

CRIMINAL INJURIES COMPENSATION ACT 1995

**Account**, prepared pursuant to Section 6(3) of the Criminal Injuries Compensation Act 1995, of the receipts and payments of the Criminal Injuries Compensation Authority for the year ended 31 March 1999, together with the Report of the Comptroller and Auditor General thereon. (In continuation of House of Commons Paper No. 134 of 1998–99)

Presented pursuant to the Criminal Injuries Compensation Act 1995, c.53, Section 6(5)(b).

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# **Criminal Injuries Compensation Authority: Account 1998–99**

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 20 MARCH 2000

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## Foreword

### Background information

Under Section 1 of the Criminal Injuries Compensation Act 1995, the Secretary of State is required to make arrangements for the payment of compensation to, or in respect of, persons who have sustained one or more criminal injuries. These arrangements are set out in the Criminal Injuries Compensation Scheme made by the Secretary of State on 12 December 1995.

Payments of compensation under the Scheme are made by the Criminal Injuries Compensation Authority (the Authority) which is a Non-Departmental Public Body sponsored by the Home Office. Claims officers in the Authority determine claims in accordance with the Scheme and are appointed by the Secretary of State under Section 3(4)(b) of the Act. Their decisions are open to appeal to an independent Criminal Injuries Compensation Appeals Panel comprising adjudicators appointed by the Secretary of State under Section 5(1)(b) of the Act.

Section 6(3) of the Criminal Injuries Compensation Act 1995 requires that the Scheme includes provision for such persons, as the Secretary of State considers appropriate, to prepare a statement of accounts in each financial year in such form as the Secretary of State may direct. Under the Scheme, the Chief Executive, as Accounting Officer, must prepare such a statement of accounts for the Authority.

The Criminal Injuries Compensation Appeals Panel prepares its own separate Annual Report and Accounts.

The Authority is financed in respect of its administrative costs and payment of awards of compensation by grant-in-aid from Home Office Class VII Vote 1 with a contribution from The Scottish Executive.

### Review of activities

The financial year 1998-99 was the third year of operation of the tariff-based Scheme, made under the Criminal Injuries Compensation Act 1995 and effective from 1 April 1996, alongside clearance of claims received by 31 March 1996 to be resolved under the 1990 common law damages Scheme by the Criminal Injuries Compensation Board. The staff of the Authority continued to service the Board's requirements for this purpose. A separate account has been prepared for the Board's activities, including such proportion of staff and other administrative costs as may appropriately be assigned to them. The targets set by Ministers for the Authority included the clearance of 78,000 claims under the tariff-based Scheme in 1998-99. By 31 March 1999, 74,859 claims had been wholly resolved and responses from claimants were awaited to decisions made in 15,433 other cases. Compensation expenditure totalled £113.8 million.

### Creditor Payment Policy

The CICA supports the CBI prompt payment code, undertaking to pay all invoices within 30 days of receipt or within stated credit terms. A review of invoices paid during 1998-99 showed that 93 per cent of those from commercial organisations were paid within 30 days. Formal procedures have been introduced for investigating all payments not made within 30 days or the stated credit terms and a supplier has issued a reminder to pay.

<b>Publication of the Authority and Board Annual Reports</b>	The Annual Report for the Board is published at the same time as the Annual Report for the Authority.
<b>Future Developments</b>	<p>The programme of work for 1999-2000, agreed by Ministers, includes clearance of 81,000 tariff-based Scheme claims.</p> <p>The Authority itself is subject to examination in the context of the Government's initiative, "Better Quality Services". That examination is currently planned to take place in 2000-01.</p>
<b>Disabled Persons</b>	Recruitment and engagement of staff assigned to the Authority is currently undertaken by the Home Office and Scottish Executive in accordance with their policies and practices as equal opportunities employers.
<b>Staff Involvement</b>	The Authority is not an employer of staff in the conventional sense and so does not itself have a full range of personnel management responsibilities. It aims, nevertheless, to follow best practice in the management of staff, including giving proper attention to communication, consultation and information and ensuring adherence to the Departments' guidance for the development of individual people, the provision of a safe working environment and facilities for health and welfare.

*Howard Webber*  
Chief Executive  
Criminal Injuries Compensation Authority

10 February 2000

## **Statement of Criminal Injuries Compensation Authority's and Chief Executive's responsibilities**

Section 6(3) of the Criminal Injuries Compensation Act 1995 and Paragraph 4 of the Criminal Injuries Compensation Scheme together require that the Accounting Officer of the Authority must prepare a statement of accounts for each financial year in such form as the Secretary of State may direct. The accounts are prepared on a cash basis and must properly present the receipts and payments for the financial year and the balances held at year end.

As the senior full time official of the Criminal Injuries Compensation Authority, the Chief Executive carries the responsibility of an Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, as set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Treasury and published in Government Accounting.

*Howard Webber*  
Chief Executive and Accounting Officer

10 February 2000

## **Statement on the System of Internal Financial Control**

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by the Criminal Injuries Compensation Authority.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- (i) comprehensive budgeting systems with annual budgets for compensation and administrative costs which are reviewed regularly by the Management Team and by the Home Office (Criminal Injuries Compensation Scheme Departmental Committee);
- (ii) regular reviews by the Management Team of periodic and annual financial reports which indicate financial performance against the targets;
- (iii) the setting of targets to measure financial and other performance; and
- (iv) a detailed system for the authorisation of payments of compensation and for the procurement of goods and services.

In addition to establishing its own Quality Assurance and Security Section, the Authority has appointed the Home Office Audit and Assurance Unit as its internal auditor. The Unit operates to standards defined in the Government Internal Audit Manual. The work of the Internal Audit Unit is informed by an analysis of the risk to which the Authority is exposed, and annual audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Authority's Audit Committee and approved by me. At least annually, the Head of Internal Audit provides me with a report on internal audit activity in the Authority. The report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Authority's system of internal financial control.

My review of the effectiveness of the system of internal financial control is informed by the work of the Quality Assurance and Security Section, internal auditors, the Audit Committee (which oversees the work of the internal auditor), the Management Team within the Authority who have responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their Management Letter and other reports.

A detailed review of procedures and controls was undertaken following the identification of cases involving irregular payments of compensation which occurred during the financial year. As a result of the review, improved systems of financial and other controls designed to avoid any possible repetition, were introduced.

*Howard Webber*  
Chief Executive and Accounting Officer

10 February 2000

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 6 to 9 under the Criminal Injuries Compensation Act 1995.

## Respective responsibilities of the Chief Executive and Auditor

As described on page 3 the Chief Executive is responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Chief Executive is also responsible for the preparation of the other contents of the Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements properly present the receipts and payments of the Criminal Injuries Compensation Authority and are properly prepared in accordance with the Criminal Injuries Compensation Act 1995 and directions made thereunder by the Secretary of State, and whether in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the Authority has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements.

I review whether the statement on page 4 reflects the Authority's compliance with Treasury's guidance "Corporate governance: statement on the system of internal financial control." I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

## Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the judgements made by the Chief Executive in the preparation of the financial statements.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In my opinion:

- the financial statements properly present the receipts and payments of the Criminal Injuries Compensation Authority for the year ended 31 March 1999 and the balances held at that date and have been properly prepared in accordance with the Criminal Injuries Compensation Act 1995 and the directions made thereunder by the Secretary of State; and
- in all material respects the receipts and payments have been applied to the purposes intended by Parliament and conform to the authorities which govern them.

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General

7 March 2000

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London SW1W 9SP

## Receipts and Payments Account for the year ended 31 March 1999

	Note	1998-99 £	1997-98 £
HMG Grants received	2	130,783,191	97,660,553
Operating Receipts	3	<u>399,054</u>	<u>165,480</u>
		<u>131,182,245</u>	<u>97,826,033</u>
Salaries and Wages etc	4	7,683,469	5,925,103
Other operating payments	5	<u>121,495,628</u>	<u>88,670,538</u>
		<u>129,179,097</u>	<u>94,595,641</u>
Surplus from operations		2,003,148	3,230,392
Other receipts/payments (net)	6	<u>(603,612)</u>	<u>(1,123,291)</u>
Surplus		<u>1,399,536</u>	<u>2,107,101</u>
Appropriations		<u>(591,116)</u>	<u>—</u>
Excess of receipts over payments for the financial year		<u>808,420</u>	<u>2,107,101</u>

## Statement of Balances at 31 March 1999

	1998-99 Cash at Bank (note 9) £	1998-99 Investments held on behalf of victims (note 8) £	1997-98 Cash at Bank (note 9) £	1997-98 Investments held on behalf of victims (note 8) £
Balance at 1 April 1998	4,773,385	1,171,966	2,666,284	130,977
Shortfall/(surplus) of receipts over payments for the financial year	<u>808,420</u>	<u>2,480,325</u>	<u>2,107,101</u>	<u>1,040,989</u>
Balance at 31 March 1999 (Note 9)	<u>5,581,805</u>	<u>3,652,291</u>	<u>4,773,385</u>	<u>1,171,966</u>

*The notes on pages 7 to 9 form part of this account.*



## Notes to the Account

1 This account is drawn up in a form directed by the Secretary of State.

<b>HMG Grants received</b>	<b>2</b>		<b>1998-99</b>	<b>1997-98</b>
			£	£
		+ Grant received from Class VII, Vote 1, (Subhead I4)	<b>114,390,971</b>	84,185,534
		*Grant received from Class VII, Vote 1, (Subhead H2)	<b>16,392,220</b>	13,475,019
			<u><b>130,783,191</b></u>	<u>97,660,553</u>

A contribution towards the Grant in Aid was paid by the Scottish Executive as follows:

+ £13,455,000 (1997-98 £11,593,000) from Class XIII, Vote 5, subhead D4.

\*£2,774,070 (1997-98 £2,102,000) from Class XIII, Vote 5, subhead C2.

### Operating Receipts 3

		<b>1998-99</b>	<b>1997-98</b>
		£	£
		Compensation recovered by victims:	
		from offenders by Court Compensation Orders	159,980
		from other sources (including Civil actions)	5,500
		<u><b>345,941</b></u>	<u>5,500</u>
		<u><b>399,054</b></u>	<u>165,480</u>

Section 9(7) of the Criminal Injuries Compensation Act 1995 requires that compensation recovered by the Authority is payable to the Consolidated Fund. Receipts of £591,116 recovered in 1997-98 and the prior year were paid over to the Consolidated Fund during 1998-99.

### Salaries and Wages etc 4(a) Senior Employees

The Chief Executive received emoluments of £56,306 in the year to 31 March 1999 (1997-98 £54,992). The Chief Executive fulfils two roles jointly as the Chief Executive of the Authority and Director of the Board and the emoluments disclosed represent his total emoluments. These emoluments are apportioned between the Authority and the Board. The Chief Executive is an ordinary member of the Principal Civil Service Pension Scheme. Other than the Chief Executive, no staff received emoluments greater than £40,000.

**(b) Staff Costs**

	1998-99	1997-98
	£	£
Salaries and Wages	6,502,535	5,034,331
Social Security Costs	453,629	359,034
Pension Payments	727,305	531,738
	<u>7,683,469</u>	<u>5,925,103</u>

**(c) Average number of staff employed during the year:**

	1998-99	1997-98
Admin staff*	451	436

\* This represents the combined CICA/B administration staff complement. The costs at (b), however, represent staff costs attributable to Authority activities.

**Other Operating Payments**

5	1998-99	1997-98
	£	£
Compensation	113,781,330	82,675,619
Medical and miscellaneous fees	4,057,253	3,501,057
Accommodation	2,754,965	1,699,808
Post Office and Telecom Services	411,346	353,397
Office supplies, stationery etc.	332,887	258,002
Travelling etc., expenses of staff	108,133	92,209
Training	31,563	53,542
Advertising, publicity and incidental expenses	7,651	30,604
Audit Fee	10,500	6,300
	<u>121,495,628</u>	<u>88,670,538</u>

**Other Receipts/Payments**

6	1998-99	1997-98
	£	£
<b>Receipts</b>		
Miscellaneous receipts	37,907	19,302
	<u>37,907</u>	<u>19,302</u>
<b>Payments</b>		
Purchase of computer hardware and software	564,815	1,034,313
Purchase of furniture and office equipment	76,704	108,280
	<u>641,519</u>	<u>1,142,593</u>
Total of other receipts/payments (net)	<u>(603,612)</u>	<u>(1,123,291)</u>

Losses	7	1998-99 £	1997-98 £
Total losses identified were 9 cases		60,484	—
<hr/>			
Investments on Behalf of Victims	8	1998-99 Bank of Scotland Deposit account £	1997-98 Bank of Scotland Deposit account £
Under Paragraph 3 of the Scheme the Authority held and invested awards to victims as follows:			
	Balance at 1 April	1,171,966	130,977
	Deposits in year	2,688,055	1,040,205
	Interest received in year	118,817	32,836
		<u>3,978,838</u>	<u>1,204,018</u>
	Withdrawals paid to victims and closures	318,469	31,681
	Interest paid to victims	8,078	371
		<u>326,547</u>	<u>32,052</u>
	Balance at 31 March	<u>3,652,291</u>	<u>1,171,966</u>
<hr/>			
Balances of all Funds at 31 March 1999	9	1998-99 £	1997-98 £
<u>CICA</u>			
	Cash at bank (current account)	5,445,879	4,769,056
	Cash held at headquarters	372	453
	Imprest due (to)/from Criminal Injuries Compensation Appeals Panel	130,831	(1,740)
	Staff imprest	4,723	5,616
		<u>5,581,805</u>	<u>4,773,385</u>
	Held on behalf of victims in Bank of Scotland deposit accounts (Note 8)	<u>3,652,291</u>	<u>1,171,966</u>

*Howard Webber*  
Chief Executive  
Criminal Injuries Compensation Authority

10 February 2000

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