

**MINISTRY OF FINANCE
CORPORATE GOVERNANCE SYMPOSIUM
18 JANUARY 2017**

**ROLES &
RESPONSIBILITIES IN
CORPORATE GOVERNANCE**

PRESENTER:

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**Profile on
CLAIRE GOMEZ-MILLER, CIA CRMA FCCA CA**

Claire is a Certified Internal Auditor, Certified Risk Management Assurance professional, a certified international IIA Instructor, Quality Assessor & Member of The Institute of Internal Auditors Inc. (The IIA), with >30 years internal auditing experience in the energy and state sectors at senior executive level. She is also a Chartered Certified Accountant & fellow member of the UK's Association of Chartered Certified Accountants; and member of the Institute of Chartered Accountants Trinidad and Tobago.

Claire was Chief Audit Executive of the National Gas Company of Trinidad and Tobago Group 1992 – 2014; and served as Audit Committee Member of Atlantic (LNG) 2003-2012 and National Energy Skills Centre 2003-2014; and Steering Committee Member of T&T Extractive Industries Transparency Initiative from inception to 2014. She is now serving as Board Director/Audit Committee Chair of State and Private organizations in the energy sector - Lake Asphalt, ALUTEC and UNIPET.

Claire is a Certified International Instructor, Quality Assessor & Member of The Institute of Internal Auditors Inc {USA} and Public Sector Committee Member of The Institute of Internal Auditors Global 2013-2016. She was a Chapter Relations Committee Member of The IIA North American Board and The IIA's District Advisor for the Caribbean 2006-2011. She currently conducts seminars locally, regionally and internationally on corporate governance, risk management and controls, and internal auditing in general; and is widely recognized as a risk management expert within her internal auditing profession and also in the energy sector.

She was a Speaker for the *Caribbean South America Energy Summits* 2013 in the Bahamas and 2014 in Miami USA; and *Society for Corporate Compliance and Ethics* 2015 Energy and Utilities Conference in Houston USA; and is a Trainer/Facilitator for organizations such as the *Caribbean Procurement Institute* (CPI); Institute of Chartered Accountants T&T; the *Caribbean Association of Audit Committee Members* (CAACM); Ministry of Public Administration – Public Sector Auditors; and The IIA-TT Chapter.



The Government of the Republic of Trinidad and Tobago
Ministry of Finance

STATE ENTERPRISES PERFORMANCE MONITORING MANUAL

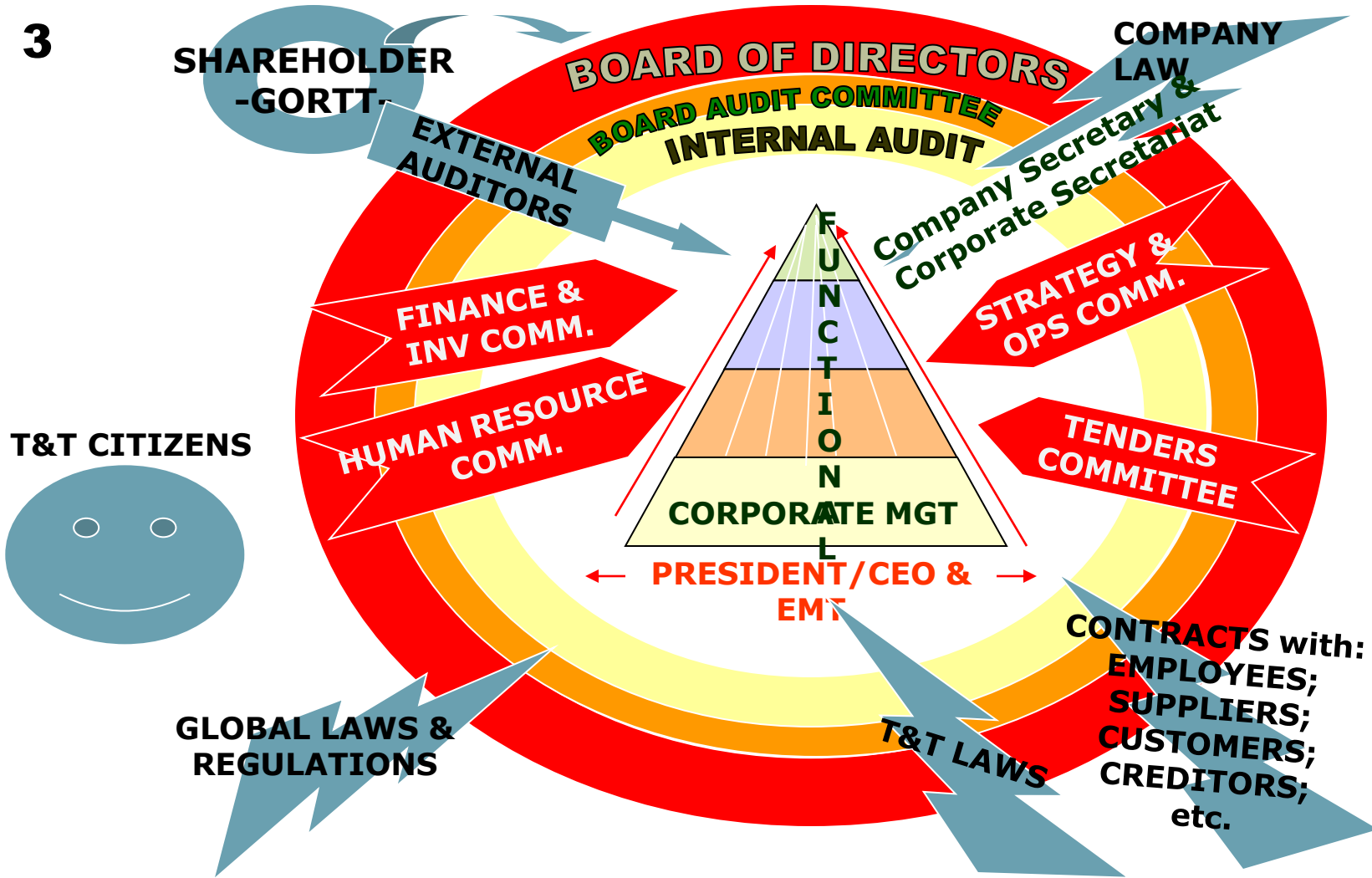
'Improving the Corporate Governance
Framework for State Enterprises'

- The rationale for SEPMM is ***“TO FACILITATE THE GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO (GORTT) THRUST TO ENHANCE EFFICIENCY AND EFFECTIVENESS IN THE STATE ENTERPRISE SECTOR”***.
- GORTT anticipates that ***“ADHERENCE TO THE GUIDELINES DEFINED WITHIN SEPMM WOULD ALLOW FOR THE EFFICIENT AND EFFECTIVE ALLOCATION AND USE OF THE RESOURCES OF THE SECTOR AND THEREBY THE MAXIMIZATION OF RETURNS WHETHER FINANCIAL, ECONOMIC OR SOCIAL.”***
- **SO, HOW SHOULD AN ORGANIZATION OPERATIONALIZE SEPMM?**

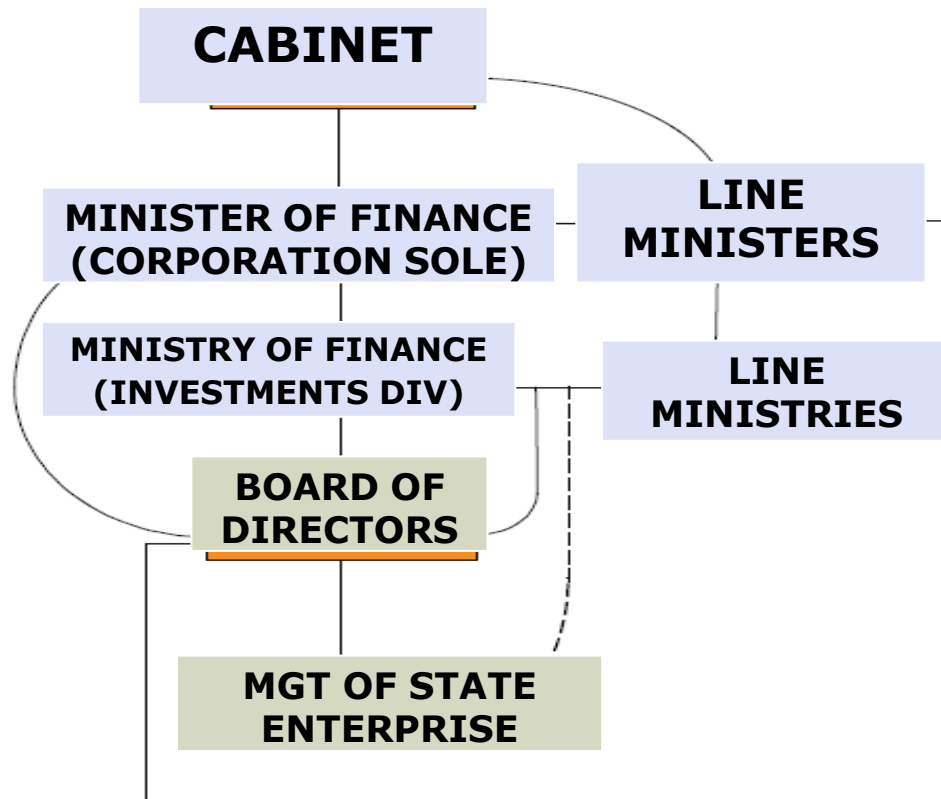
2. UNDERSTANDING CORPORATE GOVERNANCE AND SEPMM

- The Paris-based forum of democratic markets, the Organisation for Economic Co-operation and Development (OECD): “***Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholder. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.***”
- Corporate governance in Australia –
 - Corporate governance is “**the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations**”. It encompasses the mechanisms by which companies, and those in control, are held to account.
 - Corporate governance influences how the objectives of the company are set and achieved, how risk is assessed, monitored and controlled, and how performance is optimised.

3



4. STRUCTURAL AND REPORTING RELATIONSHIPS BETWEEN STATE ENTERPRISES AND CENTRAL GOVERNMENT {SEPMM}



5. THE LINE MINISTRIES {SEPMM}

- While the **Investments Division** is responsible for Corporate Governance, Line Ministries determine the day to day operations on policy mandates of State Enterprises.
- The Line Ministries' role include technical supervision of planning, monitoring and evaluating project, plan and programme implementation and ensuring that State Enterprises adhere to the Sectoral Policy guidelines of GORTT.
- Accordingly, allocations for developmental purposes detailed in the National Budget are assigned to respective Line Ministries.
- All **Public Expenditure** is approved ultimately by Parliament and the Ministry of Finance is responsible for all monies utilized by State Enterprises.
- The Ministry of Finance and the Line Ministry collaborate in respect of:
 - Communicating **policy issues** affecting the State Enterprises and **ensuring compliance**;
 - Reviewing **strategic plans** and **annual budgets**;
 - Ensuring **consistency** between GORTT Macroeconomic Policies and the Enterprises' Plans;
 - Reviewing proposals relating to **Investments** and **Joint-Ventures**; and
 - Providing updated information on the **composition of Boards of Directors** including the dates of appointment and termination of members.

6.a **ROLE & RESPONSIBILITIES OF THE BOARD OF DIRECTORS** {SEPM}

- a) The Board, under the Companies Act 1995, directs the management of the business and affairs of the Company.
- b) A key component of the duty to manage is the responsibility of the Board to ensure that systems are in place to monitor and manage risk across the company.
- c) The Board is appointed by the shareholder to control the overall direction of the Company. It performs a specific set of functions which is directed to meet the mission of the Company.
- d) Its main responsibility lies in planning, monitoring and controlling the activities of the Company to ensure the optimal utilization of its resources and the achievement of its corporate objectives.
- e) The Board must not usurp the responsibilities of executive management by involving itself in day to day management issues. It is an organ of review, appraisal and appeal.

6.b ROLE & RESPONSIBILITIES OF THE BOARD OF DIRECTORS

{SEPMM}

- f) It ensures that policies and business decisions taken at the Board level are implemented.
- g) It should ensure that the policies and objectives of the Company reflect the policy of GORTT and are well defined so as to rule out ambiguity.
- h) The Board further ensures that the Company is staffed by competent senior management personnel, sets standards and reviews managerial performance of such staff in the context of the Company's objectives.
- i) It is essential that the Board is thoroughly familiar with the Company and its various publics, in order to serve them effectively.**

7. FIDUCIARY DUTIES UNDER THE COMPANIES ACT

THE COMMON LAW DUTIES OF DIRECTORS:

- 1. To act honestly and in good faith in the best interests of the company*
- 2. To use the powers granted to them for the purposes for which they were conferred*

DUTIES UNDER THE CA:

- 1. In the exercise of his powers and in discharging his duties he must act honestly and in good faith with a view to the best interests of the company; and*
- 2. Exercise the care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.*
- 3. In determining what are the best interests of the company, the director shall have regard to the interests of the employees in general as well as to the interests of its shareholders...(s.99)*

The CA promotes the Common Law Principle that Directors and Officers of the Company must act in the best interests of the Company, and not of their Appointor (Corporation Sole).

THE SEPMM IS AIMED AT QUALIFYING THIS COMMON LAW RULE, MAKING THE BOARD AND OFFICERS CONTRACTUALLY ACCOUNTABLE TO ITS SHAREHOLDER. HENCE GORTT'S CONTINUOUS APPRAISAL OF BOARD & COMPANY'S PERFORMANCE.

8.a BOARD OF DIRECTORS ANNUAL PERFORMANCE APPRAISAL

1) Did the Company achieve its **MANDATE / STRATEGIC OBJECTIVE(S)**?

!? If not, state **REASONS FOR COMPANY'S FAILURE** to do so.

*{SEPMM espouses **Enterprise Risk Management**}*

2) State overall **APPROVED PERFORMANCE TARGETS** achieved during past year in % terms –

90-100%? 85-89%? 80-84%? <80%?

*{SEPMM espouses **Performance Management using Balanced Scorecard.**}*

3) Did the Company establish an **AUDIT COMMITTEE?** **FINANCE AND INVESTMENT COMMITTEE?** **TENDERS COMMITTEE?** **!?**

8.b BOARD OF DIRECTORS ANNUAL PERFORMANCE APPRAISAL

- 4) Did the Company hold an **ANNUAL GENERAL MEETING** for the previous year? When was the **PREVIOUS ANNUAL GENERAL MEETING** held?
- 5) Give details on **BOARD MEETINGS ATTENDANCE** during the past year in percentage terms –
 >90%? 70-80%? <70%?
- 6) Did the Company pay its **TAXES and ROYALTIES** (where applicable)? **!?**
- 7) Did the Board comply with the **INTEGRITY IN PUBLIC LIFE ACT**?
- 8) Did the Company comply with the **OCCUPATIONAL SAFETY AND HEALTH ACT? ENVIRONMENTAL MANAGEMENT ACT? !?**

8.c BOARD OF DIRECTORS ANNUAL PERFORMANCE APPRAISAL

- 9) Give details on the Company's compliance in submitting its **PERFORMANCE MONITORING REPORTS** by the required submission dates.

DOCUMENT		SUBMISSION DATE	Y	N	PARTL Y	REASON(S) FOR NON- COMPLIANCE
1	STRATEGIC PLAN	1 MTH PRIOR TO START OF PERIOD OF THE PLAN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2	ANNUAL BUDGET	1 MTH PRIOR TO START OF FIN/YEAR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3	ANNUAL FINANCIAL STATEMENTS	4 MTHS AFTER F/YEAR END	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4	ADMINISTRATIVE REPORTS	END OF JUNE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5	BOARD MINUTES	1 WK AFTER CONFIRMATION	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6	MONTHLY CASH STATEMENTS OF OPERATIONS	WITHIN 3 WEEKS AFTER MONTH END	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7	QUARTERLY RETURNS REPORT	END OF FIRST MTH AFTER QTR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8	QTRLY STATUS OF LOAN/ OVERDRAFT / INVESTMENTS IN SECURITIES PORTFOLIOS & LITIGATION PROCEEDINGS	END OF FIRST MTH AFTER QUARTER	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9	RETURN OF AWARD OF CONTRACTS	14 DAYS AFTER MTH END	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10	INTERNAL AUDIT REPORTS	14 DAYS AFTER END OF QTR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

8.d BOARD OF DIRECTORS ANNUAL PERFORMANCE APPRAISAL

- 10) **CHAIRMAN'S CERTIFICATION** that the Board's Performance Report is a complete and unbiased appraisal of the Company's performance
- 11) **LINE MINISTER'S APPROVAL** that Company Performance has been: -

<input type="checkbox"/> OVER ACHIEVED	Performance results are <u>consistently above the standards</u> set and overall performance <u>substantively exceeds objectives</u> .
<input type="checkbox"/> ACHIEVED	Performance results are <u>usually above the standard</u> and overall performance <u>consistently exceeds objectives</u> .
<input type="checkbox"/> SUBSTANTIALLY ACHIEVED	Performance results show <u>generally consistent achievement of objectives</u> .
<input type="checkbox"/> PARTIALLY ACHIEVED	Performance results show <u>generally inconsistent achievement of objectives</u> ; performance improvement needed.
<input type="checkbox"/> NOT ACHIEVED	Performance results show <u>consistent deficiencies which seriously interfere with the attainment of objectives</u>

9. SUMMARY

“Boards may delegate the day-to-day management of the company to the CEO and other Senior Management, but Board Members retain responsibilities for oversight and monitoring of any delegated functions.”

{Corporate Governance Handbook: Legal Standards And Board Practices}



QUESTIONS & ANSWERS

THANK
YOU

The image features the words "THANK YOU" in a bold, 3D, light blue font. The letters are arranged in two rows: "THANK" on top and "YOU" below it. The text is set against a black, slightly tilted rectangular background. The 3D effect is achieved through shading and perspective, with the letters appearing to rise from the surface. The overall style is clean and modern.