



Meeting: Fifth Meeting
Date: 18th March 2005
Venue: Ernst & Young, George Square, Glasgow
Time: 13.00 hours
Theme: Corporate Governance

Attending:

1. Eileen Abbess
2. Annette Barnstaple
3. Ian Davitt
4. Gary Drennan
5. Kay Drummond
6. Ginette Evans
7. Russell McKay
8. Fiona McLean
9. Stephen McQuoney
10. Graham Offord
11. Paula Speirs
12. Anne Storm
13. Douglas Wilson
14. Margaret Davis

Apologies:

- Mark Black
Alex Marr
Shaun Bryson
Graham Hudson
Gordon Dakers
Paul Gowens
Douglas Creevy
Mike Madden
Simon Blyth
Laura Anne McMahon
Eric Fauvel
Mark White
Graham Jukes

Minute:

1) Welcome

Due to an unexpected bereavement, Laura Anne McMahon was unable to attend.

Graham Offord thanked everyone for attending and Paula Speirs for hosting the meeting on behalf of Ernst & Young. A cordial welcome was extended to Ian Davitt (IRM Examiner) and Rebecca Brueton (IRM Office).

2) 10 Minute Presentations

- Paula Speirs presented to the group a resume of her activity at Ernst Young having previously worked at Willis and Marsh. Claim to fame was the CNORIS standards for the NHS in Scotland with Willis. Working as risk management consultant across a wide spectrum of public and private sectors she is involved in working with clients particularly in the governance arena to minimise the risk, reduce the cost and increase the returns on major programmes, projects and long term contracts.
- Kay Drummond presented her work at Strathclyde Police as Risk and Insurance Manager. A large employer of which 75% are in uniform covering both urban and rural West of Scotland. Her role is to interlink many of the initiatives and projects across the Force from a risk management perspective while encouraging Divisions to manage their own risks

within a new risk management framework. Current national risk exposures are forcing attention on G8 activity.

- Mark White from Central Insurance Services in Aberdeen was unexpectedly unable to attend and has postponed his talk to the June Meeting.

3) Diploma Workshop

Dissertations have been submitted with results eagerly awaited.

A general discussion on the diploma exams occurred with an emphasis on the Corporate Governance paper (taking advantage of the Examiners guest appearance). It became clear and accepted by the Group that the Corporate Governance paper (which replaced Corporate Risk) was by all accounts a gear change in the necessary level of diligence and attention, requiring candidates to reflect upon their knowledge of the subject and present their considered opinion when faced with the examination questions. It is the IRM's intention to present its qualifications as "post graduate" and as such a regurgitation of learnt texts was not appropriate.

It was agreed a note should be placed with the IRM office for them to consider placing a "health warning" on this exam in the short term so as to ensure students were fully aware of the expected standard.

4) Guest Speaker Presentation – Corporate Governance

Ian presented his subject with passion and gusto! Clearly the Group benefited from his distillation of what is clearly a huge subject and ever evolving. A number of interjections and debates ensued to enliven proceedings.

Placing the subject in an historical context helped emphasise the often reactive nature of legislators on both sides of the Atlantic.

In addition the appreciation of management theory and practice recognises the phased development of management thinking over time in a societal and cultural context exemplified by the typically systematic and prescriptive methods of the USA compared with the more *laissez faire* European model or the UK approach of Turnbull which can be boiled down to "comply or explain" or self regulation.

There is a battle unfolding as to which system will prevail – the Pacific Rim favouring the SOXs prescriptive method given their trading partnerships. (China ratified her code of conduct in 2004) The European Union would prefer a more holistic and not purely financial basis.

This holistic approach mirrors the societal movement towards Corporate Social Responsibility, Sustainable development and socially responsible investment all in the context of a global village!

Ian finished his talk by suggesting that in all likelihood the prescriptive method will prevail given the scale of the US economy leaving Turnbull in its wake despite its promising and early start!

Recommendations:

- Presentation = Ian's slides on the IRM website!
- Websites = Securities and Exchange Commission
- Reading = The Financial Times books on Risk Management.

5) Next meeting – theme to be Health & Safety