

## **SAICA BOARD CHARTER**

### **1. INTRODUCTION**

In carrying out its responsibilities and powers, the Board shall, at all times, act in accordance with the SAICA Constitution, By-laws and values. Board members recognise their overriding responsibility, individually and collectively, to act honestly, fairly and diligently in serving the interests of all SAICA members, including future members and the profession in general, both locally and globally. The Board shall work to promote and maintain an environment that fosters these principles as basic guidelines for all SAICA members, employees and representatives at all times.

### **2. ROLE AND PURPOSE**

#### **2.1 Responsibilities**

2.1.1 The Board is responsible for protecting the rights and interests of members and is accountable to them for the overall management of the Institute including its risks.

2.1.2 Key responsibilities include:

- (a) setting the direction, financial objectives and goals for management;
- (b) driving, reviewing and approving strategies for the Institute;
- (c) monitoring management's performance against these goals and objectives;
- (d) ensuring there are appropriate standards of corporate governance and ethical norms;
- (e) evaluating the performance and determining the remuneration of the Chief Executive Officer (CEO);
- (f) ensuring that appropriate risk management systems, internal controls, reporting systems and compliance frameworks are in place and operating effectively;
- (g) ensuring there are plans and procedures for recruitment, training, remuneration and succession planning for senior executives; and
- (h) ensuring effective processes are in place to deal with professional development and accounting.

2.1.3 The Board delegates responsibility for the day-to-day management of the Institute to the CEO who is responsible for implementing the Institute's strategies and policies.

2.1.4 The Board is also ultimately responsible for approving and ensuring compliance with Institute policies including:

- (a) the Code of Ethics;
- (b) external communications and disclosure policy;
- (c) risk management guidelines;
- (d) levels of authority;
- (e) approval of annual budgets;
- (f) investment policy;
- (g) capital expenditure policy;
- (h) human resources policies;
- (i) corporate governance principles/policies; and
- (j) any other policies.

## 2.2 Powers

2.2.1 In addition to matters expressly required by the Constitution and By-laws, powers specifically reserved for the Board are as follows:

- (a) the determination of the CEO's terms and conditions of service (including remuneration);
- (b) membership and terms of reference of Board committees, and matters referred to the Board by its committees;
- (c) any matters in excess of limits delegated to Board committees, the CEO and senior management;
- (d) approving each of the following:
  - (i) appointment and removal of the CEO and of the Institute secretary. It must be noted that the appointment and removal of members of the senior management team vests with the CEO.
  - (ii) strategic plan and budget, at least annually;
  - (iii) significant changes to the organisational structure;
  - (iv) the establishment, disposal or cessation of any significant business of the Institute;
  - (v) all capital projects and related expenditure;
  - (vi) land and building leases;
  - (vii) all financing facilities and the provision of security over the Institute's assets (including mortgages and charges over the Institute's property);
  - (viii) approval of financial statements;
  - (ix) any public statements which reflect decisions by the Board, significant issues of Institute policy or strategy;
  - (x) any changes to the powers delegated by the Board;
  - (xi) appointment of external and internal auditors and their respective annual audit fees;
  - (xii) major litigation;
  - (xiii) any changes to the powers specifically reserved for the Board;
  - (xiv) powers to create other entities.

2.2.2 Subject to the Constitution and By-laws and the Board's ultimate responsibility for oversight, the Board may delegate to its committees, a Board member or any other person, authority to perform any of its functions and exercise any of its powers.

### **3. STRUCTURE**

#### **3.1 Composition**

3.1.1 The Board shall comprise members from each of the following constituencies:

- (i) two members appointed by the Central Region;
- (ii) two members appointed by the Eastern Region;
- (iii) two members appointed by the Northern Region;
- (iv) two members appointed by the Southern Region;
- (v) one member appointed by the Members in Business interest group;
- (vi) two members appointed by the board of ABASA;
- (vii) one member appointed by the large practices interest group;
- (viii) one member appointed by the small practice interest group; as well as
- (ix) a maximum of five co-opted members;
- (x) a chairman;
- (xi) 2 (two) vice chairmen;
- (xii) the E CEO, and
- (xiii) a member of executive management to be appointed to the Board at the discretion of the CEO.

3.1.2 The Board shall comprise both executive and non-executive Board members with a majority of non-executive Board members who satisfy the criteria for independence as set out in 3.2 below. The Board members shall be from different backgrounds with complementary skills and experience. In considering an appropriate balance, the Board shall take cognisance of its gender and racial mix, amongst other things.

3.1.3 The chairman shall be a non-executive Board member. The chairman (or in his/her absence, the vice chairman) or such other non-executive Board member as agreed by the Board, is responsible for leading the Board, ensuring that Board activities are organised and efficiently conducted, and for ensuring that Board members are properly briefed for meetings.

3.1.4 The roles of chairman or vice chairman shall be separate from that of the CEO. Succession planning for the Board shall be reviewed regularly, first by the Nominations Committee and then by the full Board. In considering potential new Board members to recommend, the Board shall seek to identify candidates with appropriate skills and experience to contribute to the effective direction of the Institute, who can exercise an independent and informed judgement on matters which come to the Board, who can enhance the demographic diversity of the Institute and who are free of any business or other relationship that may interfere materially with the exercise of that independent judgement.

3.1.5 The Board appoints the chairman and vice chairman from amongst its members.

## **3.2 Independence**

SAICA is a voluntary association of members (Chartered Accountants) and the Board comprises only SAICA members, which leads to an inherent conflict of interest for those SAICA members serving on the SAICA Board.

3.2.1 For SAICA purposes, therefore, a Board member is considered to be independent when not a member of management and:

- (a) within the last three years has not been employed in an executive capacity by the Institute;
- (b) within the last three years has not been a principal of a material professional advisor or material consultant to the Institute or a director, officer, employee or consultant materially associated with the service provided by a material professional advisor or material consultant to the Institute;
- (c) not a material supplier to the Institute or a director, officer, employee or consultant of a material supplier materially associated with the material supplier in relation to its dealings with the Institute;
- (d) has no material contractual relationship with the Institute other than as a member of the Board of the Institute;
- (e) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Board member's ability to act in the best interests of the Institute; and
- (f) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Board member's ability to act in the best interests of the Institute.

3.2.2 All Board members shall bring an independent judgement to bear in decision-making, and to facilitate this, the Board shall adopt a policy that permits each Board member to take independent professional advice if necessary, at the Institute's expense, after consultation with and approval by the Institute.

3.2.3 The Board shall have processes in place to regularly assess the independence of each Board member in light of interests disclosed by them.

3.2.4 Members who are nominated by a constituency recognise the potential for a conflict of interest and accept that their primary duty and responsibility is to always act in the interests of the profession as a whole.

## **4. MEETINGS**

4.1 The Board shall meet not less than four (4) times per year and may, at the discretion of the chairman, meet more frequently in order to fulfill its duties. The non-executive Board members may meet regularly without the executive Board members and management being present.

4.2 The agenda for Board meetings shall be prepared by the Institute secretary in conjunction with the chairman and CEO. Standing items shall include:

- (a) disclosures of Board members' interests;
- (b) reports from Board committees.

4.3 The Board agenda shall, where possible, be provided to Board members at least one week prior to the relevant meeting.

4.4 A quorum shall be a majority of the Board. Should the members present not form a quorum within 30 minutes after the scheduled commencement time of a meeting, such meeting shall adjourn and shall reconvene 30 days later. Should the second meeting not have a quorum, then it shall proceed.

## **5. BOARD COMMITTEES**

5.1 The Board may from time to time establish committees to assist in the execution of its responsibilities, and each committee, with the approval of the Board, shall adopt written terms of reference setting out the roles and responsibilities, composition, structure, membership requirements and the manner in which they are to operate.

5.2 Subject to any delegation by the Board to a committee under paragraph 2.2.2, all matters determined by committees are to be submitted to the Board as recommendations for Board decision, and minutes of committee meetings are to be posted on the pin-protected Board section of the SAICA website.

5.3 The Board shall ensure that the following functions are dealt with by appropriate Board committees. More than one function can be allocated to a committee:

- (a) Audit and Risk Committee
- (b) Human Resources Committee
- (c) Nominations Committee
- (d) Finance Committee
- (e) Executive Committee
- (f) Remuneration Committee
- (g) IT Governance Committee
- (h) Governance Committee

5.4 The Board shall also establish technical committees as and when deemed necessary.

5.5 The chairman of any Board committee shall be an independent non-executive Board member.

## **6. SUCCESSION PLANNING**

The Nominations Committee shall review the composition of the Board on an annual basis and advise all constituencies of the succession planning needs of the Institute and shall provide guidelines to constituencies on the qualities, skills, experience and background that new appointees to the Board should possess.

A constituency shall forward the name(s) of its appointee(s) to the Nominations Committee. The Nominations Committee may discuss the appointment(s) with the constituency concerned if it believes the person appointed does not meet the criteria communicated to the constituency. The Nominations Committee shall inform the Board of the new appointments.

**7. TERM OF OFFICE**

The term of office of Board members shall be three years and they shall serve a maximum of three terms.

Board members shall retire by rotation and where appropriate, such rotation shall be staggered to allow for continuity.

**8. PERFORMANCE EVALUATION**

8.1 The Board shall undertake a regular performance evaluation of itself that:

- (a) evaluates the effectiveness of the Board, as a whole, and that of individual Board members;
- (b) compares the performance of the Board with the requirements of its charter;
- (c) sets forth the goals and objectives of the Board for the upcoming year, and
- (d) effects any improvements to the Board Charter deemed necessary or desirable.

8.2 The performance evaluation shall be conducted in such manner as the Board deems appropriate and may involve the use of an external consultant.

**9. REVIEW OF THE BOARD CHARTER**

This Charter may be reviewed and amended by the Board from time to time.

Adopted : 30 November 2004  
 Revised : 19 May 2005  
 Revised : 21 April 2008

<b>VERSION CONTROL</b>	
Tabled at GovCo	<b>16 February 2016.</b> Reviewed by GovCo and changes requested. Tracked changes made to document as an interim measure subject to a full review during the governance review process.
Tabled at GovCo	11 August 2016. Tabled at GovCo with tracked changes as discussed and agreed at the GovCo meeting held on 16 February 2016 AND incorporating comments by Welsh Gwaza for input by GovCo members. 21 October 2016 sent to GovCo members for input on comments by Welsh Gwaza. Reminder sent on 1 November 2016. No comments received from GovCo members.
Tabled at GovCo	8 November 2016. Tabled at GovCo – together with Welsh Gwaza’s comments for discussion and input.
Interim Version tabled at Board	<b>24 November 2016. INTERIM version APPROVED by Board with tracked-changes and comments pending a full review process taking into account best-practice and giving consideration to the requirements/principles of the King IV report and other legislation/regulations relating to the profession.</b>