



South West Scotland
Community
Justice
Authority

ANNUAL ACCOUNTS 2007-2008

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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 is evident.

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

Peter McNamara
Convenor of SWSCJA
29th October 2008

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 this is the first set of annual accounts to be completed.

For the reporting period 2007/08 resources were allocated to the CJA by the Scottish Government complete with details of how the funding formula allocated the grant across the four constituent local authorities. The authority proceeded on the basis of allocating resources on a historical basis for that year. The authority has since focused on the development of an allocation method based on recent workload and this continues to develop.

Financial Performance

In the year to 31st March 2008 the SWSCJA returned a deficit of £3,000. This deficit when added to the previous year's deficit of £1,000 produces a cumulative deficit of £4,000 at 31 March 2008. This deficit will be recovered within the next financial year.

A handwritten signature in black ink, consisting of a stylized 'J' and 'C' followed by a long horizontal stroke.

Jacqueline Clinton
Chief Officer
29th October 2008

SECTION THREE: STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF 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;
- 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, appearing to be 'Jacqueline Clinton', with a long, sweeping flourish extending to the right.

Jacqueline Clinton
Chief Officer
29th October 2008

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 2007: 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 2008 are included in the Accounts for 2007/08 irrespective of when actual payments were made.

(ii) Sundry Creditors have been accrued in respect of goods and services received before 31 March 2008, based on invoices received and processed during the first two weeks of April 2008, 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>2006/07</u>	<u>INCOME AND EXPENDITURE ACCOUNT</u>	<u>2007/08</u>	
<u>Net</u> <u>Expenditure</u> <u>£000</u>		<u>Net</u> <u>Expenditure</u> <u>£000</u>	<u>Note</u>
	Expenditure -		
173	Administration Expenses	184	1
	Advances of Section 27 grant to -		
-	Dumfries and Galloway Council	2,217	2
-	East Ayrshire Council	1,971	2
-	North Ayrshire Council	2,350	2
-	South Ayrshire Council	1,382	2
<u>173</u>	NET COST OF SERVICES	<u>8,104</u>	
	Operating income -		
-	Interest and Investment Income	(3)	
<u>173</u>	NET OPERATING EXPENDITURE	<u>8,101</u>	
(172)	Government Grant	(8,098)	
<u>(172)</u>	TOTAL INCOME FROM GOVERNMENT GRANTS	<u>(8,098)</u>	
1	INCOME & EXPENDITURE (SURPLUS)/ DEFICIT FOR YEAR	3	
-	BALANCE ON FUND BROUGHT FORWARD	1	
<u>1</u>	BALANCE AT 31ST MARCH CARRIED FORWARD	<u>4</u>	

SECTION SEVEN: BALANCE SHEET

<u>At 31</u> <u>Mar</u> <u>2007</u> <u>£000</u>	<u>BALANCE SHEET</u>	<u>At 31</u> <u>Mar</u> <u>2008</u> <u>£000</u>	<u>Note</u>
	CURRENT ASSETS		
27	Cash and Investments held by NAC on behalf of the CJA	6	
-	Debtors	339	7
27		345	
	CURRENT LIABILITIES		
23	Grant received in advance	-	
5	Creditors	349	8
(28)		(349)	
(1)	TOTAL ASSETS LESS LIABILITIES	(4)	
(1)	TOTAL NET WORTH	(4)	



Jacqueline Clinton
Chief Officer
29th October 2008

SECTION EIGHT: CASH FLOW STATEMENT

<u>2006/07</u> <u>£000</u>		<u>2007/08</u> <u>£000</u>	<u>Note</u>
	REVENUE ACTIVITIES		
	Cash Outflows		
57	Cash paid to and on behalf of employees	94	
111	Other operating cash payments	7,807	
<u>168</u>	TOTAL PAYMENTS	<u>7,901</u>	
	Cash Inflows		
(195)	Government grants	(7,877)	
<u>(195)</u>	TOTAL RECEIPTS	<u>(7,877)</u>	
<u>(27)</u>	NET CASH (INFLOW) / OUTFLOW FROM REVENUE ACTIVITIES	<u>24</u>	10
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	Cash Inflows		
-	Interest received	(3)	
<u>-</u>	TOTAL RECEIPTS	<u>(3)</u>	
<u>-</u>	NET CASH (INFLOW) / OUTFLOW FROM SERVICING OF FINANCE	<u>(3)</u>	
<u>(27)</u>	(INCREASE)/DECREASE IN CASH	<u>21</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 2007/08. The fees for audit services undertaken in accordance with the 'Code of Audit Practice' are as follows:

<u>2006/07</u> <u>£000</u>		<u>2007/08</u> <u>£000</u>
<u>-</u>	External Audit Fee	<u>5</u>

Note 2: Detailed Expenditure

As 2007/08 was the first full year of the SWSCJA's existence, there is no requirement to show the expenditure to each constituent local authorities for 2006/07.

Note 3: 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>2006/07</u> <u>£000</u>		<u>2007/08</u> <u>£000</u>
<u>2</u>	Recruitment Advertising	<u>23</u>

Note 4: Officers' Remuneration

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

<u>2006/07</u> <u>No. of</u> <u>Officers</u>	<u>Banding</u>	<u>2007/08</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 5: 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 two officers at 31st March 2008, it was considered neither material nor cost effective to incorporate these entries in these accounts.

Contributions by the SWSCJA during 2007/08 amounted to £0.012m representing 16.22% of pensionable pay.

Note 6: Related Party Transactions

During 2007/08 transactions arose with related parties as follows:

<u>2006/07</u> <u>£000</u>		<u>2007/08</u> <u>£000</u>
	<u>Central Government Revenue Grants</u>	
-	Section 27 Grant Income	7,920
176	Administration Grant Income	178
	Payments to Related Bodies	
-	Dumfries and Galloway Council	2,217
-	East Ayrshire Council	1,971
-	North Ayrshire Council	2,350
-	South Ayrshire Council	1,382

Note 7: Debtors

<u>2006/07</u> <u>£000</u>		<u>2007/08</u> <u>£000</u>
-	Section 27 Grant Income 2.5% Retention	198
-	Prepayment	2
-	North Ayrshire Council	139
<hr/>	Total	<hr/>
-		339

SECTION NINE: NOTES TO THE ACCOUNTS

Note 8: Creditors

<u>2006/07</u>		<u>2007/08</u>
<u>£000</u>		<u>£000</u>
23	Grant Received in Advance	-
-	Dumfries & Galloway Council	55
-	East Ayrshire Council	49
-	North Ayrshire Council	59
-	South Ayrshire Council	35
2	Trade Creditors	9
3	Social Security and Pensions	3
-	Scottish Government	139
<hr/> 28 <hr/>	Totals	<hr/> 349 <hr/>

Note 9: 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 on 22nd August 2008 and is the date after which events will not have been recognised in the statement of accounts.

Note 10: Reconciliation of Income & Expenditure Account to Revenue Activities Cash Flow

<u>2006/07</u>		<u>2007/08</u>
<u>£000</u>		<u>£000</u>
1	Net (Surplus) / Deficit on Income & Expenditure Account	3
	Items on an Accruals Basis	
-	(Decrease) / Increase in Revenue Debtors	339
(28)	Decrease / (Increase) in Revenue Creditors	(321)
	Non Revenue Transactions	
-	Removal of Interest	3
<hr/> (27) <hr/>	Net Cash Flow from Revenue Activities	<hr/> 24 <hr/>

Note 11: 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				
Summary of actual expenditure by constituent authorities 2007/08				
South West Scotland CJA				
Service	2007/08 Allocation	Staff costs	Other costs	Total
Core				
Probation	£1,096,596	£823,581	£212,759	£1,036,339
Community Service	£1,635,809	£1,276,207	£385,202	£1,661,409
Social Enquiry Reports	£1,184,695	£905,491	£197,536	£1,103,027
Throughcare (Includes HDC)	£875,266	£680,372	£150,431	£830,802
Home Circumstance Reports	£33,110	£22,881	£5,185	£28,066
Supervised Attendance Orders	£223,791	£165,441	£194,042	£359,483
Mandatory SAOs	£264,177	£170,797	£27,717	£198,514
Diversion	£108,621	£77,470	£15,308	£92,778
Bail Services	£114,514	£28,018	£68,903	£96,922
Court Services	£315,463	£246,288	£62,541	£308,830
Total Core	£5,852,042	£4,396,546	£1,319,624	£5,716,170
Capital				
Bail Pilot to 31 December 2007 (Invoices required)	£53,274	£0	£35,882	£35,882
Programme Delivery Team Start Up Costs (Invoices Required)	£28,192	£0	£27,736	£27,736
Visor Implementation - East Ayrshire	£4,457	£0	£0	£0
Visor Implementation - South Ayrshire	£952	£0	£0	£0
Visor Phase 2 - North Ayrshire	£1,184	£0	£1,008	£1,008
Total	£88,060	£0	£64,626	£64,626
Non Core				
Alcohol	£59,123	£52,519	£8,468	£60,987
Arrest Referral	£111,251	£0	£30,000	£30,000
Deferred Sentences	£101,988	£41,448	£17,764	£59,212
DTTO	£797,969	£408,711	£379,217	£787,928
Employment Services	£44,762	£41,868	£8,760	£50,628
Intensive probation	£68,624	£45,894	£10,241	£56,135
MAPPA	£88,779	£51,239	£15,514	£66,753
Other Supported Programmes	£15,006	£0	£21,358	£21,358
Sex Offenders	£170,751	£152,381	£19,127	£171,508
Supported Accommodation	£121,607	£68,768	£114,163	£182,932
Placements	£152,118	£0	£155,101	£155,101
Throughcare Addiction Services	£58,100	£15,132	£22,289	£37,421
Throughcare Sex Offenders	£23,045	£13,066	£2,917	£15,983
Young Offenders	£29,563	£40,681	£0	£40,681
Delivery of the National Training Programme for Criminal Justice Social Work Services	£46,974	£0	£0	£0
Programme Delivery Team	£110,356	£7,992	£36,192	£44,184
Total Non Core	£2,000,016	£939,699	£841,111	£1,780,810
Actual Overheads (restricted within 8% of the total allocation)				£620,887
Overall Total	£7,940,118	£5,336,244	£2,225,361	£8,182,493

Note 12: Reconciliation of Annual Financial Return to Income & Expenditure Account

SECTION NINE: NOTES TO THE ACCOUNTS

	<u>2007/08</u> <u>£000</u>
Expenditure per Annual Financial Return	8,182
Less: Grant advanced by SWSCJA to:	
Dumfries and Galloway Council	2,217
East Ayrshire Council	1,971
North Ayrshire Council	2,350
South Ayrshire Council	<u>1,382</u>
	7,920
Less: Grant advanced directly to Constituent Local Authorities	20
Balance to be met by Constituent Local Authorities	<u>242</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 31st March 2008 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 for Scotland, 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 Accountable Officer's Responsibilities.

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.

SECTION TEN: INDEPENDENT AUDITOR'S REPORT

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 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

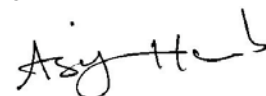
Financial statements

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 2008 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
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Audit Scotland
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G74 1LW
29 October 2008