

International Certified Corporate Governance Officer

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QUESTION NO: 1

The Board of Directors is asked to approve a major expansion proposal, but the papers are circulated only a few hours before the meeting and do not include sensitivity analysis, principal risks, or the assumptions used by management. The most appropriate action by the Board is to:

- A. Approve the proposal because operational management is responsible for the assumptions.
- B. Request the missing information and defer the decision if the Board cannot make an informed judgement.
- C. Approve the proposal subject only to a general reservation in the minutes.

ANSWER: B

Explanation:

Request the missing information and defer the decision if the Board cannot make an informed judgement is correct. Directors must have timely, accurate, and sufficiently complete information to exercise effective oversight and make decisions in the company's best interests. A major expansion should be evaluated against its strategic rationale, financial assumptions, implementation risks, funding implications, and expected effect on the company's risk profile.

Approving the proposal solely because management supports it would weaken the Board's oversight role. Recording a general reservation without addressing the information gap is also insufficient, because the Board remains responsible for the decision. The Board may approve a proposal subject to conditions only where it has enough information to determine that those conditions adequately protect the company's interests.

QUESTION NO: 2

There are several strategies for dealing with risks, such as the "risk implementation strategy," which means:

- A. Implementing a risk removal plan through, for example, insurance contracts.
- B. Taking planned and necessary measures to prevent risks from affecting the organization.
- C. Implementing a work plan to confront a significant increase in risks that exceeds the acceptable amount.

ANSWER: C

Explanation:

Implementing a work plan to confront a significant increase in risks that exceeds the acceptable amount is correct because this describes putting a predefined risk response into operation once exposure moves beyond the organization's approved tolerance. Effective corporate governance does not stop at identifying and assessing risks; it establishes risk appetite, tolerance limits, ownership, escalation paths, and response plans. When a risk becomes materially greater than the level management or the board has accepted, the relevant owner should activate the planned measures, coordinate resources, monitor progress, and report through the agreed governance channels. The purpose is to bring the residual exposure back within an acceptable range while protecting the organization's objectives, operations, finances, and stakeholders. This approach reflects the practical risk-treatment cycle: evaluate the level of risk against defined criteria, select and implement treatment actions, then review whether the response is working. ISO 31000 emphasizes integrating risk management into decision-making and implementing treatment plans, while COSO's ERM framework links risk responses to risk appetite and performance. See [ISO 31000 Risk Management](#) and [COSO Enterprise Risk Management](#).

QUESTION NO: 3

"Work ethics" fall under the main risks of:

- A. Commitment

B. Organizational

C. Strategic

ANSWER: A

Explanation:

“Commitment” is the correct classification because work ethics are expressed through employees’ and leaders’ willingness to uphold organizational values, act responsibly, meet expected standards, and remain accountable for their conduct. In a corporate-governance risk context, weak ethical commitment can manifest as poor ownership of responsibilities, disregard for policies, inconsistent conduct, and reduced willingness to protect the organization’s integrity. These are fundamentally risks relating to commitment to the organization’s ethical culture and expectations. Effective governance therefore requires the governing body and senior management to establish clear values, embed them in policies and decision-making, and encourage behavior that demonstrates sustained commitment to those values. The OECD’s corporate-governance principles emphasize the importance of an ethical culture and of the board setting the tone for responsible conduct. Similarly, compliance-management guidance recognizes that an organization’s culture, values, and conduct are essential elements of an effective system for meeting obligations. For further context, see the [OECD G20/OECD Principles of Corporate Governance](#) and [ISO 37301 Compliance Management Systems](#).

QUESTION NO: 4

The concept of "Board Secretary" is:

A. The person concerned with documenting the meetings of the Board of Directors.

B. The person responsible for keeping the documents of the Board of Directors.

C. Something else.

ANSWER: B

Explanation:

The person responsible for keeping the documents of the Board of Directors is the best description of a Board Secretary in this context. A central function of the role is to maintain the board’s official documentary record in an orderly, secure, and retrievable form. This includes board and committee papers, resolutions, minutes, registers, agendas, governance policies, and records of decisions. Reliable custody of these materials supports institutional memory, enables directors to obtain accurate information, and provides evidence that the board has considered and recorded matters appropriately.

The role also helps ensure that records are retained in accordance with applicable legal, regulatory, constitutional, and internal governance requirements. For example, UK company law requires companies to keep records of members’ resolutions and board meeting minutes for prescribed periods; see [Companies Act 2006, section 355](#). Sound governance practice treats the Board Secretary as a key custodian of the board’s processes and records, supporting both effective decision-making and accountability. The Chartered Governance Institute’s governance resources further describe the governance professional’s role in supporting boards and maintaining robust governance arrangements: [Chartered Governance Institute guidance notes](#).

QUESTION NO: 5

Among the responsibilities of the board of directors is to ensure the application of:

A. Control systems that cover all activities.

B. Appropriate control systems for measuring and managing risks.

C. Traditional internal control systems.

ANSWER: B

Explanation:

Appropriate control systems for measuring and managing risks is correct because board oversight extends beyond approving strategy: directors must ensure that the organisation has a sound framework to identify, assess, monitor, and manage the risks that could affect its objectives, financial position, operations, compliance, and stakeholders. “Appropriate” is important because controls should be proportionate to the entity’s size, complexity, business model, and risk appetite, rather than applying a uniform mechanism regardless of circumstances. Effective risk-control arrangements provide the board with reliable information for informed oversight and help management take timely corrective action when exposures exceed acceptable limits. This responsibility is ongoing; it includes reviewing whether the risk-management and internal-control framework remains suitable as the organisation’s strategy and risk environment change. The OECD G20 Principles of Corporate Governance state that boards should oversee risk management and systems designed to ensure compliance with applicable law and standards. Likewise, the COSO framework describes enterprise risk management as integrated with governance, strategy, and performance. See the [OECD G20 Principles of Corporate Governance](#) and [COSO Enterprise Risk Management guidance](#).