



Northern Ireland Audit Office

# **Internal Fraud in the Sports Institute for Northern Ireland**

---

## **Development of Ballycastle and Rathlin Harbours**





Northern Ireland Audit Office

Report by the Comptroller and Auditor General for Northern Ireland

*Ordered by the Northern Ireland Assembly to be printed and published under the authority of the Assembly, in accordance with its resolution of 27 November 2007*

# Internal Fraud in the Sports Institute for Northern Ireland

## Development of Ballycastle and Rathlin Harbours



# Internal Fraud in the Sports Institute for Northern Ireland





This report has been prepared under Article 8 of the Audit (Northern Ireland) Order 1987 for presentation to the Northern Ireland Assembly in accordance with Article 11 of that Order.

*J M Dowdall CB*  
Comptroller and Auditor General

Northern Ireland Audit Office  
19 November 2008

The Comptroller and Auditor General is the head of the Northern Ireland Audit Office employing some 145 staff. He, and the Northern Ireland Audit Office are totally independent of Government. He certifies the accounts of all Government Departments and a wide range of other public sector bodies; and he has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and other bodies have used their resources.

For further information about the Northern Ireland Audit Office please contact:

Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU

**Tel:** 028 9025 1100  
**email:** [info@niauditoffice.gov.uk](mailto:info@niauditoffice.gov.uk)  
**website:** [www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk)

© Northern Ireland Audit Office 2008

## Contents

	Page
<b>Part One</b>	
<b>Introduction and background</b>	<b>1</b>
<b>Part Two</b>	
<b>Internal fraud in the Sports Institute for Northern Ireland</b>	<b>3</b>
How the fraud was committed	4
How the fraud was discovered	5
Control weaknesses that allowed the fraud to happen	6
Internal control	6
Corporate governance	7
The response to the fraud	9
Action to investigate the fraud	9
Action to improve internal control	9
Restorative action	10
NIAO commentary	10
<b>Appendix 1</b>	
<b>Chronology</b>	<b>16</b>
<b>Appendix 2</b>	
<b>SINI structure during October 2005 to August 2006</b>	<b>19</b>

---



## Abbreviations

BACS	Bankers' Automated Clearing System
DAO	Dear Accounting Officer
DCAL	Department for Culture, Arts and Leisure
DFP	Department of Finance and Personnel
ICT	Information and communications technology
NIAO	Northern Ireland Audit Office
NILGOSC	Northern Ireland Local Government Officers' Superannuation Committee
PAC	Public Accounts Committee
PAYE	Pay As You Earn
SINI	Sports Institute for Northern Ireland

---



## Part One: Introduction and background



## Part One: Introduction and background

- 1.1 The Sports Institute for Northern Ireland (SINI) is a company limited by guarantee, established in 2004 to facilitate improved athletic performance through the provision of world class support to high performing athletes and coaches. The company is a joint venture of the Sports Council for Northern Ireland (the Sports Council), a non-departmental public body of the Department for Culture, Arts and Leisure (DCAL), and the University of Ulster. Between October 2004 and September 2005 it operated as a pilot company under the University's control before commencing to trade independently and it remains based on the University campus at Jordanstown. The company is funded principally by the National Lottery in the form of a revenue grant from the Sports Council and in 2005-06 its turnover was £851,000. It employs 19 staff.
- 1.2 Between October 2005 to August 2006 an employee, Richard Nash, stole approximately £75,000 from the company. After he came under suspicion, the police were informed in September 2006. He was subsequently charged with the theft of £66,547. On 11 October 2007 at Belfast Crown Court he pleaded guilty to this charge. He received an 18 month prison sentence suspended for 2 years.
- 1.3 The Sports Council reacted quickly once the fraud was discovered and took control of SINI's financial functions in September 2006. At the instigation of SINI's Board and the Sports Council, and with the agreement of DCAL, a forensic audit was undertaken to establish the extent of the fraud; to identify the control weaknesses that led to the fraud; and to provide assurance on the company's overall financial position to its stakeholders. A final report was submitted to the Sports Council and to the Board in May 2007.
- 1.4 This report considers the circumstances surrounding the fraud committed by Richard Nash; its discovery and the actions taken by SINI before Richard Nash's dismissal; the failures in governance and internal control that allowed it to be committed and to go undetected for nearly 10 months; and the efforts to recover the stolen funds and address the identified governance and control weaknesses. Based on the facts reported in the forensic audit, interviews with key individuals in SINI, the Sports Council and the University of Ulster, and consideration of best practice in countering fraud, it presents some important lessons for the public sector in Northern Ireland.
-

Part Two:  
Internal Fraud in the Sports Institute for  
Northern Ireland



## Part Two: Internal Fraud in the Sports Institute for Northern Ireland

### How the fraud was committed

2.1. Richard Nash was appointed as the Finance and Corporate Services Manager from February 2005. His responsibilities included accountancy, payroll administration, banking, reconciliations and signing cheques.

2.2 Richard Nash committed the fraud in a number of ways:

- with sole responsibility for bank transfers, he used the Bankers' Automated Clearing System (BACS) facility to make payments to his wife's bank account;
- later, he dishonestly obtained the passwords to the on-line banking system, allowing him to create, authorise and execute payments to the bank accounts of his wife and daughter;
- in his role as payroll administrator, he was able to disguise these transactions as legitimate salary payments to other members of SINI

staff and as contributions to the pension fund. These payments were, in fact, being made by cheque;

- he hid the fraudulent payments in the bank reconciliations which he produced;
- he also made changes to his PAYE records to dishonestly minimise his income tax;
- a number of cheques, payable to cash, were drawn from the SINI bank account by Richard Nash; and
- one cheque was drawn by Richard Nash on the staff fund account, an account funded by voluntary contributions from SINI employees to be used for staff amenities. This account was separate from the company's funds and not under its managerial control.

In total, the Sports Council estimates that he stole £75,041 in a period from October 2005 to August 2006 (Figure 1).

**Figure 1: Analysis of money stolen**

Area	Amount £	Period
BACS	3,818	December 2005 to January 2006
Banking on line	66,547	February 2006 to August 2006
PAYE	2,017	October 2005 to February 2006
Cheques	2,450	February 2006 to August 2006
Staff fund	209	August 2006
<b>Total loss</b>	<b>75,041</b>	

Source: Sports Council



## How the fraud was discovered

- 2.3 Richard Nash was suspended on 4 September 2006. However, suspicions had been building for some time. On 7 August 2006, the Office Administrator in SINI discovered an IOU for £100 in the petty cash box. When challenged, Richard Nash admitted to having put it there, and promised to repay the money. This he did on 8 August when another member of staff observed him, behind a locked door, with the petty cash box. He appeared agitated, and a check on the petty cash showed that he had apparently replaced considerably more than the £100 he owed.
- 2.4 At the same time, a review of used cheque book stubs for the staff fund account identified one cheque as being cancelled. This was unusual and was reported to the Head of High Performance, Planning and Services - the most senior executive present on a day-to-day basis within the Company - on his return from leave on 14 August. Enquiries with the bank confirmed that this cheque had recently been cashed for £209. Richard Nash's explanation that the cheque was a payment to a casual employee, proved to be false on 17 August when the same casual employee denied having received any such payment.
- 2.5 Coincidentally, the Sports Council began an audit of SINI on 14 August 2006. This was in response to concerns that a number of the conditions of the grant award were not being met. For this reason, the Sports Council agreed that it would withhold further payment of grant to SINI in May 2006. Richard Nash's answers to questions put to him by the Sports Council auditor on 18 August were overheard and recognised as untrue by the Office Administrator. This was also reported to the Head of High Performance, Planning and Services.
- 2.6 Other events quickly compounded growing suspicions. Although on leave from 21 to 25 August, Richard Nash went into the office on 21 August and removed paperwork, including used cheque stubs. On 23 August, SINI was informed by the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) that payments due to the pension fund were overdue. A letter was received from NILGOSC, confirming this, on 24 August. When questioned later by the Board, Richard Nash apologised for this 'clerical error'. On the afternoon of 24 August, officers from the Finance Department at the University began a review of payments made from SINI's bank account. The discovery of several suspicious payments, by cheque and on-line transfer, prompted the Head of High Performance, Planning and Services to alert the Chairman of SINI on 30 August 2006.
- 2.7 The concerns were reported to Board members, and an interview with Richard Nash was planned for 1 September. Richard Nash failed to attend this interview. At this point Richard Nash's office was sealed, the bank was instructed to hold all payments, the on-line

## Part Two: Internal Fraud in the Sports Institute for Northern Ireland

banking facility was disabled and the decision was taken to inform the police.

### Control weaknesses that allowed the fraud to happen

2.8 The forensic audit into the circumstances of the fraud was approved by the Board in May 2007. Its main conclusion was that there was *'evidence of deliberate attempts by Richard Nash to manipulate information and controls to enable him to defraud the company'*. The report also identified a number of weaknesses in the control arrangements within SINI, principally:

- ineffective key internal controls, for example, a lack of separation of duties;
- the lack of compliance with key internal controls, for example, management supervision of Richard Nash; and
- failings in corporate governance, particularly financial reporting to the Board and the roles of internal and external audit.

2.9 An audit of the recruitment and selection process for the appointment of Richard Nash was also completed by the Sports Council in September 2006. This identified several areas where best practice, as identified by the Equality Commission, was not adhered to. In particular, a number of significant documents were not retained on the

recruitment and selection files, including copies of Richard Nash's professional and academic qualifications, and copies of references. The University of Ulster has advised us that the retention of these files for the recruitment and selection of Mr Nash was the responsibility of SINI and that University procedures require that copies of professional and academic qualifications be retained for all posts and references sought.

### Internal control

2.10 The key control weaknesses have been identified by the forensic audit. The role and responsibilities of the Finance and Corporate Services Manager provided for a separation of duties in the arrangements for accounting, banking, reconciliations, cheque security and payroll administration, but in practice this was not implemented. Richard Nash therefore had unlimited access to the financial systems, allowing him to steal and subsequently hide his theft. Steps were taken to introduce controls and procedures at SINI. A financial procedures manual had been adopted by the Board in January 2005, but this was not updated for systems introduced later - such as banking on-line, and the new payroll - and it quickly fell into disuse. If implemented properly, the financial procedures set out in the manual would have provided more effective internal controls in SINI, but without regular updating the manual could not have addressed the fraud risks in these systems.



- 2.11 The limited managerial supervision exercised over Richard Nash compounded this situation. A managerial review of bank transactions, bank reconciliations and payroll reports would have acted as a significant deterrent to the fraud. A cross-check of these records would have been likely to identify discrepancies that should have raised managers' suspicions. The absence of effective checks allowed Richard Nash to make unauthorised payments and to disguise them in the accounting records.
- 2.12. The majority of the fraudulent payments were made through the banking on line facility which was introduced in January 2006. Comprehensive financial procedures for this new system were not established. Instructions were issued to Richard Nash from a Board member to establish a separation of duties, but in the light of subsequent events, it is clear that these were not adhered to.
- 2.13 Arrangements for banking on-line did provide for a separation of duties in the form of dual passwords for initial access to the system, to be held separately by two designated systems administrators of whom Richard Nash was one. The other was an employee of the University, familiar with the system. This initial access was to be used by the administrators to set up other users on the system. These other users should have been empowered to separately create, authorise and execute payments. Implemented properly, these arrangements would have provided strong security.
- 2.14 In the event, these controls were not established. Richard Nash was able to obtain the second administrator's password, by means which have yet to be identified, and to set himself up as a user on the system. It is possible that this took place at the introduction of the banking on-line system in SINI in January 2006. This provided him with unrestricted access to make payments to bank accounts of his choosing. No-one else had access to the system. Until he came under suspicion in August 2006, no management review of his activities on-line was undertaken.

### Corporate governance

- 2.15 The SINI Board is made up of six non-executive members, three nominations each from the Sports Council and the University of Ulster. Board members receive no payments from the company other than reimbursement of expenses, but are required to comply with companies' legislation in discharging their duties. As a company limited by guarantee, SINI had no direct equivalent of an accounting officer found normally within government departments and agencies. At the time of these events, executive responsibility rested with a Strategic Director, on a part-time secondment from the University under a service level agreement. It was his responsibility to supervise Richard Nash.
- 2.16 The Board includes the Director of Finance at the University of Ulster. SINI directors told us that his professional knowledge supports the Board's financial

## Part Two: Internal Fraud in the Sports Institute for Northern Ireland

decision making, but at the time of the fraud, he had no executive responsibilities in the Company. The Director of Corporate Services from the Sports Council occasionally attends to provide specific advice on matters relating to the National Lottery funding, but takes no role in the Company's management.

- 2.17 Board members acknowledge that financial information was presented to every meeting between December 2005 and August 2006, but the quality and consistency of financial reporting was variable. Regular management accounts were not presented. Only one detailed financial report was considered by the Board, in December 2005. A high level report showing spend compared to budget up to December 2005 was presented to the February 2006 meeting. Supporting papers for a number of key business decisions, for example insurance arrangements, pension fund membership and the introduction of on line banking were brief and presented in a memo format. Papers were often late or presented at the meetings without the opportunity for Board members to consider the contents beforehand. We have been advised that the Board considered its financial information to be adequate for the purposes of decision making, but the need for improvement had been communicated to Richard Nash in his performance appraisal.
- 2.18 Internal audit's role is to provide assurance to the Board on the operation and effectiveness of risk management, internal control and governance arrangements. A

private sector firm was engaged to provide internal audit in SINI. However, no internal audit work was completed in 2005-06 and no plans or reports produced. The auditors told us that this was due to obstruction by Richard Nash, who continually delayed the work, planned originally for January 2006. Internal audit did not report directly to the Board - the auditors reported to Richard Nash - and there is some dispute as to whether this delay was ever raised with a Board member. Certainly, the Board itself remained unaware of the situation. It is likely that an effective internal audit would have identified the key control weaknesses that allowed the fraud to take place.

- 2.19. The external audit of SINI's financial statements was also provided by the same private sector firm. While not prohibited<sup>1</sup>, this is not best practice: indeed, such arrangements have been subject to criticism by the Westminster Committee of Public Accounts<sup>2</sup>. The audit of the 2005-06 financial statements was not completed, nor an auditor's opinion issued, as the auditors required a formal acknowledgement of their engagement from SINI, and there were unresolved audit queries on the draft financial statements concerning an unexplained deficit. However, Richard Nash took a draft version of the financial statements to the Board in June 2006 and presented it as the final, audited version for the Board's approval. With the accounts was an accompanying audit document, the *Internal control report*, which Board members took to be the internal audit report. This raised two issues: the lack of an up-to-date risk

<sup>1</sup> Guidance contained in DAO (DFP) 06/03 and DAO (DFP) 16/99

<sup>2</sup> Halton College: Investigation into alleged irregularities (HC413 26 July 1999)

assessment framework in SINI, and the fact that the financial procedures manual had not been updated since January 2005. The external auditors were not present at the meeting and the Board, unaware of Richard Nash's deception, was reassured that all was well.

### The response to the fraud

2.20 The Sports Council, the University and the police were informed of the fraud on 1 September 2006. In turn, the Sports Council notified the Department of Finance and Personnel (DFP) and DCAL. The Comptroller and Auditor General was informed on 8 September 2006.

2.21 All grant funding to SINI was suspended. DCAL wrote to the Sports Council on 22 September setting out a series of conditions under which limited grant funding would be restored, including:

- the preparation of cash flow statements to identify the minimum funding requirements necessary to sustain SINI in the interim;
- that the Sports Council assume line management responsibility for the interim Finance Manager appointed to succeed Richard Nash; and
- that the Chief Executive of the Sports Council, in his capacity as the Accounting Officer, provides personal assurance of his close attention to ensuring financial accountability for the funds awarded to SINI.

2.22 These conditions were accepted by the Sports Council and by the Board of SINI.

### Action to investigate the fraud

2.23 The forensic audit which commenced in September 2006 provided evidence for the police enquiries which followed. SINI's accounts from September 2005 to August 2006 were re-constructed to determine the extent of the fraud. Interviews with staff and an examination of the financial records identified the control weaknesses which contributed to the fraud. Work was also undertaken to establish, as far as possible, SINI's overall financial position. The forensic audit report in May 2007 made a series of recommendations to improve corporate governance, management and procedures, including:

- developing detailed financial procedures for the payroll, accounts and banking on-line;
- reviewing the roles of the Board, directors and the company secretary; and
- continuing to pursue recovery of the losses, from Richard Nash and others.

### Action to improve internal control

2.24 The Sports Council assumed financial control of SINI on 22 September 2006. Since that time, SINI has operated under the Sports Council's financial procedures.

## Part Two: Internal Fraud in the Sports Institute for Northern Ireland

Seconded officers from the Sports Council fill the roles of Finance Manager and Strategic Director. We have been told that a number of controls which were not operating at the time of the fraud are now in place, including:

- banking on-line arrangements were terminated immediately and payments are now made by cheques, countersigned by two nominated officers;
- payroll reports are reviewed independently before payments are made; and
- bank reconciliations are prepared and reviewed independently.

2.25 We have also been told that detailed financial reports are presented at each Board meeting. Board members play an active role in ensuring that internal controls operate effectively, for example, by reviewing supporting documentation before payments are made. A sub-committee of the Board monitors the implementation of recommendations from the Sports Council's investigation and other reports.

2.26 In December 2007 the Sports Council engaged an independent auditor to provide an assessment of the new arrangements. The external auditors provided an unqualified audit opinion on the 2005-06 financial statements in December 2007. The Board is currently considering the appointment of new external and internal auditors for 2006-07 and beyond.

### Restorative action

2.27 Richard Nash was dismissed by SINI on 22 September 2006. He was convicted of theft at Belfast Crown Court on 11 October 2007 and on 19 December 2007 sentenced to 18 months in prison, suspended for 2 years.

2.28 SINI took action to freeze the assets of Richard Nash, his wife and daughter once the fraud was confirmed. His wife agreed to repay £13,357. SINI recovered £5,606 from Richard Nash's pension fund and his final salary payment of £1,466. The bank has admitted liability for losses of £1,950 relating to cheques not signed in accordance with the approved bank mandate. Shortly before sentencing, Richard Nash repaid a further £42,213 to SINI.

2.29 The Board is taking legal advice and remains committed to pursuing the recovery of its outstanding losses of £10,449.

### NIAO commentary

2.30 The response to the fraud, by SINI, the Sports Council and the University of Ulster, demonstrates a number of positive features. Once the theft was identified, swift action was taken to secure SINI's assets and financial records and Richard Nash was suspended within 48 hours. The police were alerted quickly, the sponsoring departments and the NIAO informed, and an investigation begun which contributed to a successful prosecution. Action has been taken to

improve internal control in SINI and efforts to secure the return of the money lost in the fraud are continuing. We welcome all these activities.

2.31 However, Richard Nash was able to commit the simplest of frauds, and to go undetected for nearly 10 months, due to a control environment in SINI which was so weak as to be almost non-existent. A financial procedures manual existed, but was ignored. Although the job description and financial procedures included a separation of duties, in practice there was no effective separation of duties in Richard Nash's role and management supervision of his activities was minimal. In particular, no controls were established over banking on-line.

2.32 The Board told us that it saw its role as: establishing the strategic direction of the company; determining and approving the policies and procedures governing SINI; and receiving reports providing assurance as to its governance. It sought these assurances from management, from its auditors and from the development of its financial policies and procedures.

2.33 In practice, all these sources of assurance failed. Key financial policies and procedures were approved but not implemented. Without communicating effectively with its auditors, the Board was unaware of the delayed internal audit and, deceived by Richard Nash at its June meeting, it took assurance from the draft financial statements and external audit report misrepresented by him. Management did not supervise Richard

Nash effectively and financial reporting left much to be desired.

2.34 We have been told that, due to the small size of SINI, Richard Nash's job description was deliberately made a wide one, encompassing all financial functions as well as human resources, ICT and corporate planning. The position came with a great deal of responsibility and trust. We do not accept that the size of an organisation can be a valid reason for the lack of effective controls that was demonstrated in this case. It concerns us that Richard Nash was appointed to this responsible position without evidence of any check on his academic or professional qualifications. It is of equal concern that there is no evidence that references from previous employers were taken. A more sophisticated approach to pre-employment checks, including financial vetting, is now recognised as best practice when appointing to financially sensitive positions<sup>3</sup>. If this approach had been used, Richard Nash's considerable personal debts, which subsequently came to light during the police investigation, may have been identified as a sign of potential trouble.

2.35 Several warning signs of possible fraud appear to have gone unnoticed by management during the period of Richard Nash's employment. His colleagues' observations of his behaviour present a classic portrait of a fraudster. He rarely took the leave due to him, but worked long hours, including evenings and weekends. He took work home regularly and refused to delegate any of his

## Part Two: Internal Fraud in the Sports Institute for Northern Ireland

functions. His presentation of financial information to colleagues was unnecessarily complicated. We understand that his computer recorded him visiting gambling sites on the internet while at work. As the fraud developed, he was failing to deliver even the basic requirements of his role - no entries were made on the financial ledger after March 2006. Most significantly, in our view, his obstruction of internal audit from January 2006 onwards should have been the trigger for a review of his activities.

- 2.36 Richard Nash came under suspicion in August 2006 due to the alertness of the Office Administrator who discovered the IOU in the petty cash box and the cancelled cheque stub. A draft whistleblowing policy had not yet been implemented in SINI and it is perhaps fortunate that she chose to inform management immediately.
- 2.37 This should have prompted decisive action. However, SINI had not yet implemented its draft fraud response plan and management did not begin a fraud investigation. Instead, officers from the University agreed to review recent payments through the bank account. Although clearly acting in good faith, and in line with the University's fraud response procedures, in our view this was ill-advised. The University of Ulster has advised us that it does not concur with our view, on the grounds that it was as a direct result of this investigation that sufficient evidence was collated to allow the suspension of Mr Nash and his prompt dismissal, which was undertaken

within the minimum statutory framework required by law.

- 2.38 The decision about when to begin an investigation is often a fine judgement. There is no suggestion that action was delayed deliberately. Certainly, the Board, the University and the Sports Council believe that they acted quickly, diligently and within the law in dealing with the investigation and suspension of Richard Nash. Subsequent legal advice to the Board has highlighted the dangers of acting unreasonably in such circumstances. Nevertheless, by 18 August 2006 there were suspicions that a crime may have been committed: Richard Nash, unauthorised, had taken £100 from petty cash for his personal use; he had written a cheque and recorded it as cancelled, yet it had been presented; when challenged, he had lied about its purpose; and he had lied to the Sports Council's auditor. Best practice suggests that a fraud investigation should have been undertaken immediately, by staff familiar with the Police and Criminal Evidence (Northern Ireland) Order 1989.<sup>4</sup>
- 2.39 Richard Nash, on leave during the initial investigation by the University, was not suspended at this time. He continued to work on his return from leave, probably aware that he was under suspicion. In our view, it is fortunate that important evidence was not compromised at this stage. Richard Nash kept his computer, which held SINI's financial records, and this was only recovered from him after his suspension in September. He removed

paperwork, including used cheque stubs, from the office. He also took the opportunity to steal, transferring more than £2,131 from SINI's account before he left the Company.

- 2.40 The subsequent forensic audit was a valuable tool in establishing the history and extent of the fraud. However, it was not carried out by professional investigators, and some of its activities could have compromised the criminal case against Richard Nash if he had chosen to contest it. In the event, he made a full confession to the police and pleaded guilty in court.
- 2.41 The lack of effective key internal controls in SINI lies at the heart of the fraud. Had controls been established at the outset - in September 2005, when the pilot company left the University's control and began to trade, or earlier - the story may have been very different. Internal controls to ensure the separation of duties and proper supervision of Richard Nash were not implemented. In particular, insufficient attention was paid to the arrangements for banking on-line. More than 90 per cent of the fraudulent payments were made through the system. Effective controls over its access and use would have limited severely Richard Nash's ability to commit the fraud.
-





# Appendices

## Appendix One: Chronology

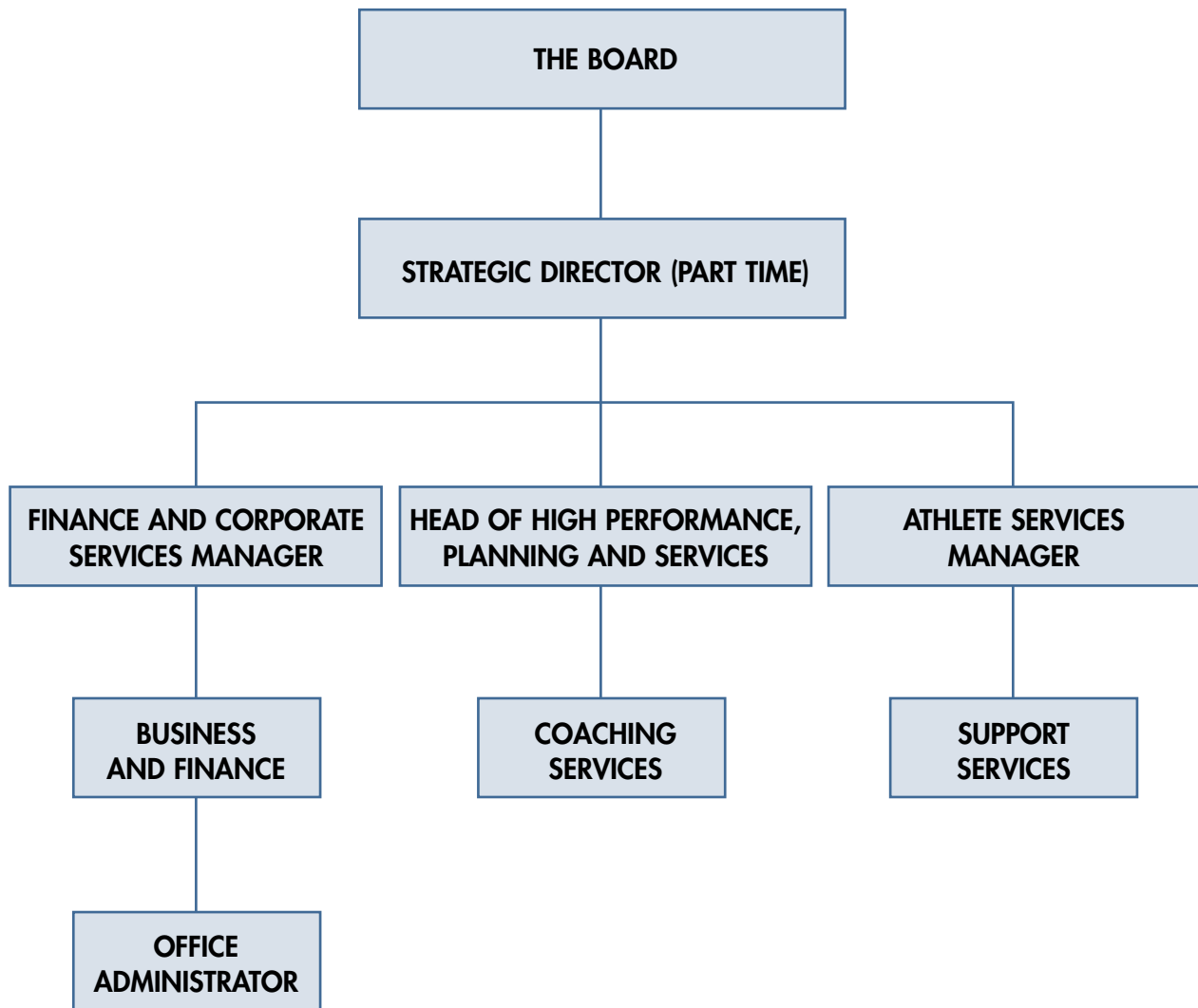
October 2004	SINI established in a pilot phase, under the policies and procedures of the University of Ulster.
February 2005	Richard Nash appointed as Finance and Corporate Services Manager.
28 April 2005	Memo to Directors from Richard Nash proposing to introduce banking on-line in SINI.
10 May 2005	E-mail from Director, instructing Richard Nash to ensure separation of duties in arrangements for banking on-line.
September 2005	SINI moves from pilot phase and commences trading.
25 October 2005	Richard Nash begins the fraud, altering his PAYE records to pay less income tax.
27 October 2005	Bank agreement for banking on-line signed by Board members. This agreement identifies Richard Nash as the company secretary.
22 November 2005	More alterations to PAYE records by Richard Nash, further reducing his tax.
19 December 2005	Richard Nash makes a fraudulent BACS transfer to his wife's account, disguised as a salary payment to a member of SINI staff.
5 January 2006	Richard Nash attends training session for banking on-line.
January 2006	Planned start of internal audit. This was delayed continually by Richard Nash.
23 January 2006	Richard Nash makes another fraudulent BACS transfer to his wife's account.
21 February 2006	Richard Nash uses banking on-line to transfer money into the accounts of his wife and daughter. This continues until the fraud is discovered in August 2006.
22 February 2006	Cheque payable to cash for £500 appears on the bank statement. Other cheques payable to cash, signed by Richard Nash, will be presented until the fraud is discovered in August 2006.

15 June 2006	Richard Nash and a Board member meet with the auditors. It remains unclear whether the delay in the internal audit is discussed at this meeting.
29 June 2006	Draft 2005-06 financial statements and the internal control report are presented to the Board by Richard Nash.
7 August 2006	IOU from Richard Nash for £100 is found in petty cash box. When challenged, he agrees to repay the money.
8 August 2006	<p>Richard Nash writes a cheque to cash from the staff fund account for £209, and uses the money to repay the IOU to petty cash. He marks the cheque stub as 'cancelled'.</p> <p>When challenged, he claims the cheque is a payment to a casual employee, drawn in error on the staff fund account.</p>
14 August 2006	Head of High Performance, Planning and Services is informed of the IOU in petty cash and the cheque drawn on the staff fund account. Initial suspicions are raised.
16 August 2006	Richard Nash steals £4,320 through banking on-line.
17 August 2006	Bank confirms the 'cancelled' cheque cashed for £209. The Office Administrator meets the casual employee, who denies receiving any payment. The Head of High Performance, Planning and Services is informed. He asks officers from the University's Finance Department to review recent payments.
18 August 2006	Richard Nash is overheard lying to the Sports Council auditor. The Head of High Performance, Planning and Services is informed.
21 August 2006	Richard Nash enters SINI office while on leave and removes paperwork, including used cheque stubs.
24 August 2006	<p>Richard Nash returns to process August payroll. Steals £1,907.</p> <p>NILGOSC letter received, informing SINI of overdue pensions fund contributions.</p> <p>University officers' review of bank payments begins.</p>

## Appendix One: Chronology

29 August 2006	The bank identifies two more suspicious cheques, signed by Richard Nash.
30 August 2006	The bank identifies several suspicious payments made on line to 'KN' account. Head of High Performance, Planning and Services informs the Chairman.
31 August 2006	Richard Nash transfers £224 into the staff fund account through banking on-line.  The Board agrees to Richard Nash being interviewed.
1 September 2006	Richard Nash fails to attend planned interview. SINI offices and financial records are secured. SINI informs the police, the Sports Council and the University of Ulster.
4 September 2006	Richard Nash is suspended. SINI begins disciplinary proceedings.
7 September 2006	Solicitors begin recovery proceedings against Richard Nash, his wife and daughter.
8 September 2006	The Comptroller and Auditor General is informed of the fraud.
11 September 2006	Richard Nash is arrested and interviewed by the police.
22 September 2006	Richard Nash is dismissed.  The Sports Council assumes financial control of SINI.  Forensic audit commences.
December 2006	Forensic audit reported to SINI Board.
May 2007	Board agrees forensic audit report.
11 October 2007	Richard Nash pleads guilty to theft of £66,547.
19 December 2007	Richard Nash sentenced to 18 months in prison, suspended for two years.

## Appendix Two: SINI structure between October 2005 to August 2006





# Development of Ballycastle and Rathlin Harbours







This report has been prepared under Article 8 of the Audit (Northern Ireland Order 1987 for presentation to the Northern Ireland Assembly in accordance with Article 11 of that Order.

*J M Dowdall CB*  
Comptroller and Auditor General

Northern Ireland Audit Office  
19 November 2008

The Comptroller and Auditor General is the head of the Northern Ireland Audit Office employing some 145 staff. He, and the Northern Ireland Audit Office are totally independent of Government. He certifies the accounts of all Government Departments and a wide range of other public sector bodies; and he has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and other bodies have used their resources.

For further information about the Northern Ireland Audit Office please contact:

Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU

**Tel:** 028 9025 1100  
**email:** [info@niauditoffice.gov.uk](mailto:info@niauditoffice.gov.uk)  
**website:** **[www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk)**

© Northern Ireland Audit Office 2008

## Contents

	page
<b>Part One: Introduction and scope</b>	<b>1</b>
Background	2
Cost of the harbour improvements and the sources of funding	3
Who is responsible for the harbours and the ferry services?	3
Scope of NIAO examination	4
Summary and conclusions	4
Main findings	4
Lessons arising from this project	5
<b>Part Two: Planning and co-ordination of the project</b>	<b>7</b>
There was a need to improve the existing Rathlin ferry service	8
The decision was taken to incorporate a Ballycastle to Campbeltown ferry service	8
A feasibility study was commissioned to assess the viability of the proposed Ballycastle to Campbeltown service	9
The feasibility study report contained a number of reservations about the viability of the ferry service	9
The Department raised a number of issues with the consultants but these were not a proper challenge to the feasibility report	10
The Department relied on the Scottish authorities for final assessment of the viability of the Campbeltown service	10
EU funding application for the project	12
EU funding was dependent on the inclusion of the Campbeltown service	12
The Department had to provide more funding than originally planned	12
EEA grant approval and administrative arrangements	13
Exchange rate fluctuations led to a reduction in the level of EEA grant	13

---

<b>Part Three:</b>	<b>The capital project stage</b>	<b>15</b>
	Upgrading of the harbours was let as two separate contracts	16
	The Rathlin harbour contract	16
	There was slippage on the Rathlin harbour upgrade	16
	Arbitration awarded additional payments to the contractor	16
	Final cost of the Rathlin harbour upgrade	17
	The Ballycastle harbour contract	17
	Changes to the contract resulted in delays and claims by the contractor	17
	Claims by the contractor – Ballycastle harbour	18
	Final cost of the Ballycastle harbour upgrade	18
<b>Part Four:</b>	<b>The operation of the two ferry services</b>	<b>19</b>
	The Ballycastle to Rathlin service	20
	Support provided to the existing operators	20
	Appointment of a new operator for the Rathlin service	20
	The ferry operator gave notice of withdrawal from the contract	20
	Re-negotiation of the contract for the Rathlin service	20
	A new tendering exercise in 2002 met with limited success	21
	A fresh tendering process has been carried out	21
	The Ballycastle to Campbeltown service	21
	The appointment of an operator for the Campbeltown service	21
	Awarding of the contract to operate the Campbeltown service	22
	The ferry service was withdrawn due to unsustainable losses	23
	There have been two subsequent unsuccessful attempts to restart the service	23
	The case for restoring the ferry service is again being considered	23
<b>Appendix 1</b>	<b>Ballycastle to Campbeltown ferry service: Forecast annual passenger and vehicle numbers for an 11 month service and actual numbers for the summer-only service from 1997 to 1999</b>	<b>26</b>
<b>NIAO Reports</b>		<b>27</b>

---

## Abbreviations

AIE	Argyll and the Islands Enterprises
BIC	British-Irish Council
DC	District Council
DETI	Department of Enterprise, Trade and Investment
DOE	Department of the Environment
DRD	Department for Regional Development
ECU	European Currency Unit
EEA	European Economic Area
NIAO	Northern Ireland Audit Office
OJ	Official Journal
PIN	Prior Information Notice
STAG	Scottish Transport Appraisal Guidance

---

# Part One: Introduction and scope



## Part One: Introduction and scope

### Background

- 1.1 Rathlin Island is Northern Ireland's only inhabited off-shore island and has a population of approximately 80 residents. The Ballycastle to Rathlin ferry service is the only scheduled public service available to access and leave the island.
- 1.2 During the early 1990s there were increasing concerns about the adequacy of the ferry provision, which at that time was being provided by the islanders themselves using two converted fishing vessels. When options for improving the service were examined it became apparent that any significant upgrading would require substantial improvements at both harbours, in particular Ballycastle harbour, in order to provide a safe and reliable ferry service appropriate to both the current and future estimated needs.
- 1.3 During discussions on the way ahead, the possibility of re-establishing a ferry link between the North Antrim coast and the Mull of Kintyre in Scotland emerged. The last link had operated for a period in the 1970's between Red Bay and Campbeltown. In 1996, following negotiations between Moyle District Council (Moyle DC) and the Scottish authorities (Argyll and the Island Enterprises (AIE)), an agreement was reached for a service operating between Ballycastle and Campbeltown. Provision for such a service was then incorporated into the development plans for Ballycastle harbour, as the larger type of vessel needed for this route required a deeper draught and wider harbour opening as well as other facilities.



- 1.4 Work on the improvements at Rathlin harbour started in November 1995 and at Ballycastle harbour in April 1996. Both contracts experienced significant cost and time overruns and the Rathlin and Campbeltown ferry services both started operating before the work had been fully completed.

the project are set out in Figure 2. Some £2 million of the £8 million cost of upgrading Ballycastle harbour was in relation to the additional facilities provided for the Campbeltown service.

### Who is responsible for the harbours and the ferry services?

### Cost of the harbour improvements and the sources of funding

- 1.5 Details of the expenditure incurred in upgrading the two harbours are shown at Figure 1 and the sources of funding for

- 1.6 Responsibility for the Rathlin Island ferry service moved from the Department of the Environment (DOE) to the Department for Regional Development (DRD) (the Department) in December 1999, following devolution. DOE (and later DRD)

**Figure 1: Cost of upgrading the harbours**

	<b>Ballycastle Harbour £m</b>	<b>Rathlin Harbour £m</b>	<b>Total Outturn £m</b>	<b>Tender Price £m</b>
Contract Costs	6.86	1.86	8.72	7.42
Professional Fees	0.78	0.41	1.19	
Other Expenditure	0.48	0.03	0.51	
<b>Totals</b>	<b>8.12</b>	<b>2.30</b>	<b>10.42</b>	

Source: Department for Regional Development and Construction Service

**Figure 2: Sources of funding for the project**

<b>Sources of Funding</b>	<b>Funding Provided £m</b>
European Economic Area <sup>1</sup> Grant	5.84
Department of the Environment	3.59
Moyle District Council	0.99
<b>Total</b>	<b>10.42</b>

Source: Department for Regional Development

<sup>1</sup> The European Economic Area (EEA) Financial Mechanism was set up in 1994 and it represents the contribution of six of the former European Free Trade Association members towards reducing economic and social disparities in the European Union. Financial assistance was offered for projects in Objective 1 areas in Greece, Ireland, Northern Ireland, Portugal and Spain, with priority being given to protection of the environment (including urban renewal), transport (including infrastructure) and education and training. Grants available under this mechanism are advanced through the European Investment Bank which conducts appraisals of proposed projects.

## Part One: Introduction and scope

had responsibility for the necessary upgrading work at Ballycastle and Rathlin harbours. Responsibility for the Ballycastle to Campbeltown ferry service lay originally with Moyle DC and AIE, and now lies with the Scottish Executive and the Department of Enterprise, Trade and Investment (DETI), with the Scottish authorities taking the lead throughout. Moyle DC is the harbour authority for both Ballycastle and Rathlin harbours.

### Scope of NIAO examination

1.7 The NIAO review focussed on:

- the effectiveness of the Department's planning, and co-ordination of the harbour improvements project **(Part 2 of the Report)**;
- the capital project stage, including the cost and time overruns on both contracts **(Part 3)**; and
- the operation of the two ferry services **(Part 4)**.

1.8 Much of this Report relates to work at Ballycastle and Rathlin harbours which was completed in 1998, and the Campbeltown service that ended in 1999. Since then we have been monitoring the attempts made to revive the ferry service between Ballycastle and Campbeltown. We feel that there are important lessons to be learned from this report which will be relevant to all public bodies involved in any form of joint project.

### Summary and conclusions

#### Main findings

1.9 We recognise that the decision to provide the Campbeltown service was primarily one for the Scottish authorities and Moyle DC, and that the Department was responsible only for the upgrade of the harbour at Ballycastle. However, given the extent of the reservations in the feasibility study carried out by a firm of consultants in 1994, which formed the main basis for the decision to proceed with the route, we feel that further consideration should have been given to the viability of the route (paragraph 2.10).

1.10 The Department told us that it had raised points of concern about a draft of the feasibility study and asked the consultants to carry out further work before they completed their report. In our view, the points raised did not effectively deal with the report's conclusions and reservations about the viability of the service (paragraphs 2.11 and 2.12); however, the Department told us that, in its view, responsibility for the final assessment of the report rested with AIE and Moyle DC who had commissioned it.

1.11 The upgrading of Ballycastle harbour began while uncertainty about the Campbeltown service continued. As a result, additional expenditure of around £0.5 million was paid to contractors because of the suspension and subsequent reinstatement of elements of this work (paragraph 3.11).



1.12 The Department pointed out that the ferry service was regarded as an important facility by the communities in Argyll and Moyle and its investment in Ballycastle harbour enabled that service to begin in 1997. It also said that the harbour facilities provided by this project served the ferry, which operated without subsidy during the summer months for the next three years, bringing benefit to those communities. The Department also told us that the importance of a link between Campbeltown and Ballycastle is reflected in the continuing commitment of the Scottish Executive to restart the service. We note, however, that the service operated with mounting losses which became unsustainable and led to its withdrawal in February 2000 (paragraph 4.13). We also note the appraisal in 2001 which predicted losses in the range £1.36 million to £1.55 million for an 11 month service; and the failure, during 2002 and 2005, of two tendering exercises to attract an operator, despite an offer of an annual subsidy of £1 million (paragraph 4.20).

1.13 Against this background, we consider that the original assessment of the viability of such a high risk route lacked sufficient rigour. In particular, it is our view that the Department should have brought a greater degree of scrutiny to bear on the findings of the initial feasibility study in 1994 before committing to the provision of additional facilities at Ballycastle harbour at a cost of around £2 million. As a result, the failure, to date, to secure a viable ferry service to Campbeltown has meant that these additional facilities

remain under-utilised. The roll-on roll-off linkspan<sup>2</sup> is not in operation and, while the terminal building, car park and ferry berth are currently in use, this is not for the intended ferry service nor are they used as intensively as planned, given the absence of the Campbeltown service (paragraph 4.21).

### **Lessons arising from this project**

1.14 All public bodies need to ensure that any reports or appraisals which are used to support spending decisions are properly scrutinised. Potential risks or uncertainties which cast doubt on whether to proceed with a project or not should be properly investigated and fully resolved before a final decision is taken.

1.15 While one party will take the lead role in a joint project, this does not absolve the other parties involved from their individual responsibilities. They must ensure that they take sufficient steps to satisfy themselves that the commitments being entered into are appropriate, and that sufficient independent assurance is obtained regarding the viability of the proposal, before expenditure is committed to the project (paragraph 2.16).

1.16 In joint projects such as this it is essential, at the outset, to put in place a formal agreement between all of the parties involved, in order to establish a clear understanding as to the respective roles, responsibilities and accountability arrangements to be adopted (paragraph 2.17).

## Part One: Introduction and scope

1.17 At the time this project was undertaken, no formal guidance on joint projects existed. In May 2006, best practice guidance on joined-up projects was issued by the Department of Finance and Personnel (DFP)<sup>3</sup>. This brought together current practice, recommendations of the Public Accounts Committee and other relevant publications on this issue dating back to 2001, and suggested a number of models which might be appropriate for such projects. One of the key points covered was that, where responsibility for overseeing and implementing policies and programmes lies with more than one body, there is a need to draw up a Memorandum of Understanding between them to provide transparency as to who is accountable for what and to whom. We recommend that this guidance is applied appropriately where departments and other public bodies are involved in future joint projects. This is particularly important where, as in this case, different administrations are involved.

1.18 It is important for departments to ensure that all key elements of capital contracts are fully set in place before the work starts and that no major uncertainties remain regarding the required specification. This is essential in order to avoid the need for extensive changes once the contract is underway, as these are likely to result in rescheduling of the work and restrictions on the contractor which inevitably lead, as in this case, to claims by the contractor and additional expenditure being incurred. The Northern Ireland Practical Guide to the Green Book<sup>4</sup> now recognises that there will always be some

degree of uncertainty associated with capital projects and has introduced the concept of optimism bias. This guidance now requires departments to make appropriate adjustments to the predicted benefits from projects as well as their costs and duration, in order to take account of identified risks and also the tendency of appraisers to be over-optimistic with regard to projects.

<sup>3</sup> FD(DFP) 08/06

<sup>4</sup> The primary guide to expenditure appraisal, evaluation, approval and management for Northern Ireland departments

## Part Two: Planning and co-ordination of the project



## Part Two: Planning and Co-ordination of the project

### There was a need to improve the existing Rathlin ferry service

2.1 In 1990 the Department identified the need for improvements to the ferry service between Ballycastle and Rathlin Island. Pressure was coming from a number of sources, including Moyle DC, a Rathlin community group and the existing ferry operators who were experiencing financial problems. It was generally felt that action needed to be taken to halt the decline in the population on the island and to encourage more tourists, thereby providing income and support for the islanders.

2.2 Consultants appointed by the Department to carry out an appraisal of the service completed their report in April 1991. They concluded that the existing ferry service should be supported in the short term through a one-off package of improvements and the provision of a subsidy to the ferry operators. The consultants also examined a number of options for the future of the service and concluded that the following work was necessary:

- Rathlin - the underpinning of the existing structures at the harbour and inclusion of a slipway (estimated cost £1.6 million);
- Ballycastle - the extension of the ferry pier and enclosure of the harbour (estimated cost £2.5 million); and
- maintenance dredging of each harbour on a three-year cycle (estimated cost £40,000 every three years).

The consultants also recommended that, for a longer-term solution, the Department should consider inviting tenders from interested parties to operate the ferry service. The consultants' recommendations and proposals were accepted by the Department and Moyle DC.

2.3 The issue of upgrading the service took on a much greater urgency in 1995 with the imminent introduction of new marine safety regulations. It was clear that the two boats which were then providing the ferry service, and which were nearing the end of their useful lives, would not be capable of meeting these new regulations.

### The decision was taken to incorporate a Ballycastle to Campbeltown ferry service

2.4 In the period between the decision being taken in 1991 to carry out improvements at Ballycastle and Rathlin harbours and 1995, when the work was planned to start, a new factor in the form of the proposed Campbeltown ferry service had been introduced. In 1993, it was decided to amend the design for improvements at Ballycastle harbour to incorporate a roll-on roll-off linkspan facility and a slightly wider harbour entrance, in order to facilitate the larger vessel required to undertake a ferry service to Campbeltown. The addition of these elements increased the estimated cost of the work at Ballycastle harbour by £1 million to £3.5 million.

**A feasibility study was commissioned to assess the viability of the proposed Ballycastle to Campbeltown service**

2.5 In order to fully consider the viability of the proposed Ballycastle to Campbeltown service, AIE and Moyle DC jointly commissioned a firm of consultants in late 1994 to carry out a feasibility study. This study contained a financial appraisal which considered the likely viability of an 11 month service under four different scenarios of traffic volume forecasts over the first five years of the service, based on two return sailings in summer and one return sailing in winter, as shown at Figure 3. NIAO notes, however, that due to certain constraints imposed by the Scottish Office with regard to the handover of the vessel to be used on the route, the service which actually started in 1997 was a summer only service (paragraph 4.12).

2.6 These figures clearly showed how susceptible the proposed 11 month service would be to traffic volumes and to

market growth. If traffic volumes were 10 per cent lower than the base case selected, the service would move from a predicted surplus of £220,782 in the first five years of operation, to a deficit of £428,890. Using the base case as a starting point, but with zero traffic growth, the service was predicted to produce a deficit of £109,884 indicating strong reliance on market growth for commercial viability.

**The feasibility study report contained a number of reservations about the viability of the ferry service**

2.7 The feasibility study pointed out that the viability of the service was indeed largely dependent upon assumed growth rates for private traffic volumes. However, it cautioned against projecting forward on the basis of the then current levels of annual increases in car and passenger traffic for the existing ferry services out of Northern Ireland which, in their view, could in part be attributable to discounted fares. The report also pointed out that, if

**Figure 3: Likely viability of an 11 month service based on a range of traffic volume forecasts**

Traffic Volumes	Predicted Surplus/(Deficit) in the first five years of operation £
Upper Limit - volumes as forecast	722,399
Base Case – volumes 10 per cent below forecast	220,782
Lower Limit - volumes 20 per cent below forecast	(428,890)
Zero Growth	(109,884)

Source: Feasibility Study

## Part Two: Planning and Co-ordination of the project

the existing services' fares were to fall in real terms, because of the very competitive market that already existed, projected traffic for the proposed Ballycastle to Campbeltown service may not be realised. The consultants also felt that the service would need to maintain a strong price advantage over its rivals in order to ensure continued growth in traffic.

2.8 The consultants drew attention to the fact that their analysis pointed to low demand on the service from commercial traffic, and that one haulier accounted for 90 per cent of the forecast volume and revenue from this sector. They also believed that there was little potential to generate new commercial traffic on this route.

2.9 The Department told us that the key conclusions of the study which were taken into account by the Scottish authorities and Moyle DC, who had commissioned the report, were that the service would be marginally viable in the initial years, reaching an overall surplus in Year 5. There would also be an additional 249 jobs (38 in Northern Ireland and 211 in Scotland) and net financial inputs to Northern Ireland and Scotland of £2.9 million and £7.7 million respectively.

2.10 Given the extent of the reservations in the feasibility study report, it is our view that further consideration should have been given to the viability of the Campbeltown route before the additional work required for the new service was started at Ballycastle harbour.

### **The Department raised a number of issues with the consultants but these were not a proper challenge to the feasibility report**

2.11 The Department told us that, when consulted on a final draft of the study in September 1994, its economists assessed the feasibility report and it then raised points of concern with the consultants and asked for further work to be carried out before completion of the report. NIAO could find no firm evidence of a thorough economic assessment but noted that four issues were raised with the consultants. These are shown in Figure 4 together with the consultants' responses.

2.12 In NIAO's view, the points raised with the consultants did not represent an effective challenge to the conclusion in the report that the route would be viable, nor did they properly address the serious reservations raised by the consultants. These reservations have proved to be well founded: the summer-only service was withdrawn after only three seasons due to the unsustainable losses incurred by the operator (paragraph 4.13); and two subsequent attempts to restart the service on an 11 month basis failed, despite the offer of a subsidy of up to £1 million a year (paragraphs 4.15 – 4.16).

### **The Department relied on the Scottish authorities for final assessment of the viability of the Campbeltown service**

2.13 The Department told us it considered that responsibility for oversight of the feasibility report and final assessment of the viability

**Figure 4: Issues from the feasibility study raised with the consultants**

Issues raised by department	Response from consultants
1. A request for a sensitivity analysis of the effects of variations in operating costs for different vessels that might be used to provide the ferry service.	Given that the clients have already made a commitment to pursue the project further, and thus speak with operators, there appears to be little benefit in conducting sensitivities upon the vehicle operating costs at this stage of the study.
2. A request for further information on revenue levels arising from the growth in traffic volumes on existing ferry services between Scotland and Northern Ireland.	This information is not available as it is viewed by the operators of existing routes as commercially confidential.
3. A query on the relevance of the section on the economic impact of the proposed ferry service, given that the study did not purport to be a full economic appraisal.	The relevance of this section is to estimate the economic impact likely to arise as a result of the proposed service by allowing the cost per job to be calculated.
4. A request to show explicitly the rate of return on the proposed project.	Agreed to make the eight per cent rate of return more explicit.

Source: DRD

of the proposed ferry service rested with the Scottish authorities, who were subject to HM Treasury guidance on investment appraisal and public expenditure control. The Department also stated that it did not decide in principle to fund the extended Ballycastle harbour works until the Scottish authorities had confirmed their assessment that the ferry service was viable, and had authorised preliminary expenditure on the Campbeltown harbour works.

- 2.14 NIAO notes that the Scottish Office, in its letter dated 24 May 1995, stated that: *"On balance, we accept that the project looks viable depending on obtaining a good operator who can run without subsidy. Our Secretary of State is*

*emphatic that there should be no new ferry services in Scotland dependent on subsidy".* NIAO also notes that this Scottish Office letter indicated that the approval of EU funding towards the necessary work on port facilities at Campbeltown was likely to be subject to the requirement that the service operated without subsidy for a specified period. In NIAO's view, there was clear pressure on all the parties concerned to agree that the service was viable, as the work required at both Ballycastle and Campbeltown harbours would be unable to proceed without EU funding.

- 2.15 The Department also told us that, at this point, oversight of the work to finalise the



## Part Two: Planning and Co-ordination of the project

consultants report and assessment of the viability of the ferry service was taken forward by AIE and that it was content to rely on any further scrutiny and assessment carried out by AIE.

2.16 We accept that the Scottish authorities were taking the lead role in the moves to reinstate the ferry service. However, this did not absolve the Department from its individual responsibilities. In our view, it could have done more to satisfy itself that the commitments being entered into were appropriate and that it had obtained sufficient independent assurance regarding the viability of the proposal, before expenditure was committed to the project.

2.17 In our view, the lack of clearly defined lines of responsibility and a fully co-ordinated approach to the project created some uncertainty as to the precise role of each party involved. In joint projects such as this it is essential, at the outset, to put in place a formal agreement between all of the parties involved in order to establish a clear understanding as to the respective roles, responsibilities and accountability arrangements to be adopted.

February 1995, it decided to go ahead with the works and European Economic Area (EEA) funding was sought. This funding was dependent on the inclusion of the Campbeltown service in the project and would not have been available for a scheme involving only the upgrading of the Rathlin service. Because of the need to complete the work in both harbours by autumn 1996, in order to meet the new marine safety regulations for passenger ferries, there was insufficient time to apply for, and obtain, EEA funding approval before the work was started.

### **The Department had to provide more funding than originally planned**

2.19 It was therefore decided to fund the project from Departmental resources and to submit bids for retrospective approval for the EEA grant package. It was agreed with Moyle DC that the Department would meet 90 per cent of the cost of the project over and above the EEA grant. When the agreement with the EEA was formalised on 21 June 1996 it was estimated that the Department's liability would be £0.95 million. In the end, however, the Department had to meet expenditure totalling £3.59 million or 35 per cent of the overall cost (see Figure 2).

### **EU funding application for the project**

#### **EU funding was dependent on the inclusion of the Campbeltown service**

2.18 In 1991, the Department took a decision in principle to carry out improvements at Ballycastle and Rathlin harbours. In

2.20 The Department told us that its contribution of £3.59 million to this project, which provided facilities for both the Rathlin and Campbeltown ferry services, was still less than the £4.5 million that it had originally committed to spend on upgrading the Rathlin service on its own. This commitment to provide facilities for the



Rathlin ferry service had been made before the question of the Campbeltown route arose and before the EEA support therefore became available. The prospect of grant support was viewed by the Department as a windfall which, if received, would allow resources already allocated to the harbours project to be reallocated to other high priority schemes. In the event, the windfall benefit of the EEA grant was substantially offset by the increase in the project costs. NIAO notes that if the retrospective bid for EEA grant had failed, when the Department was already committed to the additional work required for the Campbeltown service, it would have ended up having to meet 90 per cent of the total project expenditure, or just over £9 million.

#### **EEA grant approval and administrative arrangements**

- 2.21 A decision was taken to proceed in principle with the Campbeltown route and to provide the additional facilities required at Ballycastle harbour in February 1995, when funding arrangements by all the parties were stated to be in place. Work on the Rathlin contract started on 27 November 1995 and on the Ballycastle contract on 15 April 1996. The Financial Mechanism Committee of the EEA gave its formal approval to a grant of up to 8 million ECU (equivalent at that stage to approximately £6.25 million), but not to exceed 85 per cent of the total project cost.

- 2.22 In the agreement drawn up between Moyle DC and the Department, Moyle DC (as the Promoter) was responsible for completing the project, and the Department (as Beneficiary acting on behalf of the Secretary of State for Northern Ireland) undertook to make additional finance available to ensure the completion of the project.
- 2.23 Under the contract with the EEA, Moyle DC was responsible for securing services and ordering goods for the project. Moyle DC decided to use the Department's Construction Service to manage the whole project. All payments were made in the first instance by Moyle DC who submitted claims on a regular basis to the Department for reimbursement of 90 per cent of the expenditure.
- 2.24 The Department was responsible for arranging the requisition of instalments of the EEA grant as and when required. The grant was received in four instalments over the period November 1996 to January 1998.

#### **Exchange rate fluctuations led to a reduction in the level of EEA grant**

- 2.25 The EEA grant of 85 per cent was based on the estimated cost of the project at January 1996 of £7.35 million (excluding professional fees). Accordingly, the EEA provided a grant of 8 million ECU, which equated to £6,247,500 at the prevailing exchange rate at 31 March 1996. However, due to exchange rate fluctuations the actual value of the grant finally received fell to £5,834,735,

## Part Two: Planning and Co-ordination of the project

against a final outturn figure of £9.23 million (excluding professional fees).

- 2.26 Our Report serves as a reminder of the need to be aware in any capital project seeking EU funding that, where the timings and outcomes of the application and approval process may be difficult to control, there is a risk that the achievement of key project objectives could be impaired due to the scheduling and availability of this funding. The consequences of risks to delivery need to be clearly identified and assessed and sound contingencies developed to deal with these.
-

## Part Three: The capital project stage



© Northern Ireland Tourist Board 2008

## Part Three: The capital project stage

### Upgrading of the harbours was let as two separate contracts

3.1 It was originally envisaged that the work at both Ballycastle and Rathlin harbours would be carried out under a single contract, and a Prior Information Notice (PIN) to this effect was published in the supplement to the Official Journal (OJ) in April 1995, with an estimated cost for the works at both harbours of £5 million. However, because of the continuing uncertainty about the Ballycastle to Campbeltown service and the specific design requirements at Ballycastle harbour, Moyle DC decided to split the work into two separate contracts. This arrangement allowed the work at Rathlin harbour to go ahead separately, subject to the issue of further individual notices in the OJ.

### The Rathlin harbour contract

3.2 Following advice from the Department's Contracts Branch, an accelerated restricted procedure notice for the work at Rathlin harbour was published in the OJ on 8 July 1995 with an estimated value for the works of £1.8 million. This procedure is acceptable when conditions of urgency can be proven and where a PIN has been previously issued, and allows for the tendering procedure timetable to be shortened. The contract was awarded to the lowest tenderer at a value of £1.64 million – nine per cent lower than the pre-tender estimate.

### There was slippage on the Rathlin harbour upgrade

3.3 Work started at Rathlin harbour on 27 November 1995 with an expected completion date of 20 October 1996 (42 working weeks). However, the actual completion date of the work was 6 June 1997 (72 working weeks). Despite this, the new Ballycastle to Rathlin ferry service was able to come into operation on 16 December 1996. The main reasons cited by the contractor for the delay in completing the contract were the difficulties in sourcing adequate supplies of rock armour units<sup>5</sup>, and the problems involved in transporting them to the site. Construction Service granted an extension of time of twenty one and a half weeks for the delay, but was not satisfied that the reasons put forward by the contractor substantiated the remaining eight and a half weeks. It therefore recommended to Moyle DC the withholding of liquidated damages of £48,450 from the final account in respect of this period.

### Arbitration awarded additional payments to the contractor

3.4 The contractor did not agree with Construction Service's decision on this and several other matters, and he submitted a final account of some £400,000 over and above the value certified by the engineer. The two sides went to arbitration, following which the contractor was awarded a total payment of £154,120, together with £19,629 interest. Moyle DC also had to pay a total of £123,791 in respect of expenses

<sup>5</sup> Rock armour units are large blocks of quarried igneous rocks which are used in marine contracts to provide protection for built structures through the dissipation of wave energy.

associated with the arbitration hearing, including fees for consultants and the arbitrator. The Department reimbursed Moyle DC 90 per cent of this expenditure.

### **Final cost of the Rathlin harbour upgrade**

- 3.5 The actual cost of the main contract work at Rathlin harbour was £1.74 million (excluding professional fees). When the liquidated damages and the arbitration award are taken into account, this increases to £1.86 million - an overrun on the contract price of £0.22 million or 13 per cent. When Construction Service fees and other miscellaneous expenditure totalling £0.44 million are included, the final expenditure figure was £2.3 million.

### **The Ballycastle harbour contract**

- 3.6 The advertisement for the work at Ballycastle harbour was published in the OJ on 20 October 1995, with a planned contract period of 15 January 1996 to 31 March 1997 (57 weeks). The contract was awarded to the lowest tenderer at a value of £5.78 million, which was five per cent above the revised pre-tender estimate of £5.5 million (excluding professional fees). The actual start date was 15 April 1996 and the work was not completed until 29 May 1998 (110 weeks).

### **Changes to the contract resulted in delays and claims by the contractor**

- 3.7 NIAO noted that soon after the contract had been let, major elements of the work were suspended due to continuing uncertainty over the Campbeltown service. These elements, which included the terminal building and the linkspan facility, had a total estimated value of £0.78 million. The suspended elements were reinstated into the contract in October 1996, when the Campbeltown service was confirmed.
- 3.8 It is clear that the suspension and later reinstatement of elements of the contract was a major factor in the delay in completing the work and in the claims subsequently submitted by the contractor (paragraph 3.10). When the Campbeltown route was confirmed, and the suspended elements of the work reinstated, Moyle DC and AIE refused to accept an adjustment to the planned ferry service commencement date of 1 July 1997. The contractor was unable to provide a guarantee that all the work would be completed by this date and, as a result, it was necessary to reschedule the work, and delay some elements until the 1997 summer sailings ended. This rescheduling involved the contractor in additional expenditure due to the inefficient nature of this method of working, which necessitated double handling of materials and the provision of interim facilities for the ferry service.
- 3.9 Although the Department was not involved in the actual decision to retain the 1 July



## Part Three: The capital project stage

1997 start date, it told us that it was fully aware of the significance of that decision and that its staff provided quite specific approval to the additional expenditure associated with the works necessary to meet that date. In our view, a number of the contractor's claims and the additional expenditure incurred could have been avoided if the contract had not been let until the position regarding the Campbeltown service was finalised and a realistic start date for the service had been set. The Department told us that because the then current Rathlin ferry service would be non-compliant with new international maritime regulations coming into force after 1996, if certain improvements had not been made to Ballycastle harbour, the main part of the contract had to proceed in order to ensure continuing compliance of the service. The Department also told us that, under the contract with the Campbeltown ferry operator, there was an obligation on Moyle DC to ensure that the terminal at Ballycastle was made available by 1 July 1997.

### **Claims by the contractor – Ballycastle harbour**

- 3.10 The contractor submitted a total of five claims amounting to £1.52 million. These included repairs to the piles caused by installation difficulties and unforeseen works involving the removal of rock armour units encountered beneath the sea bed. However, the largest claim (£0.95 million) related mainly to the costs of providing interim facilities to allow the Campbeltown service to start on 1 July

1997, in advance of completion of the work scheduled in the contract. This claim was settled for £0.42 million. One of the other claims submitted was for £0.16 million in respect of the double handling of rock armour, also resulting from the rescheduling of the work, and this was settled for £0.1 million.

- 3.11 The upgrading of Ballycastle harbour began while uncertainty about the Campbeltown service continued. As a result, additional expenditure of around £0.5 million was paid to contractors because of the suspension and subsequent reinstatement of elements of this work. Public bodies need to ensure that all key aspects of capital contracts are firmly in place before being awarded, in order to prevent a similar situation arising in the future.

### **Final cost of the Ballycastle harbour upgrade**

- 3.12 The cost of the main contract work at Ballycastle harbour was £6.86 million (excluding professional fees), representing an overrun on the contract price of £1.08 million or 19 per cent. This figure includes the settlement of the claims detailed at paragraph 3.10. When Construction Service fees and other miscellaneous expenditure totalling £1.26 million are included, the final expenditure figure for the upgrading of Ballycastle harbour was £8.12 million.

## Part Four: The operation of the two ferry services



© Northern Ireland Tourist Board 2008

## Part Four:

### The operation of the two ferry services

#### The Ballycastle to Rathlin service

##### Support provided to the existing operators

- 4.1 In 1991, the Department was approached by the two existing ferry operators on Rathlin Island who were seeking some form of support because of the financial difficulties they were experiencing. The Department decided that action would need to be taken to upgrade the ferry service, and in the interim an annual operating subsidy of £14,000 was paid to each of the two private operators. In addition financial support, in the form of 100 per cent grants for safety and passenger comfort and major repairs and replacements, amounting to £154,000, was provided during the period from 1991 to 1996.

##### Appointment of a new operator for the Rathlin service

- 4.2 The process to appoint a new operator commenced in February 1996. The Invitation to Tender for the Rathlin service anticipated a throughput of 20,000 passengers per annum and sought quotations for the level of subsidy required to deliver this service. Three tenders were received, the lowest of which involved a subsidy of £327,989.
- 4.3 The Department took the view that this level of subsidy was too high given the tight financial constraints under which it was working. Bids were requested from the three companies involved, specifying the level of service that could be provided for an annual subsidy in the region of £200,000.

4.4

Following an evaluation of these revised tenders, CalMac were awarded a five-year contract from 1 April 1997, at an annual subsidy of £216,000, with options thereafter to extend the contract for up to a further five years. The contract included a 50 per cent clawback clause which operated when annual revenue exceeded a certain level. Both the annual subsidy and the clawback threshold were to be increased each year in line with inflation. The vessel to be used on the route was the MV Canna, which can carry up to six cars and 140 passengers (restricted to 27 in winter).

##### The ferry operator gave notice of withdrawal from the contract

4.5

CalMac encountered increasing financial difficulties during the first year of operation of the service and announced on 2 April 1998 that it wished to withdraw from the contract in October 1998 unless the subsidy was increased to £365,000. The main reason given by the company was that it had suffered an operating loss, after subsidy, of £68,000 in its first year of operation and considered that such losses would continue.

##### Re-negotiation of the contract for the Rathlin service

4.6

The Department told us that it had attempted to obtain the lowest possible subsidy level for the route and that, in response, it commissioned consultants to:

- examine the basis for CalMac's assertions that an enhanced annual



subsidy of £365,000 would be required; and

- provide a recommendation on the level of subsidy which might reasonably be paid for the Rathlin service for the remainder of the contract period.

- 4.7 The consultants reported in July 1998 that a subsidy in the order of £300,000 should allow a reasonable return for the firm. In an agreement reached between the Department and CalMac, which was approved by DFP, the annual subsidy for 1998-99 was set at £327,500, to be increased each year in line with inflation.

#### **A new tendering exercise in 2002 met with limited success**

- 4.8 The five-year contract period ended on 31 March 2002 and a one-year extension was negotiated, with an uplift in the subsidy for inflation. A new tendering exercise was carried out during 2002 with a view to letting a five-year contract from 1 April 2003. However, all three tenders received offered to operate on the basis of a one-year contract only. Two of the tenders were rejected as not meeting the required criteria. Negotiations then began with the remaining tenderer, the existing operator CalMac, and these resulted in an agreement to extend the proposed one-year contract for an additional two years to 31 March 2006. This was later extended to 30 June 2008. The subsidy for 2003-04 was set at £395,600 with increases for inflation for the following years. The level of subsidy

provided for 2007-08 was £467,790. Clawback arrangements operated if annual profit rose above a prescribed threshold. As Figure 5 shows, the upgraded Rathlin ferry service has attracted passenger numbers in excess of 30,000 each year since it started, with the figure rising to over 50,000 in 2007-08.

#### **A fresh tendering process has been carried out**

- 4.9 The Department has recently reviewed the specification for the Rathlin ferry service and, after a tendering process, has awarded a six-year contract to a new operator, Rathlin Island Ferry Ltd.

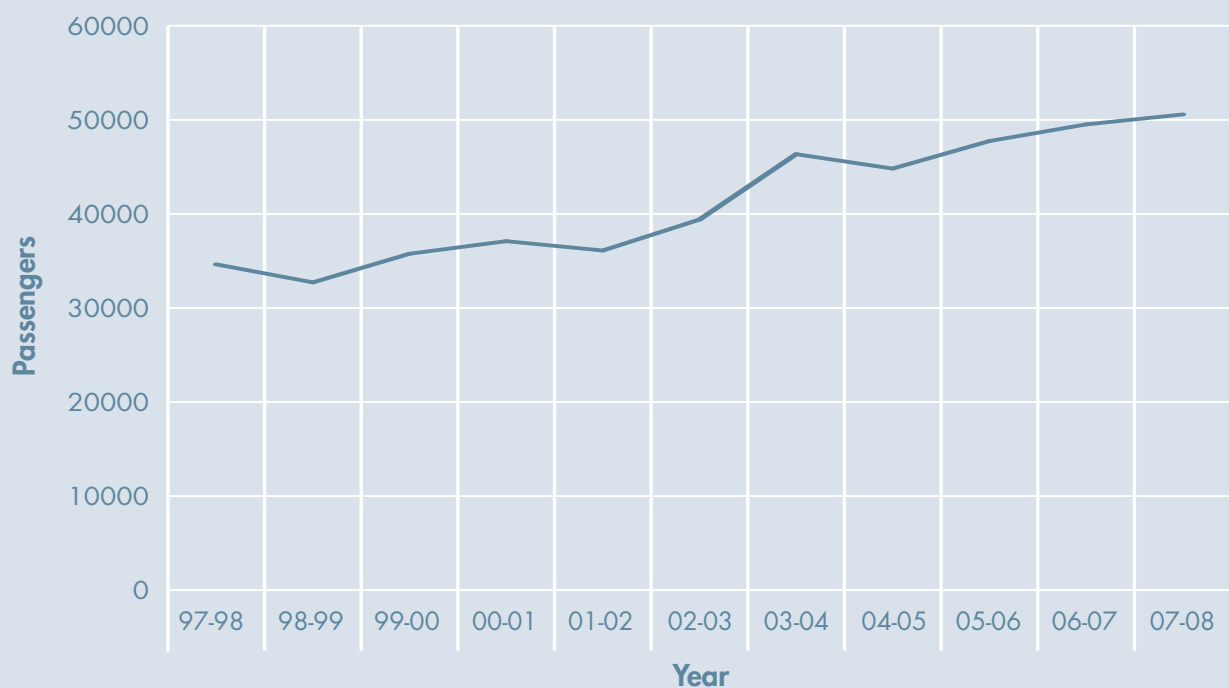
### **The Ballycastle to Campbeltown service**

#### **The appointment of an operator for the Campbeltown service**

- 4.10 The appointment of the ferry operator for the Ballycastle to Campbeltown service was dealt with by AIE and Moyle DC. The Department was not directly involved and has not incurred any expenditure on the ferry service itself. Its role was to ensure that the necessary harbour facilities were put in place at Ballycastle in time to allow the service to commence, and to ensure that the requirements of the EEA Financial Mechanism concerning procurement procedures and environmental considerations were met.
- 4.11 The feasibility study which formed the main basis for the decision to proceed

## Part Four: The operation of the two ferry services

**Figure 5: Rathlin ferry service - number of passengers carried 1997-98 to 2007-08**



Source: DRD

with the Campbeltown route had based its analysis on the assumption that the proposed ferry service would operate, without subsidy, for at least 11 months of the year with two return sailings per day in the summer and one return sailing per day in the winter.

### **Awarding of the contract to operate the Campbeltown service**

- 4.12 In October 1996 Sea Containers Ltd, trading as the Argyll and Antrim Steam Packet Company, were awarded the contract for the ferry service to take effect from 1 July 1997. In order for Sea Containers Ltd to operate the route, the

Scottish Office offered them the vessel MV Claymore, then owned by Calmac, on condition that they would operate the service for at least three years. However, due to certain constraints imposed by the Scottish Office, the new operators were only able to run the ferry service during the summer months, as the vessel had to be leased back to Calmac during the winter period. At the end of the three-year period the lease-back clause would cease and the vessel would be fully owned by Sea Containers Ltd. The MV Claymore has a 50-vehicle capacity although the harbour at Ballycastle can accommodate ferries with up to a 70-vehicle capacity.

### **The ferry service was withdrawn due to unsustainable losses**

- 4.13 Two return sailings per day, with a crossing time of two hours 45 minutes, were operated during the summer season for three years up to September 1999. However, the Department told us that as regular freight and business traffic required year-round reliability, the restriction on the service to the summer months only meant that the route was not an attractive option. As a result, on 21 February 2000 Sea Containers Ltd announced its withdrawal from the route due to unsustainable losses. The Scottish and Northern Ireland authorities attempted to rescue the operation of the service by offering a subsidy of £0.25 million each but the company withdrew the service before any financial support was agreed. Appendix 1 shows forecast passenger and vehicle numbers for the planned 11 month service and the actual throughput for the three summer periods from 1997 to 1999.

### **There have been two subsequent unsuccessful attempts to restart the service**

- 4.14 Towards the end of 2001, the Scottish Office commissioned an appraisal to consider the possibility of re-introducing the ferry service on a year-round basis. The report concluded that such a service would generate a substantial annual deficit of between £1.36 million and £1.53 million.

- 4.15 During the course of 2002 there was a move by the Scottish authorities to reinstate the service, using a tendering exercise, with the offer of a maximum annual subsidy of £1 million, to be split 70:30 between the Scottish and Northern Ireland authorities. This was subject to the conditions that the initial contract would cover a five-year period and that the service would operate for at least 11 months of the year. However, despite the fact that the tender competition was widely advertised, no bids were received and subsequent discussions with a number of possible operators also came to nothing.

- 4.16 In March 2005 there was a joint announcement by the Scottish Executive and DETI that a further tendering exercise would be carried out in an attempt to restart the ferry service in 2006. The tender was based on similar terms to the previous 2002 competition but no bids were received by the closing date of 10 January 2006.

### **The case for restoring the ferry service is again being considered**

- 4.17 The issue of the ferry service was raised during discussions between Scotland's First Minister and Northern Ireland's First and deputy First Ministers at a meeting on 19 June 2007. It was raised again at the British-Irish Council (BIC) meeting in Belfast on 16 July 2007, where agreement was reached that both sides would examine the case for restoring the ferry service. This agreement was set out in the BIC communiqué.

## Part Four:

### The operation of the two ferry services

4.18 Subsequently, the Northern Ireland Minister for Enterprise, Trade and Investment agreed with the Scottish Minister for Transport, Infrastructure and Climate Change to fund jointly a new options and economic appraisal. An announcement was made in the Scottish Parliament on 4 December 2007, in answer to a written Parliamentary Question, that the Scottish Government and the Northern Ireland Executive had agreed to jointly commission a transport appraisal to examine the case for restoring a ferry service between Campbeltown and Ballycastle, using the Scottish Transport Appraisal Guidance (STAG) methodology.

4.19 Consultants were appointed to undertake this appraisal work, which considered the case for restoring a ferry and, in particular, considered the feasibility, affordability and value for money of any potential ferry service. The consultants have reported to the respective governments via the Project Steering Group and decisions on the way forward will be made in due course. The Scottish Government continues to have lead responsibility for the ferry service issue.

4.20 NIAO notes the withdrawal of the summer service in 1999 due to unsustainable losses. We also note the appraisal in 2001 which predicted losses in the range £1.36 million to £1.55 million for an 11 month service; and the failure, during 2002 and 2005, of two tendering exercises to attract an operator, despite an offer of an annual subsidy of £1 million.

4.21 Against this background, we consider that the original assessment of the viability of such a high risk route lacked sufficient rigour. In particular, it is our view that the Department should have brought a greater degree of scrutiny to bear on the findings of the initial feasibility study in 1994 before committing to the provision of additional facilities at Ballycastle harbour at a cost of around £2 million. As a result, the failure, to date, to secure a viable ferry service to Campbeltown has meant that these additional facilities remain under-utilised. The roll-on roll-off linkspan is not in operation and, while the terminal building, car park and ferry berth are currently in use, this is not for the intended ferry service nor are they used as intensively as planned, given the absence of the Campbeltown service.

# Appendices

## Appendix One: (paragraph 4.13)

**Ballycastle to Campbeltown ferry service: Forecast annual passenger and vehicle numbers for an 11 month service and actual numbers for the summer-only service from 1997 to 1999**

<b>Category</b>	<b>Forecast Annual Numbers (11 months)</b>	<b>Actual Numbers 1997 (16 weeks)</b>	<b>Actual Numbers 1998 (20 weeks)</b>	<b>Actual Numbers 1999 (14 weeks)</b>
Passengers – on foot and in vehicles	<b>56,538</b>	27,366	27,968	26,066
Motor Cars	<b>14,829</b>	6,627	5,707	6,245
Miscellaneous – Motorcycles and Caravans etc	<b>1,956</b>	300	464	432
Commercial Vehicles	<b>1,152</b>	54	60	27
Coaches	<b>74</b>	4	16	16

*Source: Feasibility Study Report and 2002 Invitation to Tender*

## NIAO Reports 2007-2008

Title	HC/NIA No.	Date Published
<b>2007</b>		
Internal Fraud in Ordnance Survey of Northern Ireland	HC 187	15 March 2007
The Upgrade of the Belfast to Bangor Railway Line	HC 343	22 March 2007
Absenteeism in Northern Ireland Councils 2005-06	-	30 March 2007
Outpatients: Missed Appointments and Cancelled Clinics	HC 404	19 April 2007
Good Governance – Effective Relationships between Departments and their Arms Length Bodies	HC 469	4 May 2007
Job Evaluation in the Education and Library Boards	NIA 60	29 June 2007
The Exercise by Local Government Auditors of their Functions	-	29 June 2007
Financial Auditing and Reporting: 2003-04 and 2004-05	NIA 66	6 July 2007
Financial Auditing and Reporting: 2005-06	NIA 65	6 July 2007
Northern Ireland's Road Safety Strategy	NIA 1/07-08	4 September 2007
Transfer of Surplus Land in the PFI Education Pathfinder Projects	NIA 21/07-08	11 September 2007
Older People and Domiciliary Care	NIA 45/07-08	31 October 2007
<b>2008</b>		
Social Security Benefit Fraud and Error	NIA 73/07-08	23 January 2008
Absenteeism in Northern Ireland Councils 2006-07	-	30 January 2008
Electronic Service Delivery within NI Government Departments	NIA 97/07-08	5 March 2008
Northern Ireland Tourist Board – Contract to Manage the Trading Activities of Rural Cottage Holidays Limited	NIA 113/07-08	28 March 2008
Hospitality Association of Northern Ireland: A Case Study in Financial Management and the Public Appointment Process	NIA 117/07-08	15 April 2008
Transforming Emergency Care in Northern Ireland	NIA 126/07-08	23 April 2008
Management of Sickness Absence in the Northern Ireland Civil Service	NIA 132/07-08	22 May 2008
The Exercise by Local Government Auditors of their Functions	-	12 June 2008
Transforming Land Registers: The LandWeb Project	NIA 168/07-08	18 June 2008
Warm Homes: Tackling Fuel Poverty	NIA 178/07-08	23 June 2008
Financial Auditing and Reporting: 2006-07	NIA 193/07-08	2 July 2008
General Report by the Comptroller and Auditor General		

## NIAO Reports 2007-2008

Brangam Bagnall & Co Legal Practitioner Fraud Perpetrated against the Health & Personal Social Services	NIA 195/07-08	4 July 2008
Shared Services for Efficiency – A Progress Report	NIA 206/07-08	24 July 2008
Delivering Pathology Services: The PFI Laboratory and Pharmacy Centre at Altnagelvin	NIA 9/08-09	3 September 2008
Irish Sport Horse Genetic Testing Unit Ltd: Transfer and Disposal of Assets	NIA 10/08-09	10 September 2008
The Performance of the Health Service in Northern Ireland	NIA 18/08-09	1 October 2008
Road Openings by Utilities: Follow-up to Recommendations of the Public Accounts Committee	NIA 19/08-09	15 October 2008











information & publishing solutions

Published by TSO (The Stationery Office) and available from:

**Online**

[www.tso.co.uk/bookshop](http://www.tso.co.uk/bookshop)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Fax orders: 0870 600 5533

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

E-mail [book.orders@tso.co.uk](mailto:book.orders@tso.co.uk)

Textphone 0870 240 3701

**TSO Shops**

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

**The Parliamentary Bookshop**

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

Email [bookshop@parliament.uk](mailto:bookshop@parliament.uk)

Internet [bookshop.parliament.uk](http://bookshop.parliament.uk)

**TSO@Blackwell and other Accredited Agents**

ISBN 978-0-337-09125-4



9 780337 091254