



Northern Ireland

**Courts and  
Tribunals Service**

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# Trust Statement



For the year ended 31 March 2017

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# **Northern Ireland Courts and Tribunals Service**

## **Trust Statement For the year ended 31 March 2017**

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Laid before the Northern Ireland Assembly  
under section 11(1) and (2) of the Government Resources  
and Accounts Act (Northern Ireland) 2001  
by the Department of Justice  
on  
20 December 2017



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## GLOSSARY

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C&AG	Comptroller & Auditor General
CFO	Court Funds Office
DAO	Dear Accounting Officer
DoF	Department of Finance (formerly the Department of Finance and Personnel)
DoJ	Department of Justice
DVA	Driver and Vehicle Agency
ECHR	European Convention on Human Rights
EJO	Enforcement of Judgments Office
FCEP	Fine Collection and Enforcement Programme
FCEPB	Fine Collection and Enforcement Programme Board
FCES	Fine Collection and Enforcement Service
FCS	Fine Collection Scheme
FPNs	Fixed Penalty Notices
FPO	Fixed Penalty Office
FPPC	Fixed Penalty Processing Centre
FReM	Government Financial Reporting Manual
FTR	For The Record
IAS	International Accounting Standard
ICOS	Integrated Court Operations System
IFRS	International Financial Reporting Standards
JARD	Joint Asset Recovery Database
JASPAR	Judicial Allocation Sitting Programme and Record
LOBs	Line of Business systems
MLA	Member of Legislative Assembly
MPMNI	Managing Public Money Northern Ireland
NDORS	National Driver Offender Retraining Scheme
NIAO	Northern Ireland Audit Office
NICF	Northern Ireland Consolidated Fund
NICS	Northern Ireland Civil Service

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

# PART 1 PERFORMANCE REPORT

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## OVERVIEW

### Foreword by the Acting Chief Executive

I am pleased to present the Trust Statement for the Northern Ireland Courts and Tribunals Service (NICTS) for 2016-17. NICTS is an Agency of the Department of Justice (DoJ), with the core aim of “serving the community through the administration of justice”. The Trust Statement provides an account of the revenues collected by NICTS which are due to the Northern Ireland Consolidated Fund (NICF) or other third parties. I am pleased that the Comptroller and Auditor General (C&AG) was able to provide an unqualified audit opinion on the 2015-16 statement. Significant efforts continue to be made to improve NICTS activities for enforcing and collecting the range of financial penalties and fines for which NICTS is responsible.

I would like to thank everyone involved for their hard work and commitment.

In the financial year covered by this Trust Statement, there has been a £1.0m (8.8%) increase in the monetary penalties imposed mainly due to an increase in the value of Confiscation Orders.

The total amount outstanding at 31 March 2017 increased by £2.2m (24.7%) due to an increase in amounts imposed during the year (£1.0m) and a decrease in amounts receivable brought forward, cleared by payments, and debt written off (£1.2m).

The C&AG qualified his report on the Trust Statements from 2011-12. The C&AG report to the Assembly on the Trust Statement for the year ended 31 March 2013 was considered by the Public Accounts Committee (PAC) in October 2014. Significant improvements continue to be made to address the issues raised by PAC. NICTS, the PSNI and DoJ are working towards full implementation of the remaining three recommendations included in the PAC report which was published on 21 January 2015.

The establishment of the new Fine Collection and Enforcement Service (FCES), provided for in the Justice Act (NI) 2016, has been delayed due to the absence of an Executive. However, NICTS continues to work with partner agencies to prepare for the new service, which will greatly improve the range of collection and enforcement options available and implementation will be a priority for NICTS as soon as an Executive is in place.



**Peter Luney**  
**Accounting Officer**  
Acting Chief Executive, NICTS



## Statement of Purpose and Activities

This is the Trust Statement for NICTS for the financial year ended 31 March 2017. 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 (DFP) 03/16 from the Department of Finance (DoF).

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

## Who we are

NICTS is an Executive Agency of DoJ. NICTS is accountable to the Northern Ireland Assembly through the Minister of Justice. During March 2017 there have been intensive political discussions involving the five largest parties and the UK and Irish Governments. However, resolution on a number of key issues was not made in time for the deadline of 27 March 2017 to enable the nomination of a First Minister, deputy First Minister and other Executive Ministers. Claire Sugden MLA was Minister of Justice from 25 May 2016 until 2 March 2017. David Ford MLA was Minister of Justice until 5 May 2016. A new Minister of Justice will be appointed when a new Executive is established.

The role of NICTS is to:

- provide administrative support for Northern Ireland's courts, tribunals and Parole Commissioners for Northern Ireland (PCNI);
- support an independent Judiciary;
- provide advice to the Minister on matters relating to the operation of the courts and tribunals, Enforcement of Judgments Office (EJO) and PCNI;
- enforce civil court judgments through the EJO;
- manage funds held in court on behalf of minors and patients;
- provide high quality courthouses and tribunals hearing centres; and
- act as the Central Authority under international conventions.

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

## Scope

The Trust Statement reflects the cash flows associated with the imposition and collection of fines and monetary penalties. It reflects the income due from the fines and monetary penalties imposed during the period and the expenditure incurred in the administration and collection of these; the third party bodies to which the funds are payable; and the balance owing to NICF at the year end. Provision for uncollectible amounts is accounted for in accordance with International Accounting Standard (IAS) 39: Financial Instruments: Recognition and Measurement.

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

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

### 1. Fixed Penalty Notices

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

### 2. Penalty Notices

Since 6 June 2012, Sections 59 to 70 and Schedule 4 of the Justice Act (Northern Ireland) 2011 gave PSNI the power to issue a defendant with a penalty notice for specified offences (e.g. disorderly behaviour, theft, criminal damage). These penalty notices are issued as an alternative to a court prosecution. There are currently two penalty notice amounts (£45 and £85) depending on the offence committed and all penalty notices include a £5 offender levy. If a penalty notice remains unpaid after 28 days it will be uplifted by 50% and sent to the court to be registered as court imposed fines that are 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).
- **Extra costs** and **other party costs** are awarded in court to cover prosecution costs such as summons server fees and court appearance fees.
- **Other party compensation** is awarded in court to victims of crime or may be awarded in relation to injury or damage to property etc.
- An **Offender levy** has been imposed on all fines and immediate custodial sentences for offences committed on or after 6 June 2012. The receipts obtained from the collection of these levies are collected by NICTS and transferred to the DoJ Victims of Crime Fund which is used to pay for services that support victims and witnesses in the criminal justice system. These monies are therefore not paid over to NICF.
- **Fixed penalty** and **penalty notice enforcement fines** are FPNs and penalty notices that have remained unpaid after 45 days and 28 days respectively and have been registered as a court imposed fine. These penalty notices are uplifted by 50% of the value of the original penalty notice when registered as a court imposed fine on the Integrated Court Operations System (ICOS).

### 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. Subject to agreement, NICTS is also 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, penalty notices and confiscation order receipts are surrendered to NICF. Extra costs are paid to PPS. Other party costs and other party compensation receipts are paid to the appropriate third party, including other government departments and victims of crime. Offender levy receipts are paid to the DoJ Victims of Crime Fund. Revenue collected through the Road Safety Partnership is reinvested in the Partnership by payment to PSNI and is therefore not payable to NICF. These remittances are reflected through the disbursements disclosed in the Statement of Revenue, Other Income and Expenditure (SoROIE).

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

## Current Systems

During this year there were four systems used to record the transactions that are reflected in the Trust Statement: ICOS, Vehicle Procedures/Fixed Penalty Office (VP/FPO), DomePay and Niche Records Management System (Niche RMS). These systems are detailed below.

### ICOS

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

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

All monetary penalties and penalty notices are collected and enforced through ICOS. Monetary penalties can be receipted on ICOS at any of the 18 court offices in Northern Ireland, the NICTS centralised Customer Service Centre in Londonderry

Courthouse or online through the NICTS secure website. When fine monies are received, NICTS records these on ICOS and the receipt is allocated against the specific case in the defendants account. All monies received into each court office are promptly collected and lodged into the relevant NICTS bank account. Penalty notice monies can be receipted on ICOS at any court office in Northern Ireland or through the NICTS centralised Customer Service Centre in Londonderry Courthouse.

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

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

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

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

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

The key features of the ICOS control framework are:

- the segregation of duties and system access rights;
- verification of cash balances through completion of daily, monthly and quarterly bank reconciliations;
- that all cases listed in court are entered onto the ICOS system;
- the verification of data entered onto the system;

- the supervision and control by management to ensure that staff use the ICOS system efficiently and effectively through ICOS management reports; and
- an effectively functioning Fine Collection Team to increase the amount of fine monies received.

### **DomePay and VP/FPO**

VP/FPO was replaced in December 2016 by a new operating system which enhances the database functionality used by PSNI together with a new bespoke payment processing application called DomePay.

DomePay was developed by the service provider to facilitate the processing of fixed penalty payments for the Fixed Penalty Office (FPO) in NICTS. FPO continued to operate VP/FPO to complete the processing of any 'live tickets' issued prior to DomePay's implementation. The VP/FPO system is also required to process VP/FPO related refunds. All VP/FPO issued tickets have now been dealt with and the system was shut down on 5 September 2017.

DomePay, uses a single database to support both the Fixed Penalty Processing Centre (FPPC) in PSNI which is responsible for recording and processing fixed penalty offences, and the Fixed Penalty Office (FPO) in NICTS which processes the fixed penalty payments.

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

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 through post, by telephone or in person at the FPO counter in Laganside Courthouse. When a payment is receipted onto DomePay the status of the ticket is automatically updated.

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

The key features of the DomePay control framework are:

- monthly reconciliation of the bank account;

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

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

### **Niche RMS**

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

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

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

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

## **Challenges and Issues**

### **Judicial Reviews on Fine Enforcement**

In March 2013 the Divisional Court held that the long-standing procedures for the enforcement of unpaid fines and other monetary penalties in Northern Ireland were unlawful. The Court found that the detention in question was in breach of Article 5 European Convention on Human Rights (ECHR). Subsequently, five test cases were remitted to the High Court so that issues of liability and compensation could be determined. Following legal advice a decision was taken to settle the test cases.

The settlement terms agreed in December 2016, provided a sound and consistent basis for settling future claims. The terms provided for the 'claw back' of outstanding fines including the original fine on which the unlawful detention was imposed.

A Fine Default Litigation Project was established in February 2017 to settle potential claims on the agreed terms. At the time of producing the NICTS Trust Statement a total of 792 letters of claim had been received. Of these claims 43 claims were assessed as valid.

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. There is a possibility of a legal challenge seeking an extension to the six year statutory period for civil claims; the one year period is not absolute and the courts, having regard to all circumstances, may extend it.

Consequently, there may be significant financial implications in the future for NICTS and the Department.

### **DomePay**

PSNI completed a procurement exercise in late 2015 and a software provider was tasked with developing a solution to replace the VP/FPO system. A new system was developed which went live in December 2016. A number of issues, identified during ongoing User Assurance Testing, remain to be resolved. These issues are being dealt with in consultation with PSNI and Startraq, the service provider. VP/FPO has continued to run alongside the new system until all inflight cases have been dealt with and the process of data migration is complete.

## **PERFORMANCE ANALYSIS**

### **Fine Enforcement Developments and Initiatives**

#### **Fine Collection and Enforcement Programme**

The Fine Collection and Enforcement Programme (FCEP) was established by DoJ in 2013. The Programme Board is led by DoJ and comprises senior officials from NICTS, PSNI, NIPS and the Probation Board for Northern Ireland (PBNI). The FCEP Board is chaired by the Director of Access to Justice in DoJ who has also been designated as the Senior Responsible Owner (SRO) for the Programme. The Programme is sponsored by the Criminal Justice Board.

The main aim of FCEP is to maintain confidence in the use of fines as a credible deterrent to crime by improving collection and enforcement arrangements for unpaid criminal court imposed fines in Northern Ireland, bringing them to a comparable standard to those already operated in Great Britain. Progress on the Fine Default Initiatives is reported to the Board on a quarterly basis.



The Fine Collection and Enforcement Programme Board (FCEPB), oversees the Fine Collection and Enforcement Project.

### **Fine Collection and Enforcement Service (FCES) Project**

This project has responsibility for establishing a new Fine Collection and Enforcement Service and the introduction of Supervised Activity Orders (SAOs) as part of a range of new measures which will serve as alternatives to imprisonment. Sentencers will have more access to SAOs and dedicated Collection Officers will be created who will have additional powers to encourage payment, thereby greatly reducing the number of cases going into default. Legislative provisions to allow for civilianised FCES are included in the Justice Act (NI) 2016. Related secondary legislation is required to be in place to enable the new Service to be established. The progression of this secondary legislation has been delayed due to the absence of the NI Executive/Assembly but will be treated as a priority by DoJ once the Assembly is re-established. The Project Board also monitors the current fine default arrangements.

### **Justice Act (NI) 2016**

Following Royal Assent on 12 May 2016 the Justice (No. 2) Bill became the Justice (NI) Act 2016. This legislation and related secondary legislation is required to enable the establishment of FCES.

The Act deals, in part, with the collection and enforcement of fines and other penalties. It creates civilian Collection Officers whose responsibility it will be to collect penalties as set by, and under the authority of, the Courts and increases the collection options available to the Courts and Collection Officers by creating the ability to deduct payments from earnings or benefits in certain circumstances. For the more willful defaulter who has the ability to pay but doesn't, the Act allows a broader range of options for the Courts to pursue, including bank account orders and vehicle seizure orders. SAO changes are also included in the Act.

### **Fine Collection Scheme**

In May 2009 the Fine Collection Scheme (FCS) was implemented within NICTS in an effort to increase the amount of fine monies received and to reduce the number of fine warrants issued to the PSNI for execution.

All outstanding monetary penalties enter FCS once their payment due date has passed. Fine Collection Officers, located in Laganside Courts, telephone debtors and send two reminder letters within a ten day period requesting full payment or for the debtor to contact the Fine Collection Officers to discuss a payment plan.

The performance of FCS is monitored on a monthly basis and is reported internally within NICTS. Following the fine default judgment FCS still continues to operate

successfully and fine collection reminder letters have been amended to reflect the new interim arrangements.

For a relatively small investment of £0.2m per annum FCS has over an nine year period successfully collected £10.8m providing an additional average income of £1.2m per annum.

The Agency continued to operate the FCS throughout 2016-17 to encourage debtors to pay without the need for enforcement. Fine Officer intervention has resulted in approximately 40% more debtors making payment during 2016-17.

During 2016-17 20,537 fines (2015-16: 17,465) with a value of £3.8m (2015-16: £3.3m) entered FCS with 7,181 (2015-16: 6,013) of these fines, with a value of £0.9m (£0.8m), being collected. This equates to a collection rate of 35.0% (2015-16: 34.4%) by number and 24.8% (2015-16: 24.2%) by value.

### **Supervised Activity Orders**

An evaluation of the SAOs pilot scheme, which ran in Newry and Lisburn Magistrates' Courts during 2012 and 2013, was undertaken by DoJ during 2013. The evaluation report was issued to the Justice Committee in December 2013 and assessed the strengths and weaknesses of SAOs as an alternative to imprisonment for fine default and identified a number of areas for improvement. Changes in SAO legislation have been included in the Justice Act (NI) 2016. These changes include the availability of an SAO for all financial penalties falling within the collection scheme, not just fines. In expanding the penalties to which an SAO can be applied, the Act also increases the limit of financial penalties included up to a maximum of £1,000 (from £500). As a consequence the maximum number of community service hours and the period in custody that can be imposed for a breach of a SAO will also increase.

The Act provides for enhancements to the SAO provisions by making it available at any point in the process of a court setting a financial penalty, not just when the debtor defaults and also allowing the SAO to be cleared by payment at any point if it cannot be fulfilled.

SAOs will be implemented at the same time as the new Fine Collection and Enforcement Service legislated for in the Justice Act (NI) 2016.

## **Other Developments**

### **Project PUMA**

The purpose of the PSNI Hand Held Mobile Data Project (PUMA) is to increase efficiency, effectiveness and enable better informed policing. This is achieved by empowering Police Officers with direct access to relevant information. Project

PUMA allows for FPNs to be dealt with electronically and reduces the time taken for issued notices to be fully recorded on the PSNI system (the Dome) therefore enabling speedy justice and at the same time ensuring a much more robust process from beginning to end. Project PUMA also enables the police to issue penalties without requiring them to carry a number of separate ticket books.

A phased rollout to Roads Policing commenced in April 2012 and rollout to all policing districts concluded during 2015. Albeit the roll-out is complete this will not mean all tickets will be issued electronically as not all officers have access to mobile devices and there are areas within Northern Ireland that remain problematic in terms of mobile signal. Currently around 5,000 officers have access to the Fixed Penalty application on PUMA enabled devices, although not all have a requirement to utilise the software. New devices are currently being tested as a replacement platform and these will be made available to around 3,500 officers when the testing and procurement processes are complete.

## Results for the Year and Financial Position

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

The Statement of Revenue, Other Income and Expenditure (SoROIE) details the income collected by the NICTS acting as an agent on behalf of NICF and other third parties and shows the associated expenditure.

During 2016-17 the total impositions increased by £1.0m (8.8%) to £12.4m (2015-16: £11.4m). The value of fines and penalties imposed increased by £0.2m (2.1%) to £9.7m (2015-16: £9.5m) and the value of confiscation orders has increased by £0.8m (42.1%) to £2.7m (2015-16: £1.9m).

Expenditure has decreased by £4.3m (52.4%) to £3.9m in 2016-17 (2015-16: £8.2m).

The SoROIE shows an overall net revenue position for NICF of £8.4m in 2016-17 (2015-16: £3.2m).

### 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 2017 increased by £2.2m (24.7%) to £11.1m (2015-16: £8.9m).

The net assets recorded in SoFP are represented by the balance owed to the NICF. This balance increased by £2.1m (28.0%) to £9.6m in 2016-17 (2015-16: £7.5m).

**Auditors**

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

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

The audit fee for the 2016-17 Trust Statement is £33.5k (2015-16: £33.5k). This is charged on a notional basis and is recognised in the Resource Accounts of NICTS.



**P Luney**  
**Accounting Officer**  
7 December 2017

## PART 2 ACCOUNTABILITY REPORT

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### Statement of Accounting Officer's Responsibilities

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

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

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

- observe the Accounts Direction issued by DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the Trust Statement on a going concern basis.

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

The Chief Executive is responsible for the maintenance and integrity of the information on the NICTS website.

## Governance Statement

### SCOPE OF RESPONSIBILITY

NICTS is an executive agency of DoJ sponsored by the Access to Justice Directorate. As 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.

As Chief Executive I am responsible for the day-to-day operations and administration of NICTS and the leadership and management of its staff. I am accountable, through the Director of Access to Justice, to the DoJ Permanent Secretary and ultimately the NI Assembly. From March 2017 there have been intensive political discussions involving the five largest parties and the UK and Irish Governments. However, resolution on a number of key issues was not made in time to enable the nomination of a First Minister, deputy First Minister and other Executive Ministers. Consequently we currently have no Ministers and hence, no Executive.

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

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

The role of NICTS is to:

- provide administrative support for Northern Ireland's courts, tribunals and PCNI;
- support an independent Judiciary;
- provide advice to the Minister on matters relating to the operation of the courts, tribunals, EJO and PCNI;
- enforce civil court judgments through EJO;
- manage funds held in court on behalf of minors and patients;
- provide high quality courthouses and tribunals hearing centres; and
- act as the Central Authority under certain international conventions.

## Strategic Context

The 2016-17 Business Plan sets out the strategic objectives, priorities and key targets for NICTS. The annual Business Plan is derived from the Agency Corporate Plan 2012-15, the objectives and targets of which were extended until March 2017. This decision was taken to ensure consistency of approach with DoJ and the wider NICS.

A new DoJ Corporate Plan for 2017-18 onwards is now being developed and will be agreed once there is a Minister in place. In future it is anticipated that business plans will be established using output based objectives. NICTS will review this plan in the context of the DoJ Corporate Plan once it is available.

During 2017-18 NICTS will engage in a number of reform projects which will include implementing a number of significant legislative changes contained in the Justice Act (NI) 2016. One such change will require NICTS to establish a new Fine Enforcement and Collection Service.

The Agency is also committed to support DoJ in delivering the Executive's draft Programme for Government. To that end NICTS will work to ensure "we have a safe community where we respect the law and each other". NICTS will also contribute to the delivery of the following Programme for Government indicators:

- To reduce crime;
- To increase the effectiveness of the justice system; and
- To reduce reoffending

## **PURPOSE OF THE GOVERNANCE FRAMEWORK**

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

## **GOVERNANCE FRAMEWORK AND MANAGEMENT STRUCTURE**

The key management structures which support the delivery of effective corporate governance in NICTS are the:

- Agency Board;
- Finance Committee;
- Audit and Risk Committee; and
- Strategic Planning Group.

### Agency Board

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

The Board has established two formal sub-Committees to assist it in carrying out its functions which are as follows:

- Finance Committee; and
- Audit and Risk Committee.

At the beginning of each Board meeting members are asked by me as Chair to declare any conflicts or potential conflicts of interest. To allow members to prepare and consider any potential conflicts of interest members are provided with an agenda and all papers to be discussed five working days before the meeting. During 2016-17 there were no conflicts of interest declared by any Board member in respect of the Trust Statement.

Attendance by members is shown below for the six meetings of the Board during 2016-17:

<b>Member</b>	<b>Position</b>	<b>Attendance</b>
Mr P Luney	Acting Chief Executive (Chair) (from 1 February 2017)/ *Head of Court Operations (until 31 January 2017)	4
Mr R Armour	**Chief Executive (Chair) (until 31 January 2017)	5
Mrs E Topping	Head of Court Operations (from 1 February 2017)/ Head of Tribunals and Enforcement (until 31 January 2017)	6
Mr Jim Coffey	Acting Head of Tribunals & Enforcement (from 13 February 2017)	1
Ms S Hetherington	Head of Corporate Services	5
Mr C McKenna	***Non-Executive Director	6



Mr D A Lavery CB	DoJ Representative	3
The Honourable Mr Justice Deeny	Judicial Representative	5
His Honour Judge McFarland (Recorder of Belfast and Presiding County Court Judge)	Judicial Representative	2
District Judge Bagnall (Presiding District Judge (Magistrates Court))	Judicial Representative	4
Mr John Duffy (President of the Appeals Tribunal)	Judicial Representative	2

\*Mr Peter Luney took over as Acting Chief Executive on 1 February 2017.

\*\*Mr Ronnie Armour left NICTS on 31 January 2017 to take up the post Director of Reducing Offending.

\*\*\*Mr C McKenna joined the Board in May 2011, with his contract extended in April 2014 to run until 31 March 2016. A one year extension was granted to Mr McKenna's contract to run until 31 March 2017. A further extension has been granted to run until 30 September 2017.

### Finance Committee

The Finance Committee assist the Board with financial oversight and budgetary control. The role of Finance Director in NICTS is performed by the Head of Corporate Services who advises the Finance Committee on any material issues concerning financial oversight and budgetary control.

The Terms of Reference for the Finance Committee are included in the Framework Document.

Attendance by members is shown below for the four meetings of the Finance Committee during 2016-17:

<b>Member</b>	<b>Position</b>	<b>Attendance</b>
Mr P Luney	Acting Chief Executive (Chair) (from 1 February 2017)/ Head of Court Operations (until 31 January 2017)	4
Mr R Armour	Chief Executive (Chair) (until 31 January 2017)	2
Mrs E Topping	Head of Court Operations (from 01 February 2017)/ Head of Tribunals and Enforcement (until 31 January 2017)	3
Mr J Coffey	Acting Head of Tribunals and Enforcement (from 13 February 2017)	1
Ms S Hetherington	Head of Corporate Services	4
Mr C McKenna	Non-Executive Director	3
The Honourable Mr Justice Deeny	Judicial Representative	3

After each meeting the Finance Director provides a highlight report to the Board covering the main issues discussed.

### Audit and Risk Committee

The role of the Audit and Risk Committee 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. The Audit and Risk Committee 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.

The Audit and Risk Committee operates in accordance with the Audit and Risk Assurance Committee Handbook (NI) which was published on 18 March 2014. Although the Audit and Risk Committee primarily considers matters within NICTS, it also ensures that the inter-relationships between it and the Departmental Audit and Risk Committee are documented and agreed, particularly where assurance is provided on matters which properly support the Departmental Governance Statement. The Audit and Risk Committee has an interest in matters relating to PSNI for the purposes of the Trust Statement.

Attendance by members is shown below for the four meetings of the Audit and Risk Committee during 2016-17:

<b>Member</b>	<b>Position</b>	<b>Attendance</b>
Mr C McKenna	Chair	4
Mr Justice Burgess	Judicial Representative	4
Mr G Wilkinson	Non-Executive Director	2

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

- Changes to the Corporate Risk Register;
- Northern Ireland Audit Office (NIAO) Report to those Charged With Governance (RTTCWG);
- Internal Audit reports;
- Internal Audit work programme;
- Head of Internal Audit's Annual Assurance Statement;
- Relevant PAC Reports;
- Annual Reports and Accounts; and

- Financial Governance updates.

### Strategic Planning Group

The Strategic Planning Group (SPG) is the decision making group for the senior executive team within NICTS. SPG takes a strategic look at the work of NICTS and consider resources, budget, business performance and operational issues. SPG meets approximately fortnightly.

### Sub Committee Reports to the Board

The 2015-16 Trust Statement was considered by both the Finance Committee and the Audit and Risk Committee and reported on throughout the year to the Board who were informed on the progress and issues relating to the Trust Statement.

During the year it was reported that NIAO had removed the qualification on the uncertainty of the collectability of debt in relation to the 2015-16 Trust Statement.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

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

### **Internal Control**

The system of internal control is not designed to eliminate all risk of failure but to manage risk to a reasonable level to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control has been in place in NICTS for the year ended 31 March 2017 and up to the date of approval of the Trust Statement, and 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 the 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 79% 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

A new system 'DomePay' was introduced, during December 2016, to process FPNs. FPNs were recorded and managed using VP/FPO up to December 2016 and from December 2016 newly issued FPNs were processed on the DomePay system. FPNs account for 19% of the Trust Statement impositions. PSNI and DVA both have the authority to impose FPNs with PSNI also being responsible for recording impositions on VP/FPO / DomePay. The FPO within NICTS is responsible for the processing of the payment of FPNs. There are a number of embedded controls within FPO to ensure receipts are accounted for and reconciled.

- Penalty Notices for Disorder (PNDs)

PNDs are issued by PSNI as an alternative to court prosecution. PNDs account for 2% of the Trust Statement impositions. PNDs are recorded on the PSNI operational information system called Niche RMS. The Niche RMS system interfaces with ICOS via Causeway. NICTS is responsible for receipting and processing the payments made in respect of issued PNDs. When preparing the annual Trust Statement NICTS reconcile the PNDs data per ICOS to the PNDs information on Niche RMS.

This control framework has been in place throughout 2016-17.

## **Risk Management**

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

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

Formal branch and divisional risk management meetings take place quarterly and support the corporate risk management process. Risks are primarily identified through risk identification workshops; they are assessed in terms of their probability of occurrence and impact on the achievement of objectives and then scored and

reported on accordingly. Responsibility for the management of each risk is assigned to a risk owner and recorded on the risk register along with controls in place to mitigate the risk or action plans in place to enhance the level of control. The updated risk registers record any movement of risks in terms of impact and probability of occurrence from one period to another and this enables an appreciation of how the risk has changed over time.

Risk management is considered formally by senior management through quarterly reviews of the Corporate Risk Register and Corporate Plan monitoring reports. Senior management review, recommend and pursue actions in place to manage the risks. 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.

NICTS operates a process to enable escalation of risks to the DoJ Corporate Risk Register if risks breach the organisation's tolerance level.

### Information Assurance

NICTS is committed to ensuring personal data is appropriately protected and managed in line with DoJ policies. NICTS is represented on a number of Departmental groups including the Information Risk Owner Council, Accreditation Panel and Security Managers' Forum.

Any incidents are reported and managed in line with established Departmental guidance. During 2016-17 a total of fifteen Information Assurance incidents were received of which eight were reported to DoJ. Of the eight, four related to data breaches; two for data loss and two in relation to data found. All were investigated with the findings reviewed to identify any lessons learned and where appropriate, existing processes amended. One data breach incident was notified to the Information Commissioner's Office during this period. This data breach was not directly related to the Trust Statement.

Mandatory eLearning, 'Responsible for Information General User' (all staff), 'Responsible for Information Level 2' (for Deputy Principal-Grade 7) and 'Responsible for Information Level 3' (for Grade 6-Senior Civil Servant), was issued to all staff for completion in the financial year.

The PSNI adopts the principals of the Cabinet Office's Security Policy Framework and was certified on 2<sup>nd</sup> March 2017 as compliant with the National Policing Community of Trust Code of Connection. This enables PSNI to securely connect to national police information systems and the Public Service Network for Policing's Protected and Secured Networks. PSNI adopted the Government Security Classification policy with effect from 1 June 2016 in line with National Policing Chiefs

Council's direction. PSNI have reported no data related incidents relevant to the Trust Statement.

Under the Fujitsu Managed Services Contract, NICTS was responsible for accrediting all aspects of the service – networks, infrastructure and systems. With IT Assist's service the accreditation of the network and infrastructure are the responsibility of DoF's Enterprise Shared Services (ESS); who have confirmed that these elements of its service are fully accredited.

As a consequence the accreditation scope for NICTS systems has changed to reflect only the aspects of the service that relate to line of business systems (LOBs). Typically this relates to the operating system, database and application software. Due to the migration from Fujitsu to IT Assist in January 2016, NICTS was obliged to carry out full accreditation of all systems – which means that none of our systems are currently accredited.

To re-establish the accreditation of systems NICTS has:

1. agreed the scope of our accreditation with the Departmental Accrerator;
2. carried out an independent IT Healthcheck of all our LOBs. The report indicated there were no major risks, but did identify vulnerabilities that need to be addressed;
3. agreed a remedial action plan with IT Assist and Version 1 to address the vulnerabilities identified in the IT Healthcheck;
4. successfully carried out a disaster recovery test of ICOS, which also tested that ICOS could still send and receive Causeway messages; and
5. contracted a specialist supplier to create the Risk Management Accreditation Documents (RMADs) covering all our LOBs.

The DoJ's Accreditation Panel is closely monitoring our progress. An IT Health-check was carried out November 2016. Following this, NICTS have been working with the main IT support partners IT Assist and Version 1 to carry out remediation action and recommendations from the health-check report. NICTS systems have been split into 3 distinct categories, based on risk and impact. Accreditation of all our systems will be achieved by either:

- Completing Accreditation Statements;
- Completing existing gaps in current RMADs documents to make them more compliant with the IS1/IS2 standard; or

- In the case of Court Funds Office (CFO) (because this is a completely new system), engaging with the 3rd Party supplier to complete a new set of IS1/IS2 based RMADs.

The DoJ Accreditor has recently received Accreditation Statements for the following systems; JASPAR, SydneyPlus, On-Line Services, FTR and Badge-Maker, and intends seeking approval from the DoJ Accreditation Panel to accredit these systems by November 2017.

Draft RMADs have been prepared for CFO, which will be used as a template for our remaining systems – ICOS, EJO, the Office of Care and Protection, and the Coroners Case Management System. NICTS aims to achieve accreditation for these systems by December 2017.

Of the remaining systems that require accreditation, PCNI is fully accredited to December 2018, the PII laptop is accredited to February 2019, and the Coroners Service Laptop solution is soon to be submitted for formal accreditation.

A series of unannounced clear desk inspections were completed across the NICTS estate.

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.

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

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

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

management of records of fine default warrants and the timely execution of the warrants by PSNI.

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

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

NIAO issued the 2015-16 Trust Statement RTTCWG in February 2017 which made two priority one recommendations in relation to the value of receivables and PSNI cash warrant collection procedures. Additionally there was one priority two recommendation and one priority three recommendation. Further details of these are set out below in the External Audit section of Audit Recommendations. NICTS continues to liaise with PSNI and work towards the full implementation of the recommendations.

#### Agency Board Effectiveness

Board effectiveness was evaluated in September 2014 with the outcome being that the Board is fulfilling its governance requirements. The next evaluation exercise will be completed during 2017-18. This was due to happen in 2016-17 but did not as NICTS is awaiting a revised format from the Department.

Information presented to the Board is fundamental for its assessment and understanding of the performance of NICTS. Information received is considered to be of a high standard and allows the Board to be kept informed of any issues that it needs to be aware of or take action on and allows the Board to effectively carry out its duties.

#### Corporate Governance in Central Government Departments - Code of Good Practice (NI) 2013

The Corporate Governance in Central Government Departments - Code of Good Practice (NI) 2013 was published by HM Treasury and applies to DoJ. NICTS has adopted key principles as best practice where appropriate. A review of the code has identified that NICTS is compliant with the key principles which are considered applicable to the Trust Statement.

#### Ministerial Directions

There have been no ministerial directions in respect of the Trust Statement.



## **SIGNIFICANT INTERNAL CONTROL ISSUES**

The following issues have been identified as significant to NICTS during 2016-17 as a result of the assurance activity. Each of the control issues has been subject to rigorous review and plans are in place to address identified weaknesses.

### The collectability of debt

In the 2015-16 Trust Statement the C&AG emphasised the matter of 'carrying value of receivables'. NICTS calculates an impairment provision in relation to receivables. NICTS base this provision on all reasonable and supportable information available at the year end. However changes to the fine default process in 2015-16, including the introduction of fine default hearings led to uncertainty over future debt collection rates and the subsequent carrying value of receivables reported in the financial statements. Those processes have now been established and NICTS continues 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.

New powers will be introduced as secondary legislation to the Justice Act (NI) 2016 to establish the FCES. This new service will affect debt collection trends and will require data to be collected and analysed in relation to collection and default rates under this new regime, however this will impact on future years' accounts. NICTS continues to work towards the implementation of the new FCES. The progression of this secondary legislation has been delayed due to the absence of the NI Executive but will be treated as a priority by the Department once the Executive is re-established.

### VP/FPO Replacement System / DomePay

The new DomePay replacement payment processing application went live in the Fixed Penalty Office (FPO) as planned on 8 December 2016. The PSNI supplier continues to provide support and is working to clear remaining issues identified through user acceptance testing. The date of the final release will be confirmed pending resolution of all outstanding issues.

Dual running of VP/FPO and DomePay has remained in place until VP/FPO was shut down during which time it was necessary to complete separate bank and Trust Statement reconciliations for each system. Work on the migration of historical data from VP/FPO into a new database is in progress. When complete, the future interrogation of VP/FPO data will be restricted to read only access and reporting access. The PSNI Accounting Officer has provided assurance over the data supplied for the purposes of producing the 2016-17 Trust Statement.

## **Bank and Cash Reconciliations**

NICTS has three bank accounts which hold Trust Statement funds:

- Fines;
- Third Party; and
- Fixed Penalty.

AccountNI have responsibility for reconciling the Fines and Third Party bank accounts and differences arise for a number of reasons which must be resolved manually by NICTS staff. This is very resource intensive for NICTS and increases the potential for errors. To address this issue NICTS is engaging with AccountNI and the IT supplier to explore if there is a more effective and efficient way to complete these reconciliations.

Additionally there is a cash reconciliation process which is currently completed once a year. This reconciliation matches the money in the three Trust Statement bank accounts to the money due to the NICF and Third Parties.

At the 31 March 2016 there was an unaccountable difference in the reconciliation of £2,757.76. As at the 31 March 2017 there was an unaccountable difference of £10,667.72. Going forward, NICTS intend to complete this cash reconciliation on more regular basis to ensure action is taken in a more timely manner to address differences and to avoid any unexplained differences at year end.

## **Audit Recommendations**

### **Internal**

DoJ's Internal Audit branch carried out a review of the NICTS Fixed Penalty Office and Fine Collection process as part of the 2016-17 Internal Audit Work Programme. This review provided satisfactory assurance over the NICTS operated controls and made a small number of minor recommendations.

As part of the PSNI Finance Control Risk Self-assessment programme the collection of warrants by finance was reviewed. A full list of warrants executed by payment was obtained for a certain time period. A sample was selected from this list and traced through the system from receipt to pay-over to NICTS. Internal Audit provided a satisfactory rating over this area.

## External

NIAO issued the final 2015-16 Trust Statement RTTCWG in February 2017 which made:

- two priority one recommendations in relation to the value of receivables and PSNI cash warrant collection procedures;
- one priority two recommendation in relation to SLA Performance Targets; and
- one priority three recommendation in relation to Warrant Debt Receivable.

NICTS continues to work towards the full implementation of the recommendation in relation to the value of receivables in the Trust Statement including the refinement of the impairment provision methodology. NICTS continues to monitor the impact of the fine default hearings on debt collection rates.

PSNI has fully implemented the recommendation in relation to the cash warrant collection procedures.

Management continue to monitor performance against the targets in this SLA. As mentioned above PSNI Internal Audit provided a satisfactory opinion in this area in their April 2017 report. Reconciliation reports continue to be provided to PSNI.

Work with PSNI/NIPS to monitor the outstanding warrant debt receivable is ongoing. It is envisaged this warrant debt receivable will be dealt with and updated on the ICOS system by the end of the 2017-18 financial year.

## Public Accounts Committee

The C&AG's report to the Assembly on the Trust Statement as at 31 March 2013 was considered by PAC in October 2014. The PAC report was published on 21 January 2015 and contains six recommendations for DoJ.

The PAC report calls for reform of the system for collecting financial penalties. The report urges that reform must be implemented as a matter of urgency to address the problem of fine default.

NICTS continues to work with DoJ and PSNI to implement the recommendations included in the report and, of the six recommendations, three have been fully implemented. Plans are in place to significantly reform the existing fine enforcement processes.

The Justice Act (NI) 2016 received Royal Assent on 12 May 2016. It was planned that the new service would be operational from April 2017, however this has been delayed due to the inability to progress the required regulations until the NI

Executive/Assembly returns. At the Programme Board on 20 January 2017 there was full agreement to delay the commencement of the Justice Act (NI) 2016 and the new FCES until the required secondary legislation is in place.

This date will be kept under review by the Programme and Project Board.

Implementation of the FCES will considerably address the remaining recommendations contained in the PAC report.

### **Accounting Officer Statement on Assurance**

NICTS has established a robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity and by an independent Internal Audit team operating to Public Sector Internal Audit Standards. They deliver an agreed prioritised programme of systems based audits covering all NICTS systems over time. This programme includes the annual review of the systems for fine collection and enforcement. The scope of this review is limited to directly reviewing the controls operated by NICTS, although internal audit also takes account of the wider control environment including those aspects of the overall process that are the responsibility of PSNI. The Head of Internal Audit provides me with his professional opinion on the level of assurance that he can provide based on the work done. For the 2016-17 year he has provided overall satisfactory assurance in relation to NICTS internal controls for fine enforcement and collection. PSNI has implemented a new fixed penalty system called "DomePay" during the 2016-17 year. This system supplies reports to NICTS which are reconciled with NICTS records each month. The introduction of a planned new civilianised enforcement service based on a 'Fine Officer' model which will largely remove police from fine enforcement going forward has been delayed as the legislation needed was not finalised before the NI Assembly was suspended.

Following my review I am satisfied that, with the exception of the issues noted above, I maintain effective systems of control in ICOS and FPO which operates as part of my organisation, however the end-to-end system of controls and reporting for fixed penalties stretches outside of NICTS, and into areas for which I have no responsibility. For example roadside penalties are issued and registered by front line police operating throughout Northern Ireland.

NICTS has communicated with those organisations responsible for reviewing controls which operate outside of NICTS but I have made no assessment of their effectiveness. While I am not accountable for systems, processes and controls operated and owned by PSNI, which have been relied upon in drafting this Trust Statement, I am wholly dependent on the assurances provided by the PSNI Accounting Officer, the Chief Constable, for the information included in the Trust

Statement sourced from PSNI. The Chief Constable has stated that, to the best of his knowledge, the data provided to NICTS is complete and accurate for the year 2016-17.



**P Luney**  
**Accounting Officer**  
7 December 2017

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

I certify that I have audited the financial statements of the Northern Ireland Courts and Tribunals Services (NICTS) Trust Statement for the year ended 31 March 2017 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. These financial statements have been prepared under the accounting policies set out within them.

### **Respective responsibilities of NICTS, the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, NICTS and the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust Statement's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by NICTS; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Performance Report and Accountability Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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.

## **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.

## **Opinion on financial statements**

In my opinion:

- the NICTS Trust Statement gives a true and fair view of the state of affairs of the Total Revenue collected by the NICTS on behalf of other parties as at 31 March 2017 and of the revenue and cash flows for the year then ended; and
- the financial statements 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 6 of the financial statements which discloses an impairment (provision for uncollectable amounts) of £10.924 million. NICTS have based this provision on all reasonable and supportable information available to it at the year end. However changes to the fine default process, including the introduction of fine default hearings, 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. My opinion is not modified in this matter.

## **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**

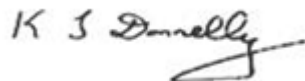
I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- 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 Department of Finance's guidance.

My detailed observations are included in my report on pages 53 to 59.

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

A handwritten signature in black ink, appearing to read 'K J Donnelly', with a stylized flourish at the end.

11 December 2017



## PART 3 FINANCIAL STATEMENTS

### Statement of Revenue, Other Income and Expenditure

for the year ended 31 March 2017

	Note	2016-17 £'000	2015-16 £'000
<b>Revenue</b>			
Fixed Penalty Notices		2,335	2,595
Court Imposed Fines		5,277	4,927
Extra Costs		42	35
Confiscation Orders		2,692	1,867
Offender Levy		345	287
Other Party Criminal		1,662	1,733
<b>Total Revenue</b>		<b>12,353</b>	<b>11,444</b>
<b>Expenditure</b>			
Credit Losses	2	(1,091)	(6,158)
Revenue retained by the NICTS under statute	3	(153)	(161)
<b>Total Expenditure</b>		<b>(1,244)</b>	<b>(6,319)</b>
<b>Disbursements</b>			
Amounts paid to Other Parties		(1,721)	(809)
Amounts paid to Road Safety Partnership		(954)	(1,084)
<b>Total</b>		<b>(2,675)</b>	<b>(1,893)</b>
<b>Total Expenditure and Disbursements</b>		<b>(3,919)</b>	<b>(8,212)</b>
<b>Net Revenue for the Consolidated Fund</b>		<b>8,434</b>	<b>3,232</b>

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

The notes on pages 43 to 52 form part of this statement.

## Statement of Financial Position

as at 31 March 2017

		2016-17	2015-16	2014-15	
	Note	£'000	£'000	£'000	
<b>Non-current Assets</b>					
Receivables falling due after more than one year	4	674	741	918	
Total non-current assets		<b>674</b>	<b>741</b>	<b>918</b>	<b>918</b>
<b>Current Assets</b>					
Receivables	5	10,501	8,206	12,868	
Cash and Cash Equivalents	7	1,088	908	912	
Total current assets		<b>11,589</b>	<b>9,114</b>	<b>13,780</b>	<b>13,780</b>
<b>Total assets</b>		<b>12,263</b>	<b>9,855</b>	<b>14,698</b>	<b>14,698</b>
<b>Current Liabilities</b>					
Payables	8	(2,660)	(2,340)	(3,217)	
Total current liabilities		<b>(2,660)</b>	<b>(2,340)</b>	<b>(3,217)</b>	<b>(3,217)</b>
<b>Total Assets less Current Liabilities</b>		<b>9,603</b>	<b>7,515</b>	<b>11,481</b>	<b>11,481</b>
Represented by:					
<b>Balance on Consolidated Fund Account</b>	9	<b>9,603</b>	<b>7,515</b>	<b>11,481</b>	<b>11,481</b>

The notes on pages 43 to 52 form part of this statement.

**P Luney**  
**Accounting Officer**  
 7 December 2017

## Statement of Cash Flows

for the year ended 31 March 2017

	Note	2016-17 £'000	2015-16 £'000
Net cash flow from operating activities	A below	6,526	7,194
Cash paid to the Consolidated Fund	9	(6,346)	(7,198)
<b>Increase/(Decrease) in cash in this period</b>		<b>180</b>	<b>(4)</b>

### Notes to the Cash Flow Statement

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

Net Revenue for the Consolidated Fund	9	8,434	3,232
Decrease/(Increase) in non-cash assets		(2,228)	4,839
Increase in non-cash liabilities		320	(877)
<b>Net Cash Flow from operating activities</b>		<b>6,526</b>	<b>7,194</b>

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

Increase/(Decrease) in cash in this period		180	(4)
Net Funds at 1 April		908	912
Net Funds at 31 March		<b>1,088</b>	<b>908</b>

The notes on pages 43 to 52 form part of this statement.

## Notes to the Trust Statement

### 1. Statement of Accounting Policies

#### 1.1 Basis of Accounting

The Trust Statement is prepared in accordance with Annex G of DoF's Accounts Direction, DAO (DoF) 01/17, 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 2016-17 FReM, in particular Chapter 8 which deals with Trust Statements and Accounting for Consolidated Fund Revenue. The accounting policies contained in FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

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

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

#### 1.2 Accounting Convention

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

#### 1.3 Revenue Recognition

Fines and penalties are recognised as revenue in accordance with IAS 18: Revenue and Chapter 8 of FReM. They are measured at the fair value of amounts received or receivable net of judicial remissions. Revenue is recognised when a penalty is validly imposed and an obligation to pay arises. Where, on appeal, or for other legal reasons, the penalty is cancelled, the amount receivable is derecognised at the date of the successful appeal. Where a penalty is imposed, but with an alternative of a non-financial penalty (including imprisonment or undertaking a training course), the

penalty is recognised initially, but is derecognised when and if the option of the non-financial penalty is taken up.

#### **1.4 Expenditure**

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

#### **1.5 Receivables**

Receivables are shown net of impairments in accordance with the requirements of IAS 39: Financial Instruments: Recognition and Measurement and FReM.

#### **1.6 Payables**

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

#### **1.7 Disbursements**

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

#### **1.8 Net Revenue for the Northern Ireland Consolidated Fund**

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

#### **1.9 Critical accounting judgements and estimates**

The preparation of this statement in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the NICTS's 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 impairments in accordance with the requirements IAS 39: Financial Instruments: Recognition and Measurement and FReM. The fair value of receivables is determined by making an impairment to reduce the value of receivables to the worth of the estimated future receipts. Statistics have been used to calculate the impairment of the outstanding debt balance. In preparing the methodology NICTS had to take account of areas of uncertainty around those factors which determine future revenue flows. Therefore judgements have to be made concerning some of these factors and procedures in place to do this. However, because of the areas of uncertainty involved, there will inevitably be differences between our 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 our procedures.

## DomePay / VP/FPO Receivables

At 31 March 2017 there was a closing balance of £0.5m (2015-16: £0.4m) on DomePay / VP/FPO. DomePay records fixed penalties which are issued by the PSNI and DVA. If penalties remain unpaid on this system they will be transferred to ICOS after 45 days and will be enforced through this system. As a result of this we have not provided for any of the outstanding balance on DomePay.

## ICOS Receivables

At 31 March 2017 there was a total closing balance on ICOS £21.6m (2015-16 £19.4m) 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 2017 was split into the following three categories to assess for recoverability:

1. Warrant Debt pre 2013 (judicial sift): £0.2m (2015-16: £0.2m);
2. Non-current Receivables: £1k (2015-16: £2k); and
3. Remaining Debt: £21.4m (2015-16: £19.2m).

Each of these categories was examined for evidence of impairment as discussed below.

#### 1. Warrant Debt

The total value of this debt was £0.2m, this hasn't changed from prior year and is made up of cases that on review in preparation for the judicial sift, had an indicator on ICOS that detailed that the warrant had been served, for example, through committal however, the required paperwork had not been sent to NICTS to fully clear the debt on ICOS. NICTS, including Senior Management, continue to work with PSNI and NIPS with a view to getting the required paperwork and clearing this debt on ICOS. This debt was assessed and has been provided for based on the latest update and information available on each warrant. For example warrants executed by payment have not been provided for; those which are being queried with NIPS have been provided for in full as the expectation is that these amounts have been cleared by committal.

#### 2. Non-current Receivables

A number of cases have due dates that are on or after 1 April 2018 and as this is more than one year after the year end they have been accounted for within non-current receivables. No provision has been made for this debt. This debt had a total value of £1k.

#### 3. Remaining Debt

The total value of this debt is £21.4m. 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. All estimations have involved judgements based on the latest available, reliable information. Any debt in this category which has proceeded to Fine Default Hearing has been provided for in accordance with percentage statistics calculated from the outcome of Fine Default Hearings which have actually taken place.

### **1.10 Financial Instruments**

In accordance with the provisions set out under Chapter 6 of FReM, any financial instruments that are not held in furtherance of the 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 the Statement of Financial Position 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 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 IAS 39: 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 IAS 39, receivables are initially recognised at fair value.

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

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

Impairment losses are recognised in the Statement of Revenue, Other Income and Expenditure 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 Statement of Revenue, Other Income and Expenditure 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 IAS 39: Financial Instruments: recognition and Measurement as 'other financial liabilities'. These are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method. There are no liquidity risks associated with these financial liabilities. The credit risk assessment on the financial liabilities identified no liquidity risk in respect of these liabilities.

### 1.11 Financial Reporting

NICTS has reviewed the standards, interpretations and amendments to published standards and FReM that became effective during 2016-17 and also those not yet effective. These are documented in the NICTS Annual Report and Accounts 2016-17. In addition to this the future developments to accounting standards were outlined. There is one future development that will have an impact on the Trust Statement as detailed below.

Standard (amendment / new)	Effective date and FReM application	Description of revision	Comments
IFRS 9 - Financial Instruments (new)	1 January 2018 (not yet EU adopted).  With a view to include in the 2018-19 FReM.	The objective of the new standard is to provide users with more useful information about an entity's expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date of financial instruments.	The introduction of IFRS 9 is subject to analysis and review by HM Treasury and other relevant Authorities. A work plan has recently started to assess the impact on the public sector.

## 2. Credit Losses

	Note	2016-17 £'000	2015-16 £'000
Debts written off by Judicial authority	2.1	1,059	2,547
(Decrease) / Increase in value of impairment	2.2	32	3,611
		<b>1,091</b>	<b>6,158</b>

**2.1 Debts written off by Judicial authority**

	<b>2016-17 £'000</b>	<b>2015-16 £'000</b>
Fines	471	715
Extra Costs	2	3
Confiscation Orders	429	1,370
Offender Levy	6	12
Other Party Criminal	151	447
	<b>1,059</b>	<b>2,547</b>

**2.2 Increase in value of impairment**

	<b>2016-17 £'000</b>	<b>2015-16 £'000</b>
Balance as at 1 April	10,892	7,281
Change in estimated value of impairment	32	3,611
<b>Balance as at 31 March</b>	<b>10,924</b>	<b>10,892</b>

**3. Revenue retained by the NICTS under statute**

	<b>2016-17 £'000</b>	<b>2015-16 £'000</b>
Road Safety Partnership	153	161
	<b>153</b>	<b>161</b>

NICTS is entitled under statute to retain elements of the Road Safety Partnership penalties (previously known as the Safety Camera Scheme) collected as revenue. The costs associated with running the partnership are charged as expenditure in the Trust Statement.

**4. Receivables falling due after more than one year**

	<b>2016-17 £'000</b>	<b>2015-16 £'000</b>	<b>2014-15 £'000</b>
Instalment Orders	1,050	1,082	989
Other receivables	1	3	1
less Impairment Provision	(377)	(344)	(72)
	<b>674</b>	<b>741</b>	<b>918</b>

## 5. Receivables

	2016-17 £'000	2015-16 £'000	2014-15 £'000
Instalment Orders	3,521	3,453	2,949
Other receivables	17,527	15,301	17,128
less Impairment Provision	(10,547)	(10,548)	(7,209)
	<b>10,501</b>	<b>8,206</b>	<b>12,868</b>

## 6. Total receivables

The table shows a breakdown of the receivables balance at 31 March 2017

	Fixed Penalty Notices £'000	Court Imposed Fines £'000	Extra Costs £'000	Confiscation Orders £'000	Offender Levy £'000	Other Party Criminal £'000	Total £'000
<b>Receivables</b>							
At 1 April 2016	414	10,607	41	4,546	341	3,890	19,839
Imposed	2,335	5,733	45	2,704	387	1,782	12,986
Cleared by committal <sup>1</sup>	-	(456)	(3)	(12)	(42)	(120)	(633)
<b>Total Revenue</b>	<b>2,335</b>	<b>5,277</b>	<b>42</b>	<b>2,692</b>	<b>345</b>	<b>1,662</b>	<b>12,353</b>
<b>Total</b>	<b>2,749</b>	<b>15,884</b>	<b>83</b>	<b>7,238</b>	<b>686</b>	<b>5,552</b>	<b>32,192</b>
Cleared by payment	(2,222)	(3,638)	(21)	(1,747)	(256)	(1,150)	(9,034)
Written off	-	(471)	(2)	(429)	(6)	(151)	(1,059)
<b>At 31 March 2017</b>	<b>527</b>	<b>11,775</b>	<b>60</b>	<b>5,062</b>	<b>424</b>	<b>4,251</b>	<b>22,099</b>
<b>Impairment (provision for uncollectable amounts)<sup>2</sup></b>							
At 1 April 2016	-	6,302	26	2,460	169	1,935	10,892
(Decrease)/Increase in year	-	400	(2)	(329)	29	(66)	32
<b>At 31 March 2017</b>	<b>-</b>	<b>6,702</b>	<b>24</b>	<b>2,131</b>	<b>198</b>	<b>1,869</b>	<b>10,924</b>
<b>Net book value at 31 March 2017</b>	<b>527</b>	<b>5,073</b>	<b>36</b>	<b>2,931</b>	<b>226</b>	<b>2,382</b>	<b>11,175</b>
<b>Net book value at 31 March 2016</b>	<b>414</b>	<b>4,305</b>	<b>15</b>	<b>2,086</b>	<b>172</b>	<b>1,955</b>	<b>8,947</b>

## Aged analysis of receivables at 31 March 2017 based on date of imposition

	Fixed Penalty Notices £'000	Court Imposed Fines £'000	Extra Costs £'000	Confiscation Orders £'000	Offender Levy £'000	Other Party Criminal £'000	Total £'000
<b>Receivables</b>							
Less than one year	527	2,198	23	1,643	137	934	5,462
Greater than one year and less than five years	-	2,174	12	1,038	89	1,143	4,456
Greater than five years	-	701	1	250	-	305	1,257
<b>Net book value at 31 March 2017</b>	<b>527</b>	<b>5,073</b>	<b>36</b>	<b>2,931</b>	<b>226</b>	<b>2,382</b>	<b>11,175</b>

**Notes**

- The balances cleared by committal to prison have been derecognised from income in line with Section 8.2.9 of Chapter 8 in FReM which states that *"Fines and penalties are recognised at the time that the fine or penalty is imposed and becomes receivable by the entity. Where, on appeal, or for other legal reasons, the penalty is cancelled, the amount receivable is derecognised at the date of successful appeal."*
- Changes in the fine default process, including the introduction of fine default hearings, 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.

**7. Cash and cash equivalents**

	2016-17 £'000	2015-16 £'000
Balance at 1 April	908	912
Net change in cash and cash equivalent balances	180	(4)
<b>Balance at 31 March</b>	<b>1,088</b>	<b>908</b>
The following balances were held at		
Commercial banks and cash in hand (payable to NICF)	1,039	884
Commercial banks and cash in hand (payable to 3 <sup>rd</sup> parties)	49	24
<b>Balance at 31 March</b>	<b>1,088</b>	<b>908</b>

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

## 8. Payables

	2016-17 £'000	2015-16 £'000	2014-15 £'000
Amounts due to be paid to the PPS	43	22	36
Amounts due to be paid to Other Parties	2,387	2,121	2,945
Amounts payable to DoJ Victims Fund	230	197	236
	<b>2,660</b>	<b>2,340</b>	<b>3,217</b>

## 9. Balance on Consolidated Fund Account

	2016-17 £'000	2015-16 £'000	2014-15 £'000
Balance on Consolidated Fund as at 1 April	7,515	11,481	13,079
Net revenue for the Consolidated Fund	8,434	3,232	5,860
less amount paid to the Consolidated Fund	(6,346)	(7,198)	(7,458)
	<b>9,603</b>	<b>7,515</b>	<b>11,481</b>

## 10. 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 the DoJ, and with other entities for which the 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 the PPS, DVA and DoF.

## 11. Events after the reporting period

There were no other material events post SoFP, for the year ended 31 March 2017.

The Accounting Officer authorised these financial statements for issue on 11 December 2017

# Report of the Comptroller and Auditor General to the Assembly on the Northern Ireland Courts and Tribunal Service (NICTS) Trust Statement for the year ended 31 March 2017

## Introduction

1. The Northern Ireland Courts and Tribunals Service (NICTS), an Executive agency of the Department of Justice (the Department) of Northern Ireland, acts as an agent for the collection of financial penalties which have been imposed by the Judiciary, the Police Service of Northern Ireland (PSNI) and the Driver and Vehicle Agency (DVA). These include fixed penalty notices (FPNs), court imposed monetary penalties (namely fines, extra costs, other party costs, compensation for victims of crime and fixed penalty enforcement fines), and confiscation orders.
2. Financial penalties can be imposed by the Courts, the PSNI and the DVA for a wide range of reasons from traffic violations to compensation awarded to victims of crime (see Appendix 2). Dealing effectively with those who default on payment is an ongoing challenge for the justice system. Approximately half of the revenue is successfully collected in the 12 months after the penalties are imposed. The funds collected are paid to the Northern Ireland Consolidated Fund after deduction of some allowable costs incurred in collecting the fines and monies due to other parties.
3. Since 2011-12, NICTS has produced six annual Trust Statements which show income from fines and penalties, collection and administration costs and provisions for uncollectible amounts. It also reflects the complex inter-dependencies between the NICTS and a number of other Departments and Agencies involved in the enforcement process, including the PSNI. I qualified my audit opinion on the first four annual Trust Statements produced up to 2014-15. The Public Accounts Committee met on 22 October 2014 to consider my report on the NICTS Trust Statement for the year ended 31 March 2013. The Committee published its own report on 21 January 2015 which contained six recommendations for improving the collection of fines and penalties (see Appendix 1).
4. At 31 March 2017, the total amount of debt outstanding from non-payment of financial penalties was £22.1 million (2016 £19.8m). Approximately £7.6 million (2016 £6.8m) relates to amounts outstanding for less than one year, with £10.7 million (2016 £9.9m) outstanding between one and five years and with £3.8 million (2016 £3.1m) outstanding for more than five years. The total debt has been impaired by an amount of £10.9 million (2016 £10.9m) which is unlikely to be recovered.
5. The purpose of this report is to highlight concerns I have with the system for dealing with fine defaulters.

## The estimate of the impairment and collectability of overdue debt

### The value of net receivables

6. The Trust Statement records the total debt outstanding at the end of the financial year and also shows the impaired debt which is an estimate of the amount that is unlikely to be recovered (see Figure 1).

**Figure 1: Nearly half of the debt outstanding at 31 March 2017 is unlikely to be recovered**

	Total Debt £m		Impairment £m		Collectable Debt £m	
	2017	2016	2017	2016	2017	2016
Court Imposed fines	11.8	10.6	6.7	6.3	5.1	4.3
Confiscation Orders <sup>1</sup>	5.1	4.5	2.1	2.5	3.0	2.0
Other Party Criminal	4.3	3.9	1.9	1.9	2.4	2.0
Fixed Penalty Notices	0.5	0.4	0.0	0.0	0.5	0.4
Extra Costs/Offender Levy	0.4	0.4	0.2	0.2	0.2	0.2
<b>Total</b>	<b>22.1</b>	<b>19.8</b>	<b>10.9</b>	<b>10.9</b>	<b>11.2</b>	<b>8.9</b>

Source: NICTS Trust Statement 2016-17 Note 6

7. The level of debt outstanding has increased over the last three years (See Figure 2).

	Total Debt	Impairment	Collectable
	£m	£m	Debt £m
2014-15	21.1	7.3	13.8
2015-16	19.8	10.9	8.9
2016-17	<b>22.1</b>	<b>10.9</b>	<b>11.2</b>

NICTS advised me that the increase in the level of debt outstanding is a result of an increase in the number of Court Imposed Fines and an increase in the value of Confiscation Orders.

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<sup>1</sup> 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.

### Notice must be served of Default Hearings

8. When the administrative debt collection process is unsuccessful NICTS seeks to bring the defaulter to a default hearing in court. Before the court can hold fine default hearings, notices must be served in person or by postal service to the defendants so that they have an opportunity to attend and explain the reasons for default. The court will not hold a hearing unless there is clear evidence that the defendant has been served the notice in person, or the defendant chooses to attend the hearing following notice by postal service. (Figure 3 below shows the Fine Default Hearings – Payment Rates)

### Less than 25% of Fine Defaulters are successfully served notice

9. During the period from 1 April 2016 until 31 March 2017, the courts issued 59,923 notices in relation to outstanding fines which met the conditions to be called for a fine default hearing. 35,584 were issued for personal service by a summons server and 24,339 were issued for service by postal service. Of those issued for personal service, 6,081 (17.1%) were successfully served. Of the notices issued by post 6,843 (28.1%) of the individuals responded or appeared in court for the hearing which means those notices were successfully served.
10. The requirement to have default hearings has added an important legal requirement to the collection of default debts. The low level of success in serving notices adds to the uncertainty when assessing the overall collectability and value of outstanding fine debt. It has also contributed to the high level of debt impairment in the current year.

### Fine Default Hearings – Payment Rates : Value of Fines Reduced by one third

11. The review of the outcome of the hearings in the 32 months to 31 March 2017 shows that when fines are considered at default hearings, approximately one third by value are remitted.

**Figure 3: Fine Default Hearings – Payment Rates (up to 31 March 2017)**

<b>Outcome</b>	<b>Number of Cases</b>	<b>%</b>	<b>Value of Fines (£'000)</b>	<b>%</b>
Fines paid	13,252	67.4%	3,367	55.3%
Fines remitted	5,450	27.7%	1,580	25.9%
Fines part paid/part remitted	955	4.9%	1,147	18.8%
<b>Total</b>	<b>19,657</b>	<b>100%</b>	<b>6,094</b>	<b>100%</b>

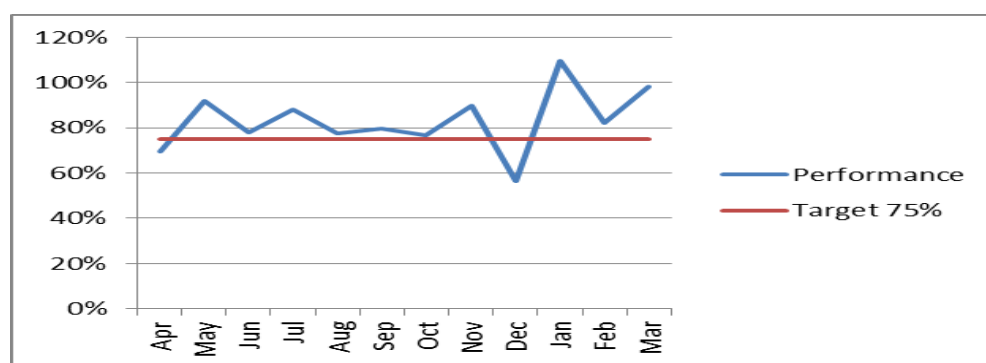
Source: NICTS



## Warrants Issued to PSNI

12. At a default hearing a judge may allow an individual more time to pay. If the individual does not continue to meet the repayment conditions determined at the default hearing a warrant may be issued. 7,395 warrants were issued to be actioned by the PSNI during 2016-17 (2015-16 6,144). Figure 5 details progress to date on these warrants.
13. PSNI aims to execute 75% of warrants within either the specified period of time for enforcement where provided or where this does not exist, within 12 months of the date of issue. During 2016-17 the PSNI executed 75% of warrants by the target date in 10 out of 12 months. Overall, average performance for the 2016-17 year was 82%.

**Figure 4: Execution of Warrants - PSNI Performance 2016-17**



Source: NICTS

**Figure 5: Outcome of Warrants Issued 2016-17**

Outcome	Number of Warrants	%
Cleared by Committal to prison	2,304	31.2%
Cleared by Part Committal/Payment	54	0.7%
Cleared by Payment	2,091	28.3%
<b>Total Cleared</b>	<b>4,449</b>	<b>60.2%</b>
Warrants Outstanding <sup>2</sup>	2,402	32.5%
Returned Unexecuted or Stayed <sup>3</sup>	544	7.3%
<b>Grand Total</b>	<b>7,395</b>	<b>100%</b>

Source: NICTS

<sup>2</sup> Warrants have a specified period of time for enforcement or where this does not exist, within 12 months of the date of issue. The majority of the warrants outstanding have not reached the end of their enforcement period.

<sup>3</sup> A warrant can be 'stayed' for various reasons such as when a bench warrant is delayed so the defendant can appear voluntarily in court as ordered.

## **Debt Collection Rates**

14. The impairment charge calculated by NICTS for outstanding debt applies a number of assumptions based on trends and past performance. NICTS has based the impairment charge on all reasonable and supportable information available to it at the year end. The changes to the fine default process and the potential impact of new initiatives under the Justice Act (NI) 2016 have led to considerable uncertainty over future debt collection rates, the behaviour of defaulters and the subsequent carrying value of receivables reported in the financial statements.
15. The debt collection rates should be improved by the introduction of a number of new initiatives contained within the Justice Act (NI) 2016. The initiatives include the creation of a Fine Collection and Enforcement Service with civilian Collection Officers whose responsibility it will be to collect penalties set by, and under the authority of, the Courts. It increases the collection options available to the Courts and Collection Officers by creating the ability to deduct payments from earnings or benefits in certain circumstances. For the more wilful defaulter who has the ability to pay but doesn't, the Act allows a broader range of options for the Courts to pursue, including, bank account orders and vehicle seizure orders. In addition, the act provides for Supervised Activity Orders (SAOs) as an alternative to imprisonment for fine default. Supporting secondary legislation is required to enable a new Fine Collection and Enforcement Service to be operational. The progression of this legislation has been delayed due to the absence of the NI Assembly / Executive and the implementation is currently planned for June 2018. It will have taken three years to implement this aspect of the PAC recommendations and I expect NICTS to ensure that once secondary legislation is passed there is no further delay in implementing these initiatives.
16. This should largely remove the PSNI from the fine collection process. It is also expected to decrease the number of fines in default and therefore reduce the need for default hearings and the serving of notices for hearings and the need to issue warrants.

## **Cash collection of warrants**

17. Until the introduction of a pilot scheme for card payments in autumn 2017 in one area, the PSNI could only receive payment for the successful execution of warrants through the collection of cash. This year's audit found that PSNI and NICTS did not regularly reconcile reports detailing cash warrants executed. Although this has now been updated it is a concern that this key control did not operate for nearly a year.
18. The PSNI is still working towards the introduction of cashless payment options for the execution of warrants with the launch of the above pilot exercise. PSNI advised me that it will assess the effectiveness of the pilot scheme before it is rolled out in other areas. The card collection scheme is expected to be fully operational by the end of

December 2017. However this, along with the revised controls above, will not remove the inherent risk associated with cash collection that an officer, working on his or her own, takes cash payment for a warrant and does not record the warrant as executed.

## **Conclusion**

19. The Department has taken steps to address the issues in the PAC report including new governance arrangements and control structures over fine collection. Targets have been set to monitor the execution of warrants. A system has been established to allow the numbers of warrants issued to the PSNI and those still outstanding to be reconciled. The failure of this control during the year should not have been allowed to happen. This is an area where there has previously been a significant issue with cash being stolen. This key control needs to operate effectively and consistently.
20. The PSNI is working towards the introduction of cashless payment options for the execution of warrants and has launched a pilot exercise in the Belfast area. In all other areas PSNI can only receive payment for the successful execution of warrants through the collection of cash. There are inherent risks associated with cash collection. While the introduction of a pilot scheme demonstrates progress I am disappointed that nearly three years after the PAC report the introduction of cashless payment options has not been completed.
21. The Department has commenced reform through the Justice Act (NI) 2016 to address the weaknesses in the current system of fine enforcement and collection which is neither effective nor efficient.
22. Nearly half (£10.9m) of the £22.7m debt outstanding at 31 March 2017 is unlikely to be recovered. Debt collection rates should be improved by the introduction of a number of new initiatives contained within the Justice Act (NI) 2016. However it will have taken three years to implement this aspect of the PAC recommendations and I expect NICTS to ensure that once secondary legislation is passed there is no further delay.
23. The new civilianised Fine Enforcement and Collection Service is expected to be operational by June 2018 subject to having the required legislation in place. The Public Accounts Committee reported its findings in January 2015 and I will continue to keep the implementation of the Committees recommendations under review. I will look to see evidence of a successful debt collection process resulting in a reduction in the number and value of fines remaining unpaid.

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

A handwritten signature in black ink, appearing to read 'K J Donnelly', with a stylized flourish at the end.

11 December 2017

## APPENDIX 1 PAC RECOMMENDATIONS

### *PAC Recommendation 1*

**The Committee recommends that NICTS should put in place a robust system to identify an individual's ability to pay before a fine is imposed. This would allow the court to consider options at the outset to prevent fine default, including instalment orders, non-monetary supervised activity orders and other measures, such as deductions from earnings or benefits.**

#### **Memorandum of Reply Commitment**

The Northern Ireland Courts and Tribunals Service (NICTS) and the Department of Justice (DOJ) accept this recommendation.

#### **June 2016 position**

This recommendation has been fully implemented.

The recommendation to identify an individual's ability to pay before a fine is imposed has been fully implemented.

NICTS has written to the Office of Lord Chief Justice advising of the continued availability of the offender's fine history record to the court, post-conviction and in advance of sentencing.

NICTS wrote to the Law Society and the Bar Library to request that an e-alert reminder issue to members or that a note is placed in the Writ (Law Society magazine) to encourage the completion of the necessary Means Enquiry Forms in respect of defendants

### *PAC Recommendation 2*

**The governance arrangements and control structures in place over fine collection and enforcement are unacceptable. The Committee recommends that, roles and responsibilities are well defined and accountability and reporting lines should be clear. NICTS should monitor all warrants issued and PSNI should ensure that robust reconciliations are undertaken between warrants executed and cash collected. In the Committee's opinion the Department should be providing effective oversight and co-ordination, with regular reporting of performance to Senior Management and the Board.**

#### **Memorandum of Reply Commitment**

DOJ, NICTS and the Police Service of Northern Ireland (PSNI) have implemented this

recommendation.

### **June 2016 position**

This recommendation has been fully implemented.

Fine Collection and Enforcement Programme Board meet on a quarterly basis and receive information on warrant enforcement.

Regular reconciliations of warrants issued to PSNI are now being performed. Since August 2014 PSNI receive a monthly list of new outstanding fine warrants from NICTS and both organisations liaise to reconcile this list to PSNI records.

PSNI and NICTS have also implemented a Service Level Agreement (SLA) to govern police delivery of warrants. This became operational on 31 August 2015.

#### *PAC Recommendation 3*

**The Committee recommends that targets should be set to ensure that all warrants are executed on a timely basis. NICTS should undertake regular reconciliations of all warrants issued to the PSNI and should seek explanations for warrants that have been outstanding for more than six months.**

### **Memorandum of Reply Commitment**

NICTS and PSNI partially accept this recommendation.

### **June 2016 position**

This part of this recommendation which was accepted has been fully implemented. Since August 2014 PSNI receive a monthly list of new outstanding fine warrants from NICTS and both organisations liaise to reconcile this list to PSNI records.

The SLA in place to govern police delivery of warrants was signed and became operational on 31 August 2015. The SLA outlines the responsibilities of both PSNI and NICTS to facilitate the provision of regularly reconciled records. It sets out targets for the timely execution of fine default warrants within the specified period of time for enforcement and also sets targets for transferring warrant monies from PSNI to NICTS within a specified timeframe taking into account the demands on both organisations.

#### *PAC Recommendation 4*

**The Committee recommends that the Department ensures that alternative methods for collecting outstanding fines are implemented immediately, ahead of the wider reform programme. The new measures should include a system for making payment by a debit card at a police station. This would help to eliminate the risk associated with cash collection. Where cash collection is unavoidable rigorous**

**controls should be implemented to help mitigate the risks.**

### **Memorandum of Reply Commitment**

DOJ and NICTS are in the process of implementing this recommendation.

#### **August 2017 position**

PSNI has put together a process for cashless payments using the NICTS portal and online payment system. The process is being trialed in Musgrave station in Belfast to ensure that controls and guidance are operating as expected. This will be reviewed with a view to full rollout within the coming months.

It is still unclear as to whether there will be a significant uptake in the use of card payments when it is in place.

#### *PAC Recommendation 5*

**The costs associated with fine enforcement are, in the Committee's view, excessive and the current system is neither efficient nor effective. The Committee strongly recommends that the system is reviewed as a matter of urgency with a view to largely removing PSNI from the process and replacing it with a civilian collection service. This would help to release resources for front line police work. Further, the Committee recommends that consideration should be given to whether committal remains an appropriate sanction and a greater emphasis should be placed on ensuring that defendants pay the fine imposed rather than serving a prison sentence.**

### **Memorandum of Reply Commitment**

DOJ is in the process of implementing this recommendation.

#### **June 2016 position**

Legislative provisions to allow for a civilianised FCES are included in the Justice (No. 2) Bill. This legislation achieved Royal Assent on 12 May 2016 and is now known as the Justice Act (NI) 2016. This legislation, and related regulations, is required to enable the new service to be operational by the end of 2016-17.

An internal project board has been established to oversee the implementation of the new FCES. An implementation date of 1 March 2017 has been agreed, this should allow time for the required significant IT changes to be made. It is intended that staff will be in post from January 2017 for training purposes.

#### **August 2017 position**

The Justice Act (NI) 2016 received Royal Assent in May 2016. However, the implementation of the new Fine Collection and Enforcement Service has been delayed due to the inability to progress the required secondary legislation until the NI Executive/Assembly is restored.

At the Fine Collection and Enforcement Programme Board meeting in May a revised implementation date of November 2017, at the earliest, was agreed however, this was dependent on the return of the NI Executive/Assembly.

Once the NI Executive/Assembly is restored the progression of the required secondary legislation will be treated as a priority by the Department.

At this stage it is difficult to anticipate a new implementation date and dates will be reviewed again at Programme Board meetings.

#### *PAC Recommendation 6*

**The timetable for reform has already slipped and the Committee recommends that the Department takes all steps necessary to re-examine the current legislative timeframe and, at the very least, take all the necessary steps to ensure that there is no further slippage. A key objective of reform should be to ensure the system represents value for money and makes the best use of the limited public resources available.**

#### **Memorandum of Reply Commitment**

DOJ is in the process of implementing this recommendation.

#### **June 2016 position**

All steps are being taken to monitor the timeframe for fine enforcement reform and ensure no slippage occurs. The Justice (No. 2) Bill was introduced in the Assembly on 30 June 2015 and passed all stages as planned. The Bill achieved Royal Assent on 12 May 2016 and is now known as the Justice Act (NI) 2016.

The progression of supporting regulations will be closely monitored to ensure the new service will be operational by the end of 2016-17.

#### **August 2017 position**

The Justice Act (NI) 2016 received Royal Assent in May 2016. However, the implementation of the new Fine Collection and Enforcement Service has been delayed due to the inability to progress the required secondary legislation until the NI Executive/Assembly is restored.

At the Fine Collection and Enforcement Programme Board meeting in May a revised



implementation date of November 2017, at the earliest, was agreed however, this was dependent on the return of the NI Executive/Assembly.

Once the NI Executive/Assembly is restored the progression of the required secondary legislation will be treated as a priority by the Department.

At this stage it is difficult to anticipate a new implementation date and dates will be reviewed again at Programme Board meetings.

**APPENDIX 2**  
**FINANCIAL PENALTIES**  
(source: NICTS)

**FIXED PENALTY NOTICES (FPNs)**

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

**PENALTY NOTICES for Disorder (PNDs)**

Since 6 June 2012 Sections 59 – 70 and Schedule 4 of the Justice Act (NI) 2011 gave PSNI the power to issue a defendant with PNDs for specified offences. These notices are issued as an alternative to a court prosecution. If a penalty notice remains unpaid after 28 days the value will be uplifted by 50% and imposed as a court fine (similar to FPNs).

**COURT IMPOSED MONETARY PENALTIES**

Include fines; extra costs and other party costs awarded in court to cover prosecution costs such as summons server fees and court appearance fees; other party compensation which is awarded in court to victims of crime or maybe awarded in relation to injury or damage to property etc; and fixed penalty enforcement fines and unpaid PNDs which are FPNs and PNDs that have remained unpaid after 45 days and 28 days respectively and have been registered as a court imposed fine. These penalty notices are uplifted by

50% of the value of the original penalty notice when registered as a court imposed fine on ICOS.

## **CONFISCATION ORDERS**

This is an order directing the payment of money obtained by a defendant as a result of his/her criminal conduct, to the Crown. Confiscation orders are generally larger in value than other monetary penalties but smaller in volume. Interest accrues at a rate of 8 per cent per annum on those confiscation orders that have a balance remaining unpaid after the payment date has expired.

## **OFFENDER LEVY**

From 6 June 2012, an offender levy has been imposed on fines and immediate custodial sentences for offences committed on or after that date. The receipts obtained from the collection of these levies are collected by the NICTS and transferred to the Department of Justice Victims of Crime Fund. These will then be used to pay for projects that support victims and witnesses in the criminal justice system as well as local initiatives taken forward by groups working with victims in the community.

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