

AfyA Care Nigeria

making good healthcare affordable and accessible...

**ANADACH
GROUP**

**Dynamic Private Health Sector
Board Governance**

19 November 2020



Board Governance

- ❑ The Board is at the heart of corporate governance. Corporate governance is essential for the ***well-being and sustained success*** of every organization.
- ❑ African SMEs are quite entrepreneurial and dependent on Founders for leadership. They often lack corporate governance.
- ❑ Nigeria has over 6,000 private healthcare companies and majority of these are SMEs, without visible corporate governance
- ❑ As a result of this, they often struggle to *access funding* whether equity or debt, and they also struggle to ***attract and retain talent***.
- ❑ Without ***capital and talent retention***, these organisations do not ***survive beyond the working life of the Founder***. They certainly almost never ***scale***.

Corporate Governance

Facilitates effective, entrepreneurial and prudent management that can deliver long-term success of the company.

It is fundamentally about about improving transparency and accountability within existing systems.

Many academic studies conclude that well-governed companies perform better in commercial terms - ICAEW

Board Governance

Framework of structures, systems and controls by which the Board runs a company, provides leadership and meets the objectives of shareholders and other stakeholders' interest including risk management.

The Board operates through its own committees and by delegating authority to the management team.



The Responsibilities of the Board are clear and should be borne by *qualified, suitable and willing Directors...*

Establish Direction

Setting of Vision, Mission and Values are essential duties of the Board usually done in conjunction with the Management. This function relates to setting up the culture of the organization and a positive culture based on shared values and norms goes a long way to determine ultimate success.

Approve Strategy

Appraise the business environment for threats, opportunities and risks. Review the strengths, potentials and weaknesses of the organization with a view to positioning it for success. Review strategic directions proposed by management and approve the most appropriate strategy for the organization based on all the factors listed above.

Delegation of Authority

Shareholders delegate all authority for the company's operations and activities to the Board which in turn delegates 'some' of this authority to the management team under clear structures and limits. The Board should also approve how these delegated authority and powers are thereafter cascaded to various levels of management.

Accountability

The Board must give accounts of its activities and those of the management to shareholders on a periodic basis, at least at the AGM. Also, the Board must be accountable to the regulators and should show this by ensuring compliance with the laws and regulations relating to healthcare practice. This is often the most-flouted of the Board responsibilities.

Board Governance is important in most industries but *critical in Financial Services and Healthcare*. Financial services industry regulators rigidly enforce corporate governance while it is unfortunately mostly voluntary in private healthcare.



An Insurance Company would have these Board Committees all working for the long-term sustained performance of the organisation...

Audit

Ensure integrity of financial reporting.
Develop and manage the company's risk management framework in line with best practices and regulatory requirements.
Recommend the appropriate audit firm to the Board and company.

Typically chaired by an Independent Non-Executive Director
Executive Directors are usually **not** members

Finance & General Purpose

Will provide market and financial expertise to the Board.
Advise on all investments and capital expenditure of the company
Advise on investment managers and investment portfolios
Approve transactions with higher limits than that of management.

Typically chaired by a Non-Executive Director with strong Finance knowledge or background
CEO and CFO are usually members

Nominating, Governance & Remuneration

Set remuneration levels for Board and senior management staff.
Advise Board on management succession plans and help with periodic board performance reviews
Set standards for policies, systems and recruitment of directors

Typically chaired by a Non-Executive Director

Executive Directors are usually **not** members

Technical & Risk Management

Set and review standards for technical performance of the company.
Set the ERM framework and check compliance periodically
Review company reserves vis set criteria
Review performance of the investment portfolio with respect to approved investment limits

Typically chaired by a Non-Executive Director with actuarial or risk management background.
CEO and all EDs are usually members

Performing boards have knowledgeable directors who challenge but also support management. Challenges are to ensure ideas have been thought through with all available information and then support is given to ensure overall success.



Thank You

