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GOOD CORPORATE GOVERNANCE: THE ROLE OF THE ACCOUNTANT

by

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Abstract

Corporate governance deals with the mechanism by which stakeholders of a company exercise control over corporate managers and provide overall direction to the firm, such that stakeholders’ interests are protected. In such a situation, the firm operates more responsibly and profitably, relations are enhanced between the firm and all stakeholders - shareholders, policyholders, employees, suppliers and society at large - the quality of executive and non-executive directors is improved, the firm thinks long-term, information needs of all stakeholders are satisfied, and executive management is monitored properly in the interest of shareholders. The role of the accountant in this setting, is to maintain proper balance between the components of the system, ensure that the audit and accounting tools are playing proper governance roles, and that the pillars of good governance procedures are well in place.

Keywords: Corporate Governance, Accountability, Accountant, Stakeholders.

I  INTRODUCTION

One of the definite fall-outs of the Enron saga was a global pre-occupation with the twin challenge of corporate performance and corporate accountability. The regime of corporate failures which came on the heels of the global financial crises of 2007 to 2009 further emphasised the fact that corporate objectives, goals and priorities had been compromised by organisational gatekeepers, resulting in breakdown of planning, control and evaluation phases in corporate management. In Nigeria, the corporate misadventures received front-page attention through the Cadbury Plc case, the African Petroleum Plc and the post-consolidation crises that rifled through the banking industry. The corporate gatekeepers represented by accountants, auditors, corporate managers and the regulatory authorities have in some way been implicated in this macabre dance of death.

The corporate failures were on two distinct fronts: failure in the attainment of desired results and outcomes, and the abuse and circumventing of approved methods and processes. The proprietary interests of established corporate stakeholders took a plunge and the market for investment of funds, took a serious bashing. Global response to this downward spiral is in two different directions. First, there has been a renewed emphasis on the overhaul, codification and adoption of uniform International Financial Reporting Standards with an eye on best practices. Secondly, there has erupted a resurgence of emphasis on corporate governance principles and practice to avert the misadventures of the past.
The term “corporate governance” can be defined from both narrow and broad perspectives. From a narrow standpoint, it concerns the relationships between corporate managers, directors and varied stakeholders. From a broad concept, it encompasses the combination of laws, regulations, listing rules and voluntary private sector practices that enable the firm to attract capital, perform efficiently, generate profit, and meet both legal obligations and societal expectations (Gregory & Simms, 2005).

Okeahalam and Akinboade (2003: 3,4) put the definition in context. Thus, corporate governance:

▪ Refers to the private and public institutions, including laws, regulations and accepted business practices, which in market economy, govern the relationship between corporate managers and entrepreneurs (“corporate insiders”) on one hand, and those who invest resources in corporations, on the other;

▪ Is concerned with creating a balance between economic and social goals and between individual and communal goals while encouraging efficient use of resources, accountability in the use of power and stewardship, and aligning the interests of individuals, corporations and society;

▪ Encompasses the establishment of an appropriate legal, economic and institutional environment that allows companies to thrive as institutions for advancing long-term shareholder value and maximum human-centred development while remaining conscious of their other responsibilities to stakeholders, the environment and the society in general;

▪ Implies that companies not only maximize shareholders’ wealth, but balance the interests of shareholders with those of other stakeholders, employees, customers, suppliers and investors, so as to achieve long-term sustainable value. It is all about managing an enterprise while ensuring accountability in the exercise of power and patronage by firms;

▪ Is concerned with the processes, systems, practices and procedures as well as the formal and informal rules that govern institutions, the manner in which these rules and regulations are applied and followed, the relationships that these rules and regulations determine or create, and the nature of these relationships; and,

▪ Refers to the manner in which the power of a corporation is exercised in the stewardship of the corporation’s total portfolio of assets and resources, with the
objective of maintaining and increasing shareholder value, and satisfaction of other stakeholders in the context of its corporate mission.

The focus of corporate governance is on the board of directors. The unitary board model which is prevalent in Nigeria combines both a governing function (monitoring and supervision) and a management function responsible for day-to-day administration of company operations. Governance therefore, becomes the combination of processes and structures implemented by the board of directors in order to inform, direct, manage and monitor activities of the corporate body towards the achievement of set objectives. Private sector governance rests on four interrelated pillars:

- Board of directors;
- Corporate management;
- Internal audit;
- External audit.

By their very nature, private sector governance is driven by six key elements which become measures of competence:

- Business Policies;
- Business Processes;
- People and their Organisation;
- Management Reports;
- Methodologies; and,
- Systems and Data.

The Cadbury Report (1994) in the UK identified three fundamental principles of corporate governance: Openness, Integrity and Accountability (the public sector counterpart is the Nolan Report (1995) which listed seven principles of public governance). There is no generally accepted authoritative governance framework, but at least some items can be identified:

- Create a Framework for Oversight and Accountability through the respective roles and responsibilities of the Board and executive officers;
- Structure the Board in a manner that adds value, comprised of directors who are competent, independent, objective, committed, and possessing sound judgement. Board interaction, Board size and Board Committees must be geared to lend effectiveness to Board operations;
- Attract and Retain Effective Directors;
Continually strive to Improve Board’s Performance – training and increasing member awareness, improving access to information and advice, smoothening Board processes and work-flows and regularly assessing performance;

Promote Integrity and Ethical and Responsible Behaviour through compliance with laws, regulations, and adoption of ethical whistle-blowing programme;

Recognise and manage actual and potential conflicts of interest;

Recognise and manage risk – establishing a sound framework for improved risk oversight and management at the Board level;

Maintain a high-value authority matrix – ensuring properly defined, approved and clearly communicated authority-responsibility relationships between the Board and management, to guarantee efficient and effective management of resources and affairs of the company;

Oversee strategy and its implementation – coordinating the strategy development process, implementation process, and related annual plan and budget;

Oversee the organisation’s performance – monitoring performance in the best interests of the company and shareholders;

Approve significant transactions and events – ensuring that they are supportive of the organisation’s strategic direction;

Oversee and Evaluate the Internal and External Audit Function – The Board through its Audit Committee should appoint, monitor and evaluate the external auditor, while ensuring that the internal audit activity remains on-course and relevant;

Oversee and Evaluate Internal and External Legal Counsel – to ensure that the best interests of the organisation are served;

Put in place a management succession plan – reviewed, refreshed and maintained to ensure the continuity and future of the organisation (Rossiter, 2011).

This paper shall further trace the nexus between accountability, performance and good governance in the corporate setting.

II ACCOUNTABILITY, RESPONSIBILITY AND GOOD GOVERNANCE

Performance and accountability have become vital elements in the corporate governance framework. Improving organisational performance and accountability with an eye on delivering more appropriate, efficient and effective public service is the hallmark of good governance. Between them, the twin
concepts of performance and accountability, govern the entire gamut of operations, processes, methodologies, reporting and evaluation in an organisation. Thus, when we view accountability as answerability to a higher authority in the bureaucratic or inter-organisational chain of command, we incorporate the two concepts of responsibility and accountability therein.

Responsibility and accountability are opposite phases in organisational performance. While accountability resolves the question of the authority in the chain of command to whom individuals and units are accountable, responsibility relates to the activities and performance standards for which they are responsible. Accountability deals in the main, with mechanisms of supervision, oversight and reporting to a higher authority in a hierarchical chain of command. Thus, revolving around the issue of accountability is whether:

- Appropriate rigorous reporting procedures or systems of internal checks and balances have been implemented;
- Accurate, truthful and timely reports of actual performances have been filed with relevant authority regarding the mission, finances and operating structure of the organisation;
- The organisation has accounted for the policies and activities of the body as required by the law; and,
- The oversight authorities had sufficient resources and expertise to ask the right questions and pursue the right answers.

Responsibility is concerned with the domain of performance criteria and public expectations which may or may not be monitored through a formal chain of accountability. Thus, where accountability is answerability to someone – a superior, an oversight agency, or a responsible unit – responsibility is obligation for something – a specific level of performance or an intangible goal like public goods.

In its widest sense, accountability includes:

- A wide spectrum of public expectations dealing with organisational performance, responsiveness and even organisational morality;
- Implicit criteria related to obligation and responsibilities that are subjectively interpreted;
- Range of people and institutions to whom organisations must account including higher authorities in the chain of command and the general public.
Accountability addresses the obligation to serve a higher authority – the public trust – which is the ultimate source of the organisational mandate, authority and legitimacy. While they are often codified in laws and regulations, standards of accountability may be further defined by implicit expectations of clients, employees, and other stakeholders. Whether explicit or implicit, standards of accountability are dynamic components of any organisation’s strategic environment. Finally, standards of accountability should be continuously monitored and incorporated into the organisation’s strategic management process.

The responsibility-accountability framework is designed to help deliver improvements in organisational operations and outcomes. The actions and strategies outlined in the framework are designed to improve stakeholder outcomes and expectations, enhance organisational accountability and performance, strengthen the relationship between organisation and the stakeholders, provide for more efficient and effective operations, and guide continuous improvement and work towards enhanced overall organisational performance and accountability. The framework seeks to achieve two main objectives:

i) To assist in delivering organisational priorities and contribute to genuine and sustainable improvements to the welfare of organisational stakeholders;

ii) To ensure transparent and accountable decision making and resource allocation.

Accountability and Ethics are related, yet very distinct and separate. Ethics is the organisational responsibility to make decisions that accord with an accepted or morally defensible code of distinguishing right from wrong. Accountability is answerability to a higher authority for whom ethical standards may be one out of many criteria. Ethics can be hierarchical:

- **Personal Morality** - relating to the individual’s core values which shape his perceptions of right or wrong;
- **Professional Ethics** - where decisions are made according to standards stipulated and enforced by a given profession;
- **Organisational Ethics** - relating to formal rules and informal norms that shape the behaviour and ethical reasoning of organisational members; and,
Social Ethics - where members are obliged to behave in certain ways to advance the general welfare of the group.

Accountability would then involve making ethical choices in accordance with personal, professional, organisational and societal norms and values. Ability to defend or account for performance according to some ethical framework is part of the accountability framework.

We shall now seek to identify the role of the accountant in putting in place, this governance-accountability framework.

III THE ROLE OF THE ACCOUNTANT IN CORPORATE GOVERNANCE

The **NEED** for good corporate governance is underlined by the necessity to protect and enhance shareholder value, meet the company’s obligations to employees, and secure the interests of all stakeholders in the corporate environment. The goal is to guard against the kind of abuses that led to the corporate scandals and financial crises that threatened corporate relationships in the last decade. A meeting of the Business and Organizational Ethics Partnership observes that there are five reasons why ethical lapses are common in the corporate scene:

- **Self interest often metamorphoses into greed and selfishness**; emphasis shifts from the long-term to the short-term with a big accent on profit maximization. Firms therefore make money, not out of sales and increased productivity, but from playing around with their asset mix;
- **Stunted moral development** on the part of corporate officials and management. If the fundamental purpose of a business is to make money or maximize shareholder value, it legitimises everything done in pursuit of that goal. After all, the fundamental purpose of a thing is its reason for existing.
- **Some people equate moral behaviour with legal behaviour**, disregarding the fact that even though an action may not be illegal, it still may not be moral.
- **A bank/company can, by the dictates of its reward system, encourage dysfunctional or counter-productive behaviour** or turn a blind eye to the outcome. Thus, professional duty can conflict with company demands.
- **Sometimes the push to act unethically comes from the client. Individual responsibility can therefore wither under the demands of the client** (Duska, 2006).

The spate of corporate scandals and misadventures which resulted in the global meltdown had dramatic and far-reaching implications for the profession. In the
United States, the Sarbanes-Oxley (SOX) Act 2002 effectively changed the laws of corporate governance and the rules and regulation under which accounting firms must operate. The thrust of the law is to:

- Restore investor confidence in capital market;
- Help eliminate financial statement fraud in publicly quoted companies;
- Increase penalties and sanctions for corporate accounting fraud.

The law set out standards in seven key areas:

- **Public Company Accounting Oversight Board (PCAOB)** charged with setting audit standards and investigating acts of non-compliance by auditors or audit firms;
- **Criminal and Civil Certification** by Chief Executive Officers and Chief Financial Officers, compelling them to assume responsibility for their companies’ financial statements instead of delegating the responsibility to subordinates and claiming ignorance when fraud is uncovered in the statements;
- **New Standards for Audit Committee Independence**, and assigning to the Committee the task of appointing, compensating and overseeing the work of the company’s external auditors;
- **New Standards of Auditor Independence**, specifically prohibiting public accounting firms from performing certain tasks for their clients. Such tasks include: bookkeeping services, financial information design and implementation, appraisal and valuation services, actuarial services, internal audit out-source services and such like. It also provides for periodic rotation of lead audit partner and accounting firms;
- **Enhanced Financial Disclosure Requirements** which make it mandatory to disclose all material off-balance sheet transactions, arrangements, obligations and other relationships the company may have with unconsolidated entities or persons that may have a material current or future effect on the company’s financial condition, changes in financial condition, liquidity, capital expenditure, capital resources or significant components of revenues or expenses;
- **Protection for Corporate Whistleblowers** making it unlawful to fire, demote, suspend, threaten, harass or in any manner discriminate against an employee for providing information or aiding an investigation of securities fraud;
- **Enhanced Penalties for White-Collar Crime** covering “attempt” and “conspiracy to attempt” document destruction, securities fraud, bankruptcy shelters, ill-gotten bonuses, and so on (Wells, 2004).
In Nigeria, the *Code of Corporate Governance*, defines the *PRINCIPLES* of good corporate governance:

- **Board Governance** - The establishment of an effective Board with good balance between executive and non-executive members, and transparent appointment and re-appointment procedures. The Board should also be supplied with timely information necessary for its governance and administrative functions. The Board is entrusted with defining the firm’s strategic goals, and ensuring effective deployment of the human and financial resources of the company towards the attainment of these goals;

- **Directors’ Remuneration** - Directors’ remuneration should be structured to link rewards to corporate and individual performance, and as much as possible, details of the remunerations of each director (both executive and non-executive) with share options, should be disclosed in the annual report;

- **Relationship with Shareholders** - Regular dialogue should be maintained between shareholders and the firm. The Board is specifically directed to protect shareholder rights - as much for the minority shareholder and the significant shareholder;

- **Accountability and Reporting** - The Board should ensure regular and balanced reports of the company’s position and prospects. The emphasis is on full, fair and adequate disclosure of all relevant disclosure, beyond the requirements of the *Companies and Allied Matters Act (1990 as amended)*. Beyond quantitative information, the company is expected to report on such matters as customer satisfaction, product and service quality, market share, environmental performance, and so on;

- **Risk Management and Audit** - The Board should maintain sound system of internal controls, and establish formal and transparent arrangements for proper audit. It should also ensure an effective risk management process which will be integrated into the day-to-day activities of the company.

- **Sustainability Issues** - This principle requires the company to develop corporate sensitivity to interests of all stakeholders - employees, host community, consumers, and general public - even while promoting strategic national interests, ethos and values, without compromising global aspirations. The firm should also specifically report on the nature and extent of its social, ethical, safety, health and environmental policies and practices.
The Code specifies a number of Committees to facilitate the execution of the tasks of the Board. They include:

- The Audit Committee comprising in the main, non-executive independent directors, able to read, analyse and interpret financial statements. The Committee is charged with the responsibility of oversight of the integrity of the company’s financial reporting and audit arrangements, establishment of an internal audit, development of comprehensive internal controls, and overseeing the identification of significant fraud risks across the company;

- The Risk Management Committee - This Committee should assist in oversight of the risk profile, risk management framework and the risk-reward strategy of the company as determined by the Board;

- The Governance/Remuneration Committee comprising solely of non-executive directors, with the duty to establish criteria for Board and Board Committee memberships, assess contributions of current directors in connection with their re-nomination, and evaluate skills, knowledge and experience required on the Board.

Strict prescriptions are also stipulated in the Code to discourage conflict of interest, insider trading, family and interlocking directorship, and multiple directorships.

The Nigerian Financial Reporting Council Act, 2011 and the Code of Corporate Governance emphasize the importance of good internal controls in service of good corporate governance. The Canadian Institute of Chartered Accountants in its 1995 Criteria of Control Board Guidance defines control as comprising “those elements of an organization (including its resources, systems, processes, culture and tasks) that taken together, support people in the achievement of the organization’s objectives”. The Turnbull Guidance which was issued by the Institute of Chartered Accountants of England and Wales (ICAEW) in 1999, views internal control as a system which encompasses the policies, processes, tasks, behaviours and other aspects of a company, which taken together:

- Facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other tasks to achieving the company’s objectives;

- Help ensure the quality of internal and external reporting; and

- Help ensure compliance with applicable laws and regulations, as well as internal policies with respect to the conduct of business (IFAC, 2006).
The thrust of this new trend in the discipline is to weave the entire accountability framework of the organization into the very fabric of regular operations, with a view to secure the twin goals of conformance and performance. *Conformance* covers issues such as board structures and roles, executive remuneration, and compliance with regulation. The conformance dimension focuses on accountability and assurance while the *performance* dimension focuses on strategy and value creation. Essentially, enterprise governance should not just report what is happening, but contribute to significant improvement of performance through the provision of relevant, pro-active information that determines whether or not strategic objectives can be achieved. Thus, controls aid performance in the achievement of certain defined goals:

- providing strategic direction;
- ensuring that objectives are achieved;
- ascertaining that risks are managed appropriately; and,
- verifying that the organization’s resources are used responsibly.

The general agreement is on a principles-based, risk-focussed, non-descriptive, and market-based approach that is suited to the specific internal and external environments of each firm. Good governance requires effective systems of internal control; but the controls that will guarantee good governance will not be prescriptive and legislative requirements, as they merely emphasise a compliance process rather than making internal controls an integral part of good business practice.

The primary task of the accountant is to ensure that there is a checklist of good corporate governance practices. It is not enough to define in theory the roles of the different components of the governance structure; more importantly, those components must be seen to operate efficiently in design and effectively in operation. The Chartered Institute of Public Finance and Accountability (CIPFA) in 1998, put forward five principles of governance:

- **Openness** - Access to information, communication with stakeholders and appointments to positions;
- **Financial and Performance Management** - Annual Reports and Corporate Planning;
- **External Review** - Audit arrangements and Regulation;
- **Due Process** - Compliance with the law, Standards of Behaviour, and Conflict of Interest guidance;
The responsibility falls rather heavily on the accountant to help the company ensure full compliance with the requirements of good and effective corporate governance. Firms with good corporate governance framework are usually fraud-resilient. Such companies erect a practical anti-fraud framework informed by a competent fraud risk assessment, and comprised of three fundamental strategies: *Prevention*, *Detection* and *Response*.

The Institute of Internal Auditors, the AICPA and ACFE jointly put forward five principles of risk management:

i) Ensure a Fraud Risk Management programme in writing relaying top management commitment to the war against fraud;

ii) Regular assessment of the fraud risk exposure of the firm;

iii) Prevention techniques to avoid key fraud risk events and mitigate their impact on the company;

iv) Detection techniques to uncover fraudulent events when they occur;

v) Reporting process to ensure a well coordinated approach to investigation and corrective action (Bishop & Hydoski, 2009).

In the final analysis, it is part of the accountant’s duties to ensure that companies:

▪ Implement enhanced Board of Directors oversight of fraud risk management;

▪ Appoint an executive-level member of management responsible for fraud management;

▪ Establish formal fraud control policy/strategy;

▪ Implement risk management goals, performance measures and periodic process evaluations;

▪ Coordinate efforts of different functions to reduce over-lapping activities and address risk management gaps;

▪ Formalize roles and responsibilities of the Board, Audit Committee, Management and Staff related to fraud risk management.

**IV CONCLUSION**

The corporate governance-accountability framework requires a whole lot of high-value governance components which cover the corporate and personal liability, corporate performance and accountability reporting, the management
system, the role of the Board, the role of staff and employees, and strategic planning. The specific requirements include director selection and recruiting standards; director orientation and continuous education programme; oversight matrix to guide agenda setting; Board/Committee/Director assessment process; compliance oversight; ethics programme; whistle blower programme; IT governance; risk oversight; strategic direction and planning; flow of information to and from the Board; framework for approval and oversight of significant transactions; new initiatives and change management; and coordination, convergence and integration of GRC (Governance, Risk and Compliance) opportunities.

In all of this, the role of the accountant is to aid proper corporate planning – setting achievable standards, establishing reporting, monitoring and evaluation standards, and crafting an overall vision for the enterprise. It is also his duty to aid the setting up of proper controls, efficient and effective audit system, good fraud risk management, and full, fair and adequate disclosure that satisfies extant international standards and best practices. It behoves the accountant to keep the governance checklist on the front-burner, and thereby ensure that the auditing and accounting tools serve an overall governance function in the firm.

Benjamin Chuka Osisioma
July 2013.
REFERENCES


UNESCAP (2009), “What is Good Governance?”
APPENDIX
Governance Checklist

Governance Audit
How to use this checklist

The role of the Board
The role of the Board is to govern the corporation. It does this through its vision and leadership, making decisions that provide direction and policy for staff. Some Boards, especially in smaller corporations, also take a managerial role. Sometimes it is difficult to maintain the leadership role because of preoccupation with day-to-day managerial issues, or because the leadership/vision is provided by staff.

Many systems work
Many systems work for dividing up the work between staff and Board. It is not so important which system is in place, as it is to be clear about who is responsible for what and how evaluation of their effectiveness is to be carried out. This checklist is one evaluation.

Purpose
The purpose of this checklist, then, is to see whether your corporation and its Board have the processes in place that allow governance by the Board to take place, and whether those processes are being used to govern.

Monitoring by the Board
The Board monitors the implementation of its own policies and the performance of the corporation and its staff or property managers in three ways:

1) Internal Reports;
2) External Judges; [by appointed auditors, agency inspectors, or other external assessors]
3) Direct Inspection [by delegated directors]

In the checklist which follows, consider which method best suits the monitoring requirements of the Board. Once completed, the checklist should provide a sort of map, laying out which territories are adequately addressed and which require attention.

1. Corporate and personal liability
The following sections list the kind of reports that can serve to assure the directors of the corporation's conformance to its statutory, legal, and fiduciary obligations.

i) Fiduciary
Do you receive regular financial statements to this minimum standard…
1. Comparison of Budget YTD [year-to-date] with Actual YTD?
2. Arrears and vacancy summary?
3. Balance sheet?
What form of assurance do you receive that:
1. Employees are being properly paid, and vacation pay is given?
2. Payroll withholdings and employer contributions are being properly remitted to Revenue Agency?
3. Tax return and charitable return [if applicable] have been filed?
4. Bank reconciliation has been done and books balance?

Are matters of inadequate practice which have been brought to your attention by the auditor, or through funding agency / government agency audits or operational reviews, being remediated?

Does the corporation have a policy on keeping records, i.e., which records to keep and how long?

Have the terms of the corporation's insurance policies been reviewed in the last 12 months?

ii) Corporate Status and Contractual Obligations

Does the corporation maintain a current list of members, directors, and officers?

Are minutes kept of all directors' and members’ meetings, approved at subsequent meetings, and certified (signed) copies placed in a minute book?

What form of assurance do you receive that the following have been made?
- Annual Information Return or other filings required by your agreements with government or other funding agency(s)?

What form of assurance do you receive that the terms of the operating agreement(s) or service agreement with government are not breached?

Who conducts this review?

Was a competitive selection process undertaken to determine successful contractors with the corporation, such as the property management company, etc.?

Has the responsibility for listing all contracts which the corporation has entered into been allocated? To whom?

Has the responsibility for regularly assessing compliance to the terms of these contracts been allocated? To whom? How often?

iii) Statutory

What form of assurance do you receive that the requirements of the laws are fulfilled?

iv) Due Diligence and Maintenance

[The obligation for due diligence of a director is to exercise a degree of care, diligence and skill that a reasonably prudent person would have exercised in comparable circumstances.]
“Does the corporation maintain an inventory list of equipment, tools and furnishings it owns?

When was the last time the existence of inventoried items was confirmed?

“Have any work orders been issued against the corporation in the last year by any authority?

Have they been resolved?

“Are there provisions for a responsible staff member to be available for emergencies around the clock?

2. Corporate performance and accountability reporting

Does the Board regularly receive the kind of report that tells the Board if its objectives for the corporation are being achieved (as opposed to a report which only summarizes the corporation’s activity)?

Does such a report to the Board contain any of the following?

- Income and expense information with budget numbers, including trends, (namely comparisons with previous years and projections for the future);
- Income and Expense Analysis showing reasons for variances;
- Arrears Report including trends (comparisons and projections);
- Arrears Analysis to show which factors are at work and how they are being addressed by the managers;
- Investment report, if applicable;
- Vacancies and Turnovers, showing monthly or quarterly results and previous years’ comparisons;
- Vacancies and Turnovers Analysis based on unit type, location, and tenant feedback, showing which factors are at work and how they are being addressed by the managers;
- Target plan information comparing actual market and RGI units with approved target plan;
- Work Order Report showing total work requests and completion percentage ("Issued, Completed, and Outstanding");
- Work Order Analysis showing comparisons with previous years, and breakdown of work orders by categories, for instance "Door," "Electrical," "Vandalism," "Leaking." Trends are identified and possible reasons given.
- Capital Replacement Report, given in terms of work completed vs. work planned, by item and by dollar value;
- Community Development Report, including progress report on programs and special projects, etc.;

- Labour Relations report, including grievances, claims, costs and outstanding achievement;

- Report on success of any specific remediation plans;
-Is information presented in executive summary form? Are graphs used where they increase comprehension speed?

3. The management system
Has the Board discussed and decided upon its governance philosophy?
Are there job descriptions for Board members?
Does the Board receive reports about the corporation's performance in delivering key services to its clients?
Does the corporation solicit and receive feedback from its employees?
Do you have by-laws or policies in place governing all major functions of your organization? [see below]
   1. Are your policies in daily use?
   2. Are policies consolidated in one volume?
   3. Are policies written in plain English?
   4. Are policies easily referred to, circulated, accessible anytime?
   5. Are policies part of the Board/staff/volunteer orientation?
   6. Is there a policy review process?

Are there by-laws or policies governing:
   Finance policy [consolidated];
   Spending authority / purchasing;
   Investment policy or procedure / fundraising;
   Privacy, confidentiality, conflict of interest, Board ethics;
   Community development or "community capacity-building";
   Use of fax, photocopier, computer, e-mail, and internet;
   Insurance / loss prevention / accident occurrence;
   Maintenance [comprehensive] / decorating / inspections / rental standards;
   Key distribution / access policy;
   Employee relations, including hiring, orientation, training, evaluation;
   employment practices; safety; use of technology; grievance procedure; harassment; dismissal; severance.

Workplace violence and harassment
Accessible customer service
Staff and board training

Do you have an audit function (such as an audit committee) whose responsibility it is to report whether the organization is in compliance with all the laws, rules, regulations and contracts that govern it?

4. The Board’s role
   a) Directors
   Are all Board positions currently filled? Is there more than 25% turnover between annual meetings? Why, if so?
Have any Board meetings been cancelled in the last year due to lack of quorum?
Should the overall make-up of the Board be different? Do we feel we are getting enough of the "right kind" of people on the Board?
Should all the areas of your corporation's activities be reflected in the directors' interests? Whose area of interest or committee assignment is:

______________ Finance  
______________ Maintenance / Asset management  
______________ Community development  
______________ Community relations / Outreach / Public affairs  
______________ Human resources  
______________ Planning and growth  
______________ Tenant relations  
______________ Leadership / chairmanship / group facilitation  
______________ Administration / Management systems

Do you have a succession process in place to recruit directors? Should the process by which directors are identified and nominated be changed?

c) Meetings
A governing Board should keep control of its agenda. How much of the Board agenda is set by the Board and how much by staff?

"Is the Board satisfied with the effectiveness of its meetings? Have any changes been identified to improve the effectiveness of meetings? [e.g. devote more or less time to certain responsibility areas; spend more time on items requiring decisions instead of information-only presentations; change agenda order; remove agenda items; provide more control of discussion from chair, etc.]

Are there areas of responsibility that occupy the Board's time unduly and which should be delegated to committees?
Are there existing committees that are unnecessary or confused as to their roles?

d) Staff - Board Roles
Do you have guidelines in place that make reference to the kind of activities and decisions that are solely the Board's, solely the staff's, or require the participation of both?
Do the Board and staff respect the territories of each as defined by such guidelines?

e) Conflict of Interest
Do directors have guidelines about conflict of interest as part of their orientation or included with their job description?
Are declarations of conflict of interest asked for, and recorded in Board minutes if declared?
Is a competitive process used to fill all staff positions?

5. Staff’s role
Do all staff of the company have their job descriptions and lines of authority?
Does each staff member have a contract or letter of agreement?
Has a performance evaluation been conducted for each staff person in the last 12 months?
Does the Board receive the kind of reports which tell you how staff are performing, namely achievements compared to objectives?
Does the human resources or employee relations policy include:
1. Hiring staff, incl. Human Rights Code guidelines
2. How staff are to be oriented
3. What training to give staff,
4. Evaluating performance
5. Grievance procedure
6. Dismissing staff & severance terms
7. Staff use of equipment, e-mail & the Internet
Do you ensure that employment legislation and employment practice are reviewed regularly to ensure the corporation complies?
Have any staff positions turned over more than once in the last year?
Does the corporation have an intentional, conscious process in place to motivate staff and volunteers, and to build morale?
Does the Board respect staff actions and choices in those areas of the corporation’s operation which have been delegated to staff?
Do staff have access to written policies and procedures relevant to their positions, in other words resources to help them do their job?

6. Strategic planning
Has a mission been established, is it communicated to stakeholders, and has it been recently reviewed for appropriateness?
Who is responsible for planning?
Do you have a process in place to plan the future?
Is the Board aware of the nature of environmental changes which should trigger the exercise of strategic planning, for instance changes in a community’s demographics, changes in tenant demographics, changes in government administration, changes in public policy, changes in economics?
Is the Board aware of the kind of internal problems which could trigger a strategic planning exercise, for instance failure of the corporation to achieve its stated objectives; high vacancy rate and tenant turnover; continued financial deficit; low staff morale and high staff turnover;
major failure of the corporation to pass an operational audit by government?

Have any of the above changes been noted in the last twelve months?

Has a strategic planning session been held in the last 5 years, consisting of the following:

1. Have key stakeholders been considered for participation in planning?
2. Has an "environmental scan" yielded a complete picture of the environment?
3. Have individuals offered a spectrum or variety of possible goals?
4. Have the planners prioritized the goals and agreed on which are to be pursued?
5. Are the goals measurable and defined in terms of outcomes rather than outputs [in other words, impact rather than effort]?
6. Have all possible obstacles to achieving the goals been considered?
7. Have individual strategies to overcome each obstacle been detailed?
8. Have the individual strategies been recorded, together with timelines and personnel responsible?
9. Has a method of monitoring the achievement been set?

Has the corporation established a Capital Replacement Plan based on professional assessment of the condition and lifetime of the components of the physical plant? Is the corporation adhering to the plan?