

***CORPORATE
GOVERNANCE
REPORTING***

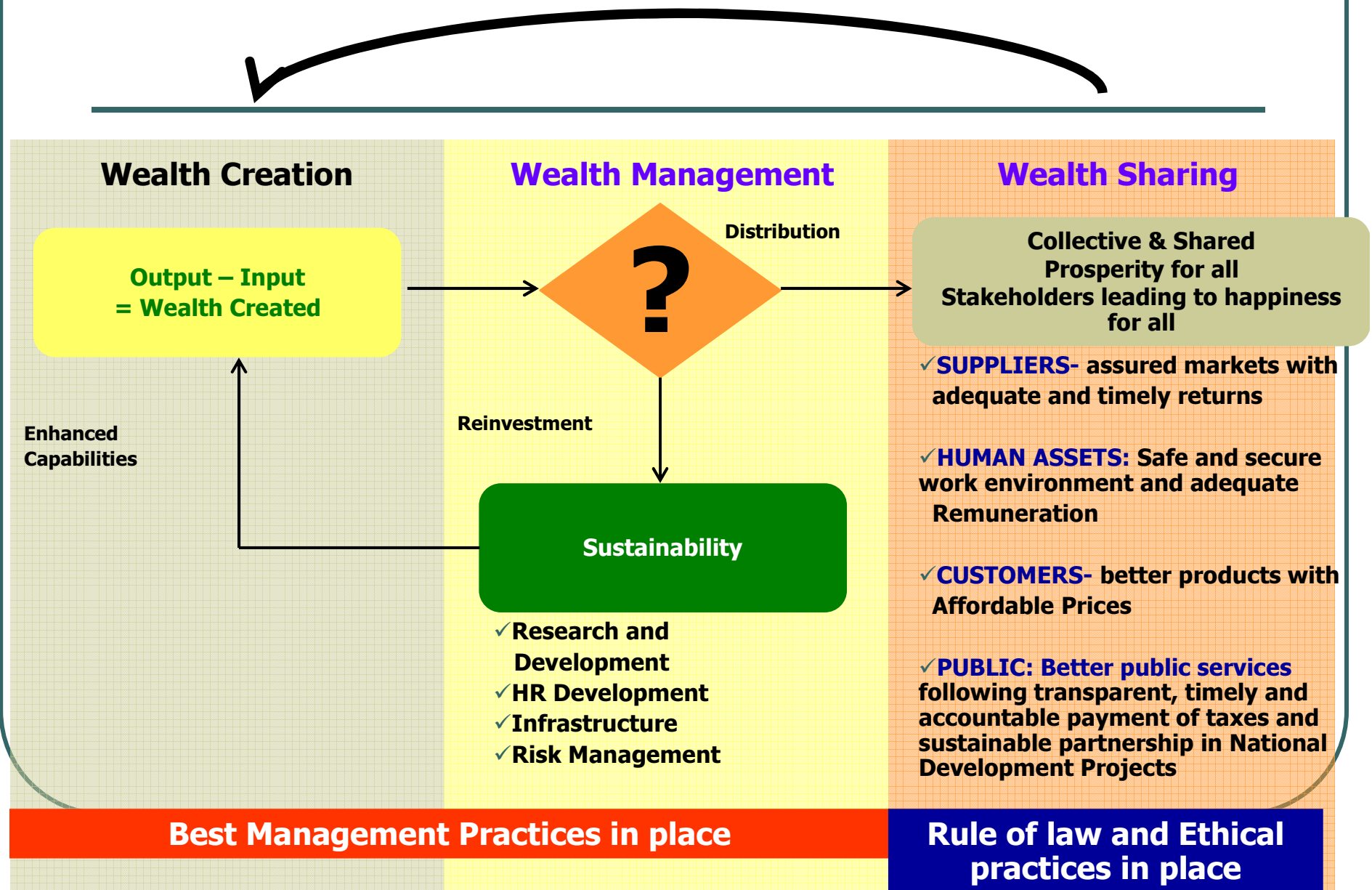
ICPAK FINANCIAL
REPORTING WORKSHOP
2RD DECEMBER 2011

WHAT IS CORPORATE GOVERNANCE?

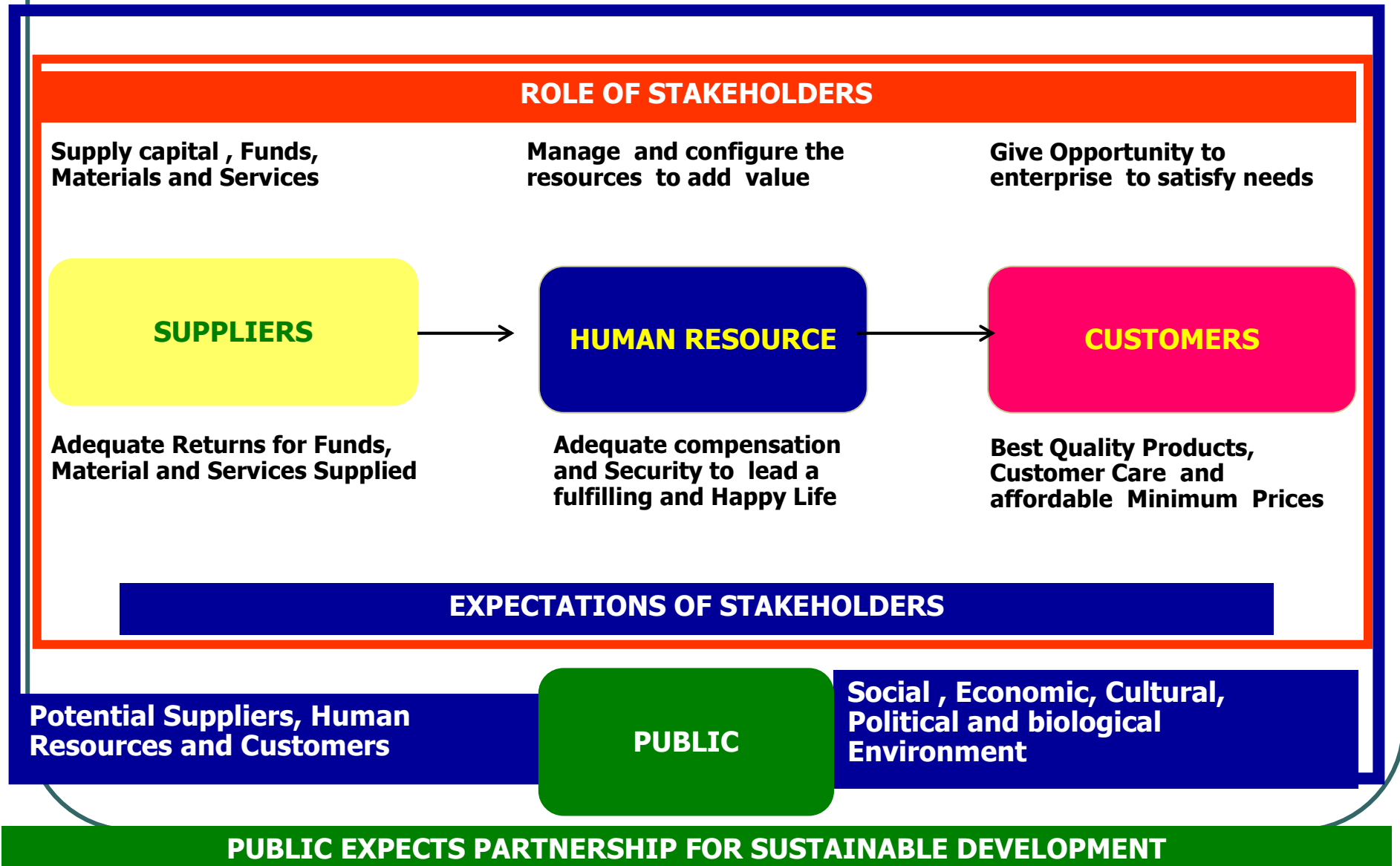
It is defined as:

- The system by which corporations are **directed, controlled and held to account.**
- **The manner in which the power of [and power over] a corporation is exercised in the stewardship of its total portfolio of assets and resources** so as to increase and sustain shareholder value while satisfying the needs and interests of all stakeholders.

Corporate Governance Framework



Stakeholders in corporate Governance Value Chain



CONSTITUTIONAL REFERENCE REGARDING LEADERSHIP

CHAPTER 6: LEADERSHIP AND INTEGRITY

73. Responsibilities of leadership

73. (1) Authority assigned to a state officer

- a) is a public trust to be exercised in a manner that—
 - (i) is consistent with the purposes and objects of this Constitution;
 - (ii) demonstrates respect for the people;
 - (iii) brings honour to the nation and dignity to the office; and
 - (iv) promotes public confidence in the integrity of the office; and
- (b) vests in the State officer the responsibility to serve the people, rather than the power to rule them.

2) Guiding principles of leadership and integrity

- (a) selection on the basis of personal integrity, competence and suitability, or election in free and fair elections;
- (b) objectivity and impartiality in decision making, and in ensuring that decisions are not influenced by nepotism, favouritism, other improper motives or corrupt practices;

2) Guiding principles of leadership and integrity

- (c) selfless service based solely on the public interest, demonstrated by—
 - (i) honesty in the execution of public duties;
and
 - (ii) the declaration of any personal interest that may conflict with public duties;
- (d) accountability to the public for decisions and actions; and
- (e) discipline and commitment in service to the people.

Conduct of state officers

- 75.** (1) A State officer shall behave, whether in public and official life, in private life, or in association with other persons, in a manner that avoids—
- (a) any conflict between personal interests and public or official duties;
 - (b) compromising any public or official interest in favour of a personal interest; or
 - (c) demeaning the office the officer holds.

Conduct of state officers

- (2) A person who contravenes clause (1), or Article 76, 77 or 78 (2)—
- (a) shall be subject to the applicable disciplinary procedure for the relevant office; and
 - (b) may, in accordance with the disciplinary procedure referred to in paragraph (a), be dismissed or otherwise removed from office.
- (3) A person who has been dismissed or otherwise removed from office for a contravention of the provisions specified in clause (2) is disqualified from holding any other State office.

PILLARS OF CORPORATE GOVERNANCE

- Accountability [leadership that must be ready to account]
- Efficiency and effectiveness [leadership for results]
- Probity and integrity [leadership that is honest, faithful and diligent]
- Responsibility [leadership that is capable, responsible, representative and conscious of its obligations]
- Transparent and open leadership with accurate and timely disclosure of information relating to all economic and other activities of the corporation.

OBJECTIVES OF GOOD CORPORATE GOVERNANCE

- Increased profitability, efficiency and effectiveness;
- Probity, transparent reporting with timely & full disclosure, and accountability of power and stewardship;
- Enhanced reputation, image and credibility;
- Sustainability with enhanced competitiveness, innovativeness and creativity;

OBJECTIVES OF GOOD CORPORATE GOVERNANCE

- Enhanced relevance, legitimacy, responsibility and responsiveness;
- Implementation of the highest standards of corporate social responsibility, citizenship and business ethics.

PRINCIPLE FOR REPORTING ON CORPORATE GOVERNANCE:

- The Annual Report should include a statement of disclosure of company's governance procedures and compliance

Statement should cover:

- Compliance with Principles and Codes that guide the company's governance procedures:
 - OECD
 - CACG
 - PSCGT
 - CMA
 - CBK

Statement should cover:

- Distribution of powers between Chair and CEO
 - They should not be vested in the same person
- Board size, composition, mix and competencies
 - Size should be between 7 to 11
 - Mix in terms of gender, age, profession, diversity

Statement should cover:

- Number of Executive, Non-Executive and Independent members
 - Ideal number is one third executive, one third non executive and one third independent
 - Regularity of meetings
- Powers, functions, roles and responsibilities of the board
 - Performance functions

Statement should cover:

- Conformance functions
 - Concordance function
 - Transformative function
-
- Sub-committees, their composition, powers delegated to them and/or terms of reference.

Statement should cover:

Specific issues relevant to board members:

- Supply of information to members and freedom to seek independent professional advice at the company's expense
- Procedures for appointment of directors
- Induction and development of members
- Compensation and shareholding by members

Statement should cover:

- Specific issues relevant to board members:
 - Succession plan for members and other senior executives
 - Mechanisms to monitor performance of the board and individual board members
 - Related party transactions, conflict of interest disclosure and assurances by members

Statement should cover:

- Specific reports and disclosure, internal controls, accountability and transparency on financial aspects, including:
 - The Accounting and Audit standards(expected to be International Accounting and Auditing Standards)
 - Overall organizational plan, supported by business plans and budgets
 - Clearly defined performance measures (operational and financial)
 - Risk management and internal control systems and procedures and their effectiveness.

Statement should cover:

- Accounting to shareholders and mechanisms for protection of shareholder rights
- Specific mention of role of audit committee and its relationship with internal and external auditors
- Communication with shareholders and stakeholders
- Compliance with the law
- Codes of conduct for the board, CEO, management and staff

Statement should cover:

- Human resource development and deployment
- Going concern nature of business and future prospects covering, inter alia, all aspects relevant to assurance on solvency, prospects for growth and survival etc in light of changing business environment- knowledge society, innovativeness and market trends.

THANK YOU