

Syllabus Outline: Principles of Corporate Governance

**NQF Level 6**

**Prescribed Textbook: R Naidoo, Corporate Governance – An Essential Guide for South African Companies, (2019) Lexis Nexis<sup>1</sup>**

The overall aim of the module is to demonstrate understanding of important aspects of corporate governance.

Syllabus topics	Syllabus detailed content	Texts and readings
<b>Learning Outcome 1: Demonstrate an understanding of the core principles of governance</b>		
Background to corporate governance	<ul style="list-style-type: none"> <li>Ownership and control</li> <li>Governance and management</li> <li>Accountability, responsibility and authority</li> <li>The importance of corporate governance in the modern era</li> </ul>	Naidoo: Chapter 1: An introduction to corporate governance Naidoo: Chapter 2: Why corporate governance matters
<b>Learning Outcome 2: Demonstrate an understanding of the composition and committees of a board</b>		
Board composition and committees	<ul style="list-style-type: none"> <li>The directors of a company</li> <li>Board committees</li> </ul>	Naidoo: Chapter 7: The composition of the board Naidoo: Chapter 8: How boards work King IV: Part 5.3: Governing structures and delegation: <ul style="list-style-type: none"> <li>Principle 8: Committees of the governing body</li> </ul>
<b>Learning Outcome 3: Demonstrate an understanding of remuneration of directors and executives</b>		
Remuneration of directors	<ul style="list-style-type: none"> <li>Structure of executive remuneration</li> <li>Remuneration of non-executive directors</li> </ul>	Naidoo: Chapter 11: Remuneration King IV: Remuneration governance: <ul style="list-style-type: none"> <li>Principle 14</li> </ul>
<b>Learning Outcome 4: Demonstrate an understanding of company reporting and the need to communicate with stakeholders</b>		
Reporting and communication	<ul style="list-style-type: none"> <li>Financial reporting and communication</li> <li>Integrated reporting</li> <li>Stakeholder relationships</li> </ul>	Naidoo: Chapter 12: Transparency and reporting King IV: Reporting: <ul style="list-style-type: none"> <li>Principle 5</li> </ul>
<b>Learning Outcome 5: Demonstrate an understanding of auditing as a key component of corporate governance</b>		
Auditing	<ul style="list-style-type: none"> <li>External audit</li> <li>Internal audit</li> </ul>	CGISA: Download from student portal: Chapters 15 and 16 (ex Wixley et al. 2019) King IV: Risk governance: <ul style="list-style-type: none"> <li>Principle 14</li> </ul>
<b>Learning Outcome 6: Demonstrate an understanding of risk management</b>		
Risk management	<ul style="list-style-type: none"> <li>The risk management process</li> <li>Risk reporting</li> <li>Information Technology risk</li> </ul>	Naidoo: Chapter 13: Risk King IV: Part 5.4: Governance functional areas: <ul style="list-style-type: none"> <li>Principle 11: Risk governance</li> <li>Principle 12: Technology and information governance</li> </ul>

<sup>1</sup> Also prescribed for Advanced Corporate Governance NQF7

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<b>Learning Outcome 7: Demonstrate an understanding of compliance as a key component of corporate governance</b>		
Compliance	<ul style="list-style-type: none"> <li>Responsibility of compliance</li> </ul>	King IV: Compliance governance: <ul style="list-style-type: none"> <li>Principle 13</li> </ul>
<b>Learning Outcome 8: Demonstrate a basic understanding of governance in the public sector</b>		
Public sector governance	<ul style="list-style-type: none"> <li>State-owned entities <ul style="list-style-type: none"> <li>Role, context, directors, boards, shareholder, special provisions</li> </ul> </li> <li>Municipalities</li> </ul>	Naidoo: Chapter 15: The governance of state-owned entities King IV Sector supplement: Part 6: Supplement for state-owned entities

**Practical and work competencies**

Given different scenarios, the learner must be able to:

- Draft a basic risk management plan
- Draft the section of the integrated report on remuneration. See <http://integratedreportingsa.org/preparing-an-integrated-report-a-starters-guide/>
- Review integrated reports from different companies and evaluate them on a table of criteria.
- Draft a compliance schedule.

**Prescribed readings**

- King IV Report on Corporate Governance 2016 (IODSA)

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

- PWC report on executive remuneration (latest version)<sup>2</sup>
- Introduction to risk management: <https://youtu.be/ijpqQUMRfd8>
- IODSA Practice note: Governing body committees [https://cdn.ymaws.com/www.iodsa.co.za/resource/collection/562ED5CF-02E8-4957-97C8-D3F0C66A7245/King\\_IV\\_Practice\\_Note\\_on\\_Governing\\_Body\\_Committees.pdf](https://cdn.ymaws.com/www.iodsa.co.za/resource/collection/562ED5CF-02E8-4957-97C8-D3F0C66A7245/King_IV_Practice_Note_on_Governing_Body_Committees.pdf)

<sup>2</sup> Download the latest version from the PWC website. The 2020 report can be found at <https://www.pwc.co.za/en/press-room/pwc-executive-directors-report-2020.html> . Note the report is updated annually.