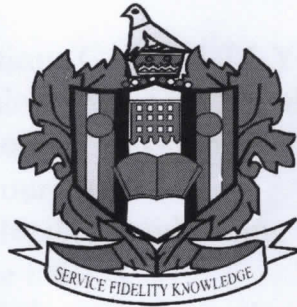


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CERTIFICATE IN MICROFINANCE	
SUBJECT	CORPORATE GOVERNANCE
DATE	27 APRIL 2023
TIME	3 HOURS
MARKS	100
EXAM TYPE	CLOSED BOOK

NB: DO NOT TURN OVER THE QUESTION PAPER OR COMMENCE WRITING UNTIL INSTRUCTED TO DO SO.

INSTRUCTIONS TO CANDIDATES

1. Read the instructions CAREFULLY before answering the paper.
2. This paper contains Five (5) Compulsory Questions.
3. Start each question on a fresh page.
4. Please number your questions.
5. Please be neat-illegible handwriting cannot be marked.
6. Use black or blue ink.
7. Ensure that all information on the cover of your answer book is completed in full.
8. Cheating is not allowed, if anyone is caught cheating, you will be disqualified from the examination.

Question 1

Read the following case study and answer the questions below.

ZINARA's Operations Crippled As Executives, Contractors Loot Over

US\$70m

THE majority of the "special projects" undertaken in recent years by the Zimbabwe National Roads Administration (ZINARA) were nothing but a grand looting scheme engineered by senior executives and hired contractors.

In the process, ZINARA lost over US\$70 million to a private company, Univern Enterprises, and in the process severely crippling its operations.

The massive looting of the parastatal's resources was unearthed recently by the Parliamentary Portfolio Committee on Public Accounts.

"The committee, therefore, makes the finding that the special projects were nothing other than looting of resources by the executive of ZINARA in connivance with corrupt contractors," a report compiled by the lawmakers following a forensic audit for the period 2017-2019, reads.

"The committee further makes the finding that, in the majority of the special projects, there was no delivery, no performance, and no oversight by the ZINARA board."

The parliamentary committee accused the ZINARA management and Univern of abusing principles of sound professional ethics and corporate governance in the supply of road graders, their maintenance, transit fees, the supply of software equipment for the toll gates, and fuel levy systems.

"Under these contracts, Univern received the following huge amounts, grader payments US\$17 305 240 – (an overpayment of US\$1 223 640), grader maintenance US\$5 218 000 – (not covered in State Procurement Board's conditions) and US\$70 403 738 for the three software contracts between 2012 and 2015," the report added.

Required

Comment on the above report with reference to **corporate governance and ethical issues** emanating from this report and suggest how they should be resolved.

(20 Marks)

Question 2

Family-owned Businesses and State-Owned Enterprises face a number of challenges. Discuss and suggest ways of managing those challenges.

(20 Marks)

Question 3

'There are four corporate governance theories.' Identify these and give an explanation of each of them.

(20 Marks)

Question 4

Discuss the Cadbury Report in light of it as the foundation of good corporate governance.

(20 Marks)

Question 5

A Board of Directors has three critical positions – the chair, the treasurer and the secretary. Discuss the roles and responsibilities of these three positions in the running of a board of directors of a company you are familiar with.

(20 Marks)

End of the Examination Question Paper