



University of Management and Technology
School of Commerce and Accountancy
Quaid e Azam Campus

Course Outline

Course Title: Corporate Governance (AC-401)	
Program	M.Com/B.Com(H)/BS Accounting
Credits Hours	3
Duration	15 Weeks / 30 Sessions
Prerequisites	
Resource Person	Zohair Farooq Malik
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Course Description

The aim of this course is to apply relevant knowledge, skills and exercise professional judgment in carrying out the role of an accountant related to governance, internal controls, compliance and the management of risk within an organization, in the context of an overall ethical framework.

Learning Objectives

By the end of the course, students will possess a clear understanding of;

- ✓ Corporate governance and responsibility,
- ✓ Internal controls,
- ✓ Identifying and assessing and controlling risk.

Objectives of the course are:

- Define governance and explain and explain its function in the effective management and control of organizations and of the resources for which they are accountable
- Evaluate the accountant's role in internal control, review and compliance.
- Explain the role of an accountant in identifying and assessing risk.
- Explain and evaluate the role of the accountant in controlling and mitigating risk.

Teaching-Learning Methodology:

- Lectures
- Recommended Text/Supplementary Texts
- Handouts
- Case Studies
- Skill Development Exercises
- Guest Speakers
- Industrial/Corporate Visits
- Project Report/Term Paper

Assessment & Evaluation:

Quizzes	15%
Assignments / Class Activities / Presentations	20%
Mid Term	25%
<u>End Term Exam</u>	<u>40%</u>
Total:	100

Recommended Text Books

PROFESSIONAL ACCOUNTANT
Kaplan Publishing Foulks Lynch

Reference Book

CORPORATE GOVERNANCE
A.C Fernando

Schedule of Activities

Weeks	Contents / Topics to be taught	Tasks / Activities
1	<p>Governance and Responsibility Meaning of corporate governance. Explain, and analyze the issues raised by the development of the joint stock companies. Define the Concepts of ownership and control over business activity. Purposes and objectives of corporate governance. Explain the concepts of Fairness, Openness/Transparency, Independence, Probity/Honesty, Responsibility, Accountability, Reputation, Judgment, and Integrity. Duties of Directors and functions of the board. The composition and Balance of the board. Compare and distinguish between public, private and non-governmental organization (NGO) sectors with regard to the issues raised by, and scope of, governance. Explain and evaluate the roles, interests and claims of the internal and external parties involved in corporate governance.</p>	Course outline distribution
2	<p>Agency Theory Define and explain agency theory and its key concepts. Explain and explore the nature of the principal-agent relationship in the context of corporate governance. Analyse and critically evaluate the nature of agency accountability in agency relationship.</p> <p>Development of Corporate governance Describe and critically evaluate the reasons behind the development and use of codes of practice in corporate governance. Explain and briefly explore the development of corporate governance codes in principles-based jurisdictions.</p>	
3	<p>The Board of Directors Explain and evaluate the roles and responsibilities of board of directors. Describe, distinguish and evaluate Unitary and two-tier board structures. Describe the characteristics, board composition and types of directors. Describe and analyse the general principles of legal and regulatory frameworks within which directors operate on corporate boards: Legal rights, Time-limited appointments, Retirement by rotation, Service contracts Removal Disqualification Conflict and disclosure of interests Insider dealing/trading Define, explore and compare the roles of the chief executive officer (CEO) and company chairman. Describe and assess the importance of execution of induction and continuing professional development (CPD) of directors on boards of directors. Explain and analyse the frameworks for assessing the performance of boards and individual directors (including NEDs) on board. Explain and assess the importance, roles and accountabilities of board committees in corporate governance.</p>	Assignment#1 Quiz#1

4	<p>Directors' remuneration</p> <p>Explain and evaluate the role and purpose of the remuneration committees in effective corporate governance.</p> <p>Describe and assess the general principles of remuneration.</p> <p>Explain and assess the effect of various components of remuneration packages on directors' behaviour.</p> <p>Explain and analyse the legal, ethical, competitive and regulatory issues associated with directors' remuneration.</p>	
5	<p>Relations with shareholders and disclosures</p> <p>Analyse and discuss the role and influence of institutional investors in corporate governance systems and structures, e.g. the roles and influences of pension funds, insurance companies and mutual funds.</p> <p>Explain and analyse the purposes of the annual general meeting (AGM) and extraordinary general meetings (EGMs) for information exchange between the board and shareholders.</p> <p>Describe and assess the role of proxy voting in corporate governance.</p> <p>Explain and assess the general principles of disclosure and communication with shareholders.</p> <p>Explain and analyse "best practice" corporate governance disclosure requirement.</p> <p>Define and distinguish between mandatory and voluntary disclosure of corporate information in the normal reporting cycle.</p>	
6-7	<p>Accountability, audit and controls</p> <p>Explain and evaluate the role and purpose of the risk committees in effective corporate governance.</p> <p>Explain and explore the importance of internal control and risk management in corporate governance.</p> <p>Explain and evaluate the importance of compliance and role of the internal audit committee in internal control.</p> <p>Describe and analyse the work of the internal audit committee in overseeing the internal audit function.</p> <p>Explain and explore the importance and characteristics of the audit committees' relationship with the external auditors.</p> <p>Explain and evaluate the role of risk committee in identifying and monitoring risk.</p>	Assignment#2
8	MID TERM	
9	<p>Corporate governance approaches</p> <p>Describe and compare the essentials of "rules" and "principles" based approaches to corporate governance, and discuss the meaning of "comply or explain".</p> <p>Describe and analyse the different models of business ownership that influence different governance regimes (e.g. family firms versus joint stock company-based models)</p> <p>Explain and explore the Sarbanes-Oxley Act 2002 (SOX) as an example of a rules-based approach to corporate governance.</p> <p>Describe and explore the objectives, contents and limitations of corporate governance codes intended to apply to multiple jurisdictions.</p>	Quiz # 2

10	<p>Corporate social responsibility and corporate governance Explain and explore social responsibility in the context of corporate governance. Discuss and critically assess the concept of stakeholders and stakeholding in organizations and how this can affect strategy and corporate governance. Analysis and evaluate issues of “ownership”, “property” and the responsibilities of ownership in the context of shareholding. Explain the concept of the organization as a corporate citizen of society with rights and responsibilities.</p>	
11	<p>Internal control systems Define and explain internal management control. Describe the objectives of internal control systems. Identify, explain and evaluate the corporate governance and executive management roles in risk management. Identify and assess the importance of the elements or components of internal control systems. Explore and evaluate the effectiveness of internal control systems. Explain and assess the need for adequate information flows to management for the purposes of the management of internal control and risk. Evaluate the qualities and characteristics of information required in internal control and risk management and monitoring.</p>	
12	<p>Audit and compliance Describe the function and importance of internal audit. Explain and discuss the importance of auditor independence in all client-auditor situations (including internal audit). Explain and assess the nature and sources of risks to audit independence and assess the hazard of auditor capture. Describe and assess the need to report on internal controls to shareholders Describe the contents of a report on internal control and audit.</p>	Quiz # 3
13	<p>Risk and risk management process Define and explain risk in the context of corporate governance. Define and compare (distinguish between) strategic and operational risks. Define and explain the sources and impacts of common business risks. Recognize and analyze the sector or industry specific nature of many business risks. Identify, and assess the impact upon, the stakeholders involved in business risk. Explain and analyze the concepts of assessing the severity and probability of risk events. Describe and evaluate a framework for board level consideration of risk. Explain and assess the necessity of incurring risk as a part of competitively managing a business organization.</p>	Assignment#3
14	<p>Controlling Risk Define and describe management responsibilities in risk management. Describe the process of (externally) reporting internal control and risk. Explain and assess the role of a risk manager in identifying and monitoring risk. Explain and evaluate the role of the risk committee in identifying and monitoring risk. Describe and assess the role of internal or external risk auditing in monitoring risk.</p>	Quiz # 4 Assignment#4

	<p>Explain the importance of risk awareness at all levels in an organization. Describe and analyze the concept of embedding risk in an organizations' systems and procedures.</p> <p>Describe and analyze the concept of embedding risk in an organizations' culture and values.</p> <p>Explain and analyze the concept of spreading and diversifying risk and when this would be appropriate.</p> <p>Define the terms "risk avoidance" and "risk retention".</p> <p>Explain and evaluate the different attitudes to risk and how these can affect strategy.</p> <p>Explain and assess attitudes towards risk and the ways in which risk varies in relation to the size, structure and developments of an organization.</p>	
15	Presentations	