



Northern Ireland Audit Office

MEDIA RELEASE

Managing and Protecting Funds Held in Court

Report to the Assembly by the Comptroller and Auditor General for Northern Ireland

A report by the Comptroller and Auditor General, Kieran Donnelly, examines the management and protection of funds held in court by the Court Funds Office (CFO) a business unit within the Northern Ireland Courts and Tribunals Service (Courts Service). The CFO manages money for children who have been awarded damages in a civil legal action or for people who the courts have deemed incapable of managing their own financial affairs.

Mr Donnelly said: **“Current arrangements and existing legislation for managing and protecting funds in court do not ensure value for money or proper accountability for clients’ funds. The CFO is responsible for the stewardship of funds held under the protection of the courts on behalf of some of the most vulnerable members of our society.... The interests of its clients must be at the heart of the service provided”**.

Background

The CFO currently manages around £290 million on behalf of 14,000 clients and uses a stockbroker to advise on what investments should be made to meet each client’s needs. In 2012-13 the annual costs of running this service included approximately £700,000 of stockbroker’s fees along with the CFO’s own running costs of around £1 million.

Key findings

- A modernisation programme for all aspects of the CFO’s business began in 2004 and is still not complete. Much needed legislative change has been delayed.
- There was no independent scrutiny of investment performance before November 2011. None of the groups established by Courts Service to oversee the work of the CFO has the necessary financial expertise to independently challenge investment policies and strategies, or assess the quality of service provided by the stockbroker.
- The CFO has not sought sufficient information to understand the performance of the funds it is responsible for. Performance analysis is rudimentary.
- One company provided stockbroker services from the 1930’s until 2008 when the service was subjected to competitive tendering for the first time.

THIS STATEMENT IS ISSUED ON THE STRICT UNDERSTANDING THAT IT IS NOT FOR PUBLICATION OR BROADCAST BEFORE 00.01 hrs ON 01 JULY 2014

- The CFO is not transparent in its dealings with clients and few people outside the organisation are aware of how it is performing. It does not publish any explicit standards which measure the quality of service that it provides.
- No specific efficiency target for the CFO has been established by Courts Service to ensure that costs are controlled.

NOTES FOR EDITORS:

1. The CFO is a business unit within the Northern Ireland Courts and Tribunals Service, an agency of the Department of Justice.
2. The Comptroller and Auditor General (C&AG) is Head of the Northern Ireland Audit Office (NIAO). He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources.
3. This report is available on the Audit Office website at www.niauditoffice.gov.uk. The report is embargoed until 00.01 hours on Tuesday 01 July 2014.
4. Background briefing can be obtained from the Audit Office by contacting Neil Gray (028 9025 4345) or Karen Beattie (028 9025 1003).