

delivery and the protection of public rather than personal interest. It is also believed that although the underlying governance principles are universal, public sector governance should be of an even higher standard than that which is applied to private organizations.

If we agree that good corporate governance is essential and that its absence threatens the achievement of our organizational mission and objectives, then, as outlined in **Ministry Paper #56** on the **2002-2012 Public Sector Modernization Vision and Strategy**, it is incumbent on us to uphold the values, obligations, standards and practices that are embodied in good governance. However, corporate governance should not be viewed just as a goal to be attained or a benchmark to be met in public administration. Rather, it is a journey that requires vigilance, review and ongoing consideration, particularly in view of the fact that we in the public sector are under constant scrutiny from creditors, investors, taxpayers, other stakeholders and the Jamaican public, who have been demanding greater accountability and integrity in the way we carry out our responsibilities. To this end, each public servant is called upon to embrace the principles of good governance and determine how meaningful improvements in the existing governance arrangements can be effected in your various MDAs.

Extracted and modified from the Financial Secretary's speech at the Corporate Governance Symposium - Feb. 15, 2006



UPDATE ON THE TENURE OF AUDIT COMMITTEES

In Fact Sheet #15, the tenure of audit committees was discussed. At present the Financial Instructions to Executive Agencies (FIEA) states that *audit committee members shall be appointed for a maximum of three (3) years in the first instance*. It also states that *no member shall be appointed to the committee for a period exceeding*

five years with the exception of the Chairman who may be appointed for an additional year but not as Chairman.

Cabinet Submission #106/MFP-23/06 advised that while the Government of Jamaica Audit Committee provided for a committee member to serve for a minimum of two years and a maximum of four years consecutively, there was a relatively small cadre of willing, qualified persons within the Public Sector from which audit committee members could be drawn and it was proving very difficult to replace retiring members or members who had achieved the current maximum tenure.

The submission further advised that the extension of tenure was proposed as an effective option to optimize the level of institutional knowledge and practical experience gained and facilitate a transfer of such knowledge.

As a consequence, Cabinet Decision #9/06 dated March 6, 2006, has given approval for the extension of the tenure of audit committee members to a minimum of five (5) years and a maximum of seven (7) years consecutively.



Ministry of Finance & Planning

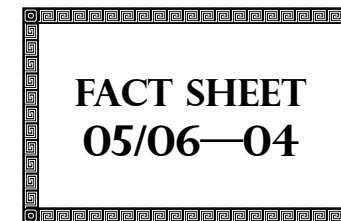
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Public Expenditure Policy Coordination Division

presents



*Prepared by the
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In this quarterly issue:

- 1. GOJ Internal Auditors' Symposium 2005*
- 2. Corporate Governance*
- 3. Tenure of Audit Committees – Update*

April 16, 2006

Corporate Governance Symposium 2006



The Executive Agencies Monitoring Unit (EAMU) of the Public Expenditure Policy Coordination (PXPC) Division of the Ministry of Finance & Planning, hosted a symposium at the Jamaica Conference Centre on February 15, 2006, entitled "Corporate Governance under the theme Facilitating the way Forward". This theme was carefully chosen based on emerging trends in the world economy and Jamaica's rating on the Transparency International list. It was thought that organizing an event would certainly bring some awareness and sense of responsibility.

The audience consisted of CEOs, Internal Auditors, Directors of Finance, and Chairpersons and members of audit committees from various Ministries, Departments and Executive Agencies. In his welcome address, Mr. Colin Bullock—the Financial Secretary, urged each participant to uphold values, obligations, standards and practices that are embodied in good governance. He said that it was his belief that "***although the underlying governance principles are universal, public sector governance should be of an even higher standard than that which is applied to private organizations.***"

Minister Fitz Jackson also delivered a short message to the invitees. He stated that he really welcomed this occasion where it was set out to focus on corporate governance and how to make organizations that serve the public, much better than they are accustomed to doing.

The session leaders consisted of notable professionals from both the private and public sector.

Mr. Vindel Kerr, CEO of GovStrat Ltd. and an authority on corporate governance was the keynote speaker and presented the topic-

The Role of Corporate Governance in Ensuring the Three Es (as these relate to efficiency, effectiveness and economy)

Other session leaders and topics presented in their respective chronological order were: -

- Mr. Archibald Campbell, a Lecturer at the University of the West Indies and a JMMB Board Member— Accountability Probity and Transparency, Principles and Practices;
- Mr. Leighton McKnight, a Partner at PriceWaterhouseCoopers and the Chairman of the Government of Jamaica Audit Commission - Corporate Governance and the Auditor's Independence—; and
- Mrs. Ann Marie Rhoden, Deputy Financial Secretary in the Public Expenditure Division at the Ministry of Finance—The Responsibility of the Government Sector in Facilitating the Way Forward.



CORPORATE GOVERNANCE—

The Ministry of Finance and Planning has a special interest in governance issues, which is consistent with its mission: "*to ensure that Government pursues fiscal and economic policies that foster sustainable growth in the national economy, sound management of the country's financial institutions and cost-effective delivery of public services*". In fact, financial accountability for the entire public sector ultimately rests with the Minister of Finance and Planning, and without a well-functioning system of financial accountability, governmental performance will not be at the desired high level. The adverse consequences of poor governance on economic performance in-

clude losses in government revenue, lower levels of private and public investment, reduced public services, as well as the undermining of confidence in Government Ministries, Departments and Agencies (MDAs). Individually and collectively, public servants therefore have to take responsibility for corporate governance, since it is a crucial determinant of overall organizational outcomes and it fosters national economic and social advancement.

The focus of the Ministry of Finance and Planning and the Government in this area, is in keeping with the universal consensus that has emerged on the critical importance of accountability, integrity, transparency and other concepts of good governance in achieving financial and economic success. Due to the increased awareness and interest, this subject has moved to the forefront of discussion in many countries, but is now positioned at the top of the public sector reform and policy agenda. This positive development is particularly relevant to small developing economies such as ours, since bilateral and multilateral funding agencies have been vigorously promoting the concept of good governance and are increasingly inclined to direct their scarce capital resources to countries and project sponsors that are taking steps to implement an appropriate institutional framework and code of conduct for efficient, transparent and competent resource utilization.

The subject of corporate governance has attracted considerable international and national attention over the past decade and highly publicized corporate malfeasance in organizations such as ENRON and WorldCom in the U.S.A. has certainly fuelled the debate about its importance. In particular, this publicity, though negative, has highlighted the vital role that governance plays in a modern, democratic society and has yielded valuable lessons about the need for effective governance. It has also bolstered the incentives for policymakers, directors and executive managers alike to re-assess and revise, where necessary, the structures needed to produce effective corporate governance in the private and public sectors. A truly effective corporate governance framework for the public sector must, therefore, be people-oriented, based on a strong commitment on the part of all participants to adopt an approach that emphasizes integrity and other sound values, propriety and probity in the stewardship of public funds, quality service