



Northern Community Justice Authority

Annual audit report to
Members and the Auditor
General for Scotland

Date October 2016

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively (www.audit-scotland.gov.uk/about/).

Pearl Tate, Senior Audit Manager, Audit Scotland is the appointed external auditor of Northern Community Justice Authority for the period 2014/15 to 2015/16.

This report has been prepared for the use of Northern Community Justice Authority and no responsibility to any member or officer in their individual capacity or any third party is accepted.

This report will be published on our website after it has been considered by the Northern Community Justice Authority. The information in it may be used by the Auditor General in support of her wider responsibilities, including reporting to the Scottish Parliament.

Key contacts

Pearl Tate, Senior Audit Manager

ptate@audit-scotland.gov.uk

Arlene Deeming, Senior Auditor

adeeming@audit-scotland.gov.uk

4th Floor

102 West Port

Edinburgh EH3 9DN

Telephone: 0131 625 1500

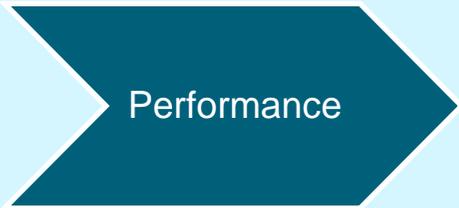
Website: www.audit-scotland.gov.uk

Contents

Key messages.....	4	Appendix I – Significant audit risks	19
Introduction.....	6	Appendix II – Local reports.....	21
Audit of the 2015/16 financial statements	8	Appendix III: Summary of Audit Scotland national reports 2015/16	22
Financial management	12	Appendix IV – Action plan	23
Governance and transparency.....	14		
Performance.....	17		

Key messages

 <p>Audit of financial statements</p>	<ul style="list-style-type: none">• Unqualified auditor's report on the 2015/16 financial statements.• We review and report on other information published within the financial statements, including the management commentary and the annual governance statement. We have nothing to report in respect of these statements.
 <p>Financial management and sustainability</p>	<ul style="list-style-type: none">• The authority achieved a breakeven position.• The financial management arrangements are satisfactory for an organisation the size of the authority.• The authority is projecting an overspend of £0.167 million and an underspend of £0.044 million against its section 27 grant allocation expenditure and administration costs respectively for 2016/17. Any overspend in section 27 the grant allocation will have to be met by the relevant constituent local authority.
 <p>Governance and transparency</p>	<ul style="list-style-type: none">• The framework in place for the governance of the authority is appropriate to the organisation. However these arrangements are not operating effectively as several authority meetings were either cancelled or not quorate during the year.• There were no issues of concern in relation to the operation of the authority's financial control systems.• The authority has appropriate anti-fraud arrangements.

Performance

- An Area Plan is in place setting the authority's aims and objectives.
- Reconviction rate has fallen from 32.6% to 25.1% resulting in the Northern Community Justice Authority having the lowest reconviction rate in Scotland

Outlook

- The Community Justice (Scotland) Act 2006 received Royal Assent on 21 March 2016 which will see the disestablishment of the existing community justice authorities on 31 March 2017. The authority is required to make arrangements for the transfer of responsibility for the preparation of the annual accounts for 2016/17 to the Director of Finance of the lead local authority.
- The residual liabilities of the authority at 31 March 2017 including severance and pension costs will be met by the Scottish Government.

Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of Northern Community Justice Authority (the authority). The report is divided into sections which reflect our public sector audit model.
2. The management of the authority is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor of the authority, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.
5. The significant audit risks identified at the planning stage and how we address each risk at arriving at our opinion for the financial statements is set out in **appendix I**.
6. Both local and national reports have been issued by Audit Scotland during the course of the year. These reports, summarised at **appendices II and III**, include recommendations for improvements.
7. **Appendix IV** is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that the authority understands its risks and has arrangements in place to manage these risks. The authority should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
8. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
9. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged. This is the final year of the current five year audit appointment. Following a procurement process, Audit Scotland will continue to undertake this audit although with a different audit team.

10. A new Code of Audit Practice was published in May 2016 and will apply to all audits from financial year 2016/17. This will focus the audit on four key areas:
 - financial sustainability
 - financial management
 - governance and transparency; and
 - value for money
11. In addition from 2016/17, as well as the annual audit report, other significant outputs, such as the annual audit plan, will be published on Audit Scotland's website.

Audit of the 2015/16 financial statements

Submission of financial statements for audit

12. We received the unaudited financial statements on 30 August 2016 and the supporting working papers on 01 September 2016 well ahead of our agreed timetable of 19 September 2016. The working papers were of a good standard and staff provided good support to the audit team which assisted the delivery of the audit to deadline.

Overview of the scope of the audit of the financial statements

13. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our annual audit plan issued to the authority in November 2015 and subsequently presented to the authority's meeting in February 2016.
14. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken any non-audit related services. The 2015/16 agreed fee for the audit was set out in the annual audit plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

15. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently had the greatest effect on the audit strategy, resources and effort. We set out in our annual audit plan the audit work we proposed to undertake to secure appropriate levels of assurance. **Appendix I** sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.
16. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

17. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).
18. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial

statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

19. We summarised our approach to materiality in our annual audit plan. Based on our knowledge and understanding of the authority we set our planning materiality for 2015/16 at £123,000 (1% of gross expenditure (including grant payments)). The main income and expenditure areas relate to the authority distributing Scottish Government grants to the constituent bodies therefore the materiality of other transactions also has to be considered. The planning materiality for these other transactions has been set at £2,300 (1% of gross expenditure (excluding grant payments)).
20. Performance materiality was calculated at £61,500 (£1,150 for expenditure excluding grants) to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level. We report all misstatements greater than £6,000 (£100 for expenditure excluding grants).
21. On receipt of the financial statements and following completion of audit testing we reviewed our materiality levels and concluded that our original calculation remained appropriate.

Evaluation of misstatements

22. A number of presentational adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. The overall effect of the adjustments made to

the financial statements had no impact on the net position of either the comprehensive income and expenditure statement or the balance sheet.

Significant findings from the audit

23. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
 - the auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures
 - significant difficulties encountered during the audit
 - significant matters arising from the audit that were discussed, or subject to correspondence with management
 - written representations requested by the auditor
 - other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.
24. During the course of the audit we identified the following significant issues that, in our view, require to be communicated to you.

Going Concern

25. Auditing standards require auditors to consider an organisation's ability to continue as a going concern when forming an opinion on the financial statements. The Community Justice (Scotland) Act 2016 received Royal Assent on 21 March 2016. This will see the

disestablishment of the existing community justice authorities (CJA) on 31 March 2017.

26. The authority's balance sheet at 31 March 2016 has an excess of liabilities over assets of £0.073 million, due to the accrual of pension liabilities in accordance with International Accounting Standards 19 (IAS 19).
27. The authority is a member of North East Scotland Pension Fund which is a multi-employer defined benefit scheme. In accordance with pensions accounting standard IAS19 'Retirement Benefits' the authority has recognised its share of the net liabilities for the pension fund in the balance sheet based on information provided by the scheme's actuary. The authority's share of the deficit decreased from £0.086 million last year to £0.073 million this year.
28. The decrease in pension liabilities of £0.013 million as at 31 March 2016 is due to changes in the actuarial assumptions applied. The Treasurer has confirmed the authority's agreement that the assumptions used by the actuary were reasonable and has explained in Note 7 in the annual accounts the impact of small changes in these assumptions. A small change to the actuarial assumptions applied can have a significant impact on the liability.
29. We have examined the assumptions used in 2015/16 and these are all within expected parameters. We are satisfied, therefore, that the pension liability as at 31 March 2016 is reasonable. The scale of the movements in the pension liability, arising from the annual valuation, can be seen in exhibit 1 below.

Exhibit 1: Movement in net pension liability 2014 to 2016

	2014/15	2015/16
	£million	£million
Assets	0.120	0.133
Liabilities	(0.206)	(0.206)
Net liability	(0.086)	(0.073)

Source: The authority's audited financial statements

30. It is important to note however that this liability does not have any immediate impact on the authority's financing requirements. The authority will continue to make annual contributions to the pension fund in 2016/17, through employer contributions, in accordance with triennial valuations carried out by the actuaries with the latest valuation undertaken in March 2014. Moreover, the residual liabilities including pension liabilities at 31 March 2017 will be met by the Scottish Government within the arrangements under The Community Justice (Scotland) Act 2016.

Annual Accounts process for 2016/17

31. The financial year 2016/17 will be the final year existing CJAs will be required to prepare their annual accounts. The Scottish Government has issued guidance to assist CJA Chief Officers to discharge their responsibility as accountable officers, for the financial period ending 2016-17 and to transfer this responsibility on 31 March 2017 to their lead local authority Director of Finance.

32. From 1 April 2017, the Director of Finance of the lead local authority will assume responsibility for the preparation of the Northern CJA's final set of annual accounts and for a copy of these to be sent to Ministers by 31 October 2017. Arrangements must be agreed with the lead local authority by November 2016 and should include a statement of measures for the transfer of financial responsibilities from the Chief Officer to the Director of Finance.
33. The current lead authority for Northern CJA is Aberdeen City Council. The Treasurer of Northern CJA was the Corporate Accounting Manager at Aberdeen City Council but was appointed Executive Manager-Finance for Shetland Islands Council. We understand that the intention is for him to continue as the Treasurer of Northern CJA and for Shetland Islands Council to become the lead authority.

Action plan no. 1

34. The disestablishment of CJAs at 31 March 2017 will require careful planning and consideration to ensure that financial transactions for 2016/17 are recorded accurately, completely and in the correct financial year. Appropriate instructions will require to be issued to constituent authorities covering their section 27 expenditure and to suppliers and other organisations in order to obtain the information required to produce the 2016/17 accounts.

Action plan no. 2

Financial management

Financial management

36. In this section we comment on the authority's financial outcomes and assess its financial management arrangements.
37. The authority sets an annual budget to meet its service commitments for the forthcoming financial year. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

Financial outcomes

38. In 2015/16, the authority spent £12.535 million on the provision of public services. This was met mainly by the section 27 criminal justice grant and administration grant totalling £12.502 million, paid by the Scottish Government. After making adjustments between accounting basis and funding basis under regulation, for pension costs, the breakeven requirement was met.
39. As highlighted at paragraph 26 the authority's balance sheet at 31 March 2016 is in a net liability position due to the impact of IAS 19 (retirement benefits) which requires the full pension obligations to be recognised in the year they are earned. This technical accounting requirement has had no impact on the underlying basis for meeting current and on-going pension liabilities which will be met, as they fall due or through the Scottish Government meeting the residual liabilities on the winding up of the authority.

Financial management arrangements

40. As auditors, we need to consider whether the authority has established adequate financial management arrangements. We do this by considering a number of factors, including whether:
 - the proper officer has sufficient status within the body to be able to deliver good financial management
 - financial regulations are comprehensive, current and promoted within the body
 - reports monitoring performance against budgets are accurate and provided regularly to budget holders
 - monitoring reports do not just contain financial data but are linked to information about performance
 - members provide a good level of challenge and question budget holders on significant variances.
41. The Chief Officer is responsible for ensuring proper accounting records are kept. A service level agreement with Aberdeen City Council sets out that the authority will comply with the council's financial standing orders and financial regulations where appropriate.
42. The authority's financial transactions are processed through Aberdeen City Council's systems. The financial position is considered at each authority meeting.
43. Overall the financial management arrangements are satisfactory for an organisation the size of the authority.

44. The authority considered a monitoring report in September 2016 which projected an overspend of £0.167 million and an underspend of £0.044 million against its section 27 grant allocation expenditure and administration costs respectively for 2016/17. Any overspend on the section 27 funding will have to be borne by the relevant constituent authority that incurred the overspend. The forecast overspend, however, demonstrates that demand for services outweighs the funding currently available.

Governance and transparency

45. Members and management of the authority are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements.

Corporate governance

46. The corporate governance framework within the authority is centred on the Northern Community Justice Authority's board (the board). The authority has adopted a corporate code of governance. The main governing documents for the authority are its standing orders, scheme of delegation, members' code of conduct and the financial memorandum.

47. The Community Justice (Scotland) Act 2016 will see the dissolution of Northern Community Justice Authority with effect from 31 March 2017. During any transition period it is vital that business continues as normal. The authority's risk register has identified the following risks in relation to the redesign of CJAs:

- focus moves away from reducing reoffending agenda to transition matters

- resourcing stretched due to requirement to contribute to transition matters – potential impact on ability to fulfil statutory requirements
- loss of staff

48. Guidance was received at the end of June 2016 from Scottish Government in respect of the development of disestablishment and resilience plans by CJAs. The purpose of the resilience plan is to plan for the business continuity of CJAs in the period up to disestablishment on 31 March 2017. The disestablishment plan on the other hand is a comprehensive checklist of relevant actions with associated timescales and an assessment of progress to ensure that the disestablishment proceeds in an effective and coordinated way, that any ongoing costs beyond 31 March 2017 are managed down and that payments are met prior to 31 March 2017.

49. It was been reported to the authority's September 2016 meeting that the Convener, HR Representative and Finance Officer have met with all staff on the proposed staff severance scheme. A closure plan for the office and administrative function of the authority has been submitted to Scottish Government. The resilience and disestablishment plans of Northern Community Justice Authority were agreed by the board at its meeting on 16 September 2016 and were subsequently submitted to the Scottish Government.

50. The importance of members' providing leadership and scrutiny has never been more important during these times of change to ensure the authority continues to fulfil its statutory functions while preparing for its disestablishment. As highlighted in our annual audit report last

year and in our annual audit plan this year, a number of the board's meetings in 2014/15 were not quorate. For 2015/16, the 12 June 2015 meeting was not quorate while the meeting scheduled in December 2015 was cancelled then re-scheduled for January 2016 which again was cancelled. Finally a meeting was held in February 2016 but that meeting was again not quorate.

51. Where the meetings were not quorate those present agreed to proceed with the business on the agenda with interim decisions being ratified at the next quorate meeting. No business may be transacted at a meeting of the authority unless a quorum is present. It is therefore clear that effective and efficient decisions were not being undertaken timeously by the authority during the year.

Action plan no. 3

52. The governance structures and processes in place are appropriate for an organisation the size of the authority. During the year, however, these overarching arrangements have not been operating effectively.

Internal control

53. While auditors concentrate on significant systems and key controls in support of the opinion on the financial statements, their wider responsibilities require them to consider the financial systems and controls of audited bodies as a whole. However, the extent of this work should also be informed by their assessment of risk and the activities of internal audit.

54. It is the responsibility of the authority's management to maintain adequate financial systems and associated internal controls. In 2011 members agreed that an internal audit would be carried out every two years. A review of the authority's internal controls was undertaken in 2014/15 by the internal auditors, PriceWaterhouse Coopers and concluded that satisfactory arrangements were in place.
55. The authority's annual governance statement states that reasonable assurance can be placed upon the adequacy and effectiveness of the authority's internal financial control system. The statement complies with accounting requirements and is consistent with the findings of our audit.
56. The authority's financial transactions are processed through Aberdeen City Council's financial systems. A review of these systems was conducted as part of that council's audit and concluded that there were no material weaknesses found. Whilst the Treasurer of Northern CJA has left Aberdeen City Council and moved to Shetland Islands Council, it is proposed that the existing service level agreement for the provision of financial and treasury functions will remain with Aberdeen City Council.

Action plan no. 1

57. Overall no material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the accounts.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption/fraud

58. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place.
59. The authority does not have in place its own arrangements for the prevention and detection of fraud and corruption, but complies with the relevant policies of Aberdeen City Council. We have concluded that the authority's arrangements are satisfactory and we are not aware of any specific issues that we need to highlight in this report. It should be noted that no system can eliminate the risk of fraud entirely.

Transparency

60. The authority's website contains relevant information for the public including agendas and minutes of board meetings which include relevant financial and performance reports. We have not encountered any evidence to suggest that information is routinely and unjustifiably withheld from public scrutiny.

Performance

Best Value

61. Achievement of best value or value for money depends on the existence of sound management arrangements for services, including procedures for planning, appraisal, authorisation and control. Audited bodies are responsible for ensuring that these matters are given due priority and resources, and that proper procedures are established and operate satisfactorily. Accountable officers have a specific responsibility to ensure that arrangements have been made to secure best value.

Local performance reporting

62. An Area Plan 2014 to 2017 was approved by the authority in January 2014. The area plan sets out the aims and objectives for the authority with the over-riding objective being to reduce reoffending in the authority's area. An action plan is developed annually to deliver the identified strategic objectives in the area plan.

63. The board receive quarterly performance monitoring reports with progress updates against the annual action plan.

64. The Management of Offenders etc. (Scotland) Act 2005 sets out the functions of a community justice authority. One of these functions relates to the submission at the end of each financial year of an annual report to Scottish Ministers covering:

- its activities and performance during the year in discharging its functions under Section 3 of the Management of Offenders Act
 - the activities and performance during that year of appropriate local authorities, partner bodies and the Scottish Prison Service in complying with or facilitating compliance with, the area plan.
65. The authority's draft Annual Report 2015/16) was considered by the board in September 2016. The Annual Report is currently being considered by the Scottish Government and will be available to the public on the authority's website following its publication later this year. The performance information includes:
- reconviction rate has fallen from 32.6% from the 2005/06 cohort of offenders to 25.1% for the 2013/14 cohort resulting in the Northern Community Justice Authority having the lowest reconviction rate in Scotland.
 - reduction in the number of young people in custody over the period, from 57 in April 2015 to 49 in March 2016, a reduction of 14%
66. In developing the action plan for 2016/17 which is the final annual action plan of the authority, it sought to achieve a balance between local priorities and the national strategic context, including the Justice Strategy for Scotland, Phase 2 of the Scottish Government's Reducing Reoffending Programme, and the Women Offenders; Commission Recommendations, as set out in the Area Plan for 2014-17. Actions also considered the impact of the redesign of community justice where appropriate.

67. We are satisfied that the authority's arrangements for performance management are satisfactory and we are not aware of any specific issues that we need to highlight in this report.

National performance audit reports

68. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued which may be of interest to the authority. These are outlined in appendix III. The Chief Officer circulates national reports to members and officers when deemed relevant.

Appendix I – Significant audit risks

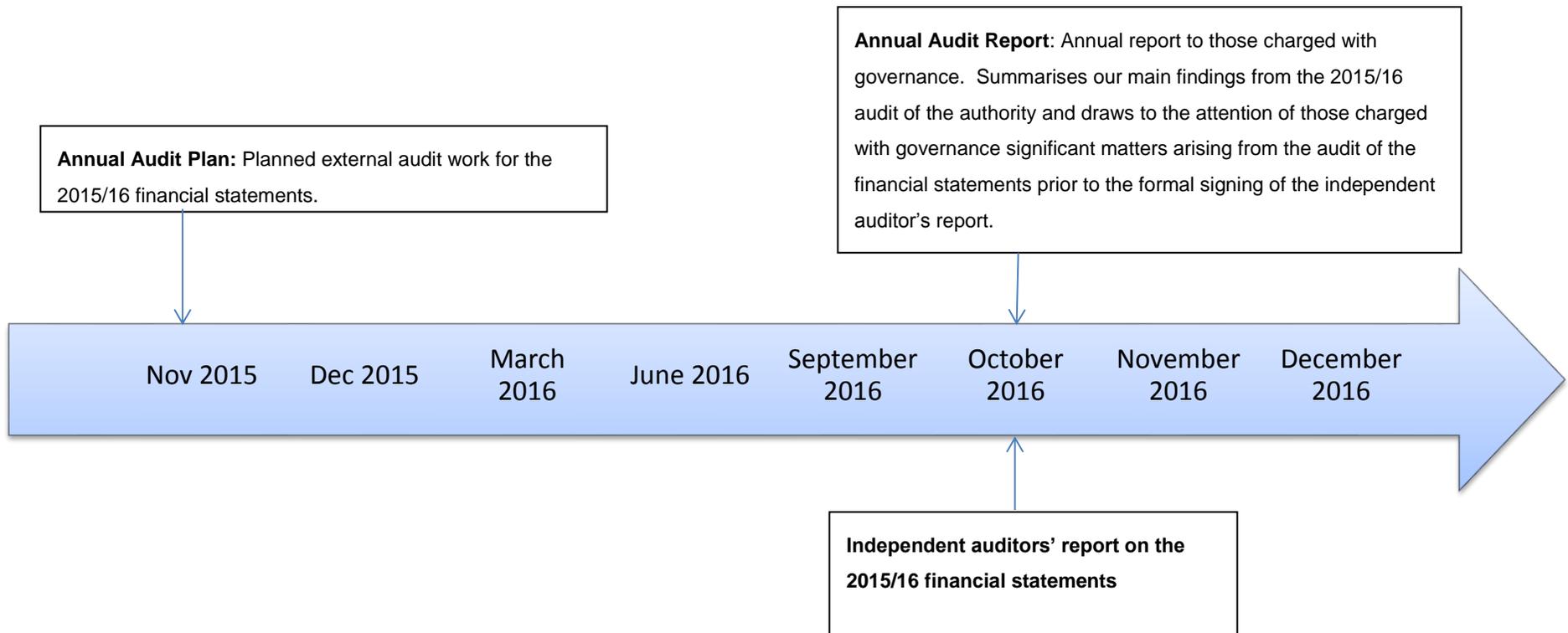
The table below sets out the audit risks we identified in our annual audit plan and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk	Assurance procedure	Results and conclusions
Audit risk of material misstatement in financial statements		
<p>Management override of controls</p> <p>As stated in ISA 240, management has the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p><i>There is a risk that financial statements are materially misstated.</i></p>	<p>Detailed testing of journal entries</p> <p>Review of accounting estimates for bias</p> <p>Evaluating significant transactions that are outside the normal course of business.</p>	<p>From our audit testing no issues were identified and nor were there any significant transactions outwith the normal course of business.</p>

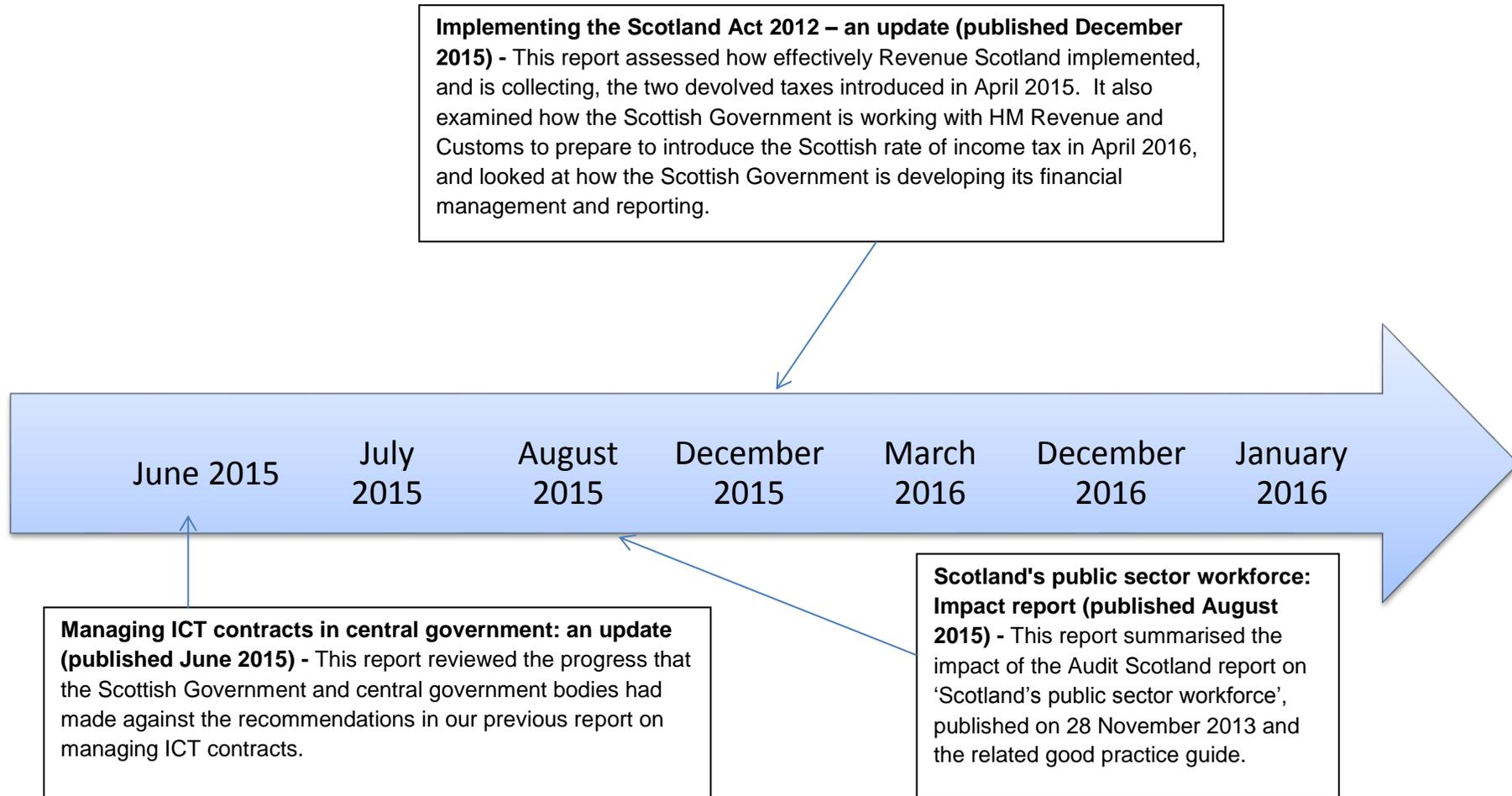
Audit Risk	Assurance procedure	Results and conclusions
Risks identified from the auditor’s wider responsibility under the Code of Audit Practice		
<p>Redesign of Community Justice Authorities</p> <p>Significant changes to the model of service delivery are anticipated with the introduction of the Community Justice (Scotland) Bill (SP Bill 68).</p> <p><i>There is a risk that the authority may not be fully focused on achieving objectives and ensuring the continuation of sound governance arrangements.</i></p>	<p>Monitor progress towards transition to the new arrangements</p> <p>Review of Authority’s minutes to evidence sound governance</p> <p>Report as necessary in our Annual Audit Report.</p>	<p>Updates on the redesign of CJAs were regularly reported to the authority’s meetings.</p> <p>Impact of the redesign is being managed through the authority’s risk register which is reported to authority meetings.</p> <p>The authority has developed its resilience and disestablishment plans.</p>
<p>Transparency of minutes of meetings</p> <p>In 2014/15 a number of Authority meetings were not quorate and therefore decisions were deferred to the following meeting. We were also unable to locate any consideration by members of the Authority’s risk register as minutes currently do not record the level of scrutiny carried out by members on either reports presented or items discussed.</p> <p><i>There is a risk that members are unable to take timely decisions, demonstrate robustness and transparency in exercising their scrutiny role or hold officers to account.</i></p>	<p>Review of Authority’s minutes</p> <p>Report as necessary in our Annual Audit Report.</p>	<p>Quoracy of meetings continued to be an issue in 2015/16 which casts doubt on the effectiveness of members’ scrutiny and timeliness of their decision-making.</p> <p><i>Refer Appendix IV point 3</i></p>

Appendix II – Local reports

Summary of Northern Community Justice Authority local audit reports 2015/16



Appendix III: Summary of Audit Scotland national reports 2015/16



Appendix IV – Action plan

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
1 11/33 15/56	<p>Accountable officer from 01 April 2017</p> <p>From 01 April 2017, the Director of Finance of the lead authority will assume responsibility for the preparation and audit of the 2016/17 annual accounts of Northern CJA. With the transfer of the Treasurer of Northern CJA to Shetland Islands Council from 01 April 2017, Northern CJA needs to clarify and formalise its lead authority.</p> <p>Risk</p> <p>Transfer of responsibilities for the preparation and audit of the 2016/17 accounts will not be smooth or carried out in line with guidance.</p> <p>Recommendation</p> <p>The authority should formalise its lead authority to ensure a smooth transition of responsibilities from the authority's Chief Officer to the Director of Finance of the lead authority.</p>	<p>In practice the arrangements remain in place and robust. Those arrangements are in the process of being formalised, with the necessary relationships maintained between the NCJA, Shetland Islands Council and Aberdeen City Council in relation to financial management responsibilities.</p>	Treasurer	30 November 2016

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
2 11/34	<p>Annual Accounts Process for 2016/17</p> <p>The annual accounts for 2016/17 will be the final set of accounts to be produced by Northern Community Justice Authority. Accounting for the accuracy and completeness of transactions will be crucial especially as the responsibility for these accounts transfers to the lead local authority from April 2017.</p> <p>Risk</p> <p>The authority's annual accounts arrangements for 2016/17 are not robust and do not present a true and fair view of the authority's financial position and results of its operations.</p> <p>Recommendation</p> <p>An annual accounts closing procedure should be developed to ensure the information required to produce the 2016/17 accounts is complete, accurate and received timeously.</p>	<p>The existing timetable and action plan for the closure of the accounts will be reviewed in light of 2016/17 being the final year and amended appropriately to address the specific issues arising from these circumstances.</p>	Treasurer	31 January 2017

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
<p>3 15/51</p>	<p>Quoracy of meetings Attendance of members at the authority’s meetings continues to be an issue during 2015-16.</p> <p>Risk The authority’s governance arrangements are not operating effectively as decisions can not be undertaken effectively, efficiently or timeously.</p> <p>Recommendation Members or their substitutes should ensure authority meetings are quorate in order to transact business timeously, provide effective leadership and maintain staff and other stakeholders’ engagement and interest in delivering “business as usual” up to the point of dissolution.</p>	<p>This remains a risk and standing issue over the last couple of years that the NCJA recognises.</p> <p>The issue of quoracy has been a feature of all recent meetings and is regularly raised with members to try to ensure that governance issues are robust and effective.</p> <p>The matter of quoracy will continue to be impressed upon members during the remainder of the financial year.</p>	<p>Chief Officer and Convener</p>	<p>Up to the end of the current financial year.</p>