



BOTSWANA ACCOUNTANCY OVERSIGHT AUTHORITY (BAOA)

BOARD CHARTER

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Botswana Accountancy Oversight Authority – Board Charter

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BOARD CHARTER

1. OVERVIEW

- 1.1 The Board members of the Botswana Accountancy Oversight Authority acknowledge the need for a Board charter that is in line with good corporate governance as recommended in the Code of Corporate Governance Principles for Botswana.
- 1.2 The Board is established and governed by the Financial Reporting Act, 2010 (the Act) and is subject to all limitations and responsibilities provided for therein.
- 1.3 This Board Charter (the Charter), the Terms of Reference for all Board committees, as well as the principles, procedures, codes and guidelines adopted by the Board from time to time, collectively comprise the Botswana Accountancy Oversight Authority' overall corporate governance framework.

2. PURPOSE

The Charter sets out the functions, duties and responsibilities of the Board, as well as the requirements for its composition and meeting procedures.

3. COMPOSITION

- 3.1 The Board comprises nine members as follows:
 - a) the Accountant General;
 - b) the Governor of the Bank of Botswana;
 - c) the Commissioner General of the Botswana Unified Revenue Service;
 - d) the Chief Executive Officer of the Non-Bank Financial Institutions Regulatory Authority;
 - e) the Chief Executive Officer of Business Botswana; and
 - f) the Chief Executive Officer of Botswana Stock Exchange; who shall be ex officio members;
 - g) two experienced professional accountants, in this Act referred to as experts, appointed by the Minister on the

recommendation of the ex officio members, in consultation with the Institute or its successor; and

h) one academic professional accountant, appointed by the Minister on the recommendation of the ex officio members in consultation with the Institute or its successor, and the Institute of higher learning in Botswana.

3.2 The appointed members of the Board shall be selected from persons:

a) with at least 10 years of experience in management, a profession or academia, and shall meet such other criteria as may be prescribed by this Act and the rules; and

b) who demonstrate expertise and practical knowledge of internationally recognised financial reporting and auditing standards.

3.3 The Chairperson of the Board shall be appointed by the Minister from among members of the Board, while the Vice Chairperson shall be elected by the Board from amongst its members.

4. INDUCTION PROGRAMME, ONGOING TRAINING AND EDUCATION

4.1 A formal induction programme shall be established for new Board members.

4.2 All Board members should undergo continuing professional development programmes from time to time on changes in risks, laws and the business environment, amongst others; to facilitate effective execution of their responsibilities.

5. TENURE OF OFFICE

5.1 An ex officio member appointed under Section 7 (1) of the Act shall serve as a member of the Board by virtue of the office he or she holds.

5.2 An expert and academic appointed under Section 7 (1) (g) or (h) as a member, shall hold office for a term of four years and shall be eligible for re-appointment for one further term.

- 5.3 The Chairperson of the Board shall hold office for three years, unless he or she ceases to be a member of the Board and shall be eligible for re-appointment for one further term.
- 5.4 The Vice Chairperson shall hold office for two years, unless he/she ceases to be a member of the Board and shall be eligible for re-election for one further term.
- 5.5 Notwithstanding anything to the contrary herein contained, any appointed member, on attainment of the age limit to be prescribed by the Rules, shall not be eligible for appointment or re-appointment as Board member.

6. TERMINATION OF BOARD MEMBERSHIP

Termination of Board Membership shall be made in accordance with Section 10 of the Act.

7. ROLE OF THE BOARD

- 7.1 The role of the Board is to ensure the proper and efficient performance of the functions of the Botswana Accountancy Oversight Authority and determine the policy with respect to any matter within the remit of the Botswana Accountancy Oversight Authority's mandate. In discharging this role, the Board shall have regard to the current policies of Government in relation to matters within its functions.
- 7.2 Broadly, the Board's role and responsibilities include:
- a) collectively directing the business activities of the Botswana Accountancy Oversight Authority;
 - b) collectively providing leadership and direction to Management;
 - c) Strategic planning;
 - d) Appointments of Senior Management on the recommendation of the Chief Executive Officer;
 - e) Audit and compliance;
 - f) acting as the focal point for, and custodian of, corporate governance by managing its relationship with Management, the Ministry of Finance and Economic Development (MFED) and other

stakeholders of the Authority along sound corporate governance principles;

- g) appreciating that strategy, risk, performance and sustainability are inseparable, and to give effect to this by:
 - (i) contributing to, and approving, the strategy;
 - (ii) satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
 - (iii) identifying key performance and risk areas/indicators;
 - (iv) ensuring that the strategy results in sustainable outcomes; and
 - (v) considering sustainability as a business opportunity that guides strategy formulation.
- h) providing effective leadership on an ethical foundation;
- i) ensuring that the Authority is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the activities of the Authority, but also to the impact that the Authority's operations have on the environment and the society within which it operates;
- j) ensuring that the Authority's ethics are managed effectively;
- k) ensuring that the Authority has an effective: Finance, Audit and Tender Committee; and Human Resources Committee;
- l) ensuring that the Authority complies with applicable laws and regulations, and considers adherence to non-binding rules and standards;
- m) appreciating that stakeholder's perceptions affect the Authority's reputation;
- n) ensuring the integrity of the Authority's Annual Report;
- o) acting in the best interests of the Authority by ensuring that individual Directors:
 - (i) adhere to legal standards of conduct;

- (ii) are permitted to take independent advice in connection with their duties following an agreed procedure;
 - (iii) disclose their real or perceived conflicts of interest to the Board, and deal with them accordingly; and
 - (iv) sign a confidentiality undertaking not to disclose any information obtained in the course of their duties as Board or Committee members.
- p) recommending the appointment and evaluation of the performance of the Chief Executive Officer; and
- q) setting performance targets for the Chief Executive Officer.

8. DELEGATION

- 8.1 Section 16 of the Act provides that the Board may delegate to a committee any one or more of its powers and functions for the purpose of performing its functions.
- 8.2 The Board therefore delegates certain functions to well-structured committees, without abdicating its own responsibilities. Such delegation is formal, and involves the following:
- a) formal terms of reference are established and approved by the Board for each committee of the Board; and
 - b) the committees' terms of reference are reviewed and approved by the Board regularly.
- 8.3 The committees are appropriately constituted with due regard to the skills required for each committee to function effectively.
- 8.4 The Board establishes a framework for the delegation of authority to Management.
- 8.5 In respect of BAOA Board Committees:
- a) the Board committees will observe the same rules of conduct and procedure as (apply to) the Board, unless the Board determines otherwise.
 - b) without derogating from the generality of Section 16 (1) of the Act, the Board may establish the following statutory committees:

- (i) Standards Setting Committee;
 - (ii) Financial Reporting Monitoring Committee;
 - (iii) Audit Practice Review Committee;
 - (iv) Enforcement Committee; and
 - (v) Education and Training Committee.
- c) the Board shall, in addition, establish the following operational committees:
- (i) the Finance, Audit and Risk Committee;
 - (ii) Human Resources Committee;
 - (iii) Tender Committee; and
 - (iv) any such committees as the Board considers appropriate.
- d) The Board Chairperson shall not be a member of any committee.
- e) There shall be at least three Board members on each committee.
- f) Each committee shall have a Chairperson, Vice Chairperson and a Secretary.
- g) Senior Management shall attend all committee meetings.
- h) The committees shall consider and recommend relevant policies for the Board.
- i) The committees shall deal with such other matters as assigned to them by the Board.

9. BOARD SECRETARY

- 9.1 The Board shall appoint a Secretary, who shall be suitably qualified and experienced.
- 9.2 The Secretary shall be responsible for:
- a) taking minutes of the meetings of the Board;
 - b) keeping the records of all decisions of the Board;

- c) keeping records of legal transactions of the Authority;
 - d) providing advisory services to the Board on corporate governance and applicable legislation; and
 - e) Liaise with the Legal Firm appointed by the Board to be called upon as and when the need arises
- 9.3 The Secretary of the Board shall be accountable to the Chief Executive Officer and the Board for his/her functions and responsibilities as Secretary.

10. ROLE OF THE CHAIRPERSON

- 10.1 The role of the Chairperson is to provide leadership and promote cohesiveness and effectiveness of the Board. The Chairperson's key roles shall include ensuring that good relations are maintained with the sponsoring MFED and its strategic stakeholders and presiding over Board meetings. This includes assisting the Board to develop good relationships with the sponsoring MFED, other line Ministries, the Chief Executive Officer and other stakeholders.
- 10.2 Building and maintaining stakeholders' trust and confidence in the Botswana Accountancy Oversight Authority.
- 10.3 Ensuring that all Directors are made aware of their responsibilities through a tailored induction programme and ensuring that a formal programme of continuing professional education is adopted at Board level. This entails working with the Board Secretary in ensuring that the individual Directors, and the Board as a whole, understand their role, responsibilities and accountabilities as well as the risks and liabilities.
- 10.4 Ensuring that the performance of the Chief Executive Officer is appraised at agreed intervals by either the Chairperson himself or a sub-committee appointed by the Board.
- 10.5 Ensuring that the Board and each individual Director is assessed for effectiveness every two years.
- 10.6 Monitoring how the Board works together and how individual Directors perform and interact at meetings. The Chairperson should meet with individual Directors at least every two years to evaluate their performance. The Chairperson should be aware of each Board member's strengths and weaknesses.

- 10.7 Setting the ethical tone for the Board and Botswana Accountancy Oversight Authority.
- 10.8 Providing overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of Board members.
- 10.9 Identifying and participating in selecting Board members through the Human Resources Committee, and overseeing a formal succession plan for the Board, Chief Executive Officer and certain Senior Management appointments such as the Executive Directors.
- 10.10 Formulating (with the Chief Executive Officer and the Board Secretary) the yearly work plan for the Board against agreed objectives and playing an active role in setting the agenda for Board meetings and ensuring that a comprehensive agenda is presented at each meeting of the Board.
- 10.11 Presiding over Board meetings and ensuring that time in meetings is used productively. The Chairperson should encourage a collegial atmosphere among Board members without inhibiting candid debate and creative tension among Board members.
- 10.12 Managing conflicts of interest. It is not sufficient merely to table a register of interests. All internal and external legal requirements must be met. The Chairperson must ask affected Board members to recuse themselves from discussions and decisions in which they have a conflict and leave the meeting while the matters in which they have an interest are discussed, unless they are requested to provide specific input, in which event they should not be party to the decision.
- 10.13 Acting as the link between the Board and Management, and particularly between the Board and the Chief Executive Officer.
- 10.14 Being collegial with Board members and Management while at the same time maintaining an arm's length relationship.
- 10.15 Ensuring that Directors play a full and constructive role in the affairs of the Botswana Accountancy Oversight Authority.

- 10.16 Ensuring that complete, timely, relevant, accurate, honest and accessible information is placed before the Board to enable Directors to reach an informed decision.
- 10.17 Mentoring to develop skill and enhance Directors' confidence (especially those new to the role) and encouraging them to speak up and make an active contribution at meetings. The mentoring role is encouraged to maximise the potential of the Board.
- 10.18 Upholding rigorous standards of preparation for meetings by, for example, meeting with the Chief Executive Officer before meetings and studying of the meeting information packs distributed.
- 10.19 Ensuring that decisions by the Board are executed.

11. DELEGATION OF FUNCTIONS TO THE CHIEF EXECUTIVE OFFICER

- 11.1 Section 20 of the Act provides for the appointment of the Chief Executive Officer, who shall manage the day to day affairs of Botswana Accountancy Oversight Authority with the assistance of the Director, Technical; Director of Finance and Administration; and other staff. In addition, the Board has specially delegated the following functions to the Chief Executive Officer, as to:
- a) ensure the effective and efficient running of the Botswana Accountancy Oversight Authority in accordance with the strategic direction established by the Board and within the agreed policies and budgets;
 - b) cause Board decisions and resolutions to be implemented;
 - c) be responsible for the employment, management, supervision, direction (and where appropriate, removal) of the Botswana Accountancy Oversight Authority employees, subject to functions reserved for the Board;
 - d) ensure that advice and information is available to the Board so that informed decisions can be made;
 - e) ensure that records and documents of the Botswana Accountancy Oversight Authority are properly kept; and
 - f) perform any other function specified or delegated by the Board.

11.2 The Chief Executive Officer shall, unless otherwise excused by the Board, attend every meeting of the Board.

12. MATTERS RESERVED FOR THE BOARD

The Act provides that the Board shall be responsible for the management of the affairs of the Botswana Accountancy Oversight Authority and shall exercise all the powers of the Authority as contained in Sections 5 and 6 of the Act. Whilst the Board has, pursuant to the Act, delegated certain functions to the Chief Executive Officer, such delegation is subject to reservation of certain specific functions for the Board, among which are the following:

a) Strategy and Policy Matters

- (i) approval of the strategy, business plans, budgets, and any subsequent material changes in the strategic direction;
- (ii) recommending amendments to the Act and all other related Acts under BAOA;
- (iii) approval of Botswana Accountancy Oversight Authority's Annual Reports and other significant reports to the Minister;
- (iv) establishment of non-statutory Board committees; and
- (v) development and approval of BAOA Policies.

b) Appointments

- (i) selection and appointment (and where appropriate, removal) of the Chief Executive Officer following approval by the Minister;
- (ii) selection and appointment (and where appropriate, removal) of the Board Secretary and the Executive Directors;
- (iii) selection and appointment (and where appropriate, removal) of the external auditors; and
- (iv) approval of the Botswana Accountancy Oversight Authority's remuneration policy.

c) Audit and Compliance

- (i) overseeing the audit, risk management, internal controls and compliance systems. This may be delegated to the Finance, Audit and Tender Committee;
- (ii) ensuring compliance with corporate governance practices, including ethical and regulatory requirements and governance standards;
- (iii) granting general signing powers; and
- (iv) review of the Board Charter from time to time.

13. STRATEGIC PLAN

A strategic plan of the Botswana Accountancy Oversight Authority shall be prepared to give direction for the attainment of the BAOA mandate. The strategic plan will endeavour to cover all critical aspects of the mandate of the Authority which will further enhance BAOA's business plan and form the basis for the preparation of the Shareholder Compact.

14. SHAREHOLDER COMPACT

The Shareholder Compact is based on, and is subject to, the provisions of the Act which collectively set out the mandate, objectives and functions of BAOA, and the powers of the Board. The Shareholder Compact covers the expectations and the obligations of both the MFED and the Authority; with the Authority promising to deliver in accordance with its mandate, and the MFED providing the necessary financial and legislative support.

15. CONDUCT OF BOARD MEETINGS

15.1 Timing and Frequency of Board Meetings

- a) The Board must hold sufficient scheduled meetings to discharge all its duties as set out in this charter, subject to a minimum of one Board meeting every quarter. Additional Board meetings may be called depending on the requirements of the Authority business and may be held at the instance of a Board member.

- b) The Chairperson of the Board should meet with the Chief Executive Officer and/or the Company Secretary prior to a Board meeting to discuss important issues and agree on the agenda.

15.2 **Quorum**

- a) The quorum at any meeting of the Board shall be five members, of which at least three are ex officio members and one is an expert member.
- b) Individuals in attendance at Board meetings by invitation may participate in discussions but do not form part of the quorum for Board meetings and do not have voting rights.

15.3 **Decisions of the Board**

All decisions of the Board shall be by a majority votes, and in the event of an equality of votes, the Chairperson or the Vice Chairperson or such other person presiding at the meeting, shall have a casting vote in addition to his or her deliberative vote. All decisions and individual Board member dissent is to be recorded, if requested by the Board member.

15.4 **Round Robbin**

In urgent matters that cannot wait for a resolution to be passed at the next Board meeting or does not warrant the calling of a special Board meeting, a resolution can be passed through Round Robbin provided it is:

- a. signed by all Board members except under exceptional circumstances such as absence of a Board member due to hospitalisation and being out of the country; and
- b. expressed with sufficient clarity and accompanied by sufficient information or explanatory material to enable a Board member to make an informed decision.

15.5 **Attendance**

- a) Members of Senior Management, assurance providers and professional advisors may be in attendance at Board meetings, but by invitation only, and they may not vote.

- b) Board members must attend all scheduled meetings of the Board, including the meetings called on an ad hoc- basis for special matters, unless prior apology, with reasons, has been submitted to the Chairperson or Board Secretary.
- c) If the Chairperson of the Board is absent from a meeting, the Vice Chairperson will act as a Chairperson, or members present shall elect among their number, a Chairperson for the purposes of that meeting.

15.6 **Declaration of Interests**

- a) Members are required to take all reasonable steps to avoid actual, potential or perceived conflict of interest.
- b) Members are required to disclose any conflict of interest in writing and abstain from participating in any discussion or voting on matters in which they have material personal interest and leave the meeting while the matters in which they have an interest are discussed, unless they are requested to provide specific input, in which event they should not be party to the decision.
- c) The Board should make a decision as to how to manage the conflict of interest and record reasons for that decision.
- d) It is expected that members will be sensitive to actual and perceived conflict of interest that may arise, and it is something to which they are expected to give ongoing consideration, in view of the dynamic and rapidly changing nature of the business.

15.7 **Agenda**

- a) The Board must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The annual plan must ensure proper coverage of the matters laid out in this charter; the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

- b) A detailed agenda, together with supporting documentation, must be circulated at least one week prior to each meeting to the members of the Board and other invitees.
- c) Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion.

16. BOARD MINUTES

- 16.1 Minutes of all resolutions and proceedings of the Board are to be kept.
- 16.2 The minutes are to be completed as soon as possible after the meeting and circulated to the Chairperson and all Board Members. The minutes will be formally approved by the Board at its next scheduled meeting.
- 16.3 The Board Secretary will produce a record of resolutions of the Board in a timely manner.

17. CONFLICT OF INTEREST

If any conflict arises out of, or in connection with, the Board Charter or any matter related thereto, whether directly or indirectly, the parties must refer the dispute for resolution as per the established formal dispute resolution mechanisms for both internal and external disputes. The Board should ensure that the disputes are resolved as effectively, efficiently and expeditiously as possible.

18. FULL AND TIMELY DISCLOSURE OF MATERIAL MATTERS CONCERNING THE ORGANISATION

- 18.1 The Authority is committed to making full timely and balanced disclosure by providing relevant up-to-date information to the MFED, and the broader community in accordance with the continuous disclosure requirements under BAOA Policies, underpinned by the fundamental principles of disclosure; being transparency, timeliness, fairness and continuity.
- 18.2 The Board has authorised the Chief Executive Officer to discuss with, and delegate to, the Director of Finance and Administration, and the Board Secretary, matters requiring disclosure, and to

ensure that such information is released by the Authority in a timely and accurate manner.

19. COMMUNICATION PROTOCOL FOR THE BOARD AND MANAGEMENT

- 19.1 The Chief Executive Officer and the Senior Management shall ensure that the Board is provided with all necessary information in their possession to enable the Board to fulfil its governance responsibilities.
- 19.2 The Board shall ensure that Management is provided with all necessary information in its possession to enable Management to fulfil its Management responsibilities.
- 19.3 Both the Board and Management shall ensure that their communications are as open, honest, accurate and complete as possible.
- 19.4 Board members may access such information and seek such independent advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgment in decision making.
- 19.5 Board members will be entitled to: -
 - a) access members of the Senior Management through the Chief Executive Officer at any time to request relevant and additional information or seek explanations;
 - b) have access to external auditors, to seek explanations or additional information;
 - c) seek independent professional advice with the Chairperson's prior consent, which will not be unreasonably withheld or delayed; and which will be at Botswana Accountancy Oversight Authority's expense.

20. EVALUATION

The evaluation of the Board, its committees and individual Board members, including the Chairperson, must be performed on a regular basis in accordance with evaluation systems as decided by the Board from time to time.

21. PROCESS FOR REVIEW OF THE CHARTER

This Board Charter shall be reviewed by the Board on a regular basis to ensure that it remains relevant to the business objectives of Botswana Accountancy Oversight Authority.

**ADOPTED BY THE BOTSWANA ACCOUNTANCY OVERSIGHT AUHTORITY
BOARD**

Signed:

Date:

CHAIRPERSON OF THE BOARD