

Case study: war at the helm of elicor

Business



Discuss the COED principle on the responsibility of the board. How did the Board fare against the principle and what areas need to be improved? Why? Primarily, the board of directors is responsible for guiding, controlling and monitoring the company with the best interest of the company and its stakeholders in mind. The COED principle on the responsibility of the board states that the board should fulfill key functions such as guidance, governance and oversight of the company's management, operations, conflicts and accounting and financial reporting systems.

The board should also be able to provide objective independent judgment regarding corporate affairs.

Licorice's board of directors fared against the principle on the responsibility of the board by failing to implement good corporate governance. The board was passive on their duties and responsibilities. It did not bother to act on Issues Orleans from Mr.. Heaths, chairman of the board.

And Mr.. Simony's tensions during Instances wherein Mr.. Heath makes an effort to be proactive with regards to the company.

The board should make room for improvements on implementing good corporate governance.

The board members should become objective, capable and inquisitive in order to be effective. They should also be fully informed of the company's activities, and commit themselves in fulfilling their board responsibilities. This is because, for instance, management may be in a position to override controls which will enable a dishonest management who intentionally

misrepresents results to cover its tracks. A strong, active board, with capable financial, legal and internal audit functions, is often best able to identify and correct such kind of problems.

2.

How did Licorice fare against the principle of Disclosure and Transparency? Justify your answer. According to the COED principle on Disclosure and Transparency, the corporate provenance framework should ensure timely and accurate disclosure on material matters regarding the company, which includes the financial situation, performance, ownership, and governance of the company. Information should be prepared and disclosed in accordance with the applicable standards on accounting and financial and non-financial disclosure and annually audited by an independent, competent and Qualified auditor.

Licorice fared against the principle of Disclosure and Transparency by failing to accurately report financial and operating results of the company. For instance, during a meeting when Mr.

. Dale, a Dankly executive Ana Dora memoir AT Locker, proposed changes or improvements regarding the reporting of financial and operating results were brushed aside by Mr.. Simon. The fact that changes or improvements were being suggested by a financially experienced professional and the CEO putting them aside suggests that there's something wrong with the reporting system of the company and that management is trying to hide or cover things up.

Another instance would be when the issue on the calculation of earnings arises.

Mr.. Heath found out that Mr.. Silver was directed by Mr.

. Simon to calculate earnings differently. This instance suggests that management has great influence on the accounting/finance department and implies that other accounts or assets may also be being manipulated. Also, there was no mention of Licorice's reporting systems. Whether its reporting systems comply with applicable reporting standards, undergo annual audit and disclose all material aspects regarding the company.

3. You are the consultant of Licorice.

What recommendations would you make to strengthen Corporate Governance at Licorice? As the consultant of Licorice, I would recommend the following: The board should clarify its role. The board plays a significant role in guiding, governing and overseeing the company. It should determine its role in the running of the business and make a clear understanding of which with management.

The board should monitor company performance. Monitoring the company's performance is a key board function and ensuring legal compliance is a major aspect of the board's monitoring role.

This will ensure that the decisions made are consistent with the strategy and with owners' expectations. The most appropriate way of monitoring company performance is to identify the company's key performance drivers and establishing appropriate assures for determining success. The board should

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establish an agreed format for the reports they monitor to ensure that all matters that should be reported are in fact reported.

The board should understand that they appoint, review, work through and replace the CEO.

The board-CEO relationship is essential to implement an effective corporate governance since it distinguishes the board's role in determining the company's strategic direction and management's role in achieving company objectives. The board is responsible for the governance of risk. It should establish a sound system of managing risk and internal control. The board should be provided with the information they needs.

Regular board papers will provide directors with information that the CEO or management team has decided they need.

However, the members of the board have different information needs according to their knowledge, skills and experience and thus, shall be provided with additional information that will enable them to answers the questions they have. The board is ultimately responsible for all the actions and decisions of the company. Thus, it should establish company policies to ensure that the line of responsibility between road and management is clearly delineated. This also includes establishing processes and procedures for internal control purposes.

Poor internal processes and procedures can lead to inadequate access to accurate information, poor communication and uninformed decision making.

The board should have a good understanding of what skills it has and those skills it requires in order to effectively function as a board. It should represent a balance between board members with experience and knowledge. The board should evaluate its and the members' performance and pursue opportunities for improvement.

It should be aware of its strengths and weaknesses in order to function effectively. Board effectiveness can only be measured if the board regularly assesses its own performance and that of its individual members. The board should implement and monitor agreed upon actions as a result of the evaluation's.

4. If you were Heath, what will you do? If I were acting as chairman, I would choose to send copies of the long-awaited proposal from the corporate governance consultant to my fellow board members.

Afterwards, I would call for a board meeting, discuss the proposal and decide as a board as to what actions shall be taken since it is the responsibility of the whole board to discuss and make decisions about matters concerning the company. As chairman, I must effectively lead the board to act with the best interest of the company and its stakeholders in mind and thus, I choose to push through with the discussion and evaluation of the proposal in order to pursue and attain an effective functioning board that will implement an effective corporate governance.