



ACCT5014
Financial Corporate Governance and Accountability
Winter 2017
Tuesday March 7 – April 11, 2017
2:30-5:25pm (DT 328)

Instructor: Ajay M. Pangarkar CTDP, CPA, CMA
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 Office Hours: TBA * - please verify location on Carleton Central

Office Hours:

Following class (17:25-18:30)
 By appointment (time convenient to both parties).
 Please contact me via e-mail to set an appointment.

Referenced Texts:

None. Articles posted on CULearn or accessible through the library will be assigned.

You are responsible to study the material that professor posts to CULearn and handed out in class. You are expected to read all cases IN ADVANCE of their discussion in class.

Grading Scheme:

Course Deliverable	Weight of Final Grade	Due Date
Class Participation	10%	Week 1-6
Seminars on Governance Topics (Group Project 1)	20%	Week 2-5
Project on Governance Analysis – Group Presentation (Project 2)	10%	Week 6 (April 11 th)
Project on Governance Analysis – Group Report (Project 2)	20%	Week 6 (April 11 th)
Individual Report	10%	By Thursday April 12 th
Final Exam	30%	By Thursday April 13 th
Total	100%	

Drop Course Policy:

The deadline for academic withdrawal is the last day of classes (each term).

Deferred Examination:

NOT Applicable to this course.

Course Description:

Corporate governance functions including management and controllership, board of directors, auditors, security commissions and the control of enterprise-wide risk management. Historical developments and evaluation of current practices, including Sarbanes-Oxley and its implications.

Course Prerequisites:

ACCT5001, ACCT5002. **The School of Business enforces all prerequisites.**

Course Objectives:

This course explores concepts in corporate governance and accountability and introduces students to emerging and special topics in governance.

Specific course objectives are to:

- Introduce corporate governance and accountability concepts
- Explore the relationships between key players in promoting governance
- Briefly address the historical context for governance, including key governance failures
- Explore the current legislative and regulatory requirements for corporate governance in Canada
- Introduce students to research literature on governance
- Foster critical thinking on governance issues
- Explore the impact of trends and best practices internationally on corporate governance in Canada
- Combine, synthesize and/or integrate ideas and information from a variety of sources
- Express information and concepts concisely, clearly and legibly when writing and concisely, clearly and with confidence when speaking

Course Approach:

The approach taken in this course is a form of co-operative learning, based on readings, lectures, seminars, debates and guest speakers. This approach requires you to prepare assigned readings in advance of each class, and it requires your active participation and involvement in class discussions, seminars and debates. The class discussions and seminars are designed to facilitate classroom interaction, sharing and cooperation.

CULearn:

CULearn will be used in this course. It is critical to use this learning tool on a regular basis. We will be using CULearn as follows:

- to communicate on regular basis (e-mail, announcements, front page messages, etc.)
- to post Powerpoint slides and other documents to support classroom activities
- to post problems or readings
- to post group presentation slides

- to post notes of an administrative nature or updates to the course outline, if required.

To access CULearn, type in the following URL: <https://www.carleton.ca/culearn/>

Evaluation and Feedback The evaluation in this course is firmly geared towards developing skills in analysis, synthesis, and critical thinking, quantitative analysis skills, skills in analyzing complex situations, problem solving, and decision-making.

The professor will provide you with feedback through comments on returned assignments, responses to e-mailed questions, verbal communications, and 1-on-1 or group meetings arranged by request (yours or mine). This feedback will be generally available to you one week after the deliverable is due, with the exception of the group governance evaluation report and final exam results, which will be available after the end of the term.

Class Participation (10 %)

The success of this course for both students and professor depends on active thoughtful participation by the members of the class during lectures and case discussions.

Attendance is, of course, an integral part of class participation. The mark each student receives will reflect the quantity and quality of that student's contribution to the course. Note that attendance is a minimum prerequisite for participation. The participation grade will be the average of the students total marks during the term prorated to the participation mark weight. The final mark will be at the discretion of the professor.

A student who attends class regularly, yet does not participate actively in class activities and discussions should expect a participation grade of no more than 6.0/10.

Each student must submit a self-assessment form at the end of the semester. *Please reference Appendix 3.*

Individual Report (10%)

Students will be asked to submit a individual report at the end of the course. Each week students should write about their reaction to governance issues discussed in class or encountered in their day-to-day experience. Upon completing the course students will reflect upon the topics and current governance issues discussed in class or encountered in their day-to-day experience. This is a 750-1000 double-spaced word report (maximum). Reports are to be submitted to the professor within one week following the final class (**by April 12th**) for grading.

Final Group Project (30%)

The Spratt School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

All group members will be required to complete a peer evaluation form at the end of the group projects. See details in Appendix 4. Peer evaluations will be used in determining whether individual deviations from group grades are necessary.

The professor will form groups of 3 to 5 members prior to the first class. In addition to the seminar topic discussed below, each group will be assigned one final group project in this course. The project will comprise a report (worth 20% of the class mark), and a group presentation (worth 10% of the class mark), both are due Week 6. All group members are required to take an active part in the group presentation. The details for the final group project are provided in Appendix 1 to this curriculum.

Leadership of Seminar (20%):

There will be a group seminar presentation in class. Each team (group) will do a 30-minute in-class presentation on a research topic in a seminar format, as indicated on the course schedule. Groups should present the seminars in a consultant's role where the class is the board of a company. These seminars will take place during weeks 2 – 5.

In addition to leading the seminar, each group must prepare and distribute to the class (board) a 3 to 6 page handout (including appendices) summarizing the key aspects of their seminar and to make their overheads available to the class (board) via CuLearn prior to the class session. The references provided by session in the class schedule below are intended to be a starting point for your research.

The seminar, handouts, and any assigned readings presented by the group related to the topic, is graded together based upon the seminar's content, interpretation or analysis, presentation style, visual aids and handouts (see Appendix 2). All students are expected to participate in the group work, though the degree to which each student is involved in the seminar presentation is a group decision. The seminar material is subject to test and examination.

Final Examinations (30%):

The final examination (30%) is a take home examination. Students are provided with a text (research paper, consultation paper, etc.) that they are to analyze and respond to using course concepts. The take home examination must be submitted by 6:00 p.m. Thursday April 13th.

Deferred Final Examination:

Students unable to write a final examination because of illness or other circumstances beyond their control must contact the instructor in writing to request a deferred exam. Permission may be granted when the absence is supported by a medical certificate and or appropriate document/s to support the reason for the deferral. Deferred exams are not granted for students who have made travel arrangements that conflict with examination schedule.

Course Sharing Websites

Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Policy on Mobile Devices

The use of mobile devices IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry such a device to class, please make sure it is turned off. If an emergency situation requires you to keep it turned on, please discuss this with your instructor prior to class.

Group Work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your instructor may assign one or more group tasks/assignments/projects in this course.

Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

Other Accommodations

Person with Disabilities

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). Requests made within two weeks will be reviewed on a case-by-case basis. After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (if applicable).

Religious Observance

Students requesting academic accommodation on the basis of religious observance should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.

Pregnancy

Pregnant students requiring academic accommodations are encouraged to contact an

Equity Advisor in Equity Services to complete a *letter of accommodation*. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

No Scents

This classroom and my office are scent-free environments. In accordance with the no-scent university policy and in consideration for students, faculty and staff who have environmental and chemical sensitivities, students are asked to refrain from wearing strong perfumes, colognes and scented products.

PROFESSIONAL DEPARTMENT

It is expected that each student's behavior will meet professional standards for attendance, attentiveness, courtesy and respect for others, particularly during other classmate's presentations. **Unprofessional behaviour during class, such as talking during a lecture or presentation, will be reflected in the student's class participation mark.**

Further, students are called to maintain a high standard of ethical behavior. This requires students to avoid all types of academic dishonesty, including plagiarism, cheating, and submitting someone else's work as your own. This also requires students to advise the professor of any instances of academic dishonesty of which they become aware.

To assist you in fulfilling your ethical responsibilities as a student, the ethical standards for this course require: group work to be performed exclusively by members of the group and all group members must contribute their fair share to each assignment; all exams must be the exclusive work of the individual student. If outside research is performed, sources are to be cited and information discovered via outside research is to be clearly labeled as such. Cheating or plagiarism will not be tolerated. All infractions will be dealt with according to University regulations. These regulations are found in the university calendar.

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <http://carleton.ca/studentaffairs/academic-integrity/>.

Important dates and deadlines

Please refer to: <https://calendar.carleton.ca/academicyear/academicyear.pdf> and <http://sprott.carleton.ca/students/mba/dates-deadlines-policies/#winter>

PROPOSED COURSE PLAN

WEEK	DATE	TOPIC	PRECLASS PREPARATION
1	Mar 7 th	Overview of the principles of governance	<p>Canadian Coalition for Good Governance - Creating a High Performance Board</p> <p>http://www.ccg.ca/site/ccgg/assets/pdf/building_high_performance_boards_august_2013_v1_2_formatted.pdf</p> <p>Replacing the Board – cfo.com http://ww2.cfo.com/governance/2014/08/replacing-board/</p>
2	Mar 13 th	<p><i>Seminar 1</i> - Role of the Audit Committee</p> <p><i>Seminar 2</i> - Effective governance of executive compensation</p>	<p>Canadian Coalition for Good Governance - Executive Compensation Principles http://www.ccg.ca/site/ccgg/assets/pdf/ccgg_publication_-_2013_executive_compensation_principles.pdf</p> <p>CPA Canada - Guidance to help audit committees oversee the external auditor and enhance audit quality https://www.cpacanada.ca/en/connecting-and-news/blogs/audit-quality-blog/2014/march/guidance-to-help-audit-committees-oversee-the-external-auditor-and-enhance-audit-quality</p> <p>Oversight for the External Auditor: Guidance for Audit Committees (CPA Canada) https://www.icd.ca/getmedia/ac88804a-db90-4cf5-a006-a674a944ac59/item78035_Guidance_EN.pdf.a_spx</p>
3	Mar 21 st	<p><i>Seminar 3</i> – Corporate sustainability and social responsibility</p> <p><i>Seminar 4</i> – Shareholder activism</p> <p><i>Seminar 5</i> – Long term value creation through effective governance</p>	<p>Industry Canada – Governance for Sustainability https://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/h_rs00577.html</p> <p>CPA Canada - Directors Briefing — Shareholder Engagement Questions for Directors to Ask (posted to CULearn)</p>
4	Mar 28 th	<p><i>Seminar 6</i> – Fraud</p> <p><i>Seminar 7</i> – Risk Management</p>	<p>CPA Canada’s 20 Questions Directors should ask about Risk</p>

			<p>Conference Board of Canada - The Role of the Board in Fraud Risk Management</p> <p>https://www.conference-board.org/retrievefile.cfm?filename=TCB-DN-V3N21-111.pdf&type=subsite</p>
5	April 4 th	<p><i>Seminar 8</i> – International perspectives on governance</p> <p><i>Seminar 9</i> – Evaluating board performance</p>	<p>CPA Canada’s 20 questions directors should ask about governance assessment</p> <p>London Stock Exchange’s Corporate Governance for Main Market and AIM Companies - <i>Chapter 25</i></p> <p>http://www.londonstockexchange.com/companies-and-advisors/aim/publications/documents/corpgov.pdf</p>
6	April 11 th	Final group project reports and presentations	N/A

Appendix 1:

Final Group Project Guidelines – Corporate Governance Analysis

Preparation

Each group is required to select a company to analyze. The company you select for this project can be the same as from ACCT5011 financial statement analysis group project or you can select another company of your choice.

For the selected company, perform each of the following for the Corporate Governance Analysis project report and presentation.

Corporate Governance Analysis: (20% of course grade)

Preparation: Obtain the Annual Information Form and Management Information Circular for the most recent year for the selected company. Research the company in recent newspaper and magazine articles. Obtain a copy of the company's Corporate Governance Disclosures. Obtain relevant Corporate Governance Guidelines (Ontario Securities Commission's National Instrument NP58-201).

Objective: To enhance your understanding of the context in which the company operate thorough a detailed analysis of its corporate governance structure.

The following (Parts A, B, and C) is taken from Professor Aswath Damodaran's website <http://pages.stern.nyu.edu/~adamodar/>

Required:

Part A: "To understand the relationship between managers and stockholders, try answering the following questions for your company. Note that you may not have the information to answer every question, but try to keep your focus on the big questions.

1. *The Chief Executive Officer*

- Who is the CEO of the company? How long has he or she been CEO?
- If it is a family run company, is the CEO part of the family? If not, what career path did the CEO take to get to the top? (Did he or she come from within the organization or from outside?)
- How much did the CEO make last year? What form did the compensation take? (Break down by salary, bonus and option components)
- How much stock and options in the company does the CEO own?

2. *The Board of Directors*

- Who is on the board of directors of the company? How long have they served as directors?
- How many of the directors are inside directors? (i.e. employees or managers of the company)
- How many of the directors have other connections to the firm (as suppliers, clients, customers, etc.)?
- How many of the directors are CEOs of other companies?
- Do any of the directors have large stockholdings or represent those who do?

3. *Share Voting Structure*

- Are there differences in voting rights across shares?
- If so, do incumbent managers own a disproportionate share of the voting shares?

Part B: To understand the relationship between the firm and financial markets, try answering the following questions:

1. *Financial Market Concerns*

- How many analysts follow the firm?
- How much trading volume is there on this stock?

Part C: To understand the relationship between the firm and society try answering the following questions:

1. *Societal Constraints*

- Does the firm have a particularly good or bad reputation as a corporate citizen?
- If it does, how has it earned this reputation?
- If the firm has been a recent target of social criticism, how has it responded?

Part D: To understand the role and importance each firm ascribes to its corporate governance practices:

- Critically evaluate each firm's corporate governance disclosures.
- Briefly compare these disclosures to the corporate governance guidelines you obtained earlier.
- Conclude on your overall impression of each firms' corporate governance practices.

Appendix 2

Seminar Presentation Evaluation

Presenter: _____

Topic: _____

Factor	Grade	Comments
Case Overview <ul style="list-style-type: none"> • completeness • focus on key issues • demonstrated understanding 	/10	
Analysis/ Interpretation/ Conclusions <ul style="list-style-type: none"> • analysis vs mere description • critical and knowledgeable interpretations • Incorporation of emerging topics and trends • connection to course • conclusion 	/10	
Presentation/Style <ul style="list-style-type: none"> • clarity of ideas • use of examples when appropriate • speaking style • time management • able to engage audience • professionalism • creativity 	/10	
Visual aids <ul style="list-style-type: none"> • appropriate use of overheads/slides/board • clarity • quality of visual aids • grammar & spelling 	/5	
Class involvement <ul style="list-style-type: none"> • encourage active participation by class • pose questions to class • elicit input from the class • incorporate class comments in subsequent discussions • manage class discussions 	/15	
Total	/50	

Appendix 3

Individual Class Participation Assessment

Name: _____

Week	Attendance	Participation in Class Discussion or Debates	Participation during Case Presentation by other group	Participation during own group Discussions or Meetings	Comments
1					
2					
3					
4					
5					
6					

Identify strengths in terms of your class participation:

Identify areas for improvement:

Provide a fair assessment of your overall class participation:



Appendix 4
ACCT5014

PEER EVALUATION FORM

To deter social loafing and ensure fairness in grading, we will consider the contributions made by individual group members when assigning final grades for the group project and presentation. This will be assessed using peer evaluation, and will entail individual deviations from the group grade in cases where this is warranted.

The procedure is as follows: Each member will take 100 points and allocate those points to their group members (including her/himself) to reflect their contributions. So, for instance, if there are 3 members in a group and everyone contributed equally, each individual would receive 33⅓ points.

Conversely, if an individual contributed relatively little, the remaining group members might allocate few points to that member. To ensure that peer evaluation scores are reasonable and free from personal bias, any point allocation that is not equal should be accompanied by a detailed written explanation.

PLEASE COMPLETE THIS FORM AND SUBMIT IT WITH YOUR FINAL REPORT

Name of Group Member <i>(please include yourself)</i>	Points	Rationale <i>(if point allocation is not equal)</i>
YOU:		

TOTAL **100**

Additional Comments *(if any)*



PEER EVALUATION FORM

Assess each member of your group-including yourself-- on each of the criteria listed below. For each criterion, rate each member of your group as follows:

- Outstanding +2
- Above average +1
- Average 0
- Below average -1
- Severely lacking -2

Name of Team Member				
1. Reliability/Commitment Did s/he participate in team meetings in an organized fashion & meet team deadlines?				
2. Leadership Did s/he provide leadership through listening to others and helping the team to function as a team?				
3. Collaborative Did s/he participate in team activities and contribute in a positive manner?				
4. Respectful/Open Did s/he show respect for team members, their ideas and their other commitments?				
5. Contribution Did s/he do his/her share of the work, provide useful ideas, input, helpful suggestions and feedback to the team in accordance with team decisions?				
6. Output Did s/he produce high quality work?				
Totals for each team member				