

Glasgow Community Justice Authority

Report to Members and the Auditor General on the 2007/08 Audit



September 2008

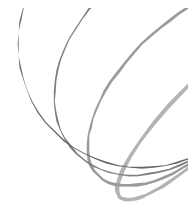


Glasgow Community Justice Authority

**Report to Members and the Auditor General
on the 2007/08 Audit**

Contents

Key Messages	2	Governance	6
Introduction	3	Financial statements	7
Performance	4	Final Remarks	9
Financial position	5	Appendix A: Action Plan	10



Key Messages

Introduction

2007/08 was the first year of the Community Justice Authority after its establishment through the Management of Offenders etc (Scotland) Act 2005. The Act established eight community justice authorities to provide strategic bodies for planning, managing and reporting on the performance of the local authorities and their statutory partners who co-ordinate offender services.

This report summarises the findings from the 2007/08 audit of Glasgow Community Justice Authority. This is the first year of a four year audit appointment. We audited the financial statements and looked at aspects of performance management and governance arrangements that have been developed during the first year of the organisation. This report sets out our main findings from the 2007/08 audit and the outlook for the period ahead.

Key outcomes from 2007/08 audit

We have given an **unqualified** opinion on the financial statements of the Glasgow Community Justice Authority.

Outlook for future audits

As a relatively new body the Glasgow Community Justice Authority is continuing to develop a range of governance processes and policies and we will continue to monitor and review these.

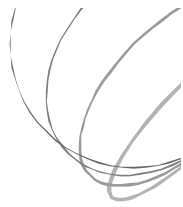
The co-operation and assistance from the authority's staff during the year is gratefully acknowledged.

**Audit Scotland
September 2008**



Introduction

1. This report summarises the findings from our 2007/08 audit of Glasgow Community Justice Authority, and this is the first year of a four year appointment. Findings are set out in four sections: performance, financial position, governance and financial statements.
2. Overall conclusions about the authority's management of key risks are discussed throughout this report. Appendix A sets out the key risks highlighted in this report which we wish to draw to the attention of members and the action planned by management to address them.



Performance

Introduction

3. In this section we summarise how the authority is developing performance targets.

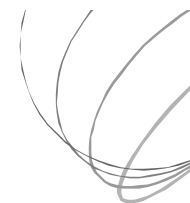
Overview of performance in 2007/08

4. The National Strategy for the Management of Offenders outlined a set of outcomes that the community justice authorities should achieve for communities, offenders and the justice system. The Scottish Government Justice Department has been developing measures over the past two years that will determine the progress authorities have made against these outcomes. The work is still underway and it is anticipated that the national framework may be partially implemented towards the end of this year.
5. A paper was presented to the Glasgow Community Justice Authority in August 2008 on the authority's performance management framework. This outlined the national and local progress towards performance and a local group is to be formed to develop a suite of measures for board approval.

Action Plan Point 1

Performance outlook

6. As part of its proposed national study programme Audit Scotland has met with community justice authority chief officers to discuss a study on "Reducing Re-Offending". These discussions are expected to influence the scope and timing of any future study.



Financial position

Introduction

7. In this section we summarise key aspects of the Authority's reported financial position to 31 March 2008, including our views on potential financial risks. Our findings and key messages are set out in this section, highlighting the significant challenges being faced by the Authority in managing ongoing financial pressures in funding existing service delivery and future improvement.

Operating performance 2007/08

8. The authority's total expenditure in 2007/08 was £16.957 million. This was funded mainly from s27 criminal justice grant of £16.693 million. The s27 grant is paid by the Scottish Government and is split between core and non-core services in accordance with the 2007/08 grant allocation.

Core funding

9. During the year, the authority spent in excess of its grant allocation with regard to core funding. The excess expenditure of £0.041 million was met by Glasgow City Council Social Work Services. At the year end, the Scottish Government had paid core grant income to the authority of £9.64 million. The authority was still to receive £0.529 million of grant income that would bring them to the total core allocation entitlement for the year.

Non-core funding

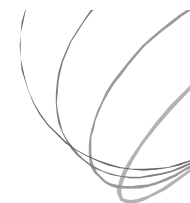
10. The non-core service expenditure was less than total grant allocated to the authority by the Scottish Government by £0.806 million. The Scottish Government paid more than the expenditure incurred during the year. This has resulted in an overpayment of grant income during the year of £0.887million.

Underspend of grant

11. There are further adjustments for under/over payments of administration grant and the net amount of under/over payments, held by Glasgow City Council (£0.316 million), is to be repaid to the Scottish Government. This is shown within the debtors and creditors on the balance sheet at 31 March 2008.

Outlook

12. The authority's s27 grant allocation for next year (2008/09) is £17.6 million, this is an increase of 0.74% on 2007/08.



Governance

Introduction

13. In this section we comment on key aspects of the Community Justice Authority's governance arrangements during 2007/08. We also provide an outlook on future governance issues.

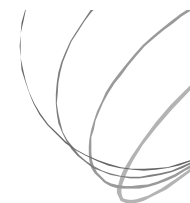
Overview of arrangements in 2007/08

14. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours. Based on the work undertaken, we concluded that the authority is currently developing systems to improve the control environment.
15. The Scottish Government community justice directorate issued a financial memorandum in April 2008 that defines the expected policies and procedures to be introduced by authorities.
16. The authority's support services are provided by Glasgow City Council. The community justice authority proposes to adopt or adapt the policies and procedures of the Council, where appropriate.
17. During 2007/08, the authority had a transitional service level agreement with Glasgow City Council for support services. This agreement is currently under review. There is no service level agreement with Glasgow City Council's social work service. The authority has plans to explore the practical use of service level agreements with social work services through discussions with other community justice authority chief officers across Scotland.
18. A draft Scheme of Delegation is being presented to the Board for approval in November 2008. There is currently no performance appraisal scheme for chief officers.

Action point 2

Governance outlook

19. The authority has prepared a governance report and action plan. This includes:
 - improving the performance monitoring through the performance framework
 - establishing a code of conduct for staff
 - establishing a framework for continuous professional development and appraisal for staff.



Financial statements

Introduction

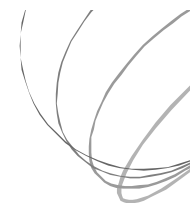
20. In this section we summarise key outcomes from our audit of the Community Justice Authority's financial statements for 2007/08. We comment on the significant accounting issues faced and provide an outlook on future financial reporting issues.
21. We audit the financial statements and give an opinion on whether
- they present 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
 - they have been properly prepared in accordance with the Management of Offenders etc (Scotland) Act 2005 and regulations made thereunder.
22. We also review the statement on the system of internal financial control by considering the adequacy of the process put in place by the authority to obtain assurances on systems of internal financial control and assessing whether disclosures in the statement are consistent with our knowledge of the authority.

Overall conclusion

23. We have given an **unqualified** opinion on the financial statements of Glasgow Community Justice Authority for 2007/08.
24. The authority's unaudited financial statements were submitted to external audit on 3 July 2008. The initial submission of accounts for audit was prompt but there was some confusion over the different disclosures and reporting responsibilities of a central government body compared to other local government joint committees, these were clarified as part of the audit process. Audited accounts were finalised prior to the target date of 31 October 2008 and will be submitted to Ministers in order to be laid before the Scottish Parliament prior to the deadline of 31 December 2008.

Accounting practice

25. Community justice authorities in Scotland are required to follow the *Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice* (the 'SORP').
26. Overall, we were satisfied that the authority had prepared the accounts in accordance with the SORP.



27. The authority adjusted the financial statements to reflect our audit findings. We have reported to the Accountable Officer and Convenor via our letter issued in line with International Standard on Auditing 260 (ISA 260) *communication of audit matters with those charged with governance*.

Regularity

28. The Public Finance and Accountability (Scotland) Act 2000 imposes a responsibility on auditors that requires us to certify that, in all material respects, the expenditure and receipts shown in the accounts were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish ministers. We have been able to address the requirements of the regularity assertion through a range of procedures, including written assurances from the Accountable Officer as to her view on adherence to enactments and guidance. No significant issues were identified for disclosure.

Financial reporting outlook

IFRS adoption

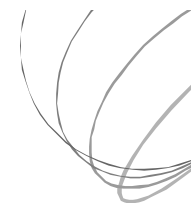
29. Central government and NHS bodies are to move from UK Generally Accepted Accounting Principles to International Financial Reporting Standards (IFRS) with effect from 2009/10. The intention is that local government will adopt IFRS for 2010/11. As yet it is unclear when the community justice authority will adopt IFRS given that it is a central government body following local government accounting practice. This issue will require further clarification during 2008/09.

Action Point 3



Final Remarks

30. Attached to this report is an action plan setting out the key risks identified by the audit which we are highlighting for the attention of members. In response, officers have considered the issues and have agreed to take the specific steps set out in the column headed 'planned management action'. On occasion, officers may choose to accept the risk and take no action. Alternatively, there may be no further action that can be taken to minimise the risk. Where appropriate, the action plan clearly sets out management's response to the identified risks.
31. Appropriate mechanisms should be considered and agreed by members for monitoring the effectiveness of planned action by officers. We will review the operation of the agreed mechanism as part of the 2008/09 audit.
32. The co-operation and assistance given to us by Glasgow Community Justice Authority staff is gratefully acknowledged.



Appendix A: Action Plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1.	5	In the absence of national performance measures the Board is unable to assess the performance of the authority.	Proposals from a short life working group for a suite of local performance measures and a form for reporting against these measures should be presented to the Board and implemented.	Chief Officer	April 2009
2.	18	As a new organisation, governance processes may not be fully embedded leading to potential weaknesses in controls.	Monitor and implement the action plan that has been developed by the community justice authority.	Chief Officer	December 2009
3.	29	Changes in the accounting environment of the authority are not planned for and managed.	Clarify the position and timetable of community justice authority's for the implementation of IFRS.	CJA Financial Advisor	March 2010