

RISK MANAGEMENT AUTHORITY
ANNUAL REPORT AND ACCOUNTS
FOR THE PERIOD 1 APRIL 2005 TO 31 MARCH 2006

“Our Mission is to help protect the public by promoting and supporting excellent professional practice in managing the risk of serious harm presented by violent and sexual offenders.”

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State hospitals and NHS
secure units

Scottish Prison Service

Social work

Judiciary

Legal profession

Integrated Working

Scottish Ministers &
Scottish Executive

Academics

Offenders

Professional bodies

Police

Voluntary sector



Offender risk assessment

Offender risk management

Training & competence
assessment of practitioners

Standard Setting

Accrediting assessors to
undertake offender risk
assessments

Operational

Accrediting methods of risk
assessment

Approving offender risk
management plans

Policy

Monitoring international
research and practice in
offender risk management
and commissioning
Scottish developments

Disseminating best practice
and developing guidelines
and protocols

Reviewing current practice
and making proposals to
Government for change

**To: Cathy Jamieson MSP
Minister for Justice**

This is the first Annual Report and Accounts for the Risk Management Authority and covers the period 1 April 2005 to 31 March 2006.

I took up appointment as Convener of the Authority in September 2004 along with the first Members to be appointed to the Board. The introduction of the Risk Management Authority marked a significant achievement in Ministerial priorities to work towards a safer Scotland by putting in place robust measures to manage the risk to the public posed by serious sexual and violent offenders.

I am extremely grateful to the Scottish Executive Justice Department for the assistance and support that was given to the Board during the period until we had a Chief Executive and staff in post. The input, given in particular by the Scottish Executive Justice Department Group Projects Division, was invaluable in getting the RMA off to a good start in its task to become a centre for developing excellent practice in offender risk management in Scotland.

One of the first tasks for the Board was to recruit a Chief Executive. We were pleased to appoint Professor Roisin Hall as Chief Executive and commence her appointment in January 2005 to lead and manage the work of the Authority. Staffing the Authority began with the recruitment of the senior management team, the Director of Operations and Development and the Director of Business Performance, who both took up post in June 2005. Other staff appointments were made between June and September to bring the initial staffing complement to 10.

Alongside the practicalities of setting up a new organisation we have during this first year put in place various policies and procedures for the effective operation of the Authority. We have carried through a comprehensive programme of meeting members of the judiciary, policy makers, partner agencies and practitioners to introduce the RMA, set out our aims and objectives and to consult on new approaches. We have provided numerous presentations and seminars on good practice in risk assessment and management and have been very grateful for the invitations we have received to speak at other people's conferences and meetings. We have put arrangements in place to facilitate Scottish Ministers for the introduction of the Order for Lifelong Restriction. We have published Standards and Guidelines for risk assessment. We have prepared a comprehensive competency based application process for the accreditation of risk assessors and for manners of risk assessment. We have published RATED, a directory which sets out an evaluation of risk assessment tools and accords them RMA approval status. Full detail of our achievements is set out in the chapters of this report.

We are grateful to Scottish Ministers for providing adequate budget provision to allow us to make such significant achievements this year. It was very difficult to predict the likely budgetary resources required for the first year of business for the RMA and I am very pleased that the Minister has agreed provision for 2006-07 of £1,585,000. The Board and Chief Executive will continue to ensure the highest prudence in our management of the public funds for which we are accountable.

2006-07 will be a significant year for the RMA with the introduction of the Order for Lifelong Restriction, the National Advisory Board and the establishment of the Community Justice Authorities, the implementation of the National Strategy for the Management of Offenders and the joint working that the RMA will progress by publishing Guidelines, Standards and Guidance for offender Risk Management Planning; accrediting assessors to undertake risk assessments for the High Court; and taking forward a comprehensive Research and Training programme to assist the RMA in becoming an authority in best practice in offender risk management.

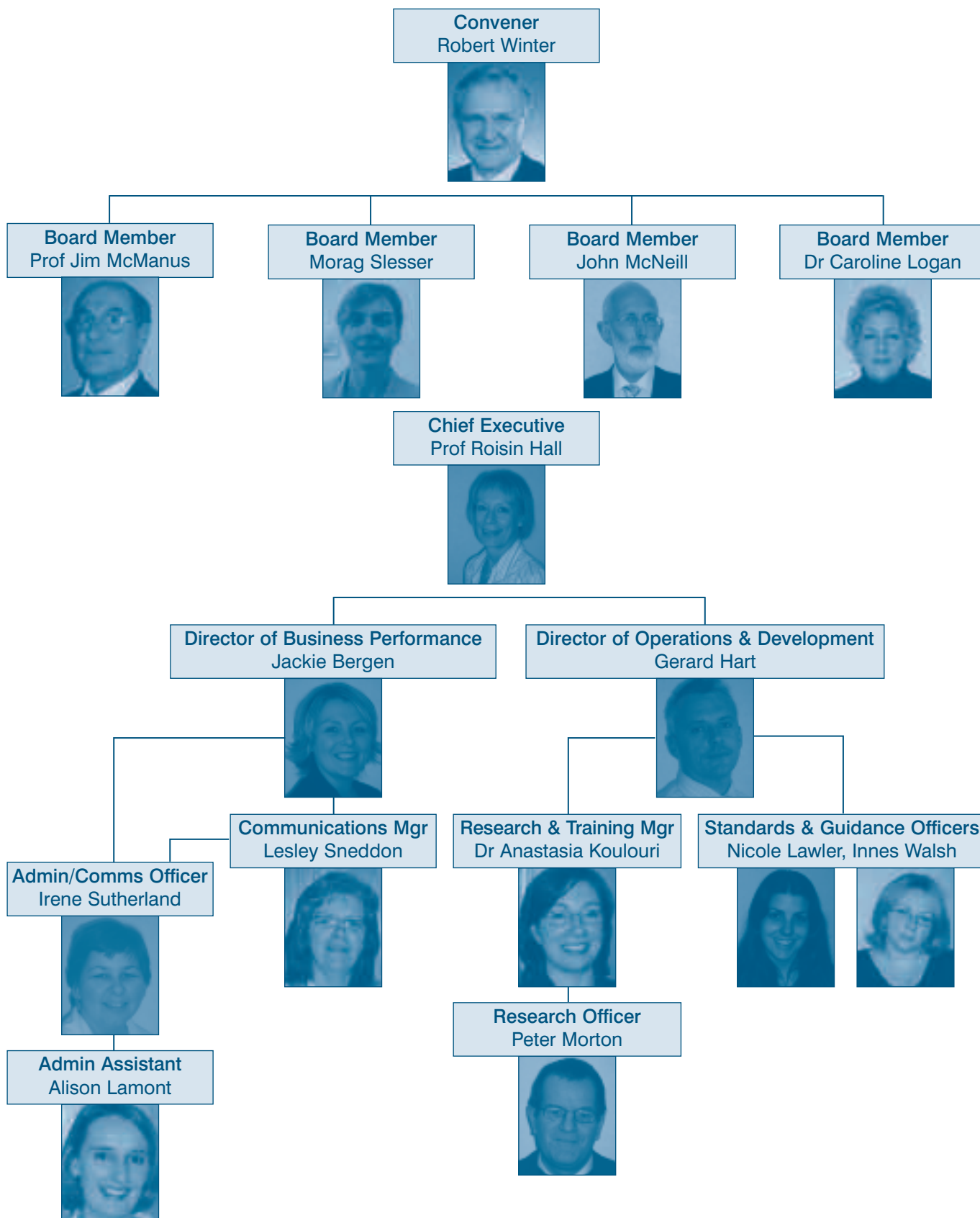
The Board Members and I are proud to have led the Authority in its inaugural year. We are delighted to present this first report to the Minister setting out the work taken forward by the Chief Executive and her staff and the significant achievements made by the Board, Chief Executive and all staff.

A handwritten signature in blue ink that reads "R Winter". The signature is written in a cursive style with a large, stylized initial 'R'.

Robert Winter
Convener
14 June 2006

ORGANISATIONAL CHART

RISK MANAGEMENT AUTHORITY
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FOR THE PERIOD 1 APRIL 2005
TO 31 MARCH 2006



INTRODUCTION

The Risk Management Authority (RMA) is an executive non-departmental public body set up by Section 3 of the Criminal Justice (Scotland) Act 2003. Its role is to help protect the public by promoting and supporting excellent professional practice in managing the risk of serious harm presented by violent and sexual offenders.

Scottish Ministers established the Risk Management Authority on the recommendation of the Committee on Serious Violent and Sexual Offenders, chaired by Lord MacLean, which reported to Scottish Ministers in 2000.

The Committee had been set up to make proposals for the sentencing and treatment of serious violent and sexual offenders who may present a continuing danger to the public. It proposed an independent body with a remit to ensure that statutory, voluntary and private sector agencies work together systematically to address the risk posed by serious offenders. It also recommended a new sentence called the Order for Lifelong Restriction (OLR). This sentence will underpin the lifetime rigorous supervision of those who present the highest risk of serious violent and sexual offending. Section 210F of the Criminal Procedure (Scotland) Act 1995 (as inserted by Section 1 of the Criminal Justice (Scotland) Act 2003) sets out the statutory basis for the OLR.

The RMA was established to address the following issues:

- > Public concern about the harm resulting from sexual and violent offending;
- > The need for research to evidence and develop best practice in risk assessment and management;
- > The special measures required for offenders considered to be at high risk of serious re-offending;
- > The diversity of professional practices and competing approaches in the assessment and management of high risk offenders;
- > Problems of inter-agency communication, information flow and shared definitions and understanding.

The RMA's work falls into three main categories:

Policy:

- > Reviewing current practice and making proposals to Government for change;
- > Monitoring international research and practice in offender risk management and commissioning Scottish developments;
- > Disseminating best practice and developing guidelines and protocols.

Standard Setting:

- > Setting standards for offender risk assessment;
- > Setting standards for offender risk management;
- > Setting standards for the training and competence assessment of practitioners.

Operational:

- > Accrediting assessors to undertake offender risk assessments;
- > Accrediting methods of risk assessment;
- > Approving offender risk management plans.

The RMA's work commenced with the appointment of the Convener and the Board, who took up post in September 2004. The Chief Executive took up post at the end of January 2005 and the recruitment of staff to take forward the initial work priorities was completed by September 2005. The RMA's office is based in St James House, Paisley.

During this first reporting year, the priority for the RMA was to secure suitable office accommodation, to recruit and train staff, and to take forward various strands of work to enable Scottish Ministers to bring into force the legislation introducing the Order for Lifelong Restriction (OLR). The Order is likely to be available to the courts by Summer 2006. The RMA would like to note its appreciation of the support received from the Scottish Executive Justice Department in the early set-up stages of the RMA and also of the encouraging continued support of Scottish Ministers.

This Annual Report sets out the RMA's progress in taking forward this work under the key objectives set by Scottish Ministers which are:

1. To contribute to policy and good practice in the assessment and management of serious violent and sexual offenders whose liberty presents a danger to the public.
2. To accredit and approve practitioners and methods employed for the assessment and management of serious sexual and violent offenders.
3. To set standards and guidelines and to approve and monitor the effectiveness of risk management plans for serious violent and sexual offenders.
4. To deliver effective communications to support and promote best practice in risk assessment and management.
5. To deliver research and training programmes to promote the use of best practice in risk assessment and management in Scotland.
6. To deliver efficient and effective corporate services for the smooth running of the RMA to assist in achieving Best Value.

A summary report of achievement against the RMA's key targets for the first reporting year is set out in the Accounts section of this report.



CHAPTER 1 – POLICY

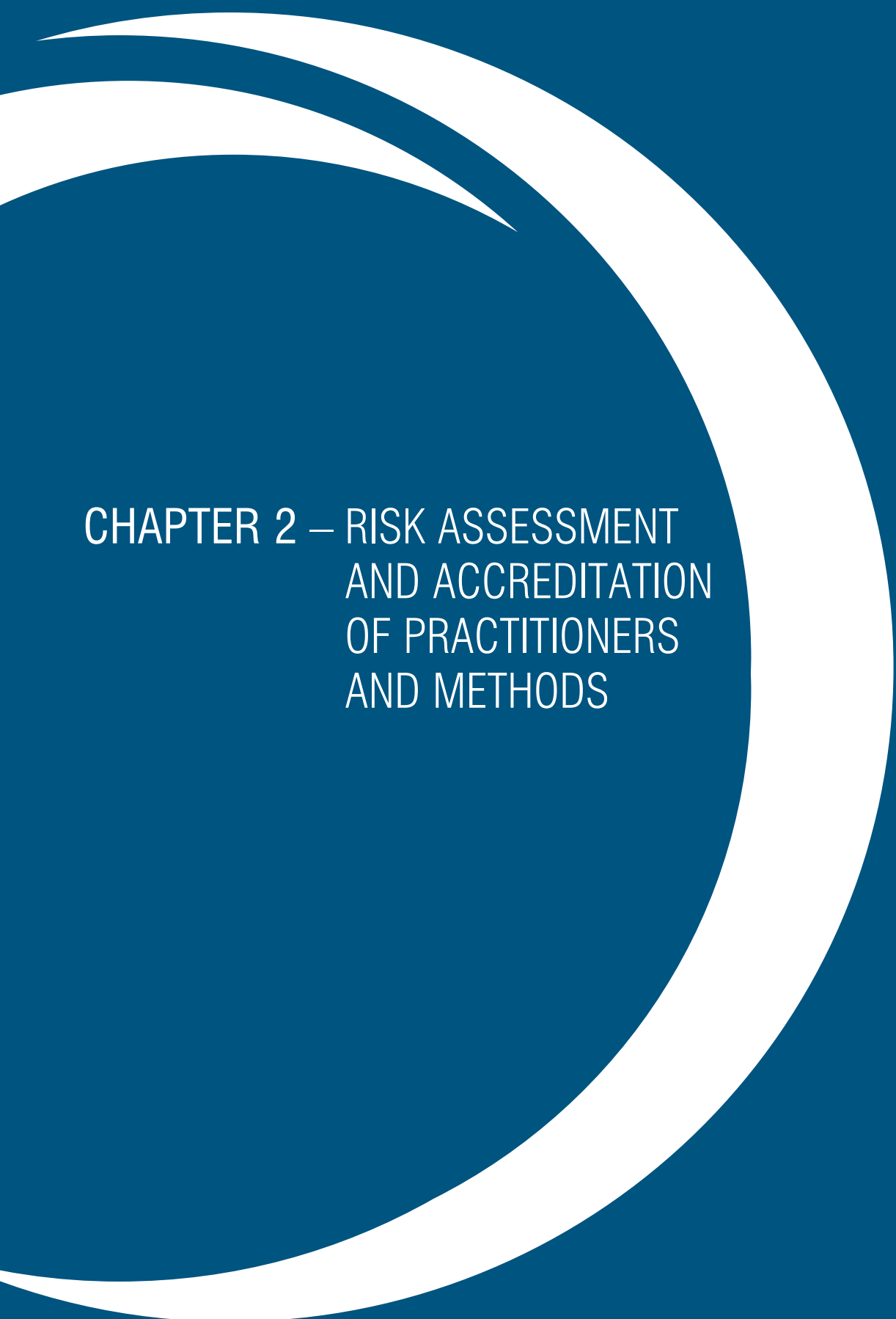
In this first year, our objective has been to build our evidence base and credibility to advise on, and to develop, excellent practice in the risk assessment and management of serious and violent offenders in Scotland. We are delighted at the response we have already received from policy-makers and practitioners alike, many of whom have invited us to speak to them and to join their working groups.

One of our first tasks was to sign the Concordat developed by the Information Sharing Steering Group to promote integrated management of sex offenders and we subsequently provided advice for Professor Irving's report "Registering the Risk", on the supervision of sex offenders on the register. In January 2006, the Chief Executive was invited to join the National Advisory Board on Offender Management set up by the Minister for Justice. In March 2006, the RMA was asked to undertake a review of risk assessment in respect of the management of restricted patients in mental health settings.

The RMA also undertakes an advisory role on risk assessment and management through its membership of a range of other groups developing policy and practice in offender management. These include:

- > Expert Group on High Risk Young Offenders
- > VISOR Implementation Group
- > Sex Offender Risk Assessment Group
- > Forensic Network Working Groups, Care Programmes and Guidance
- > Offender Programmes External Accreditation Panel
- > Violence Reduction Alliance Network

Our policy advisory role must remain firmly based in a sound research evidence base and focus on the clear development and exposition of the principles on which this can be implemented. The following chapters of this report describe the early work which we have undertaken to develop this foundation.



CHAPTER 2 – RISK ASSESSMENT AND ACCREDITATION OF PRACTITIONERS AND METHODS

The initial focus for the RMA during the first reporting year was to facilitate Scottish Ministers in bringing into force the Order for Lifelong Restriction, provided for in Section 210F of the Criminal Procedure (Scotland) Act 1995 (as inserted by Section 1 of the Criminal Justice (Scotland) Act 2003). It is likely that the Order will be available to the Courts by Summer 2006.

Before the Courts can impose an OLR, it must make a Risk Assessment Order (RAO) (or in the case of mentally-disordered offenders, an Interim Compulsion Order (ICO)) to obtain a Risk Assessment Report (RAR) on the level of risk that the offender being at liberty presents to the safety of the public at large.

The RMA's role is to administer the Accreditation Scheme (made by Order of the Scottish Ministers on 29 March 2006 – SSI 2006 190 “The Risk Assessment and Minimisation (Accreditation Scheme) (Scotland) Order 2006”) to accredit the assessors who will carry out the risk assessment and prepare the Risk Assessment Report and to accredit the manners for that assessment.

Our first tasks were:

- > To design and develop the process for accreditation of assessors and manners in line with the terms of the Accreditation Scheme;
- > To design the criteria for the appointment of assessors in accordance with the Accreditation Scheme;
- > To design the Standards and Guidelines for the assessment of risk by accredited assessors and for use in the Risk Assessment Report;
- > To design an appeals process in accordance with the Accreditation Scheme;
- > To commence the recruitment of assessors.

In commencing this work we took the view that it was of paramount importance that we undertook research and detailed consultation to provide a sound evidence base for the processes and guidance that we would put in place.

Standards and Guidelines

To inform the preparation of the risk assessment Standards and Guidelines and to assist in the task of producing a standardised risk assessment report format, in August 2005 we commissioned management consultants to undertake a thorough review of risk assessment reports across a range of professional disciplines, conduct a literature review in this area of practice and to make contact with a wide range of professionals in the field to obtain their views and opinions on effective risk assessment. The consultants reported in September 2005 and the results from this exercise provided a good evidence base for the preparation of the Standards and Guidelines and for the risk assessment report format.

We have worked closely with the different agencies who have a role in the risk assessment process and who may have to provide assessors with information and assistance for the RAR. This has involved discussions and detailed working with members of the Judiciary, Crown Office, the Police, Scottish Court Service, Scottish Prison Service, the State Hospital and NHS Secure Units, Social Work, Psychologists, Psychiatrists, the Legal Profession and the Scottish Executive. We are very grateful for the co-operation and assistance that has been given to the RMA by all agencies.

Accreditation of Persons

Assessors will carry out risk assessments for a RAO required by the High Court under section 210 B and D of the Criminal Procedure (Scotland) Act 1995. The legislation sets out clear specific requirements for the risk assessment on which the Court will rely when it considers making an Order for Lifelong Restriction. This process will require assessors with considerable skills and experience who may come from a range of professional backgrounds. We therefore formed the view that a competence based approach was the most effective basis for our accreditation framework. This framework has been prepared drawing on best practice from the UK and abroad. The application process is designed to provide a user friendly application scheme which is also rigorous and thorough.

The competences underpin the application process and we have tried to balance the required rigour with recognition that candidates for accreditation will invariably be experienced practitioners with a wide range of relevant skills and many demands on their time.

A comprehensive assessor application pack covering the application process, the criteria for appointment and the appeals process was developed and issued for consultation by November 2005 and the final version available on the RMA website from April 2006.

Consultation and Pilot Study

We issued the assessor application pack and the Standards and Guidelines for wide stakeholder consultation between November 2005 and mid-January 2006. We also prepared and issued for consultation a comprehensive risk assessment tools evaluation directory, entitled RATED (see *Research and Training chapter of this report for further information on RATED*).

In December 2005, we initiated a pilot study of the proposed assessor application process to provide us with an insight into how this and the competency framework would operate in practice. The pilot study has been of invaluable benefit and has provided assurance that the application process and competency based framework will provide a defensible position for skilled risk assessment. We have subsequently formally accredited two of the participants in the pilot.

In addition to our extensive written consultation exercise, we held consultation seminars in Edinburgh and Glasgow in January 2006 to give stakeholders the opportunity to discuss their views and opinions.

The feedback from the consultation was very positive and helpful. It largely supported the approaches that we had taken on the criteria for appointment, the application process, the Standards and Guidelines and the risk assessment tools evaluation and has informed the final version of these documents. We are very appreciative of the comments received and for the time taken by stakeholders to consider our consultation documents and provide feedback to us. A full report of the feedback on the consultation is available on the RMA's website www.RMAScotland.gov.uk

We could not publish the Standards and Guidelines, the assessor application pack and RATED until the Scottish Parliament brought into force the Accreditation Scheme. Formal publication took place in April 2006 immediately after the Scheme came into force.

The timing of the Accreditation Scheme being brought into force also dictated the timescales for the recruitment of assessors. We advertised for expressions of interest in January and February 2006 to raise awareness of the forthcoming opportunity for suitable candidates to apply to become accredited assessors. There has been a lot of interest from practitioners. Formal applications from candidates are being accepted from April 2006 and advertisements will be placed in the national press and professional journals.

Accreditation of Manners

All risk assessments under a RAO must be undertaken using a manner of assessment accredited by the RMA. There is statutory provision for applications to be made to the RMA to have a manner of risk assessment accredited. We have developed an application process for the accreditation of manners and, as above, will take formal applications from April 2006. The RMA Accreditation Committee will consider the accreditation of a manner of risk assessment with the intention to have this in place when the OLR goes live.

Overall we are satisfied that during this reporting year we have begun to implement the legislative requirements and put in place robust, comprehensive systems and guidance to facilitate the bringing into force of the legislation for the Order for Lifelong Restriction.

All accreditation materials and information for applicants are available on the RMA's website www.RMAScotland.gov.uk



CHAPTER 3 – RISK MANAGEMENT PLANNING

The overall aim of the Risk Management Authority is to facilitate the development of best practice in offender risk management in order to meet the long-term goal to reduce re-offending by serious sexual and violent offenders in Scotland. If agencies are to impact successfully on the types of risk that pose the greatest threat to public safety, offender supervision must begin with, and thereafter rely upon, dynamic and robust risk management plans that generate purposeful action to manage risk.

Risk Management requires interagency and multidisciplinary working to exchange information and integrate planning. Risk Management Plans should include assessment and analysis of the factors which may increase or prevent the probability and impact of further re-offending and a formulation which provides recommendations for action.

Section 6 of the Criminal Justice (Scotland) Act 2003 introduced the requirement for a Risk Management Plan (RMP) to be prepared for all offenders subject to an Order for Lifelong Restriction (OLR). When the High Court makes an Order for Lifelong Restriction, Risk Management Plans must be prepared within a nine-month period by the lead authority. The lead authority can be:

- > Scottish Ministers, where the offender is serving a period of imprisonment or detention;
- > Managers of a hospital where the offender is being detained, where the offender is subject to a hospital order, a hospital direction, a transfer direction or the Mental Health (Care and Treatment) (Scotland) Act 2003;
- > The Local Authority of the area where the offender resides.

The RMA's statutory duty is to:

- > Specify and publish the form of RMPs;
- > Issue guidance as to the preparation, implementation and review of RMPs;
- > Approve RMPs submitted by lead authorities;
- > Review annual (or in a timescale determined by any significant change in circumstances of the offender) reports from lead authorities as to the implementation of RMPs.

At the start of this reporting year the tasks for the RMA, in relation to risk management, were to commence work on:

- > The development and management of the process for the approval and review of RMPs;
- > The provision of guidelines, standards and guidance for the preparation and implementation of RMPs;
- > Discussions with Scottish Prison Service, ACPOS, the State Hospital and NHS Secure Units and Local Authority Social Work Departments about the introduction of the RMP provisions.

As set out in Chapter 2 of this report, our main priority was to take forward and implement systems and guidelines for risk assessment and the accreditation of assessors to undertake risk assessments for the High Court's consideration of the OLR. Sound assessment and management are an integral part of risk management planning.

As with the provision of standards and guidelines for risk assessment, we took the view that it was of extreme importance for the RMA to provide a sound evidence base to inform the preparation of guidelines, standards and guidance for risk management plans and for the process for approval and review of RMPs. In order to provide this evidence base, in December 2005 we commenced a Risk Management Project that incorporates a literature review of risk management practice in the UK and abroad and a practice inventory of current risk management practice in Scotland. This work is advised by a RMP Project Advisory Group which we established in February 2006. The members of this advisory group cover a wide range of expertise in the field of offender risk management and their input will be invaluable to the success of the project.

Literature Review

We conducted the literature review between December 2005 and end March 2006. It explores the key components for effective risk management both in terms of the services provided to manage the risk of serious harm posed by an offender and the ways (procedures, protocols, etc.) in which agencies can successfully provide an integrated service. We considered UK and international academic literature and documental evidence (including UK and international government agencies' publications) on current risk management practices in the UK and abroad focusing on what is the stated practice, what people think is important and the existence of protocols and procedures to support this practice.

Practice Inventory Project

The key objectives for the practice inventory project are:

- > To identify a framework of key components of effective risk management of offenders;
- > To identify variations in practice relating to geographical, demographic and socio-economic factors;
- > To identify strengths and challenges in current practice;
- > To help define for the RMA the roles and responsibilities of all agencies involved in managing serious offenders;
- > To develop a glossary of key risk management terms.

The preparatory work for the practice inventory project started in February 2006. We held meetings on 7 February with representatives from the Scottish Prison Service, the Association of Chief Police Officers in Scotland, the Association of the Directors of Social Work and the State Hospital to discuss how we hoped to take forward the practice inventory work. We discussed how the RMA would require the co-operation of all these agencies, what would be involved and the resource implications. We are delighted at the levels of co-operation given to us and thank all agencies for their agreement to assist the RMA with the practice inventory project.

Given the time and resource constraints that we have against providing the RMP process and the guidelines, standards and guidance by the target date of the end July 2006, it is not possible for us to cover all local authority criminal justice areas in the practice inventory project. Therefore, we asked ADSW for assistance to select three sites covering different practice methods and protocols. ADSW selected three sites to cover our needs.

The field work on the practice inventory commenced in April 2006 and involves:

- > General introductory meetings with all agencies to be involved in the project;
- > Focus group discussions;
- > One-to-one meetings.

We appreciate that the area of offender risk management can be ever-changing and we have undertaken to work closely with agencies and practitioners and to keep the guidelines, standards and guidance under continual review, issuing updates as necessary.

We will develop and promote best practice in risk management while always appreciating that risk can never be totally eliminated no matter how robust the systems of risk management.

We have made significant progress on our objectives for risk management during this reporting year. We have set a good grounding to implement and take forward this important area of work in 2006-07 which will assist in meeting Ministerial and RMA priorities to work towards a safer Scotland by taking robust action to reduce serious re-offending in Scotland.



CHAPTER 4 – RESEARCH AND TRAINING

Section 4 of the Criminal Justice (Scotland) Act 2003 makes provision for the RMA to set policy and undertake research into the assessment and minimisation of risk. The main aspects of this include:

- > monitoring international research and practice in offender risk management and commissioning Scottish developments;
- > disseminating best practice and developing guidelines and protocols;
- > reviewing current practice and making proposals to Government for change.

Our research and training seeks to fuel changes and improvements in practice and in the overall standard of risk assessment and management of serious violent and sexual offenders. As such, it is important that our research and training activities are highly practitioner oriented whilst also being sensitive to new research, findings and practitioner needs both within Scotland and internationally.

Research and training are imperative to support and inform other areas of RMA work such as standards and guidance and accreditation. As well as carrying out research and training for these purposes, we will strive to become first rate providers of resources to our partners. We are accumulating an extensive resource library with both hard copies and web material and research will remain of significant importance to all of the work undertaken by the RMA. Using our cumulative research knowledge, we aim to provide a framework for training and to commission educational initiatives to promote best practice in risk management and risk assessment across Scotland.

During this reporting year, our research activities have focused on supporting the development of frameworks for the accreditation of assessors and the provision of Standards and Guidelines to assist them in delivering excellent assessments for the Court. We undertook this by:

- > Producing the Risk Assessment Tools Evaluation Directory (RATED). This involved a comprehensive evaluation of risk assessment tools and categorising these by usefulness for different purposes and types of offender. RATED details the most current and frequently used risk assessment tools, both in this country and internationally and each tool is scored on a bar rating system to indicate its effectiveness as a risk assessment tool. In addition, the RMA has assigned to each tool an approval status of approved or not approved. The directory is designed to be a quick reference source of tools with brief descriptions of their strengths and weaknesses and their applications.

The consultation on RATED was helpful and after analysing the responses to it and the results of the consultation meetings that were held on 16 and 18 January 2006, the final version of RATED was passed for publication by 31 March 2006.

We are pleased with our achievement in producing RATED. We hope it will prove to be a useful resource to a wide range of practitioners. It has already been well received, generating significant levels of interest in Scotland and across the UK.

- > Conducting a wide stakeholder consultation on the RMA process for accreditation and on the draft standards and guidelines for accredited assessors. We co-ordinated responses and analysed them together with the views expressed at the consultation seminars and produced a report on the consultation of our Accreditation materials. This helped us to make sure that the changes we made to the documents after the consultation reflected accurately what stakeholders told us.
- > Developing and implementing an evaluation framework for the pilot of the accreditation process. This made sure that we could learn purposefully from our initial experiences progressing two applicants through the accreditation process.

Expert Sessions

To promote best practice in offender risk management, we are developing a rolling programme of quarterly “Expert Sessions” to inform and educate practitioners about the developments in risk assessment and risk management. We hosted the first of these sessions on 15 February 2006 with Professor David Cooke talking on the topic of “Assessing Violence Risk: Things I have learned so far”. Professor Cooke is an eminent researcher and practitioner and he was a member of the MacLean Committee that originally led to the establishment of the RMA. His address provided an overview of the evolution of the field of risk assessment and was received with great interest by practitioners from a variety of backgrounds. We are extremely grateful to Professor Cooke for taking the time to lead our first Expert Session.

Future Research and Training Activity

In December 2005 we issued for wide stakeholder consultation a Research and Training strategy covering the period from 2006 to 2008. We held a stakeholder consultation seminar on 15 February 2006 and are very grateful for the positive comments and suggestions received from the wide range of organisations and individuals who took part in this. This consultation has informed the research and training activities which we will take forward. We plan to:

- > Commission a validation study of four risk assessment tools: RM2000, RSVP, SAVRY and SARN;
- > Conduct a literature review on internet sex offenders and publish a report;
- > Deliver a conference on good practice in risk assessment and management in May 2006;
- > Prepare a report on the current situation relating to risk assessment and management in children and young offenders;
- > Work alongside training providers, agencies and policy makers, to commission a practitioner training needs analysis for those involved in offender risk assessment and management;
- > Develop a programme for the development of multimodal training approaches;
- > Commission work on developing blended learning approaches for educating and improving the knowledge base for those involved in offender risk assessment and management.

Our research and training programme will allow us to achieve our aim for improvements in practice and in the overall standard of risk assessment and management of serious violent and sexual offenders in Scotland and will provide the basis for the RMA to realise its status as a centre for developing excellence in offender risk management.

The RMA would like to note its appreciation of the help and input that it has received from the academic and the research community in Scotland and internationally, and our colleagues in the field of training.



CHAPTER 5 – BEST VALUE AND GOOD GOVERNANCE

The RMA is committed to high levels of quality, accountability, integrity and impartiality in its work and to the continuous improvement of our service. During this first reporting year we have introduced codes of conduct for Board Members and staff and systems, policies and procedures to ensure that the RMA operates efficiently and effectively within a good corporate governance framework. Access to all of the RMA policies and procedures is available on our website, these include, the whistleblowing policy, fraud prevention and investigation procedure, a complaints procedure, equal opportunities and staff policies. We have worked to ensure that the key principles of Best Value and Good Governance are embedded within the RMA. Six key committees have been established to take forward the RMA work programme with clear terms of reference and robust lines of accountability. The Committees are:

Accreditation Committee – to take decisions on the accreditation of assessors and manners of assessment;

Accreditation Policy Committee – to agree policy and procedure for the accreditation of assessors and manners;

Appeals Committee – to consider and determine appeals against decisions of the Accreditation Committee;

Research and Training Committee – to provide the strategic direction for the RMA's research and training programme;

Audit Committee – to review and monitor the full function and processes of the RMA to provide assurance to the Chief Executive on the systems of internal control;

Remuneration Committee – to consider and determine, with the consent of Scottish Ministers, remuneration in respect of the Chief Executive.

We have introduced a comprehensive business planning system. A business plan for 2005-06 was agreed with the Minister for the RMA's first year of operation. The first Corporate Plan covering the period 1 April 2006 to 31 March 2009 and a detailed business plan for 2006-07 were submitted to the Scottish Executive for approval in February 2006 and approved by the Minister for Justice. We have put in place performance monitoring systems and a corporate risk management system. The next reporting year will see us improving our business performance arrangements by enhancing forward business planning and monitoring arrangements, review and business appraisal arrangements, implementing a comprehensive corporate training strategy and internal and external communication plans.

During this reporting year we put contracts in place for an internal audit service and a legal advice service to inform the work of the RMA to check that all RMA policies and processes are Human Rights Convention compliant and to ensure appropriate expert advice is available when required.

The recruitment of staff commenced in April 2005. The senior management team were in post by end June; the Communications Manager was also in post in June and the Standards and Guidance Officers, the Research Team and administrative support team were in post during August and September. All staff have worked extremely hard during this reporting year taking forward a busy programme of work. It is particularly satisfying that all of our work plan objectives have been met timeously and to a high standard. The Convener, Board and Chief Executive are proud of the commitment and dedication that staff have shown over this first year of business for the RMA. The RMA is committed to investing in its staff and ensuring equal opportunities for all. An equal opportunities policy and a sound system of performance review and development have been put in place. Staff are encouraged and motivated to undertake training and development activities to assist them in their work and to take their personal development to the highest levels.

The RMA is not yet subject to the terms of the Race Relations or the Freedom of Information legislation. However, we have taken steps to ensure that we are well prepared by the time we become subject to the statutory requirements.

The Board is committed to sustainable development and has put in place an environmental policy for the RMA. The implementation of this policy will be taken forward as a key objective in the 2006-07 business plan with a view to setting environmental targets for the RMA for 2007-08 and beyond.

We have taken forward a lot of work this year to ensure that the Best Value principles are embedded throughout the RMA. We will continue to work to secure continuous improvement in all aspects of the RMA's work with the high levels of dedication and commitment required to work towards a safer Scotland.



CHAPTER 6 – COMMUNICATIONS

Excellent and effective communication, both internal and external, is key to the success of any organisation. We agreed at an early stage that an effective communications function had to be established to support the RMA's work and build a reputation for the RMA as experts in the field of offender risk management in Scotland.

We have undertaken a lot of work in this first year to ensure that our work is embedded around the importance of responsiveness and consultation, meeting with other criminal justice agencies and practitioners to develop and implement our work.

In August 2005, we put a communications strategy in place to cover the initial set-up period for the RMA and we have opened and maintained good channels of communication with all stakeholders to ensure that our plans, priorities and actions are informed by an understanding of the needs of stakeholders. As detailed in the previous chapters of this report, we have consulted widely on the RMA's core business during 2005-06, i.e. the Accreditation process, the Standards and Guidelines for risk assessment and the Research and Training programme. We have also held various meetings with stakeholders to take forward our business programme and we have delivered presentations to the following:

Members of the Judiciary

Sheriffs

Association of Directors of Social Work and Criminal Justice Conferences

Association of Chief Police Officers in Scotland – Sex Offender Working Group

Scottish Association for the Study of Offending

Forensic Network National Conference

Scottish Prison Service Annual Conference

Forensic Psychiatry Research Group

Northern Ireland Mental Health Review Forensic Sub-Group

We are delighted that Hugh Henry, Deputy Minister for Justice, visited the RMA in August 2005. We have had visits from a lot of key stakeholders including:

Alexis Jay, Chief Executive of the Social Work Inspection Agency

Bernadette Monaghan, Director APEX Scotland

Sandy Cameron, Chairman of the Parole Board for Scotland

Assistant Chief Constable Tom Halpin, Lothian and Borders Police

Professor George Irving

Professor James Sheffield, Head of Analytical Service Scottish Executive

Scottish Prison Service

Scottish Executive Justice Department

Association of Chief Police Officers in Scotland

Q.I.S.

State Hospital

We put in place a comprehensive informative website in October 2005 and will ensure that the site is regularly updated with relevant and helpful information. The site will be enhanced during the next reporting year with the introduction of an on-line learning resource facility.

We have published two newsletters to publicise the establishment of the RMA and to keep stakeholders informed of progress in our work. We also have information leaflets available detailing general information about the RMA and short summaries of the key aspects of our work.

During the next reporting year we will put in place comprehensive communications plans to target internal and external communications to ensure that the RMA has an effective and efficient communications function which will support the RMA and assist in providing an excellent service for all stakeholders.



ACCOUNTS – ANNUAL REPORT

Background

Introduction

This statement of accounts reports the results of the Risk Management Authority (the Authority) for the year 1 April 2005 to 31 March 2006. It has been prepared in accordance with the Accounts Direction given by the Scottish Ministers in accordance with Section 12 (3) of the Criminal Justice (Scotland) Act 2003. The Accounts Section of the Annual Report comprises three sections (Background, Management Commentary and Public Interest Reporting) and a separate Remuneration Report.

History of the Authority

The Committee on Serious Violent and Sexual Offenders, chaired by Lord MacLean, reported to Scottish Ministers in 2000 and recommended, inter alia, the need for an independent body, whose role would be to ensure that statutory, voluntary and private sector agencies worked together systematically to address the risk posed by serious offenders. After consultation, Scottish Ministers agreed to create a non-departmental public body to fulfil the recommendation of Lord MacLean and his Committee. The Risk Management Authority was established by Section 3 of the Criminal Justice (Scotland) Act 2003 (the Act).

Statutory functions

The Authority's statutory functions are:

- > In relation to the assessment and minimisation of risk:
 - (i) compile and keep under review information about the provision of services in Scotland;
 - (ii) compile and keep under review research and development;
 - (iii) promote effective practice; and
 - (iv) give such advice and make such recommendations to the Scottish Ministers as the Authority considers appropriate.

The Authority may:

- (i) carry out, commission or co-ordinate research and publish the results of such research; and
- (ii) undertake pilot schemes for the purposes of developing and improving methods.
- > Prepare and issue guidelines as to the assessment and minimisation of risk;
- > Set and publish standards according to which measures taken in respect of the assessment and minimisation of risk are to be judged;
- > Administer the Scheme of Accreditation (SSI 2006 No 190 The Risk Assessment and Minimisation (Accreditation Scheme) (Scotland) Order 2006) made under Section 11(1) of the Act;
- > Provide or secure the provision of education and training in relation to the assessment and minimisation of risk for persons and/or manners accredited under the above mentioned scheme;
- > Specify and publish the form of Risk Management Plans;

> Approve Risk Management Plans and review the implementation of Risk Management Plans.

Board and senior staff

The work of the Risk Management Authority commenced with the appointment of the Convener and the Board who took up post in late September 2004. The Chief Executive took up post at the end of January 2005 and the recruitment of all staff was completed by September 2005. The Authority took the lease of its premises in Paisley from June 2005.

Five Members currently serve on the Authority, one of whom is Convener. All appointments to the Authority are made by Scottish Ministers.

Convener: Mr Robert Winter

Board Members: Professor Jim McManus
Dr Caroline Logan
Ms Morag Slesser
Mr John McNeill

The Chief Executive is Professor Roisin Hall, who is the Accountable Officer for the Authority.

The Authority currently employs a Director of Business Performance, a Director of Operations and Development, two Standards and Guidance Officers, a Research and Training Manager, a Research and Training Officer, a Communications Manager and two administrative support staff.

The Register of Members' interests is available on the Authority's website www.RMAScotland.gov.uk or from the Authority (tel: 0141 567 3112 e-mail: info@RMAScotland.gsi.gov.uk)

Management Commentary

The Authority is financed 100% by Grant-in-Aid from the Scottish Executive Justice Department. The Scottish Ministers are answerable to the Scottish Parliament for the Authority and are responsible for making financial provision to meet the Authority's needs.

Performance

Between April and September 2005 the Authority focused on recruiting its staff and setting up its office accommodation in Paisley. The Business Plan for the Authority for 2005-06 was agreed by Scottish Ministers in June 2005.

The key targets set for the Authority for 2005-06 and a brief note of performance against the key targets is set out below (full detail of the Authority's achievements for 2005-06 are set out elsewhere in the Annual Report):

1. To be able to demonstrate by working with partner agencies that the principles of the ISSG Concordat are being administered by the RMA.

The ISSG (Information Sharing Steering Group) Concordat provides a structure within which both the management of, and sharing of information about sex offenders can be undertaken. The Authority has administered the principles of the Concordat by working closely with the Scottish Executive, the Crown Office, Scottish Court Service, Scottish Prison Service, the State Hospital and the Association of Chief Police Officers in Scotland in agreeing the RMA Standards and Guidelines for Risk Assessment, in taking the programme forward for the preparation of Risk Management Plan Guidelines, Standards and Guidance and in taking forward the programme of work to facilitate Scottish Ministers in introducing the Order for Lifelong Restriction.

2. To have guidelines and standards for the Risk Assessment Reports in place by December 2005.

Standards and Guidelines for Risk Assessment were prepared by November 2005 and issued for wide stakeholder consultation. The publication of the final document was dependent upon parliamentary approval of the Accreditation Scheme in March, following which the final documents were published.

3. Accredited assessors available to complete Risk Assessment Reports by January 2006.

The process for accreditation of assessors was devised and issued for wide stakeholder consultation by November 2005. An accreditation pilot project was initiated in December 2005 to give the Authority better insight into how the accreditation process would operate in practice. The pilot and the consultation proved very beneficial and informed the final process for accreditation. It was not possible for the Authority to accredit assessors formally by January 2006 as the Statutory Instrument setting out the Scheme of Accreditation was not brought into force by the Scottish Parliament until 29 March 2006.

4. To have guidelines, standards and guidance in place for the production of Risk Management Plans by February 2006.

This target date was set on the basis that the legislation for the Order for Lifelong Restriction (OLR) would be brought into force by February 2006. The Scottish Executive revised the date of introduction of the OLR to Summer 2006 which in turn revised the target date for the guidelines, standards and guidance for risk management plans to July 2006. The Authority commenced the work in relation to the preparation of the guidance for risk management plans in January 2006 and by 31 March 2006 was on schedule to meet the target of July 2006.

5. To ensure that from October 2005 the RMA website contains all historical information that should be publicly available and that from October 2005, all appropriate internal documentation is placed on the website within two months of date of issue.

Prior to the Authority's staff being in post the Scottish Executive set up a holding website for the Authority to provide basic information. The website was fully revised and a new site, containing relevant historical information, was in place by October 2005. The website is reviewed regularly to ensure that the information is up to date. Minutes of Board and Committee meetings are normally put on the website within 1 week of them being ratified by the Board.

6. To have a draft research and training strategy complete by October 2005.

The Authority prepared a draft research and training strategy which was approved by the Research and Training Committee on 26 October 2005. A summarised version of the strategy was issued for wide stakeholder consultation in December 2005.

Future Developments

Over the next financial year, the Authority's work will concentrate on the accreditation of assessors, the provision of guidelines, standards and guidance for Risk Management Plans, working with other agencies to put this guidance into practice and the commissioning of various research projects to inform best practice in offender risk assessment and management in Scotland.

The main factor which will affect the work of the Authority over the next financial year and the future will be any Government policy decisions to bring offenders, other than those subject to an OLR, under the arrangements for risk management plans to be produced and approved by the Authority. This would have a significant impact on the Authority's resources and it would be likely that the Authority would require to make a business case to the Scottish Executive for additional staffing resources, and budgetary provision.

Environmental Matters

During this first reporting year, the Authority has considered the existing legislation and guidance available on environmental and sustainability matters. From an early stage the Authority placed particular importance on ensuring that the Authority's policies and procedures fell in line with environmentally friendly practice and statute. The Authority has taken some key steps to assist in protecting our environment, e.g. it has taken a decision to try to limit the amount of official business travel by installing a video conferencing system in its office, it has set internal rules for copying and presentation of information to control the amount of paper used and it has a formal environmental policy in place. This policy sets out the objectives for the Authority to take forward during 2006-07 and beyond to reduce waste levels, to reduce energy consumption, to conserve water and other resources. The Authority will fully implement the environmental policy during 2006-07 with a view to setting environmental targets for 2007-08 and beyond.

Financial Results

The accounts for the year ended 31 March 2006 are set out in pages 45 to 53. The Notes to the Accounts on pages 48 to 53 form part of the accounts.

As 2005-06 was the first year of operation for the Authority it was very difficult to predict likely spend, 2005-06 spend is not therefore indicative of budgetary requirements for future years.

All expenditure during 2005-06 was within agreed budgetary provision. The Authority's budget for 2005-2006 was set at £1,050,000 at the start of the year. The Authority offered savings of £80,000 to the Scottish Executive in December 2005. Revenue expenditure for the year was £709,000 and capital expenditure was £73,000. The difference between budget and expenditure was in the main due to certain research projects not being commenced which had originally been budgeted for. This was due to 2005-06 being the first year of operation of the Authority as the priority was to put a sound research strategy in place before commissioning research projects.

Changes in Fixed Assets

This is the first year of operation of the Authority. The Authority purchased relevant fixed assets to put in place IT systems and office furnishings to commence the operation of the Authority's business.

Post Balance Sheet Date Events

There are no post balance sheet date events to report for the year ended 31 March 2006.

Public Interest Reporting

Charitable Donations

No charitable donations were made in the year ended 31 March 2006.

Payment Performance

The Authority's policy is to pay all invoices, not in dispute, within 30 days or the agreed contractual terms if otherwise specified. The Authority aims to pay 100 per cent of invoices, including disputed invoices once the dispute has been settled, on time in these terms. During the year ended 31 March 2006 the Authority paid 52% of all invoices received within the terms of its payment policy. Of the 48% of invoices which were paid outwith the terms of the payment policy, the delayed payment in 30% was outwith the control of the Authority due to technical difficulties with supplier information which occurred as a result of the Scottish Executive changing the payment process arrangements for the Authority. These issues have now been resolved and this will increase the Authority's payment performance for 2006-07. The Authority observes the principles of the Better Payment Procedure Code.

Equal Opportunities

The Authority is committed to ensuring equal opportunities for all employees and potential employees. The Authority has an equal opportunities policy in place.

People with Disabilities

The Authority's equal opportunities policy aims to ensure that there is no employment discrimination on the grounds of disability and that access to employment and career development within the Authority is based solely on ability, qualifications and suitability for the work.

Staff Involvement and Development

The Authority is committed to training its staff and encouraging them to identify and attend developmental and further education training where applicable. The Authority openly encourages staff involvement in the business planning processes and the on-going development of the Authority's work. Arrangements for this will be enhanced during 2006-07 to ensure that staff are fully involved in forward planning for the efficient and effective operation of the Authority's business. A corporate training strategy and individual personal development plans will be fully implemented during 2006-07 for the on-going development of all staff. The Authority holds a regular cycle of staff team meetings.

Pension Costs

All staff of the Authority are eligible to become members of the civil service pension arrangements (see the Remuneration Report contained in these accounts for further detail).

Auditors

The accounts of the Authority are audited by an auditor appointed by the Auditor General for Scotland in accordance with Section 13 (c) of the Criminal Justice (Scotland) Act 2003.

Disclosure of information to auditors

As Accountable Officer, as far as I am aware, there is no relevant audit information of which the Authority's auditors are unaware. I have taken all reasonable steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the Authority's auditors were aware of that information.



ROISIN HALL
Chief Executive
14 June 2006

Remuneration Report

The Convener and Board Members

The Convener and Board Members of the Authority are paid an annual salary which is set by Scottish Ministers. The salary rate is normally increased annually in line with the percentage uplift agreed by the Scottish Executive Senior Salary Review Board.

Chief Executive

The Authority's Chief Executive was appointed in December 2004. As part of that appointment process and in conjunction with the Scottish Executive, the Board of the Authority agreed a salary range for the Chief Executive and agreed a starting salary within that range. The Board further agreed that the Chief Executive's pay would be reviewed annually and any pay award for the Chief Executive would be dependent on performance. Pay awards for the Chief Executive must be approved by Scottish Ministers. The Chief Executive's performance is assessed by the Convener of the Authority using a system of annual appraisal and the performance conditions are based on achievement of the Authority's annual business plan and corporate plan objectives.

The Authority established a Remuneration Committee in November 2005. The Committee's function is to make recommendations to the Board of the Authority and the Scottish Ministers on the level of annual pay award for the Chief Executive. The current membership of the Remuneration Committee is Mr Robert Winter and Mr John McNeill.

As 2005-06 was the first reporting year for the Authority the first pay review date for the Chief Executive is April 2006. The Remuneration Committee held its first meeting in May 2006 and made recommendations thereafter.

Directors

The remuneration for the Authority's Directors is set by the Board of the Authority subject to Scottish Ministers' approval. As part of the appointment process and in conjunction with the Scottish Executive, the Board of the Authority agreed salary ranges for the Directors and agreed starting salaries within that range. The Directors' salaries are reviewed annually as part of the Authority's pay remit process for all staff of the Authority, with the exception of the Chief Executive. Pay awards for the Directors are dependent on performance. The Directors' performance is assessed by the Chief Executive using a system of annual appraisal and the performance conditions are based on achievement of personal objectives agreed for each Director based on the Authority's annual business plan and corporate plan objectives.

Service Contracts

Staff appointments to the Authority are based on merit and on the basis of fair and open competition. The Chief Executive and Directors are permanent appointments with a 3 month notice period. There are no early termination payment clauses within the contracts.

The Chief Executive and Directors' posts are pensionable under the civil service pension arrangements. The Convener and Board Member appointments are not pensionable.

The Convener and Board Members are public appointments made by Scottish Ministers under the procedures set by the Office of the Commissioner for Public Appointments. The Convener is appointed for a term of 3 years which ends 31 August 2007. The Members are appointed for terms of 4 years which end on 31 August 2008 with the exception of Mr John McNeill, whose appointment ends on 6 July 2009.

Remuneration and Pensions

The following sections provide details of the remuneration and pension interests of the Convener, Board Members, Chief Executive and Directors.

Remuneration

No benefits in kind were made to the Convener, Board Members, Chief Executive or Directors.

	2005-06
	Salary
	£
Mr Robert Winter, Convener	7,829
Professor Jim McManus	5,439
Mr John McNeill (from 7 July 2005)	4,016
Dr Caroline Logan	5,439
Ms Morag Slesser	5,439
Dr John Baird (until March 2006)	5,439
Professor Roisin Hall, Chief Executive	60,000
Mr Gerard Hart, Director (from 27 June 2005)	32,670
Mrs Jackie Bergen, Director (from 1 June 2005)	33,333

Pension Benefits

	Accrued pension at age 60 as at 31/3/06 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/06	CETV at 31/3/05	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Professor Roisin Hall	15-20k 40-45k (lump sum)	2.5-5k 2.5-5k (lump sum)	408	254	66
Mr Gerard Hart	5-10k 0 (lump sum)	0-2.5k 0 (lump sum)	79	50	7
Mrs Jackie Bergen	5-10k 20-25k (lump sum)	0-2.5k 2.5-5k (lump sum)	91	65	11

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument.

Pensions

Pension benefits are provided through the Civil Service Pension arrangements. Employees of the Authority may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Retail Prices Index. Staff could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

Further details about the Civil Service Pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Please note that the factors used to calculate the CETV were revised on 1 April 2005 on the advice of the Scheme Actuary. The CETV figure for 31 March 2005 has been restated using the new factors so that it is calculated on the same basis as the CETV figure for 31 March 2006.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



ROISIN HALL
Chief Executive
14 June 2006

Statement of Accountable Officer's Responsibilities

Under paragraph 13 of the Criminal Justice (Scotland) Act 2003, the Scottish Ministers have directed the Risk Management Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Risk Management Authority and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accountable Officer for the Scottish Executive Justice Department has designated the Authority's Chief Executive, Professor Roisin Hall, as the Accountable Officer for the Risk Management Authority. Her responsibilities as Accountable Officer, including her responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for the keeping of proper records and for safeguarding the Authority's assets, are set out in the Memorandum to Accountable Officers of Other Public Bodies.

Statement on Internal Control

Scope of responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Risk Management Authority's policies, aims and objectives, whilst safeguarding the public funds and the Authority's assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the Management Statement and Financial Memorandum.

As Accountable Officer I have specific responsibility in relation to:

- planning, performance management and monitoring
- advising the Authority
- managing risk and resources
- accounting for the Authority's activities

I took up appointment as Chief Executive of the Authority at the end of January 2005 and had my senior management team in place by end June 2005. Prior to the Authority being fully operational the Scottish Executive Justice Department (SEJD), who operate under Scottish Public Finance Manual (SPFM) guidance, were responsible for operational functions.

The purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Authority's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. One of the first priorities of the Authority was to design and put in place a formal system of internal control which included embedding in the Authority a risk management strategy. The risk management strategy was approved by the Board on 15 August 2005 and immediately put into effect. Therefore, the formal process of internal control has been operated by the Authority from 15 August 2005 until 31 March 2006 and up to the date of approval of the annual report and accounts and accords with Scottish Executive guidance. Balances transferred into the accounts of the Authority have been agreed with the SEJD.

Risk and control framework

All bodies subject to the requirements of the SPFM must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

The Authority's risk management strategy specifies the roles of the Board, the Audit Committee and the Chief Executive and details the process of risk identification in relation to the Authority's objectives. The strategy also details the process of risk categorisation and the approval and review structure for the Risk Register by the Audit Committee and Board.

To ensure that risk management is embedded into the processes of the Authority the risk management strategy requires that the Risk Register is reviewed regularly with all staff as a standing item at the regular staff meetings; that the Register is reviewed at least every 3 months and prior to each Audit Committee meeting; and that the Register is reviewed in conjunction with the preparation of the Corporate Plan and the annual Business Plan.

More generally, the Authority is committed to a process of continuous development and securing Best Value. As a new organisation we are developing systems, taking account of available best practice information in this area. We will ensure effective monitoring and review arrangements for our systems to ensure continuous development and Best Value for the future.

Review of effectiveness

As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- > The senior managers within the Authority who have responsibility for the development and maintenance of the internal control framework;
- > The work of the internal auditors, who submit to me and the Audit Committee reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the Authority's systems of internal control together with recommendations for improvement;
- > Comments made by external auditors in their management letters and other reports.

The internal control of the Authority is reviewed on an ongoing basis through a programme of planned audits performed by the internal auditors with reports being presented to the Accountable Officer and the Audit Committee. Action plans are in place to correct any weaknesses identified and these are monitored by the Audit Committee.

Certificates of Assurance are provided by the Director of Business Performance and Head of Internal Audit to support my review of the system of internal control.

This is supplemented by the review performed by external audit whose findings will be reported to the Chief Executive, the Audit Committee and the Board for corrective action as appropriate.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.



ROISIN HALL
Chief Executive
14 June 2006

Independent auditor's report to the members of the Risk Management Authority, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Risk Management Authority for the year ended 31 March 2006 under the Criminal Justice (Scotland) Act 2003. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses 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 the Code of Audit Practice approved by the Auditor General for Scotland and for no other purpose as set out in paragraph 43 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by Audit Scotland, dated July 2001.

Respective responsibilities of the Board, Chief Executive and auditor

The Board and Chief Executive are responsible for preparing the annual report and the financial statements in accordance with the Criminal Justice (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers. The Chief Executive 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 my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Criminal Justice (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers. 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. I also report if, in my opinion, the Annual Report is not consistent with the financial statements, if the Risk Management Authority has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Risk Management Authority's compliance with the Scottish Executive's guidance. I report if, in my opinion, it does not comply with the guidance or if it is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Risk Management Authority's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Background, Management Commentary, Public Interest Reporting and the Remuneration Report except the section on Remuneration and Pensions. 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.

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. An 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 Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Risk Management Authority'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 and the part of the Remuneration Report to be audited 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 and the part of the Remuneration Report to be audited.

Opinion

Financial statements

In my opinion

- > the financial statements give a true and fair view, in accordance with the Criminal Justice (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers, of the state of affairs of the Risk Management Authority as at 31 March 2006 and of its surplus, total recognised gains and losses and cash flows for the year then ended; and
- > the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Criminal Justice (Scotland) Act 2003 and directions made thereunder by the Scottish Ministers.

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.



Murdoch McCamley CA
Senior Audit Manager
Audit Scotland
Osborne House
1-5 Osborne Terrace
Edinburgh EH12 5HG

14 June 2006

Income and Expenditure Account for the year ended 31 March 2006

	Notes	2005-2006 £'000
Income		
Grant-in-aid	2	710
Transferred from Government Grant Reserve	13	15
Total income		725
Expenditure		
Staff Costs	3	364
Depreciation	6	15
Other Operating Costs	4	336
Notional Costs	5	(6)
Total expenditure		709
Operating surplus/(deficit) on ordinary activities		16
Add Back of Notional Costs	5	(6)
Surplus/(deficit)	13	10

Statement of Total Recognised Gains and Losses for the year ended 31 March 2006

There were no recognised gains or losses other than the surplus for the year.

Balance Sheet

As at 31 March 2006

	Notes	2005-2006 £'000
Fixed Assets		
Tangible Fixed Assets	6	67
Current Assets		
Cash and Bank	8	407
Creditors: Amounts falling due within one year		
Creditors	9	397
Net current assets/(liabilities)		10
Total assets less current liabilities		77
Financed By:		
Deferred Government Grant	10	67
General Fund	10	10
		77

Signed on behalf of the Authority



ROISIN HALL
Chief Executive
14 June 2006

Cash Flow Statement

for the year ended 31 March 2006

	Notes	2005-2006 £'000
Reconciliation of operating (deficit) on ordinary activities to net cash inflow from operating activities		
Surplus/(Deficit) on Ordinary Activities		16
Notional costs	5	(6)
Depreciation	6	15
Transfer from Reserve	9	(15)
Decrease/(Increase) in Debtors	7	
Increase/(Decrease) in Creditors	8	397
Net cash (outflow)/inflow from operating activities		407

Cash Flow Statement

Net cash (outflow)/inflow from operating activities

Capital Expenditure

Payments to acquire tangible fixed assets	6	(73)
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Financing

Capital grant received	2	73
(Decrease)/Increase in cash		407

Notes to the Accounts

For the year ended 31 March 2006

1. Accounting policies

(a) Accounting Convention

The accounts are prepared under the historical cost convention modified to account for the revaluation of fixed assets to current cost.

The Accounts meet the requirements of the Government Financial Reporting Manual and applicable accounting standards.

(b) Depreciation

The threshold for capitalisation of Fixed Assets is £1,000. Fixed Assets are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives as follows:

Leasehold Improvements	over 10 years
Equipment	over 5 years
Information Technology	over 3 years

A full year is charged in the year of acquisition, and there is no charge in the year of disposal. All assets, with the exception of additions during the year are re-valued at the end of the financial year to current cost using appropriate indices.

Intangible fixed assets (e.g. software) are amortised in equal instalments over their estimated life of 3 years.

(c) Government Grants

Grant-in-aid for revenue purposes is credited to the income and expenditure account as it is received during the year. Grant-in-aid for capital purposes is credited to the deferred government grant account and released to the income and expenditure account to match the expected useful lives of the related assets.

(d) Operating Leases

Rentals payable under operating leases are charged to the revenue account over the term of the lease.

2. Grant in Aid

	2005-2006 £'000
Received from Scottish Executive Justice Department:	783
less transferred to deferred government grant account	(73)
	710

3. Staff Costs

	2005-2006 £'000
Authority Members	
Salary	34
Social Security Costs	1
Total	35

	2005-2006 £'000
Administrative staff	
Wages and salaries	218
Social Security costs	19
Pension costs	43
Agency staff	7
Inward Secondment from Scottish Executive	42
	329
Total Staff Costs	364

	No.
Average number of employees during the year:	
Authority Members	6
Staff	10

For staff costs incurred in the period prior to 1 April 2005, see Note 12.

4. Other Operating Costs

	2005-2006 £'000
Accommodation	58
Office equipment and furniture	32
Research and consultancy	53
IT Support	20
Training	18
Legal Fees & Expenses	10
Supplies & Services (elec, gas, repairs, cleaning)	7
Stationery	5
Advertising	55
Catering & Hospitality	3
Expenses & Travel	12
Other Office Costs	44
Internal Audit Fee	9
External Audit Fee	10
Total	336

5. Notional Costs

In compliance with the Financial Reporting Manual the accounts reflect the notional cost of capital charge. (OPG balances are exempt from capital charges.)

Notional Costs included in the accounts are as follows:

	2005-2006 £'000
Cost of Capital Charge at 3.5%	(6)
Total	(6)

6. Fixed Assets

	Leasehold Improvements £'000	Office Equipment £'000	IT Systems £'000	Total £'000
Transfers in			9	9
Additions during the year	38	28	7	73
As at 31 March 2006	38	28	16	82
Depreciation	4	6	5	15
Net Book Value At 31 March 2006	34	22	11	67

7. Debtors

There were no debtors or prepayments at the year end

8. Cash and Bank

	2005-2006 £'000
Balance at 1 April	–
Movement	407
Balance at 31 March	407
The following balances at 31 March are held at:	
Office of HM Paymaster General	407
Commercial banks	–
	407

Balances held at the Office of HM Paymaster General are within the government's financing arrangements and are not interest bearing.

9. Creditors due within one year

	2005-2006 £'000
Trade Creditors	236
Other Creditors	–
Accruals	161
Total	397

The creditors' figure is larger than would normally be expected due to a delay in receiving recharge invoices from the Scottish Executive. £296,493 is recorded as due to the Scottish Executive, of which £213,753 was paid in April and £68,410 was paid in May.

10. Reconciliation of Movements on Government Funds

	Deferred Government Grant £'000	General Fund £'000	Total Government Funds £'000
Opening Balance	–	–	–
Transfers in	9	–	9
Grants from the Scottish Executive Justice Department	73	–	73
Released to/from Income and Expenditure Account	(15)	–	(15)
Surplus	–	10	10
Closing Balance	67	10	77

11. Related Party Transactions

The Scottish Executive Justice Department is the sponsor department of the Risk Management Authority. The Scottish Executive Justice Department is regarded as a related party with which there have been various material transactions during the year.

None of the Authority members or key managerial staff has undertaken any material transactions with the Risk Management Authority during the year.

12. Set up costs

The Board of the Risk Management Authority took up post in September 2004. The Chief Executive took up post in January 2005. Expenditure during 2004-05 in relation to the set up of the Risk Management Authority was the responsibility of the Scottish Executive Justice Department Group Projects Division. The salary costs for the Board and Chief Executive in 2004-05 were £31,126. There were no operating costs for that period. The cost of the purchase of IT equipment which is included in the RMA's assets register was £9,000.

13. Capital Commitments and Contingent Liabilities

There were no contracted capital commitments outstanding and not included in the balance sheet.

There were no contingent liabilities existing at the year end.

14. Commitments under Operating Leases

	31 March 2006
	£'000
Expiring between 2 and 5 years	38

Payments due under operating leases relate to the lease of premises.



SCOTTISH EXECUTIVE

RISK MANAGEMENT AUTHORITY

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of Section 12(3) of the Criminal Justice (Scotland) Act 2003, hereby give the following direction in respect of the duty set out in Section 13 of the Criminal Justice (Scotland) Act 2003.
2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. Additional disclosure requirements regarding the financial period ended 31 March 2005 are set out in Schedule 1 attached.
5. This direction shall be reproduced as an appendix to the statement of accounts.

A handwritten signature in blue ink, appearing to read 'Jane Kirkwood'.

A member of the staff of the Scottish Ministers

Dated 10 February 2006

Schedule 1

Additional Disclosure Requirements for the Financial Period ended 31 March 2005

1. The notes to the 2005-06 Risk Management Authority accounts shall include:
 - 1.1 An explanation and details within the staff note regarding salaries paid during the period up to and including 31 March 2005 for employees of the Risk Management Authority.
 - 1.2 Details of all other operating costs incurred by the Risk Management Authority in the period up to and including 31 March 2005.

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www.RMAScotland.gov.uk

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