

# Tayside Community Justice Authority

**Report to Members and the Auditor General  
on the 2008/09 Audit**

October 2009



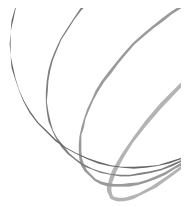
 **AUDIT SCOTLAND**





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# Key Messages

## Introduction

Tayside Community Justice Authority (the Authority) was established 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.

We have audited the financial statements and looked at aspects of performance management and governance arrangements that have been developed during the year. This report sets out our main findings from the 2008/09 audit and the outlook for the period ahead.

## Key outcomes from 2008/09 audit

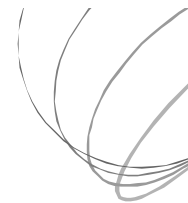
We have given an **unqualified** opinion on the financial statements of the Tayside Community Justice Authority.

## Outlook for future audits

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

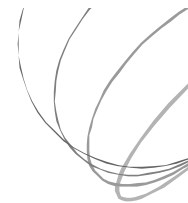
The co-operation and assistance from the Authority's staff during the year is gratefully acknowledged.

**Audit Scotland  
October 2009**



# Introduction

1. This report summarises the findings from our 2008/09 audit of Tayside Community Justice Authority (the Authority). Findings are set out in four sections: financial statements, financial position, governance and performance.
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.



# Financial statements

## Introduction

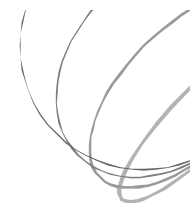
3. In this section we summarise key outcomes from our audit of the Authority's financial statements for 2008/09. We comment on the significant accounting issues faced and provide an outlook on future financial reporting issues.
4. We audit the financial statements and give an opinion on whether
  - they 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 2009 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.
5. 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

6. We have given an **unqualified** opinion on the financial statements of Tayside Community Justice Authority for 2008/09.
7. The Authority's unaudited financial statements were submitted to external audit on 7 September 2009 and audited accounts were finalised by the target date of 31 October 2009. The audited accounts will be submitted to Ministers in order to be laid before the Scottish Parliament prior to the deadline of 31 December 2009.

## Accounting practice

8. 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').
9. Overall, we were satisfied that the Authority had prepared the accounts in accordance with the SORP.



10. We have reported to the Accountable Officer in line with International Standard on Auditing 260 (ISA 260) *communication of audit matters with those charged with governance*. There were no material weaknesses in the accounting and internal control systems identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data and no significant changes were required between the unaudited and audited accounts.
11. In line with last year, no provision has been made in the 2008/09 accounts for pension liabilities under Financial Reporting Standard (FRS)17 – retirement benefits given the immateriality of any such provision, as well as the cost involved in obtaining a FRS17 valuation from the actuary. This approach is consistent with the majority of Criminal Justice Authorities and it will continue to be monitored by the authorities with a view to including such a provision should costs become more significant.

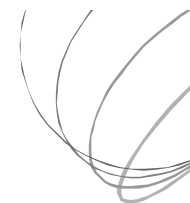
## Regularity

12. 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

13. The Authority is required to move from UK Generally Accepted Accounting Principles to International Financial Reporting Standards (IFRS) with effect from 2010/11 in line with the local government timetable. A comparative balance sheet as at 1 April 2009 will be required on an IFRS basis from 2009/10. Dundee City Council has established a working group, which has recently begun to meet regularly, and has engaged external support. The Authority has representation on this group.



# Financial position

## Introduction

14. In this section we summarise key aspects of the Authority's reported financial position to 31 March 2009, including our views on potential financial risks. Our findings and key messages are set out in this section, highlighting the challenges being faced by the Authority in managing ongoing financial pressures in funding existing service delivery and future improvement.

## Operating performance 2008/09

15. The Authority's total expenditure in 2008/09 was £8.290 million. This was funded through the Scottish Government Section 27 Criminal Justice Grant of £8.068 million and an administration grant of £0.222 million. The Section 27 grant is split between core and non-core services in accordance with the 2008/09 grant allocation. The Authority disbursed the Section 27 grant to constituent councils as follows:

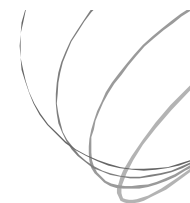
- Angus Council - £1.373 million
- Perth & Kinross Council - £1.285 million and
- Dundee City Council - £5.410 million.

16. The Authority received an allocation of £8.077 million from the Scottish Government for Section 27 expenditure. The Authority is entitled to the lower of actual spend or total allocation and this was therefore restricted to £8.068 million reflecting underspends on a number of non-core projects which finished during the year. The overall spend in relation to core and non-core Section 27 projects and overheads was £8.798 million. There was a difference of £0.730 million between the Section 27 grant received and the actual expenditure incurred. This was funded directly by the constituent councils.

## Financial outlook

17. At the start of the 2009/10 the Authority had been allocated a Section 27 grant allocation for the year of £7.879 million, which after taking account of the pilot and fixed term projects completed in 2008/09, represents a small increase in funding of £29,000. The increase is, however, less than the rate of inflation and will require careful management by the Authority to ensure that it gets maximum benefit from the resources available. We noted that during the year the Authority also received an additional allocation of £134,622 to fund the delivery of Community Service Orders.





# Governance

## Introduction

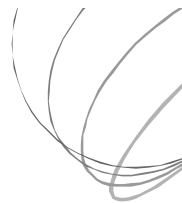
18. In this section we comment on key aspects of the Authority's governance arrangements during 2008/09. We also provide an outlook on future governance issues.

## Overview of arrangements in 2008/09

19. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours. In the Statement on the System of Internal Financial Control the Authority reported that it has a "framework of regular management information, financial regulations, administrative procedures (including segregation of duties) management supervision and a system of delegation and accountability."
20. 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. In 2007/08 we reported that Tayside Community Justice Authority had adopted the policies and procedures of Dundee City Council, where appropriate, in the first instance and were working through a process of adapting these to better fit its own requirements. Whilst there was limited progress with this during 2008/09 we were pleased to note a number of personnel procedures covering, sickness, grievances, discipline and sub standard performance flexible working and pension discretions were approved by the Authority in September 2009. However, there has been no review of the Dundee City Council Financial Regulations to determine which are applicable to the Authority, for example, de minimis levels set for the capitalisation of fixed assets

### **Key risk area 1**

21. In May 2009 a service level agreement was agreed with Dundee City Council to provide the Authority's support services. Whilst there was no formal agreements in place with the constituent authorities social work departments in relation to the services provided, letters of assurance were provided by Dundee City Council and Angus Council in June 2009 confirming that appropriate staff and controls were in place to ensure efficient and effective management of Authority related services. We have been advised that Perth & Kinross Council has also issued an assurance letter but this was not available at the time of our audit. As the Section 27 expenditure distributed to this authority has, however, been subject to external audit we have been able to take assurance that the expenditure was properly incurred. We also noted that there had been little progress in formalising the provision of services by voluntary organisations to the constituent councils. Formalising arrangements would

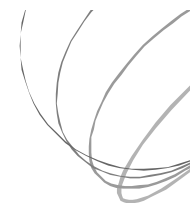


enable the Authority to agree the cost and levels of services required from its providers and identify efficiencies required to maximise the benefits from available resources (see paragraph 17).

***Key risk area 2***

**Governance outlook**

22. Tayside Community Justice Authority is continuing to develop a range of governance processes and policies and we will continue to monitor and review these during 2009/10.



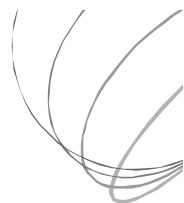
# Performance

## Introduction

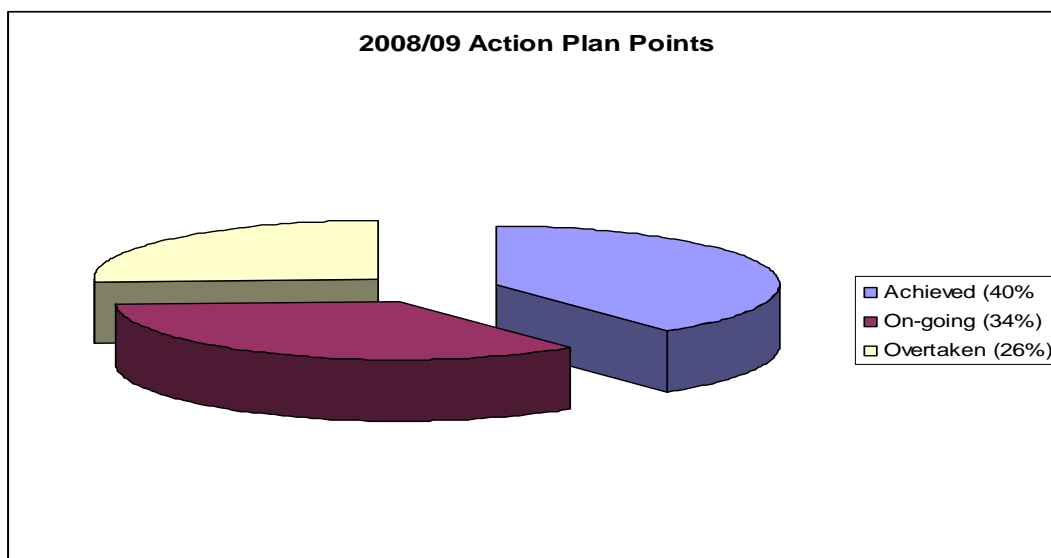
23. In this section we summarise how the Authority is developing performance targets.

## Overview of performance in 2008/09

24. A local performance framework based on the 14 outcomes set out in the National Strategy for the Management of Offenders (NSMoO) was adopted by the Authority in September 2008. As well as the national outcomes, the local framework also includes progress on the actions in the 2008/09 Tayside Community Justice Authority Action Plan.
25. Performance measures to determine progress against the outcomes set out in the National Strategy for the Management of Offenders were due for implementation by April 2009. Factors outwith the Authority's control have resulted in this target date slipping and work remains on-going by the Authority to agree local "proxy" measures with partners. These are due to be finalised in 2009/10.
26. The Authority has established a number of working groups to take forward the following themes in parallel with the National Strategy:
- Statistics – focusing on reducing re-offending and outcomes. This group is taking forward the local outcomes framework and with effect from December 2009 will merge into a Performance Management Group.
  - Joint Workforce Development Group– sharing good practice in training and developing multi-agency approaches to training.
  - Domestic Abuse Liaison Group – improving shared outcomes and sharing good practice.
  - Employability Group – development and implementation of an employability protocol.
27. Exhibit 1 summarises progress over 2008/09 against the 58 action plan points. The Authority is making good progress in delivering its action plan with 23 points being completed and 20 continuing into 2009/10. 15 actions are no longer applicable having been overtaken by events. The 2009/10 Action Plan which was approved in March 2009 has been developed to more clearly link each action point to the NSMoO outcomes

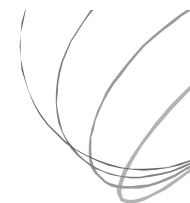


## Exhibit 1



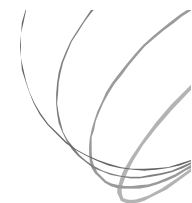
## Performance outlook

28. There are on-going delays with the determining performance measures in relation to the outcomes set out in the National Strategy for the Management of Offenders. We will continue to monitor progress in this area as part of our 2009/10 audit.



# Final Remarks

29. 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.
30. 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 2009/10 audit.
31. The co-operation and assistance given to us by Tayside Community Justice Authority and Dundee City Council 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	20	<p>Whilst a number of personnel policies have been adopted by the Authority recently there has been no review of the DCC Financial Regulations to determine which are applicable to the Authority, for example, de minimis levels set for the capitalisation of fixed assets</p> <p><b>Risk – There is no clear distinction between capital and revenue spend with the result that that assets spanning more than one year are not clearly identified.</b></p>	The Financial Regulations of the Community Justice Authority will be finalised during 2009/10.	Treasurer	31 March 2010
2	21	<p>There continues to be no formal service level agreements in place between the Authority and constituent councils social work departments, nor between constituent councils and voluntary organisations which would clearly identify the cost of and quality expected in respect of services provided to the Authority.</p> <p><b>Risk – services purchased by the Authority may not deliver value for money or meet the service specification expected.</b></p>	<p>Service Level Agreements between the Authority and the constituent councils social work departments will be drafted during 2009/10 for implementation on 1 April 2010.</p> <p>Service Level Agreements between the constituent councils and voluntary organisations should be finalised during 2009/10.</p>	<p>Chief Officer/ Treasurer/ DCC Legal Services</p> <p>CJS Service Managers and constituent councils contact officers</p>	<p>31 March 2010</p> <p>31 March 2010</p>

