



# HOW TO ENHANCE GROWTH IN STATE OWNED ENTERPRISE (SOEs)

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# AUDITING SCOPE

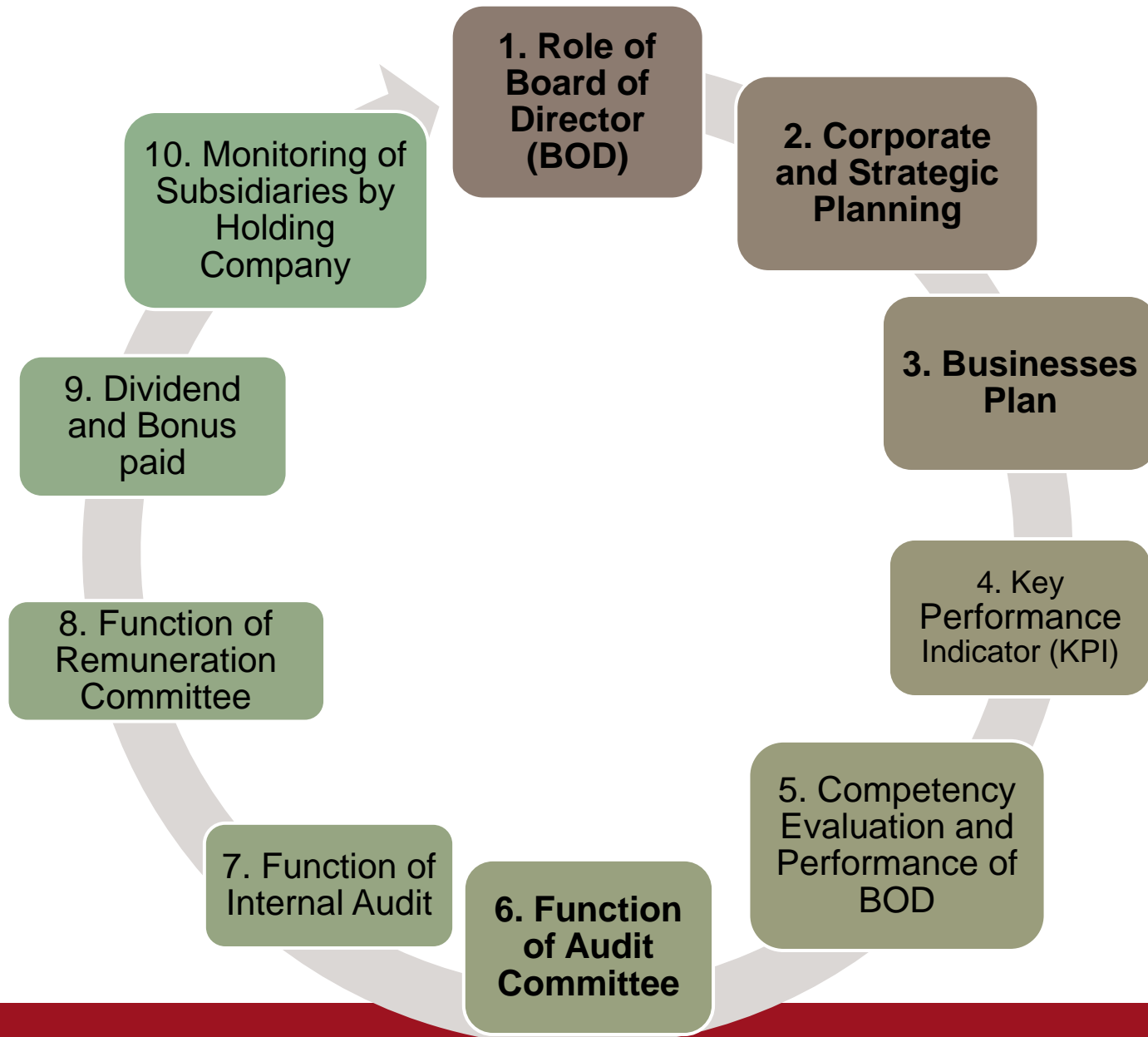


**2**  
**CORPORATE  
GOVERNANCE**  
(Included Financial  
Management)

**1**  
**FINANCIAL  
PERFORMANCE**

**3**  
**MANAGEMENT  
OF ACTIVITY**

# CORPORATE GOVERNANCE ISSUES



# CORPORATE GOVERNANCE ISSUES



1. Based on 185 companies being audited for the year of 2011-2015, as total of 106 companies recorded accumulated profit while 79 companies recorded suffered accumulated losses
2. Continues deficit in shareholder's fund and accumulated losses
3. Imbalance composition BOD & lack of independent directors sit in the Board of Director
4. The Company Strategic Plan were not prepared
5. Key Performance Indicator were not prepared
6. Standard Operating Procedure were not prepared
7. Profitability companies failed to pay dividend to shareholders
8. Subsidiaries failed to pay back loans to parent company
9. Weaknesses in the internal control system and compliance

# GUIDELINESS



1

MCCG 2012

## **Recommendation 3.5**

- *The board must comprise a majority (2/3) of independent directors where the chairman of the board is not an independent director*

2

*Green Book*  
2006

## **1.1.2**

- *The higher of 2 Directors or 1/3 of the Board must be independent*

3

MKD Guidelines  
2014

- Multi skills & experience (financial, accounting, law, marketing, etc)
- The Chairman should not participate any Board of Directors committees to avoid conflict of interest

4

Circular 1PP  
WP7.4 2017

Appointment the Chairman of Federal Statutory Bodies the Board of Directors as the Chairman of the subsidiaries Board of Directors

- **Endorsement** Statutory Bodies Board of Directors and supported by the Secretary General of the Ministry
- **Approval** by respective Minister



## TOTAL OF COMPANY

GLC	HOLDING COMPANY	SUBSIDIARY COMPANY	TOTAL
MINISTRIES	218	370	588
STATES	582	430	1,012
<b>TOTAL</b>	<b>800</b>	<b>800</b>	<b>1,600</b>

## SAMPEL

GLC	SUBSIDIARY COMPANY
MINISTRIES	70
STATES	12
<b>TOTAL</b>	<b>82</b>



- Not prepared but based on holding company Corporate Program.
- KPI and Corporate Planning were prepared, but not in accordance with the Action Plan.
- KPI was prepared but not clear and no indicator to evaluate performance in detail.
- KPI was not revised in accordance with the changes in company Corporate Planning.
- KPI was only prepared for CEO but not for the company.
- No KPI to evaluate performance.



Thank  
you

