



THE 2ND BOARD MASTERCLASS

BOARD COMPOSITION

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Vision: A world class Professional Accountancy Institute.

Brain Teaser...!



READING

Brain Teaser...!



R
CROSS
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The Law of Navigation

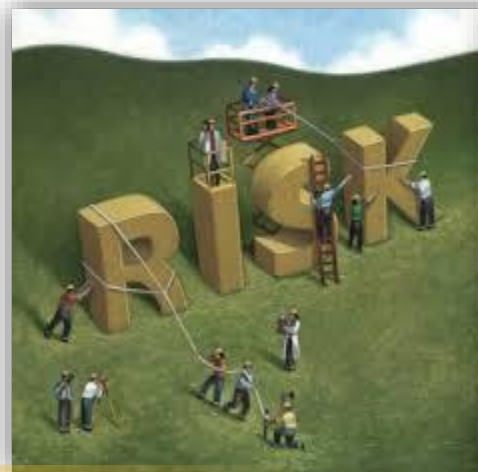


“Anyone can steer the ship, but it takes a leader to chart the course”

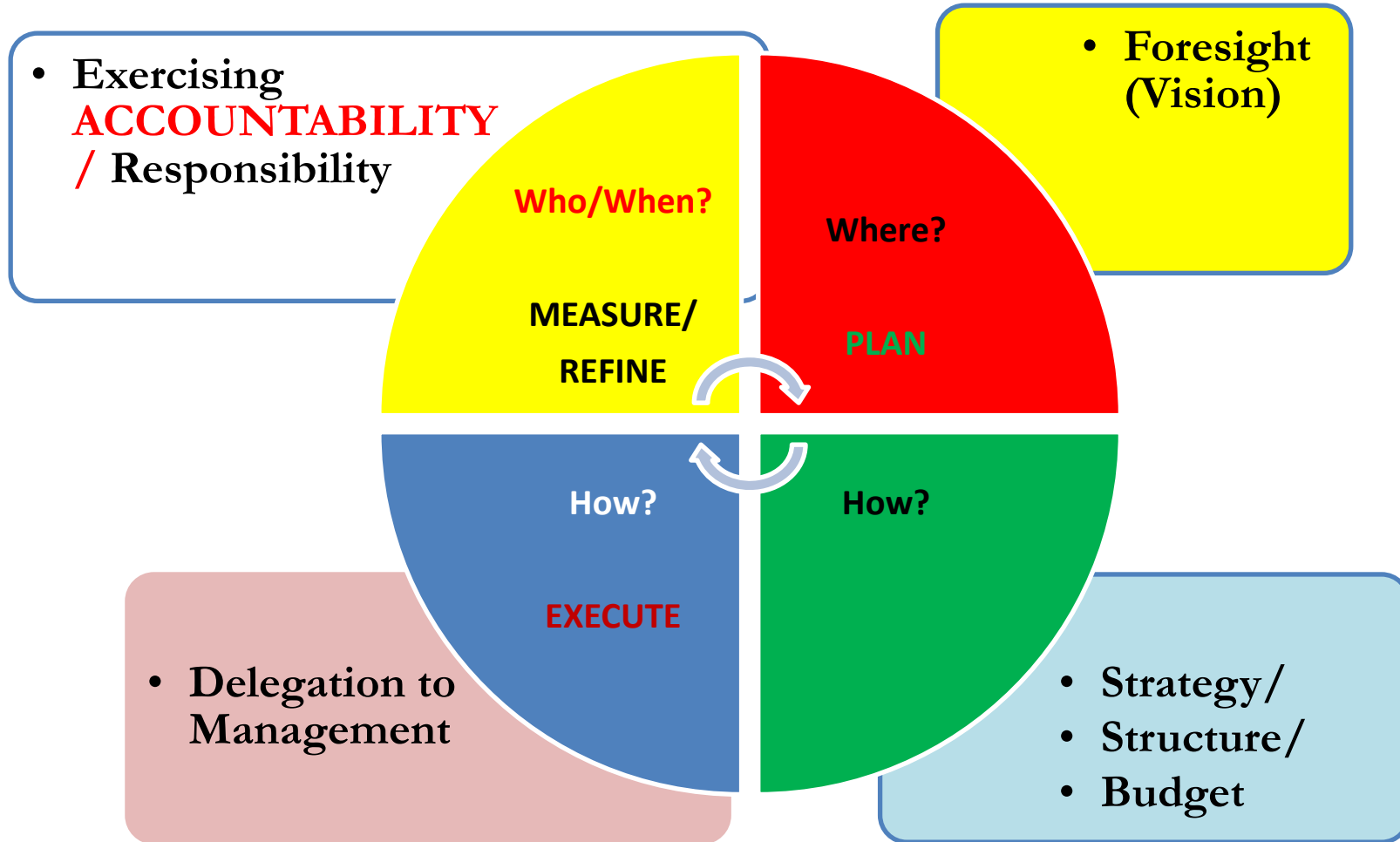
FORMING EFFECTIVE BOARDS

**WE UNDERSTAND
THAT TIME IS MONEY**

**GET 24HRS 7DAYS A WEEK
365DAYS A YEAR UPTIME**



Role of Board/Management?



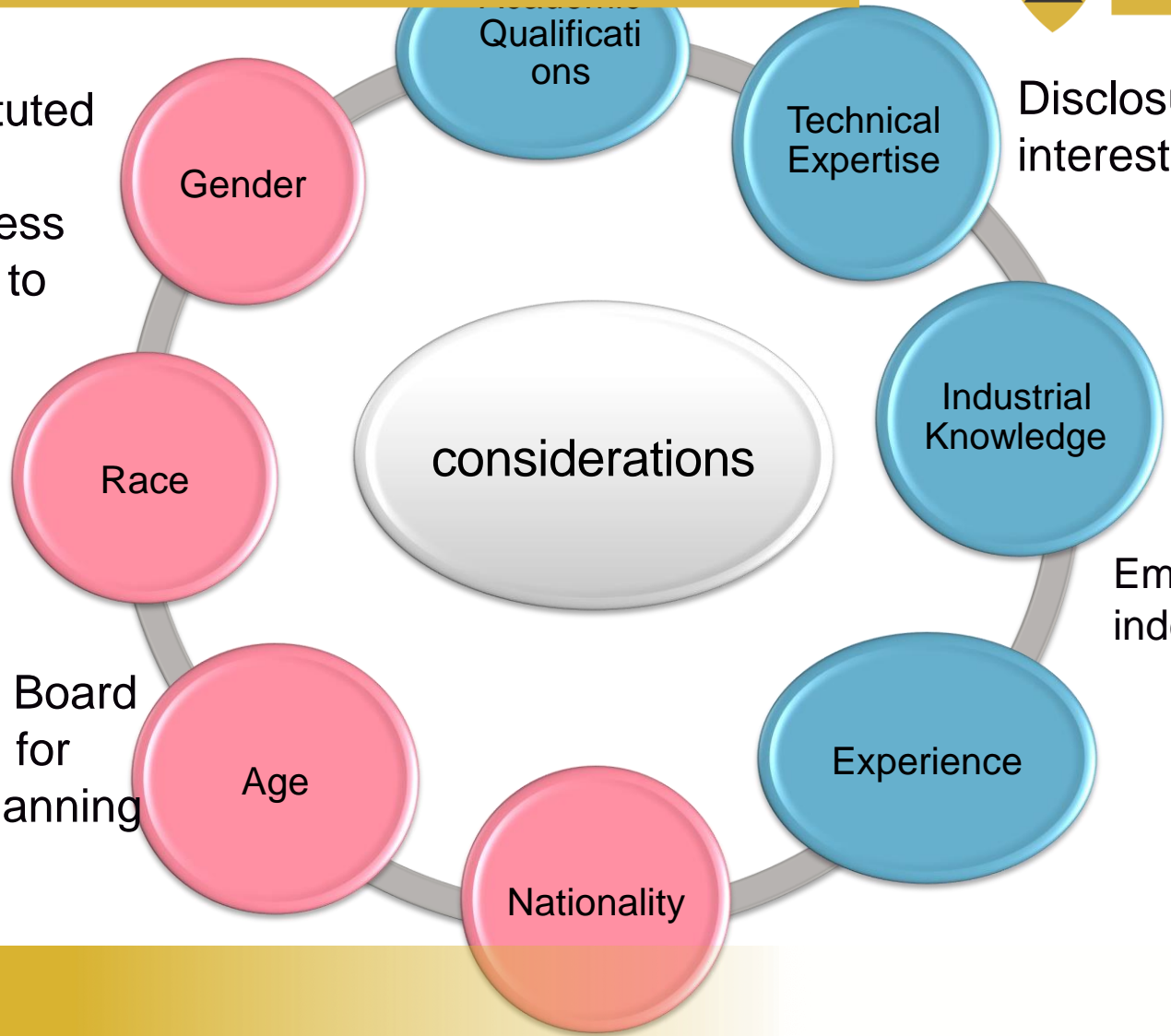
How many of us can relate....?



BASIS OF APPOINTMENT...?



Board to be constituted in a manner that ensures effectiveness and value addition to the company



Disclosure of Conflict of interest

Diversity

Emphasis on independence

Staggering of Board appointments for succession planning and smooth transition

The Organization must be led by an effective and competent Board

- Appointment, Composition and size
- Role and Functions of the Board
- Duties of individual Board members
- The Role of the Chairperson
- Committees of the Board
- Conduct of Board meetings
- The Board work plan
- Board independence
- Appointment of the CEO and his/her role
- Appointment of Corporation Secretary and his/her role
- Separation of roles



■ Greater transparency required of Boards

- ✓ Vision and Values
- ✓ Policy on corporate Governance
- ✓ Key Stakeholder Groups
- ✓ Governance Structures
- ✓ Board performance and remuneration
- ✓ Code of conduct and Ethics
- ✓ Key risks
- ✓ Management Analysis
- ✓ Procurement
- ✓ Compliance with laws and Regulations
- ✓ Sustainability goals



P3. Great Emphasis on Accountability, Risk, Governance & Internal Control



- The role of the Board in; -
Financial reporting, Risk Governance, Procurement & Internal Control
- The key roles of the **Audit Committee** and the **External Auditor**
- The Role and position of the **Internal Auditor** and their interface with the Board.
- The **ICT integration** and management of ICT risks



P4. ETHICAL LEADERSHIP



- The role of the Board in;
 - ü Promoting ethics and integrity
 - ü Promoting the corporate reputation and image
 - ü Promoting CSR from a point of strategy
- The Code of Conduct and Ethics
- Conflict of interest
- Whistle blowing

THERE IS
NO RIGHT WAY
TO DO
A WRONG THING.



WHAT BEHAVIOURS SHOULD COMPANIES ADOPT TODAY?



Treat your
whistleblowers
as assets



Combine
protection with
strong analytics



Connect the
dots



Ensure your
policy is updated
and applied



Choose your
stakeholders
wisely

P5. Shareholder Rights & Obligations



- The Board should protect the rights of all shareholders and optimize shareholder value
 - Ownership Rights and interests
 - Shareholder Obligations
 - Minority Shareholders

P6. STAKEHOLDER REL/SHIPS



- **The Board;**
- should proactively manage relationships with stakeholders
- should **promote effective communication** with stakeholders
- develop a **policy on stakeholder Management**.
- Ensure that the **reputation** of the organization and its linkage with stakeholders is a regular Board agenda item.
- ensure that **disputes** are resolved expeditiously
- Cultivate **positive relationships** with



P7. Sustainability & Performance Management



- The goals and objectives of the organization should focus on the **long term sustainability** of the organization.
- –Each Board should have sustainability Goals.
- –The **sustainability goals should be linked to strategy.**
- The Board should put in place a **performance management system** that is linked to the strategy of the organization and which is aligned to the national development plans and sector performance standards



P8. COMPLIANCE WITH LAWS & REGULATIONS



- •The Board should ensure that the organization complies with;
- –the Constitution
- –all applicable laws and regulations
- –accepted national and international standards,
- –internal policies.
- •Utilize Legal and compliance audits for assurance



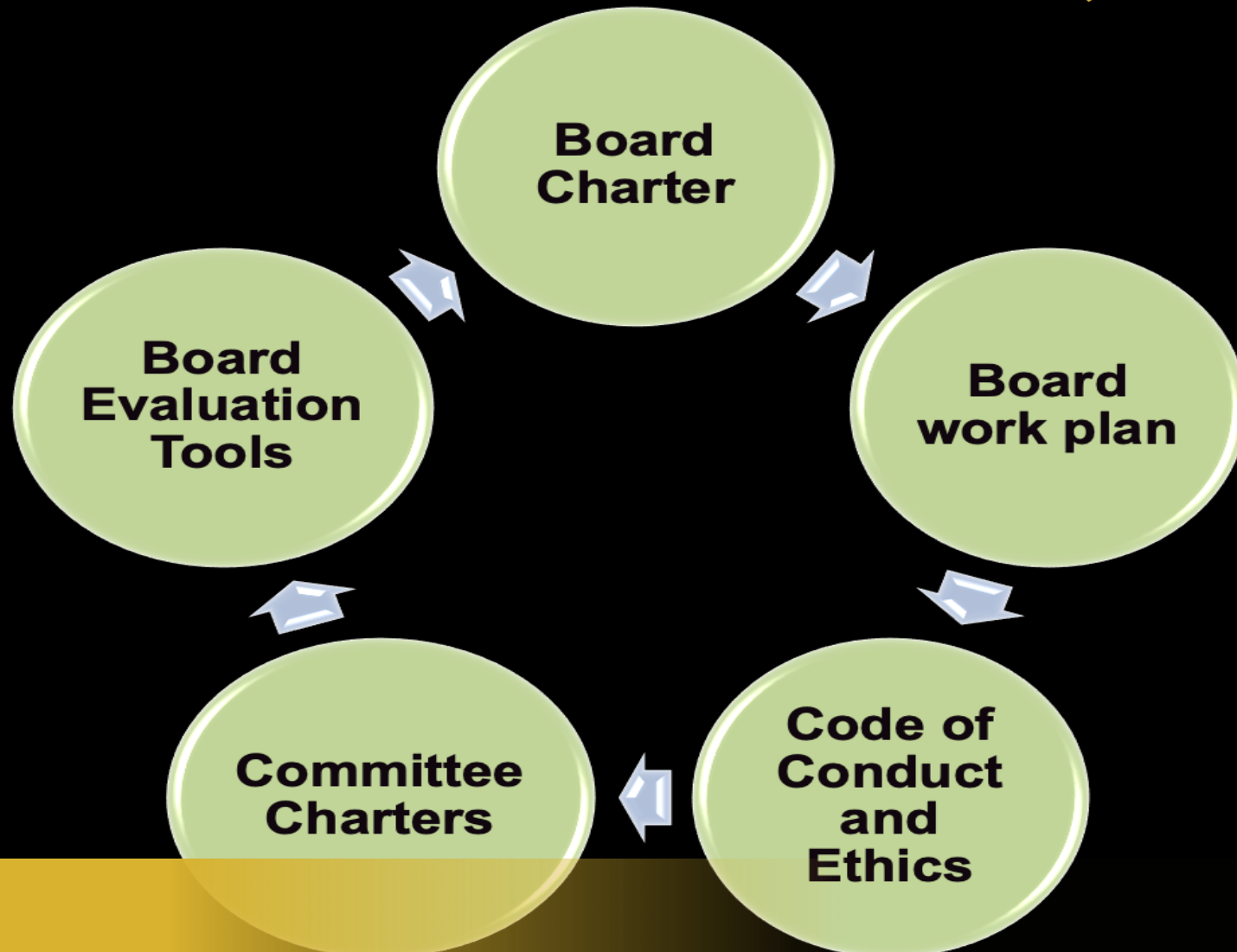
TERM LIMITS



SORRY, CALVIN, I WAS APPOINTED DAD FOR LIFE.



USEFUL BOARD TOOLS



Some obstacles faced by directors



Brain Teaser...!



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ORGANIZATIONAL HEALTH CHECK

WHAT STYLE DRIVES YOUR ORGANIZATION?

PERSONALITY

Features

Driven by vision and possibilities

Leadership uses passion to exert power

'Trust me'

PEOPLE

Features

Family atmosphere

Leadership uses relationships to exert power

'Involve me'

PERFORMANCE

Features

Driven by best practices

Leadership uses measures of performance to exert power

'Show me'

POLICY

Features

Driven by rules and policy

Leadership uses rules to exert power

'Tell me'



LEGAL FRAMEWORK





Companies Act 2015 and Code of Corporate Governance Practices for Issuers of Securities to the Public 2016

Public Financial Management Act 2012 and Public Audit Act 2015

Other Laws – The Banking Act, the Insurance Act, the Capital Markets Act and the Sacco Societies Regulatory Authority Act.

International Financial Reporting Standards

MWONGOZO CODE

Other Laws & Regulations...?

- - The PPAD Act 2015 & Regulations 2020;
- ***The State Corporations Act, Cap 446
Sections 11 & 12 (Budgets)***
- ***The Companies Act, 2015***
- ***The CONSTITUTION – ?***

3. PRINCIPLES OF APPLICATION

- Statutory for State Corporations (Executive Order No 7)
- MWONGOZO is premised on the **“Comply or explain”** paradigm
- The other models are:
 - a) “Comply or else”
 - b) “Apply and Explain”.



Categories of Liability

- ✓ **Personal** – best interest, honesty, good faith, care and skill.
- ✓ **Statutory** – enabling legislation, relevant sectoral laws, Government and regulatory directives.
- ✓ **Contractual** – Terms & Conditions of Service and Letter of Appointment.
- ✓ **Financial** – penalties and fines, fraud, insolvency, bankruptcy.
- ✓ **Reputational** – lack of shareholder confidence, removal as director, poor references.
- ✓ **Criminal** – failure to comply; criminal proceedings brought in personal capacity or condoning illegal acts of management/employees or other directors.

Key life Challenge....



- **“The most serious mistakes are not being made as a result of wrong answers. The truly dangerous thing is asking the wrong question”**

- Peter Drucker



Peter Ferdinand Drucker (November 19, 1909 – November 11, 2005) was an Austrian - born American management consultant, educator, and author, whose writings contributed to the philosophical and practical foundations of the modern business corporation. He was also a leader in the development of management education, and he invented the concept known as management by objectives.

Quotable quote...

**“You are either ON the
TABLE or IN the MENU”**

Margaret Chan



CHAIRMAN....?



- Discuss and indicate 5 key duties/roles



CHAIRMAN....?



- **Providing vision and leadership**
- Establishing Board agenda
- **Presiding over** Board meetings time consciously
- Ensuring minutes reflect proceedings
- Ensuring the Board is sufficiently informed
- **Connecting with the CEO**
- Mentoring the CEO
- Commencing the annual Board appraisal



CHAIRMAN...?



Head the Board
evaluation process.

Be available.

Guide the Board
decision making
process and where
necessary use his/her
casting vote .



SECRETARY




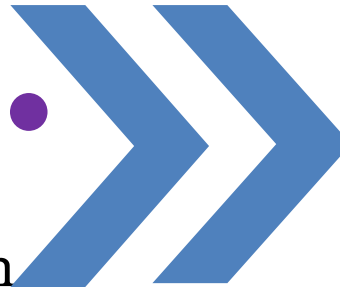
The conscience of the Board

- administrative and legislative requirements
- Ensuring the agenda is in place in time
- Together with the CEO to prepare Board papers
- Drafting and maintaining minutes of Board meetings
- Ensuring, with CEO and senior managers, that Board resolutions are effected
- Meeting statutory obligations
- Working with the chairperson and the CEO to establish and deliver best practice governance



- *The conscience of the Board.*
- *The Manager of the Board.*
- *The legal wall.*
- *The legal adviser of the Board and Management.*

- 
- - Invest in the Board
 - - Incorporate Attributes
 - - Regular Performance Evaluation
 - Enhance Communication



What's the point?

The official winner of the "not my job" contest...



“In order that people are happy in their work, these three things are needed: they must be fit for it; they must not do too much of it; and they must have a sense of success in it.”

John Ruskin



Thank You