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mutual  
enhancing mutual values



# one

# Welcome!

...to the latest edition of Mutual Interests

In this issue, we have some topical features for **Building Societies, Banks, Co-operatives and Friendly Societies & Mutual Insurers**.

Notwithstanding the continued challenges faced by mutuals, notably ever changing regulation, increased competition and challenging economic conditions, there are I believe a number of things that firms can all now look forward positively to in the coming months.

Developments in our proven, value for money, internal audit services are highlighted on **page 2**.

On the subject of ever changing regulation, the articles on **page 3** summarise **Compliance; Risk & Governance cost effective support available** in key areas of regulatory focus, namely Board effectiveness assessment and independent compliance monitoring. In addition **page 4** highlights the E-learning tools available.

A summary of the latest developments in **Collective Procurement initiatives for potential cost savings for firms** is on **page 4**. Specifically, there is an update on the expansion of the Own Insurances Collective for Building Societies and how that is now actively being replicated in other sectors. Similarly, the latest details on the **Mortgage Indemnity Insurance Collective** launched earlier this year are included on **page 5**.

The **final page** highlights the growing range of **seminars, conferences and staff training workshops** available to you and your colleagues at the optimum cost through working together. Whilst cutting such expenditure could be seen as a potential cost saving to make now, as you know continued investment in your people remains valuable for the future.

On a more social note, Mutual One is again organising the **Building Societies Golfing Association (BSGA) Annual Golf Day**. This year's event takes place on **Friday 8 July 2011** and is being held for the first time at **The Leicestershire Golf Club, Evington Lane, Leicester**. More details are on **page 2**. Let's hope, as in recent years, it is another grand weather day for what is an ideal opportunity to network with folk from the Building Society sector!

Indeed, for those of you at the **Building Societies Association Annual Conference in Birmingham on 3 to 5 May 2011**, please do take the opportunity to speak with members of the Mutual One team present as to how we can help your firm potentially reduce costs whilst supporting your relationship with the FSA, amongst other important topics.

In closing, I hope you and your colleagues find this edition of Mutual Interests informative and of real benefit and, as ever, if there is anything you want to talk to me about personally, please do not hesitate to get in touch - my contact details are shown below.

All the best.

Andrew Gold, Chief Operating Officer  
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# Internal Audit Services Evolve

Since the last E-zine, Mutual One has won new internal audit clients across a range of sectors, demonstrating both knowledge and expertise in internal audit and the value for money which can be provided.

At the turn of the year, Mutual One was appointed as internal auditors for a Bank after a comprehensive competitive tender process involving the 'big four' accountancy firms. Similarly, we have recently been appointed as the sole internal auditors for a Building Society.

We also currently have several other tenders for new clients in the Building Society sector, both full audit; specialist audit support and contingency cover. In addition there are tenders for potential new clients that operate in the Friendly Society & Mutual Insurer sector, where Mutual One Chair the Association of Financial Mutuals' Internal Audit Network meetings.

Both new and existing internal audit clients can benefit from the greater opportunity to informally benchmark and the sharing of good risk and control management practices. As with our other collectives, more participants enables us to dilute our central costs (which are fixed in the short term) to further improve our continued competitiveness in line with our mutual ethos towards pricing and the quality service based proposition we offer.

Andrew Gold, Mutual One's Chief Operating Officer, commented:

*"We are delighted to welcome these organisations as clients of Mutual One. It demonstrates that we can bring our knowledge and experience of internal audit to bear in a number of different ways with Firms, whatever their current internal audit arrangements may be.*

*Historically, our internal audit clients have operated in the mutual sector, notably Building Societies, Co-operatives as well as Friendly Societies & Mutual Insurers, but we now work with other FSA regulated sectors, such as Banks, and certain other non-FSA regulated retail financial sectors.*

*This expansion readily demonstrates the experience and knowledge of adopting a proportionate and commercial approach in applying our detailed up-to-date knowledge and experience of an increasing number of regulatory and industry matters.*

*Overall, it provides further depth and breadth to the skills and capability of the Mutual One internal audit team and is beneficial to all clients in the long term."*

For more information on the internal audit services available from Mutual One, please contact Andrew Gold, mobile 07730 718205, or email [andrew.gold@mutual-one.co.uk](mailto:andrew.gold@mutual-one.co.uk).



## Building Societies Golfing Association 2011 Golf Day

As well as Alex Robinson's important role as the Chairman of Mutual One, in one of his other equally important roles as Secretary of the Building Societies Golf Association Society has prompted Mutual One to send a reminder to everyone that this year's event is on Friday 8 July.

At the Leicestershire Golf Club, Evington Lane, Leicester, this new venue is a Championship Golf Course. It will, I am told, provide a degree of challenge for all participants, although the good news for hackers is that the fairways are wide, allowing for the occasional hook, slice or scuffed shot!

As in previous years, players can participate in a morning Greensome competition and/or an 18 hole Stableford. All this plus lunch & dinner for still only £65!

The first tee will be available from 0900hrs and, typically, proceedings are concluded by c1830hrs at the latest with the pro-shop still open to exchange vouchers awarded as prizes for 2011 winners.

We again hope to be joined by an increasing number of golfers who all enjoy warm sunshine, good scores (well, for some!) and some majestic trophies. For those of you who had scores in 2010 to warrant a trophy, do please remember to buff it up and bring it with you – you never know, you may be good/lucky enough to retain it!

Finally, I know that Building Societies Golf Association President, David Cutter, Captain David Webster, Alex and Mutual One, as hosts, look forward to welcoming you to what I'm sure will once again be a very memorable day.

Please take the opportunity to invite your colleagues and friends from the sector.  
For more details and a booking form simply e-mail [bsgolfassoc@gmail.com](mailto:bsgolfassoc@gmail.com)

# Board Effectiveness

The FSA's 2011/12 business plan was issued on 22 March 2011. In that business plan the FSA specifically commented on Board effectiveness, a growing focus in their supervisory assessment of firms given their belief that poor governance was the root cause of some Building Societies' problems in 2008 and 2009.

As a pilot exercise, the FSA carried out assessments at five – both large and small – Building Societies in 2010 to assess Board effectiveness. These consisted of meetings with both individual Non-Executive Directors (NEDs) and the full Board, followed by meetings with the NEDs component of Boards. The result has been an effective and focused assessment of governance structures and processes and the contribution of individual Directors.

The FSA plans to follow up with assessment actions to strengthen firms' governance arrangements, including, potentially, the appointment of new directors and the replacement of others. From 2011/12, these assessments will be rolled into the regulator's normal work programme and they plan to carry these out at all Building Societies over the next few years.

As part of its growing range of support to assist firms in working with the regulator, in 2010 Mutual One undertook Board Effectiveness assessments with firms in the Building Society and Friendly Society & Mutual Insurer sector. In addition, Mutual One also undertook such assessment for firms operating in other sectors, like Co-operatives, who chose to have it undertaken as a good practice.

Mutual One's Board Effectiveness assessments are undertaken by a highly experienced and senior team who draw on much first-hand experience from working with other firms across a range of sectors, notably those regulated by the FSA.

In summary, the range of Board Effectiveness assessments offered by Mutual One mirror the FSA's approach. They include a review of the organisational control framework in place within the firm to evaluate its appropriateness, whilst comparing it to common practice in the sector. In addition, through observing a Board (and / or other relevant sub-committees) meeting, along with individual conversations with Board members (notably the NEDs) and other key personnel involved in the governance framework, an evaluation is made of the culture and operation of the framework in practice.

For more information on the range of Board Effectiveness assessments available, please contact Andrew Gold on: 01756 705797; mobile: 07730 718205; or alternatively, email: [andrew.gold@mutual-one.co.uk](mailto:andrew.gold@mutual-one.co.uk)

## Independent Compliance Monitoring

Continuing the growth in take-up of the expanded range of Compliance, Risk and Governance support offered, at the turn of the year Mutual One entered into an independent compliance monitoring relationship with a top 20 Building Society when ranked by asset size. This involves Mutual One's experienced and qualified professionals working alongside that Society's own in-house compliance policy and financial crime team.

The Chief Executive Officer of that Society said, *"To fulfil our independent compliance monitoring requirements, we chose to engage Mutual One's Compliance, Risk & Governance team and the range of skills and experience they bring rather than recruit. Mutual One has helped by devising and subsequently adapting the monitoring plan in line with ever changing regulations, as well as conducting risk based compliance monitoring reviews. Overall, we are very pleased with how the relationship is working to date."*

For more information on the range of Mutual One Compliance, Risk & Governance services available, please contact Lesley Thacker on: 0116 289 4090; mobile: 07855 781222; or alternatively, email: [lesley.thacker@mutual-one.co.uk](mailto:lesley.thacker@mutual-one.co.uk)

# Corporate Insurance Collective Procurement continues to grow from strength to strength

Marsh has just concluded a new 'three year deal' arrangement for the Corporate Insurance Collective for Building Societies. Members are benefiting from savings of up to 30%, wider policy coverage, guaranteed rating and profit share rebates.

Benefits of collective bargaining are clear. Members select covers and limits which allow bespoke arrangements for each Society, but with coverage and premiums negotiated as part of a group arrangement.

Nineteen Societies are now in the arrangement with others currently active in looking to join that Collective. National Counties Building Society recently joined the Collective. Pat Boyd, Associate Director, Human Resources and Management Services comments:

*"We are very pleased with our decision to work with Mutual One and Marsh on our Corporate Insurance arrangements.*

*Marsh completed a thorough review of our programme, including the provision of benchmark data, to enable us to choose the most appropriate cover.*

*We were very impressed with the premiums quoted under the Collective and are now in a position where our costs have reduced and we have greater confidence in the ongoing support offered by Marsh."*

Mike Parrott, Deputy Chief Executive Officer of Market Harborough Building Society, a Society who was a founder member of the Collective, commented:

*"We have been involved in the Mutual One Corporate Insurance Collective since it started in 2000. We very much value the support and advice that we have received from Marsh during this time.*

*Year on year we have seen the benefits of the Collective with competitive pricing, product refinement and significant profit share rebates. The terms presented by Marsh at this year's renewal have reinforced our commitment to the Collective."*

Societies are able to join the arrangement at any time in the deal. Marsh can carry out a 'no obligation/no cost' cover critique and provide a premium indication. On appointment, Marsh will provide advice to the Society to bring the programme in line with the peer group.

Given this success from working together, Mutual One and Marsh are shortly to launch an Insurance Collective for the Friendly Society and Mutual Insurer Sector. That sector will then too benefit from significant savings and wide coverage advantages from collective buying power.

For more information on the range of Mutual One Collective procurement opportunities available to mutuals, please contact Andrew Gold on: 01756 705797; mobile: 07730 718205; or alternatively, email: [andrew.gold@mutual-one.co.uk](mailto:andrew.gold@mutual-one.co.uk)

## Cost savings on offer whilst meeting regulatory requirements through e-learning

Through Mutual One, a growing number of firms are now working with Inmarkets, a leading provider of e-learning authoring tools, learning management systems, off-the-shelf courses, tailored training courses and managed delivery services that help organisations to achieve their training and communications objectives.

Suitable for a vast array of firms, both those that are FSA regulated and others who are not, the client base of Inmarkets benefit from the extensive range of courses available. Inmarkets' extensive client list includes 15 Building Societies of all sizes as well as Banks and other lenders. In addition, there is a portal offered for Association of Financial Mutual members that was launched at that sector's Annual Conference last year. With other firms also actively considering becoming clients, Inmarkets is supporting a rapidly growing number of requirements making their offering even more attractive to all participants. So why might that be the case?

There are many reasons but here are some of the key ones:

- Inmarkets offers an extensive range of courses that are being constantly updated to reflect all the latest regulatory and legislative developments, as well as the changing business needs of their clients. Inmarkets have released a selection of courses and tools available to help achieve "adequate" procedures under the Bribery Act, which is effective from 1 July 2011. Also in demand is the Mortgage Arrears course, helping lenders to best manage arrears related risks.
- The Learning Management System provides an audit trail to evidence a single view of who has undertaken what training. Important to Management; compliance officers; auditors or the regulator alike!
- The Skillcast Author tool enables firms to write their own courses on a cost effective basis to supplement specific requirements they may have over and above the suite of e-learning courses developed and offered directly by Inmarkets.
- The unique utility-based pricing model means there is no waste or annual charges – you simply buy course views which can be used at any time in the future for individual learners' access to any course you choose from a library of over 50 relevant compliance titles.
- Value for money. Inmarkets do not charge VAT so, for Building Societies, that represents a 20% cost-saving compared to other UK based competitors. In addition, prices have not increased despite the recent increase in National Insurance for employees operating in this area.

Given all this, why not take part in a free course trial to see whether your firm too can benefit from the range of training and e-learning support opportunities available from Inmarkets?

For more information on the range of e-learning support available, please contact Andrew Gold on: 01756 705797; mobile: 07730 718205; or alternatively, email: [andrew.gold@mutual-one.co.uk](mailto:andrew.gold@mutual-one.co.uk)

# Mutual One partners with Genworth Financial for Mortgage Insurance

Earlier this year, Mutual One announced that Genworth Financial has been selected as its Mortgage Indemnity Insurance (MII) provider for the collective available to lenders, with the partnership came into effect on 31 December 2010. Mutual One became an Appointed Representative of Genworth Financial given its role in arranging and administering the mortgage insurance offered through a collective arrangement to a range of mortgage lenders.

The development of the MII collective follows the publication of the FSA's Sourcebook for Building Societies (BSOCS) in 2010 and its expectation of Societies having appropriate risk mitigation measures, such as MII, in place when operating in the high loan-to-value (LTV) arena.

By using MII, lenders obtain protection for higher LTV lending, which is traditionally used by first time buyers and thus can maintain a presence in that arena.

Andrew Gold, Chief Operating Officer of Mutual One, commented: *"Following the publication of the Sourcebook, we undertook a process of seeking a provider for a collective MII arrangement, delivering a wider range of benefits to those who participate. Following careful examination of the product benefits, sustainability and service proposition available in the marketplace, we were delighted to select Genworth Financial's mortgage insurance offering for our MII collective, given their proven track record. We believe the MII collective relationship will help lenders continue to meet their core purpose of providing a wide choice of residential mortgages, including those for borrowers who need higher LTV mortgages."*

Tammy Richardson, Managing Director for Genworth Financial's Mortgage Insurance business in Europe, commented: *"It's a long held principle of Genworth that mortgage insurance enables lenders to widen access to homeownership for consumers through the bad times as well as the good. We advocate prudent lending as a means to returning to stability in the housing market, and believe this new facility with Mutual One will help both the lenders involved and their customers. We look forward to working with them to achieve this goal."*

One of the first Societies to join the collective is the Hanley Economic Building Society. David Webster, Chairman of the Building Societies Association and Chief Executive Officer of The Hanley, commented:

*"The Hanley wants to continue to lend to the first time buyers within our local community at 90% LTV. With the new BSOCS guidelines now on the table, we took the opportunity to take advantage of the new Mutual One MII collective with Genworth, which will provide the Hanley with a very cost effective approach to mortgage insurance. We look forward to a long term successful relationship as part of Mutual One's MII collective."*

Mutual One is an Appointed Representative of Genworth Financial Mortgage Insurance Limited which is Authorised and Regulated by the Financial Services

For lenders wanting more information on the MII collective, please contact Andrew Gold on: 01756 705797; mobile: 07730 718205; or alternatively, email: [andrew.gold@mutual-one.co.uk](mailto:andrew.gold@mutual-one.co.uk)

## Stop Press

Latest developments on the MII Collective

To date, 3 Societies have committed to the Mutual One MII collective and are working with Genworth.

13 others are at different stages of actively considering joining the Collective.

# Diary of Events 2011

Due to an ever increasing demand, we continue to formulate our programme of future events to focus on a cross section of the topical issues facing firms. All our events provide an excellent opportunity to hear presentations from respected figures within the industry, as well as to network with counterparts in similar organisations.

## Seminars & Conferences

Since our last e-zine, we have run a number of events including Conduct Risk and Governance workshops with the FSA, the latter being attended by 61 attendees; 43 from Building Societies (representing 31 firms); 13 from Friendly Societies & Mutual Insurers and 5 from Banks.

The range of events continued to reflect feedback from mutuals, not just Building Societies, for example, it included the Association of Financial Mutuals network event chaired and hosted by Mutual One for those involved with internal audit in Friendly Societies and Mutual Insurers.

Thank you for taking the time to attend and let us have your feedback on those events which helps shape our programme of upcoming events. These include the following:

**Risk Appetite Workshop** – a follow up workshop to the recent Governance workshop to look in detail at all aspects of risk appetite with the "deliverable" of an outline Risk Appetite Statement. Like the recent Governance workshop, the principles to be debated will be relevant to smaller banks; friendly societies & mutual insurers as well as Building Societies albeit detailed questions regarding particular technical supervisory issues may not be answered.

**Date:**  
Tuesday 14 June

**Venue:**  
Leicester

**Speakers:**  
Craig Harris & Jonathan Higgs,  
Building Societies Division, FSA

**Fraud Workshop for Lenders** – with incidents of reported mortgage fraud on the up, this event will highlight good practice in mortgage fraud prevention and detection from actual cases experienced. The workshop is suitable for anyone who needs to know more about fraud, including mortgage underwriting teams; compliance officers; fraud investigators and internal auditors in lenders.

**Date:**  
Wednesday 15 June

**Venue:**  
Leicester

**Speakers:**  
Chris Walmsley,  
Enforcement & Financial Crime Division, FSA

**Lenders Forum** – The forum will provide a mortgage market review together with a look at current issues facing lenders. The seminar is designed specifically for Heads of Lending or equivalent.

**Date:**  
TBC late June 2011

**Venue:**  
Leicester

**Speakers:**  
TBC but to include a keynote speaker from a trade body within the lending arena

**Collective Action Workshop** – The workshop will look at opportunities for mutuals to work together, make a difference and differentiate from non-mutuals. The seminar is designed specifically for Chief Executives; Sales & Marketing Directors or equivalent.

**Date:**  
7 July

**Venue:**  
Leicester

**Speakers:**  
TBC but to include a keynote speaker from the mutual sector

## Staff Training

Since our last e-zine, we have run further staff training events. Listening to feedback from mutuals we have adapted the range of workshops to add to the existing range of soft skills workshops listed on our website [www.mutual-one.co.uk](http://www.mutual-one.co.uk)

The range now includes **ProcessFix Masterclasses**. With their proven ability to continuously drive out inefficiencies, facilitate growth with low levels of capital investment, streamline end-to-end service delivery and ensure optimal organisational performance, these rapid improvement workshops have become a key component for every operational excellence programme.

A **Treasury Management Workshop** was held in early January and attended by eight folks from five – both large and small – Building Societies, with those delegates having a range of responsibilities from Non-Executive Director; internal audit and Finance & Treasury. In line with demand from firms, a similar event is being held in the coming weeks with the number and range of Societies and the roles and number of attendees due to be represented akin to the event earlier this year. A limited number of places are, however, still available.

If any of our staff training events are of interest to you, but the timing or venue unsuitable, please do contact us as we may run a similar event at a later date. Also, if you have sufficient numbers (minimum of six) for a training event and would prefer it to take place at your office, please do let us know and we will endeavour to make this happen on a mutually agreeable date.

**ProcessFix Masterclass** – a workshop that views the service operation through the eyes of your customer (internal or external) and assesses how to improve process performance through a range of initiatives to embed continuous improvement. The workshop will be suitable for any Manager or Senior Manager with responsibility for operational processing.

**Date:**  
Tuesday 26 April

**Venue:**  
Wolverhampton

**Facilitator:**  
Jules Cross, ProcessFix

**Two Day Treasury Management Workshop** – this workshop provides an excellent grounding on treasury management, including the role of treasury; the products used; the regulatory climate and risk management and governance. The workshop is suitable for anyone who needs to know more about treasury including Non-Executive Directors, Senior Managers, those in operations, finance and audit along with new joiners in treasury.

**Date:**  
Monday 23 & Tuesday 24 May

**Venue:**  
Leicester

**Facilitator:**  
William Webster, Barbican Consulting

For more information on the range of Mutual One events available, please contact Andrew Gold on: 01756 705797 mobile: 07730 718205; or alternatively, email: [andrew.gold@mutual-one.co.uk](mailto:andrew.gold@mutual-one.co.uk)