

Syllabus Outline Applied Governance

NQF8

Prescribed textbook: Robinson, K., *Applied Governance (2023): CGISA*

The aim of the module is to instil advanced knowledge and key skills necessary for the Chartered Secretary or Chartered Governance Professional to act as chief adviser to the board or governing body and other stakeholders on best practice in corporate governance, and as the facilitator for systematic application across a wide range of organisations.

Syllabus topics	Syllabus detailed content	Textbook
Learning Outcome 1: Research and critically evaluate the growing global, regional and local information sources on corporate governance.		
Overview of the general principles of corporate governance	<ul style="list-style-type: none"> • Definitions of corporate governance – including well-known ones, such as from Cadbury report, OECD principles and King Report, as well as local variations and according to organisation type • The nature of corporate governance and purpose of good corporate governance • Separation of ownership and control • Agency theory • Stakeholder theory • Principles of good corporate governance • Conflicts of interest • The board of directors • The law and corporate governance • Approaches to corporate governance • Codes of corporate governance and their application • Concepts of ‘comply or else’, ‘comply or explain’, ‘apply or explain’, apply and explain • Ethics and corporate governance 	Chapter 1 King V™: Foundational Principles
Learning Outcome 2: Justify and promote awareness of, and be responsible for continuing self and personnel development on corporate governance themes.		
The board of directors and leadership	<ul style="list-style-type: none"> • Statutory duties of directors • The roles of chair and CEO • Separating the roles of chair and CEO • Independence and non-executive directors • Liability of directors: directors’ and officers’ liability insurance • Conflict of interest • Concept of materiality • Concept of related person or related parties • The business judgement rule • The solvency and liquidity test • Loans to directors and prescribed officers • The role of the company secretary in governance • Role of the board 	Chapter 2 Chapter 3

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	<ul style="list-style-type: none"> • Corporate governance issues relating to the board • Matters reserved for the board • Constituting committees of the board • Size and balance of the board • Board appointments and the nomination committee • Succession planning • Induction and training of directors • Performance evaluation • Structure of boards 	
Learning Outcome 3: Apply the concepts of corporate social responsibility and ethical standards in governance.		
Governance and accountability	<ul style="list-style-type: none"> • Financial reporting and corporate governance • Financial reporting and investor confidence • Financial reporting: directors' duties and responsibilities • Misleading financial statements • Role of the external auditors: the audit report • Auditor independence • Controls over the accounting profession • The audit committee 	Chapter 4
Learning Outcome 4: Critically appraise and apply corporate governance principles and best practice in the employing or client organisation.		
Role of the board in risk management and internal control	<ul style="list-style-type: none"> • Risk governance as a primary responsibility of the board • The difference between 'business risk' and 'governance risk' (internal control risk) • Internal control risks: financial, operational and compliance risks • Elements of an internal control system • Opportunity risk governance • Risk appetite and risk tolerance • Risk and return: identifying, evaluation, monitoring and reporting on key risk areas • Responsibilities for risk management and internal control • Reviewing and reporting on the effectiveness of the risk management and internal control systems • Whistleblowing • Reputation risk management • Conflict prevention and resolution • Role of the company secretary as a risk adviser • Information technology governance • Legislative background • Sources of information • International IT governance • The Fourth Industrial Revolution 	Chapter 5 Chapter 6
Learning Outcome 5: Exercise appropriate judgement in the use of professional knowledge and skills to the resolution of practical issues and		

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problems in the proper governance of the employing or client organisation.		
Relations with shareholders	<ul style="list-style-type: none"> • Identifying shareholders • Types of shareholders • The equitable treatment of shareholders • Rights and powers of shareholders and protection for minority shareholders • Dialogue and communications with institutional shareholders (companies) and major stakeholders • Non-financial reporting and voluntary disclosure • Integrated reporting • Role and relevance of institutional investor organisations (or major stakeholders) and stakeholder guidelines; UK Stewardship Code and other investment codes • Constructive use of the annual general meeting and responsible voting • Shareholder activism • Electronic communications in shareholder relations 	Chapter 7
Corporate social responsibility and sustainability	<ul style="list-style-type: none"> • The nature of sustainability • The nature of corporate responsibility and corporate citizenship • Internal and external stakeholders: integration of social, environmental and economic issues • Formulating and implementing a policy for corporate social responsibility • Reporting to stakeholders on sustainability 	Chapter 8
Remuneration of directors and senior executives	<ul style="list-style-type: none"> • Directors' remuneration as a corporate governance issue • Basis for determining remuneration • The remuneration of non-executive directors • Elements of remuneration for executive directors • Share awards • The remuneration committee • The remuneration policy • The remuneration report • Compensation for loss of office • Approval of remuneration • Institutional shareholder views on directors' remuneration • Continuing influences on executive remuneration 	Chapter 9 Readings
Other governance issues	<ul style="list-style-type: none"> • Governance in the public sector • Governance of global companies • Governance of unlisted companies • Governance of small companies • Governance in family-owned companies • Governance in the not-for-profit sector • Comparison between King I, II, III and IV codes International aspects of corporate governance: 	Chapters 10-12

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	<ul style="list-style-type: none"> • Other models including US, Germany, Japan, Nepal, China • Effect of the global financial crisis on corporate governance • The transplantation of corporate governance practices 	
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Practical and work competence

- Provide stakeholders with an analysis of a corporate governance problems and solutions and advise as to how the problem might be resolved according to best practice
- Ensure compliance with the provisions of the Companies Act and Companies Regulations, other statutes and the King Report on Corporate Governance
- Ensure good information flows within the board or governing body and its committees and between senior management and non-executive directors
- Communicate using appropriate methods with institutional shareholders (companies) or major stakeholders
- Ensure that business of the company is conducted in accordance with its objectives as contained in its MOI
- Formulate and implement a policy for corporate social responsibility
- Compile reports for stakeholders on sustainability and corporate social responsibility issues
- From the perspective of a company secretary or governance professional, provide authoritative and professional advice on matters of corporate governance within a specific corporate context

Prescribed readings:

- the Companies Act 71 of 2008, as amended
- the Companies Regulations, 2011
- IoDSA King V™ Report on Corporate Governance. Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.
Download from: https://cdn.ymaws.com/www.iodsa.co.za/resource/collection/7DAE15BF-07FA-4922-879E-6788368F5DB4/KingV_code.pdf

Field Code Changed

Additional readings and resources: for downloading or reading/viewing:

- Integrated reporting
 - <http://integratedreportingsa.org/ircsa/wp-content/uploads/2017/05/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf>
 - <http://integratedreporting.org/wp-content/uploads/2015/12/Creating-Value-Integrated-Reporting-and-investor-benefits.pdf>
 - http://integratedreporting.org/wp-content/uploads/2015/11/1315_MaterialityinIR_Doc_4a_Interactive.pdf
 - <http://integratedreportingsa.org/fag-using-the-six-capitals-in-the-integrated-report/>
- Remuneration: <https://www.pwc.co.za/en/assets/pdf/2018-executive-directors-report.pdf> (updated annually)