



# ASSOCIATION OF MEDICAL COUNCILS OF AFRICA

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## PROTOCOL ON CORPORATE GOVERNANCE

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25 AUGUST 2017

## **AMCOA PROTOCOL ON CORPORATE GOVERNANCE**

**WHEREAS** dealing with “**CORPORATE GOVERNANCE**” in the member councils/boards of AMCOA take various forms both in structure and content; and

**RECOGNISING** the need to advance the objectives for enhancing and ensuring improved Corporate Governance; and

**FURTHER RECOGNISING** the need to harmonize the procedures in the AMCOA region for the enhancement of Corporate Governance.

**NOW THEREFORE THE PARTIES TO THIS PROTOCOL DO HEREBY ADOPT THE PRINCIPLES ENshrined HEREIN AS A FRAMEWORK FOR DEALING WITH CORPORATE GOVERNANCE IN THE REGION:-**

### **1. DEFINITIONS**

In this Protocol, unless the context otherwise indicates:-

## 2. MINIMUM INSPIRATIONAL VALUES AND PRINCIPLES FOR CORPORATE GOVERNANCE

It is agreed that Councils/Boards should aspire to adhere to the following principles of Corporate Governance –

### i. Values

- a) **Fairness** - Balance rights and expectations
- b) **Accountability** - Responsibility for actions and decisions
- c) **Responsibility** - Corrective action/ probity/ integrity/ Fiduciary duties
- d) **Transparency** - Meaningful analysis from outside

### ii. Principles

- a) Sustainability is now the primary moral and economic imperative and it is one of the most important sources of both opportunities and risks for businesses. Nature, society, and business are interconnected in complex ways that need to be understood by decision makers.
- b) Incremental changes towards sustainability are not sufficient – we need a fundamental shift in the way companies and directors act and organise themselves.
- c) Innovation, fairness, and collaboration are key aspects of any transition to sustainability – innovation provides new ways of doing things, including profitable responses to sustainability.
- d) Fairness is vital because social injustice is unsustainable and collaboration is often a prerequisite for large-scale change.
- e) Social transformation and redress is important and needs to be integrated within the broader transition to sustainability.
- f) Integrating sustainability and social transformation in a strategic and coherent manner will give rise to greater opportunities, efficiencies, and benefits, for both the company and society.

## 3. MINIMUM STANDARDS FOR CORPORATE GOVERNANCE

It is agreed that Councils/Boards should aspire to adhere to the following Standards of Corporate Governance –

- a) Corporate Governance Code in place
- b) Code of Ethics in place
- c) Policies and internal control procedures in place
- d) Resources committed to Corporate governance initiatives
- e) Well Structured Board / "Governing body"
- f) Internal Audit Function in place
- g) Risk Management and Compliance Framework in place
- h) Business Continuity and Disaster Recovery systems in place
- i) Regular Induction on corporate governance issues
- j) Clearly defined Roles and Responsibilities through Delegations of Authority Policy

- k) Clearly defined duties and responsibilities of Governing body through Terms of Reference

#### **4. CORE COMPONENTS OF CORPORATE GOVERNANCE**

It is agreed that Councils/Boards should ensure that the following are observed in order to have standardized processes at national, regional and continental levels in the following areas namely -

##### **4.1. RISK MANAGEMENT**

- a) The Board/Council should be responsible for the governance of risk;
- b) The Board/Council should determine the levels of risk tolerance;
- c) The Risk Committee or Audit Committee should assist the board in carrying out its risk responsibilities;
- d) The Board/Council should delegate to management the responsibility to design, implement and monitor the risk management plan;
- e) The Board/Council should ensure that risk assessments are performed on a continual basis;
- f) The Board/Council should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks;
- g) The Board/Council should ensure that management considers and implements appropriate risk responses;
- h) Boards/ Councils must –
  - i. Advise on risk governance and risk management plans
  - ii. Articulate risk appetite and tolerance
  - iii. Link performance and risk management

##### **4.2. IT GOVERNANCE**

- a) The board should be responsible for information technology (IT) governance;
- b) IT should be aligned with the performance and sustainability objectives of the company;
- c) The board should delegate to management the responsibility for the implementation of an IT governance framework;
- d) The board should monitor and evaluate significant IT investments and expenditure;

- e) IT should form an integral part of the company's risk management;
- f) The board should ensure that information assets are managed effectively; and
- g) A risk committee and audit committee should assist the board in carrying out its IT responsibilities.

#### 4.3. COMPLIANCE MANAGEMENT

- a) Develop and approve Compliance Risk Management Policy (CRMP) as part of the Risk Management process;
- b) Identify Custodian (Risk Owner) of a specific law;
- c) Categorize laws into CORE – PERTINENT – SECONDARY;
- d) Conduct Compliance risk assessments;
- e) Compile Non-compliance log for the attention of management (action plans);
- f) A legal compliance policy should be established and monitored;
- g) Compliance should be achieved through integration with business/ organisational processes, ethics and culture;
- h) Disclosure is required as to how effectively compliance has been achieved and of significant fines and penalties paid; and
- i) A delegated compliance function/ officer is recommended.

#### 4.4. AUDIT MANAGEMENT

- a) **Planning the Audit Schedule.** A key part of a good process is having an overall Audit Schedule that is readily available to let everyone know when each process will be audited over the upcoming cycle (usually a yearly schedule). This can allow the process owners to time the finish of any improvement projects that they are working on to be before the audit, so that they can gather valuable information on the implementation, or to request the auditors to focus on helping to gather information for other planned improvements;
- b) **Planning the Process Audit.** The first step in planning the individual process audits is to confirm with the process owners when the audit will take place. The overall plan above is more of a guideline as to how often processes will be audited, and roughly when, but the confirmation allows the auditor and process owner to collaborate to determine the best time to review the process. This is when the auditor can review

previous audits to see if any follow-up is required on comments or concerns previously found, and when the process owner can identify any areas that the auditor can look at to assist the process owner to identify information. A good audit plan can make sure that the process owner will get value out of the audit process;

- c) **Conducting the Audit.** An audit should start with a meeting of the process owner to make sure that the audit plan is complete and ready. Then there are many avenues for the auditor to gather information during the audit: reviewing records, talking to employees, analyzing key process data or even observing the process in action;
- d) **Reporting on the Audit.** A closing meeting with the process owner is a necessity to ensure that the flow of information is not delayed. The process owner will want to know if there are any areas of weakness that need to be addressed, but will also be interested in knowing if any areas exist that might be improved. This should be followed with a written record as soon as possible to provide the information in a more permanent format to enable follow-up of the information. By identifying not only the non-conforming areas of the process, but also the positive areas and potential improvement areas, the process owner will get a better value from the Internal Audit, which will allow for process improvements; and
- e) **Follow-up on Issues or Improvements Found.** As with many areas of the standard, follow-up is a critical step. If problems have been found and corrective actions taken, making sure that the problem is fixed is a key part of fixing it. If improvement projects have been completed from opportunities identified in the audit, then seeing how much the process has improved is a great motivator for future improvements.

#### 4.5. INTEGRATED REPORTING

- a) **Organizational overview and external environment:** What does the organization do and what are the circumstances under which it operates?
- b) **Governance:** How does the organization's governance structure support its ability to create value in the short, medium and long term?
- c) **Business model:** What is the organization's business model?
- d) **Risks and opportunities:** What are the specific risks and opportunities that affect the organization's ability to create value over the short, medium and long term, and how is the organization dealing with them?
- e) **Strategy and resource allocation:** Where does the organization want to go and how does it intend to get there?
- f) **Performance:** To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?
- g) **Outlook:** What challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?
- h) **Basis of Presentation:** How does the organization determine what matters to include in the integrated report and how are such matters quantified or evaluated?

#### 4.6. CONFLICT OF INTEREST

- a) A Council or Board member must not, during the duration of his or her term of office, apply for employment or take part in a bid to provide goods or services to the Council and can only apply for employment or take part in a bid to provide goods or services to the Council, after the expiry of 18 months following the termination of his or her membership due to the expiry of the term of office or resignation;
- b) Where a Council or Board member wants to accept an office bearer position in a professional association, union or any other similar formations relevant to any of the health professions registered with the Council, he or she must resign from any chairpersonship position held in the Council/Board or any committee thereof, before accepting such a position;
- c) During a meeting, a Council or Board member must declare or disclose conflict of interest in a matter by providing sufficient information as to the nature and extent thereof: provided that-
  - a. a member shall leave the meeting when the matter is discussed;
  - b. for the purposes of quorum, the meeting will proceed as if the departure has not occurred; and
  - c. for the purposes of decision making the vote of a member who departed shall not count.
- d) A Council or Board member must avoid a situation where by virtue of his or her appointment as chair of Council/Board or a committee vis-à-vis his or her management position in a training institution, he or she becomes a referee and a player when matters of education and training (including accreditations) are being considered;
- e) Council or Board members who are office bearers of professional associations and unions or other such formations must not be appointed as chairpersons to Council/Board or Committees of Council/Boards;
- f) Where practical, Council or Board members who have pending complaints of unprofessional conduct must not serve on the Committees that deal with unprofessional conduct as those who dispense justice must be perceived to be beyond reproach in so far as their integrity is concerned;
- g) Where a Board or Council member has been found guilty of unprofessional conduct he or she must resign from a Board or Council;
- h) A Council or Board member must not use his or her appointment to obtain financial advantage in the Council; and
- i) A Council or Board member who fails to disclose conflict of interest shall be dealt with in accordance with the Charter for Council and Board members.

#### 4.7. CORPORATE COMMUNICATION

- a) Time Keeping
- b) Meetings Packs
- c) Policy circulated to all member states for input

### 5. ENABLING FRAMEWORK

All member countries that are signatories to this protocol agree to pursue processes of aligning or developing legislative and other policy frameworks to facilitate the implementation of the principles enshrined in this protocol.

*THUS DONE AND SIGNED AT SPIER WINE ESTATE, STELLENBOSCH, CAPE TOWN ON 25<sup>TH</sup> AUGUST 2017.*

1. **Botswana** Health Professions Council
2. Medical & Dental Council of **Ghana**
3. Medical Practitioners and Dentists Board of **Kenya**
4. Medical, Dental & Pharmacy Council of **Lesotho**
5. **Liberia** Medical and Dental Council
6. Medical Council of **Malawi**
7. Medical & Dental Councils of **Mauritius**
8. Medical & Dental Councils of **Nigeria**
9. Health Professions Councils of **Namibia**
10. **Rwanda** Medical & Dental Council
11. Medical & Dental Council of **Seychelles**
12. Medical & Dental Council of **Sierra Leone**
13. Health Professions Council of **South Africa**
14. **South Sudan** Medical Council
15. Medical & Dental Council of **Swaziland**
16. Medical Council of **Tanganyika**
17. Medical & Dental Practitioners Council of **Uganda**
18. Health Professions Council of **Zambia**
19. Medical & Dental Practitioners Council of **Zimbabwe**

