



South West Scotland
Community
Justice
Authority

ANNUAL ACCOUNTS 2008-2009

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**SECTION ONE: INTRODUCTION FROM COUNCILLOR PETER
MCNAMARA**

(Convenor of South West Scotland Community Justice Authority)



Community Justice Authorities (CJAs) are independent statutory bodies established by the Management of Offenders Etc (Scotland) Act 2005. CJAs have a range of planning, monitoring and reporting functions aligned to their key tasks; reducing re-offending and improving the management of offenders. CJAs contribute to the creation of a safer and stronger Scotland by working together with partners across the criminal justice system to create an Area Plan detailing how these tasks will be achieved. In pursuit of these objectives the authority is required to allocate resources provided by Scottish Ministers to local authority Criminal Justice Social Work Services.

The CJAs themselves are made up of elected members from each of the constituent local authorities and in this way the community focus of CJAs is evident.

A handwritten signature in black ink, appearing to read 'Peter McNamara', written in a cursive style.

Peter McNamara
Convenor of SWSCJA
27 October 2009

SECTION TWO: EXPLANATORY FOREWORD BY THE CHIEF OFFICER



South West Scotland Community Justice Authority (SWSCJA) covers the four local authority areas of Dumfries and Galloway, East Ayrshire, North Ayrshire and South Ayrshire. The National Strategy for the Management of Offenders stipulates that:

"CJAs will have the responsibility for allocating resources to local authority Criminal Justice Social Work services. In doing so CJAs will be required to match resources against priorities described in the CJA Area Plan. It is to be expected that this will, in time, lead to a redistribution of activity and funds across local authority areas within a CJA".

The authority took up its range of duties on 1st April 2007 and in the first year resources were allocated in accordance with a recognised funding formula. Since then the authority has developed and agreed a method of allocating financial resources in accordance with workload with the implementation of a flooring mechanism to mitigate against volatile changes in the short term.

Financial Performance

In the year to 31st March 2009 the SWSCJA returned a surplus of £6,000. This surplus, when added to the previous year's deficit of £4,000 produces a cumulative surplus of £2,000 at 31 March 2009.

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Jacqueline Clinton
Chief Officer
27 October 2009

SECTION THREE: STATEMENT OF RESPONSIBILITY FOR THE ACCOUNTS

Responsibilities of the Community Justice Authority

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Officer.
- To manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.

Responsibilities of the Chief Officer

The Chief Officer is required:

- To make arrangements for the proper administration of the CJA's financial affairs,
- To safeguard the public funds for which he/she has charge, to ensure propriety and regularity in the handling of those public funds;
- To act in accordance with the terms of the Management Statement/Financial Memorandum and within the terms of the relevant guidance within the Scottish Public Finance Manual;
- To make arrangements for the proper disbursement of Section 27 Grant income across the four Local Authority members through the host authority;
- To seek assurance that the Section 27 grant is spent appropriately; and
- To prepare the authority's statement of accounts, which is required to present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year.

SECTION FOUR: STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the statement of accounts for the South West Scotland Community Justice Authority. As responsible Chief Officer it is my duty to ensure that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

Systems of internal financial control are based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of systems is undertaken by managers within the constituent authorities.

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

In the production of these accounts I have relied upon the statements of internal financial control within the accounts for each of the constituent authorities. I am not aware of any weaknesses highlighted within these statements.

I also place reliance on any reports issued by the internal and external auditors within each of these authorities.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Jacqueline Clinton
Chief Officer
27 October 2009

SECTION FIVE: STATEMENT OF ACCOUNTING POLICIES

These accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom 2008: A Statement of Recommended Practice', and the 'Best Value Accounting Code of Practice' developed by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounting convention adopted is historical cost.

1. Debtors and Creditors

(a) Revenue Debtors

All known specific and material sums payable to the SWSCJA have been brought into account.

(b) Revenue Creditors

(i) All salaries and wages earned up to 31 March 2009 are included in the accounts for 2008/09 irrespective of when actual payments were made.

(ii) Sundry Creditors have been accrued in respect of goods and services received before 31 March 2009, based on invoices received and processed during the first two weeks of April 2009, together with specific accruals in respect of further material items.

(c) Revenue Grants

All revenue grants are matched with the expenditure to which they relate.

2. Reserves

Community Justice Authorities are not permitted to retain surpluses therefore do not hold reserves. Any immaterial balances on the accounts at the end of the financial year are invested in the North Ayrshire Council loans fund.

3. VAT

Income and expenditure received and paid to constituent local authorities is of a Section 27 nature in accordance with the Social Work (Scotland) Act 1968 and therefore excludes any amounts related to VAT.

The administration expenses of the Community Justice Authority are not covered by the exceptions in S33 and S41 of the VAT Act 1994. These accounts therefore include VAT on these goods and services purchased.

4. Capital Accounting

A de-minimus level of £10,000 has been applied to items of a capital nature.

SECTION SIX: INCOME AND EXPENDITURE ACCOUNT

<u>2007/08</u>	<u>INCOME AND EXPENDITURE ACCOUNT</u>	<u>2008/09</u>	<u>Note</u>
<u>Net Expenditure £000</u>		<u>Net Expenditure £000</u>	
	Expenditure -		
184	Administration Expenses	215	
	Advances of Section 27 grant to -		
2,217	Dumfries and Galloway Council	2,399	
1,971	East Ayrshire Council	1,974	
2,350	North Ayrshire Council	2,844	
1,382	South Ayrshire Council	1,388	
<hr/> 8,104	NET COST OF SERVICES	<hr/> 8,820	
	Operating income -		
(3)	Interest and Investment Income	-	
<hr/> 8,101	NET OPERATING EXPENDITURE	<hr/> 8,820	
(8,098)	Government Grant	(8,826)	
<hr/> (8,098)	TOTAL INCOME FROM GOVERNMENT GRANTS	<hr/> (8,826)	
3	INCOME & EXPENDITURE (SURPLUS)/ DEFICIT FOR YEAR	(6)	
1	BALANCE ON FUND BROUGHT FORWARD	4	
<hr/> 4	BALANCE AT 31ST MARCH CARRIED FORWARD	<hr/> (2)	

SECTION SEVEN: BALANCE SHEET

<u>At 31</u> <u>Mar</u> <u>2008</u> <u>£000</u>	<u>BALANCE SHEET</u>	<u>At 31</u> <u>Mar</u> <u>2009</u> <u>£000</u>	<u>Note</u>
	CURRENT ASSETS		
6	Cash and Investments held by NAC on behalf of the CJA	19	
339	Debtors	433	6
<u>345</u>		<u>452</u>	
	CURRENT LIABILITIES		
349	Creditors	450	7
<u>(349)</u>		<u>(450)</u>	
(4)	TOTAL ASSETS LESS LIABILITIES	2	
<u>(4)</u>		<u>2</u>	
<u><u>(4)</u></u>	TOTAL NET WORTH	<u><u>2</u></u>	



Jacqueline Clinton
Chief Officer
27 October 2009

SECTION EIGHT: CASH FLOW STATEMENT

<u>2007/08</u> <u>£000</u>		<u>2008/09</u> <u>£000</u>	<u>Note</u>
	REVENUE ACTIVITIES		
	Cash Outflows		
94	Cash paid to and on behalf of employees	136	
7,807	Other operating cash payments	8,465	
<u>7,901</u>	TOTAL PAYMENTS	<u>8,601</u>	
	Cash Inflows		
(7,877)	Government grants	(8,614)	
<u>(7,877)</u>	TOTAL RECEIPTS	<u>(8,614)</u>	
<u>24</u>	NET CASH (INFLOW) / OUTFLOW FROM REVENUE ACTIVITIES	<u>(13)</u>	9
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	Cash Inflows		
(3)	Interest received	-	
<u>(3)</u>	TOTAL RECEIPTS	<u>-</u>	
<u>(3)</u>	NET CASH (INFLOW) / OUTFLOW FROM SERVICING OF FINANCE	<u>-</u>	
<u>21</u>	(INCREASE)/DECREASE IN CASH	<u>(13)</u>	

SECTION NINE: NOTES TO THE ACCOUNTS

Note 1: External Audit Fees

Audit Scotland has been appointed to carry out the audit of the SWSCJA's accounts for 2008/09. The fees for audit services undertaken in accordance with the 'Code of Audit Practice' are as follows:

<u>2007/08</u> <u>£000</u>		<u>2008/09</u> <u>£000</u>
<u>5</u>	External Audit Fee	<u>5</u>

Note 2: Publicity Account

Section 5 of the Local Government Act 1986 requires certain expenditure on publicity to be recorded separately. The actual expenditure on publicity was:

<u>2007/08</u> <u>£000</u>		<u>2008/09</u> <u>£000</u>
<u>23</u>	Recruitment Advertising	<u>0</u>

Note 3: Officers' Remuneration

Remunerations to officers in excess of £50,000 per annum were made as follows.

<u>2007/08</u> <u>No. of</u> <u>Officers</u>	<u>Banding</u>	<u>2008/09</u> <u>No. of</u> <u>Officers</u>
<u>1</u>	£50,000 - £59,999	<u>1</u>

SECTION NINE: NOTES TO THE ACCOUNTS

Note 4: Pension Contributions

The SWSCJA participates in the Local Government (Scotland) Superannuation Scheme, administered by Glasgow City Council through the Strathclyde Pension Fund. This is a funded defined benefits scheme, with both the employer and employee making contributions, intended to balance the pension liabilities with investment assets.

Under FRS 17 the SWSCJA must recognise the cost of retirement benefits in the net cost of services. As the CJA only employed three officers at 31 March 2009, it was considered neither material nor cost effective to incorporate these entries in these accounts.

Contributions by the SWSCJA during 2008/09 amounted to £0.018m (£0.012m 2007/08) representing 16.8% of pensionable pay (16.22% 2007/08).

Note 5: Related Party Transactions

During 2008/09 transactions arose with related parties as follows:

<u>2007/08</u> <u>£000</u>		<u>2008/09</u> <u>£000</u>
	<u>Central Government Revenue Grants</u>	
7,920	Section 27 Grant Income	8,605
178	Administration Grant Income	221
	<u>Payments to Related Bodies</u>	
2,217	Dumfries and Galloway Council	2,399
1,971	East Ayrshire Council	1,974
2,350	North Ayrshire Council	2,844
1,382	South Ayrshire Council	1,388

Note 6: Debtors

<u>2007/08</u> <u>£000</u>		<u>2008/09</u> <u>£000</u>
198	Section 27 Grant Income 2.5% Retention	212
2	Prepayment	2
139	North Ayrshire Council	219
<u>339</u>	Total	<u>433</u>

SECTION NINE: NOTES TO THE ACCOUNTS

Note 7: Creditors

<u>2007/08</u>		<u>2008/09</u>
<u>£000</u>		<u>£000</u>
55	Dumfries & Galloway Council	59
49	East Ayrshire Council	48
59	North Ayrshire Council	71
35	South Ayrshire Council	34
9	Trade Creditors	15
3	Social Security and Pensions	4
139	Scottish Government	219
<hr/> 349	Totals	<hr/> 450

Note 8: Post Balance Sheet Events

Events have been considered in the period between the date of the balance sheet and the date the Statement of Accounts has been authorised for issue.

The date authorised for issue is the date the Statement of Accounts was signed by the proper officer prior to being submitted to the authority. This date fell 27 October 2009 and is the date after which events will not have been recognised in the statement of accounts.

Note 9: Reconciliation of Income & Expenditure Account to Revenue Activities Cash Flow

<u>2007/08</u>		<u>2008/09</u>
<u>£000</u>		<u>£000</u>
3	Net (Surplus) / Deficit on Income & Expenditure Account	(6)
	Items on an Accruals Basis	
339	(Decrease) / Increase in Revenue Debtors	94
(321)	Decrease / (Increase) in Revenue Creditors	(101)
	Non Revenue Transactions	
3	Removal of Interest	0
<hr/> 24	Net Cash Flow from Revenue Activities	<hr/> (13)

Note 10: Annual Financial Return for SWSCJA

Attached is the consolidated Annual Financial Return for the SWSCJA.

SECTION NINE: NOTES TO THE ACCOUNTS

CRIMINAL JUSTICE SOCIAL WORK SERVICES

South West Scotland CJA - Annual Financial Statement 2008/09

Service	2008/09 Allocation	Staff costs	Other costs	Total
Core				
Probation	£1,097,333	£822,279	£211,352	£1,033,632
Community Service	£1,664,911	£1,313,977	£385,919	£1,699,895
Social Enquiry Reports	£1,207,689	£892,593	£195,461	£1,088,054
Throughcare	£924,350	£860,381	£203,747	£1,064,128
Home Detention Curfew	£49,276	£17,583	£4,488	£22,071
HCR	£33,982	£26,148	£5,069	£31,216
SAO	£219,547	£121,007	£145,076	£266,083
Mandatory SAO	£308,508	£198,555	£71,430	£269,985
Diversion	£179,318	£148,113	£42,584	£190,697
Bail	£162,020	£34,159	£107,751	£141,911
Court Services	£319,096	£283,773	£39,989	£323,762
Virement	£50,000			£0
Total Core Services	£6,216,031	£4,718,567	£1,412,867	£6,131,434
Invoicing				
Women Offenders Mentoring Service - Start Up Costs	£19,710	£0	£19,710	£19,710
Total	£19,710	£0	£19,710	£19,710
Non Core				
Alcohol	£59,123	£48,517	£5,251	£53,768
Arrest Referral	£111,251	£0	£76,251	£76,251
DTTO	£797,969	£385,011	£403,058	£788,069
Employment Services	£44,762	£32,077	£8,393	£40,470
MAPPA	£134,227	£104,932	£13,061	£117,993
Lease of premises	£15,006	£0	£11,201	£11,201
Sex Offenders	£76,862	£61,973	£10,869	£72,842
Social Enquiry Report Pilot (funding from 1 October 2008)	£28,800	£0	£16,494	£16,494
Structured Deferred Sentence Pilot Scheme	£101,988	£18,070	£35,003	£53,073
Supported Accommodation	£121,607	£53,946	£15,829	£69,775
Intensive Supervision & Monitoring of MD	£55,097	£0	£55,097	£55,097
Throughcare Addiction Services	£58,100	£56,097	£2,329	£58,427
Young Offenders	£29,563	£41,079	£0	£41,079
Delivery of the National Training Programme	£59,968	£30,625	£15,151	£45,776
Programme Delivery Team	£600,284	£266,095	£255,955	£522,050
Women Offenders (New Service Development Funding 2008/11)	£188,800	£0	£0	£0
Community Service Visibility Project	£20,000	£0	£16,509	£16,509
Virement	-£50,000			£0
Total Non Core	£2,453,407	£1,098,422	£940,451	£2,038,873
Actual Overheads (restricted within 8% of the allocation)				£609,091
Overall Total	£8,689,148	£5,816,989	£2,373,028	£8,799,109

SECTION NINE: NOTES TO THE ACCOUNTS

Note 11: Reconciliation of Annual Financial Return to Income & Expenditure Account

	<u>2008/09</u> <u>£000</u>
Expenditure per Annual Financial Return	8,799
Less: Grant advanced by SWSCJA to:	
Dumfries and Galloway Council	2,399
East Ayrshire Council	1,974
North Ayrshire Council	2,844
South Ayrshire Council	<u>1,388</u>
	8,605
Less: Grant advanced directly to Constituent Local Authorities	84
 Balance to be met by Constituent Local Authorities	 <u>110</u>

SECTION TEN: INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of South West Scotland Community Justice Authority, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of South West Scotland Community Justice Authority for the year ended 31 March 2009 under the Management of Offenders etc. (Scotland) Act 2005 and regulations made thereunder. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the authority, chief officer and auditor

The community justice authority and chief officer are responsible for preparing the financial statements in accordance with the Management of Offenders etc. (Scotland) Act 2005 and regulations made thereunder. The chief officer is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Responsibility for the Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Management of Offenders etc. (Scotland) Act 2005 and regulations made thereunder. I also report whether in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

In addition, I report to you if, in my opinion, the body has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the Statement on the System of Internal Financial Control reflects the body's compliance with the Scottish Government's guidance, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the body's corporate governance procedures or its risk and control procedures.

I read the other information published with the financial statements and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. My audit includes examination, on a test basis, of evidence relevant to the

SECTION TEN: INDEPENDENT AUDITOR'S REPORT

amounts, disclosures and regularity of expenditure and receipts included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the authority and chief officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the body's circumstances, consistently applied and adequately disclosed.

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 fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

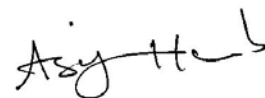
Financial statements

In my opinion

- the financial statements give a true and fair view, in accordance with the Management of Offenders etc. (Scotland) Act 2005 and regulations made thereunder, of the state of affairs of the body as at 31 March 2009 and of its net operating cost and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Management of Offenders etc. (Scotland) Act 2005 and regulations made thereunder.

Regularity

In my opinion in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.



Asif A Haseeb ACMA, MBA
Senior Audit Manager

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27 October 2009