commercial banks and cash in hand (payable to 3 rd parties)	709	381
Balance at 31 March	1,252	382

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

	2022-23 £'000	2021-22 £'000
Amounts due to be paid to the PPS	20	20
Amounts due to be paid to Other Parties	3,169	2,584
Amounts payable to DoJ Victims Fund	231	202
	3,420	2,806

10. Balance on Consolidated Fund Account

	2022-23 £'000	2021-22 £'000
Balance on Consolidated Fund as at 1 April	6,745	6,199
Net revenue for the Consolidated Fund	5,218	6,004
less amount paid to the Consolidated Fund	(3,597)	(5,458)
	8,366	6,745

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.

For financial reporting purposes, these entities are regarded as related parties.

No Board member, key manager or other related parties have undertaken any material transactions with NICTS during the year.

12. Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the C&AG to the Assembly.

There were no events between the end of the reporting period and the date the financial statements were authorised that would significantly affect these accounts.

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 10 January 2024.

PART 4 - APPENDICES**Appendix 1 – Acronyms**

Acronym	Details
ASG	Analytical Services Group
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
DARC	Departmental Audit and Risk Committee
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
ESS	Enterprise Shared Services
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

Acronym	Details
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
NINO	National Insurance Number
NIPS	Northern Ireland Prison Service
OCP	Office of Care and Protection
LCJO	Lady Chief Justice's Office
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

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