



# THE 2<sup>ND</sup> BOARD MASTERCLASS

## BOARD COMPOSITION

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**Vision:** A world class Professional Accountancy Institute.

Brain Teaser...!



READING

Brain Teaser...!



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# The Law of Navigation

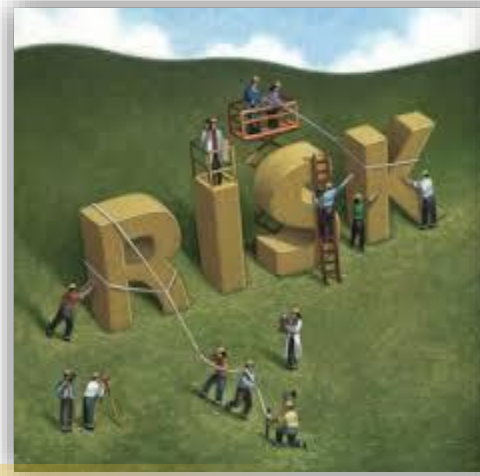


**“Anyone can steer the ship, but it takes a leader to chart the course”**

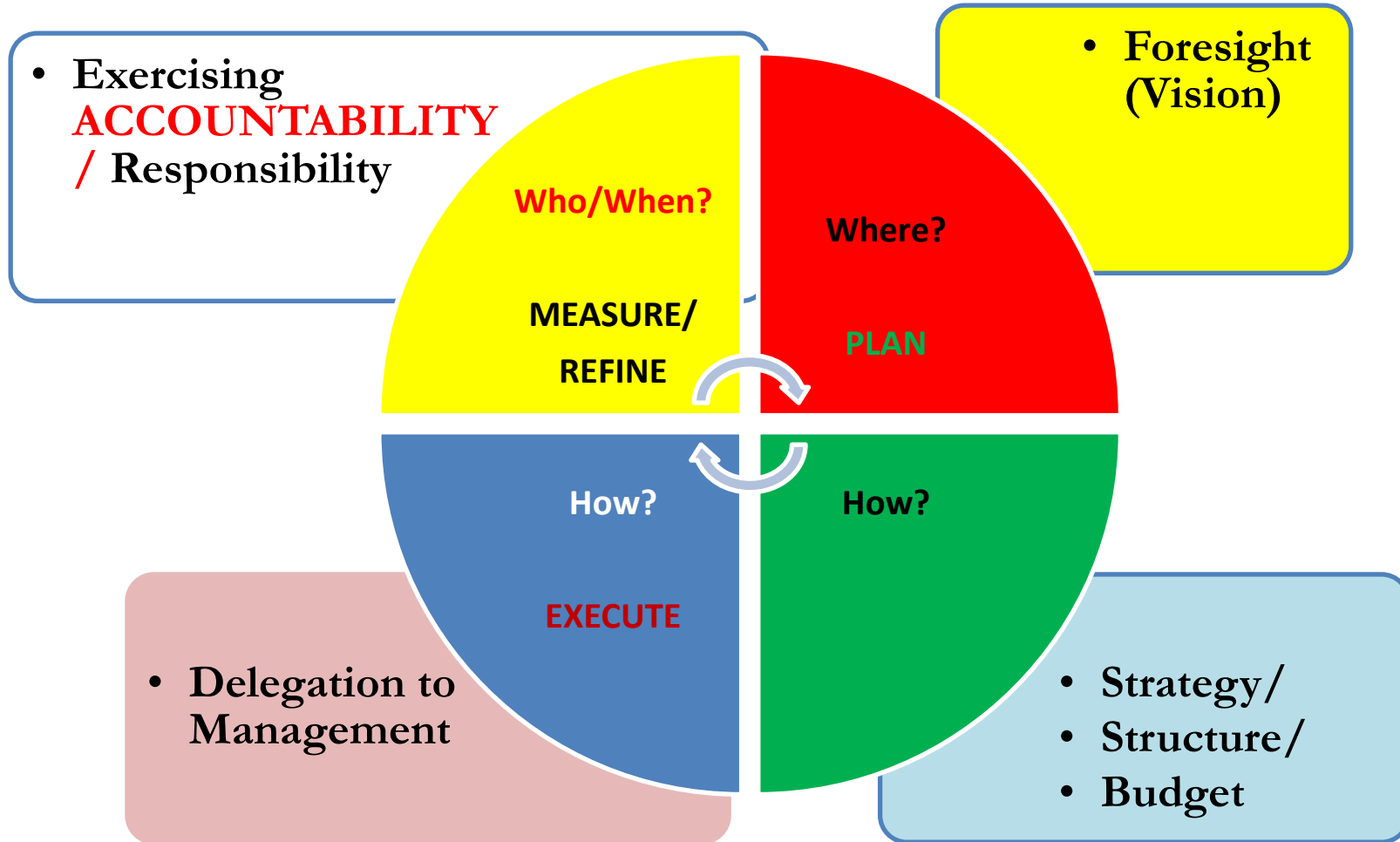
# FORMING EFFECTIVE BOARDS

**WE UNDERSTAND  
THAT TIME IS MONEY**

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



# Role of Board/Management?



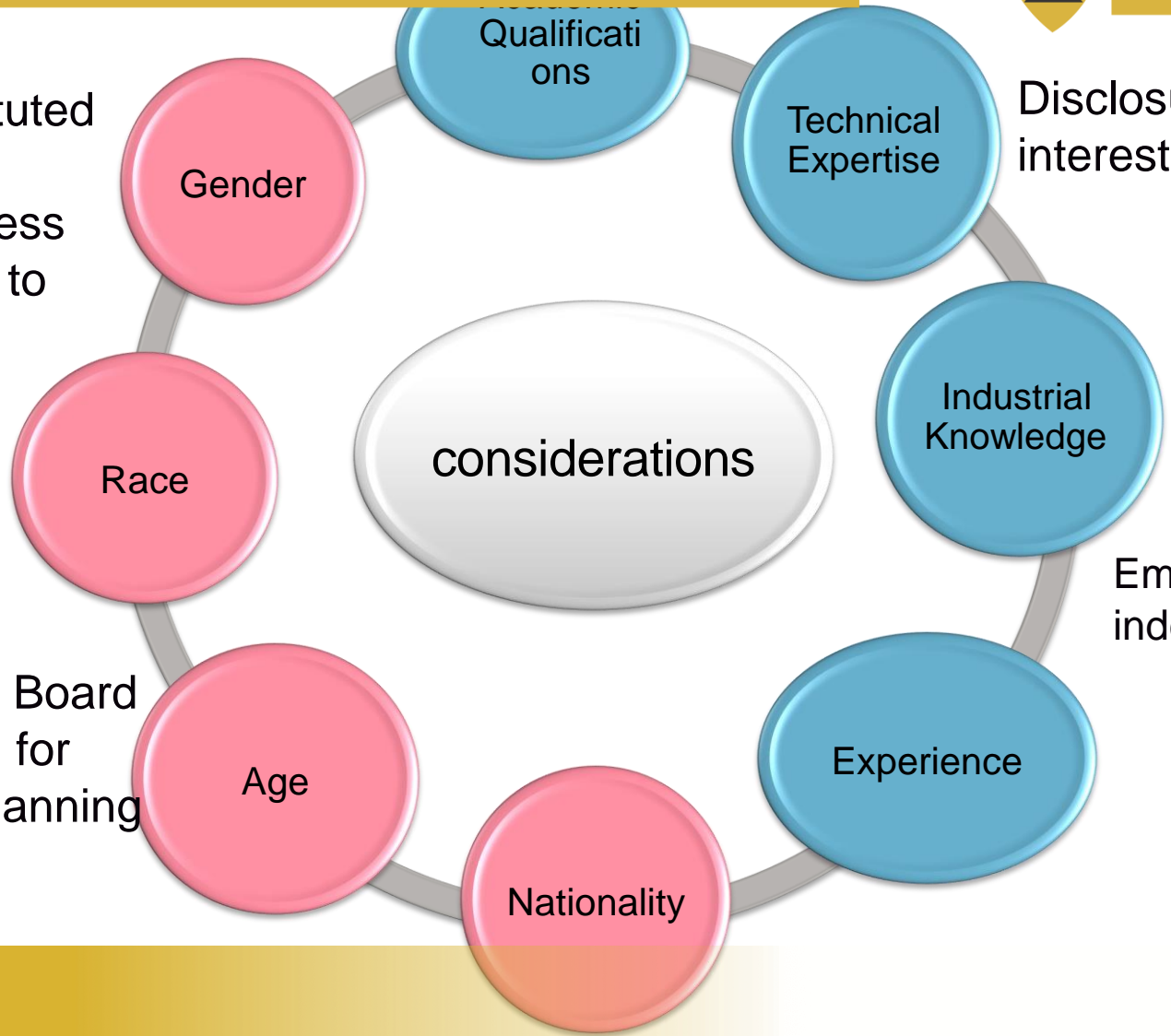
How many of us can relate....?



# 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



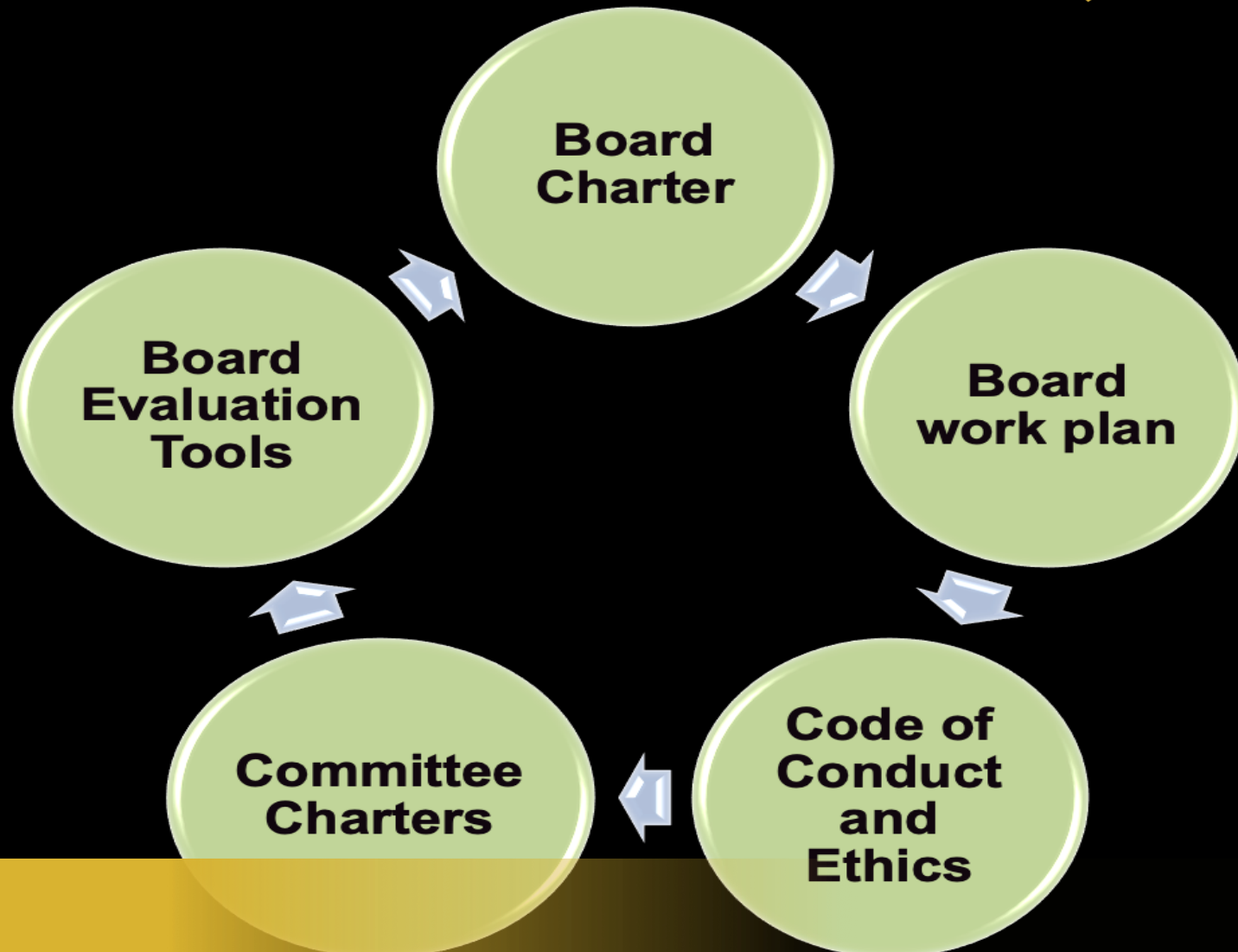
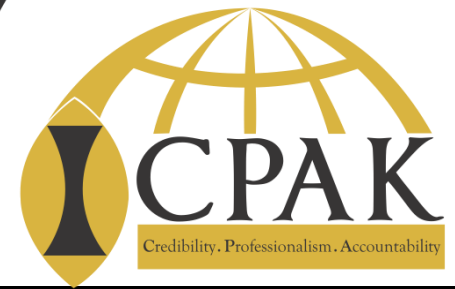
# TERM LIMITS



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




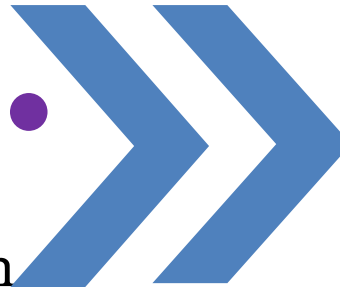
## The conscience of the Board

- 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

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