

IRAF: QUESTIONNAIRE FOR SELF-ASSESSMENT

Annexure 6

QUESTIONNAIRE FOR BANKS ON CORPORATE GOVERNANCE

S #	Particulars	Compliant		Comments
		Yes	No	
APPOINTMENT OF MEMBERS BOD & SENIOR MANAGEMENT				
1.	Did the bank/DFI obtain prior clearance of SBP for appointment of the Chairman/President/Managing Director/Chief Executive-(Member BOD)?			
2.	Did the bank/DFI follow the guidelines contained in Fit & Proper Test for appointment of the following key executives: President/ Chief Executive Chief Financial Officer Head of Internal Audit Country Treasurer Head of Credit/Risk Management Head of Operations Head of Compliance Head of Human Resources			
3.	Does the bank/DFI fulfill the criteria/procedure for appointment of directors as outlined by SBP directives, BCO 1962, SECP Guidelines, Companies Ordinance 1984 ?			
4.	Did the President and Chairman & members of Board of the bank/DFI sign and preserve before assuming office the declaration of Fidelity & Secrecy drafted in the format prescribed by SBP?			
RESPONSIBILITIES OF THE BOD¹				
5.	Did the BOD adopt a vision/mission statement and overall corporate strategy?			
6.	Did the Board approve the following policies: Internal Audit & Control Risk Management Human Resources Credit Write-offs Recovery Rescheduling/Restructuring of Debt Treasury Management Investments			

¹ Questions 5-30 do not apply to foreign banks with head offices outside Pakistan

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	Acquisition/ Disposal of Fixed Asset Prevention of Fraud & Forgeries			
7.	Does the Board have a system to monitor the implementation of the above policies?			
8.	Does the Board review/update existing policies periodically and whenever circumstances justify?			
9.	Does the BOD prepare and circulate annually the “Statement of Ethics & Business Practices” to establish a standard of conduct for directors and employees?			
10.	Did the bank/DFI put in place any system to point out/verify whether any of its directors has committed default in payment of dues to a financial institution or tax authority during the course of his directorship?			
11.	Does the board include experienced non-executive directors?			
BOARD OF DIRECTORS MEETINGS				
12.	Does the Board meet frequently (preferably on monthly basis but not less than once in a quarter)?			
13.	Does the Management provide sufficient information on the agenda items to the Board well in advance of each meeting?			
14.	Do the minutes of the Board meetings give detail of the proceedings and deliberations?			
15.	Did the bank/DFI convene all the Board meetings in Pakistan? ²			
16.	Did the bank/DFI obtain prior approval of SBP for each meeting held abroad?			
17.	Did the bank/DFI submit to SBP all the minutes of the Board meetings, particulars of the directors and resolutions passed through circulation within 7 days from the date of meeting in which the minutes were approved?			
18.	Does remuneration paid to directors for attending the Board meetings comply with the provisions of the Articles of Association?			
BOARD COMMITTEES				
19.	Did the Board constitute specialized committees with well defined objectives, authorities and tenure, comprising of non-executive board members, to review following functions: <ul style="list-style-type: none"> • Audit • Risk Management • Recruitment • Compensation credit 			

² If the answer is Yes then please skip Question 16

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20.	Do these committees appraise the full Board of their activities and achievements on regular basis?			
21.	Does the audit committee consist of at least three members, with the majority being non-executive directors?			
22.	Did the Board determine the Terms of Reference of the Audit committee in line with SECP Code of Corporate Governance?			
23.	Did the audit committee meet at least once every quarter?			
24.	Did the audit committee meet prior to approval of interim results by the BOD and before & after completion of external audit?			
25.	Does the Head of Internal Audit Department report directly to the Audit committee?			
SHAREHOLDING				
26.	Does the bank/DFI have executive directors (paid directors) not more than 25% of the total directors?			
27.	Do directors of the same family get a representation of not more than 25% of the total directors on the Board?			
28.	Do the directors of the bank/DFI hold directorship in other banking companies or companies which among themselves are entitled to exercise more than 25% of the total voting rights?			
29.	Does any member of the Board of Directors of the bank/DFI holding 5% or more of the paid-up capital of the bank/DFI either individually or in concert with family members or concerns/companies in which he/she has the controlling interest, is appointed in the bank/DFI in any capacity except as the Chief Executive?			
30.	Did the person or institution holding more than 5% of the total shares of any bank or financial institution seek prior permission from SBP?			
31.	Does the bank/DFI submit to SBP half yearly statement of <i>Foreign Nationals</i> shareholdings in the bank/DFI?			
32.	Did the bank/DFI enter into leasing, renting or sale/purchase of any kind with its directors, employees or any persons who individually or in concert with family members beneficially own 10% or more of the equity of the bank/DFI after approval of SBP?			
33.	Did any of the directors, CEO, or executives or their spouses sell, buy, or take any position, whether directly or indirectly, in shares of the bank/DFI? ³			

³ If the answer is No then please skip Question 34

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34.	Whether the same was notified to the company secretary for onward submission to the next Board meeting?			
35.	Whether the Bank/DFI (private/privatized) has deposited with the Chief Manager SBPBSC (Bank) Karachi, sponsor directors' share as well as subsequently issued bonus and right shares?			
RESPONSIBILITIES OF SENIOR MANAGEMENT				
36.	Did the Board clearly define the authorities and key responsibilities of both the Directors and the Senior Management without delegating policy-making powers to the Management?			
37.	Does there exist an effective MIS to keep the Board fully informed of activities, operating performance, financial condition of the bank/DFI, the environment in which it operates, the various risks the bank/DFI is exposed to?			
38.	Does the board evaluate performance of the management at regular intervals?			
39.	Did the Board thoroughly review SBP inspection Report?			
40.	Did the Board take concrete measures for compliance to the SBP inspection Report?			
EXTERNAL AUDITORS, ACCOUNTS AND MANAGEMENT LETTER				
41.	Did the bank/DFI appoint the auditor from the SBP approved panel of auditors?			
42.	Did the bank/DFI change its external auditor after five years?			
43.	Does the Board of Directors ensure receipt of management letter from the external auditors within 30 days from the date of audit report?			
44.	Did the Board ensure implementation of appropriate action in consultation with the audit committee of the board to deal with control and other weaknesses identified in the management letter?			
45.	Did the bank/DFI submit a copy of the <i>Management Letter</i> to SBP?			
46.	Did the bank/DFI publish and circulate on quarterly basis un-audited financial statements of the bank/DFI along with the directors' review?			
COMPLIANCE				
47.	Did the Bank/DFI devise a Compliance Program to ensure compliance with all relevant laws in true letter & spirit and to minimize legal and regulatory risks?			

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48.	Whether the Board/Country Manager (in case of foreign banks) of the bank/DFI has appointed/designated a suitably qualified and experienced person as Compliance Officer at the national level assisted by other Compliance Officers down the line?			
49.	Do the Compliance Officers: a) Serve as a contact point between President/Chief Executive Officer and senior management, with regards to functioning of the Compliance Program? b) Provide assistance in this area to branches and other Departments of the bank / DFI? c) Act as liaison with State Bank of Pakistan concerning the issues related to compliance?			

Chairman
Board of Directors