

# GOVERNANCE ARRANGEMENTS



*President:*  
**Caroline Gardner**  
(from June 2006)  
*Diane Colley (to June 2006)*



*Vice President:*  
**John Butler**  
(from June 2006)  
*Caroline Gardner (to June 2006)*



*Honorary Treasurer:*  
**Chris Hurford**



*Past President:*  
**Diane Colley**  
(from June 2006)



*Past President:*  
**Mike Barnes**  
(to June 2006)

## OFFICE HOLDERS OF THE COUNCIL IN 2006

### NAME AND NATURE OF THE CHARITY

The full name of the charity is the Chartered Institute of Public Finance and Accountancy (CIPFA). It is a charity by Royal Charter granted in 1959 and is registered with the Charity Commission for England and Wales. The charity registration number is 231060. The charitable objects are:

- to advance the science of public finance and of accountancy and cognate subjects as applied to all or any of the duties imposed upon and functions undertaken by public service bodies;
- to promote public education therein;
- to promote and to publish the results of studies and research work therein and in related subjects;
- to advance and promote co-operation between accountancy bodies in any way; to advance and promote any scheme or schemes (howsoever constituted), having as one or more of their objects the review or regulation in the public interest of the establishment of standards by, and the training, regulatory and disciplinary activities and procedures of, any one or more accountancy bodies.

Within the charity, CIPFA has a network of 12 branches, regions and students' societies. They work alongside CIPFA helping to deliver the charitable objects, principally

through the provision of support and information to members and students locally.

CIPFA has two active wholly-owned subsidiary companies: Institute of Public Finance Limited (IPF), Companies House registration number 2376684 and FSF Limited (FSF), Companies House registration number 2426246. Both have separately constituted Boards of Directors. IPF is the management support services company of CIPFA which specialises in providing financial advice and governance, property and asset management solutions, the supply of information and expertise, and people with appropriate skills to help at the most senior level. FSF houses other trading activities closely associated with the delivery of CIPFA's charitable objects, including the provision of the weekly news magazine *Public Finance*. From 1 January 2007 the activities of the two companies have been merged into one company.

CIPFA has made an application to the Office of the Scottish Charity Regulator for charitable status in Scotland.

### PRINCIPAL OFFICE

3 Robert Street, London, WC2N 6RL.

## OTHER COUNCIL MEMBERS SERVING IN 2006:

Ken Barnes  
 Mike Barnes (from June 2006)  
 Sue Beauchamp ●  
 Chris Bilsland  
 Sandra Black ■  
 Anne Britton  
 Lynn Brown ●  
 John Butler ●  
 George Clark \*■  
 Tim Day ●  
 Carole Evans (from June 2006) ◆

Mike Evans \*■  
 Ken Finch (from June 2006) ◆  
 Kirsten Gillingham (to June 2006)  
 Clive Grace ◆  
 Claire Gravid (from June 2006) ◆  
 Richard Harbord ●  
 Chris Harris \*●  
 Lyn James (to June 2006)  
 Curtis Juman ●  
 Anna Klonowski  
 Roger Latham ●

Martina Lee (to June 2006) ◆  
 Andrew Lovett ■  
 Caroline Mawhood ●  
 Declan McDonagh ◆  
 Jaki Meekings ●  
 Leslie Milne \*■  
 Kevin Orford (from June 2006) ●  
 Mike Owen ■●  
 Ian Perkin  
 Jeff Pipe \*  
 David Poynton

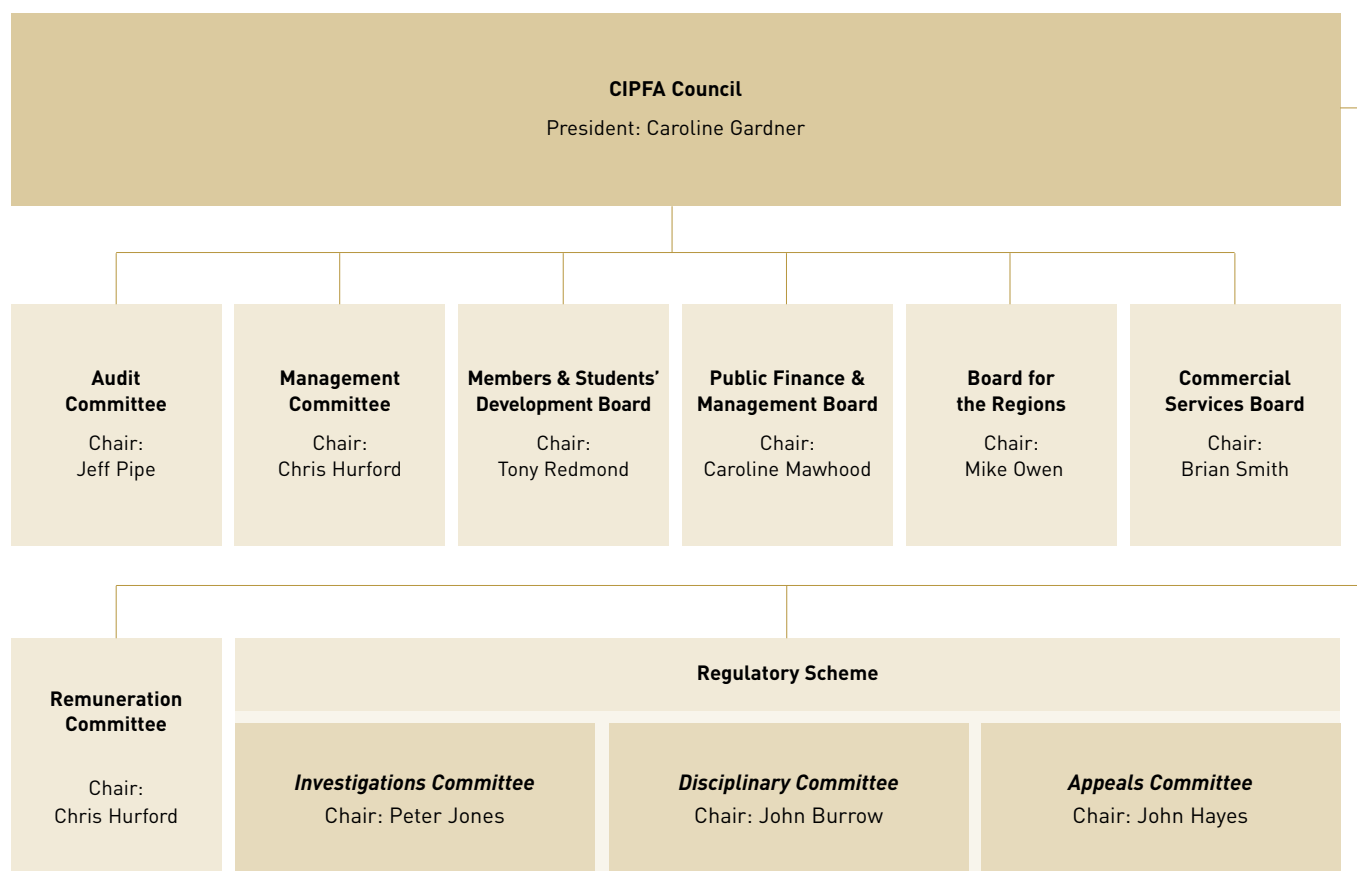
Tony Redmond ●  
 Brian Roberts ■\*  
 Jaki Salisbury (to June 2006)  
 Trevor Salmon ◆\*  
 Mal Singh ◆  
 Jon Thompson (from June 2006) ◆  
 Gerald Vinten  
 Rob Whiteman (to June 2006)  
 Sarah Wood

\* indicates membership of the 2006/2007 Audit Committee

● indicates membership of the 2006/2007 Management Committee

■ indicates regional representative

◆ indicates co-opted



# GOVERNANCE ARRANGEMENTS



*Chief Executive:*  
**Steve Freer**



*Resources Director:*  
**Julie Coates**



*Education and Training Director:*  
**Adrian Pulham**

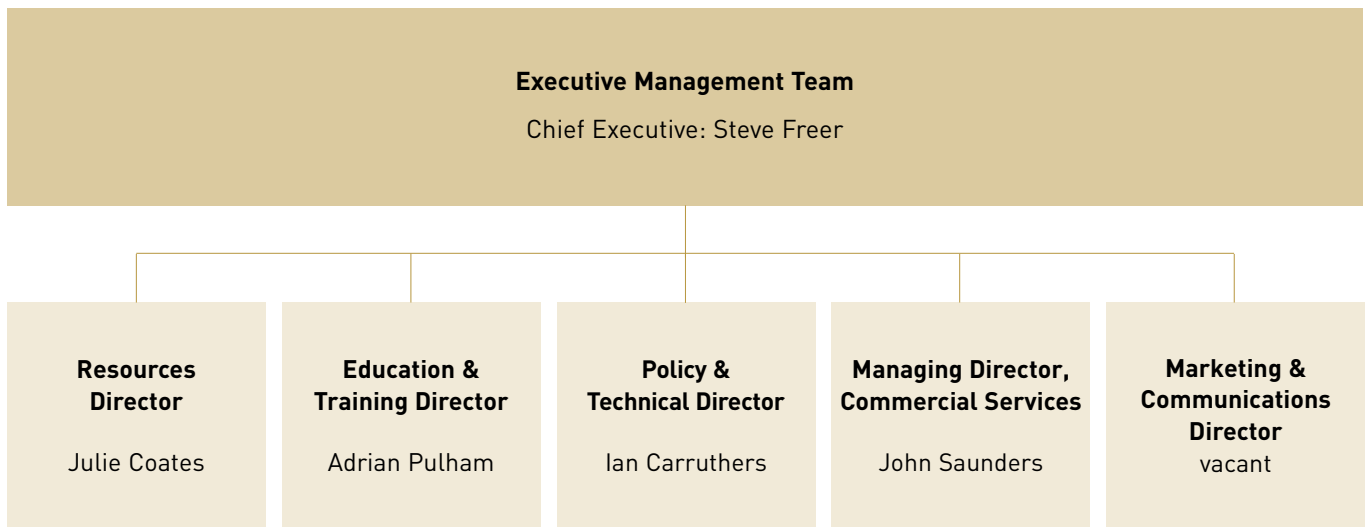


*Policy and Technical Director:*  
**Ian Carruthers**



*Managing Director, Commercial Services:*  
**John Saunders**

## EXECUTIVE MANAGEMENT TEAM



### THE INSTITUTE COUNCIL (BOARD OF TRUSTEES)

The President chairs the Institute Council. In addition to the 4 honorary officers, Council is made up of 21 members elected by the members of CIPFA, 7 representatives of CIPFA regions selected through a combination of regional elections and nominations, and 8 co-opted members. All are appointed on an annual basis. The Council approves the co-options, taking into consideration the skills, experience and knowledge required. It evaluates these against an agreed set of criteria and aims to ensure a balanced Council reflecting the sectors, geographical

coverage and general make-up of the Institute membership. All Council members are non-executive. A programme of induction is provided for new Council members and mentors arranged from the cohort of more experienced Council members.

### THE ROLE OF THE INSTITUTE COUNCIL

Council is responsible for taking decisions on the ongoing strategic direction of CIPFA and approving major developments. It also approves the terms of reference and delegated powers of its committees and boards and is responsible, through them, for the day-to-day operations

## PRINCIPAL ADVISORS

### Bankers

Lloyds TSB Bank Plc  
22-24 Southampton Street  
London WC2E 7JB

### Insurers

Zurich Municipal  
Community Insurance Centre  
Mountbatten House  
Grosvenor Square  
Southampton SO15 2RP

### Auditor

Chantrey Vellacott DFK LLP  
Russell Square House  
10-12 Russell Square  
London WC1B 5LF

### Solicitors (disciplinary)

Beachcroft LLP  
100 Fetter Lane  
London EC4A 1BN

### Solicitors (corporate)

Denton Wilde Sapte  
5 Chancery Lane  
Clifford's Inn  
London EC4A 1BU

of CIPFA and its subsidiary companies. The Council normally meets five times a year.

## STATEMENT OF COUNCIL RESPONSIBILITIES

United Kingdom law requires the Council to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of CIPFA and of the Group and the results for the period. In preparing the financial statements, the Council has: selected suitable accounting policies and then applied them consistently; made judgements and estimates that are reasonable and prudent; followed applicable accounting standards and statements of recommended practice without any material departures; and prepared the financial statements on a going concern basis.

The Council is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of CIPFA and the Group, and which enables it to ensure that the financial statements comply with the Charities Act 1993 and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005). It is also responsible for safeguarding the assets of CIPFA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is also responsible for the corporate and financial information included on CIPFA's website. Legislation governing the integrity of websites varies according to the jurisdiction.

## THE EXECUTIVE MANAGEMENT TEAM

The Executive Management Team is made up of the Directors of CIPFA and is chaired by the Chief Executive. In 2007, CIPFA intends to recruit an International Director to deliver the international aspects of the development strategy.

## THE GOVERNANCE STRUCTURE

Having set the strategy for the organisation, Council delegates the management of the various aspects of CIPFA's business to a number of boards and committees.

All boards and committees are formally constituted with terms of reference. The Council acts on advice and information provided by the executive. Members of Council are able, where appropriate, to take independent professional advice at no personal expense so that they are able to fulfil their role. A summary of the key responsibilities and activities of the boards and committees at the core of the Institute is given below.

### *Audit Committee*

*Chair: Jeff Pipe*

*Vice-chair: Chris Harris*

*Executive Management Team: Julie Coates*

The Audit Committee is appointed by the Council and consists of 9 members. It is responsible for the appointment of the external auditor. It approves the programme of work of the internal auditor. It meets with both sets of auditors to discuss their findings. Through

# GOVERNANCE ARRANGEMENTS

this, the Audit Committee assures itself that CIPFA's systems for internal control are sound. During 2006, a single Group Audit Committee was created as previously IPF had a separate Audit (and Remuneration) Committee. Membership of the Committee has been extended to include two members who are not trustees and who bring, amongst other skills, commercial expertise to the Committee. The new Committee is carrying out a thorough review of CIPFA's corporate governance.

## **Management Committee**

**Chair:** Chris Hurford

**Vice-chair:** Sue Beauchamp

**Executive Management Team:** Julie Coates

The Management Committee reviews and approves the annual business plan, revenue and capital budgets, monitors performance in relation to approved budgets, considers and approves business cases for income generating opportunities and monitors the activities of CIPFA's boards and subsidiary companies. In addition to these stated responsibilities in 2006, the Committee recommended changes in governance arrangements, approved business cases, agreed changes to CIPFA's pension scheme and oversaw the implementation of the new development strategy.

## **Members and Students' Development Board (MSDB)**

**Chair:** Tony Redmond

**Vice-chair:** Jaki Meekings

**Executive Management Team:** Adrian Pulham

MSDB is responsible for all aspects of policy relating to CIPFA members and students. During 2006 the Board considered: amendments to the disciplinary scheme; admissions to membership; the development of qualifications and of learning support; and responses to regulatory authorities on member and student issues.

## **Public Finance and Management Board (PFMB)**

**Chair:** Caroline Mawhood

**Vice-chair:** Roger Latham

**Executive Management Team:** Ian Carruthers

Matters considered by the Board in 2006 included: support for CIPFA representation on regulatory and governmental committees and task forces; support to the CIPFA/LASAAC Joint Committee on the introduction of new accounting standards for local government; sustainability reporting and a wide range of guidance, publications, courses and conferences.

## **Board for the Regions**

**Chair:** Mike Owen

**Vice-chair:** Lynn Brown

**Executive Management Team:** Steve Freer

The focus of the Board's activity in 2006 has been on improving the consistency and level of services to members. The Board has, with the positive participation of each CIPFA region, branch and society, approved a minimum service level that every member and student can expect in terms of low cost, local professional development events and has agreed a number of initiatives in support of its achievement. It has begun to address key structural issues underpinning regional delivery and has also agreed a set of performance indicators for monitoring progress across the regional network. It has contributed to the achievement of CIPFA's participation targets in CPD. The Board has also supported individual regional initiatives to strengthen links with employers and to raise awareness of the challenge of public sector financial management amongst sixth form students.

## **Commercial Services Board**

**Chair:** Brian Smith

**Vice-chair:** Ken Crossland

**Executive Management Team:** John Saunders

During 2006, the Board appointed a new Managing Director of Commercial Services and two new non-executive Directors. The remit of the Board has been extended to incorporate all CIPFA Group commercial services whereas previously it was limited to the activities of CIPFA's largest trading subsidiary company, IPF. Several new business lines have been launched including [pfjobs.co.uk](http://pfjobs.co.uk); social care benchmarking clubs; the treasury management forum and the training and development forum.

## **Remuneration Committee**

**Chair:** Chris Hurford

**Vice-chair:** Richard Harbord

**Executive Management Team:** Steve Freer

The Remuneration Committee reviews and agrees the pay and conditions of the Chief Executive and members of the Executive Management Team and the non-executive Directors of the Institute's subsidiary companies.

## **Regulatory Committees**

The chairs of each of the three committees which make up the CIPFA's Regulatory Committees are independent members and report to Council on an annual basis (see chart page 17).

Disciplinary action against members of CIPFA may be instigated following complaints by members of the public and/or information coming to the attention of CIPFA which suggests that a disciplinary investigation may be required, for example through consideration of publicly available reports.

The Investigations Committee considers each new complaint and initially determines whether a formal investigation is required (the preliminary screening stage). Those cases which fall within CIPFA's disciplinary scheme are then referred for investigation by CIPFA's Investigations Unit before a separately constituted panel of the Investigations Committee considers the evidence gathered to determine the future conduct of the case. At this point, cases may be disposed of by the Investigations Committee (with or without sanction) or referred to the Disciplinary Committee for hearing.

At the beginning of 2006 there were 10 outstanding cases under investigation and two complaints at the preliminary screening stage. During the course of the year, the Investigations Committee considered a further eight new complaints. Overall, five complaints were dismissed at the preliminary screening stage and five were referred for investigation.

Six cases were closed in 2006 following investigation and, where appropriate, formal disciplinary action. Of these, one case was dismissed by the Investigations Committee following an investigation and a finding of no case to answer; five cases were concluded with the imposition of a disciplinary sanction by either the Investigations or Disciplinary Committees.

Nine cases remained outstanding at the end of 2006.

### RISK MANAGEMENT AND INTERNAL CONTROL

CIPFA's Council, committees, boards and executive have identified the major strategic, business and operational risks that affect CIPFA's work. Risks are monitored and reported on a quarterly basis at all levels of the Institute. A senior member of staff and the most appropriate committee or board has been identified as being responsible for managing each risk. Through this system, the Council is satisfied that all reasonable steps are being taken to manage exposure to these risks. In addition, all risks are reviewed annually as an integral part of the business planning process. We aim to carry out a thorough review of the risk management process during 2007 to ensure that it remains fit for purpose across the organisation.

We operate a comprehensive business planning process, with a three-year rolling business plan and budget approved by the Management Committee on behalf of Council. The Chief Executive and his Management Team, monthly, and the Management Committee, quarterly, review actual results against budget and revised forecasts are prepared as appropriate. Any significant changes to these plans require the specific approval of the relevant board and the Management Committee.

CIPFA maintains a comprehensive set of delegations of authority and financial regulations, policies and procedures. The financial controls and procedures are reviewed regularly and compliance with them verified by the work of the internal and external auditors. During 2007, we aim to conclude the work started in 2006 to ensure that all policies and procedures are consistent across the CIPFA Group.

The Audit Committee reviews, on behalf of the Council, the CIPFA Group's accounting and financial reporting practices, its internal financial controls, the work of the internal and external auditors and compliance with all relevant legislation. The internal audit reviews are prioritised using a risk-based approach and each audit expresses a view on the controls in place and their operation in practice. All recommendations are systematically followed up.

We maintain a comprehensive set of policies and procedures, including: whistle-blowing, health and safety, complaints handling, code of conduct and register of interests for Council members, and data protection. The Audit Committee monitors that policies are relevant and up to date.

### EQUAL OPPORTUNITIES

CIPFA is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer. Our employment policy seeks to ensure that no job applicant or employee receives less favourable treatment on the grounds of gender, marital status, sexual orientation, ethnic origin, religion, age, disability, or any other grounds that are unjustifiable in terms of equality of opportunities for all. CIPFA is an Investor in People and was recredited as such during 2006. CIPFA has also received the "Positive about Disability" award.