

From D.F.Macquaker C.B.E.

BLACKBYRES,
By Ayr, K.A.7 4TS

0292 441088

Aug 18th 1992.

Nigel Peace,
Secretary,
Committee on the Financial Aspects
of Corporate Governance,
P.O.Box 433,
Moorgate Place,
LONDON EC2 2B.

Dear Mr Peace,

I realise I am out of time for commenting on the Draft Report but I imagine you are still dealing with comments.

I think the draft is excellent and spells out a lot that needs careful attention by Company Directors but I think there is a lack of emphasis on what should be comprised in Internal Controls.

Having had responsibility for a very large annual budget as Chairman of The Greater Glasgow Health Board and a fairly large annual budget as Chairman of the Common Services Agency I feel very strongly about having as part of the Internal Control--- Standing Financial Orders. This is common in the Public Sector but I suspect still lacking in many a "plc".

In my experience well run companies have Standing Financial Orders laid down by the Board and kept under review by the Audit Committee. The limits of Power on the single Director are clearly defined and the limits of power without Board approval etc. are also defined, such as limits on capital commitments.

I raise the question ---How often have we seen in recent years Companies pillaged by a Chief Executive "out of control"? Robert Maxwell is only one of a long line of incidents of this.

Yours sincerely,
D.F. Macquaker