



# Committee Effectiveness Framework

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## **1. Introduction**

1.1 An assessment of the Committee's effectiveness is an essential feature of the Governance Statement that Accounting Officers have been required to produce from 2012/13 onwards. Committee evaluation provides a powerful and valuable feedback mechanism for improving effectiveness, maximising strengths and highlighting areas for further development. Committee self-assessment provides members with an opportunity to:

- Reflect on their individual and corporate responsibilities
- Identify different perceptions and opinions among Committee members
- Increase the level of cohesion and teamwork in the Committee
- Demonstrate that accountability is a serious organisational value
- Assess how well the Committee discharges its functions
- Identify issues that need attention
- Use the results to improve Committee effectiveness
- Provide credibility to stakeholders and other external audiences

1.2 To assist the Committee with evaluating its effectiveness, a self-assessment questionnaire has been developed, which aims to identify areas of Committee performance that are strongest and those that need improvement and to identify priority areas for the Committee to focus on over the next one to two years.

1.3 The questionnaire focuses on the following eight key sections:

1. Committee Composition and Function
2. Committee Meetings and Support
3. Strategic Planning and Performance Monitoring
4. Financial and Project Management
5. Risk, Audit and Governance
6. Pension Scheme Administration
7. Investment of the Fund
8. Communication and Engagement with Key Stakeholders

1.3 The primary purpose of the self-evaluation questionnaire is to create an informed starting point for discussion by the Committee about their effectiveness as a collective unit in the key areas identified. Informed discussion and commitment to address priorities results in improved effectiveness.

1.4 Committee self-evaluation will be conducted on an annual basis. The results from the questionnaire will be collated and shared with the Committee to facilitate discussion and agree on any necessary actions.

1.5 The Governance Team will co-ordinate the process, but the Chairman will have overall responsibility.

## **2. Completing the Questionnaire**

2.1 To facilitate a more effective method of gathering responses and collating and analysing results, Committee members are requested to complete the questionnaire online, where possible. The Governance Team will issue an e-mail to all Committee members with a link to the survey along with the Committee Effectiveness Framework.

- 2.2 The questionnaire should be completed with reference to the List of Indicators for each of the key sections, provided at Appendix A. This sets out examples of good practice of an effective Committee and red flags that provide warning signals that the Committee may not be conducting its business effectively.
- 2.3 Each member must complete the questionnaire, answering all questions by completing one of the following three responses:
- Agree
  - Disagree
  - Don't Know

Any comments or additional action should be noted in the boxes provided.

- 2.4 The completed questionnaires must be completed by the specified closing date and will be submitted electronically to the Governance Team.
- 2.5 All information and responses provided in the questionnaire will be treated in confidence.

### **3. Reporting Results**

- 3.1 When all questionnaires have been completed, the Governance Team will collate and analyse the results and provide a report and anonymous summary of comments for discussion. The report will focus on three key areas:
- The strengths of the Committee - at least 65% of the Committee must have responded 'Agree' for an area to be considered a strength
  - Priority areas that may need attention from the Committee in order to increase its effectiveness - at least 35% of the Committee must have responded 'Disagree' for an area to be considered a problem
  - The questions that were answered 'Don't Know' - if more than 35% of the Committee respond 'Don't Know' this could highlight a problem and should be considered.
- 3.2 The results report will be included with the meeting papers for discussion at the Committee meeting in April each year. The purpose of the report will be to engage discussion of the whole Committee on the collective results and to reach a consensus on the areas that require improvement. The Committee should agree on three to five key priority areas to focus attention on and agree any action that is to be taken. It is the responsibility of the Chair to ensure that actions are followed through and implemented.
- 3.3 The Committee should review the self-assessment process on an annual basis to determine if it is effective and to suggest areas for improvement. The Committee should also consider an external evaluation of its effectiveness every five years.

**1. Committee Composition and Function**

<b>Red Flag</b>	<ul style="list-style-type: none"> <li>• Vacant positions for long periods</li> <li>• A high turnover of Committee membership</li> <li>• The majority of Committee members are in their first Board position</li> <li>• The majority of Committee members are new to the organisation (appointment terms have not been sufficiently staggered)</li> <li>• None of the members have recent and relevant experience in the following areas: Finance, HR, Private Sector</li> <li>• There is no formal induction process</li> <li>• Committee members have not received any formal training and/or development relating to their role on the Committee</li> <li>• There is no member appraisal process in place</li> <li>• There is evidence of Committee members not behaving in line with the behaviours expected of them and this remaining unresolved</li> </ul>
<b>Good Practice</b>	<ul style="list-style-type: none"> <li>• The size of the Committee is appropriate for the requirements of business</li> <li>• The Committee has the appropriate mix of employer and employee representatives and independent members</li> <li>• The majority of the Committee are experienced board members</li> <li>• The Chair of the Committee has a demonstrable and recent track record of successfully leading an organisation</li> <li>• Both an Audit and Staffing sub-committee are established, with their own Terms of Reference</li> <li>• At least one member of the Audit and Risk Assurance Committee has recent and relevant financial experience</li> <li>• At least one member of the Staffing Committee has experience in a HR related function, managing staff issues</li> <li>• All members are properly inducted into their role on a timely basis</li> <li>• A specific training needs assessment process is in place to identify the training needs of members and training opportunities are provided as appropriate</li> <li>• A Code of Conduct is in place, which clearly describes the behaviours expected of Committee members. These behaviours are aligned to the Nolan Principles of Public Life and compliance with the Code is monitored by the Chair via an annual member appraisal</li> </ul>
<b>Evidence to support good practice</b>	<ul style="list-style-type: none"> <li>• Biographical information on each Committee member</li> <li>• Standing Orders and Delegations of Authority</li> <li>• Terms of Reference for sub-committees</li> <li>• Induction Process</li> <li>• Committee Handbook</li> <li>• Code of Best Practice for Committee Members</li> <li>• Annual Training, Knowledge and Understanding (TKU) assessment based on TPR and CIPFA Guidance</li> <li>• Annual Committee training event</li> <li>• Training records – circulated on a quarterly basis</li> <li>• Annual Member Appraisal</li> <li>• Meeting Minutes</li> </ul>

**2. Committee Meetings and Support**

<b>Red Flag</b>	<ul style="list-style-type: none"> <li>• There is a record of Committee and sub-committee meetings not being quorate</li> <li>• There is regular non-attendance by one or more Committee members at meetings</li> <li>• Meetings regularly run over the allocated time</li> <li>• Reports are regularly tabled on the day of the meeting and members do not have the opportunity to review or read prior to the meeting</li> <li>• Discussions are focused on understanding the meeting papers as opposed to making decisions</li> <li>• Discussions regularly go 'off-topic'</li> </ul>
<b>Good Practice</b>	<ul style="list-style-type: none"> <li>• The agenda lists indicative timeslots for items that are mainly adhered to</li> <li>• The Chair is effective at managing the agenda and focusing the discussion on the key issues</li> <li>• Committee members have a good attendance record at all Committee and sub-committee meetings and Committee events</li> <li>• Committee papers are circulated at least a week in advance of meetings</li> <li>• Meeting papers include a report from the Chief Executive, which provides an update on any ongoing issues and details any changes in the internal and external environment</li> <li>• Each meeting paper clearly states what the Committee is being asked to do (noting, approval, discussion)</li> <li>• Declarations of Interests are a standing agenda item at each meeting</li> <li>• Action points are recorded and followed up at subsequent meetings</li> <li>• There is evidence of an effective working relationship between the Committee members and Officers</li> </ul>
<b>Evidence to support good practice</b>	<ul style="list-style-type: none"> <li>• Meeting Agendas</li> <li>• Meeting Papers</li> <li>• Secretary's Report</li> <li>• Meeting Minutes</li> <li>• Meeting attendance records</li> <li>• Register of Members' Interests</li> </ul>

3. Strategic Planning and Performance Monitoring

<b>Red Flag</b>	<ul style="list-style-type: none"> <li>• There is no evidence of a strategic planning process</li> <li>• The aims and objectives of the organisation are not well known or understood</li> <li>• The Strategic Plan is not considered to be a good quality document</li> <li>• The Committee does not regularly consider macro and strategic risks to the achievement of the organisation’s aims and objectives</li> <li>• The Committee does not formally review progress towards delivering the strategy</li> <li>• Where a review does take place, it is not regular or given proper consideration</li> <li>• Performance standards are not being achieved and this is not discussed at Committee level</li> <li>• No evidence of comparative analysis against similar organisations</li> </ul>
<b>Good Practice</b>	<ul style="list-style-type: none"> <li>• A Strategic Planning workshop is held at least every three years</li> <li>• A Corporate Plan clearly sets out the aims and objectives of the Committee</li> <li>• Operational plans are developed that set out actions to achieve the stated aims and objectives</li> <li>• The Corporate Plan is reviewed and updated on at least an annual basis or more regularly if the remit of the organisation or the external environment changes</li> <li>• Progress against the Corporate Plan and Operational Plans is reviewed on at least a quarterly basis by the Committee – this should not be a tick-boxing exercise but should warrant proper consideration and discussion</li> <li>• Management provide thorough analysis and reports to support this consideration and discussion</li> <li>• Management highlights any potential problems with achievement of the aims and objectives in the plan</li> <li>• Performance of the organisation is benchmarked/compared against similar organisations, where appropriate</li> <li>• The Committee understands the principle of collective responsibility and applies this to its management and monitoring of performance</li> </ul>
<b>Evidence to support good practice</b>	<ul style="list-style-type: none"> <li>• Corporate Plan</li> <li>• Corporate Plan Progress Reports</li> <li>• Attendance at Strategic Planning Workshop</li> <li>• Monitoring of progress against service and statutory targets</li> <li>• Meeting Papers</li> <li>• Meeting Minutes</li> </ul>

4. Financial and Project Management

<b>Red Flag</b>	<ul style="list-style-type: none"> <li>• Committee members are not familiar with financial reports and how they are prepared</li> <li>• Issues raised in the annual report issued by the External Auditor are not followed up</li> <li>• Committee members have not received adequate training and therefore are unable to make decisions in relation to DFP guidance and financial investment practices</li> <li>• Insufficient time is spent on discussing the annual budget and financial reports and on the financial health of the organisation in general</li> <li>• Financial reports are not prepared in line with the FreM and reporting timetable</li> <li>• The Committee is unaware of planned or ongoing projects in the organisation</li> </ul>
<b>Good Practice</b>	<ul style="list-style-type: none"> <li>• Committee members are aware of the financial investment practices that are adopted by NILGOSC and how to evaluate financial performance</li> <li>• Sufficient time is devoted to considering and understanding the annual budget and its implications</li> <li>• Financial reports are prepared in line with the FreM and reporting timetable</li> <li>• The annual report prepared by the External Auditor is thoroughly reviewed by the Committee, who monitors action taken to address any weaknesses highlighted</li> <li>• Committee members are trained in line with DFP guidance in respect of procurement practices</li> <li>• The Committee is aware of all significant projects planned or ongoing in the organisation and receives regular project updates</li> <li>• The Committee are fully briefed in relation to all significant losses and exceptional payments which may indicate weaknesses or failures upon which appropriate action may need to be taken</li> </ul>
<b>Evidence to support good practice</b>	<ul style="list-style-type: none"> <li>• Annual Report and Accounts</li> <li>• Administration Budget and quarterly variance reports</li> <li>• Receipts and Payments report</li> <li>• Trained accounting staff</li> <li>• Procurement Policy/ DoF Procurement Training</li> <li>• Meeting Papers and Minutes</li> </ul>

**5. Risk, Audit and Governance**

<b>Red Flag</b>	<ul style="list-style-type: none"> <li>• No Risk Management Policy is in place</li> <li>• Risks are not recorded on a risk register</li> <li>• The Committee does not receive regular reports on the risk management and internal control system</li> <li>• There is insufficient consideration or discussion of the risks faced by the organisation</li> <li>• Internal Audit reports and opinions are accepted without any discussion</li> <li>• Unsatisfactory audit opinion</li> <li>• Governance Statement not completed</li> </ul>
<b>Good Practice</b>	<ul style="list-style-type: none"> <li>• A Risk Management Policy is in place</li> <li>• The risk appetite of the organisation has been clearly defined</li> <li>• Risks and mitigating controls are recorded on a risk register which is reviewed on a regular basis</li> <li>• The Committee is provided with reports on the effectiveness of the risk management and internal control system on a regular basis</li> <li>• Any new risks are reported to the Committee in a timely manner</li> <li>• The Committee reviews the risk register on at least an annual basis and considers any macro or strategic changes that may impact on this</li> <li>• An independent internal audit function carries out regular reviews of the internal control system, using a risk based approach. Reports are provided to the Secretary and discussed with the Audit and Risk Assurance Committee</li> <li>• The Internal Auditor provides an annual opinion on the effectiveness of the risk management, control and governance systems, which is considered and discussed by the Committee</li> <li>• All accepted internal audit recommendations are implemented as soon as possible</li> <li>• The Audit and Risk Assurance Committee provides a report of its meetings to the Committee on a regular basis, which are given proper consideration</li> <li>• All frauds are reported to the Committee and updated provided in relation to follow-up action</li> <li>• A suite of policies and procedures are in place to ensure compliance with statutory legislation</li> </ul>
<b>Evidence to support good practice</b>	<ul style="list-style-type: none"> <li>• Risk Management Policy&amp; Risk Register</li> <li>• SMT, Audit and Risk Assurance Committee and Committee Quarterly Risk Reports</li> <li>• Annual Risk Review Process</li> <li>• Internal Audit Strategic Plan and Annual Plans</li> <li>• Internal Audit Reports</li> <li>• Internal Audit Performance Monitoring Reports</li> <li>• Internal Audit Annual Opinion</li> <li>• Internal Audit Progress Reports</li> <li>• Meeting Papers – Audit and Risk Assurance Committee and Management Committee</li> <li>• DoF Fraud Reports</li> <li>• Committee Handbook – Policies and Procedures</li> <li>• Anti-Fraud, Bribery and Whistleblowing Policies and training</li> </ul>



6. Pension Scheme Administration

<b>Red Flag</b>	<ul style="list-style-type: none"> <li>• There is an evident lack of understanding of Pension Scheme rules and Regulations</li> <li>• There is an apparent lack of awareness about current issues in relation to pensions</li> <li>• The Committee are not provided with updates regarding Scheme changes and the impact changes will have on resources</li> <li>• Performance targets are not being met and/or not sufficiently discussed at meetings</li> </ul>
<b>Good Practice</b>	<ul style="list-style-type: none"> <li>• There is a clear understanding of the legislation and Regulations governing the Pension Scheme</li> <li>• Committee members keep up-to-date with developments in the area of pensions and attend relevant seminars and conferences</li> <li>• Management reports any developments and Scheme changes to the Committee on a regular basis and outlines the impacts of these changes</li> <li>• Committee members are aware of the challenges facing the Scheme and ensure appropriate action is being taken</li> <li>• The Committee devotes sufficient time to the consideration of pension related issues during meetings and seeks further advice, where appropriate</li> <li>• The Committee is aware of the internal service standards and statutory targets in place for the administration of pensions and regularly reviews performance against these</li> </ul>
<b>Evidence to support good practice</b>	<ul style="list-style-type: none"> <li>• Pension Scheme Regulations and Legislation</li> <li>• Committee Member Handbook</li> <li>• Induction Process</li> <li>• Committee Briefing Sessions</li> <li>• Annual Committee Training event</li> <li>• Training Records</li> <li>• Training and Knowledge Framework</li> <li>• Performance Monitoring Reports</li> <li>• Meeting Papers</li> <li>• Secretary’s Report</li> <li>• Meeting Minutes</li> </ul>

**7. Investment of the Fund**

<b>Red Flag</b>	<ul style="list-style-type: none"> <li>• There is an evident lack of understanding of investments and the investment process</li> <li>• Poor attendance at the asset allocation strategy meeting</li> <li>• Investments are not managed in line with the Statement of Investment Principles</li> <li>• The Committee is unfamiliar with the different mandates in place and how they are managed</li> <li>• The investment monitoring reports provided to the Committee are poor and have insufficient detail</li> <li>• Insufficient time is given to reviewing the performance of investments</li> <li>• Fund Managers do not meet with the Committee on a regular basis and/or there is lack of challenge by Committee members</li> <li>• Poor quality or untimely advice is provided to the Committee by the Investment Consultant</li> <li>• There is a lack of understanding regarding valuation of the Scheme and its impact</li> </ul>
<b>Good Practice</b>	<ul style="list-style-type: none"> <li>• The Committee understands how financial markets operate and the different asset classes in which the Fund is invested</li> <li>• There is a clear understanding of the investment process, in respect of asset allocation and how the Fund is invested</li> <li>• Committee members attend an asset allocation strategy meeting at least annually</li> <li>• The Committee ensures investments are managed in line with the Statement of Investment Principles and Statement of Responsible Investment</li> <li>• The Committee is aware of the different investment mandates in place, who they are managed by and the different performance targets</li> <li>• The Committee fully understands the Investment Monitoring process and receives regular reports on the performance of the Fund and the Fund Managers</li> <li>• Sufficient time is spent reviewing and discussing the performance of investments</li> <li>• The Committee meets with Fund Managers on at least an annual basis to discuss performance and any other related issues</li> <li>• The Committee understands the role of the Investment Adviser and reviews their performance at least annually</li> <li>• There is evidence that the Committee engages in responsible investment practices</li> <li>• The Committee understands the role of the Actuary and the purpose of the Actuarial Valuation</li> </ul>
<b>Evidence to support good practice</b>	<ul style="list-style-type: none"> <li>• Statement of Investment Principles &amp; Statement of Responsible Investment</li> <li>• Investment Monitoring Guidelines and Scorecard</li> <li>• Investment Management Agreements</li> <li>• Annual Review of Investment Adviser Performance/Quarterly attendance of Investment Adviser at meetings</li> <li>• Actuarial Valuation</li> <li>• Statement of Adherence to the Stewardship Code &amp; Signatory to UNPRI</li> <li>• Engagement and Voting Reports</li> <li>• Manager Briefing Notes</li> <li>• Tender process for appointment of new Fund Managers and due diligence</li> <li>• Meeting Papers and Minutes</li> <li>• Attendance at Investment Conferences and Seminars/Training/Annual Training Day</li> </ul>

8. Communication and Engagement with Stakeholders

<b>Red Flag</b>	<ul style="list-style-type: none"> <li>• Poor relationship with the sponsor department</li> <li>• The Committee has a lack of visibility or profile outside of the organisation</li> <li>• NILGOSC’s interests are not on the political agenda</li> <li>• There is no communication strategy</li> <li>• Results from the customer satisfaction survey is poor</li> <li>• Staff are unaware of how they contribute to the aims and objectives of the organisation</li> <li>• There is no website or the information on the website is out of date</li> </ul>
<b>Good Practice</b>	<ul style="list-style-type: none"> <li>• There is regular and open communication with the sponsor department</li> <li>• Committee members attend events to raise the profile of the organisation</li> <li>• The Committee engages with relevant politicians and groups to ensure NILGOSC’s interests are represented</li> <li>• The Committee understands how the organisation communicates with key stakeholders</li> <li>• A customer satisfaction survey is conducted on a regular basis and the Committee monitors action taken to address any issues arising from this</li> <li>• There is a website with up-to-date information about the organisation</li> <li>• The Committee ensures that staff understand the organisation’s aims and objectives and how they contribute to achieving these</li> </ul>
<b>Evidence to support good practice</b>	<ul style="list-style-type: none"> <li>• Meetings with DfC and the Minister</li> <li>• DfC observer at meetings</li> <li>• Representation on various pension related groups</li> <li>• Communication Policy Statement</li> <li>• Employer Seminars</li> <li>• Employer Circulars</li> <li>• Member and Pensioner Publications</li> <li>• Chairman/Chief Executive Seminars</li> <li>• Customer Satisfaction Survey</li> <li>• New website being developed</li> <li>• Corporate Plan</li> <li>• Staff Appraisal and Objective Setting</li> <li>• Staff Survey</li> <li>• Consultation responses</li> </ul>