



THE KING III REPORT ON CORPORATE GOVERNANCE

DIE KING III VERSLAG OOR KORPORATIEWE BESTUUR


**Belangegroep vir Aftreeoorde
Interest Group for Retirement Villages**

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INLEIDING/INTRODUCTION

- **Die King III verslag is in 1993 deur Die Instituut vir Direkteure van Suid-Afrika (IODSA) geïnisieer met die doel om bestuurspraktyke in Suid-Afrika op gelyke voet te bring met internasionale standaarde.**
- **Die King III verslag en riglyne is op 1 Mei 2011 amptelik van stapel gestuur en is daardeur in lyn met alle wetgewing en veral die Maatskappye Wet No. 71 van 2008, gebring.**
- **Die verslag geniet internasionale erkenning en word deur alle ouditeurs- en bestuurs-maatskappye in Suid-Afrika toegepas.**


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- **Die praktykryglyne is ook op standaard gebring met wetgewing wat nie-regeringsorganisasies en nie-winsgewende maatskappye reguleer.**
 - **Spesiale riglyne vir welsynsorganisasies is opgestel deur die Department Maatskaplike Ontwikkeling en die S A Koalisie van Nie-Regerings Organisasies (SANGOGO) en is ook in lyn met die King III praktyk notas.**
 - **IODSA is die liggaam wat toesig hou oor die toepassing en evaluering van die King III verslag.**


- **Hul oogmerke is:**
 - **Bevorder verantwoordelike korporatiewe bestuur**
 - **Beskerm die integriteit en status van die King III verslag**
 - **Tree op as die stem vir korporatiewe bestuur**
 - **Verskaf opleiding**
 - **Doen navorsing**


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HOW SHOULD THE KING III REPORT PRACTICE CODES BE USED?

- **To evaluate and measure the practice of corporate governance of organisations**
- **Is a valuable tool towards sustainability which is a primary moral and economic imperative for the future. In the retirement housing and care industry and growing financial pressure on older persons, this is specifically important.**

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- **It provides a framework towards innovation, fairness and collaboration, essential for long term survival and sustainability.**
 - **The guidelines provide a way towards self-regulation which is preferred to outside agency regulation, like government agencies.**
 - **To be used as reference in any court proceedings.**

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- **To provide practice guidelines for trustees, board members, directors and managers towards effective corporate governance and sound decision making.**
 - **To assist in the induction/training of new leaders and staff**
 - **To support consumers by making them aware of their rights and responsibilities**



In sum, the guidelines provide high level guidance to all persons in leadership positions, charged with management to execute their duties correctly and in line with legislation and to ensure that consumers are properly educated and protected in the way an organisation conducts it's business now and in times to come. It can be regarded as a survival kit for long term sustainability.



**TOEPASSING VAN DIE KING III
PRAKTYK-RIGLYNE
APPLICATION OF THE KING III
PRACTICE GUIDELINES**

- I. GESONDE KORPORATIEWE
BESTUUR BOU INTEGRITEIT EN
VERTROUWELIJKHEIT WAT NOODSAAKLIK
IS IN GOEIE BESTUUR EN
KWALITEIT LEIERSKAP.**


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- 2. DIE KONSTITUSIE/BESTUURS- EN ANDER RËELS** van die organisasie moet in lyn wees met die riglyne veral ten opsigte van verkiesing van bestuurslede/trustees, hul pligte, magte, verantwoordelikhede, aanspreeklikheid, finansiële beleid en prosedures, toekenning van kontrakte, inspraak van lede edm. **DIE KONSTITUSIE** moet altyd die wil van sy lede kan akkommodeer en reguleer.
 - 3. Kortom: die riglyne moet sigbaar, toepaslik en toepasbaar wees.**





**4. LEDE VAN DIE BESTUURS-
LIGGAAM MOET INSTAAT WEES
OM HUL STATUTÊRE PLIGTE EN
DIE MORELE HOEKSTENE VAN
DIE ORGANISASIE PRESIES UIT
TE VOER — MET
SORG, BEKWAAMHEID, VERANT-
WOORDELIKHEID,
TOEGEWYDING EN DURF.**


5. SPECIAL GUIDELINES FOR BOARD MEMBERS/TRUSTEES/ MANAGERS TO CONSIDER:


- Are Board Members and senior staff evaluated before appointment and do they understand their fiduciary duties, applicable legislation, policies and procedures and ethical duties?**
- Do Management Boards go through a training/induction programme in order to ensure that members fully understand their duties? Of particular importance is that Board members understand that they can be held liable for losses occurred due to irresponsible decisions taken.**


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- **Is Management (Board and senior staff) annually independently appraised and peer reviewed in order to determine outcomes?**
 - **Do Management regularly undertake risk assessment and review of strategic plans and goals? It is important to determine on a regular basis the financial position of the persons served and the organisation involved in providing services.**
 - **Do Board members and senior staff declare any possible conflict of interest?**

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- **Do the Management Board represent a balance of power and authority so as to prevent possible conflicts and forming of groupings? Preferably there should be regular rotation of members.**
 - **Is there a balance of male and female representation on the Board?**
 - **Is the chairperson at all times independent and able to unite the Management Board and the organisation as a whole? It is important that the chairperson carries the ethical image of the organisation.**

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- **Do the Management Board regularly (at least after every executive meeting) communicate with members? Two way communication is a recipe for good corporate governance.**
 - **Do the Management Board make use of knowledgeable outside persons?**
 - **Do the Management Board annually review the needs and risks of its members?**
 - **Is there a customer care system in place? With other words is consumer protection structures in place?**

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- **Do the financial policy and procedures make provision for the following?**
 - **A Financial Committee/ Audit Committee comprising of knowledgeable board members, independent members and the auditor.**
 - **Are financial decisions based on accurate information provide independently? A comprehensive IT system is highly recommended.**
 - **An independent review of the financial status, planning and budgeting**

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- **The auditor to be rotated from time to time.**
 - **Holding of budget hearings, where members, the Financial Committee/ Audit Committee and Board Members can prepare well researched recommendations to be considered.**
 - **A longterm financial plan and provision for a stabilisation fund to enable to fund the organisation for at least one year.**

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- **Allocation and approval of tenders and contracts—no person with a vested interest and any family member or friend to qualify for a contract.**
 - **All service delivery contracts to have a Service Level Agreement.**

6. ANDER ASPEKTE OM TE OORWEEG

- **Die handhawing van dissipline is belangrik en moet konsekwent en verantwoordelik aan die hand van gedragsreëls toegepas word.**
- **Die sosiale en fisiese omgewing waar persone woon moet vriendelik en instaatstellend wees. In 'n gees van goeie buurmanskap en respek vir mekaar se integriteit, waarde en privaatheid sal 'n organisasie gedy. Mense is die boustene van goeie bestuur.**

- **Die King III verslag beveel sterk aan dat elke organisasie 'n omgewingsbeleid en praktyk moet hê. Daar is baie aspekte ter sprake, maar die volgende is belangrik:**
 - **Krag vermindering/ sonkrag**
 - **Waterbesparing**
 - **Minder afhanklik brandstowwe en gasse en kemikalieë**
 - **Herwinning**
 - **Kweek van groente**
 - **Tuine met inheemse plante, bome en struik wat minder water benodig**

GROEPBESPREKINGS

Bespreek die volgende vrae:

- A. Tot watter mate maak die Konstitusie van u organisasie voorsiening vir die King III riglyne?**
- B. Het u organisasie 'n strategiese plan vir die toekoms en wat sou u wil insluit in so 'n plan?**
- C. Word bestuurslede vooraf gekeur voordat hulle benoem word en gaan hulle deur 'n induksie proses voordat hulle begin dien?**
- D. Kommunikeer die Bestuurskomitee/raad gereeld met lede en het die lede inspraak in besluite wat geneem moet word en word behoeftes gereeld gevalueer?**

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- E. Het u oord 'n finansiële beleid en prosedures en hoe voldoen dit aan die King III riglyne?**
 - F. Is die omgewing waarin lede woon vriendelik, instaatstellend en groen?**



Dankie!
Thank you!