Strengthening Governance During Executive Transition

Pension Insurance Corporation Case Study

Maintaining Clarity, Accountability and Control During Leadership Change

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The Context

Pension Insurance Corporation (PIC) required an urgent review of governance and accountability arrangements following the planned retirement of the Group General Counsel, who retained responsibility for oversight of the organisation's Senior Managers & Certification Regime (SMCR) framework.

The governance model had originally been established when the organisation was significantly smaller. As PIC grew, the operational complexity and regulatory dependencies associated with SMCR increased, but ownership of the framework remained closely tied to the General Counsel function, and the same small group of individuals in the organisation.

As the organisation expanded, this dependency raised questions about whether ownership remained aligned to the organisation's evolving risk and governance structure.

The impending retirement created both a challenge and an opportunity: to determine whether the existing governance model remained appropriate for the organisation's size, complexity and risk profile.

The CEO's Office commissioned an independent review of the SMCR operating model, governance arrangements and accountability framework before responsibility transferred to a new structure.

The objective was not simply to maintain compliance, but to determine whether the governance framework remained fit for purpose for an organisation that had grown significantly since its original design.

The Challenge

This was not simply a compliance review.

SMCR is unusual in that accountability ultimately sits with senior leaders, whilst successful operation depends upon coordinated activity across multiple functions and levels of the organisation.

The organisation needed confidence that:

- Governance arrangements remained fit for purpose.
- Responsibilities were clearly understood.
- Key activities had clear ownership.
- Board and committee approval requirements were properly defined.
- Regulatory obligations would continue to be met following the transition.
- Key-person dependency risks were understood and addressed.

Leadership also wanted an independent assessment of whether continued ownership within the General Counsel function remained the most appropriate long-term arrangement given the organisation's current structure.

The Approach

The engagement focused on understanding how the SMCR framework operated in practice rather than simply reviewing policies and documentation.

Key activities included:

- Stakeholder engagement
- Governance assessment
- Accountability analysis
- Lifecycle mapping
- Dependency identification
- Executive workshops
- Future-state design

Creating Visibility Before Redesigning Governance

One of the most significant findings of the review was the level of organisational dependency embedded within the existing SMCR framework.

To create visibility, I developed a detailed lifecycle model covering:

- Joiners
- Movers
- Leavers
- Annual certification activities
- Governance requirements
- Regulatory obligations
- Board and committee approvals
- Functional dependencies

The resulting visualisation demonstrated how successful operation depended on a relatively small number of individuals coordinating activities across multiple functions.

Importantly, it highlighted:

- Key-person dependencies
- Accountability gaps
- Ownership overlaps
- Governance complexity created through organisational growth

Risk associated with continued concentration of ownership

The lifecycle model transformed what had previously been viewed as a collection of compliance activities into a visible governance system, and revealed a level of organisational interdependency that was not fully visible to leadership, despite the regime being well established.

This created a shared understanding amongst leadership and became the foundation for redesigning the future operating model.

Building Alignment Around Change

Extensive engagement took place with the Chief of Staff, Chief Risk Officer, Company Secretariat team and incoming General Counsel before formal workshops were held.

This enabled findings, risks and potential future-state options to be tested and refined ahead of executive discussions.

As a result, the workshops themselves focused on constructive debate around future ownership, accountability and governance design rather than disagreement over the underlying findings.

This significantly accelerated alignment around the future-state model and enabled agreement on a revised RACI and governance framework.

The Outcome

The engagement delivered leadership with a clearer understanding of how accountability, governance and compliance activities operated across the organisation.

Outputs included:

- ✅ Comprehensive governance assessment
- ✅ End-to-end SMCR lifecycle model
- ✅ Identification of ownership gaps and dependencies
- ✅ defined board and committee approval responsibilities
- ✅ Future-state accountability framework
- ✅ Executive-level RACI structure
- ✅ Joiner, mover, leaver and annual certification framework
- ✅ Clearly defined ownership model
- ✅ Three-month implementation roadmap
- ✅ Executive alignment around future-state governance

A key recommendation was the transfer of ownership of the SMCR framework from the General Counsel function into the Chief Risk Officer's area, creating a governance model better aligned to the organisation's scale, risk profile and ongoing regulatory obligations.

The final design provided a more resilient and scalable framework for managing SMCR responsibilities as the organisation continued to grow.

Lessons for Leadership Teams

Growth can gradually render governance arrangements less effective even when they remain technically compliant.

Leadership transitions often expose governance dependencies that would otherwise remain hidden.

Governance arrangements designed for a smaller organisation may become increasingly fragile as complexity grows.

Regulatory compliance depends on organisational coordination as much as technical rules.

Creating visibility of ownership and interdependencies is often the first step towards strengthening governance.

Strong governance depends as much on clarity as it does on control

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Key Takeaway

Many governance risks do not arise because controls are absent.

They arise because organisational growth has gradually increased complexity whilst governance arrangements remain rooted in an earlier operating model.

The most resilient organisations periodically reassess governance, accountability and ownership before leadership transitions or regulatory scrutiny expose weaknesses.

Creating organisational clarity is often the first step towards reducing governance risk.

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Creating Organisational Clarity • Strengthening Governance • Improving Execution