**REPORT BY CLARKE WILLMOTT LLP**

**ON GOVERNANCE ISSUES FOR ISACA LONDON CHAPTER**

**DATED: 3RD JANUARY 2025**

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**ISACA London Chapter**

**Final Report on Governance Issues**

**3rd January 2025**

## 1. Introduction and Background

Clarke Willmott LLP have been instructed by the Chapter to undertake a governance review following a number of governance issues which have arisen arising out of the instruction and recommendations made by the Nomco subcommittee between April 2024 and October 2024 and the AGM which took place on 31st July 2024

The Chapter is governed by the Articles of Association which were approved by a special resolution adopted on 6th September 2018.

## 2. Key Issues to Address

I was provided with a summary of the issues which the board have asked me to consider. From this I have identified the following overarching issues which have been agreed with the Chapter:

a. Was the board properly exercising its constitutional powers in rejecting the recommendations of Nomco at the meeting on 31st May 2024?

b. Did directors coerce the board into dissolving Nomco and rejecting its recommendations for improper reasons?

c. Were nominations for External Relations Director and Events Director unfairly influenced by personal relationships with directors?

d. What lessons can be learned from the AGM on 31st July 2024?

e. Did directors persuade members to change their proxy votes ahead of the AGM?

f. Was there an orchestrated attempt to disrupt the AGM?

g. Could steps have been taken before the AGM to ensure there was a better outcome?

## 3. Interviews Conducted and Documents Reviewed

All members of the current board and the dissolved Nomco have been interviewed by me save for Ellice Birnie, who unfortunately was not available due to family ill health. I am grateful to all of those who have given up their time and provided me with their thoughtful views on the issues covered in this report.

I have taken into account all comments made and documents sent to me and sought to reflect that range of opinion in this report.

## 4. Findings and Analysis

It is clear from both the board minutes and the Ethics Report that recent events have resulted in a range of opinions and a divergence in the board and amongst members. It is also clear to me that each director and former president interviewed by me cares passionately about the Chapter and its membership. The challenge moving forward is to ensure that this passion in directed at moving the Chapter forward for the benefit of all of its members and not directed inwards at creating division and what can be a destructive and factional approach to governance.

I also found a consistent desire amongst all to do the right thing and put the interests of the members of the Chapter first

In particular I have read and endorse the findings of the Ethics Report.

In terms of the questions raised and the issues summarised, my observations are as follows:

*a.* *Was the board properly exercising its constitutional powers in rejecting the recommendations of Nomco at the meeting on 31st May 2024?*

The vast majority of those interviewed by me felt that the board was within its constitutional powers when it rejected the recommendations of Nomco at the meeting on 31st May 2024. Some interviewees felt that this was the wrong decision in the circumstances and questioned the processes adopted by the board. In particular some felt that a further meeting should have been held between the board and Nomco before a final decision was made. Some stressed that the Chapter is a volunteer organisation and that as such the decision was "*brutal*" and "*unethical*" and that "*best practice*" would be to accept the Nomco's recommendations as a matter of course and trust. Others felt that the wording of some communications from Nomco was unfortunate and gave the impression that the board had no ability to reject Nomco's recommendation. Some also expressed the view that in some of the voting directors were potentially preferring personal interests over the best interests of the Chapter

I note the Ethics Report's observation that the action taken was permissible under the Articles of Association.

This is clearly correct as a matter of constitutional law. The power to either accept or reject the Nomco recommendations rests with the directors and the board and is unfettered. Overall, I conclude that the decision was arrived at after each director properly weighed up the decision and voted with the best interests of the members of the London Chapter at the forefront of their mind.

*b.* *Did directors coerce the board into dissolving Nomco and rejecting its recommendations for improper reasons?*

The majority of those interviewed were aware of no evidence of coercion and I have seen no such evidence in the documents which have been made available to me.

Some of those interviewed felt that the decision-making process may have been infected by certain forceful members of the board. This impression was fuelled at least in part by what some described as "secret" meetings which may have taken place involving a cohort of directors ahead of the board meeting on 31st May 2024

I note that this issue was not directly addressed by the Ethics Report

In my experience it is inevitable that a healthy board will contain forceful personalities with strong views. My settled view is that each director acted independently and properly considered the issues before making its decision. I have found no evidence of coercion or undue influence.

*c. Were nominations for External Relations Director and Events Director unfairly influenced by personal relationships with directors?*

The majority of those interviewed felt that there was no evidence of decision-making being infected by personal relationships or unfair influence in the selection process. They felt that the selection process which was adopted by the board was fair, transparent and rigorous in the circumstances.

I note that this issue was not addressed in the Ethic's report.

I have seen no evidence that an unfair process was adopted by the board.

*d. What lessons can be learned from the AGM on 31st July 2024?*

On this issue there was broad consensus on a number of issues, in particular that:

- With the benefit of hindsight, more steps should have been taken to resolve issues within the board and between the board and Nomco before the AGM. All interviewees felt that it was unfortunate and inappropriate for these differences to be aired publicly at the AGM and that "difficult conversations" hadn't taken place beforehand

- There should have been "no surprises" for directors at the AGM and thepresentations should have been shared and agreed well in advance of the meeting.

- More should have been done to ensure that the staging of the meeting was discussed and agreed in advance and was conducive to a more orderly and professional meeting which successfully covered the necessary business of the meeting.

- Generally, it is important that Agendas are followed and that the meeting is conducted in a professional, respectful and mutually supportive atmosphere

I note that the Ethics Report concluded that:

"*The chapter seems to lack formal parliamentary procedure to help govern an AGM. If proper parliamentary procedure had been followed, the chaos that occurred during the AGM may have been avoided, or at least minimized. A clearly defined process for conducting meetings is essential for ensuring order, fairness, and efficient decision-making.*

I agree with these observations. Members meetings should be carefully planned and organised to ensure that members benefit from the process. They are an important opportunity for members to hear the progress which has been made in the previous 12 months by the board to meeting their objectives and for them to consider the plans and direction of the Chapter in the following year. It is also an opportunity for the board to showcase its unity of purpose and instil confidence in members that their interests are being properly protected and advanced. The focus of members meetings should be directed at ensuring the best outcomes for all members

e. *Did directors persuade members to change their proxy votes ahead of the AGM?*

Although some of those interviewed had suspicions that this may have happened, no evidence was presented to me that this took place. Some concerns were raised that there had been a "*lack of proper governance control re proxies".* This was not something that I was able to investigate, nor address given my terms of reference, nor from the materials made available to me.

In my view it is symptomatic of a healthy organisation for important issues to be aired and debated amongst members and between directors and members in the run up to the AGM. All members should also be actively encouraged to exercise their vote whether in person or by proxy. That said it is of course essential that the voting process is fully transparent and that all members have complete faith in the validity and reliability of the process.

f. *Was there an orchestrated attempt to disrupt the AGM*?

A number of interviewees felt that there was an orchestrated and planned attempt to disrupt the AGM. This is based primarily on the sequence of events which took place at the AGM during the debate to discuss the resolution approving the new board slate.

It is fair to say that a number of members raised similar issues at the AGM relating to the dissolution of Nomco and the rejection of its recommendations. It would also be expected for some members to discuss their feelings and intentions about contentious issues ahead of the AGM. This in my view is evidence of a healthy chapter. It is also clear that members care deeply about the chapter and its direction. I have found no evidence of an orchestrated approach to this issue but observe that in any event a coordinated presentation of a point of view at the AGM would not in my view be symptomatic of a dysfunctional governance process or Chapter.

I have been presented with no evidence of an orchestrated attempt to *disrupt* the AGM or governance process. Of course, no director or member should set out to purposely to disrupt the AGM or prevent the chapter exercising its constitutional function and concluding the business which needed to be covered at the meeting. Such an approach would be inconsistent with the role of any director and with membership of the Chapter.

g. *Could steps have been taken before the AGM to ensure there was a better outcome?*

There was a strong consensus that steps could have been taken before the AGM to attempt to resolve the issues which emerged during it. Interviewees felt that, with the benefit of hindsight, it was incumbent upon all those involved to meet, discuss and (if possible) resolve those issues. Should those discussions have been unsuccessful, the option of a mediation could have been explored. In the event it was unfortunate that a number of directors and members felt that their only available avenue was to air these concerns at the AGM.

## 5. **Concluding remarks**

It is clear from all those I have spoken with that everyone takes their role very seriously and conscientiously and has at the forefront of their mind the steps they can take to secure long terms benefit for all members of the Chapter. I am hopeful that, with the adoption of some governance changes and training, this mindset can be channelled for the benefit of all members of the Chapter moving forward.

John Flint
Clarke Willmott LLP
3rd January 2025