



ACCT5014
Financial Corporate Governance and Accountability
Winter 2015
March 5 – April 9 2015

Part I: Administrative

Professor: Bailey Church
E-Mail: bchurch@kpmg.ca
Office:
Phone: (613) 212-3698
Class: Thursday, 6:05PM – 9PM (SA 415)
 * - please verify location on Carleton Central

Office hours: Following class (8:55PM onwards)
 By appointment (any time)
 Please contact me via e-mail to set an appointment.

Recommended Text:

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

Grading Scheme:

Course Deliverable	Weight on Final Grade	Due Date
Class Participation	10%	Weeks 1 – 6
Group Seminars on Governance Topics (Project 1)	20%	Week 2 - 5
Group Project on Governance Evaluation – Presentation (Project 2)	10%	Week 6
Group Project on Governance Evaluation – Report (Project 2)	20%	Week 6
Personal Journal – Individual	10%	by Thursday April 16th
Final Exam	30%	by Thursday April 16th
Total	100%	

Drop Course Policy:

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

**Part II: Academic
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.

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.

I 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. 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.

A self assessment form must be submitted by each student at the end of the semester. Please reference Appendix 3.

Personal Journals (10%)

Students will be asked to submit a personal journal at the end of the course. Each week students will need to write about their reaction to governance issues discussed in class or encountered in their day to day experience. Each week at least two double-spaced pages need to be written. Personal journals will be submitted to the professor within one week following the final class (**by Thursday April 16th**) for grading. Additional details for the personal journal are included in Appendix 4.

Final Group Project (30%)

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, 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.

Groups of four members will be formed by the professor 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 due in Week 6. All group members will be required to take an active part in the group presentation. The details for the final group project is provided in Appendix 1 to this curriculum.

Leadership of Seminar (30%):

There will also 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. These seminars will take place during weeks 2 – 5. In addition to leading the seminar, each group will be required to prepare and distribute to the class a 5 page handout (including appendices) summarizing the key aspects of their seminar, and to make their overheads available to the class via the 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 and the handouts, and any assigned readings by the group related to the topic, will be 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 will be 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 9:00 p.m. Thursday April 16th.

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.

Other Accommodations**Persons with disabilities**

Students with disabilities requiring academic accommodations in this course must register with the Paul Menton Centre for Students with Disabilities (PMC) for a formal evaluation of disability-related needs. Documented disabilities could include but are not limited to mobility/physical impairments, specific Learning Disabilities (LD), psychiatric/psychological disabilities, sensory disabilities, Attention Deficit Hyperactivity Disorder (ADHD), and chronic medical conditions. Registered PMC students are required to contact the PMC, 613-520-6608, every term to ensure your Letter of Accommodation is received by the professor no later than two weeks before the first assignment is due or the first in-class test/midterm requiring accommodations. If you only require accommodations for your formally scheduled exam(s) in this course, please submit your request for accommodations to PMC by the deadlines published on the [PMC website](#).

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.

Plagiarism

The University Senate defines plagiarism in the regulations on instructional offenses as: "to use and pass off as one's own idea or product work of another without expressly giving credit to another."

Borrowing someone else's answers, unauthorized possession of tests or answers to tests, or possession

of material designed to give a student an unfair advantage in answering exam questions, are also subject to university policy regarding instructional offences. For more information on Carleton University's Academic Integrity Policy, consult:

<http://www1.carleton.ca/studentaffairs/academic-integrity/>

Important Dates – Winter 2015

WINTER BREAK Monday, February 16th – Friday, February 20th

W1 (first six weeks) exams start Monday, February 23rd and end Thursday, February 26th

W2 (last six weeks) classes start Monday, March 2nd and end Thursday, April 9th

W2 (last six weeks) exams start Monday, April 13th and end Thursday, April 16th

COURSE PLAN

WEEK	DATE	TOPIC	PRECLASS PREPARATION
1	March 5th	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_v12_formatted.pdf</p> <p>Replacing the Board – cfo.com</p> <p>http://ww2.cfo.com/governance/2014/08/replacing-board/</p>
2	March 12th	<p>Seminar 1 - Role of the Audit Committee</p> <p>Seminar 2- Effective governance of executive compensation</p>	<p>Canadian Coalition for Good Governance - Executive Compensation Principles</p> <p>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</p> <p>https://www.cpacanada.ca/connecting-and-news/blogs/audit-blog/2014/03/guidance-to-help-audit-committees-oversee-the-external-auditors-and-enhance-audit-quality</p>
3	March 19th	<p>Seminar 3 – Corporate sustainability and social responsibility</p> <p>Seminar 4 – Shareholder activism</p> <p>Seminar 5 – Long term value creation through effective governance</p>	<p>Industry Canada – Governance for Sustainability</p> <p>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	March 26th	<p>Seminar 6 – Fraud</p> <p>Seminar 7 – 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-</p>

			board.org/retrievefile.cfm?filename=TCB-DN-V3N21-111.pdf&type=subsite
6	April 2nd	<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 - Chapter 25</p> <p>http://www.londonstockexchange.com/companies-and-advisors/aim/publications/documents/corpgov.pdf</p>
6	April 9th	Final group project reports and presentations	N/A

APPENDICES

Appendix 1: Final Group Project Guidelines – Corporate Governance Analysis

Preparation

Each group is required to select a company to analyze. **Your company selection for this project will be coordinated with the company selected for the ACCT5011 financial statement analysis group project.**

For your selected company, you will 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 your company. Research your 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 firm's 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:

/20



Appendix 4
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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)*



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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				