Corporate governance and compliance management at research-intensive Universities

ARUA SFS Safeguarding training seminar for researchers: 21 May 2021
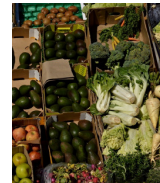
Partners:

Joint presentation by University of Pretoria (UP) and University of Ghana (UG)

Ms Olga Granova-Mooi

LLB BCom BCom (Hons) MCom Chartered Accountant (SA) Certified Ethics Officer
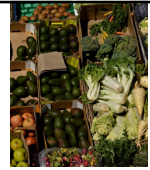
Department of Internal Audit and Compliance Services (UP)

and

Prof Irene S. Egyir

BSc (Agric) MPhil PhD (Agric Econ) (Ghana)

Department of Agricultural Economics and Agribusiness & ARUA SFS EXCO member (UG)

Introduction to corporate governance

- Corporate governance is the exercise of ethical and effective leadership by a governing body to achieve ethical culture, good performance, effective control and legitimacy.

  King IV Report on Corporate Governance (2016), Institute of Directors

- The Council of a University are "those charged with governance".

- Council and management are required to design, implement and monitor strategy, policies, rules, practices, and processes aimed at achieving the University's objectives.

- Poor corporate governance destabilizes organizations and threatens sustainability.

Understanding the vision and mission of our universities

Key themes: the search for, creation and sharing of knowledge to serve and uplift our stakeholders, while contributing positively to the global community

Various sources of vision and mission:

- Motto's
- Website Overview/"About us" pages
- Strategic plans
- University declarations/ Codes/ Staff and Student consti
- Institutional policies
- University anthems
- Legislation

Does Corporate governance matter at Universities?

- Responsible and productive management of human, intellectual, capital and natural resources to ensure corporate sustainability

- Directing collective academic and administrative efforts to further university's strategic goals

- Doing the rights things in the right way vs the goals justifying the means

- Maximising the positive impact on community and soci[...] large

International perspectives (UK)

"Knowledge is higher education's core business… knowledge is the material. Research and teaching are the main technologies. Good governance drives performance in the pursuit of knowledge, and manages the risks involved."   Lakshna Rathod, 2020

Source: https://www.boardeffect.com/en-gb/blog/the-importance-of-good-governance-in-higher-education/

"Sustainability starts and finishes with governance.

A university cannot flourish without adherence to its principles.

Good governance informs and facilitates decision-making which, in turn, enables a university to grow and prosper. Coupled with accountability and transparency, governance (as an overarching framework) allows a university to be sustainable in the long-term".

                                                                Lisa Baker, 2019

Source: https://aua.ac.uk/wp-content/uploads/sites/37/2019/12/Sustainable-Governance-Lisa-Baker.pdf

UK perspectives continued...

The Higher Education Code of Governance, published by the Committee of University Chairs and revised in 2018, embodies these principles:

- **Adherence to purpose**. "Autonomy as the best guarantee of quality and international reputation. Academic freedom and high-quality research, scholarship and teaching."
- **Dedication to the interests of stakeholders**. "Protecting the collective student interest."
- **Transparency**. "The publication of accurate and transparent information that is publicly accessible."
- **Accountability**. "A recognition that accountability for funding derived directly from stakeholders requires Higher Education Institutions to be clear that they are in a contract with stakeholders who pay for their service and expect clarity about what is received. Full and transparent accountability for public funding will be provided."
- **Gender and Ethnic Diversity**. "The achievement of equality of opportunity and diversity throughout the institution. The principle that Higher Education should be available to all those who are able to benefit from it."

Source: https://www.boardeffect.com/en-gb/blog/the-importance-of-good-governance-in-higher-education/

When corporate governance weakens/fails....

- Intangible: Loss of institutional reputation and weakening of the University alumni brand in the marketplace

- Financial: Loss of external funder confidence and reduction/cancellation of funding/grants/sponsorships

- Academic: Decline in teaching and research quality, loss of accreditation and decline in rankings

- Student/Staff: Under-enrolment of students and inability to attract & retain excellent lecturing, research and professional services staff

How can you contribute to good corporate governance:

= Comments from the audience =

How to contribute to good corporate governance: examples continued...

As a researcher:
- Apply highest standard of ethics and integrity in designing and conducting research projects, report truthfully on the research outcomes and acknowledge intellectual ownership/contributions, etc.

As a lecturer:
- Teach responsibly in an effective and interactive manner
- Encourage student-led learning and scientific curiosity, respect and encourage diversity of views and contributions etc.
- Formulate relevant assessments and evaluate student performance fairly

As a manager:
- Make decisions and apply funding in a transparent manner, with emphasis on the best interest of the University
- Lead by example as a high performing employee
- Encourage and enable your employees to maximize their contributions and encourage professional growth etc.

Compliance management 101

- Compliance Management is the process of ensuring that staff, students, suppliers/vendors and other stakeholders of a University are following a prescribed set of established norms, rules, procedures, policies when engaging in both operational and strategic processes and activities.

- Why compliance management matters?

Examples of compliance structures and processes
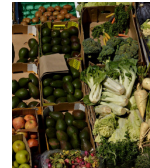
- Requirements in the Constitution, National Legislation, university-specific statutes, Council and Senate decisions, resolutions, Executive directives, Dean and Directors Forums action points, university-wide policies, procedures, and guidelines.
- Covering all key areas of university's business.
- To manage compliance, need to identify and monitor compliance obligations and risks of non-compliance (prioritize significant risks with a major impact)
- Develop a compliance management strategy, allocate responsibility, monitor, improve and report.
- Compliance management is everyone's responsibility (manage compliance risks in your direct area of responsibility).

Case study: Failure of corporate governance and compliance at a university

Irregularities in the appointment of a service provider/supplier to review the academic curriculum of the Bachelor of Nursing degree:

1) A member of Executive management interfered in the tender process, despite the **Delegation of Authority policy**, which authorizes the Dean to chair the tender committee.

2) Members of the tender committee did not declare potential/current conflict of interest as required by both the **Employee Code of Conduct and the Procurement Policy,** one member in fact had a joint business with the proposed tenderer (contrary to the **Higher Education Act**, a national law).

3) Tenderer did not meet the technical criteria listed on the tender request, did not possess a doctorate in nursing, but was not disqualified as required by the **Procurement Policy**.

4) Several members of the Tender Committee objected to the above, but the minutes did not reflect the objections nor the steps taken to address the concerns, in contravention of **Employee Code of Conduct and the Procurement Policy**

5) A member of the Tender Committee raised the concern to the Deputy VC, without success. Contrary to the **Whistle-blowing and Anti-fraud Policy**, the complaint was not referred to the auditors for investigation nor was the complainant protected.

6) The whistle-blower was harassed and victimized at the workplace (contrary to the

Case study: Failure of corporate governance at a university

The complaint's job was advertised on the university website, although she was employed in that position permanently, and her salary was stopped, without her having resigned or been formally dismissed after a disciplinary hearing (contrary to **Labour Law**, **HR policy and Disciplinary Code for Staff).**

The procurement manager received a large deposit in his personal bank account (as later uncovered by the investigation (later seized by the Asset Forfeiture Unit (prosecutors) per the national law: **Preventing and Combatting of Corrupt Activities Act**).

The revised curriculum was substandard and was disqualified at the external professional body's quality review.

The University lost accreditation to offer the degree – all fist year applicants were cancelled, returning students were in limbo (subsequently temporarily re-registered under another university's license).

The complaint was referred to the Office of the Public Protector (government accountability investigators), and recommendations for criminal sanctions were referred to the National Prosecuting Authority against a number of University officials, with disciplinary actions imposed on several employees, and the whistle-blower was reinstated with compensation for lost income.

The University had to appoint another service provider to urgently correct the curriculum and also incurred additional accreditation costs.

The matter was also widely reported in the media, with several prominent donors cutting ties with the University (bursaries and grants cancelled). Nursing alumni suffer stigmatization in the wider workplaces due to the scandal. Staff morale is damaged with a wide-loss of confidence in the integrity of the leadership of the university.

Sustainable management of research projects at the University of Ghana

Presented by Prof Irene S. Egyir

BSc (Agric) MPhil PhD (Agric Econ) (Ghana)

Department of Agricultural Economics and Agribusiness & ARUA
SFS EXCO member (UG)

Questions and comments

THANK YOU

✉ arua-sfs@up.ac.za
🐦 ARUA_SFS