

IN-BOARDROOM PROPOSAL

Company Directors Course 2009

The Company Directors Course (CDC) is a comprehensive program focussing on the roles, responsibilities, and skills required by directors to achieve excellence in directorship and high functioning boards.

The CDC is comprised of 10 modules of study developed around the key functions of any board.

Learning outcomes

- Examine the duties and responsibilities of directors and their fiduciary duties and compliance roles
- Outline sound practices in governance and risk management
- Identify the board's contribution to organisational performance and strategy development and execution
- Introduce and apply frameworks for board decision making
- Introduce and apply tools for use in the boardroom to increase effectiveness
- Provide opportunities for application of knowledge into practice

Course content

Module 1: The Role of the Board and the Practice of Directorship

The first module of the course is designed to introduce the concept of corporate governance and to clarify a board's role and functions. The module examines the various types of organisations including public listed and private companies, public and not-for-profit sector organisations.

The module looks at the operating environment of directors and the expectations of shareholders, stakeholders, regulators and the broader society. It also examines ethics, sustainability and the recent changes in accountability for carbon emissions.

Also included in the first module is a discussion on the balance between performance and compliance and the board's role in strategic leadership.

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Module 2: The Directors' Duties and Responsibilities

The focus of this module is the duties and responsibilities of directors in all types of organisations. The principal discussion relates to the Corporations Act 2001.

Case examples enable directors' duties and responsibilities to be highlighted especially consequences of breach of duty.

Also examined are directors' rights and protections

Module 3: Risk: Issues for Boards

The module commences with the importance of the board's role in establishing the risk appetite of the organisation.

An historical perspective of risk and the board's role provides context for the issues covered in the module.

A major section on the responsibilities of the board is followed by critical concerns for boards – the current regulatory frameworks, standards, guidelines and risk management trends, minimising risk, risk interdependence, the importance of quality information.

Also covered is recognising early indication of trouble, recovering from a crisis and the board's role in disaster planning.

Module 4: Strategy: The Board's Role

The content of this module focuses on:

- examining the board's role in the development of strategy
- discussion of the critical issues a board should expect management to consider in developing strategic options
- the questions and issues that directors should raise in assessing strategic options in order to prevent failures
- the board's role and responsibility in knowing management capacity to deliver strategic outcomes
- how the board identifies the milestones and metrics it should use, and what the board needs from management to be assured that the strategy is on track
- the importance of alignment of culture to achievement of strategy
- board processes for monitoring strategic progress and changing tack
- use of the ready, willing, able filter
- strategic readiness and strategic leadership

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Module 5: Financial Literacy for Directors

Financial literacy is critical to the effective fulfilment of a director's role. It is recommended that people with no prior financial knowledge undertake AICDs one day Finance for New Directors or the e-learning course, Interpreting Company Financial Statements.

The approach to this module is the use of an annual report to review the three financial statements and trends from a director's perspective.

A discussion of the audit process: external and internal audit, and audit committees is also included in this module.

Module 6: Driving Financial Performance

This module is designed to increase directors' knowledge and skills in assessing financial statements, including using ratios, identifying insolvency and facilitating audit.

The three board issues addressed:

- *Assessing performance including using ratios* - reviewing trends in the actual numbers by reviewing the three financial statements over time - six years. Ratios are used to analyse liquidity, operating efficiency, finance and profitability.
- *Management Accounting* – how this is used to assist boards in making strategic decisions
- *Identifying Insolvency* – brief discussion of directors' responsibility not to trade while insolvent and identifying indicators of corporate insolvency.

Module 7: The Board's Legal Environment

The emphasis of this module is the compliance role of the board in relation to legal issues. An introduction to the module covers the need for a compliance program, the importance of corporate culture, going beyond compliance and getting advice.

The content is presented to cover:

- How boards develop a culture of compliance
- What are the key questions for directors

The notes are updated annually to ensure that recent developments are included.

Areas of the law covered, as they relate to boards and directors are: contracts, intellectual property, trade practices, privacy, occupation health and safety, environmental and anti-discrimination.

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Module 8: Decision Making

This module addresses the individual and group decision making process.

The factors impacting the making of decisions including culture, ethics and risks appetite as well as decision biases are examined.

What is good decision making is explored with two examples from practising directors. Tools to assist group decision making are presented.

Module 9: Achieving Board Effectiveness

The focus of this module is board relationships – within the board and outside - especially with the CEO.

The module covers board reviews – models & approaches for board & directors; how a board measures value-add to the organisation.

The competencies of directors are considered in the context of the board and company requirements.

Module 10: Learning into practice

This module uses the course integrated case study to consolidate learning of other modules, encouraging practical application.

The session will enable participants to prepare for the CDC assignment.

Syndicate groups analyse and present outcomes of the analysis to the other groups. Questions enable each group to present the outcomes of the discussion as a board meeting, enabling others to question and critique.

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	Module Name	Module Purpose	Learning Objectives
Module 1	The Role of the Board and the Practice of Directorship	Explain the role of the board and directorship in practice	<ul style="list-style-type: none"> • Clarify boards' roles and functions in the context of corporate governance • Review principles and guidelines for effective boards • Review contemporary governance issues
Module 2	The Directors' Duties and Responsibilities	Outline and review directors' duties and responsibilities with a focus on the legal framework and its practical applications	<ul style="list-style-type: none"> • Analyse directors' fiduciary and statutory duties and their purpose • Examine the implications of the Corporations Act for current boards • Consider directors' rights and protections
Module 3	Risk: Issues for Boards	Examine the changing expectations of boards in managing risk	<ul style="list-style-type: none"> • Define the role of the board and management in a typical risk governance structure • Consider steps for directors to determine risk tolerance and assess the robustness of the organisation's risk governance • Examine critical concerns of boards including understanding current regulatory frameworks, standards and guidelines and their impact • Consider early indicators of risk (financial and non-financial) and what role a board might have in a crisis
Module 4	Strategy: The Board's Role	Examine the role of the board in developing and executing strategy	<ul style="list-style-type: none"> • Discuss the evolving role of the board in strategy and the impact of organisational context • Describe and discuss how boards can pro-actively work with management in developing strategy • Evaluate the readiness and capability of the organisation to implement its chosen strategy
Module 5	Financial Literacy for Directors	Examine the key financial statements used to evaluate organisational health and identify financial drivers.	<ul style="list-style-type: none"> • Examine the three key financial statements and the relationships between them • Know how to identify the key financial drivers of the organisation • Describe the role and purpose of the audit function • Summarise the reporting obligations of the board
Module 6	Driving Financial Performance	Identify how the health of the organisation can be evaluated and establish the link between financial assessment and strategy	<ul style="list-style-type: none"> • Identify the principal tools used to analyse and interpret an organisation's financial performance • Examine the issue of insolvency • Identify the elements of financial strategy used to improve financial performance • Discuss the key questions directors should be asking in relation to financial performance reports

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	Module Name	Module Purpose	Learning Objectives
Module 7	The Board's Legal Environment	Consider the influence of the legal environment as this impacts director decision making	<ul style="list-style-type: none"> • Identify the breadth of the legal environment impacting directors • Recognise the impact and consequences of the legal environment for directors
Module 8	Decision Making	Examine the influences involved in board decision making and consider frameworks for decision making	<ul style="list-style-type: none"> • Explore decision making at board level • Consider frameworks for board decision making • Identify the factors which impact the quality of decision making in the boardroom • Discuss how ethics and culture influence the way individuals and the board as a collective make decisions • Identify ways for the board and management to have constructive, critical debate • Explain and discuss mechanisms for boards to objectively evaluate strategic options before implementation
Module 9	Achieving Board Effectiveness	Consider and examine good practices of effective boards	<ul style="list-style-type: none"> • Consider how boards add value to organisations • Examine composition and skills mix, relations and internal processes as strategies to improve a board's effectiveness • Discuss board involvement in leading and communicating strategic change • Discuss methods of undertaking board and individual director performance evaluations
Module 10	Learning into Practice	Identify issues which impact board relationships and director actions	<ul style="list-style-type: none"> • Contribute to informed debate on issues which impact the practice of directorship • Use a case study to analyse appropriate behaviours and actions of directors