



Key Players in
**Corporate
Governance**
(The Company Secretary)



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1. Introduction

The role of the Company Secretary is crucial within the governance framework. Their functions often involve operating behind the scenes, providing advice to key players in corporate governance, such as the board and management. This often-overlooked role is very vital to the effective functioning of any organisation. Their duties go beyond administrative support; the Company Secretary ensures regulatory compliance, facilitates board effectiveness, and supports ethical and strategic decision-making within the organisation. The Company Secretary also acts as an essential link between stakeholders and the company, helping to maintain the integrity and functionality of the entire governance system. This role must be continually empowered to ensure effective corporate governance.

2. Understanding the Role of a Company Secretary

The Company Secretary has a crucial role in ensuring that governance operations are carried out smoothly and that the company complies with sound corporate governance principles. The Company Secretary supports the board and management in developing good corporate governance practices and culture within the Company. The functions aim to ensure proper board conduct, accountability, and transparency in the management of the company. The company secretary is empowered to exercise his powers carefully, ensuring that the interests of all stakeholders are met and that the board's conduct is ethical, transparent, and accountable.

In essence, the Company Secretary is an important bridge, translating governance principles into actionable practices and fostering a culture of compliance and ethical conduct from the top levels of the organisation.

The NCCG 2018 and the CAMA 2020 indicate that the appointment and removal of the Company Secretary are matters for the board.¹ The board of directors is expected to ensure that the company secretary possesses the requisite knowledge, skills, and experience to effectively discharge the functions of the office. For public companies, the secretary must have the following qualifications:

- a. A member of the Institute of Chartered Secretaries and Administrators
- b. A legal practitioner as defined by the Legal Practitioners Act

1. Section 333(1) of the Companies and Allied Matters Act 2020 as amended.

- c. A member of any professional body of accountants established by an Act of the National Assembly
- d. A person who has held the office of secretary of a public company for at least three out of the preceding five years before their appointment in a public company
- e. A body corporate or firm where each member is qualified under paragraphs (a), (b), or (c)²

Where the company secretary is an employee of the company, they should be a member of senior management. They should also be appointed through a rigorous selection process similar to that of new directors.³ The CAMA, 2020, only makes provision for the procedure for removing a Company Secretary of a public company. In this regard, the board of directors is required to give the Company Secretary notice of their intention to remove them, as well as the grounds for the proposed removal. This notice should also provide the Secretary with a period of 7 days to state their defence to the grounds for the proposed removal or give them an option to resign within the 7-day period.⁴

The functional responsibility of the company secretary is to the board, through the chairman, while they typically report to the Managing Director/ Chief Executive Officer of the company.⁵

It is important to note that every public company must have a company secretary.

3. The Role of the Company Secretary as Custodian of Good Corporate Governance

Good corporate governance depends on the company secretary because they are responsible for taking proactive steps to ensure compliance with relevant rules and regulations guiding corporate practice. The Company Secretary plays an important role in supporting the effectiveness of the Board by assisting the Board and Management to develop good corporate governance practices and culture within the company.⁶

Often, organisations combine the roles of a company secretary with those of a chief governance officer and a legal officer. However, it is advisable that, to ensure the independence of the company secretary and to prevent their role as the custodian of governance from being jeopardised, there should be a clear separation of the

² Section 332 of the Companies and Allied Matters Act 2020 as amended.

³ Recommended Practice 8.2 of the Nigerian Code of Corporate Governance, 2018

⁴ Section 333 of the Companies and Allied Matters Act 2020 as amended.

⁵ Recommended Practice 8.4 of the Nigerian Code of Corporate Governance, 2018

⁶ Principle 8 of the Nigerian Code of Corporate Governance, 2018

two roles. The company secretary, or any other officer occupying the role of company secretary, is expected to serve as secretary of the various board committees.⁷

With increasing focus on corporate governance, the company secretariat of an organisation has become crucial as they are the guardian of a company's compliance with laws, regulations, corporate governance and ethics.⁸ This salient role of the company secretary could be segmented to include:

- a. Maintaining the company's statutory books: These statutory books include the register of present and past directors and secretaries; the register of all shareholders, past and present and their shareholdings; the register of any charges on the company's assets; minutes of general meetings and board meetings; the register of the debenture holders, etc.⁹
- b. Keeping under close review all legislative, regulatory, and corporate governance developments that might affect the company's operations and ensuring the board is fully briefed. It has regard to them when making decisions. This responsibility also includes ensuring compliance with all relevant legal and regulatory requirements.¹⁰
- c. Filing annual returns at the Corporate Affairs Commission. Other documents that must be filed include the directors' and auditors' reports (unless the company is exempt) and financial statements. The financial statements must contain details of the company's assets and liabilities.¹¹
- d. Scheduling requisite meetings of the directors and the shareholders. This responsibility will involve the issue of due notices for meetings, preparation of agenda, circulation of documents relevant to the meeting, and taking and producing minutes to record the business transacted at the meetings and the decisions taken.¹² The company secretary is also responsible for ensuring effective communication between the management and stakeholders.¹³
- e. Deciding on the company's strategy for compliance excellence, which includes policies for the filing and retaining relevant documents promptly to effect changes in board and shareholder structures.¹⁴

7 Recommended practice 11.1.10 of the Nigerian Code of Corporate Governance, 2018

8 Chartered Institute of Directors, "The role of the company secretary" (December 2017), <https://www.iod.com/resources/factsheets/company-structure/the-role-of-the-company-secretary/>

9 *ibid*

10 Felix D. Nzarga, Ibrahim Mohammed, "Understanding the Role of Company Secretary in Ensuring Good Corporate Governance in Nigerian Public Company", International Journal of Business & Law Research 6(4):49-55, Oct.-Dec. 2018

11 *Ibid*

12 Recommended Practice 8.6.4 of the Nigerian Code of Corporate Governance, 2018.

13 KP Nominees Corporate Services, "The Role of the Corporate Secretary in Promoting Good Corporate Governance", (July, 2020), <https://kpnominees.com/publications/the-role-of-the-company-secretary-in-promoting-good-corporate-governance/>

14 *Ibid*

- f. Advising the board of directors on their duties through the chairman and ensuring that they comply with all corporate governance and compliance matters. These include ensuring that Board development processes, including board evaluation, training, and induction, are adequately adopted.¹⁵
- g. The company secretary may also manage other duties related to pension plans, insurance, stock options, indirect tax (VAT/GST), health and safety, data protection, and cybersecurity.

Specific Roles in Ensuring Good Corporate Governance

The board should properly empower the company secretary to discharge their duties and responsibilities in ensuring good corporate governance which includes but is not limited to:

- *Developing good governance practices:* Company secretaries ensure that the companies they serve develop a good corporate governance practice and cultures that aligns with best practices and regulatory requirements.
- The company secretary should create a training plan for directors as individuals and the board and develop a tailored induction plan for new directors. Furthermore, they are expected to regularly remind the board chairman of the need to have a rigorous annual board, committee, and director evaluation, and that actions arising from the evaluation report are completed.
- *Ensuring good information flow:* They facilitate effective communication and collaboration between the board, management, shareholders, regulators, and other relevant parties. Under the direction of the chairman, they ensure a good flow of information within the Board and its committees, as well as between senior management and Non-Executive Directors.¹⁶ They also serve as a key intermediary between various parties and stakeholders of the company.
- *Assisting the board in making informed decisions:* In this regard, the company secretary assists the board in making informed decisions by compiling all board papers and disseminating them to board members to ensure they have the privilege of reviewing reports and recommendations

¹⁵ Chartered Institute of Directors, "The role of the company secretary" (2017), <https://www.iod.com/resources/factsheets/company-structure/the-role-of-the-company-secretary/>.

¹⁶ Recommended Practice 8.7 of the Nigerian Code for Corporate Governance, 2018.

relevant to decision-making. They also ensure that any regulatory updates or changes are brought to the board's attention and that the board's discussions and decisions are clearly and properly recorded in a timely manner.

- The company secretary also provides the chairman and the directors, individually, with detailed guidance on how their duties and responsibilities should be properly performed in line with good corporate governance practices and in the best interest of the company.¹⁷
- *Monitoring directors' interests and conflicts of interest:* The company secretary provides a central source of guidance and advice to the Board and company on matters of ethics, conflicts of interest, and good corporate governance.¹⁸ They also monitor conflicts of interest and the likelihood of potential conflicts, ensuring that any identified issues are appropriately managed and disclosed.
- *Coordinating activities regarding annual board plan:* They assist the chairman and the MD/CEO in coordinating activities related to the annual board plan and managing other strategic issues at the board level.¹⁹
- *Regular regulatory updates and quarterly company secretarial report:* The company secretary is responsible for ensuring that the board stays informed about regulatory changes and developments that could affect the company. They may also be tasked with preparing quarterly statutory and compliance reports, which highlight key governance matters and updates for the board consideration.

Beyond statutory duties, Company Secretaries also perform functions such as:

1. *Managing the relationship between the company and its institutional investors:* The company secretary acts as the primary point of contact between the company and its investors. They ensure information flows effectively between the board, management, and institutional investors. The company secretary also advises the board on issues that affect investor relations, such as how corporate actions might impact them. They ensure all communications adhere to regulatory requirements and high standards of governance, particularly in relation to disclosures, annual general meetings, and other procedures.

¹⁷ Recommended Practice 8.6.1 of the Nigerian Code for Corporate Governance, 2018

¹⁸ Recommended Practice 8.6.6 of the Nigerian Code of Corporate Governance, 2018

¹⁹ Recommended Practice 8.6.3 of the Nigerian Code of Corporate Governance, 2018

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2. *Managing the relationship between the board and management:* The corporate secretary plays a vital role in the relationship between the board and management. As governance experts on the board, many interactions between the board and management go through the company secretary. Many discussions that management members have, which board members would not be privy to, are communicated to the board by the company secretary, who can provide context about the thought process during the discussions held in the management meeting and what support is required. Whether the organisational long-term or short-term goal succeeds or not depends on a clear understanding between the board and management, and the company secretary often creates that understanding.
 3. *Monitoring and advising the board on developments in Corporate Social Responsibility (CSR) to inform the board's decisions:* The company secretary keeps the board informed on matters related to CSR, including emerging trends, best practices, and regulatory changes. This enables the board to make well-informed decisions about the company's CSR strategy and initiatives. The company secretary monitors stakeholder expectations and provides the board with relevant advice and updates. This also includes advice and updates on ESG-related matters, specifically the environmental impact of the company's operations, the social impact on the community in which they operate, and governance structures that ensure transparency and accountability.

4. Conclusion

Although the company secretary maintains a low profile in the boardroom and during board deliberations, they are the backbone of good corporate governance in any organisation. The position of a company secretary is unique because they serve as the trusted advisors to the board and management, and they play a crucial role in managing the relationships between the board, management, and other stakeholders. Their role has transcended beyond sending out notices, taking minutes of meetings, and keeping statutory books to navigating the complexities of regulatory requirements while fostering a culture of transparency and accountability that is vital for long-term success. In today's corporate world, the significance of having a skilled and independent company secretary cannot be overemphasised. It is, therefore, essential that the board empowers the company



secretary of every organisation with the necessary tools to create an environment where good governance thrives

Ultimately, a strong Company Secretary not only helps keep everything running smoothly but also contributes to a company's overall health and reputation. By valuing and investing in this role, organisations can ensure that they are well-equipped to face challenges and capitalise on opportunities, paving the way for a brighter, more ethical future.

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