



Corporate governance continues to be a topical subject with widespread debate on corporate failures, loss of confidence in capital markets, questionable business and accounting practices, independence issues and a lack of understanding of the role of non-executive directors.

Organisations that demonstrate high levels of trust, while providing the transparency that stakeholders, like institutional investors, demand from organisations, may achieve organisational performance and improve shareholder value.

Developing professional knowledge

There is increasing attention paid to the qualifications and skill set of directors in carrying out their responsibilities. The roles and responsibilities of the board and individual directors as prescribed by the Companies Act, 71 of 2008, the regulations thereto and common law, are the overriding authorities in this area.

In practice, of course, most large and well-run organisations will look for suitable professional qualifications in their senior staff. There is an increasing demand for organisations to ensure their directors are trained in the latest developments of regulatory requirements and good practice, thus ensuring continual update and refreshment of their skills and knowledge.

KPMG can assist by:

- providing clarity on the role of executive non-executive directors, the board and board committees
- providing training sessions and induction training for directors, boards and board committees on good corporate governance practices, legislation and various governance codes
- delivering presentations to directors, boards and board committees on various governance codes, good corporate governance practices and legislation.

Defining the governance framework

Maintaining an appropriate governance framework within an organisation assists boards, board committees executive and non-executive directors to understand their role and responsibilities and ensures there is no overlap or duplication of effort.

KPMG can assist by:

- developing board charters, committee terms of reference and mandates and aligning them to best practices and specific circumstances of the organisation such as constitutions, shareholder agreements and legislation, etc
- developing or reviewing organisational governance frameworks, policies and procedures to align with good governance practices
- developing or reviewing the delegation of authority framework and ensuring alignment with mandated delegations, charters and terms of references and good governance practices.

Measuring performance

Appointing suitably qualified professionals to an organisation's board or board committees does not discharge the responsibility of ensuring that they contribute meaningfully at meetings and add value to the organisation. Organisations should measure board, board committee and directors' performance annually as recommended by King III.

KPMG can assist by:

- developing and facilitating the self-assessment performance evaluations of directors, board and board committees and presenting the results, recommendations and action plans (if any) to the board
- providing trend analysis on year-on-year self-assessment performance evaluations and presenting the results, recommendations and action plans (if any) to the board when performing self-assessment evaluations for consecutive years.

Analysing and reviewing gaps

Any governance processes embedded in an organisation should be benchmarked against best practices from time to time. Such reviews should aim to understand the organisation's performance against best practices or governance codes.

KPMG can assist by:

- completing gap analyses of the organisation's current status compared to the principles and practices of King III, Protocol on Corporate Governance for the Public Sector, and other internationally accepted guidelines and governance codes
- performing high-level or detailed corporate governance reviews addressing governance structures, processes and practices alongside business processes.

Disclosing and reporting

Best practice dictates that organisations should be transparent in their corporate governance practices. Organisations should therefore disclose their practices in their annual report and integrated report.

KPMG can assist by:

- developing the governance disclosure for integrated reporting and annual reporting
- reviewing the governance disclosure for integrated reporting and annual reporting.



Contact us

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