



**JAMAICA DEPOSIT INSURANCE
CORPORATION
BOARD GOVERNANCE POLICIES**

**Developed and maintained consistent
with the Corporate Governance
Framework for Public Bodies in Jamaica as
applicable**

REVISED APRIL 2022

JAMAICA DEPOSIT INSURANCE CORPORATION PROTECTING DEPOSITS FOR YOU AND ME
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1.0 STATEMENT OF COMMITMENT TO GOOD BOARD GOVERNANCE

- 1.1. Board Governance (Governance) is by these Policies synonymous with the usage of the terms "Corporate Governance" and "Governance" wherever the latter two terms are used herein. For the interpretation and usage of these Policies, the *Corporate Governance Framework for Public Bodies in Jamaica* ("CFPB") is incorporated herein with such modifications as are necessary and appropriate. These Policies are intended to be the minimum standards by which the Corporation will be governed.
- 1.2. The Government of Jamaica with the implementation of the Corporate Governance Framework for Public Bodies (CFPB) aims to improve accountability, probity, and transparency for Public Bodies to achieve a more compliant, responsive, efficient, and effective public service which contributes to the overall competitiveness of Jamaica.
- 1.3. In addition, the International Association of Deposit Insurers (IADI) *Core Principles for Effective Deposit Insurance Systems* states that "*Sound governance of agencies comprising the safety-net should also be in place, to strengthen the financial system's architecture and contribute directly to financial stability.*"¹
- 1.4. The Board acknowledges the Corporation's partnership with the supervisory arm of the Bank of Jamaica ("the Central Bank") in the conduct of its operations and acknowledges the efficacy of the standards that the Central Bank prescribes for Policyholders. The Board will, where consistent with its mandate, seek, as a matter of policy, to incorporate and apply these standards of corporate governance that are no less than those required of its Policyholders.
- 1.5. The Corporation's senior management ("Management") led by the Chief Executive Officer (CEO), in addition to translating Board direction into action and managing the Corporation's day-to-day operations, is responsible for supporting the Board in fulfilling its governance responsibilities.
- 1.6. This document also records the Board's expectations of Management in supporting it in fulfilling its governance responsibilities.
- 1.7. In addition to being guided by the above standards of corporate governance the Board must also comply with those aspects of governance as are set out expressly or implied in the Deposit Insurance Act (DIA) its parent Act, and the Public Bodies Management and Accountability Act (PBMA), a statute for prescribing the corporate

¹ The IADI Core Principles for Effective Deposit Insurance Systems, Moral Hazards, Operating Environment and Other Considerations pg 13, International Association of Deposit Insurers, Basel November 2014

governance frameworks and principles that must be complied with by public bodies.

- 1.8 Effective performance of the Board - Board governance - helps ensure that objectives are realized, resources are well managed, important relationships are nurtured, and the interests of stakeholders are reflected in decisions; the organization has an overall good reputation and its business is sustainable and resilient. Governance regimes are unlikely to be effective where there is a lack of clarity or understanding of the roles of the respective participants in an organization and so these Policies also seek to categorize these respective roles and understanding for better clarity of understanding of roles and responsibilities.

2.0 BACKGROUND

2.1 The Corporation's Objects

- 2.1.1 The DIA prescribes the Corporation's objects, gives the Corporation and its Board various powers to effect the Corporation's mandate, and prescribes the requirements for financial and other reporting of the Corporation.
- 2.1.2 Under section 4 (1) and (2) of the DIA, the Corporation's expressed objects are to establish and manage a scheme for the insurance of deposits or parts thereof against the risk of loss. In carrying out these objects the Corporation is required to take all such measures as may be necessary to ensure that there is the least possible exposure of the Corporation to loss.

2.2. Accountability of the Corporation and Board

- 2.2.1. The Corporation is accountable to Parliament through the Minister responsible for Finance.² The Corporation operates within a legal framework that provides it with operational independence.
- 2.2.2. The key legislation to which the Corporation is subject is the Deposit Insurance Act 1998, which defines its mandate and powers and its operating and financial reporting obligations to the Minister responsible for finance. The Corporation is also subject to the Public Bodies Management and Accountability Act. Related statutes are the Financial Administration and Audit Act; the Bank of Jamaica Act, the Banking Services Act; and the Building Societies Act.
- 2.2.3 The Deposit Insurance Act prescribes the composition and appointment of Board members. There are seven (7) Board

² s.6 and s.7 of the PBMA – Corporate Governance

members. The Minister responsible for finance appoints four (4) members, one of whom he appoints as the Chair of the Board. The Governor of the Bank of Jamaica, the Financial Secretary, and the Chief Executive Officer of the Corporation are *ex-officio* members of the Board.

3.0. Scope of the Policy

3.1 This policy sets out the Board Governance Policies under four (4) broad categories:

- (a) Governance Process Policies to guide the Board's oversight responsibilities;
- (b) Risk Management and Internal Controls Policies;
- (c) Linkages Policies that define relationships with, and responsibilities of, the Chief Executive Officer; and
- (d) End Policies to Guide the Chief Executive Officer in the day-to-day management of the Corporation as the agent of the Board.

4.0 Board Appointment/Composition and Administration³

4.1 Board Appointment/Composition

- 4.1.1 The Board should be comprised as specified in the Schedule to the DIA of three (3) *ex-officio* members namely, the Governor of the Bank of Jamaica or his nominee, the Financial Secretary or his nominee, and the Chief Executive Officer of the Corporation or his nominee. The Board should also be comprised of four (4) other members appointed by the portfolio Minister by an instrument in writing; one of whom the Minister shall appoint as the Chairman.
- 4.1.2 The Chairman and appointed members ("Directors") should be given fixed-term appointments with the outcome of the annual reviews of their performance guiding the Minister in determining the termination or renewal of their appointment⁴. The Chairman of the Board should be appointed for a period not exceeding three (3) years. The other three (3) members shall be appointed for a period not exceeding two (2) years. The Chairman and the other appointed members shall be eligible for reappointment for two (2) consecutive periods.

³ Deposit Insurance Act, Schedule 2, 3, 4 and 5 (see annexure at end of Policy)

⁴ *The Corporate Governance Framework for Public Bodies, Principle 8(6)*

- 4.1.3 The sole power to appoint and revoke an appointment to the Board resides with the portfolio Minister. The portfolio Minister may terminate the appointment of any Director (conditions are listed in the JDIC Act, schedule).
- 4.1.4 The Board should be composed of a diversity of skills, knowledge, qualifications, experience, gender and age to assist the Corporation in achieving its objectives and performing its functions to add optimal value to the Corporation. The skills, knowledge, and experience of Directors should be ideally consistent with the mandate and business operations of the Corporation⁵.
- 4.1.5 A person may not be appointed or remain a Director who: –
- i. is a member of either House of Parliament;
 - ii. is or has during the three years preceding such appointment has been a Director, officer, employee, or auditor of a policyholder;
 - iii. is a shareholder holding more than 10% of the voting shares of a policyholder
- 4.1.6 The portfolio Minister is responsible for ensuring that a Board is always in place to oversee the management of the Corporation. Upon the change of the portfolio minister, the existing Board should offer its resignation which would not take effect until a new Board is duly appointed within the recommended timeframe of **sixty (60) days**. The roles and responsibilities of the Board during the transition period are as directed by the MoFPS⁶.

4.2 Administration

- 4.2.2 The Board of the Corporation should be subject to a formal and rigorous annual evaluation of its performance and that of its Committees, individual Directors, and the Corporate Secretary (CS).
- 4.2.3 The performance of the Board, its Committee, individual Directors, and the Corporate Secretary should be assessed against the ten (10) dimensions of good board performance developed by the Ministry of Finance and the Public Service (MoFPS).

⁵ The Corporate Governance Framework for Public Bodies, Principle 9

⁶ The Corporate Governance Framework for Public Bodies, Principle 8(7)

- 4.2.4 The results of the evaluation should be compiled by the CS or an external consultant and a Board Improvement Plan developed. The Board Improvement Plan should be implemented and monitored by the Board.
- 4.2.5 The Board Improvement Plan should be shared with the portfolio Minister
- 4.2.6 A Director may resign at any time giving written notice not exceeding thirty (30) days addressed to the portfolio Minister through the Chairman. The Chairman may resign at any time giving written notice not exceeding thirty (30) days addressed to the portfolio Minister.
- 4.2.7 A Director shall not be absent from more than two (2) meetings in any period of the twelve (12) months except on leave granted by the Chairman; and in the case of the Chairman except on leave granted by the portfolio Minister.
- 4.2.8 The Chairman, or in the event of his absence or inability to act, such Director as the other Directors elected, shall preside at the meetings of the Board⁷. If the Chairman will be absent from the Board for an extended period, the portfolio Minister must be informed in writing of the elected Director who will be acting as Chairman, taking into consideration his or her term of service on the Board and experience.
- 4.2.9 The Board shall meet as often as it considers necessary and at such times and places as it determines, provided that it shall meet at least six (6) times in every calendar year.
- 4.2.10 Four (4) Board members shall constitute a quorum.
- 4.2.11 Notice of the date, time, and place of each Board and Board Committee meeting shall be given to each member, either in writing or electronically, a minimum of fourteen (14) days before the meetings.
- 4.2.12 The Corporate Secretary, or his/her delegate, in collaboration with the Management, shall endeavor to ensure that Agendas and meeting materials (Minutes of previous meetings, submission(s) for discussion(s), notation or approval, etc) are prepared and dispatched to Board members at least seven (7) working days before each meeting.

⁷ Deposit Insurance Act, Schedule 6 (3) (see annexure at end of Policy)

- 4.2.13 The Corporate Secretary, or his/her delegate, shall produce Minutes of the proceedings of all Board and Board Committee meetings. Minutes of meetings shall be confirmed at subsequent meetings and certified by the Chair and Corporate Secretary within fourteen (14) days of its confirmation.
- 4.2.14 The decision of the Board shall be by a majority of votes and the Chairman (or other person presiding over the meeting) shall have both an original and a casting vote.
- 4.2.15 The validity of any proceedings of the Board shall not be affected by any vacancy amongst its members or by any defect in the appointment of a Director.
- 4.2.16 The Chairman and other Board members shall be remunerated in accordance with the MoFPS Circular in effect⁸.
- 4.2.17 The office of the Chairman or member of the Board shall not be a public office for the purpose of Chapter V of the Constitution.
- 4.2.18 No action, suit, prosecution, or other proceedings shall be brought or instituted against the Corporation or any Board member, officer, employee, or any person acting on behalf of the Corporation in respect of any act done bona fide in pursuance or execution or intended execution of the Deposit Insurance Act.
- 4.2.19 The Board may engage/retain, at the expense of the Corporation, any outside advisors, including, but not limited to, legal counsel, independent advisors and/or other Subject Matter Experts (SME), as determined necessary, to review any matter in the course of carrying out its duties and responsibilities, which includes authorization to instruct the remuneration of advisors.

4.3 Board Orientation/Induction, Ongoing Training and Education

- 4.3.1 It is desirable that all directors have access to professional development programmes in areas such as legal reform, public sector developments, corporate governance, changing corporate environment, internal control systems, business/commercial risks and other issues that may be of interest in the execution of their role⁹.
- 4.3.2 Upon appointment to the Board, all Directors shall participate in an orientation/induction programme that covers the JDIC's strategies, general financial and legal affairs, financial and

⁸ Section 20 of the Public Bodies Management and Accountability Act

⁹ The Corporate Governance Framework for Public Bodies, Principle 11(4)

regulatory reporting by the Board, any unique aspects of the JDIC and its activities, and the responsibilities and expectations of Directors.

- 4.3.3 The ongoing training and education of Directors are critical to ensure the maintenance of good governance. As a result, the Board, through the Chairman and Corporate Secretary, will recommend such training for Directors as is necessary for them to maintain the knowledge and expertise required to understand the operations of the JDIC and to properly discharge their roles and responsibilities as Directors.
- 4.3.4. The Board shall conduct an annual review to identify any area where the Directors require further training or education.
- 4.3.5 The cost of ongoing training and education for Board members shall be borne by the JDIC.

5.0 ROLES AND RESPONSIBILITIES

5.1. Roles and Responsibilities of the Board

- 5.1.1 The Board has the responsibility to oversee the general business of the JDIC; the entire Board is responsible for such supervision and oversight.
- 5.1.2 The Board shall be responsible for the policy and general administration of the Corporation and the management of the Deposit Insurance Fund¹⁰. The Board's role is to foster the Corporation's short and long-term success consistent with its mandated objectives and accountability to other stakeholders.
- 5.1.3 The Board should identify opportunities for the professional development of all its members to update their skills and improve their knowledge of the business environment in which the organization operates. These areas include legal reform, financial sector developments, public sector developments, corporate governance, risk management, and internal control systems, and other issues that may be relevant to the execution of their role.
- 5.1.4 The Board may authorize the purchase of indemnity insurance for Directors and officers, consistent with the conditions outlined in the PMBA Act.

¹⁰DIA schedule 1 – 13 states “There shall be a Board of Directors of the Corporation which, subject to the provision of this Act, shall be responsible for the policy and general administration of the Corporation and the management of the Deposit Insurance Fund.....”

- 5.1.5 The Board should hire, appoint, evaluate and determine the tenure of the Chief Executive Officer (CEO)¹¹. The CEO should be held accountable by the Board for the performance of the Corporation and the implementation of the Corporation's strategies and policies in accordance with mutually agreeable and written performance objectives which are outlined in the Corporate Plan¹².
- 5.1.6 The Corporation will appoint a Corporate Secretary (CS) to execute critical administrative and governance functions regarding effective board operations which normally require a high degree of meticulousness, diligence, competence, and involves a swathe of regulatory, personnel, and administrative issues. This position is distinct from that of a Recording Secretary¹³.
- 5.1.7 The Board (through a sub-committee) should lead the recruitment and performance evaluation process of the Internal and External Auditors.
- 5.1.8 The Board shall provide specific leadership by:
- (a) reviewing and overseeing the development of, and approving the strategic plan and direction for the Corporation, taking into account opportunities, threats, and risks facing the Corporation;
 - (b) approving the Corporation's material policies;
 - (c) setting performance objectives, monitoring the implementation of agreed corporate plans and the corporate performance of the Corporation against its business objectives, strategies, and plans, and overseeing major capital expenditures, acquisitions, and resolution strategies;
 - (d) reviewing and approving the Corporation's annual budget and ensuring the integrity of financial statements, internal controls, financial information systems, projections, forecasts, and audited statements;
 - (e) working with Management to identify the principal risks to the Corporation and ensuring that systems to manage those risks are in place;

¹¹ Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised October 2012 Principle 1

¹² Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised October 2012 Principle 4

¹³

- (f) ensuring compliance with legal and regulatory requirements;
- (g) ensuring that reporting, monitoring, and accountability obligations as set out in the Corporation's policies are met;
- (h) ensuring that the Corporation has an appropriate communications strategy;
- (i) approving, monitoring, and reviewing the effectiveness of governance practices, and in this connection, ensuring that controls, codes, or guidelines are in place governing ethical conduct, conflict of interest, and similar concerns;
- (j) providing for the Board's good management and ongoing effectiveness, including the establishment of committees, task forces, and workgroups necessary to assist the Board in the effective discharge of its mandate;
- (k) identifying the competencies and skillsets required on the Board and recommending to the portfolio Minister the orderly succession of Board members;
- (l) assessing and reviewing its performance and capability in carrying out its role and functions within the nature, scope, complexity, and risk profile of the Corporation;
- (m) identifying, assessing, and appointing a suitable candidate for the position of Chief Executive Officer ("CEO"), assessing his or her performance against pre-determined performance benchmarks and planning for CEO succession;
- (n) ensuring succession planning, including appointing, training, compensation, and where appropriate, replacing Management;
- (o) ensuring that relevant corporate governance information is appropriately communicated in the annual report. This information should include at a minimum:
 - i. Commentary on the financial results;
 - ii. The full compensation package of the CEO and senior managers;
 - iii. The names, expertise, length of service, meeting attendance record, list of other directorships, and

a report on the reason for any Director demitting office.

- (p) monitoring of statutory disclosures, reporting, and public communications requirements, and ensuring that financial statements and other disclosures represent the Corporation fairly;
- (q) ensuring that the remuneration and other benefits granted directly or indirectly to Board Directors of the Corporation are disclosed in the annual report;
- (r) reviewing its information needs (quality, quantity, and timeliness) to ensure the information received is appropriate for the effective discharge of their duties;
- (s) ensuring the maintenance of effective systems and procedures for information management and disclosure within the Corporation. A reliable system of corporate disclosure requires an investment in accounting and information systems, internal controls, and internal and external auditing. It includes formulating and documenting policies and procedures, putting in place hardware and software systems, and recruiting and training qualified staff.

5.2 Establishment of Board Committees

- 5.2.1 The Board may establish Board Committees from time to time to assist it in performing its duties effectively, and it shall determine the membership of such Committees. Such Board Committees include, but are not limited to, an Investment Committee, an Audit Committee, and a Corporate Governance Committee.
- 5.2.2 The Chairman of the Board Committees shall be chosen by the Board and shall be members of the Board.
- 5.2.3 Terms of Reference (TORs) should be developed for each Board Committee. The chairperson of the Board Committee should have the specialized skills, expertise, qualifications, and experience in the areas covered by the TOR.
- 5.2.4 The TOR should indicate the roles, responsibilities, and authority of each Board Committee, its composition, structure, quorum requirements and how it should perform its duties as well as accountability requirements.
- 5.2.5 Board Committees cannot take action or make decisions on behalf of the Board unless specifically mandated to do so. Its roles,

and limitations in decision-making, authority, and management should be clearly defined by the Board, taking into account the scope of the Committees' Terms of References (TORs).

- 5.2.6 Board Committees should analyze specific issues, and advise the Board on those issues. The final decision always remains with the Board.
- 5.2.7 The Board should be regularly informed of each Committee's activities, including findings, conclusions, and recommendations.

5.3 Co-opted Members

- 5.3.1 In order to ensure that committees have the capability to perform the duties assigned, Boards may co-opt, to perform the duties of the committee, individuals who are not members of the Board but who possess a broad range of qualifications relevant to the function of the public body¹⁴.
- 5.3.2 Individuals co-opted to a Board Committee shall have the rights and responsibilities of other members of that Committee provided that¹⁵:
 - (i) a Board member shall be the Chairman of the Committee (with a casting vote on decisions where there is an equality of votes), and
 - (ii) Board members shall comprise not less than one-half of the committee members.
- 5.3.6 The Board remains collectively responsible for the decisions and actions taken by any Board Committee.
- 5.3.7 A Board Committee may only perform the tasks delegated to it by the Boards and its powers may not exceed the powers of the Board as a whole.
- 5.3.8 Decisions that by law must be taken by the Board may not be delegated to a Board Committee.

5.4 Roles and Responsibilities of the Board Chairman

- 5.4.1 The Chairman is pivotal in creating the conditions for overall Board and individual Director's effectiveness, both inside and outside the boardroom. The Chairman's duties are best achieved by

The Corporate Governance Framework for Public Bodies, Principle 2(8)

¹⁵ *The Corporate Governance Framework for Public Bodies, Principle 2(9)*

displaying respect, patience, humour, and goodwill. The less he is seen to impose his views on others, the more ably he will lead the Board.

- 5.4.2 The Chairman is to chair the meetings of the Board, maintain the orderly conduct of meetings, afford participants a reasonable opportunity to speak, and ensure that the Minutes of meetings accurately record decisions taken.
- 5.4.3 The Chairman is to finalize meeting Agendas, with the assistance of Management. Agendas should take full account of the issues and the concerns of all Board members, be forward-looking and concentrate on strategic matters.
- 5.4.4 The Chairman is to engage all Board members and ensure that they are fully informed of any business issue on which a decision has to be taken.
- 5.4.5 The Chairman is to lead the Board in reviewing the performance of the CEO on an annual basis through an objective process as provided for under the GOJ Accountability Framework.
- 5.4.6 The Chairman is to authorize and oversee the execution of the annual performance evaluation of the entire Board, Board Committees, and individual Directors.
- 5.4.7 The Chairman is to maintain communication protocols with the Minister, Permanent Secretary (PS), and other stakeholders as established by the Ministry of Finance and the Public Service.
- 5.4.8 The Chairman is to ensure cohesion of the Board, the integrity of the meeting process, the achievement of the Board's purpose and objectives, and the goals of the Corporation.
- 5.4.9 The Chairman must always arrive before the meeting is due to start. This allows him time to interact informally with everyone before the formal proceedings begin and ensures that he is orderly and composed, updating himself on any matters that might affect the meeting before the start.
- 5.4.10 The Chairman is to provide direction to the Corporate Secretary.
- 5.4.11 The Chairman is to remain neutral, otherwise, he will inhibit the input from others. If he argues his position he will have difficulty paying attention to guiding the process. He should never divert his attention and concentration by attempting to take the Minutes of a meeting; he should always leave that job to a competent secretary.

- 5.4.12 The Chairman is to ensure that the members of the Board receive accurate, timely, and clear information.
- 5.4.13 The Chairman is to manage the Board to ensure that sufficient time is allowed for the discussion of complex or contentious issues.
- 5.4.14 The Chairman is to take the lead in providing a properly constructed induction programme for new Directors.
- 5.4.15 The Chairman is to take the lead in identifying and meeting the development needs of individual Directors and addressing the development needs of the Board as a whole with a view of enhancing its overall effectiveness as a team.
- 5.4.16 The Chairman is to ensure that the performance of individual Directors and the Board as a whole and its committees are evaluated at least annually.
- 5.4.17 The Chairman is to encourage active participation by all members of the Board at all Board meetings.
- 5.4.18 In circumstances where it may not be practicable for Board meetings to be held face to face, meetings may be held by teleconference or by the use of virtual applications. The Chairman needs to be exceptionally clear about leading the meeting through the agenda and handing over to each presenter. For each agenda item, the Chairman may wish to ask that members indicate if they would like to speak on the item. They can then be invited to speak in turn to allow orderly debate. The Chairman should invite questions at the end of each presentation. When a decision is to be made, the Chairman should ensure everyone has the opportunity to comment or ask their questions, by asking if there are any further questions, or by inviting individual participants to comment if they have not already done so. At the end of the meeting (under "Any Other Business") the Chairman should ask participants by name if they have any other matters to raise.

5.5. **Roles and Authority of Ex-Officio Officers**

- 5.5.1 The Governor of the Bank of Jamaica, the Financial Secretary, and the Chief Executive Officer of the JDIC or their respective nominees are explicitly made *ex-officio* members of the Board of Directors of the Corporation. The Board relies on the expertise and/or influence of the *ex-officio* members. Such Board members are only appointed as a result of their position/office. Where their

employment with their employer is terminated, their successor automatically becomes the *ex-officio* member.

- 5.5.2 *Ex-officio* members advance the work of the Corporation with a degree of influence and expertise that substantially benefits the Corporation. As always, all Board members bear the responsibility of making sure that the bylaws regarding *ex-officio* board members are being followed.
- 5.5.3 *Ex-Officio* members have the same duties, responsibilities, rights, and privileges as do all appointed Board members, including the right to vote. The *ex-officio* officer is not to be expected to commit the Government in respect of matters which are required to be referred to a higher level of authority.
- 5.5.4 The *ex-officio* officer should not endorse any action of the Board which will conflict with the legal and ethical obligations of a Public Officer and the position he/she holds and should advise against and vote against such action, or ensure that the opposition is recorded if no formal vote is taken.
- 5.5.5 The Permanent Secretary who has a constitutional role as Supervisor for Departments and Subjects within the portfolio of his/her Ministry should not be appointed as a member of the Board, due to the inherent conflict of interest this would present¹⁶.

5.6 Roles and Authority of Board Invitees

- 5.6.1 There should be formal procedures and guidelines established for recruiting Board invitees setting out their powers and limitations. This should be established in a Code of Conduct for Boards.
- 5.6.2 Board invitees **should not** be allowed to vote at Board or Board Committee meetings as they are not members of a Board and are usually invited to provide specialist advice not readily available on the Board¹⁷.
- 5.6.3 Board invitees **should not** constitute a quorum of an officially convened meeting of the Board or its committees¹⁸.
- 5.6.4 Board invitees other than executives of the Public Body, or from elsewhere in government, may be paid a fee for their services, within Government guidelines¹⁹.

¹⁶ Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised 2012 Principle 7

¹⁷ The Corporate Governance Framework for Public Bodies, Principle 6(1)

¹⁸ The Corporate Governance Framework for Public Bodies, Principle 6(2)

¹⁹ The Corporate Governance Framework for Public Bodies, Principle 6(3)

- 5.6.5 The Ministry of Finance and the Public Service should establish within the Code of Conduct the formal procedures and rules of engagement for Board Invitees²⁰.

5.7 **Role and Responsibilities of the Chief Executive Officer**

- 5.7.1 The Chief Executive Officer (CEO) is responsible to the Board for the day-to-day administration of the Corporation and the execution of the policies of the Corporation²¹. The CEO leads the Corporation's senior management ("Management"), which is responsible for translating Board directions into actions and managing the Corporation's day-to-day operations. In addition, Management is responsible for supporting the Board in fulfilling its governance responsibilities²².
- 5.7.2 The CEO's management style in the Corporation should be carried out within satisfactory ethical and business norms as established by industry best practices.
- 5.7.3 The CEO should determine which strategic activities are delegated to team members to get the business of the Corporation done effectively, efficiently, and in accordance with the strategic direction of the Board.
- 5.7.4 The CEO will operate as the chief spokesperson for the Corporation on behalf of the Board, and will communicate with stakeholders (such as the media) periodically and as prescribed by law, through monthly and quarterly reporting.
- 5.7.5 The CEO is responsible for the performance appraisal of all his/her senior managers.
- 5.7.6 A healthy and open relationship should exist between the Permanent Secretary and the CEO of the Corporation under his/her Ministry. This should be guided by a formal Memorandum of Understanding or Framework Document. However, the CEO is ultimately responsible to the Chairperson of the Board²³.

²⁰ Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised October 2012 Principle 6

²¹ The PBMA section 6 and PBMA (amendments) 2010 section 4 "" (e) notwithstanding the provisions of any relevant enactment or any constituent document, enter into a performance contract with its Chief Executive Officer (or person performing like duties, by whatsoever title designated), on terms approved by the responsible Minister and the Minister."

²² DIA schedule 14(1) states "The Corporation may appoint and employ at such remuneration and on such terms and conditions as it thinks fit, a chief executive officer, a secretary and such other officers, agents and employees as it deems necessary for the proper carrying out of its functions under this Act."

²³ Corporate Governance Framework for Public Bodies in Jamaica, September 2011, revised October 2012 Principle 4

5.8. Roles and Responsibilities of the Corporate Secretary

- 5.8.1 The Board may consider the separation of the positions of Corporate Secretary and the General Counsel based on the guidelines developed by the Ministry of Finance and the Public Service. The Board, having given such due consideration, in particular, the small size of the Corporation and that both positions may be accommodated in one officer whereas between the positions there is a lack of complexity and the potential for conflict of interest is limited has agreed that the provisions herein shall relate to the appointment and provision of services by the Corporate Secretary to the Board.
- 5.8.2 The Corporate Secretary (CS) is appointed by the Corporation and holds also the position of General Counsel to the Corporation under the General Counsel and Corporate Secretariat Department of the Corporation. In carrying out the role of CS the incumbent must execute critical administrative and other functions, which demand a high degree of compliance and ethical conduct and confidentiality as required by all the Board members and officers of the Corporation. Public Bodies statutes and Corporate Governance guidelines set out clear and comprehensive roles and responsibilities for the Corporate Secretary, and these roles and responsibilities shall not be delegated to any other officer of the Corporation save for an officer of the Corporation to whom the role has been assigned in the absence of an incumbent. Such officer so assigned must be an officer in the permanent employment of the Corporation and be deemed to be sufficiently knowledgeable and experienced to make them competent to undertake the roles and responsibilities pending the resumption of duties of the incumbent or the appointment of a new officer to the position of General Counsel and CS.
- 5.8.3 The CS is directly accountable to the Board. The position of General Counsel is accountable to the CEO.
- 5.8.4 The CS should act as a central source of guidance to the entire Board on all matters related to Corporate Governance, including orientation, sensitization and professional development of Directors, effective operations of the Board, regulatory compliance, and ethical standards.
- 5.8.5 The CS will be subjected to similar requirements of fit and proper tests or due diligence as any Board member.
- 5.8.6 The CS is responsible for the coordination of orientation and sensitization processes for the Board.

- 5.8.7 The orientation and sensitization process should include at a minimum:
- (a) specially designed sessions over a given period addressing issues of the business, industry, and subsector, where necessary;
 - (b) the Corporation's roles and that of each Department;
 - (c) the Public Body's strategic plan, organizational plan, and recent annual report;
 - (d) expectations of the Chairperson: procedures for the conduct of meetings, calendar of events for the year, and the role of Board Committees;
 - (e) the legal instruments and all relevant legislation governing the Corporation;
 - (f) the respective rights, duties, responsibilities, and roles of the Board and Management;
- 5.8.8 The CS should assist the Chairperson in developing the annual work plan for the Board;
- 5.8.9 The CS should prepare and circulate Board papers and coordinate the recording Secretariat in the preparation and circulation of Board and Committee minutes;
- 5.8.10 The CS should work with the Chairperson to coordinate the evaluation of the Board, its Committees, and individual members.
- 5.8.11 The CS will put in place a procedure for the orientation, training, and continued education of new Directors to aid in the fulfillment of their governance responsibilities.
- 5.8.12 The CS will ensure that each new Director receives an information package containing a copy of the Board Policy, the Deposit Insurance Act (DIA) and all other relevant laws, the Corporation's Code of Business Conduct and Ethical Behaviour, other relevant background material such as the most recent Corporate Plans, Annual Reports, Audited Financial Statements, notes describing the Corporation's organizational structure and statutory basis of operation.

5.9 Roles and Responsibilities of Management

- 5.9.1 Management, led by the CEO, will provide the Board with information in a form and of a quality that is appropriate to enable the Board to discharge its duties efficiently and effectively. Management should ensure that there are procedures in place so that the Board is supplied in a timely fashion with information. Management shall carry out all instructions as directed by the Board.
- 5.9.2 Management, led by the CEO, will support the Board by providing information to ensure that the Board can obtain and maintain an understanding of the Corporation's objects and powers, as well as its governance responsibilities.
- 5.9.3 Management will incorporate training segments in Board meetings as deemed appropriate.
- 5.9.4 Management shall develop a competency matrix that is updated annually. The competency matrix may be used to identify competency "gaps" on the Board and direct the search for new candidates.
- 5.9.5 Management shall establish a protocol for communication with the Minister of Finance and the Public Service to advise on appointment needs.
- 5.9.6 Management will, from time to time, make presentations to the Board regarding areas of operations.
- 5.9.7 Management is to provide the Board with updated relevant Ministry circulars and guidelines for compensation/reimbursement of Directors and executive officers²⁴.
- 5.9.9 Management is to make recommendations for the compensation of the Corporation's officers and employees.
- 5.9.10 Management is to ensure compliance with the relevant Ministry circulars and guidelines and advise the Board where there have been any failures to do so.
- 5.9.11 Management will provide timely information and report to the Board on new legislation, prospective legislation, trends, and

²⁴²⁴ PBMA s.20 "In the exercise of any powers conferred on a board by the relevant enactment or any constituent documents in relation to emoluments payable to the staff of the public body, the board shall act in accordance with such guidelines as are issued from time to time by the Minister responsible for the public service."

evolving best practices in the areas of governance as may apply to the Corporation.

6.0 Potential Conflicts of Interest

Potential conflicts of interest include a personal or business interest in a matter requiring a Board decision, arising either directly (e.g. through direct or indirect ownership or employment interest) or indirectly (e.g. through potential benefit from participation in a sector).

7.0 Notice of Related Positions

Directors must inform the Board of their other positions which may be of importance to the Corporation or affect their performance of their duties as a Director. This must be done through an annual declaration of interest or where the need arises. If the Board determines that there is a risk of conflict of interest, the matter shall be fully discussed by the Board in accordance with the appropriate section of this Policy. The Corporate Secretary shall keep a list of the related positions held by each Director.

8.0 Conflicts of Interest of Directors

8.1 Duty to Disclose

Upon appointment, each Director shall complete a Declaration of Interest Form which will be maintained by the Corporate Secretary, and a copy of which shall be sent to the responsible Minister through the Financial Secretary. A Director shall immediately report to the Board any conflict of interest or potential conflict of interest and shall provide all relevant information, including but not limited to, information concerning spouse, registered partner, or other life companion and the details of the conflict must be recorded by the Corporate Secretary. The Director concerned must not take part in the assessment by the Board where a conflict of interest exists.

8.2 Related Party Transaction

A potential conflict of interest exists if the Corporation intends to enter into a transaction with a Related Party. A "Related Party" includes the following:

- a. a Director of the JDIC;
- b. the CEO and Senior Managers of the JDIC, including anyone who reports directly to the Board or the CEO;
- c. the father, mother, sons, daughters, husband or wife, or any of the natural persons listed herein;

- d. any business, and the Directors, CEO, senior managers of any business, in which natural persons listed above, own jointly or severally at least 20% of the voting rights; and
- e. any person whose judgment or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the persons in a-c above.

8.3 Abstention by Conflicted Person

Where conflicts of interest do occur, Directors shall not take part in any discussions or decision-making regarding any subject or transaction in which there is a conflict of interest with the JDIC, or exercise their right to vote in respect of such matters. Depending on the nature of the conflict, the Director concerned, and with the instruction of the Chairman of the Board, should recuse himself or herself. The Minutes of the meeting should be detailed in a manner where it does not reveal too much details of the deliberations.

8.4 Requirements to Approve Conflicts of Interest

All transactions in which there are conflicts of interest with Directors shall be agreed on terms that are customary for 'arm's-length' transactions in the JDIC's business. Decisions to enter into transactions in which there are conflicts of interest with Directors require the approval of the Board.

9.0 Confidentiality

9.1 Principle of Confidentiality

- 9.1.1 "Confidential information" means all data and information relating to the business, management, and affairs of the JDIC, its employees, customers, and stakeholders, which are, or come to be, in the possession of the JDIC by virtue of his or her office as Director and which is not in the public domain.
- 9.1.2 As a general rule, each Director shall keep all confidential information confidential and no Director shall use confidential information for personal gain or use. This obligation survives the termination or resignation of the Director as a Director of the JDIC.
- 9.1.3. Unless required to do so by law, no Director shall, during membership on the Board or afterward, disclose any information of a confidential nature regarding the business of the JDIC, that came to the person's knowledge in the capacity as a Director and which the persons know or should know to be of a confidential nature.

9.1.4 A Director may disclose such information to fellow Directors as well as to staff members of the JDIC who, in view of their activities for the JDIC should be informed of the information.

9.1.5 A Director shall not use such confidential information for personal benefit.

9.2 Notice of Disclosure

If a Director intends to disclose to third parties information that the Director has become aware of in their duties and which may be confidential, the Director must inform the Board of the intent and the identity of the person who is to receive the information with sufficient notice for the Board to assess the situation and take a decision. This section applies to both official and personal statements and to any person attending Board meetings which in terms of their content and form are clearly only intended for the Board.

10.0 Access to Records

Each Director has access to the relevant books and records of the JDIC as necessary to discharge his or her function as a Director, requests for such books and records must be routed through the Chief Executive Officer (CEO) and copied to the Corporate Secretary.

11.0 Resolutions and Adoption at Meetings

11.1 A Board may only pass resolutions if a quorum is present.

11.2 Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.

11.3 Each Director has the right to cast one vote.

11.4 Directors shall try to arrive at unanimous decisions. Directors are to be encouraged to voice dissenting opinions which shall be recorded in the Minutes when unanimity cannot be reached.

11.4 In the event that an urgent decision is required before the next scheduled meeting of the Board or Board Committee, a round robin may be circulated to all Directors for comments and/or voting. All comments and/or votes shall be recorded.

11.5 A decision made by round robin shall be unanimous and as valid and effectual as if it had been passed at a meeting of the Board or Board Committee duly convened and held and shall be noted at the subsequent meeting.

- 11.6 All resolutions approved by round robin should thereafter be noted at the next regular Board or Board Committee meeting.
- 11.7 A Directors who objects to any resolution adopted by the Board or its Committee shall have his or her objections recorded in the Minutes.
- 11.8 Directors who have not taken part in a meeting may not object to resolutions adopted at the meeting on the grounds of an invalid notice.
- 11.9 Directors absent from meetings will be taken to have accepted any decision made if no objections are made within seven (7) days of becoming aware of the decision²⁵. Directors who are absent should be made aware of any material decisions within three (3) days of the held meeting.
- 11.5 Where unanimity cannot be achieved and the law does not prescribe a larger majority, all resolutions of the Board shall be adopted by a majority of the votes cast. In the event of an equality of votes, the Chairman of the Board has the deciding vote.

12.0 Governance Process Policies to Guide Oversight Responsibilities

12.1 Independence of the Board

- 12.1.1 The Board will exercise its judgment independent of personal interest or undue influence²⁶. The Board should ensure that the Corporation is conforming to legislation, and its mandate, and achieving agreed outcomes.
- 12.1.2 Directors should be able to work co-operatively with Management and, where necessary, demonstrate objectivity and robust independence of judgment. The Board may exercise independent judgment in various ways including the following:
 - (a) Board members provide invaluable input but do not, however, serve on the Board under the specific direction of the Minister of Finance and the Public Service. Directors who are public servants should exercise independent judgment in ways that best fulfill their responsibilities to the Corporation, whilst avoiding any conflict of interest with their role as Public Servants.
 - (b) The Board should act as a sounding board but should challenge the assumptions, identified alternatives, and

²⁵ Section 8 of the Public Bodies Management and Accountability Act

²⁶ PMBA s 17 and DIA para 13 of Schedule – see reference at end of policy

assessments contained in the corporate plan and other proposals.

- (c) The Board should satisfy itself that the views of Management have been questioned and tested. The Board should actively challenge Management's proposals.
- (e) A Board should be able to obtain independent financial, legal, or other advice from an outside adviser, at the expense of the Corporation, where appropriate. There should be an approved Board policy for Directors, in furtherance of their duties, to take independent professional advice at the Corporation's expense, if necessary.

12.2 **Board Effectiveness and Governance Responsibilities**

12.2.1 Board members are to develop an understanding of JDIC's objects, powers, and governance responsibilities and will develop and maintain strategies to fulfill their responsibilities and evaluate objectively and regularly, their effectiveness in doing so.²⁷ To achieve this, the Board will:

- (a.) ensure that the Corporation has proper arrangements in place for the orientation of new Directors and for the facilitation of ongoing training to enable the Board to effectively carry out its responsibilities.
- (b) observe the Code of Ethics developed by the Ministry of Finance and the Public Service as part of its Corporate Governance regime and the Corporation's Code of Business Conduct and Ethical Behaviour. However, it may enhance aspects of the Code, where necessary, based on its particular operations in keeping with guidelines established by the Ministry.
- (c) allow ex-officio Officers to assist the Board to better appreciate public policy objectives and to understand the broad public policy philosophy and the direction that should be pursued by the Corporation.
- (d) develop a process to annually evaluate the effectiveness of the Board, its committees, and individual Directors.

²⁷ PBMA s. 6 "Every Board shall....."; PBMA s. 7 "(Corporate Plan)"; PBMA s. 8 "(Audit Committee)"; PBMA s. 18 "(Duty to Dissent)" and PBMA s. 23 "(Quarterly and Half Year Reporting)"
DIA s. 6" (Annual Report)"; DIA 10 sub s. 4 "(Annual audited financials)" see the relevant sections at the end of Policy.

- (e) ensure newly appointed Directors should be provided with adequate orientation and training concerning their responsibilities to the Corporation, the Corporation's relationship with the Government, compensation policies for the Corporation's Management, and Board procedures.
- (f) work with Management to develop the Corporation's corporate plans²⁸, business strategies, and performance measurement systems to achieve corporate objectives taking into account environmental and stakeholder change.
- (g) work with Management to develop management systems and structures that best align with corporate objectives, compliance, and reporting responsibilities.
- (h) ensure that management systems are adequate to allow for timely corporate reporting under the Deposit Insurance Act and the PBMA, [Appendix of Reporting timelines as per relevant statutes to be attached].
- (i) adopt Fund management strategies, Fund review, and alternative funding strategies within the context of relevant risk.
- (j) maintain, in consultation with the CEO, a profile of desirable skills and capabilities that would best enable the Board to fulfill its responsibilities, and advise the Minister of the desired mix that should be sought in filling upcoming Board vacancies²⁹.
- (k) satisfy itself that the compensation package of the Corporation's officers and employees is consistent with the sustainable achievement of the Corporation's objects, the prudent management of its affairs, and the risks to which it is exposed and adherence to its policies and procedures. The Board will review the compensation program for all Directors, and make recommendations to the Minister of Finance and the Public Service in that regard.

²⁸ PBMA (Amendments) 2010 – Section 2 -2A (1) and (2) "Before the end of each financial year, the Minister shall cause to be prepared, in such form as may be approved by the Minister, estimates of revenue and expenditure for public bodies with respect to the ensuing financial year, containing a summary of (a) the corporate plans of all public bodies, including their total budgetary requirements;"

²⁹ DIA Schedule para. 1. (Establishment of Board)

- (l) ensure that levels of remuneration for officers and employees should be sufficient to attract and retain them to run the entity successfully. Further to schedule para. 14 (4) of the DIA³⁰, officers, and employees appointed by the Corporation shall hold office for such periods, receive such salaries, allowances, and benefits, and shall be subject to such terms and conditions of service as may be determined by the Minister.
- (m) ensure that the Corporation, as outlined under schedule para 14(1). *"appoints and employs at such remuneration and such terms and conditions as it thinks fit, a Chief Executive Officer, a secretary, and such other officers, agents and employees as it deems necessary for the proper carrying out of its functions under this Act"*.

13.0 Risk Management and Internal Controls Policies

13.1 Significant Risks to the Corporation³¹

13.1.1 The Board should put in place a formal Enterprise Risk Management (ERM) framework to manage risk across all functional areas of the Corporation. The framework should be designed to identify, assess, monitor, and manage risks. The risk profile may include operational risks; regulatory risks; market risks; credit risks; and; reputational. Any material changes to the risk

³⁰ DIA schedule 4 *"It shall be lawful for the Corporation, with the approval of the Minister- (a) to enter into arrangements respecting schemes whether by way of insurance policies or not: (b) to make regulations, for pensions, gratuities and other retiring or disability or death benefits relating to employees of the Corporation and such arrangements or regulations may include provisions for the grant of benefits to the dependents or legal personal representatives of such employees"*.

³¹ **BOJ Standards of Sound Business Practices-Internal Controls**

"internal control is the process, effected by an institution's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the safe guarding of assets and asset values, the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations..."

Internal controls are established and implemented alone, or in concert with other policies of procedures, to manage and control a particular risk or business activity, or combination of risks or business activities, to which the institution is exposed or in which it is engaged..."

DIA s. 10(3)

"The accounts of the corporation shall be audited by an auditor or auditors appointed annually by the Corporation and approved by the Minister."

PBMA s. 9(1)

"The audit committee of the public body shall – advise the board on-the adequacy, efficiency and effectiveness of the accounting and internal control structure and systems of the public body..."

profile of the Corporation should be reported to the Minister of Finance and the Public Service and the Permanent Secretary.

13.1.2 The Board will:

- (a) obtain an understanding of the significant risks to which the Corporation is exposed.
- (b) ensure that appropriate and prudent risk management systems to manage risks identified have been implemented and reviewed regularly, but at least annually, to satisfy itself that they continue to be appropriate and prudent.
- (c) obtain reasonable assurance, regularly, but at least annually, that the Corporation has effective ERM policies which are being adhered to.
- (d) ensure the development and implementation of ERM framework taking into consideration that:
 - i. Information Technology risks should be seen as a critical component of the ERM framework;
 - ii. The Board should decide on the Corporation's risk appetite and its ability to absorb the consequences of such risks;
 - iii. Where appropriate, the Board should ensure that an appropriate person is appointed to manage risks within the Corporation through its Audit Committee;
 - iv. The Board should ensure that all staff members of the Corporation are aware of the ERM framework and how it informs their day to day business activities;
 - v. The Board should delegate the responsibility of ERM to a Committee of the Board, preferably the Audit Committee. The Committee will be required to ensure a robust and systematic approach to improve risk management and minimize the Corporation's exposure to risks.
 - vi. The Board should ensure that training in risk management is part of the ongoing professional development programme for Directors and staff.

13.1.3 Management will:

- (a) provide regular reports that will enable the Board to understand significant risks.
- (b) recommend risk management policies for the Corporation's significant risk to the Board for consideration and should review policies periodically.
- (c) provide the Board with periodic reports where risks are not being managed in accordance with established policies and assess the appropriateness of risk management policies.
- (d) provide the Board with regular Reports on whether the Corporation has an appropriate ERM process.

13.2 **Control Environment and Internal Audit**

- 13.2.1 The Board will ensure that the Corporation has a controlled environment that supports the prudent management of its operations and of the risks to which it is exposed (including risks to the attainment of its objects) and has effective policies and practices to assure the integrity of internal controls and management information systems³².
- 13.2.2 The Board will establish the mandate of, and allocate sufficiently, resources for the internal audit of the Corporation, approve the audit plan annually and seek, regularly, reasonable assurance that the Corporation's policies and procedures are being monitored and adhered to and that appropriate action is taken to address any significant weaknesses or gaps identified.
- 13.2.3 The Board should strive to achieve the correct balance between its various stakeholder groupings; ensuring equitable treatment and mutual respect for all, to advance the interests of the Corporation.
- 13.2.4 Management will ensure that the Corporation has a controlled environment that supports the prudent management of its operations and of the risks to which it is exposed and contribute to the achievement of its objectives. It will provide regular reports to the Board on compliance with documented controls.

³² PBMS s. 9 (1) "The audit committee of a public body shall –
... (a) oversee any internal audit of the public body..."

13.2.5 Management should develop and implement a formal process to resolve internal and external disputes.

13.2.6 Management is to document organizational and procedural controls to:

- (a) provide the necessary guidance to individuals responsible for the Corporation's policies, procedures, and controls; and
- (b) assist in ensuring that the controls used are authorized, adequate and current.

14.0 LINKAGES POLICIES THAT DEFINE RELATIONSHIPS WITH AND RESPONSIBILITIES OF THE CHIEF EXECUTIVE OFFICER

14.1 Distinction of Responsibilities

14.1.1 The Board will distinguish and document the responsibilities and accountability of the Chairman and Chief Executive Officer³³ (CEO) and has done so in this Policy. Schedule para. 14 (1) and (2) of the Deposit Insurance Act provides for the Board to appoint a CEO, and the CEO shall be responsible for the day-to-day administration of the business and affairs of the Corporation. The Board should avoid participating in the day-to-day management of the business of the Corporation.

14.1.2 The CEO's primary responsibilities include making major corporate decisions, managing the overall operations and resources of the Corporation, acting as the main point of communication between the Board and corporate operations, and being the public face of the Corporation.

³³ **DIA Schedule para 1** "There shall be a Board of Directors of the Corporation which, subject to the provisions of this Act, shall be responsible for the policy and general administration of the Corporation and the management of the Deposit Insurance Fund."

DIA Schedule para 14 (1) and (2)

"(1) The Corporation may appoint and employ at such remuneration and such terms and conditions as it thinks fit, a chief executive officer, a secretary and such other officers, agents and employees as it deems necessary for the proper carrying out of its functions under this Act."

(2) The chief executive officer shall be responsible for the day –to –day administration of the business of the Corporation and for the execution of the policy of the Corporation..."

Bank of Jamaica – Standards of Sound Business Practices – Internal Controls

"Effective corporate governance requires a high level of cooperation between an institution's Board of Directors and its Management. Management supervision is one of the board's most direct responsibilities. A Board of Directors should ensure that the institution's day – to –day operations are in the hands of qualified, honest and competent management. This necessitates that each director exercise independent judgment in evaluating management's actions and competence. Carrying out this responsibility generally periodic goal setting, review and evaluation of management performance.

14.1.3 The Board will:

- (a) influence the ethical values of the Corporation;
- (b) develop a set of corporate objectives, at least annually, for which the CEO is responsible for achieving and evaluate the performance of the CEO against those objectives;
- (c) appoint the CEO, decide on his/her compensation package in accordance with relevant guidelines, established performance standards and evaluate his/her performance annually³⁴;
- (d) develop position descriptions for the Chairman and CEO.
- (e) define the duties and responsibilities of the CEO;
- (f) select or approve an individual with appropriate ability, integrity, and experience to fill the CEO's position;
- (g) review proposed Management appointments;
- (h) ensure the selection, appointment, and retention of qualified and competent management;
- (i) review the Corporation's Human Resource Management Policies, including reviewing and approving changes to the compensation plan for all employees and Management;
- (j) review the Corporation's Management succession plan; and
- (k) review the sufficiency and qualifications of the Corporation's human resources.

14.2 Establishment of Standards of Conduct and Ethical Behaviour

14.2.1 The Board will establish standards of conduct and ethical behaviour for Directors and the Corporation's officers and other employees and obtain, regularly, reasonable assurance that the Corporation has an ongoing, appropriate and effective process for ensuring adherence to those standards³⁵.

³⁴ Corporate Governance Framework for Public Bodies September, 2011 revised October, 2012

³⁵ **DIA – para 13 of Schedule** "No action, suit, prosecution or other proceedings shall be brought or instituted against the Corporation or against any director, officer, employee or any person acting on behalf of the Corporation in respect of any act done bona fide in pursuance or execution or intended execution of this Act"

14.2.2 Management is to provide the Board with recommendations for their consideration regarding standards of conduct and ethical behaviour for Directors, officers, and employees³⁶.

14.2.3 Management is to develop and implement an ongoing, appropriate and effective process for ensuring adherence to the Corporation's standards of conduct and behaviour and provide the Board periodically with reports that will enable the Board to assess the quality of the Corporation's processes for ensuring adherence to these standards.

14.3 **Appointment of Officers**

14.3.1 The Corporation will appoint officers, including the CEO, who are suitably qualified and capable of carrying out duties prescribed in the DIA or other duties identified by the Corporation effectively and prudently³⁷.

14.3.2 It is important for Management positions to be filled by suitably qualified individuals capable of managing the operations of the Corporation effectively and prudently.

14.3.3 Management is to provide the Board with recommendations for their consideration regarding the appointment of officers (other than the CEO).

14.4 **Succession plan for the Chief Executive Officer**

14.4.1 The Board will plan for the succession of the Chief Executive Officer and senior officers.

14.4.2 The CEO, will develop plans for the appointment, training, assessment, and motivation of senior managers.

14.4.3 The Board will ensure satisfaction that the Corporation's programmes to train and develop Management to provide for an orderly succession.

DIA s. 24 (Persons with official duties or employed in the administration of DIA have duty to secrecy and confidentiality)

JDIC HR Policies and Procedures section 10 – Code of Conduct (see details at end of policy)

³⁶ DIA –para 3,4,5 of Schedule (see schedule at end of policy)

³⁷ DIA Schedule para 14 (1) and (2)

"(1) The Corporation may appoint and employ at such remuneration and such terms and conditions as it thinks fit, a chief executive officer, a secretary and such other officers, agents and employees as it deems necessary for the proper carrying out of its functions under this Act."

14.4.4 The CEO will review and discuss with the Board, succession planning for Management.

15.0. End Policies to Guide the Chief Executive Officer in the day-to-day management of the Corporation as the Agent of the Board

15.1 Periodic review of the JDIC's Objects and Plans

15.1.1 The Board will periodically review and assess the Corporation's objects and plans to ensure their continued relevance, and where appropriate, propose changes for consideration by the Minister of Finance and the Public Service.

15.1.2 The Board will adopt a strategic planning process.

15.1.3 At least annually, the Board will approve the Corporate Plans and the operating and capital budget, which is appropriate and prudent in light of the Corporation's objects, current and anticipated environment, risks, resources, and financial position³⁸.

15.1.4 The Board should ensure that measures for managerial performance take into account the financial, socio-cultural, and environmental dimensions (**known as the triple-bottom-line-approach**) of business procedures, legal procedures, and ethical practices with a focus on their customers and other stakeholders.

15.1.5 The Board should ensure that CSR is addressed as an important tenet of the Corporation's corporate governance framework.

³⁸ PBMA s.6 "Every board shall –

(a) take such steps as are necessary –

(i) for the efficient and effective management of the public body;

(ii) to ensure the accountability of all persons who manage the resources of the public body;

(b) develop adequate information, control, evaluation and reporting systems within the body;

(c) develop specific measurable objectives and performance targets of that body;

(d) advise the responsible Minister on matter of general policy relating to the management of the body."

PBMA s.7 (1), (2), (3), s. 7A and PBMA (Amendment, 2010) section 5

"(1) Every board shall, not later than the 1st day of January in each year (**amendment substitute to** "The board of directors of a public body shall, not later than three months before the end of the financial year of the public body", deliver to the responsible Minister (and a copy thereof to the Minister) a draft corporate plan in accordance with regulations made hereunder

(2) Every corporate plan shall contain the information specified in the First Schedule..."

PBMA First Schedule "Each corporate plan shall contain the following information ...3 an operating budget, 4. Capital budgets and their justification..."

PBMA s.23

"Every public body shall prepare and submit to the responsible Minister, half yearly and quarterly reports in accordance with Parts II and III of the Second Schedule"

- 15.1.6 The Board should ensure that the Corporation develops and publishes in its annual report, a statement on its CSR activities, and should produce for public scrutiny a CSR statement of commitment and philosophy, to which stakeholders can hold it accountable.
- 15.1.7 The Board shall regularly evaluate the Corporation's performance in implementing its approved plans and budgets.
- 15.1.8 The Board shall obtain, regularly, reasonable assurance that the Corporation has an effective strategic management process.
- 15.1.9 The Board should examine its public policy objectives and periodically, the legislated mandate to ensure their continued relevance.
- 15.1.10 The Board should ensure that all public policy objectives are clearly defined in law and adequately described in the Corporation's Corporate Plans.
- 15.1.11 Management will periodically assess the continued relevance of the Corporation's objects and powers and report to the Board on the results of these reviews.
- 15.1.12 Management will periodically develop recommendations for prudent and appropriate operating objectives and strategies, and operating budget, borrowing plan, corporate plan, and premium rate that effectively take into account the Corporation's object, current and anticipated environment, risks, resources, and the financial position, and submit recommendations to the Board for consideration.
- 15.1.13 Management will provide the Board with regular reports that enable it to assess the Corporation's performance in implementing its current approved objectives, strategies, plans, and budgets.
- 15.1.14 Management will provide the Board with regular reports that enable it to assess whether the Corporation has an appropriate and effective strategic management process.

15.2 Effective Communications

- 15.2.1 The Board will ensure that the Corporation communicates effectively with the governmental authorities, depositors, policy holding institutions, regulators and supervisors, and other stakeholders promptly.

- 15.2.2 The Board should ensure that the Corporation's reports adequately communicate the significant issues confronting the Corporation.
- 15.2.3 The Board must be satisfied with the main messages contained in the Corporation's Annual Report and, where applicable, in the documents tabled in Parliament, including the Corporate Plan summary, the budget summaries, and the Corporation's Annual Report.
- 15.2.4 Board and Management should identify and recognize discreet communication areas based on the identity of its major stakeholders and develop appropriate channels within the context of corporate operations and accountabilities.
- 15.2.5 The Corporation, through the Chairman or the CEO, should inform the government of any significant developments or decisions that are likely to have a major impact on the Corporation or public perceptions and attitudes towards it. Any significant direct communication between Management and the government should be brought to the attention of the Board.
- 15.2.6 Management is to prepare and recommend appropriate communication protocols for discrete areas within the purview of the Board and Management taking into account corporate accountabilities.

15.3 **Review of Board Governance Policy**

The Board will review these Board Governance Policies at least every two (2) years to ensure that they remain relevant to the circumstances and needs of the Corporation. The Policies, at a minimum, should reflect the statutes to which the Corporation is subject, such standards prescribed for its Policyholders to the extent relevant, and the applicable policies of the government from time to time.

LIST OF REFERENCES

1. PIDM BOARD GOVERNANCE POLICY.....Last reviewed May 26, 2011
2. The Company Secretary's Handbook 3rd Edition Hellen Ashton
3. The Administration and Conduct of Corporate meetings.... Grenville W. Phillips
4. Chairing the Board.....John Harper
5. Bank of Jamaica – Standard of Sound Business Practice
6. Deposit Insurance Act 1998, amendments of 2011
7. PBMA Act 1999, amendments of 2003, 2010 and 2011
8. IADI Core principles 2014
9. JDIC HR Policies and Procedures (including Code of Business Conduct and Ethical Behaviour)
10. The Corporate Governance Framework for Public Bodies in Jamaica, 2011 revised October 2012

LIST OF ANNEXES

- i. Extract from the Deposit Insurance Act**
- ii. Extract from the Public Bodies Management and Accountability, 1999**
- iii. Extract from the Public Bodies Management and Accountability (Amendment) Act, 2010**
- iv. Extract from the Public Bodies Management and Accountability (Amendment) Act, 2011**
- iv. Extract from the IADI Core Principles**
- v. Extract from JDIC HR Policies and Procedures**
- vi. Extract from the Corporate Governance Framework for Public Bodies in Jamaica, 2011 revised 2012**

EXTRACT FROM THE RELEVANT ACTS REFERRED TO IN THE BOARD GOVERNANCE POLICY

A. DEPOSIT INSURANCE ACT (s. 6, 8, 9, 10, 24 and Schedule)

policyholder whether by merger with or acquisition by another financial institution or otherwise;

- (d) deduct from payments made to a depositor out of the Fund in respect of an insured deposit, arrears in respect of any credit facilities, deposits pledged as collateral, called-in guarantees and unsecured overdrafts due from the depositor to the policyholder in question.

Report by
Corporation.

6. The Corporation shall—

- (a) furnish to the Minister, such operating plans and forecasts, returns, accounts and other information as the Minister may require with respect to the property and activities of the Corporation; and
- (b) afford to the Minister facilities for verifying such information in such manner and at such times as he may reasonably require.

Relationship with
the Bank
of Jamaica.

7.—(1) In carrying out its functions under paragraph (a) or (c) of subsection (1) of section 5, the Corporation shall act after consultation with the Bank.

(2) For the purposes of the performance of its functions—

- (a) the Corporation shall be entitled to receive from the Bank upon request, copies of its on-site examination reports on policyholders which fall under its purview and all material information relating to the safety and financial soundness of policyholders, including reports and returns submitted by them and directions issued by the Bank to them; and
- (b) the Corporation shall make available to the Bank any report or information which may be utilized by the Bank to enhance the development of sound financial practice in Jamaica.

[The inclusion of this page is authorized by L.N. 146/1999]

(3) An appointment by the Corporation of a receiver, liquidator, or judicial manager under paragraph (c) of subsection (2) of section 5 shall not be made except with the approval of the Minister.

8. The Insurance Act shall not apply to the Corporation.

Insurance Act not applicable to Corporation.

PART III. *Financial*

9.—(1) Subject to the provisions of this section, the authorized capital of the Corporation shall be the sum of one million dollars which shall be subscribed by the Government.

Capital of Corporation.

(2) The Minister may, after consultation with the Corporation, from time to time by order subject to negative resolution, increase the amount of the authorized capital of the Corporation, notification whereof shall be published in the *Gazette*.

10.—(1) The Corporation shall keep proper accounts and other records in relation to its business and shall prepare annually a statement of accounts in a form satisfactory to the Minister, being a form which shall conform with established accounting principles.

Accounts and audit.

(2) Transactions relating to the administration of the Fund under this Act shall be distinguished from transactions relating to other activities of the Corporation and shall be recorded and dealt with separately in the annual accounts and reports of the Corporation.

(3) The accounts of the Corporation shall be audited by an auditor or auditors appointed annually by the Corporation and approved by the Minister.

(4) So soon as the accounts of the Corporation have been audited, the Corporation shall send the statement of

[The inclusion of this page is authorized by L.N. 146/1999]

- (b) to be attributable to the failure of any such director, manager, secretary or other officer or person to exercise all such reasonable diligence as he ought in the circumstances to have exercised to prevent the offence, having regard to the nature of his functions and all the circumstances,

such director, manager, secretary or other officer or person as aforesaid, as well as the body corporate shall be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

(2) For the purposes of this section, a person shall be deemed to be a director of a body corporate if he occupies in relation thereto the position of a director, by whatever name called, or is a person in accordance with whose directions or instructions (not being directions or instructions in a professional capacity only) the directors and the body corporate or any of them act.

Obligation
for secrecy.

24.—(1) Every person having any official duty or being employed in the administration of this Act shall regard and deal with as secret and confidential all documents, information and records relating to—

- (a) any matter being dealt with by the Corporation;
- (b) any policyholder,

and shall upon assuming such duty or employment make and subscribe a declaration to that effect before a Justice of the Peace.

(2) Every such person as is referred to in subsection (1) having possession or control over any such documents, information or records, who at any time communicates or attempts to communicate such information or anything contained in such documents or records to any person—

[The inclusion of this page is authorized by L.N. 146/1999]

SCHEDULE

(Sections 2 and 3)

BOARD OF DIRECTORS

Establishment and constitution of Board.

36/1999
S. 2.

1. There shall be a Board of Directors of the Corporation which, subject to the provisions of this Act, shall be responsible for the policy and general administration of the Corporation and the management of the Fund and shall consist of the following—

- (a) three *ex officio* directors, namely the Governor of the Bank or his nominee, the Financial Secretary or his nominee and the chief executive officer of the Corporation or his nominee;
- (b) four other directors appointed by the Minister by instrument in writing (hereinafter referred to as appointed directors) as follows—
 - (i) one of whom the Minister shall appoint to be Chairman for a period not exceeding three years;
 - (ii) the other three directors shall be appointed for a period not exceeding two years.

Chairman.

2. The Chairman and the other appointed directors shall be eligible for reappointment for two consecutive periods.

Qualifying criteria.

3. A person may not be appointed or remain a director who—

- (a) is a member of either House of Parliament;
- (b) is or has during the three years preceding such appointment been a director, officer, employee or auditor of a policyholder;
- (c) is a shareholder holding more than 10% of the voting shares of a policyholder.

Resignation.

4.—(1) A director, other than the Chairman, may resign his office by instrument in writing addressed to the Minister and transmitted through the Chairman, and from the date of receipt by the Minister of such instrument, that director shall cease to hold office.

(2) The Chairman may at any time resign his office by instrument in writing addressed to the Minister, and such resignation shall take effect as from the date of receipt by the Minister of such instrument.

Termination of appointment.

5. The Minister may terminate the appointment of any director who—

- (a) becomes of unsound mind or becomes permanently unable to perform his functions by reason of ill health;
- (b) becomes bankrupt or compounds with or suspends payment to his creditors;
- (c) is convicted and sentenced, to a term of imprisonment or to death;
- (d) is convicted of any offence involving dishonesty;

[The inclusion of this page is authorized by L.N. 3/2001]

- (e) is reported to the Minister by a majority of the Board as failing to carry out the functions imposed or conferred on him under this Act;
- (f) becomes disqualified to hold office by virtue of paragraph 3.
- 6.—(1) The Board shall meet as often as it considers necessary and at such times and places as it determines, provided that it shall meet at least six times in every calendar year. **Meetings.**
- (2) Four directors shall constitute a quorum.
- (3) The Chairman, or in the event of his absence or inability to act, such director as the other directors elect, shall preside at the meetings of the Board.
- (4) The decision of the Board shall be by a majority of votes and the Chairman (or other person presiding over the meeting) shall have both an original and a casting vote.
7. The validity of any proceedings of the Board shall not be affected by any vacancy amongst the directors or by any defect in the appointment of a director. **Validity of proceedings.**
8. The names of all members of the Board as first constituted and any change in the membership thereof shall be published in the *Gazette*. **Publication of membership.**
9. Subject to the provisions of this Schedule the Board may regulate its own proceedings. **Regulating proceedings.**
- 10.—(1) The seal of the Corporation shall be authenticated by the signatures of the Chairman or one director of the Corporation authorized to act in that behalf and the secretary of the Board. **Seal.**
- (2) All documents, other than those required by law to be under seal, made by, and all decisions of, the Board may be signified under the hand of the chairman or any director authorized to act in that behalf or the secretary of the Board.
11. The Chairman and other directors shall be paid such remuneration whether by way of honorarium, salary or fees, and such allowances, and on such conditions, as the Board may decide subject to the approval of the Minister. **Remuneration.**
12. The office of Chairman or of a director of the Board shall not be a public office for the purpose of Chapter V of the Constitution. **Office not public office.**
13. No action, suit, prosecution or other proceedings shall be brought or instituted against the Corporation or against any director, officer, employee or any person acting on behalf of the Corporation in respect of any act done *bona fide* in pursuance or execution or intended execution of this Act. **Indemnity against suit.**

[The inclusion of this page is authorized by L.N. 146/1999]

STAFF

Chief
executive
officer and
other staff.

14.—(1) The Corporation may appoint and employ at such remuneration and on such terms and conditions as it thinks fit, a chief executive officer, a secretary and such other officers, agents and employees as it deems necessary for the proper carrying out of its functions under this Act.

(2) The chief executive officer shall be responsible to the Board for the day-to-day administration of the business of the Corporation and for the execution of the policy of the Corporation.

(3) The Governor-General may, subject to such conditions as he may impose, approve of the appointment of any public officer in the service of the Government to any office with the Corporation and any public officer so appointed shall, in relation to any pension, gratuity or other allowance, and to other rights as a public officer, be treated as continuing in the service of the Government.

(4) It shall be lawful for the Corporation, with the approval of the Minister—

- (a) to enter into arrangements respecting schemes whether by way of insurance policies or not;
- (b) to make regulations,

for pensions, gratuities and other retiring or disability or death benefits relating to employees of the Corporation and such arrangements or regulations may include provisions for the grant of benefits to the dependants or legal personal representatives of such employees.

PUBLIC BODIES MANAGEMENT AND ACCOUNTABILITY ACT (S. 6, 7, 8, 9,18, 20 and 23)

6. Every board shall—

Corporate
governance.

- (a) take such steps as are necessary—
 - (i) for the efficient and effective management of the public body;
 - (ii) to ensure the accountability of all persons who manage the resources of the public body;
- (b) develop adequate information, control, evaluation and reporting systems within the body;
- (c) develop specific and measurable objectives and performance targets for that body;
- (d) advise the responsible Minister on matters of general policy relating to the management of the body.

7.—(1) Every board shall, not later than the 1st day of January in each year, deliver to the responsible Minister (and a copy thereof to the Minister) a draft corporate plan in accordance with regulations made hereunder.

Corporate
plan.

(2) Every corporate plan shall contain the information specified in the First Schedule.

First
Schedule.

(3) The board shall—

- (a) consider any comments on the draft corporate plan that are made by the responsible Minister (and, where applicable, the Minister); and
- (b) deliver—
 - (i) the final corporate plan to the responsible Minister for his approval; and
 - (ii) a copy of the approved plan to the Minister on or before the 31st day of January in any year.

(4) Subject to subsection (5), the board may modify a corporate plan and shall give written notice of such modification to the Minister.

(5) Where a board intends to modify a corporate plan it shall—

- (a) give written notice of that intention to the responsible Minister, stating the nature of the proposed modification;
- (b) take into account any comments made by the responsible Minister in relation thereto.

(6) The responsible Minister shall cause a copy of the corporate plan to be laid on the Table of the House of Representatives and the Senate.

Audit
committees.

8.—(1) Subject to subsections (2) and (3), every public body that has four or more directors shall establish an audit committee consisting of not less than three directors.

(2) The board of a public body with three or less than three directors shall constitute the audit committee of that body.

(3) The majority of members of an audit committee shall not be officers or employees of the public body.

(4) The auditor of a public body shall—

- (a) be entitled to be given notice of and attend every meeting of the directors or audit committee, in relation to matters concerning the auditor's functions or on which the auditor has made a report; and
- (b) attend every such meeting when requested to do so by the directors or audit committee.

{ The inclusion of this page is authorized by L.N. 112/2002 }

9.—(1) The audit committee of a public body shall—

Duties of
audit
committees.

(a) advise the board on—

- (i) practices and procedures which will promote productivity and the quality and volume of service;
- (ii) the extent to which the objects of the public body are being achieved; and
- (iii) the adequacy, efficiency and effectiveness of the accounting and internal control structure and systems of the public body;

(b) review and advise the board on the financial statements that are to be included in the annual report of the public body;

(c) oversee any internal audit of the public body;

(d) review and advise the board on the annual auditor's report;

(e) in the case of a public body undergoing a special audit or examination, review and advise the board with respect to the report of that audit or examination; and

(f) perform such other functions as are assigned to it by the board.

(2) The audit committee shall keep detailed records of its meetings and such records shall be made available to the external auditor and any examiner of a public body during any external audit or examination.

10.—(1) The Financial Secretary shall, after consultation with public bodies, the Auditor-General, the Institute of Chartered Accountants of Jamaica and such other suitably qualified persons as may be expedient, prepare and keep under review, a code of audit practices prescribing the way in which auditors are to carry out their functions under this Act.

Code of
audit
practices.

[The inclusion of this page is authorized by L.N. 112/2002.]

Auditor's Right to Information

15. The directors or former directors, officers, employees or agents of a public body shall furnish to the auditor such information and explanation and records, documents, books of accounts and vouchers of the public body or any of its subsidiaries as the auditor may require in order to enable him to prepare any report required by this Act or any relevant enactment.

Auditor's
right to
information.

16.—(1) A director or officer of a public body shall, on becoming aware of any material error or omission in a financial statement to which a report prepared by the auditor relates, forthwith notify the auditor of that error or omission.

Errors and
omissions.

(2) An auditor or former auditor of a public body who is notified pursuant to subsection (1) or becomes aware of any material error or omission in a financial statement to which a report prepared by the auditor or former auditor relates, shall forthwith notify each director of the public body of that error or omission.

(3) Where an auditor or former auditor of a public body notifies the directors of an error or omission in accordance with subsection (2), the auditor or former auditor shall issue a correction to the report and a copy thereof shall be given to the Auditor-General, the responsible Minister and the Minister.

PART III. Duty of Care, Disclosures, etc., of Directors and Officers

17.—(1) Every director and officer of a public body shall, in the exercise of his powers and the performance of his duties—

Duty of
care.

- (a) act honestly and in good faith in the best interests of the public body; and
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable

[The inclusion of this page is authorized by L.N. 112/2002.]

circumstances including, but not limited to the general knowledge, skill and experience of the director or officer.

(2) A director who is directly or indirectly interested in any matter which is being dealt with by the board—

- (a) shall disclose the nature of his interest at a board meeting;
- (b) shall not take part in any deliberation of the board with respect to that matter.

Dissent of
absent
director.

18. A director who was absent from a board meeting at which a resolution was passed or any other action was taken, shall be deemed to have consented thereto unless, within seven days after becoming aware of that resolution or action, as the case may be, the director—

- (a) causes written notice of his dissent to be appended to the minutes of the meeting; or
- (b) delivers such notice to the registered office of the body or sends such notice by registered mail addressed to that office.

Reliance on
statement.

19. A director or officer shall not be liable for a breach of duty under section 17(1) if he relies in good faith on a report of an attorney-at-law, accountant, engineer, valuer or any other person whose profession gives authority to a statement made by him.

Levels of
emoluments.

20. In the exercise of any powers conferred on a board by a relevant enactment or any constituent documents in relation to emoluments payable to the staff of a public body, the board shall act in accordance with such guidelines as are issued from time to time by the Minister responsible for the public service.

[The inclusion of this page is authorized by L.N. 112/2002.]

PART IV. *General*

21.—(1) A public body shall not form a new company without the prior written approval of the responsible Minister given after consultation with the Minister.

Restriction
on
formation
of new
companies.

(2) An application for approval under subsection (1) shall—

- (a) state the reasons for the proposed formation of the new company;
- (b) contain particulars relating to the financing of the operations of the proposed company, the corporate plan and employment of staff.

22.—(1) Without prejudice to the provisions of any relevant enactment or constituent documents in relation to the preparation of annual reports by a public body, such reports shall be prepared in accordance with Part I of the Second Schedule.

Contents
of annual
reports.

Second
Schedule.

(2) A report under subsection (1) shall not contain any information of a commercial value which would be or could reasonably be expected to be, destroyed or diminished if the information were disclosed.

23. Every public body shall prepare and submit to the responsible Minister, half yearly and quarterly reports in accordance with Parts II and III of the Second Schedule.

Other
reports
by public
bodies.

24.—(1) The Minister may make regulations generally for giving effect to the provisions and purposes of this Act.

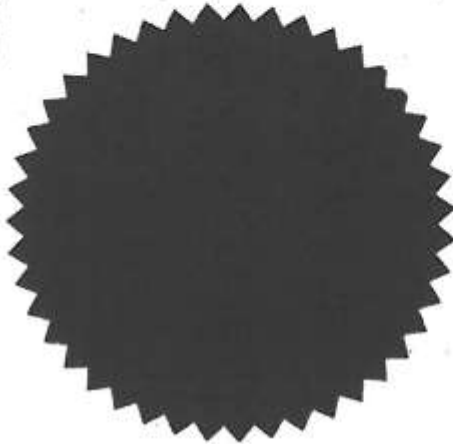
Regulations.

(2) Regulations made under subsection (1) shall be subject to affirmative resolution.

PUBLIC BODIES MANAGEMENT AND ACCOUNTABILITY (AMENDMENT) ACT, 2010

JAMAICA

No. 7 - 2010



I assent,

P. C. Allen

Governor-General

22nd day of March, 2010

AN ACT to Amend the Public Bodies Management and Accountability
Act. The date notified by the Minister
[bringing the Act into operation]

BE IT ENACTED by The Queen's Most Excellent Majesty, by and
with the advice and consent of the Senate and House of
Representatives of Jamaica, and by the authority of the same, as
follows:—

1.—(1) This Act may be cited as the Public Bodies Management
and Accountability (Amendment) Act, 2010, and shall be read and
construed as one with the Public Bodies Management and
Accountability Act (hereinafter referred to as the principal Act) and
all amendments thereto.

Short title,
construction
and
commencement

(2) This Act shall come into operation on a day appointed by
the Minister by notice published in the *Gazette*.

2	[No.] <i>The Public Bodies Management and Accountability (Amendment) Act, 2010</i>
Insertion of new section 2A into principal Act.	<p>2. The principal Act is amended by inserting next after the heading "Part II. Corporate Governance and Accountability" the following as section 2A—</p> <p>"Estimates of revenue and expenditure.</p> <p>2A.—(1) Before the end of each financial year, the Minister shall cause to be prepared, in such form as may be approved by the Minister, estimates of revenue and expenditure for public bodies with respect to the ensuing financial year, containing a summary of—</p> <ul style="list-style-type: none"> (a) the corporate plans of all public bodies, including their total budgetary requirements; and (b) such other data and information pertaining to public bodies as the Minister may require. <p>(2) The Minister shall cause the estimates referred to in subsection (1) to be laid before the House of Representatives and the Senate for approval."</p>
Amendment of section 5 of principal Act.	<p>3. Section 5 of the principal Act is amended—</p> <ul style="list-style-type: none"> (a) by deleting subsection (1) and substituting therefor the following— <ul style="list-style-type: none"> " (1) Notwithstanding the provisions of any relevant enactment or constituent document, a public body shall not, without the prior written approval of the Minister— <ul style="list-style-type: none"> (a) exercise any borrowing powers; or (b) enter into negotiations, or take any other steps, to borrow money by way of the issue of bonds or other debt securities"; (b) in subsection (2), by deleting the words "for the exercise of borrowing powers and" and substituting therefor the words "therefor and, where approval is sought pursuant to subsection (1)(a) for the exercise of borrowing powers,";

- (c) inserting, next after subsection (2), the following subsections—

“ (3) The provision of subsection (1) shall not apply to the Bank of Jamaica in the exercise of borrowing powers in the performance of functions relating to monetary policy.

(4) At the end of each financial year, the Minister shall make a report to the House of Representatives and to the Senate as to every contravention of subsection (1) occurring in that financial year, and where the Attorney-General has made an application pursuant to section 25(1) or (4), the status of that application.”.

4. Section 6 of the principal Act is amended by deleting the full stop appearing at the end of paragraph (d) and substituting therefor a semicolon, and inserting the following as paragraph (e)—

*Amendment
of section 6
of principal
Act.*

“(e) notwithstanding the provisions of any relevant enactment or any constituent document, enter into a performance contract with its Chief Executive Officer (or person performing like duties, by whatsoever title designated), on terms approved by the responsible Minister and the Minister.”.

5. Section 7 of the principal Act is amended—

*Amendment
of section 7
of principal
Act.*

- (a) by deleting from subsection (1) the words “Every Board shall, not later than the 1st day of January in each year” and substituting therefor the words “The board of directors of a public body shall, not later than three months before the end of the financial year of the public body”;

- (b) by deleting paragraph (b) of subsection (3) and substituting therefor the following—

“(b) within one month after delivery of the draft corporate plan in accordance with subsection (1), deliver the final corporate plan to—

- (i) the responsible Minister; and
- (ii) the Minister for his endorsement.”;

- (c) by deleting from subsection (4) the words “give written notice of such modification to the Minister” and substituting therefor the words “deliver the modification to the Minister for his endorsement”;

- (d) in subsection (5)(a) by inserting, next after the words “responsible Minister”, the words “and the Minister”;

- (e) in subsection (5)(b) by inserting next after the words “responsible Minister” the words “and the Minister”;

- (f) by deleting subsection (6) and substituting therefor the following—

“(6) The Minister shall, as soon as possible after endorsing any final corporate plan, or any modification of a corporate plan, pursuant to this section, cause a copy of the plan or modification (as the case may be) to be tabled in the House of Representatives and the Senate for approval.”.

Insertion of
new section
7A into
principal
Act.

6. The principal Act is amended by inserting, next after section 7, the following as section 7A—

“Power to
request
information.

7A. The Financial Secretary may, from time to time, request the board of a public body to supply information on its financial operations, and the board shall comply with the request within such time as may be specified in the request by the Financial Secretary.”.

7. Section 22 of the principal Act is amended in subsection (1) by inserting next after the word "prepared" the words "in the prescribed form and".

Amendment
of section 22
of principal
Act.

8. Section 23 of the principal Act is amended by deleting the words "prepare and submit to the Minister" and substituting therefor the words "prepare, in the prescribed form, and submit to the responsible Minister and the Minister".

Amendment
of section
23 of
principal
Act.

9. Section 25 of the principal Act is amended in subsection (4) by inserting immediately after the numeral "7" the numeral "7A".

Amendment
of section 25
of principal
Act.

Passed in the House of Representatives this 23rd day of February, 2010 with one (1) amendment.

DELROY CHUCK
Speaker.

Passed in the Senate this 12th day of March, 2010 with three (3) amendments.

OSWALD G. HARDING, O.J., C.D., Q.C.
President.

On the 16th day of March, 2010 the House of Representatives agreed to the amendments made by the Senate.

DELROY CHUCK
Speaker.

This printed impression has been carefully compared by me with the Bill which has passed the House of Representatives and Senate, and has been found by me to be a true and correct printed copy of the said Bill.

Clerk to the Houses of Parliament.

PUBLIC BODIES MANAGEMENT AND ACCOUNTABILITY (AMENDMENT) ACT, 2011

KEY PROVISIONS

- ✓ Minister to submit summary corporate plans/budgets to Parliament for approval (S.2A)
- ✓ Formal reporting regime with specified timelines and requirements as to content (S.3, 22, 23)
- ✓ Provides for the payment of financial distributions (S.4)
- ✓ Uniform restrictions on borrowing powers (S. 5)
- ✓ Boards given mandate to govern public bodies with an emphasis on ensuring efficient, effective & accountable management (S.6 *Corporate Governance*)
- ✓ Requires public bodies to submit corporate plans in prescribed time frames (S.7 & *Schedules*)
- ✓ Mandates creation of audit committees with clearly defined roles (S. 8, 9)
- ✓ Code of Audit Practices & Audit arrangements (S.10-16)
- ✓ Introduces the concept of duty of care and disclosure for directors of public bodies (S.17, 19)
- ✓ Dissent of absent director (S.18)
- ✓ Indemnity for directors (S.19A-C)
- ✓ Sets uniform control for remuneration of officers/directors (S.20)
- ✓ Specifies criteria for the formation of new public bodies (S.21)
- ✓ Regulations (S.24)

Provides for sanctions for breach of specified provisions of the Act (S.25)

AMENDMENTS INCLUDE:

- The inclusion of government companies formed by guarantee while excluding Executive Agencies
- Strengthening the rules governing directors, auditors and audit committees
- The inclusion of Procurement Guidelines
- Providing a legislative basis for the exemption of a PB from some or all of its provisions
- Expanding the coverage of S.20 to include financial policy
- Registered Public Accountants (RPAs) only to serve as auditors –consistent with CA 2004
- Financial Distribution Policy – the legislative basis for the payment of dividends or financial distribution

- Expanding the range of professionals on whose advice a director may rely without being liable for a breach of duty
- Specifying reporting time table for public bodies whose financial years are not coterminous with that of GOJ
- Strengthening the provisions with respect to the formation of new public bodies
- Provision for the indemnity of directors
- Expanding the provisions that are subject to sanction (S.25)
- Making the PBMA Act supreme in cases of inconsistencies with other statutes

Section 2 of the principal Act is amended:

- (a) in the definition of "government company", by deleting the words "by the holding of shares";

Prior Provision: *"government company" means a company registered under the Companies Act, being a company in which the Government or an agency of the Government, by the holding of shares, is in a position to direct the policy of that company"*

Amendment: *"government company" means a company registered under the Companies Act, being a company in which the Government or an agency of the Government, is in a **position to direct the policy of that company"***

Section 2 of the principal Act is amended:

- (b) in the definition of "public body", by inserting immediately after the words "government company" the words ", but does not include an executive agency designated under the Executive Agencies Act";

Prior: *"public body" means a statutory body or authority or any government company"*

Amendment: *"public body" means a statutory body or authority or any government company, but does not include an Executive Agency **designated under the Executive Agencies Act"***

Section 2 of the principal Act is amended:

(b) in the definition of "public body", by inserting immediately after the words "government company" the words ", but does not include an executive agency designated under the *Executive Agencies Act*";

Prior: "public body" means a statutory body or authority or any government company"

Amendment: "public body" means a statutory body or authority or any government company, but does not include an Executive Agency designated under the *Executive Agencies Act*"

Section 2 of the principal Act is amended:

(c) by inserting the following definitions in the appropriate alphabetical sequence:

- "financial distribution" means a distribution made from profits, surpluses or equity;
- "financial year" in relation to a public body means, except as may be otherwise provided in any other enactment, a period of twelve months beginning on the 1st day of April of a calendar year and ending on the 31st day of March of the next calendar year;
- "statutory body or authority" means a body corporate established by an Act of Parliament over which the Government or an agency of the Government exercises control.

Section 2A of the principal Act is amended by deleting subsection (1) and substituting therefor the following:

Prior Provision:

S.2A - Before the end of each financial year, the Minister shall cause to be prepared, in such form as may be approved by the Minister, estimates of revenue and expenditure for public bodies with respect to the ensuing financial year, containing a summary of-

(a) the corporate plans of all public bodies, including their total budgetary requirements; and

(b) such other data and information pertaining to public bodies as the Minister may require.

Amendments:

Before the end of each financial year, the Minister shall cause to be prepared, in such form as may be approved by him, estimates of revenue and expenditure for the public body, with respect to the ensuing financial year, containing –

- (a) summary of the corporate plan and submitted by each public body, pursuant to section 7;
- (b) information necessary for the compilation of the Fiscal Policy Paper, as it relates to that public body; and
- (c) other data and information pertaining to those public bodies, as the Minister considers appropriate.

Insertion of new section 2B in the principal Act.

- 2B. The Minister may by order, subject to affirmative resolution, exempt a public body from all or any of the provisions of this Act",

Repeal and replacement of Section 3

Amendment:

3. (i) The accounts of public bodies shall be prepared in accordance with generally accepted accounting principles promulgated from time to time, by the Institute of Chartered Accountants of Jamaica, or such other body as the Minister may specify by order;
- (2) As soon as possible after the end of each financial year, but not more than four months thereafter; the board of a public body shall submit the annual report including audited financial statements to be laid on the Table of the House of Representatives and of the Senate.

Section 5 amended to include a new subsection (5):

- (5) The Minister shall not give his approval under subsection (1) unless satisfied that the proposed borrowing is consistent with the debt reduction target specified in section 48C(1)(b) of the *Financial Administration and Audit Act*."

- 48C.-(1) Subject to subsection (2), the Minister shall take appropriate measures-
- ... (b) to reduce the total debt to one hundred percent or less of the gross domestic product by the end of the financial year ending on March 31, 2016;

5B Powers of Accounting Officers in Relation to Public Bodies

- The accounting officer concerned shall in relation to any agreement referred to in section 5A(2)(b):
- ... investigate the circumstances in which the payment or guarantee is sought, and report findings to the Minister & responsible Minister;
- ... Ensure provision is made prior to the execution of any such agreement for the effective carrying out of Government policy and for the protection of the financial interests of the Government if –
- (i) there is a default in complying with the terms of any such agreement; or
- (ii) the accounting officer has reasonable grounds for believing that any such default is likely to occur;
- The accounting officer concerned shall in relation to any agreement referred to in section 5A(2)(b):
- (c) ... Investigate ... the circumstances giving rise to such default or the likelihood thereof, and report his findings to the Minister/ responsible Minister.
- (2) Any such guarantee agreement may provide for the inspection on a regular basis, by the principal accounting officer concerned, of the accounts of the public body.
- (3) For the purpose of any inspection mentioned in subsection (2), the accounting officer concerned shall be entitled at all reasonable times to examine the public body's: (a) assets; (b) accounts;
- (c) documents; (d) files; and (e) other records, in whatever form they may be.

5C – Power of Minister in Case of default.

-(1) Where a report is made to the Minister pursuant to section 5B in respect of any default by a public body, the Minister may, after consultation with the Minister responsible for that public body -

- (a) direct that any guarantee agreement made in relation to that body pursuant to section 5A(1) be revised;
- (b) specify the remedial action to be taken by that body;
- (c) direct that an investigation of the circumstances of the default be carried out by persons specified by him.
- (2) Where any principal accounting officer is responsible for any default in complying with the terms of any such guarantee agreement, the public body

concerned may appeal to the Minister responsible for that body to take appropriate action,".

Section 6 of the principal Act is amended by renumbering the section as subsection (1) and inserting the following as subsection (2):

- "(2) The Minister shall, after consultation with the Auditor-General, the Institute of Chartered Accountants of Jamaica, and such other persons having expertise in corporate governance as the Minister considers appropriate, prescribe and keep under review, a code of conduct for boards of directors of public bodies.".

The principal Act is amended by inserting next after section 6 the following as section 6A:

- 6A. Every public body shall adhere to the Government's procurement rules and guidelines made under any enactment.

Insertion of new sub-sections ((5)–(8)), to section 8 of the principal Act ~

- (5) The auditor of a public body shall be entitled to -
 - (a) attend an annual general meeting of the public body;
 - (b) receive all notices of and other communications relating to an annual general meeting which any member of the public body is entitled to receive; and
 - (c) be heard at any such annual general meeting which he attends, regarding any part of the business of the meeting
- which concerns him as an auditor.
- (6) For the purpose of ensuring that the audit committee of a public body has the capability to perform the duties of the audit committee, the board may co-opt, to perform the duties of the audit committee, individuals who are not members of the board but who possess a broad range of qualifications relevant to the functions of the public body.
- (7) At least one member of the audit committee shall be a qualified accountant, registered under the *Public Accountancy Act*, or possess expertise in the area of finance.
- (8) Every individual co-opted pursuant to subsection (6) shall have all the rights and responsibilities of the other members of the audit committee in respect to the work of that committee".

- **Section 9** of the principal Act is amended in subsection 1 (a), by inserting next after sub-paragraph (iii) the following as sub-paragraph (iv)
- "(iv) the independence of the auditors auditing the public body;"
- **Section 13** of the principal Act is amended:
- (a) in subsection (1), by deleting the words "The Minister" and substituting therefor the words "Subject to subsection (2), the Minister";
- (b) by renumbering subsections (2) to (5) as subsections (3) to (6);
- (c) by inserting next after subsection (1) the following as subsection (2)-
- "**(2)** A person is not qualified to be appointed or hold an appointment as an auditor for a public body unless he is a registered public accountant under the *Public Accountancy Act*";
- (d) delete from subsection (6), as renumbered, the numeral "(4)" and substitute therefor the word and numerals "(1)" or (5)".

13. Appointment of auditors: (as amended) –

- 13. (1) Subject to subsection (2), the Minister may, by order, prescribe the criteria for the appointment of an auditor for a public body.
- (2) A person is not qualified to be appointed or hold an appointment as an auditor for a public body unless he is a registered public accountant under the *Public Accountancy Act*.
- (3) Where a board does not recommend the renewal of appointment of an auditor, the board shall give written notice to the Auditor-General and the responsible Minister, stating the reasons therefor.
- (4) Where an auditor withdraws his services in relation to a public body, he shall give notice in writing; stating his reasons, to the Auditor-General and the responsible Minister.
- (5) A person shall not be eligible for appointment as an auditor of a public body if he-
- (a) is a director, officer or employee of the public body or any of its affiliates or is a business partner of any director, officer or employee of the public body or any of its affiliates;
- (b) beneficially owns or controls, directly or indirectly, a material interest in the shares or debts of the public body or any of its affiliates; or
- (c) has been a receiver, receiver-manager or liquidator of the public body or any of its affiliates within two years of his proposed appointment as auditor of that public body.
- (6) An auditor of a public body who becomes disqualified by virtue of subsection (1) or (5) shall resign forthwith upon becoming aware of the disqualification.

Insertion of new sections 13A -13C (from Ss.30-32, FAA Act)

13A – Audit of accounts of PBs by Auditor General

13B - Powers of Auditor General to order an audit of books of PB

13C - Auditor General to be informed re termination of auditor's services.

S.13A

(1) Notwithstanding anything to the contrary contained in any other enactment, the Auditor General may, if he thinks fit, audit the accounts of any public body, and shall do so if the House of Representatives, by resolution, so directs.

(2) The Auditor General's report on his examination and audit of any accounts audited pursuant to subsection (1) shall be submitted to the responsible Minister for presentation, subject to the requirements of subsection (3)(a), to the House of Representatives.

(3) The requirements of this subsection are that

- (a) the responsible Minister shall -
- (i) obtain the observations of the public body concerned on any matter to which attention has been drawn by the Auditor General in his report; and
- (ii) cause such observations to be presented to the House of Representatives, together with the report;

(b) if the responsible Minister fails, within two months after receipt of the report, to present it to the House of Representatives, the Auditor General shall transmit a copy of the report to the Speaker of the House to be presented by him to the House.

S.13B.—

(1) In exercise of his duties under section 13A, the Auditor General may authorize any person who is a registered public accountant under the *Public Accountancy Act*, to inspect, examine or audit the books and accounts of any public body which the Auditor General may require to be examined or audited; and that person shall report his findings to the Auditor General.

(2) In exercise of his duties in relation to public bodies, the Auditor General, or any auditor appointed by the Auditor General shall have like powers as are vested in the Auditor General for the purpose of examining

accounts under sections 25 and 28 of the *Financial Administration and Audit Act*.

- (3) Each public body referred to in subsection (1) shall pay the person authorized pursuant to subsection (1) such fees as may be determined by the Auditor General, after consultation with the Financial Secretary.

S. 13C.

Where -

- (a) the appointment of an auditor is not renewed by the board of a public body, the board shall inform the Auditor General in writing of the reasons therefor; or
- (b) any auditor withdraws his services in relation to the audit of the accounts of any public body, he shall inform the Auditor General in writing of such withdrawal, and the Auditor General shall inquire into the matter and report his findings to the Minister."
- **Subsection (1) of section 14** of the principal Act is amended by inserting next after the words "shall ascertain" the words "and thereafter shall report to the board,".
- (S.14(1) - In auditing the accounts of a public body, an auditor shall ascertain, and thereafter shall report to the board, whether in his opinion -
- (a) the provisions of this Act, the relevant enactment or any other enactment relating to the administration of money and property of the public body have been complied with;
- (b) the rules and procedures framed and applied are sufficient to secure an effective check on the assessment, collection and proper allocation of the revenue and other receipts of the public body; and
- (c) essential records have been made and proper practices have been observed in the compilation of the accounts.

Section 19 of the principal Act is amended by-

- (a) renumbering the section as subsection (1);
- (b) inserting immediately after the words "by him" the words, "including any director or officer who has provided such report in his professional capacity"; and
- (c) inserting the following as subsections (2) and (3)

“(2) A director or officer of a public body shall not be in breach of his duty under section 17 (1) if, he believed in the existence of information which, if true, would render the director's or officer's exercise of care, diligence and skill in the performance of his duty to be reasonably prudent

(3) For the purposes of this section, a director or officer shall be deemed to have acted with due care, diligence and skill where, in the absence of fraud or bad faith, the director or officer reasonably relied, in good faith, on documents relating to the affairs of the public body, including financial statements, reports of experts or on information presented by other directors or, where appropriate, other officers and professionals.”.

Insertion of new sections 19A -19C.

19A – Indemnification of directors

19B - Indemnity for a derivative action

19C - Right to indemnity

S.19A-(1) Except in respect of an action by or on behalf of a public body to obtain a judgment in its favour, the public body may indemnify -

- (a) a director or officer of the public body;
- (b) a former director or officer of the public body; or a person who acts or acted at the request of the public body as a director or officer of a public company of which the public body is or was a member or creditor, and his legal representatives, against all costs, charges and expenses (including an amount paid to settle an action or satisfy a judgment) reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding, to which he is made a party by reason of being, or having been, a director or officer of that public body.

(2) Subsection (1) does not apply unless the director or officer to be so indemnified -

- (a) acted honestly and in good faith, with a view to the best interests of the public body; and
- (b) in the case of a criminal or administrative action or proceeding that was enforced by a monetary penalty, had reasonable grounds for believing that his conduct was lawful.

S.19B. A public body may with the approval of the Court, indemnify a person referred to in section 19A in respect of an action –

- (a) by or on behalf of the public body to obtain a judgment in its favour; and

- (b) to which he is made a party by reason of being or having been a director or an officer of the public body,
- against all costs, charges and expenses reasonably incurred by him in connection with the action, if he fulfills the conditions set out in subsection (2) of section 19A.

S.19C. Notwithstanding anything in section 19A or 19B, a person described in section 19A is entitled to indemnity from the public body in respect of all costs, charges and expenses reasonably incurred by him in connection with the defence of any civil criminal or administrative action or proceeding to which he is made a party by reason of being, or having been, a director or officer of the public body, if the person seeking indemnity –

- (a) was substantially successful on the merits in his defence of the action or proceeding;
- (b) qualified in accordance with standards set out in section 19A or 19B; and
- (c) is fairly and reasonably entitled to indemnity."

Replacement of Section 20.

Prior: S20. *Levels of emoluments.*

- In the exercise of any powers conferred on a board by a relevant enactment or any constituent documents in relation to emoluments payable to the staff of a public body, the board shall act in accordance with such guidelines as are issued from time to time by the Minister responsible for the public service.

Amendment: S.20. In the exercise of any powers conferred on a board by a relevant enactment or any constituent documents in relation to--

- (a) emoluments payable to the staff of a public body;
 - (b) any other policies and guidelines applicable,
- the board shall act in accordance with such guidelines as are issued from time to time by the Minister responsible for the public service and the Minister, respectively."

EXTRACT FROM IADI CORE PRINCIPLES - #5 – GOVERNANCE

Table 3 CORE PRINCIPLE FOR EFFECTIVE DEPOSIT INSURANCE SYSTEMS ASSESSMENT - C	
Core Principle 5 – Governance: The deposit insurer should be operationally independent, transparent, and accountable and insulated from undue political and industry influence.	
Essential Criteria	Comments
<p>1 The deposit insurer can use the powers and means assigned to it without undue influence from external parties. There is in practice no significant evidence of government or industry interference in the operational independence of the deposit insurer and its ability to obtain and deploy the resources needed to carry out its mandate.</p> <p>2 The operational funding of the deposit insurer is provided in a manner that does not undermine its autonomy or independence and permits it to fulfill its mandate. Examples include:</p> <ul style="list-style-type: none"> (a) Salary scales that allow it to attract and retain qualified staff; (b) The ability to hire outside experts to deal with special situations, subject to appropriate confidentiality restrictions; 	<p>The JDIC is an independent statutory organization that operates within the legal framework set out in its governing Statute, the Deposit Insurance Act ("The Act") "Schedule para 6 and 13", the Corporation's operations are also governed by the Public Bodies Management and Accountability Act (PBMA) "section 17", and the Financial Administration and Audit Act (FAAA) "section 14A". JDIC is ultimately accountable to Parliament through the Minister of Finance and Planning.</p> <p>"Section 5, 9 and 10" of the Deposit Insurance Act authorizes the Corporation to take any action which it deems necessary to fulfill its mandate, including levying premiums and other charges on Policyholders, hiring staff, managing a Deposit Insurance Fund, borrowing monies for the Fund. Under the Public Bodies Accountability Act "PBMA Part II s. 6", the Corporation is required to prepare annually a Corporate Plan and supporting capital and operating</p>

<p>(c) A training budget and programme that provides appropriate training opportunities for staff;</p> <p>(d) A budget for computers and other equipment sufficient to equip its staff with tools needed to fulfill its mandate; and</p> <p>(e) A travel budget that allows appropriate on-site work.</p> <p>3 The governing statute, internal policies of the deposit insurer or other relevant laws or policies specify:</p> <p>(a) the governing body and management are fit and proper persons and have the requisite knowledge or experience;</p> <p>(b) members of the governing body (except for ex-officio appointees) and the head of the deposit insurer are subject to limitations on their term of appointment; and</p> <p>(c) members of the governing body can be removed from office during their term only for reasons specified or defined in law or rules of professional conduct, and not without cause.</p>	<p>budget; nature and scope of activities to be undertaken, and performance targets. The Budget is developed based on the planned key initiatives of the Corporation which are geared towards Proactive Readiness; Strong Partnership; Resolution Management; Strengthening Operational Efficiency and Public Awareness & Education. As such resources are allocated for the recruitment and retention of the requisite qualified personnel; staff training; procurement of goods and services, etc. As a statutory requirement, the Corporate Plan and Budget must be approved by the Board of Directors and the Minister of Finance each year and tabled in the House of Representative and the Senate.</p> <p>The DIA "Schedule para. 1" provides for the establishment and constitution of a Board of Directors, which is:</p> <ol style="list-style-type: none"> i. Responsible for the policy and general administration of the Corporation and the management of the Fund ii. Comprised of seven members as follows - three ex-officio directors namely the Governor of The Bank of Jamaica; the Financial Secretary and the CEO of the Corporation and four other members appointed by the Minister one of whom shall be appointed as the Chairman;
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<p>4 The members of the governing body (i.e., directors or officers) and management of the deposit insurer are held accountable to a higher authority, whether public or private, through a transparent framework for the discharge of the system's duties in relation to its objectives and mandate.</p>	<p>To reduce any undue influence from external parties the following provisions are made in the DIA:</p> <ul style="list-style-type: none"> i. The Chairman and other three Directors shall be appointed for a period not exceeding three and two years respectively and are eligible for re-appointment for a maximum of two consecutive periods. ii. A person may not be appointed or remain a Director if during the three years preceding such an appointment, is a member of either house of Parliament, been a Director, officer, employee, or auditor of a Policyholder; and/ or is a shareholder holding more than 10% of the voting shares of a Policyholder <p>The Board is also guided by the PBMA "section 7(1)" and the Corporation's Board Governance Policy "AC-JDIC 21 (Mar '09) 3" which specifies the roles and responsibilities of the Board which includes; taking all the necessary steps for the efficient and effective management of the Corporation; developing adequate information, control, evaluation and reporting systems; developing measurable objectives and performance targets and advising the Minister of Finance on matters of general policy relating to the management of the Corporation.</p> <p>The DIA "schedule para. 5" also provides the circumstances in which</p>
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<p>5 The deposit insurer operates in a transparent and responsible manner. It discloses and publishes regularly appropriate information on its activities, governance practices, structure, and financial results.</p>	<p>the Minister may terminate the appointment of a Director who:</p> <ul style="list-style-type: none"> i. Becomes of unsound mind or becomes permanently unable to perform his functions by reason of ill health ii. Becomes bankrupt or compounds with or suspends payment to his creditors iii. Is convicted and sentenced, to a term of imprisonment or death iv. Is convicted of any offense involving dishonesty v. Is reported to the Minister by a majority of the Board as failing to carry out the functions imposed or conferred on him under the DIA vi. Becomes disqualified to hold office by virtue of circumstances stated above
<p>6 The deposit insurer is structured such that the potential for conflicts of interest for or between members of the governing body and management is minimized and that they are subjected to appropriate codes of conduct/ethics.</p>	<p>The Public Bodies Management and Accountability Act “PBMA s. 6 and 7” provides that every board shall, not later than the 1st day of January of each year, deliver to the responsible Minister a draft Corporate plan containing information of the public body that they are affiliated, and details of the information are stated in the 1st Schedule of the PBMA.</p> <p>The Board, subject to the provisions of the DIA “DIA s. 6 and Schedule para. 1” is responsible for the policy and general administration of the Corporation and management of the Fund and reports to the Minister. The Chief Executive Officer is responsible to the Board for the day-to-day</p>

	<p>administration of the business of the Corporation and the Policy of the Corporation. The roles, responsibilities, accountabilities, and reporting lines of the other Officers of the Corporation are specified in individual employment contracts. Officers of the Corporation in executing their duties are also guided by the provisions in the PBMA 'PBMA s. 6, 7, 22 and 23'; any other applicable statute and internal human resource policies and procedures.</p>
7 The deposit insurer takes into consideration the views of stakeholders.	<p>The Corporation is required by statute to maintain proper accounts and other records in relation to its business. In accordance with Section 11(1) of the DIA, and the PBMA the Corporation prepares an annual report which outlines its activities during the preceding year along with its annual statement of accounts (consistent with established accounting principles) and the respective auditors' report for submission to the Minister to be tabled in the House of Representatives and of the Senate no later than three months after the end of each financial year. After which the report is made public.</p>
8 Where decision-making is delegated by the governing body of the deposit insurer to its employees, the governing body has appropriate procedures to oversee the exercise of delegation.	
9 The deposit insurer is subjected to regular external audits with reports provided to the authority to which it is accountable.	
10 The deposit insurer has a governing body approved strategic plan in place.	<p>The Auditor-General is entitled at all reasonable times to examine the accounts and other records in relation to the business of the Corporation. Additionally, the Corporation is required to provide quarterly updates</p>

<p>11 Regular board meetings are held (e.g., quarterly or more frequently as deemed necessary).</p> <p>12 The deposit insurer adheres to best practices in corporate governance, such as:</p> <p>(a) Regular assessments of the extent to which the governing body is meeting its objectives are carried out. Systems and practices are in place to facilitate assessments of its effectiveness; and</p> <p>(b) the governing body has a well-defined charter that outlines the specific powers reserved for the board and those delegated to management.</p>	<p>on its performance to the Minister. Information on the Corporation's activities may be accessed by members of the public in accordance with the provisions of "GOJ's access to information Act"</p> <p>There is a separation of the roles and responsibilities of the Board and Management led by the Chief Executive Officer and the respective responsibilities are set out in the DIA. To minimize conflict of interest the CEO is accountable to the Board for the day-to-day administration of the Corporation. Additionally, members of the governing body and all staff are required to adhere to certain codes of conduct and conflict of interest codes.</p>
<p><u>ADDITIONAL QUESTIONS</u></p> <p>Governance/operational training</p> <ul style="list-style-type: none"> • Confirm the organizational framework of the DIS (is it a public, private or joint public/private system)? • Does the Board of the DIA have active bankers? How is a conflict of interest mitigated within this Board? 	<p>The Corporation acknowledges and acts upon the views of stakeholders as deem necessary through public forums, consultation process, public awareness survey etc.</p> <p>Appropriate policies and procedures are in place to ensure the accountability of all persons who manage the resources of the Corporation; measure objectives and performance targets and oversee the exercise of delegation.</p> <p>The Corporation is subjected to regular external audits and is guided by the provisions in the PBMA "PBMA Part II- Corporate Governance and</p>

	<p>Public Bodies" and the Financial Administration and Audit Act (FAAA).</p> <p>Under the PBMA Act, the Corporation is required to prepare annually a Corporate Plan and supporting capital and operating budget. Refer response to item 2 above.</p> <p>The DIA provides that the Board shall meet as often as it considers necessary and at such times and place as it determines, provided that it shall meet at least six times in every calendar year.</p> <p>The Deposit Insurance adheres to best practices in Corporate Governance by preparing, submitting and adhering to the Corporate Plan as required under the Public Bodies Management and Accountability Act. They also have sub committees such as the Committee of Management meetings, Audit Committee meetings which are held regularly to assess the effectiveness of the plans.</p> <p>Yes, the governing body has a well-defined Charter that outlines the specific powers reserved for the board and those delegated to management, these can be seen in the JDIC Board Governance Policy and the JDIC Audit Committee Charter</p>
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	<p>The Corporation is a Public Body which means that it is a statutory body or authority or any government company as stated in the PBMA.</p> <p>No, the Board does not have active Bankers.</p> <p>Conflict of interest is mitigated within this Board by the Qualifying Criteria of becoming a Board Member under the JDIC Act and the PBMA s. 17.</p>
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EXTRACT FROM JDIC HUMAN RESOURCE POLICIES AND PROCEDURES

10.0 Code of Business Conduct and Ethical Behaviour (December 2008)

10.1 Overview

The Jamaica Deposit Insurance Corporation (The Corporation) is a public body, which was established to inspire confidence and bolster stability in the country's financial system. Compliance with appropriate standards of conduct is fundamental to the preservation of the Corporation's image and the success of its operations.

10.2 Purpose

This Code of Business Conduct and Ethical Behaviour (Code) is designed to help JDIC employees understand the standards of conduct that are expected of them. Its objective is to ensure that the Corporation's tradition of professionalism and excellence is maintained and enhanced while supporting a positive work environment in which people are respected.

10.3 Standards of Business Conduct and Ethical Behaviour

The Corporation requires each employee to abide by the standards outlined in the Code.

10.3.1 Employees are to keep confidential all information regarding the business and affairs of JDIC and are to exercise their duties in good faith, in the best interests of the Corporation.

10.3.2 Employees are to conduct themselves professionally at all times and strive to achieve the highest standards of behaviour and integrity in their work, both individually and in teams.

Professionalism is not only measured by the kind of work one does but is also determined by the attitude and behaviour with which one approaches and performs one's duties.

10.2.3 Professionalism entails the demonstration of competence at all times, being dedicated to the pursuit of excellence, and committed to the principles of ethical behaviour.

10.3.3 Ethical behaviour is behaviour that is honourable and consistent with accepted principles of correct moral conduct.

Failure to adhere to these standards can impede the work of the Corporation and can also cast doubt on its integrity and competence.

In interacting with external parties, employees are expected to act in good faith in the best interest of the Corporation and exercise good judgment, having primary regard for the importance of maintaining and promoting JDIC's high standard of professionalism and excellence.

10.4 Leadership Role of Managers

The personal example set by managers speaks louder than any written code. Therefore, every JDIC manager must demonstrate leadership in respecting and promoting the standards of the Code of Business Conduct and Ethical Behaviour.

The Management must have an open door policy and welcome suggestions and concerns from employees. This will allow employees to feel comfortable discussing any issues and will alert the Management to concerns within the workforce.

Managers are expected to explain an employee's duties and responsibilities and the performance expectations by which the employee's performance will be assessed. They will:

- Provide leadership and vision'
- Set clear goals and objectives
- Provide performance feedback
- Be firm, fair and consistent
- Show respect for staff
- Be confidential
- Provide opportunities for personal development
- Foster high morale

10.5 Internal Disclosure of Information Concerning Wrongdoing in the Workplace.

Any employee who has reasonable grounds to believe that another person has done something unethical, immoral, or illegal during the course of employment and/or in the pursuance of JDIC business, is expected to disclose this information to the Committee of Management of the JDIC. An employee disclosing such information will be treated fairly and JDIC will take all reasonable steps to protect the employee from any resulting reprisal.

10.6 Conflict of Interest

Each employee is expected to avoid engaging in situations or business interests that may lead to a real, potential, or perceived conflict of interest. Each employee should also declare any conflict of interest which may arise during the course of his/her activities.

An employee's interest may be deemed to be in conflict with those of the Corporation when that employee profits or places himself/herself in a position to profit either directly or indirectly through the misuse of his/her position in the Corporation.

The following are some examples of situations that might be construed as conflicting:

- The acceptance of gifts of material value from a third party with whom the Corporation has a business relationship which may be construed as a bribe/kickback or reward.
- The use of the Corporation's time in a manner which in no way benefits the Corporation.

- An agreement with a third party with whom the employee is connected to provide a service or supply goods to the Corporation
- Excessive entertainment of business contacts
- The use of classified and confidential information for personal gain

An employee who believes that he/she is involved or likely to become involved in a situation that raises or has the potential to create a conflict of interest issue should discuss the matter with his/her immediate supervisor or the CEO.

10.7 Declaration of Secrecy and Confidentiality

Every employee is required to fully respect the provisions of the Code and the requirement for confidentiality of information which the employee has obtained because of his or her position. The employee signs to a declaration to deal with as secret and confidential all documents, information, and records relating to any matter being with dealt with by the Corporation and any policyholder and shall be bound by such declaration during and after the termination of service with the Corporation.

Under the Deposit Insurance Act, Declaration of Secrecy and Confidentiality, "every person having any official duty or being employed in the administration of the Act shall regard and deal with as secret and confidential all documents, information, and records relating to (a) any matter being dealt with by the Corporation; (b) any policyholder."

10.8 Public Statements

All employees must be able to provide the public with information that is already in the public domain etc. coverage limit, institutions covered and products covered. For information of a more complex nature, employees, unless authorized, are required to refrain from any public discussion in the media or otherwise regarding JDIC's business affairs, policies, processes, and procedures. Only a designated spokesperson can issue a statement or make comments about JDIC's position on a given subject. If an employee is asked to comment publicly on any issues related to the JDIC, the employee must decline to comment and refer the inquiry to the designated officer.

10.9 Government Regulations

Employees are required to comply with all regulations and directives from Government agencies that affect the operation of the Corporation.

10.10 The Access to Information Act (ATI)

The JDIC operates under the ATI Act (2002) and will be required to provide access to non-exempt official documents, and other information according to the request of members of the public.

The main objective of the ATI is to grant to the public, subject to certain exemptions, a general right of access to information/official documents held by public authorities to enhance transparency, government accountability, and the public's participation in national decision-making.

All requests for access to information should be directed to the Responsible Officer for this function.

10.11 The Corruption (Prevention) Act

It is expected that all employees who are required to make statutory declarations of Assets, Liabilities, and Income will be guided by the Corruption (Prevention) Act and the directives of the Commission for the Prevention of Corruption.

10.12 Respect in the workplace

The Corporation's greatest strength lies in the talent and ability of its employees. Since working in partnership is vital to JDIC's continued success, mutual respect must be the basis for all work relationships. Engaging in behaviour that ridicules, belittles, intimidates, threatens, or demeans, affects productivity, can negatively impact the Corporation's reputation and may violate the law. You are expected to treat others with the same respect and dignity that any reasonable person may wish to receive, creating a work environment that is inclusive, supportive, and free of harassment and unlawful discrimination.

10.13 Protecting the Corporation's Property

Employees are expected to safeguard the Corporation's assets, property, and information in their custody, against misuse, damage, and loss. Those who have access to electronic networks and the internet will use these networks only for authorized purposes.

JDIC property or assets may not be removed from the Corporation's premises without proper authorization. Where permission is given for Corporation property/assets to be

used at home or off-site, you are expected to keep those safe by following proper safety procedures.

10.14 Intellectual Property

Any material which you may develop as part of your work for the Corporation shall remain the exclusive property of the JDIC, and the JDIC shall have the exclusive right, title, and interest in all such material created by you for the development of your work.

10.15 Failure to comply

Adherence to the Code and the JDIC policies is considered to be a condition of employment. An employee whose conduct constitutes a breach of the Code will be subject to appropriate disciplinary action up to and including dismissal.

10.16 Conclusion

A reputation for appropriate business conduct and sound ethical behaviour is vital to maintaining JDIC's credibility and image. Accordingly, the highest standards of ethical behaviour and business conduct must govern the work of its employees and the Corporation's operations overall. It is the responsibility of JDIC to establish clear standards of conduct and behaviour for its employees. It is the responsibility of the employee to adhere to these standards.

This Code provides guidance to assist employees in making decisions that are consistent with these expectations.

DOCUMENT CHANGE CONTROL

JAMAICA DEPOSIT INSURANCE CORPORATION BOARD GOVERNANCE POLICY

Date Prepared/ Updated	Section	Title/Page	Change Summary Reference	Date Approved by Board/Board Committee
<i>Prepared by Corporate Secretariat Unit</i>	All			<i>Approved by Board of Directors 2006</i>
Revised by Management	All			September 26, 2015
Revised by Committee of Management	All			November 24, 2015 <i>Approved by Board of Directors on November 26, 2015</i>
Revised by the corporate Secretariat Unit	All			Revised by COM on May 28, 2020, and February 14, 2021 Approved by Board of Directors on April 21, 2021
Revised by the Corporate Secretariat Section in April 2022	All		The following sections were added to guide the Board: 6.0 Potential conflicts of interest; 7.0 Notice of Related Positions; 8.0 Conflict of interest of Directors; 9.0 Confidentiality and Notice of disclosure; 10.0 Access to Records; and 11.0 Resolution and Adoption at meetings.	Reviewed by COM on July 29 2022 Approved by the Board of Directors via round robin on September 2, 2022, and ratified at the 153 rd Board of Directors meeting held on September 28, 2022.

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