Certificate in Corporate Governance Qualification Discovery Pack
Overview

This discovery pack has been created to give you an in-depth understanding of what is involved in studying the Certificate in Corporate Governance. Whether you are looking to progress your own career or looking to develop your team, this certificate is ideal for those who want to gain a global perspective on corporate governance.

The pack is divided into six sections:

Introduction
The introduction tells you, at a glance, what the certificate involves. It provides key details such as entry requirements, ways to study, content and benefits of the certificate.

The short syllabus
The short syllabus provides more details about the certificate: key features and qualification structure.

Study text sample
We have included a sample from the study text to give you a taster of the subject matter and format of the material that we provide to support your learning.

Sample exam paper
An exam paper adapted from the November 2019 session is included in this pack. This will give you an accurate example of what could be asked in the exam and how it is structured.

Tuition options
We recommend our students take tuition and have a number of partners who are registered to provide tuition in person and through distance learning. We provide a list of our partners who deliver tuition for the certificate here.

How to register
The final section of this pack explains how you can register for the Certificate in Corporate Governance.
Certificate in Corporate Governance

Introducing the UK and international governance landscape

Experience/qualifications: No prior qualifications required
Ways to study: Tuition from one of our partners is highly recommended, but you can also self-study using the text
Support: We provide a study text and support resources such as examiner reports and past papers. Students are also very welcome at Institute events.
Price: £1,530
Dates: Exams in June and November
Web: icsa.org.uk/discovercertcorpgov

Gain global perspective on corporate governance with this internationally recognised qualification. This Level 4 qualification introduces you to the key frameworks, codes and legal and regulatory requirements which underpin effective corporate governance. It is designed to help you to navigate complex governance structures, understand risk and support your organisation's governance needs.

If you work in a role with governance responsibilities, such as secretarial assistant, executive assistant or governance officer, this qualification can help improve your performance and add value to your organisation.

Content
The qualification takes 200 hours' study time over six to nine months. The topics covered include:

- General Principles of Corporate Governance
- The Board, Shareholders and Corporate Reporting
- Board Procedure and Governance Administration
- Risk Governance

Benefits
You will gain a better understanding of:

- the role of the board and company secretary;
- how to support and engage with the board on legal, financial and regulatory issues;
- frameworks and principles of governance and how to apply the relevant codes;
- key players in governance; and decision-making complexities; and
- key ways to manage risk.
Key features

The Certificate in Corporate Governance:

- is aimed at individuals who are working, or looking for a role, with governance responsibilities in the private or other sectors
- is a Level 4 qualification – set at first-year undergraduate level
- contains four compulsory modules
- is an open-entry programme with no prior qualifications required
- The Chartered Governance Institute will set and mark the assessment
- is assessed twice a year, in June and November
- is graded at Pass (P), Merit (M) or Distinction (D) – students whose level of achievement is below Pass will be classified as Fail A, Fail B, Fail C or Fail D, depending on the number of marks achieved.

Prior knowledge, skills and understanding
You do not need to achieve any other qualifications before registering for this qualification. No prior knowledge, skills or understanding are necessary. There are no formal entry requirements and the qualifications are suitable for non-degree holders, although it is recommended to be working in a relevant occupation.

Assessment
The modules within the qualification are externally assessed via one closed-book examination that will cover content from each module. The examination is set and marked by us and the pass mark is 50%. See the Qualification structure section for further information.

The examination provides independently assessed evidence of learning. It also enables students to demonstrate the range of transferable skills they have developed throughout their programme of study by requiring them to apply their knowledge in unfamiliar contexts.
Qualification structure

This qualification comprises four modules and is assessed via one three-hour (plus 15 minutes’ reading time) closed-book examination which is set and marked by us. Students must pass this paper to be awarded the qualification. The pass mark is 50%.

<table>
<thead>
<tr>
<th>Modules</th>
<th>Total hours study time</th>
<th>% weighting</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Principles of Corporate Governance</td>
<td>55</td>
<td>27.5</td>
<td>This module introduces the general principles of corporate governance including what corporate governance is, its purpose, scope and history, and why it is important. It also looks at how different countries have approached corporate governance, including the use of non-statutory governance codes and where it fits in a country’s regulatory framework. The module covers an overview of corporate governance, explains the difference between principles and provisions and introduces some key governance theories. It then considers how corporate governance has developed in the UK, first for companies listed on the London Stock Exchange and then in other sectors and explains how governance has developed globally. Finally, the module covers some of the current key issues in governance and likely developments, including the influence of recent scandals, the importance of ethics, values and corporate culture, what organisations exist to do and their place in society and corporate social responsibility.</td>
</tr>
<tr>
<td>The Board, Shareholders and Corporate Reporting</td>
<td>50</td>
<td>25</td>
<td>This module takes a closer look at boards, shareholders and corporate reporting. It covers the role and structure of boards, how they are remunerated and the main board committees. It also looks at common problem areas for boards and directors in making good decisions. The module then explains the rights and responsibility of shareholders, the investor chain linking individual savers to legal share owners, engagement by shareholders with companies they invest in and some of the problem areas.</td>
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</tbody>
</table>
Finally, the module examines corporate reporting – how companies report to shareholders. It looks at the purpose and contents of the annual report and some of the practical issues for reporting.

<table>
<thead>
<tr>
<th>Board Procedure and Governance Administration</th>
<th>40</th>
<th>20</th>
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<tbody>
<tr>
<td>This module explores board procedure and governance in practice. It covers good meeting practice for boards, including the documentation that boards can use to improve meeting practice and the procedures for running a meeting. The module then looks at board effectiveness and the role of the company secretary in helping to ensure meetings are effective, and considers how boards should evaluate their effectiveness and some of the things that can challenge effectiveness in making good board decisions.</td>
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<table>
<thead>
<tr>
<th>Risk Governance</th>
<th>55</th>
<th>27.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>This module explores risk governance, explaining the role of the board in relation to ensuring the resilience of the organisation and its strategy in the face of risk. It covers the concept of risk, key risk terms and the board’s role in risk governance. The module then covers sources of risk, practical issues and challenges of managing risk and considers what can be learned from the 2007/8 financial crisis.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total | 200 hours | 100% |
Chapter nine
Boardroom effectiveness

CONTENTS
1. Introduction
2. The company secretary
3. Board effectiveness evaluation
4. Problem areas for directors and boards in effective decision making

1. Introduction
This chapter builds on the previous chapter on good meeting practice, setting out what else makes boards effective. Section 1 is about how the company secretary supports the board, including their role and responsibilities. The next section looks at board evaluation, what it involves and ways of doing it. The last section considers some of the problem areas for directors and boards in effective decision making not already covered in this or the previous chapter.

2. The company secretary

2.1 The legal and code requirement
All public companies are required to have a company secretary (CA2006 s. 271). The model articles for public companies contain a number of references to the company secretary in relation to meetings and documents. Together with the directors a company secretary is an ‘authorised signatory’ under s. 44 for executive documents.

Private companies were required to have a company secretary until the Companies Act 2006 but they may still choose to have one (CA2006 s. 270). If a private company does not have a secretary, anything required to be given or sent to its secretary may be given or sent to the company itself. Anything else required to be done by the secretary may be done by a director or person authorised by the directors.

Principle I of the 2018 Code says ‘the board, supported by the company secretary, should ensure that it has the policies, processes, information, time and
resources it needs in order to function effectively and efficiently. Provision 16 provides ‘all directors should have access to the advice of the company secretary, who is responsible for advising the board on all governance matters. Both the appointment and removal of the company secretary should be a matter for the whole board’.

So the company secretary’s role is one of supporting the board, and particularly the chair, in the performance of their duties. Exactly how much each company secretary does will differ from board to board.

### 2.2 The role and responsibilities of the company secretary

As the ICSA Guidance note, ‘The corporate governance role of the company secretary’ (2013),¹ says, the company secretary is at the heart of the delivery of good quality corporate governance. Much of the governance work described in this study text will be done by the company secretary.

The FRC confirms this in its Guidance on Board Effectiveness. In a section entitled ‘Board support and the role of the company secretary’, it says that ‘the company secretary is responsible for ensuring that board procedures are complied with, advising the board on all governance matters, supporting the chair and helping the board and its committees to function efficiently’.

Other responsibilities set out in the guidance include ensuring good communication and facilitating induction, training and general professional development. Another responsibility is to ensure that directors have access to independent professional advice at the company's expense. The company secretary should report to the chair on all board governance matters. This does not preclude the company secretary also reporting to the chief executive in relation to their other executive management responsibilities. The remuneration of the company secretary should be determined by the remuneration committee.

Another aspect of the company secretary’s role is assisting in the establishment of policies and processes that the board needs in order to function. The company’s governance processes, for example board and committee evaluation, should be regularly assessed by the company secretary and the chair, along with any potential improvements that arise from the assessment.

The King IV Report™ says that governing bodies should have ‘access to professional and independent guidance on corporate governance and its legal duties’, and ‘support to coordinate the functioning of the governing body and its committees’. It says ‘the governing body should approve the arrangements for the provision’ of such guidance and ensure that the company secretary ‘is empowered and carries the necessary authority’. It recommends that even companies and other organisations not required to have a company secretary should consider appointing one. King IV™ says the company secretary ‘should have unfettered access to, but for reasons of independence … not be a member of, the governing body’. Finally, King IV™ says that the company secretary

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¹ ICSA (2013) The corporate governance role of the company secretary, www.icsa.org.uk/download-resources/download0?fileId=7960
'should report to the [board] via the chair on all statutory duties and functions performed in connection with the governing body'. The company secretary may report to executive management on other matters.

It follows that company secretaries should develop and maintain a professional, objective and effective relationship with the chairman and other board members. They should be seen as trusted advisers who enjoy board members’ confidence and be a confidential sounding board on matters that concern them. They can be an unobtrusive but, if necessary, firm voice in board discussion. They are not, however, board members and should not vote in a board meeting. They should be abreast of new governance legislation, regulation and codes and any other governance developments relevant to the company and brief the board appropriately.

Agendas will normally be prepared by the company secretary in consultation with the chairman. As part of the agenda setting they should agree what the meeting needs to achieve, including any decisions that are required.

The company secretary will attend board meetings and be the chairman’s right hand. The effectiveness of the chairman and of the board meeting will, to a considerable extent, depend on the company secretary. They are responsible for board and committee administration and the issue of board papers including calling meetings, agendas, resolutions, supporting board papers and board minutes after a meeting. They can also advise on procedure during the meeting and on regulatory matters. The company secretary, or one of his/her team in a large organisation, will have the same role in committee meetings.

The company secretary will draft the minutes of the board or committee meeting. As discussed in Chapter 8, this is likely to be as soon after the meeting as possible, if not actually done during the meeting. The minutes of one meeting will normally be approved at the next meeting if not before. Once approved, they should be signed by the chairman and filed in the Minute Book.

Test yourself 9.1

Which legislation removed the requirement for private companies to have a company secretary?

The company secretary is likely to be responsible for many of a company's compliance requirements. This will include maintaining the various statutory registers and Companies House filing requirements and compliance with legislation.

The statutory registers which should be maintained at the registered office include:

- register of members and share ledger;
- register of directors and secretaries;
- register of directors’ residential addresses;
- register of charges;
◆ register of people with significant control (PSC register); and
◆ minutes of board and company meetings including shareholder resolutions.

These registers may be inspected by the public. Information to be filed at Companies House includes:
◆ the company’s financial statements once approved;
◆ an annual confirmation statement (this replaced the Annual Return in 2016);
◆ company resolutions (passed by the members);
◆ changes in directors or the secretary;
◆ changes in share capital or the rights of shares;
◆ changes to the articles of association or a new memorandum and articles;
◆ change of company name or registered address; and
◆ changes in mortgages or charges.

This information can be filed by post, courier or online. There are time limits for filing and penalties for late filing. Apart from the financial statements, resolutions and the memorandum and articles, changes should be notified on prescribed forms.

The company secretary will also be responsible for much of the work associated with shareholder general meetings, also called company or members’ meetings. There are two types: the annual general meeting (AGM), at which matters to do with the accounts, audit, directors’ remuneration, appointment of directors and dividends will be transacted. Any other matter for the members such as alterations to share capital can also be transacted at an AGM. Any other shareholder meeting is an extraordinary general meeting (EGM). An EGM would be called if business needs to be transacted at a different time from the AGM. Notice to convene a general meeting will be by the board (but see also Chapter 6) but will usually come from the company secretary by order of the board.

It follows that company secretaries must be well organised and have access to up-to-date compliance requirements. A timetable or series of timetables covering the main events such as production of an annual report, company general meetings and board meetings should be helpful, as would checklists for the various standard procedures.

In addition to all the responsibilities above the company secretary may also be the executive with overall responsibility for all other administrative matters.

Test yourself 9.2

Which documents must be filed at Companies House?
3. Board effectiveness evaluation

All boards should benefit from board effectiveness evaluation. The benefit of having one is likely to be proportional to the effort made in carrying it out. Benefits for boards, committees and individual directors can include:

- recognising mistakes and learning from them;
- surfacing uncomfortable issues which no one wants to raise (identifying the elephant in the boardroom) and dealing with them;
- identifying what works and what can be improved;
- considering boardroom dynamics: are they healthy or do they need help?;
- reviewing the evidence of the outputs of the board and committees such as: whether good decisions been made, whether the strategy was a good one and whether the values and standards the board wanted are embedded in the organisation;
- identifying and addressing any gaps in knowledge or experience on the board; and
- the satisfaction of knowing the board, its committees and members are doing a good job.

Stop and think 9.1

The 2016 Carillion Annual Report described in three pages the annual review of board effectiveness which it said ‘is an important process for helping to identify key areas for future improvement or focus’. The 2016 review was led by the chair and facilitated by Linstock Limited, an independent corporate advisory firm. At the December 2016 board meeting, the directors reviewed the results of the evaluation, which confirmed that the board, each of its committees and the directors continue to be highly effective.

Can the board of a company which a year later ran out of money justifiably have considered itself highly effective?

The requirement for boards of companies with a primary listing to evaluate their effectiveness was one of the recommendations by Sir Derek Higgs in his Review of the Role and Effectiveness of Non-executive Directors for the Department of Trade and Industry in 2003. He recommended that the performance of the board as a whole, of its committees, and of its members, be evaluated at least once a year. It was a controversial suggestion but was included in the Combined Code later in 2003. It has now gained general acceptance and some now say it is the most useful part of the UK Code.

Many national codes of corporate governance and the New York Stock Exchange require board effectiveness evaluations.

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Corporate Governance

Sample assessment material from the November 2018 exam session

Section A

Answer all the questions in this section.
Continue your answers on a separate sheet of paper if necessary.

1. Which one of the following is not among the general duties of directors as listed in the Companies Act 2006.

(Tick one box only)

A. Duty to avoid conflicts of interest  
B. Duty to promote the success of the company  
C. Duty not to accept benefits for services provided to the company  
D. Duty to declare an interest in a proposed transaction or arrangement (1 mark)

2. What is the name of the body that is responsible for maintaining the UK Corporate Governance Code?

(1 mark)

3. Shareholders have the right to remove a director from the board of a company.

Is this true or false?

(Tick one box only)

☐ True  
☐ False (1 mark)

4. State the three key steps involved in the process of risk management.

(3 marks)

5. Give three reasons why it is good governance practice to have separate individuals in the roles of chairman and chief executive officer (CEO).

(3 marks)

6. In which type of company is it mandatory to have a company secretary?

(1 mark)
7. Describe, in economic terms, how companies may benefit from having good governance. (4 marks)

8. Define the term ‘risk appetite’. (2 marks)

9. Outline three ways a chair can ensure a board meeting runs effectively. (3 marks)

10. When is it appropriate to use the going concern basis of accounting? (1 mark)

TOTAL FOR SECTION A = 20 MARKS

Section B

Answer all the questions in this section.
Continue your answers on a separate sheet of paper if necessary.

11. Explain how a company may achieve a balanced board. (6 marks)

12. Explain key differences between UK and US approaches to corporate governance. (5 marks)

13. Explain how a company can ensure the independence of non-executive directors (NEDs) before appointing them to the board. (6 marks)

14. Explain how poor governance practices in organisations contributed to the global financial crisis of 2008. (6 marks)

15. Explain why, according to agency theory, tensions can exist between the board and owners of an organisation. (6 marks)

16. Explain the limitations of using a risk register to manage risk. (6 marks)

TOTAL FOR SECTION B = 35 MARKS
Section C

Answer all the questions in this section.
Continue your answers on a separate sheet of paper if necessary.

17. Discuss how the audit committee plays a central role in effective corporate governance.

(15 marks)

18. Lujo is a small, privately owned business selling luxury goods.

There are four executive directors on the board, including the Chief Executive Officer (CEO), who has recently been appointed. They form the majority of the board and concentrate on the day-to-day running of the business. The rest of the board is made up of three non-executive directors (NEDs). None of the directors on the board are qualified accountants.

The NEDs are becoming increasingly concerned that the CEO is making too many decisions without consulting the rest of the board. When the NEDs have challenged him, the CEO has argued that he doesn’t always need to consult the board, particularly in situations involving operational decisions, which are within the remit of the executive. The CEO believes that the board should focus on strategy rather than day-to-day matters.

The Chair was influential in the appointment of the CEO and places a great deal of trust in him, preferring to support rather than challenge his decisions. The NEDs feel that the Chair is not listening to their concerns and is unaware of the issues caused by his close relationship with the CEO.

Discuss the governance challenges facing Lujo and how a board evaluation could help the board to become more effective.

(15 marks)

19. Mo is an executive assistant who works for CJO, a large listed pharmaceuticals company in the UK. The organisation has recently been expanding into new territories by supporting healthcare projects in developing countries around the world.

Mo has serious concerns regarding the activities of Rob, the Head of UK Sales, who manages her department. She suspects that Rob has been involved in artificially inflating the prices of some of the products being sold by the company in the UK market, with illegal payments made to the pharmacies who agree to sell them. Rob is a long-serving employee who has worked his way up from a junior position and has been instrumental in driving up the profits of the company in his position as Head of UK Sales. However, Mo has evidence that Rob has been manipulating the accounting systems and making payments to the pharmacies who agree to sell the products on the market at artificially high prices.

Discuss how Mo could raise her concerns about the behaviour of Rob but why she may be reluctant to do so.

(15 marks)

__________________________________________________________________________

TOTAL FOR SECTION C = 45 MARKS

TOTAL FOR PAPER = 100 MARKS
Tuition partners for the Certificate in Corporate Governance

The Certificate in Corporate Governance can be studied independently, but we recommend that you take up tuition to help you to achieve your qualification.

Our partners provide tuition through face-to-face and online/ distance learning. Our recommended tuition partners are required to regularly demonstrate that they meet the Institute’s expectations with regards to enrolment and exam performance.

Further details and links to these partners at icsa.org.uk/discover-rtps

**Recommended tuition partner**

**Campbell’s College**

Tuition type:
Face-to-face (London revision classes only): ✔
Distance learning: ✔
Revision: ✔

Contact: Jane Hamilton
Phone: 01322 665 589
Email: enquiries@campbellscollege.com
Location: United Kingdom
Website: campbellscollege.co.uk

**Tuition partner**

**GFS Business Development**

Tuition type:
Face-to-face: ✔

Contact: Gheran Senghore
Phone: 00 220 398 7468
Email: info@gfsbusinessdevelopment.com
Location: The Gambia
Website: gfsbusinessdevelopment.com
HOW TO REGISTER
Applying for the Certificate in Corporate Governance

Students need to first register with The Chartered Governance Institute to start the Certificate in Corporate Governance. To do so, visit icsa.org.uk/discovercertcorpgov and apply online.

Throughout the process, you will be asked to provide your personal details, employment details and where you plan to sit your exam.

On becoming a student, you will be asked for your commitment to follow our student rules and regulations and our Code of Professional Ethics and Conduct. These undertakings help to ensure that you observe high professional standards from the very start of your career in governance. You will also gain access to your MyCG account and the learning materials.

Once your student membership has been confirmed and the Certificate in Corporate Governance application approved, we recommend students take up tuition to help to achieve the qualification. Students will need to contact the tuition provider directly to register for tuition.
Discover how qualifying in governance, or training those in your organisation, can help to build your company’s resilience and success.

If you would like more information, or want to talk to someone about your options at The Chartered Governance Institute, contact our Membership team on enquiries@icsa.org.uk or +44 (0)20 7580 4741.