

29<sup>th</sup> May 2009

To: [feedback@walkerreview.org](mailto:feedback@walkerreview.org)

Dear Sir David

Resources Global Professionals is an international professional services firm with offices in 87 offices worldwide. The UK practice includes a compliance consultancy arm focusing on financial services.

The Edinburgh office organises a regular compliance roundtable, drawing together senior risk and compliance practitioners from major firms. Our meeting on 28<sup>th</sup> May addressed governance issues and arrived at a number of conclusions that might be of interest for your review.

A short, prior submission has been made by Professor David Jackman on behalf of Resources Global UK.

The roundtable discussion concluded:

1. Governance is not just board level concern (as the Review term of a reference seems to imply), but needs to be addressed at all levels of an organisation through a multi-layered challenge process which is integrated to the culture of the firm.
2. Hector Snts' phrase (7/5/09 SII) that the FSA will "make judgements about judgement" opens the possibility of retrospective action, a weakening of senior management responsibility and the transfer of risks to the regulator. The question of FSA competence also comes to the fore and industry confidence does not seem to be high.
3. NED training could strengthen their competence and confidence on-the-job. A strong suggestion is to encourage and provide the means for independent directors to call for expert scrutiny or professional /consultancy assistance in relation to highly technical or contentious subjects.
4. If NEDs are to be more full time and compensated accordingly their independence could be eroded. Could NEDs be centrally funded? The SIF interview process is unlikely to provide a thorough check will in time be circumvented. Can NEDs be registered and appointed by an independent organisation?
5. The difficulty of 'split' boards is a real obstacle and it needs to be made clearer in shows interests NEDs and EDs are acting, and what level of stakeholder engagement is appropriate, and how this should be carried out.
6. Integrity is not just a matter of competence and efforts should be focused in the Review to find ways of creating robust ethical challenge frameworks within boards and throughout the sector.
7. The full and frank publication of risk reports written annual public reporting could provide an avenue for wider accountability and debate.

We trust these ideas are useful and we look forward to receiving your Review report in due course.

Yours Sincerely

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