

ANNUAL ACCOUNTS

2007-2008

**NORTH STRATHCLYDE
COMMUNITY JUSTICE
AUTHORITY**

North Strathclyde Community Justice Authority

ANNUAL ACCOUNTS 2007-2008

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North Strathclyde Community Justice Authority

Financial Statements for Year Ended 31st March 2008

Foreword by the Treasurer

Introduction

The Annual Accounts demonstrate the North Strathclyde Community Justice Authority's (the CJA) stewardship of the funds it controls. The financial results for 2007-08 are set out on pages 6 to 12.

The CJA was set up as a new organisation under the Management of Offenders (Scotland) Act 2005. The organisation was set up on 1st April 2006 in a shadow form, taking on its full responsibilities on 1st April 2007. The Financial Statements incorporate the income and expenditure for both financial years 2006-07 and 2007-08.

The objectives for the CJA initially are to:

- Promote the consistent and effective assessment and management of high-risk offenders
- Develop a more consistent approach and systematic co-operation between partners
- Breakdown barriers and develop understanding of the challenges faced by partners
- Tackle the lack of public understanding of how the criminal justice system works
- Establish performance framework and quality assurance systems that reflect the outcomes of the national strategy.

The Financial Statements

An explanation of the financial statements which follow and their purpose are:

- *The Income and Expenditure Account* reports the net cost for the year of all the functions for which the CJA is responsible and demonstrates how that cost has been financed from income and member authority requisitions;
- *The Balance Sheet* brings together all the assets and liabilities of the CJA. It is a statement of the resources of the CJA and the means by which they have been financed. It is also a report on the CJA's financial position at one particular point in time, a snapshot of its financial affairs at the close of the year expressed in accounting terms;
- *The Cash Flow Statement* summarises the inflows and outflows of cash arising from transactions with third parties on day-to-day revenue transactions. Cash is defined for the purpose of this statement as cash-in-hand and advances to/from the Servicing Member Authority; and
- *The Notes to the Accounts* give further information on the CJA's "core" financial statements.

Accounting Principles

The Accounting Principles on pages 4 and 5 set out the accounting policies adopted by the CJA to ensure that the Accounts "present fairly" its financial performance. The CJA adopts the accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authorities (Scotland) Accounts Advisory Committee (LASAAC). The annual accounts for 2007-08 have been prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice (SORP).

Statement of Responsibilities

This statement sets out the respective responsibilities of the CJA and the Treasurer for the accounts.

Statement on the System of Internal Financial Control

This statement sets out the framework within which financial control is managed and reviewed over the main components of the system, including the arrangements for Internal Audit.

Financial Performance

1. Background

The CJA received two streams of funding from the Scottish Government:

- An Administration Grant totalling £164,687 in 2006-07 and £212,414 in 2007-08; and
- The section 27 Social Work (Scotland) Act 1968 funding that was previously paid to local authority criminal justice partnerships. The CJA is now responsible for disbursing this grant to the six constituent authorities within its boundaries.

All of the undernoted variances in section 2 are based on the total net revenue budget, which reflects any adjustments made to the original budget as approved during the financial year.

The appointed auditors are Audit Scotland, who will audit the Annual Financial Statements.

2. Final Outturn

The Income and Expenditure account of the CJA shows a surplus of £22,151 for 2007-08, compared to a budget of break even.

The main variances for the financial year are as follows:

- The two vacant posts through the year resulted in employee costs being £19,000 below budget.
- Property costs exceeded budget by £22,000 due to the relocation of the CJA headquarters during the year.
- Recruitment advertising was substantially offset by the savings made (£13,000 in total) for the cost of appointing the new Chief Officer.
- Postage, printing and stationery were £4,900 higher than budgeted due to the relocation of the headquarters and the printing of the area plan.
- Bank interest received totalled £42,076 which had not been previously budgeted.

3. Revenue Reserves

Balance Sheet

The Balance Sheet on page 7 summarises the CJA's assets and liabilities as at 31 March 2008 and explanatory notes are also provided. The funds held by Renfrewshire Council of £42,076 represent the revenue reserves which have been accumulated by the CJA adjusted by current assets and liabilities.

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4. Conclusion

I would like to record my support to the Chief Officer and staff at the CJA for their hard work and I would like to thank my own staff for their effort and support in servicing the needs of the CJA.

Sandra Black

**SANDRA BLACK CPFA
TREASURER**

16 OCTOBER 2008

Statement of Accounting Principles

Introduction

The Financial Statements for the year ended 31 March 2008 have been compiled on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and the Code of Practice on Local Authority Accounting in the United Kingdom (ACOP). It is designed to “present fairly” the financial performance and position of the CJA and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

The accounting concepts of “materiality”, “accruals”, “going concern” and “primacy of legislative requirements” have been considered in the application of accounting policies. In this regard the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which payment is made or income received. The going concern concept assumes that the CJA will not significantly curtail the scale of its operations. Lastly, legislative requirements have priority over accounting principles in the event of conflict between legislation and the Accounting Code.

The accounts have been prepared under the historic cost convention. The following accounting policies used in the preparation of the accounts have been reviewed in line with Financial Reporting Standard 18 “Accounting Policies”.

Income and Expenditure Account

The Accounts have been prepared in the same format as the budget to enable comparisons.

Employee Costs and Supplies & Services

- i. All salaries and wages earned up to 31 March 2008 are included in the Accounts irrespective of when payment was made.
- ii. Specific accruals in respect of material items have been made provided the goods and services were received in 2007-08.
- iii. The staff of the CJA are currently Renfrewshire Council employees and the Council is an admitted body of the Strathclyde Pension Fund. In accordance with FRS17 – Retirement Benefits, the Council is required to disclose certain information concerning assets, liabilities and expenditure of the pension scheme. No information has been provided in the CJA accounts in relation to FRS 17 as the staff pensions are reflected in the figures disclosed in Renfrewshire Council’s financial statements.
- iv. Income and Expenditure includes amounts relating to Value Added Tax (VAT), as the CJA is outside the scope of VAT.

Interest

Interest payable and receivable are accounted for on an accruals basis.