ACC3611 Corporate Governance and Ethics  
(Semester 2, AY2011/2012)

Teaching Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Email</th>
<th>Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>A/P Mak Yuen Teen (MYT)</td>
<td>Lecturer</td>
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<td>BIZ1 7-27</td>
</tr>
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<td>Dr. Vincent Chen (VC)</td>
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<tr>
<td>Mr. Chua Cher Yak (CCY)</td>
<td>Guest Lecturer</td>
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</tbody>
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Time and Venue:

<table>
<thead>
<tr>
<th>Section</th>
<th>Time</th>
<th>Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>K1</td>
<td>9-11am on Wednesday, 2–4pm on Thursdays</td>
<td>BIZ 1, #2-6</td>
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<td></td>
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<td>BIZ 2, #2-28</td>
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<tr>
<td>K2</td>
<td>11am-1pm on Wednesday, 4–6pm on Thursdays</td>
<td>BIZ 1, #2-6</td>
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<td>BIZ 2, #2-28</td>
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<tr>
<td>K4</td>
<td>11am-1pm on Tuesdays, 11am–1pm on Thursdays</td>
<td>BIZ 1, #2-2</td>
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<td>BIZ 2, #5-10</td>
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<tr>
<td>K5</td>
<td>9-11am on Tuesdays, 9–11pm on Thursdays</td>
<td>BIZ 1, #2-2</td>
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<td>BIZ 2, #5-10</td>
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Workload (hours per week):*

- Lecture/Tutorial: 4
- Projects, assignments, etc: 3
- Preparatory work: 6

Modular Credits: 4

Pre-requisites: ACC1002 Financial Accounting  
               BSP1004 Legal Environment of Business

*Classes will consist of two two-hour sessions per week, which may in the form of lectures, tutorials or a combination. Some sessions will be conducted in a large class format held in the evenings or on Saturday afternoons.

AIM

There are many definitions of corporate governance. One definition states that corporate governance involves “a set of relationships between a company’s management, its board, its shareholders and other stakeholders [and that which] provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined” (OECD Principles of Corporate Governance, 2004). This module covers corporate governance from a multi-disciplinary perspective, including law, finance, accounting and economics; discusses ethical dilemmas and challenges faced by managers and employees; and examines the tools that organisations use to institutionalise a strong ethical culture and the effectiveness of these tools.
OBJECTIVES

- To enable students to understand the conceptual framework and key rules, regulations, and guidelines governing the corporate governance of companies in Singapore and internationally.
- To enable students to understand the impact the global forces, such as multilateral organisations, foreign governments, multinational corporations and global investors, on corporate governance.
- To enable students to understand corruption and fraud issues in Singapore and the region, including the role of regulatory bodies in fraud and corruption control.
- To enable students to understand the importance of ethics and learn to deal with ethical conflicts and dilemmas in an appropriate manner.
- To equip students with in-depth knowledge of key corporate governance practices, issues and challenges.
- To enable students to be able to assess the quality of corporate governance of companies.
- To enable students to have a basic understanding of governance of public sector organisations and not-for-profit organisations, including their similarities and differences.

POSITION OF THE MODULE IN THE OVERALL SYLLABUS

This module builds on and complements students’ knowledge and understanding acquired through the several accounting modules (such as Financial Accounting and Assurance and Attestation), finance modules such as corporate finance and investments, and modules on the legal environment of business and corporate and securities laws.

LEARNING APPROACH

Corporate governance is a very practical subject. Companies and various stakeholders deal with corporate governance issues on a daily basis. In this module, students will be exposed to both the theory and practice of corporate governance. In addition to textbook readings and journal articles, many practical examples of corporate governance practices and issues will be discussed to ensure that students’ knowledge is grounded in practice. Extensive use will be made of media articles and commentaries. The practical approach is reinforced through the involvement of lecturers and speakers who have extensive practical experience, videos/case studies involving real corporate governance issues, and projects requiring students to develop hands-on understanding of the corporate governance of companies.

ASSESSMENT

Take-home test: 10%*
Group project and presentation**, ***: 25%
Class/tutorial participation (10%) and tutorial presentation (10%): 20%
Final test (open book): 45%****

* To be announced
** Presentation in week of 16 April
*** Project due on 23 April, at noon (12pm)
KEY AREAS OF THE SYLLABUS

- Alternative “models” of corporate governance globally
- Forces impacting corporate governance of companies
- Corporate governance scandals and financial crises: causes and implications
- Internal and external governance mechanisms
- The corporate governance framework in Singapore (with some comparisons with other major countries)
- Code of Corporate Governance in Singapore and other major corporate governance code and rules globally
- Corruption and fraud
- Ethics and ethical dilemmas
- Conflicts of interests
- Tone at the top, codes of conduct and whistleblowing
- Key corporate governance practices and issues in areas such as board of directors, remuneration, internal audit, external audit, internal control, risk management, investor relations, disclosure and transparency
- Role of independent directors and other key players in the corporate governance ecosystem
- Corporate governance scorecards/ratings
- Shareholder rights/activism
- Governance issues in other types of entities

PRESCRIBED TEXT

*Corporate Governance Guide*, by Bursa Malaysia Berhad ([www.bursamalaysia.com](http://www.bursamalaysia.com))
(Can be downloaded from IVLE – CG_Guide Malaysia under Lecture 3 Supplementary Readings)


SUPPLEMENTARY MATERIALS**

Corporate Governance Matters, D. Larcker and B. Tayan. 2011, Pearson.

OTHER SUPPLEMENTARY READINGS

As recommended for each topic
DETAILED SYLLABUS

1. Introduction and overview
   a. Is corporate governance important?
   b. What is corporate governance?
   c. Key elements of corporate governance mechanisms
   d. Shareholder versus stakeholder models
   e. Myths about corporate governance

2. Corporate governance regulatory framework, regulatory approaches, and enforcement
   a. Overview of the corporate governance regulatory framework and key sources of CG rules
   b. Corporate governance regulatory framework in Singapore
   c. Regulatory approaches to corporate governance
   d. The “comply or explain” approach and its application in different jurisdictions
   e. Implementation and enforcement of corporate governance rules
   f. Regulatory issues for different types of listings
   g. Regulatory issues in Singapore

3. Major corporate governance rules and codes and post-crisis reforms
   a. Development of Singapore corporate governance code
   b. Principles of Singapore corporate governance code
   c. Major corporate governance requirements: Singapore versus other major countries
   d. Proposed revisions to the 2005 code of corporate governance

4. Shareholders and the markets for corporate control
   a. Shareholders and corporate governance
   b. Shareholders’ rights
   c. Shareholder activism
   d. Proxy contest
   e. Investor relation
   f. The markets for corporate control
   g. Takeover defense

5. Board of directors (1)
   a. Board powers, duties and responsibilities
   b. Board composition – competencies and independence
   c. Other important board/director attributes – diversity, commitment and character
   d. Board leadership
   e. Board size

6. Board of directors (2)
   a. Board committees
   b. Appointment, election and cessation of directors
   c. Board renewal and succession planning
   d. Reviewing independence and commitment of directors
   e. Induction and professional development
   f. Access to information, advice and resources
   g. Board meetings
h. Assessing performance of board, committees and individual directors

7. **Ethics and conflict of interests**
   a. What is integrity and ethics?
   b. Ethical dilemmas
   c. Conflict of interests
   d. The importance of tone at the top
   e. Code of conduct/ethics
   f. Whistleblowing
   g. Abusive related party transactions
   h. Supplier ethics policies

8. **Corruption and fraud**
   a. What is Corruption?
   b. The dictionary definition vs the legal definition
   c. What is fraud?
   d. The dictionary definition vs the legal definition
   e. The law and you: What obligations and impositions?
   f. Fraud and Corruption Control
   g. The Singapore Approach, including the roles of CPIB and CAD

9. **Audit, internal control and risk management**
   a. Audit and corporate governance
   b. Role of internal audit
   c. Role of external audit
   d. Internal control
   e. Risk management and principles
   f. Risk management and corporate governance

10. **Executive and director compensation**
    a. Executive incentive and performance measurement
    b. Executive compensation
    c. Performance-based compensation
    d. Risks of performance-based compensation
    e. Non-executive director remuneration

11. **Governance ratings**
    a. Governance and transparency index
    b. Asian Corporate Governance Association (ACGA) country and company ratings
    c. Governance Metrics International (GMI) and RiskMetrics ratings
    d. World Bank Governance Indicators and Transparency International Indicators
    e. Ratings and performance
BIOGRAPHIES OF INSTRUCTORS

A/P Mak Yuen Teen

Mak Yuen Teen was founding director of the Corporate Governance and Financial Reporting Centre (CGFRC) and Associate Professor of Accounting at the NUS Business School at the National University of Singapore. He currently holds a half-time position as Head of Research at KPMG Singapore. From 2007 to 2009, he was on leave without pay from the university and held the position of Asia-Pacific Research Director in a global consulting firm. He holds First Class Honours, Masters and PhD degrees in accounting and finance and is a fellow of CPA Australia.

Prof Mak is currently Chairman of SATA CommHealth and recently retired as Deputy Chairman of the National Kidney Foundation after serving on the board for six years. He is a member of the audit advisory committee of the United Nations Population Fund based in New York. He was also an independent director of the Financial Industry Dispute Resolution Centre for several years.

Prof Mak is a member of the OECD Asian Corporate Governance Roundtable and the OECD Asia Network on Corporate Governance of State-Owned Enterprises. He was a member of the Corporate Governance Committee which released Singapore’s first Code of Corporate Governance for listed companies in 2001 and was a member of the Council on Corporate Disclosure and Governance which revised the Code in 2005. He is currently a member of the Charity Council, which was set up to improve governance and build capacity in the charity sector in Singapore. He chairs the subcommittee which developed and revised the code of governance for charities.

Prof Mak developed the Governance and Transparency Index (GTI) which rates the corporate governance of listed companies in Singapore, published by the Business Times, and is currently a consultant on a project to develop a regional corporate governance index led by the securities regulators and funded by the Asian Development Bank. He co-chaired the Singapore Corporate Governance Awards between 2003 and 2009 and currently chairs the investor relations award under the Singapore Corporate Awards organised by Business Times and the Singapore Exchange. He is also a member of the selection committee for the Malaysian Corporate Governance Index and Awards.

Prof. Mak conducts training for regulators, directors and other professionals in corporate governance, speaks regularly in local and international conferences in Singapore, and is a regular media commentator on corporate governance issues in Singapore and the region.

His report on improving the implementation of corporate governance practices in Singapore, commissioned by the Monetary Authority of Singapore and Singapore Exchange, was published in June 2007. His book “From Conformance to Performance: Best Corporate Governance Practices for Asian Companies” was published by McGraw-Hill in 2005. He was recently commissioned to write a primer on governance for social enterprises in Singapore.
Vincent Chen

Vincent Chen is Assistant Professor of Accounting at National University of Singapore. He joined NUS Business School in 2007 after earning his Ph.D. degree in Accounting from the State University of New York at Buffalo. He teaches corporate governance and financial accounting at NUS and taught financial accounting in the US. He is a member of the Advisory Board of Center for Accounting, Research and Education at the University of Notre Dame (USA).

Vincent presents his research works regularly in major Accounting conferences (e.g. American Accounting Association, Accounting & Finance Association of Australia and New Zealand (AFAANZ), and Canadian Accounting Association conferences). He is a winner of the best paper award in the Financial Accounting stream in the 2008 AFAANZ conference. He has been invited to review papers by several academic journals, such as Accounting and Finance (Australia & New Zealand), Asian Case Research Journal (Singapore), Asia-Pacific Journal of Accounting and Economics (Hong Kong and Taiwan), Canadian Journal of Administrative Sciences (Canada), and International Journal of Disclosure and Governance (USA).

Chua Cher Yak

Chua Cher Yak retired after last serving as Director of the Corrupt Practices Investigation Bureau from March 1994 to July 2005. He also served in the Police Force as Commander Traffic, Commander Police Divisions, Director Training, Director Manpower and Director CID. Currently, he is a freelance international consultant on Governance and Anti Corruption, an Executive Education Associate of the LKY School of Public Policy and part-time lecturer in the Singapore Civil Service College. He has been engaged by UNDP, ADB Commonwealth Secretariat, SIDA, USAID and DANIDA for consultancy and teaching engagements in Bhutan, Bangladesh, Cambodia, Nigeria, Sri Lanka, Vietnam, Mongolia, Botswana, Zambia and Philippines; besides teaching in China, at the Malaysian Anti-Corruption College, Hong Kong University and the Australian National University.
### DETAILED LECTURE AND TUTORIAL SCHEDULE

<table>
<thead>
<tr>
<th>Class</th>
<th>Week beginning</th>
<th>Session 1: Lecture</th>
<th>Lecturer</th>
<th>Session 2: Lecture/Tutorial</th>
<th>Lecturer /Tutor</th>
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<tbody>
<tr>
<td>1</td>
<td>30 January</td>
<td>Introduction and overview</td>
<td>VC</td>
<td>Corporate governance regulatory framework, regulatory approaches, and enforcement</td>
<td>VC</td>
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<tr>
<td>2</td>
<td>6 February</td>
<td>Major corporate governance rules</td>
<td>VC</td>
<td>Shareholders and the markets for corporate control</td>
<td>VC</td>
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<tr>
<td>3</td>
<td>13 February</td>
<td>Shareholders and the markets for corporate control</td>
<td>VC</td>
<td>(Tutorial) Corporate governance regulatory framework, regulatory approaches, and enforcement</td>
<td>VC</td>
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<td>4</td>
<td>20 February</td>
<td>(Tutorial) Major corporate governance rules</td>
<td>VC</td>
<td>Movie – Inside job</td>
<td>VC</td>
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<td>5</td>
<td>27 February</td>
<td>Board of directors (1)</td>
<td>MYT</td>
<td>Board of directors (1)</td>
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<td>6</td>
<td>5 March</td>
<td>Board of directors (2)</td>
<td>MYT</td>
<td>(Tutorial) Board of directors (1)</td>
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<tr>
<td>7</td>
<td>12 March</td>
<td>Ethics and conflict of interests</td>
<td>MYT</td>
<td>(Lecture-continued) Ethics and conflict of interests</td>
<td>MYT</td>
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<td></td>
<td>(Tutorial) Board of directors (2)</td>
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<tr>
<td>8</td>
<td>19 March</td>
<td>Corruption and fraud</td>
<td>CCY</td>
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<td>9</td>
<td>26 March</td>
<td>Audit/internal control/risk management</td>
<td>VC</td>
<td>(Tutorial) Shareholders and the markets for corporate control</td>
<td>VC</td>
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<tr>
<td>10</td>
<td>2 April</td>
<td>Executive and director compensation</td>
<td>VC</td>
<td>(Tutorial) Audit/internal control/risk management</td>
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<tr>
<td>11</td>
<td>9 April</td>
<td>Governance ratings</td>
<td>VC</td>
<td>(Tutorial) Executive and director compensation</td>
<td>VC</td>
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<tr>
<td>12</td>
<td>16 April</td>
<td>Case presentation</td>
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<tr>
<td>13***</td>
<td></td>
<td>External panel</td>
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*** An additional single combined session will be conducted to meet requirements for 13 instructional weeks within a 12-week teaching semester. The timing is to be advised, but it will be held in the evening or Saturday afternoon, and it will be an extension of coverage of one of the above topics.