

FLAGSHIP GOVERNANCE & RISK PUBLICATION

Board & Governance Compliance Handbook 2026

Enhanced Edition

The complete governance reference for the Nigerian company — from the duties of a single director to the institution that outlasts its founder. In one volume: directors' responsibilities, board and meeting practice, the NCCG 2018, CAC and FRCN obligations, risk and internal control, the company secretary, shareholders and members, a governance maturity model, a board-effectiveness assessment, a full template suite, a governance dashboard, ESG and AI governance, an audit-committee toolkit, a board reporting framework, governance red flags, family-business governance, worked case studies, a governance KPI scorecard, the road ahead to 2030, and the case for governance as enduring enterprise value.

Enhanced Edition | 2026 Edition

An Advisory & Intelligence Publication

Founder & Lead Author: Rafiu Olawuyi, FCA

Foreword

Every enduring company is, in the end, a governed company. The businesses that outlast their founders, weather their crises and earn the trust of those who fund and depend on them are not the luckiest or even always the most profitable — they are the best governed.

This handbook was written because too many capable Nigerian companies fail for reasons that have nothing to do with their markets and everything to do with how they are run: a founder who could not let go, a board that never truly met, money that blurred between the personal and the corporate, a succession left to chance, a control that was never put in place. None of these failures is exotic, and every one of them is preventable by the disciplines set out in the chapters that follow.

What you hold is a complete, practical reference — not a theoretical treatise. It moves from the duties of the individual director to the workings of the board, through the codes and regulators a Nigerian company answers to, into risk and control, and on to the tools, frameworks and forward look that turn sound governance into lasting advantage. It is written to be used: by directors and chairs, by chief executives and finance leaders, by company secretaries, by family-business owners, by investors and lenders, and by the advisers who serve them.

Read it not as a list of obligations to satisfy, but as a blueprint for building something that lasts. That is the purpose of governance, and the purpose of this book.

Rafiu Olawuyi, FCA — Founder & Lead Author

Preface

This handbook was written from a simple conviction: that most Nigerian companies do not fail in the market — they fail in the boardroom. They are undone not by competition but by the absence of the disciplines that turn a business run on one person's effort into an institution that can be trusted, funded and handed on.

It is built on the law and standards that govern Nigerian companies — the Companies and Allied Matters Act 2020, the Nigerian Code of Corporate Governance 2018, the Securities and Exchange Commission's corporate-governance guidelines for public companies, and the requirements of the Financial Reporting Council of Nigeria — and it reads those alongside the global references that increasingly shape what investors and regulators expect: the OECD Principles of Corporate Governance, the IFC Corporate Governance Framework, the UK Corporate Governance Code, King IV, COSO and the relevant ISO standards. Where the law is settled, this handbook states it plainly. Where a matter is unsettled or in transition, it says so rather than pretending to a certainty that does not exist.

The handbook is deliberately many things at once — a governance textbook, a board reference manual, an implementation guide, an assessment toolkit and an advisory framework. A director can read it cover to cover, a company secretary can use it as a desk reference, an owner can follow it as a roadmap, and a facilitator can teach from it. However it is used, its purpose is the same: to help Nigerian boards govern well, consistently, and for the long term.

Acknowledgement

This handbook reflects the experience of the directors, executives, company secretaries, owners and advisers whose real governance challenges shaped its content. It draws on the standards and guidance of Nigeria's regulators — the Corporate Affairs Commission, the Securities and Exchange Commission and the Financial Reporting Council of Nigeria — and on the global governance institutions whose work informs sound practice everywhere.

Outliers Professionals Ltd is grateful to [the colleagues, reviewers, clients and institutions] who contributed their insight and challenge, and to the founder and lead author, Rafiu Olawuyi, FCA, for the vision behind the firm's flagship resource library. Any errors or omissions remain the firm's own. [Add specific acknowledgements before publication.]

Executive Summary

This handbook brings together, in a single volume, the whole arc of corporate governance for a Nigerian company — the duties, the structures, the regulators, the tools and the disciplines that turn a business into an institution.

The chapters move from the individual director outward: directors' responsibilities, board and meeting practice, the Nigerian Code of Corporate Governance, and the obligations owed to the Corporate Affairs Commission and the Financial Reporting Council; then risk management, internal control, the company secretary, and the rights of shareholders and members. From there the handbook turns practical — a governance maturity model, a board-effectiveness assessment, a full suite of board templates, a monthly governance dashboard, frameworks for ESG and artificial-intelligence governance, an audit-committee toolkit, a board reporting framework, and twenty governance red flags. It closes with the governance of family businesses, worked case studies, a governance KPI scorecard with a performance index and rating model, a forward look to 2030, and a concluding case for governance as the foundation of an enduring institution.

All of it is organised under one methodology — the Outliers Governance Excellence Framework™ (Chapter 36) — whose five pillars (governance structure, board effectiveness, risk and internal control, compliance and reporting, and sustainability and future readiness) run through every chapter and every tool in this handbook. Beneath the whole sits a single proposition, summarised here.

Chairman's perspective

The best decision any board makes is rarely a single dramatic call; it is the quiet discipline of governing well, meeting after meeting, year after year. This handbook is the discipline written down. Read it not as rules imposed from outside, but as the way a serious board chooses to work — because it is building something meant to last.

Purpose of this handbook

This handbook exists to help Nigerian organisations govern themselves to a standard that protects them, funds their growth and outlasts their founders. It is at once a governance textbook, a board reference manual, an implementation guide, an assessment toolkit and an advisory framework — written for directors, executives, company secretaries, owners, regulators, investors and advisers, and grounded throughout in Nigerian law and reality.

The governance challenge in Nigeria

Nigerian companies operate in a demanding environment: a wave of company-law and tax reform, tightening regulation and beneficial-ownership transparency, real macroeconomic and infrastructure volatility, and capital — domestic and international — that increasingly screens for governance before it commits. Yet most Nigerian companies are owner-managed, governed on personal authority rather than structure, and too many fail not in the market but in the boardroom: founder dominance, absent succession, blurred finances, weak controls. The challenge, and the opportunity, is to convert that personal effort into institutional governance.

Key governance trends for 2026

Five trends define the period: the bedding-in of company-law and tax reform and more active regulatory enforcement; the arrival of sustainability reporting as global standards (IFRS S1 and S2) are adopted in Nigeria; the rise of artificial intelligence, data and cyber as board-level risks under the Nigeria Data Protection Act; broadening expectations on board diversity and stakeholder responsibility; and capital that is increasingly conditional on demonstrable governance. Each is examined in this handbook, and together they raise the bar for every Nigerian board.

Emerging board priorities

Against that backdrop, the priorities for Nigerian boards in 2026 are clear: secure genuine independence and challenge in the boardroom; plan succession before it is forced; put risk appetite, a living register and real internal controls in place; bring compliance and beneficial-ownership disclosure fully current; build oversight of ESG, AI, data and cyber risk; and measure governance as rigorously as finance. The tools in this handbook — the maturity model, the scorecard, the dashboards and the self-assessments — exist to make these priorities actionable.

Key recommendations

If a board takes only a handful of actions from this handbook, they should be these: appoint at least one genuinely independent director and let them challenge; meet regularly and minute decisions properly; agree a risk appetite and maintain a risk register; keep statutory filings, remittances and registers current; oversee ESG, AI and cyber risk deliberately; plan leadership and ownership succession; and run an annual governance self-assessment, acting on the gaps. Do these consistently and the rest of governance excellence follows.

It is easy to read a handbook like this as a catalogue of obligations — things a company must do to stay out of trouble. That is the floor, not the point. Done well, governance is not a cost the business bears but an advantage it compounds: it lowers risk, raises value, unlocks capital and earns the trust on which growth depends. This closing chapter makes that case.

Governance creates enterprise value

A well-governed company is simply worth more than a poorly governed one with the same earnings. Good governance reduces the risk of the things that destroy value — fraud, regulatory failure, founder dependence, bad decisions taken without challenge — and a buyer or investor pays more for lower risk. It also makes the company legible: clean records, reliable numbers, clear ownership and decisions that can be evidenced are exactly what turn a business from the founder's personal project into a transferable asset. The companies that command premium valuations and survive their founders are, almost without exception, the well-governed ones. Governance is the difference between a business that is worth something only while you run it and one that is worth something in its own right.

Why investors care

Investors are, in the end, pricing risk and trust. Before they commit capital they look for the governance signals this handbook describes: independent oversight, reliable reporting, functioning controls, a clean compliance record and decisions that are documented. Where they find them, due diligence is faster, the deal is more likely to close, and the valuation is higher. Where they find gaps — no minutes, stale registers, undocumented share issues, blurred finances — they either walk away or price the risk into a lower offer. For a Nigerian company seeking growth capital, development finance or a strategic

investor, governance is not a side issue to the raise; it is often the thing that determines whether the raise succeeds and on what terms.

Why lenders care

Lenders care about being repaid, and governance is a leading indicator of whether they will be. A board that oversees risk, controls its cash and meets its obligations is a safer credit, and lenders increasingly reflect that in their decisions and their pricing. Strong governance shortens the path to credit, supports better terms and covenants, and keeps facilities available when conditions tighten. Weak governance does the opposite: it raises the perceived risk, invites personal guarantees, and can see facilities withdrawn at the first sign of trouble. The clearance certificates, reliable accounts and clean compliance record that good governance produces are, to a lender, the evidence that the company can be trusted with money.

Why regulators care

Regulators — the CAC, the FRCN, the revenue authorities and the sectoral bodies — are charged with protecting the public, the market and the integrity of the system, and well-governed companies make their job easier. A company that files on time, reports honestly, manages its risks and engages constructively earns lighter-touch oversight and the benefit of the doubt; one that does not invites scrutiny, penalties and, in regulated sectors, intervention. Good governance is, from the regulator's side, simply a company doing what the law and the codes intend — and the companies that do it consistently spend far less time and money managing regulatory problems than those that lurch from breach to breach.

Why well-governed boards outperform

Beyond risk, value and capital, there is performance itself. A board that debates strategy rather than rubber-stamping it makes better decisions. Reliable information surfaces problems while they are still small. Independent challenge catches the error the executive is too close to see. Clear succession means the company does not stall when a key person leaves. Strong controls free management to grow the business instead of firefighting. None of this is glamorous, and none of it shows up as a line item — but over years it is the difference between a company that compounds and one that stumbles. Governance, practised as a discipline rather than performed as a ritual, is one of the few advantages available to any company regardless of size or sector.

The advantage, in a sentence

The whole of this handbook reduces to a simple proposition: the same habits that keep a company out of trouble are the ones that make it valuable, fundable and durable. A board that meets and decides properly, keeps its records straight, oversees risk and control, treats its duties as real and looks honestly at the warning signs is not merely compliant — it is building an advantage that competitors who treat governance as paperwork will never match. That is the governance advantage, and it is available to your board, starting with your next meeting.

About Outliers Professionals Ltd

Outliers Professionals Ltd is an advisory and intelligence firm serving Nigerian businesses, boards and owners across governance, risk, tax and compliance.

The firm exists to help companies move from being run on personal effort to being governed as institutions — better led, better controlled, better placed to raise capital and to endure. Its work spans board and governance advisory, risk and internal-control design, regulatory and tax compliance, and the publication of flagship professional resources for directors, executives, company secretaries, owners and advisers. [Add a sentence on the firm's history, sectors served and notable engagements.]

This publication. The Board & Governance Compliance Handbook 2026 (Enhanced Edition) is part of the firm's flagship resource library. It is written to be practical and implementation-focused, grounded in Nigerian company law and the realities of running a company here, and is a companion to the firm's SME Tax & Compliance Survival Guide.

Founder & Lead Author. Rafiu Olawuyi, FCA, leads the firm's advisory and publishing work, bringing chartered-accountancy and governance expertise to companies at every stage of maturity. [Add a short professional biography.]

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The Outliers Governance IP Suite

This handbook is built on five proprietary frameworks developed by Outliers Professionals Ltd. Together they form a single, coherent governance methodology — from structure, through effectiveness, risk and maturity, to a single measured index of governance health. They are the intellectual property of the firm and the backbone of its advisory, assessment and training work.

Proprietary framework	What it is	Where it lives
Outliers Governance Excellence Framework™	The five structural pillars of good governance, extended by the eight-component Outliers Governance Excellence Model (OGEM)	Part IX (Ch 36–37)
Outliers Board Effectiveness Model™	How a board moves from meeting to governing — effectiveness assessment, evaluation and director development	Part II & V (Ch 9, 25)
Outliers Governance Maturity Matrix™	A five-level scale that places a company's governance from foundational to excellent, component by component	Part VI (Ch 26)
Outliers Risk Governance Framework™	Risk appetite, register, internal control and assurance as one integrated board discipline	Part III (Ch 11–13)
Outliers Governance Health Index™	A single scored measure of governance health, from the 25-question Health Check and the Governance Performance Index	Part IV & VI (Ch 20, 27)

Using the IP suite

The five frameworks are designed to work together: the Excellence Framework sets the structure, the Board Effectiveness Model and Risk Governance Framework operate it, the Maturity Matrix tracks how far it has developed, and the Governance Health Index measures the result in a single number a board can act on year after year.

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Key Figures, Tables and Frameworks

The handbook is rich in structured visual tools. The most important named figures, tables and frameworks are listed here for quick reference; each is fully developed in the chapter shown.

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How to Use This Handbook

Good governance is not paperwork for its own sake. It is the system by which a company is directed and controlled — the structure that lets owners delegate to managers with confidence, that protects directors who act properly, and that keeps a growing business out of the kinds of trouble that close it down.

This handbook is written for the people who carry governance responsibility in a Nigerian company: directors, the company secretary, and owner-managers who are, in practice, all of these at once. It is organised from the inside out — from the duties of the individual director, through the workings of the board, the governance code, and the filings owed to the regulators, to the disciplines of risk and control that sit underneath the whole structure.

A companion to the tax guide. This handbook is a companion to the SME Tax & Compliance Survival Guide. Where that guide covers what a company owes the revenue and statutory bodies, this one covers how a company should be governed and what it owes the Corporate Affairs Commission and the Financial Reporting Council. Read together, they cover the obligations a Nigerian company carries from formation to maturity.

The legal backbone. The primary framework is the Companies and Allied Matters Act 2020 (CAMA 2020), which governs companies, directors and the CAC; the Financial Reporting Council of Nigeria Act and the Nigerian Code of Corporate Governance 2018 (NCCG 2018), which set governance standards; and the sectoral codes issued by regulators such as the CBN, SEC, NAICOM, PenCom and the NCC for businesses in regulated industries.

Read this first

This is a handbook, not legal advice. Company law is detailed and fact-specific. The principles here are stated to help you govern well, but you should confirm any specific obligation — a filing deadline, a director's liability, a sectoral requirement — with the CAC, the FRCN, your company secretary or a qualified adviser before you act.

Scale matters. CAMA 2020 deliberately lightens the load on small and private companies. Throughout, we flag where an obligation applies only to larger companies, public-interest entities or regulated sectors, so you can focus on what actually applies to you.

Part I — Governance Foundations

The base on which everything rests: the governance landscape, the codes, the regulators a Nigerian company answers to, and the rights of its members.

1. The Governance Landscape

Before the detail, it helps to see the whole map: who makes the rules, who they apply to, and how the pieces fit together. Governance in Nigeria is a layered system, and knowing which layer you sit in tells you which obligations are yours.

1.1 Who sets the rules

Four sources of authority shape how a Nigerian company is governed. CAMA 2020, administered by the Corporate Affairs Commission, is the foundation: it creates the company, defines directors' duties and powers, and sets the registration and filing regime. The Financial Reporting Council of Nigeria sets reporting standards and issues the national governance code. The Nigerian Code of Corporate Governance 2018 translates good practice into 28 principles. And for regulated industries, a sectoral regulator — the Central Bank, the Securities and Exchange Commission, NAICOM for insurance, PenCom for pensions, the NCC for telecoms — layers its own code on top.

For most private SMEs, CAMA 2020 is the binding law and the NCCG is best-practice guidance to grow into. For listed companies, banks, insurers and other public-interest entities, the NCCG and the relevant sectoral code carry real regulatory weight.

1.2 What CAMA 2020 changed

CAMA 2020 was the most significant overhaul of Nigerian company law in three decades. For governance specifically, the changes that matter most are:

- **Single-member companies** — a private company can now be formed and run by one person, who may be the sole shareholder and sole director of a small company.
- **Company secretary optional for small companies** — the mandatory company secretary requirement was relaxed for small and private companies, though appointing one remains good discipline.
- **Statement of compliance and beneficial ownership** — new transparency duties, including the register of persons with significant control (the PSC, or beneficial-ownership, register).
- **Audit exemption** — qualifying small companies are exempt from the statutory audit requirement.
- **Electronic meetings and resolutions** — private companies may hold meetings virtually and pass written resolutions, a change cemented by practice since 2020.

1.3 Public, private and small — why the category matters

Almost every governance obligation scales with the type and size of company. A useful mental model:

Category	Roughly who	Governance weight
Small private company	Below the CAMA small-company thresholds; closely held	Lightest — audit exemption, single director possible, secretary optional
Larger private company	Above small thresholds but unlisted	Fuller CAMA duties; audit required; NCCG as best practice
Public / listed company	Shares offered to the public or listed	Full CAMA plus NCCG and SEC code; rigorous board structure
Public-interest entity	Banks, insurers, pension operators,	Heaviest — sectoral code, FRCN

Category	Roughly who	Governance weight
	listed firms	registration, intensive oversight

Find your row before you read on. The duties of a director (Chapter 6) apply to everyone; the heavier machinery of board committees, independent directors and formal evaluation (Chapters 7 and 2) is mandatory for the larger categories and aspirational good practice for the smaller ones.

1.4 The CAMA small-company test

A company qualifies as “small” under CAMA 2020 — unlocking audit exemption, a single director and an optional secretary — where it is private, its turnover is not more than **₦120 million**, its net assets are not more than **₦60 million**, no member is an alien or a government body, and — where there is more than one director — the directors together hold at least 51% of the equity. This is a different test from the small-company definition used for tax; a company can be small for one and not the other, so check both.

Two “small company” tests — do not confuse them

The CAMA small-company test (turnover \leq ₦120m, net assets \leq ₦60m, local ownership, directors’ majority) governs audit exemption and board minimalism. The tax small-company test (a turnover and fixed-asset threshold in the 2025 tax Acts, professional services excluded) governs the 0% CIT and levy reliefs. They are independent. Our companion tax guide covers the tax test in detail.

1.5 How to read the rest of this handbook

This handbook is organised into ten Parts. Part I sets the governance foundations; Part II covers board leadership; Part III risk and control; Part IV the governance toolkit; Part V board templates; Part VI governance assessment tools; Part VII case studies; Part VIII future governance; Part IX the Outliers Governance Excellence Framework and Model; and Part X the appendices and reference material.

1.6 Why governance pays — and what it costs to neglect

It is tempting, in a small or owner-managed company, to see governance as overhead — process for its own sake. The opposite is closer to the truth. Good governance is what lets an owner sleep: it catches the error or the fraud before it compounds, it keeps the company on the right side of the regulators, and it builds the record that turns a business into a sellable, investable asset. Neglect is expensive in ways that arrive all at once — a struck-off company, a voided contract, a personal liability for unremitted deductions, a collapsed deal when due diligence finds no minutes and an out-of-date register, a dispute among owners with no agreement to resolve it. The companies that endure are rarely the ones with the most elaborate governance; they are the ones whose boards do the basics consistently. This handbook is a guide to those basics.

Action checklist — orient yourself

- Identify your company category and the CAMA small-company position.
- List the regulators you answer to — always the CAC; the FRCN and a sectoral body if in scope.
- Confirm who currently holds each role: directors, chair, secretary, auditor.
- Note which NCCG practices you already follow and which are aspirations for now.

2. Corporate Governance and the NCCG 2018

Governance is the architecture of accountability — how the board is structured, how power is balanced, and how the company answers for itself. Nigeria’s expectations are codified in the Nigerian Code of Corporate Governance 2018, issued by the FRCN. This chapter explains the Code and how to apply it sensibly at your scale.

2.1 What the NCCG 2018 is

The Nigerian Code of Corporate Governance 2018 was issued by the Financial Reporting Council of Nigeria and took effect in 2019. It consolidates earlier sectoral and national codes into a single national framework built around 28 principles grouped into seven parts. The Code applies on an “apply and explain” basis: rather than tick boxes, a company applies each principle and explains in its reporting how it has done so. This recognises that good governance looks different in different companies while holding everyone to the same underlying principles.

2.2 The seven parts, in outline

The Code’s 28 principles fall into seven broad areas. In outline they cover:

Part	Theme	What it addresses
1	Board of directors	Role, composition, balance of executive and non-executive, the chair, board committees
2	Assurance	Internal audit, external audit and the assurance the board relies on
3	Relationship with shareholders	Fair treatment of members, general meetings, protection of minority interests
4	Business conduct & ethics	Ethical culture, code of conduct, conflicts, whistleblowing, anti-corruption
5	Sustainability	Environmental, social and governance responsibilities and longer-term value
6	Transparency / reporting	Disclosure, integrity of reporting, the governance report itself
7	Definitions & interpretation	The terms and scope that frame the rest of the Code

The labels above are a working summary; the operative document is the Code itself. For a smaller company the value is not in formal compliance but in adopting the principles that make any board stronger: a real separation of roles, honest reporting, ethical conduct and genuine assurance.

2.3 Apply and explain

“Apply and explain” differs from the older “comply or explain”. The starting assumption is that a company applies the principles; its governance report then explains how. This shifts the emphasis from justifying departures to demonstrating thoughtful application. For companies within the Code’s mandatory scope (public-interest entities and others designated by the FRCN), the governance report is a real disclosure obligation. For private SMEs outside that scope, the discipline of writing down how you govern — even in a page — is a powerful way to find the gaps before a regulator, lender or investor does.

2.4 Separating the chair and the chief executive

A cornerstone principle is the separation of the roles of board chair and chief executive. The chair leads the board and is responsible for its effectiveness; the CEO runs the business day to day and answers to the board. Combining the two concentrates power and weakens oversight — the board ends up reviewing its own management. The Code expects the roles to be held by different people, with the chair preferably non-executive. In an owner-managed company where one person is chair, CEO and majority shareholder, the practical mitigation is to bring in at least one genuinely independent voice and to document decisions rigorously.

2.5 Board composition and independence

An effective board blends executive directors (who know the business intimately) with non-executive directors (who bring distance and challenge), including independent non-executives free of relationships that would compromise their judgment. The mix matters because oversight requires people willing and able to say no. The Code addresses board size, the balance of skills and experience, diversity, and the tenure and independence of directors. Smaller companies rarely need a large board, but even a two- or three-person board benefits enormously from one outside perspective.

2.6 Board committees

Larger boards delegate detailed work to committees, each with clear terms of reference, while the full board retains accountability. The committees the Code contemplates include:

- **Audit committee** — oversees financial reporting, internal and external audit, and internal control; a statutory audit committee is also required for public companies under CAMA.
- **Risk management committee** — oversees the risk framework, appetite and key exposures (see Chapter 11).
- **Remuneration / governance committee** — oversees director and senior-executive pay, board evaluation and succession.
- **Nomination committee** — leads board appointments and the assessment of independence.

A small company does not need four committees. What it needs is to ensure the functions — assurance, risk, remuneration discipline, orderly succession — are performed by someone, even if that is the whole board sitting in different modes on different agenda items.

2.7 Board evaluation and the company secretary

The Code expects boards to assess their own effectiveness periodically — an honest look at whether the board has the right people, information and behaviours. It also recognises the company secretary as the board's governance conscience: advising on procedure and compliance, managing meetings and minutes, and maintaining the statutory registers. Even where CAMA does not require a secretary for a small company, someone must perform these functions; naming that person and resourcing them properly is itself a governance decision.

2.8 Sectoral codes

The NCCG is the national baseline, but regulated industries layer additional codes on top. Banks answer to the Central Bank of Nigeria's corporate-governance guidelines; capital-market firms to the Securities and Exchange Commission; insurers to NAICOM; pension operators to PenCom; telecoms to the NCC. Where a sectoral code applies, it generally sets more demanding and more specific

requirements than the NCCG, and the two are read together. If you operate in a regulated sector, identify your sectoral code early — it, not the national Code alone, defines your governance obligations.

2.9 Governance at SME scale — a proportionate approach

The mistake smaller companies make is to conclude that, because the heavy machinery does not apply, governance does not apply. The opposite is true: the principles scale down better than the paperwork. A proportionate SME approach looks like this — a board that actually meets and minutes its decisions; a clear split, even if informal, between owning, directing and managing; one independent voice; honest financial reporting; a simple code of conduct and a way for staff to raise concerns; and a short annual stocktake of how the company is governed. None of that is expensive, and all of it is what an investor or lender will look for.

2.10 Committee terms of reference — the essentials

Where a board does use committees, each should have written terms of reference so that delegation is clear and accountability is not lost. Terms of reference need not be long; they should answer who sits on the committee, what it is responsible for, what it may decide versus what it only recommends, how often it meets, and how it reports to the full board. The summary below captures the core remit of the committees the Code contemplates.

Committee	Core remit	Reports on
Audit	Financial reporting integrity; internal and external audit; internal control	Accounts, audit findings, control weaknesses
Risk	Risk framework, appetite and the principal exposures	The risk register and major risk responses
Remuneration	Director and senior-executive pay; board evaluation	Pay policy and evaluation outcomes
Nomination	Board appointments, independence, succession	Proposed appointments and board composition

In a company too small for separate committees, the full board performs these functions — but it helps to put on each “hat” deliberately: spend part of one meeting a year as the audit committee, another part as the remuneration committee, and minute it as such. The functions, not the number of committees, are what governance requires.

2.11 Ethics and business conduct

Part of the NCCG is devoted to ethics and business conduct, and for good reason: the most robust control framework fails in a culture that tolerates dishonesty. The board sets the ethical tone — in what it rewards, what it refuses, and how it behaves when no one is watching. Practical expressions of this are a written code of conduct that staff actually know, a clear anti-bribery and anti-corruption stance (especially important given Nigeria’s legal and reputational environment), policies on gifts and entertainment, and consistent enforcement that applies to senior people as much as junior ones. A code that the leadership visibly ignores is worse than none, because it teaches the organisation that the rules are decoration. Ethical culture is not soft; it is the foundation on which every other control depends, and investors and regulators increasingly probe it directly.

2.12 Sustainability and stakeholders

The Code also asks boards to consider sustainability — the longer-term environmental, social and governance dimensions of how the company creates value — and the interests of stakeholders beyond the immediate shareholders: employees, customers, suppliers, communities and the environment. For a large company this means formal ESG reporting and policy; for a smaller one it means simply governing with an eye beyond the next quarter — treating staff fairly, dealing honestly with customers and suppliers, managing environmental impact responsibly, and recognising that a licence to operate is granted by more than the balance sheet. Increasingly, lenders, large customers and investors ask about these matters, so building an honest, proportionate view of your company's wider impact is both good governance and good business.

Common governance failures — governance

- One person as chair, CEO and owner with no independent challenge and undocumented decisions.
- Treating the NCCG as irrelevant rather than adopting its principles proportionately.
- Operating in a regulated sector without identifying and applying the sectoral code.
- Committees (or board functions) with no terms of reference, so accountability is unclear.
- Never evaluating the board, so the same blind spots persist for years.

3. CAC Obligations

The Corporate Affairs Commission is the registrar of companies and the day-to-day enforcer of CAMA 2020. Almost every governance event — a new director, a share transfer, a change of address, the annual return — must be reflected on the CAC's record. Keeping that record accurate and current is a continuing duty, not a one-off at incorporation.

3.1 The annual return

Every company must file an annual return with the CAC, confirming and updating its particulars — directors, members, shareholding, registered address and the like. The annual return is not a tax return and is separate from anything filed with the NRS; it is the CAC's yearly confirmation that the company is active and its details are correct. It is generally due within 42 days of the AGM, and for companies that do not hold an AGM the obligation still arises annually. Persistent failure to file annual returns is a common reason companies are struck off the register as defunct — and reinstatement is far more painful than filing on time.

3.2 Statutory registers and records

CAMA requires every company to keep a set of statutory registers at its registered office (or another permitted place), available for inspection as the law provides. The core registers are:

- Register of members (shareholders) and their holdings.
- Register of directors and secretaries, with their particulars.
- Register of directors' (and connected persons') interests in shares or debentures.
- Register of charges over the company's assets.
- Register of persons with significant control — the beneficial-ownership register (see 5.4).
- The minute books of board and general meetings.

These can be kept electronically. The point is that they exist, are accurate, and can be produced — they are the company's own record of who owns it, who runs it and what is charged against it.

3.3 Notifying changes

Governance is dynamic, and the CAC record must keep up. Changes that must be notified within the statutory window include the appointment, resignation or removal of a director or secretary; the allotment or transfer of shares; an increase or reduction of share capital; a change of registered address or company name; and amendments to the articles. The discipline is simple but easily neglected: whenever something changes at the board or in the ownership, file the change. An out-of-date CAC record causes problems at exactly the wrong moments — due diligence, bank onboarding, a contract that checks the register.

3.4 Beneficial ownership — the PSC register

Among CAMA 2020's most significant additions is the duty to identify and disclose persons with significant control — broadly, the individuals who ultimately own or control the company, commonly those holding at least 5% of shares or voting rights, or who otherwise exercise significant influence. The company must maintain a register of persons with significant control and notify the CAC of the required particulars and of changes, within the statutory timeframe. This beneficial-ownership

transparency is part of Nigeria's anti-money-laundering commitments, and non-disclosure carries penalties. Identify your ultimate human owners — looking through any holding companies — and keep the register current.

3.5 Share capital and allotments

A private company must have at least the minimum issued share capital CAMA prescribes, and changes to capital are regulated events. Allotting new shares, transferring existing ones, or reducing capital must follow the proper procedure — board and (where needed) member approval, updating the register of members, issuing or cancelling certificates, and notifying the CAC. Loose share dealing — promising equity informally, issuing shares without resolutions, never updating the register — stores up disputes and derails investment due diligence. Treat the cap table as a controlled document.

3.6 Audit and the small-company exemption

CAMA requires companies to have their annual financial statements audited — but exempts qualifying small companies (the test in Chapter 1.4: private, turnover \leq ₦120m, net assets \leq ₦60m, local ownership, directors' majority). An exempt company still must prepare proper financial statements to recognised standards; it is the external audit it is relieved of, not the accounts themselves. As soon as a company grows past the threshold, takes on outside investors, or enters a regulated sector, the audit requirement re-engages. Directors should review the exemption each year rather than assume last year's position still holds.

3.7 Registered office, name and authentication

Some obligations are easy to overlook precisely because they are basic. Every company must maintain a registered office — the official address at which it receives formal communications and keeps (or holds available) its statutory registers — and must notify the CAC of any change. The company must display its name and registration number as required, including on its correspondence and at its places of business, and must use its name accurately in contracts. CAMA 2020 also modernised how companies authenticate documents: a common seal is now optional rather than mandatory, and documents can be validly executed by the signatures of the prescribed officers. The practical point is to know how your company validly signs — who may bind it, and in what form — so that contracts and filings are properly executed and not later challenged for want of authority. These housekeeping duties are minor individually, but a wrong registered address can mean missing a formal notice, and a poorly executed contract can be a costly dispute.

3.8 Strike-off, reinstatement and winding up

A company that stops filing and appears defunct can be struck off the register by the CAC; a company can also be wound up voluntarily or by the court. None of these is a tidy way to walk away from obligations — outstanding statutory liabilities can still be pursued, and directors who abandon a company rather than wind it up properly leave loose ends that resurface. If a company has reached the end of its life, take advice and close it down through the correct process, clearing or accounting for its liabilities first.

Common governance failures — CAC

- Missing annual returns until the company is flagged or struck off as defunct.
- Leaving the register of directors or members out of date after changes.

- Failing to maintain or update the PSC (beneficial-ownership) register.
- Informal share promises with no resolutions, certificates or register entries.
- Assuming the audit exemption still applies after crossing the small-company threshold.

4. FRCN Obligations

The Financial Reporting Council of Nigeria sits behind both the numbers a company reports and the way it is governed. It sets the reporting standards your accounts must follow, issues the national governance code, and registers the professionals who sign off on your statements. How heavily it touches you depends on whether you are a public-interest entity.

4.1 What the FRCN does

Operating under the Financial Reporting Council of Nigeria Act, the FRCN performs several distinct functions. It adopts and issues financial-reporting standards — Nigeria reports under IFRS — and auditing standards. It issued the Nigerian Code of Corporate Governance 2018. It registers professionals and firms (accountants, auditors, actuaries, valuers) whose work underpins public reporting. And it monitors compliance, with particular focus on public-interest entities. In short, it is the body that stands behind the integrity of corporate reporting and governance in Nigeria.

4.2 Public-interest entities and registration

The FRCN's direct registration-and-dues regime falls most heavily on public-interest entities — listed companies, banks, insurers, pension operators and other entities of public significance. A PIE must register with the FRCN and pay annual dues, typically scaled to turnover, and is subject to closer monitoring of its reporting and governance. A small private company outside the PIE definition carries a lighter direct burden — but it is not untouched, as the next section explains.

Confirm your FRCN position

Whether you must register, and the dues you owe, depend on your classification and turnover, and the FRCN revises its schedules from time to time. Rather than rely on a figure here, confirm three things with the FRCN or your auditor: Are you a public-interest entity? Do you have a reporting obligation under a sectoral regulator? Is the professional who audits or values your business FRC-registered?

4.3 Reporting standards apply to everyone

Even an audit-exempt small company must prepare financial statements, and those statements must follow FRC-adopted standards — full IFRS or, where eligible, IFRS for SMEs. The audit exemption relieves you of the external audit, not of proper, standards-compliant accounts. Directors carry the responsibility (Chapter 6.7) for ensuring those statements are prepared and give a true and fair view. Building IFRS-aware reporting habits while you are small is far cheaper than retrofitting them under pressure when an investor or lender demands compliant accounts.

4.4 Auditors must be FRC-registered

Where your company is audited, the auditor must be registered with the FRCN, and the audit report carries an FRC registration number. Engaging an unregistered practitioner undermines the validity of the report and can cause problems with banks, regulators and investors who rely on it. The same applies to other reporting professionals — valuers and actuaries whose work feeds the financial statements. When you appoint or reappoint an auditor (a matter for the members, see Chapter 7.2), confirm their FRC registration as a basic check.

4.5 The FRCN and governance

Because the FRCN issues the NCCG 2018, its remit extends beyond the numbers to how the company is governed. For PIEs and other entities within the Code's mandatory scope, the governance report is an FRCN-overseen disclosure. For companies outside that scope, the FRCN's governance role is felt indirectly — through the standards your auditor applies and through the expectations of the wider market. Chapter 2 covers the Code itself; the point here is simply that reporting and governance oversight sit, in Nigeria, under one roof.

4.6 Growing into the regime

The FRCN obligations are best understood as a staircase you climb as you grow. A small private company: prepare standards-compliant accounts, use FRC-registered professionals where you need them. A larger private company: fuller reporting and an audit. A company that lists, enters a regulated sector, or otherwise becomes a PIE: registration, dues, governance reporting and active monitoring. Anticipating the next step — rather than being surprised by it — is itself good governance, and it connects directly to the risk and control disciplines that follow.

4.7 The directors' report and statement of responsibilities

A set of financial statements prepared to FRC-adopted standards is not just numbers — it carries the board's own attestations. The directors' report gives a narrative on the company's affairs, its results and other prescribed disclosures, and the statement of directors' responsibilities confirms that the directors are responsible for keeping proper records and for preparing statements that give a true and fair view. These are not boilerplate to be signed unread. They are the board formally owning the accounts, and they connect the reporting obligations in this chapter to the directors' duties in Chapter 6 and the internal-control disciplines in Chapter 12. Where an audit applies, the auditor reports to the members on whether the statements give a true and fair view; where the small-company exemption applies, the directors' ownership of the accounts is, in effect, the only assurance — which is all the more reason to take it seriously. Sign these statements only when you have satisfied yourself that the records behind them are sound and the figures are ones you understand and stand behind.

Common governance failures — FRCN

- Assuming the FRCN is “only for big companies” and neglecting reporting-standard obligations.
- Engaging an auditor, valuer or actuary who is not FRC-registered.
- Missing PIE registration and dues after listing or entering a regulated sector.
- Guessing at the dues position instead of confirming the current schedule with the FRCN.
- Letting reporting quality lag growth, then scrambling for compliant accounts under deal pressure.

5. Shareholders, Members and Their Rights

Directors run the company, but the members own it — and the relationship between the two is the heart of corporate governance. CAMA 2020 and the NCCG both protect members' rights, especially those of the minority. A board that understands what it owes its shareholders avoids the disputes that derail growing companies.

5.1 Members versus directors

A member (shareholder) owns part of the company; a director manages it. The two roles often overlap in an SME — the founder is both — but the distinction matters legally. Certain decisions are reserved to the members in general meeting: altering the articles, changing the company name, approving certain related-party transactions, removing a director, and approving fundamental changes to capital or structure. Directors who make member-reserved decisions without authority act beyond their powers. Keeping the two hats separate, even in a one-person company, is what makes each decision valid.

5.2 The rights that attach to shares

Ordinary shares typically carry three core rights: to vote at general meetings, to receive dividends when declared, and to share in surplus assets on a winding up. Companies may also create different classes of shares — preference shares with priority dividends, non-voting shares, shares with enhanced voting — each carrying its own rights set out in the articles or terms of issue. When you raise investment, the class and rights of the shares you issue shape control and economics for years. Define them precisely; vague or undocumented share rights are a frequent source of later conflict.

5.3 Protecting the minority

Because the majority can outvote the minority on most matters, CAMA 2020 provides minority protections so that control is not abused. These include the right to be treated fairly, remedies where the company's affairs are conducted in a manner unfairly prejudicial to some members, the ability to bring a derivative action on the company's behalf where wrongdoers control the board, and protection against decisions designed simply to oppress a minority. A board mindful of these protections runs the company for the members as a whole, documents that significant decisions were taken in the company's interest, and treats minority shareholders' legitimate interests with respect rather than as an obstacle.

5.4 Dividends and distributions

A dividend is a distribution of profit to members, and it is regulated. Dividends may only be paid out of distributable profits — broadly, accumulated realised profits less accumulated realised losses — not out of capital, and a company must remain able to pay its debts after the distribution. Directors who pay dividends the company cannot support can face personal consequences, and improper distributions can be clawed back. Declare dividends formally, by the proper resolution, on the basis of accounts that show they are justified — and remember that, for the owner, how profit is extracted (salary versus dividend) carries the tax consequences set out in our companion tax guide.

5.5 Shareholder agreements and the articles

Two documents govern the relationship among owners: the articles of association (the company's public constitution, filed with the CAC) and, often, a shareholders' agreement (a private contract among the members). The articles bind the company and all members and set the default governance machinery. A shareholders' agreement can add private arrangements — how the board is composed, what decisions need unanimous consent, pre-emption rights on share transfers, what happens if a founder leaves or a deadlock arises. For any company with more than one owner, or taking on an investor, getting these documents right at the outset prevents the most damaging disputes. Where the two conflict, understand which prevails and align them.

5.6 Communicating with members

The NCCG expects fair and timely communication with shareholders, and CAMA gives members rights to information — to receive the financial statements, to attend and speak at general meetings, and to inspect certain records. Even in a closely held company, the discipline of giving members proper notice, accurate accounts and a genuine opportunity to question the board is what keeps trust intact and decisions unimpeachable. Investors, in particular, judge a company by how straight its board is with the people who funded it.

Common governance failures — members

- Directors making member-reserved decisions without the proper resolution.
- Issuing shares with vague or undocumented rights, storing up disputes.
- Disregarding minority shareholders' legitimate interests — inviting an unfair-prejudice claim.
- Paying dividends out of capital or when the company cannot support them.
- Operating with no shareholders' agreement where there is more than one owner.

Governance Health Check — how mature is your board?

Use the Governance Health Check and the maturity model in this handbook to rate your board honestly, then act on the gaps.

Outliers Professionals Ltd can help with: governance reviews, board evaluation, governance audits, risk assessment, ESG readiness and AI governance reviews.

Contact: [email] · [telephone] · [website].

Part II — Board Leadership

The people and practice of leading: directors' duties, board meetings, the company secretary, board effectiveness, and governance in family businesses.

6. Director Responsibilities

Everything else in this handbook rests on the office of director. A director is a fiduciary — trusted to act for the company and its members, not for themselves. CAMA 2020 sets out these duties in statute, and the personal liabilities for getting them wrong are real. This chapter is the one every director should read.

6.1 Who is a director

A director is anyone duly appointed to direct and manage the company's affairs. CAMA 2020 also reaches people who act as directors without formal appointment: a "shadow director" on whose instructions the board is accustomed to act, and a "de facto" director who performs the role without being appointed, can both carry a director's duties and liabilities. You cannot escape the responsibilities simply by avoiding the title. A private company may have a single director if it is small; otherwise the default minimum is two.

6.2 The fiduciary duties

At the heart of the role are the fiduciary duties — obligations of loyalty and good faith that CAMA 2020 codifies. A director must:

- **Act in good faith and in the best interests of the company** — the company as a whole, including its members collectively, not any one shareholder or the director's own interests.
- **Exercise powers for their proper purpose** — powers given to run the company must be used for that, not, for example, to entrench the board or defeat a takeover.
- **Avoid conflicts of interest** — between personal interests and the company's, and between duties owed to different parties; where a conflict arises it must be declared and managed.
- **Not make secret profits** — a director may not exploit the company's property, information or opportunities for private gain without disclosure and consent.
- **Exercise independent judgment** — a director must bring their own mind to decisions and not simply do as told by an appointing shareholder.

These duties are owed to the company itself. That is why, when they are breached, it is generally the company (or someone acting for it) that enforces them.

6.3 The duty of care, skill and diligence

Alongside the fiduciary duties sits the duty of care, skill and diligence. A director must bring the care that a reasonably diligent person would, judged by two standards together: the general knowledge, skill and experience reasonably expected of someone in that role (an objective floor), and the actual knowledge, skill and experience the particular director has (a subjective top-up). A qualified accountant on the board is held to a higher standard on financial matters than a lay director; ignorance you could and should have cured is no defence.

In practice this means directors must inform themselves before deciding, attend meetings, read the papers, ask questions, and monitor the company's position rather than rubber-stamping management. "I left it all to the managing director" is not a defence a court will accept.

6.4 Declaring interests and managing conflicts

Where a director has a personal interest in a matter or a contract before the board — directly or through a connected person — they must declare it. The declaration should be made at the first meeting at which the matter is considered, recorded in the minutes, and (depending on the company's articles and the nature of the interest) the conflicted director should refrain from voting and may need to absent themselves. A standing register of directors' interests, reviewed regularly, makes this manageable rather than ad hoc.

6.5 Where personal liability bites

The corporate veil protects directors from the company's ordinary debts — but not in every case. Directors can incur personal liability where they:

- Breach their fiduciary or care duties and cause the company loss.
- Allow the company to trade fraudulently, or (where applicable) to incur debts with no reasonable prospect of paying them.
- Fail to remit deducted statutory sums — PAYE, pension, VAT — which the authorities can pursue against responsible officers.
- Make misleading statements in returns, prospectuses or financial statements.
- Sign personal guarantees — a common, and entirely voluntary, route to personal exposure.

The through-line is straightforward: act honestly, stay informed, keep the company's money and statutory deductions sacrosanct, and document your decisions. Most director liability flows from neglect or self-dealing, not from honest business failure.

6.6 Appointment, removal and the register

Directors are appointed as the articles provide — typically by the members in general meeting or by the board filling a casual vacancy. Appointments, resignations and removals must be notified to the CAC within the statutory window, and recorded in the company's register of directors. A director may be removed by the members by ordinary resolution following the proper procedure, with the director given the chance to be heard. Letting the CAC record drift out of date — a resigned director still on file, a new one never filed — is a common and avoidable breach.

6.7 Directors and the financial statements

Directors carry specific responsibility for the company's accounts. They must ensure proper accounting records are kept, that financial statements giving a true and fair view are prepared and (where required) audited, and that those statements are laid before the members and filed. The directors' report and the statement of directors' responsibilities in a set of accounts are not formalities — they are the board owning the numbers. This duty connects directly to Chapter 4 (FRCN) and to the internal-control disciplines in Chapter 12.

6.8 Induction and ongoing development

A director cannot discharge the duty of care without understanding the company and the role. A short induction — the constitution and shareholder arrangements, recent financial statements, the risk register, the key contracts and the board's own procedures — equips a new director to contribute and to challenge from the start. Ongoing development keeps the board current as the company grows and the law changes; the 2026 tax reforms, for instance, are exactly the kind of shift a board should be

briefed on. The investment is small and the protection large: an informed director makes better decisions and is far better placed to show they acted with reasonable care.

Action checklist — new-director induction

- The certificate of incorporation, articles and any shareholders' agreement.
- The last two years of financial statements and the latest management accounts.
- The current risk register and the register of directors' interests.
- Board and committee terms of reference, and the meeting calendar.
- A briefing on the director's duties and personal-liability exposure.

6.9 Collective and individual responsibility

A board decides as a body, and its decisions bind the company even where an individual director disagreed — this is collective responsibility, and it is why a director who cannot support a significant decision should ensure their dissent is minuted, and in a serious case consider whether they can remain on the board. But collective responsibility does not dilute individual duty: each director owes the duties of loyalty and care personally, and cannot hide behind the board to excuse their own neglect. “The board decided” is no defence for a director who failed to inform themselves, ignored a conflict, or stayed silent while the company drifted into trouble. The practical reconciliation is straightforward — engage fully, speak up, ensure dissent is recorded, and accept that once a decision is properly taken you support it publicly while the minutes preserve your position. Directors who treat board membership as passive endorsement of management carry the same liabilities as those who acted, without the protection of having actually exercised judgment.

Common governance failures — directors

- Treating the directorship as a title rather than a set of enforceable duties.
- Failing to declare an interest in a contract, then having the contract voided and facing a claim.
- Not keeping the CAC register of directors current after resignations or appointments.
- Allowing unremitted PAYE, pension or VAT to accumulate — a direct route to personal liability.
- Signing off accounts the director has not understood or interrogated.

7. Board Meetings and Decisions

A board acts as a board — collectively, in properly constituted meetings, with decisions recorded. The validity of what a company does often turns on whether the meeting that decided it was correctly convened, quorate and minuted. This chapter covers how to get the mechanics right.

7.1 Types of meeting and decision

Three instruments carry most corporate decision-making. Board meetings are where the directors manage the company between general meetings. General meetings are where the members (shareholders) decide the matters reserved to them — most notably the Annual General Meeting (AGM). And written resolutions allow decisions to be taken without a meeting where the law and the articles permit. Knowing which decision belongs to which forum is the first discipline: directors cannot decide matters reserved to members, and members do not run the company day to day.

7.2 The Annual General Meeting

Every company other than a small company (which may dispense with it) must hold an AGM each year, within the intervals CAMA prescribes, and not more than fifteen months apart. The AGM's ordinary business typically includes laying the financial statements before the members, declaring a dividend, electing or re-electing directors, and appointing or reappointing the auditor and fixing their remuneration. Small companies enjoy relief from holding an AGM, but the underlying decisions — approving accounts, appointing auditors where applicable — still need to be taken and recorded, often by written resolution.

7.3 Notice

A meeting decided on improper notice can be invalid. CAMA sets minimum notice periods — generally 21 days for a general meeting — and the notice must reach everyone entitled to attend, state the date, time, place (or virtual access) and the business to be transacted, and flag any special resolution. Board-meeting notice is governed by the articles and is usually shorter and more flexible, but the principle holds: every director entitled to attend must be given reasonable notice, and a director cannot be deliberately excluded.

7.4 Quorum

A meeting is only valid if it is quorate — the minimum number of participants fixed by the articles (or by CAMA in default) is present throughout. For a board, the articles set the figure; for a general meeting, CAMA provides a default unless the articles say otherwise. Watch two traps: a quorum lost mid-meeting (because a conflicted director withdraws, for example) can invalidate later decisions, and a single-member company needs tailored quorum rules. Check the count at the start and keep it.

7.5 Voting and resolutions

Most decisions are taken by a simple majority — an ordinary resolution. Certain fundamental changes (altering the articles, changing the company name, reducing capital, winding up) require a special resolution, generally a 75% majority. The chair may have a casting vote if the articles allow. Where a director is conflicted, they should not vote on the affected matter. Record not just the outcome but, for

significant decisions, the fact that the board considered the relevant factors — the minute is the evidence that the duty of care was discharged.

7.6 Virtual and hybrid meetings

Private companies may hold board and general meetings electronically, and hybrid meetings (some in the room, some online) are now routine. The substance requirements do not relax: valid notice with the access details, a maintained quorum, a reliable means for participants to hear and be heard and to vote, and accurate minutes. Build a short protocol — platform, how votes are taken and recorded, what happens if someone drops off — and follow it consistently so that a virtual decision is as defensible as one taken in a boardroom.

7.7 Written resolutions

Where permitted, a written resolution lets the directors or members decide a matter by signing or otherwise agreeing in writing, without convening a meeting. It is invaluable for small and closely held companies and for routine approvals. The requirements: the resolution must be circulated to everyone entitled to vote, agreed by the necessary majority (often all directors for board written resolutions, per the articles), and filed in the minute book as if it had been passed at a meeting. Some decisions cannot be taken this way — check the articles and CAMA before relying on it for anything fundamental.

7.8 Minutes — the record that protects you

Minutes are not a transcript and not an afterthought. They are the company's legal record that a decision was properly taken, and CAMA requires them to be kept. Good minutes record who attended, that the meeting was quorate, what was decided, who declared interests, and — for significant matters — the key factors the board weighed. Sign and retain them; minute books and the supporting board papers should be kept for at least six years. When a regulator, an auditor or a court later asks “who decided this, and on what basis?”, the minutes answer — or fail to.

7.9 Who decides what — board versus members

Many governance disputes come down to a decision taken by the wrong body. As a working guide, routine management sits with the board, while fundamental matters are reserved to the members. The table below sketches the split; your articles and any shareholders' agreement may reserve more to the members, so check them.

Decision	Usually decided by	Instrument
Day-to-day management, contracts, hiring	Board	Board resolution
Approving the financial statements	Board, then laid before members	Board + AGM
Declaring a dividend	Board recommends; members approve	Resolution
Appointing / removing a director	Members (removal); board may fill casual vacancy	Ordinary resolution
Appointing the auditor	Members	Ordinary resolution
Altering the articles or company name	Members	Special resolution
Increasing or reducing share capital	Members (with board action)	Resolution + CAC filing

Decision	Usually decided by	Instrument
Winding up the company	Members (or court)	Special resolution

When in doubt, ask two questions: is this fundamental to the company's structure or ownership, and does the law or our constitution reserve it to the members? If yes to either, it is a members' decision and needs the right resolution — a board cannot grant itself authority it does not have.

Action checklist — a well-run meeting

- Proper notice to everyone entitled, with the agenda and any special-resolution wording.
- Confirm and record the quorum at the start — and watch it through the meeting.
- Take and record declarations of interest before the relevant item.
- Capture decisions, the majority, and the factors weighed on significant matters.
- Sign the minutes, file written resolutions in the minute book, and retain for six years.

8. The Company Secretary and the Governance Calendar

Governance needs an engine room. In most companies that is the company secretary — the person who keeps the board's processes running, the registers accurate and the filings on time. Even where CAMA does not require the role, the work still has to be done. This chapter covers the function and gives you a consolidated governance calendar.

8.1 The role of the company secretary

The company secretary is the board's principal governance adviser and administrator. The role typically covers convening meetings and circulating papers, taking and maintaining minutes, keeping the statutory registers, making CAC filings, advising directors on procedure and their duties, and acting as a point of contact for members and regulators. A good secretary is the reason a board's decisions are valid and its record defensible. CAMA 2020 relaxed the mandatory-secretary requirement for small and private companies, but the functions remain essential — so name who performs them.

8.2 Who can do it, and when it is required

Public companies must have a qualified company secretary, and CAMA sets qualification requirements for that role. A private company — and especially a small one — has flexibility: it may appoint a professional secretary, use an external company-secretarial provider, or assign the functions internally. The right answer depends on complexity: a single-director micro-company may have the director (with an adviser) cover it; a growing company with outside investors benefits from a professional secretary who brings independence and discipline to the boardroom.

8.3 The governance calendar

Like tax, governance runs on dates and recurring duties. The calendar below consolidates the obligations from across this handbook. Adjust it to your company's year-end, category and sector.

When	Obligation	To / under
Each board cycle (≥ quarterly)	Board meeting: review performance, risk register, compliance	Board / NCCG
Annually	AGM (unless a small company dispenses with it)	Members / CAMA
Within 42 days of AGM (or annually)	CAC annual return	CAC
On the event	Notify director/secretary changes, allotments, transfers, address	CAC
On the event / annually	Update statutory registers, including the PSC register	CAC
Annually	Prepare financial statements; audit unless exempt	FRCN standards / CAMA
Per FRCN schedule	FRCN registration and dues (if a PIE / in scope)	FRCN
Periodically	Board evaluation; review of risk appetite and controls	Board / NCCG

The same logic as the tax calendar applies: assign a named owner to each line, set reminders ahead of each deadline, and run a short periodic review to catch drift. A missed annual return or an out-of-date register is, like a missed tax filing, almost always a calendar failure rather than a knowledge failure.

8.4 Board papers and the flow of information

A board can only be as good as the information it receives. Directors cannot exercise care and judgment on the strength of a verbal update and a glance at last month's bank balance; they need timely, accurate, sufficient papers circulated in advance. For most companies a workable board pack contains an agenda, the minutes of the last meeting, management accounts against budget, a report from the chief executive, the current risk register, and papers on any significant decision the board is asked to take. Circulating these a few days ahead — rather than tabling them in the room — is what lets directors actually read, question and decide rather than rubber-stamp. The company secretary (or whoever performs that function) owns this discipline: setting the agenda with the chair, gathering the papers, and ensuring decisions are framed clearly enough to be made. Good information in is the precondition for good governance out; a board starved of information cannot discharge its duties however willing it is.

8.5 A 90-day roadmap for a new or reconstituted board

Whether you are forming a board for the first time or putting an existing one on a proper footing, the work sequences naturally over three months.

Phase	Focus	Key actions
Days 1–30	Foundations	Confirm directors and roles on the CAC register; locate or rebuild the statutory registers, minute book and PSC register; fix the board calendar.
Days 31–60	Process	Adopt board and committee terms of reference; start a risk register; document the core internal controls; bring any CAC filings up to date.
Days 61–90	Discipline	Hold a properly minuted board meeting; review the FRCN/audit position; agree risk appetite; schedule the first board evaluation.

At the end of 90 days the board should be able to show three things: that it is correctly constituted and recorded, that it meets and decides properly, and that it oversees risk, controls and reporting. Everything else in this handbook builds on those foundations.

Action checklist — the governance engine room

- Name who performs the company-secretary functions, however small the company.
- Keep a single, current file of statutory registers, minutes and CAC filings.
- Diarise the board cycle, the AGM and the annual return from your year-end.
- Review the PSC register and director particulars at least annually.
- Schedule a periodic board evaluation and risk/control review.

9. The Annual Board Effectiveness Assessment

A board that never assesses itself cannot improve, and the NCCG expects periodic evaluation for a reason. This chapter gives you a complete, repeatable framework: ten dimensions of effectiveness, a simple scoring method, red/amber/green thresholds, and the actions each result should trigger. Run it once a year, honestly, and the board's own blind spots become its improvement plan.

9.1 How the assessment works

The assessment covers ten dimensions of board effectiveness. Under each, a set of statements is rated by every director (and ideally the company secretary) on a five-point scale: 1 strongly disagree, 2 disagree, 3 partly agree, 4 agree, 5 strongly agree. Average the ratings within each dimension to get a dimension score out of 5, then average the ten dimension scores for an overall effectiveness score. Convert to a percentage if you prefer (score ÷ 5 × 100). The value is partly in the number and largely in the conversation: where directors' scores diverge sharply, that gap is itself a finding worth discussing.

Keep it confidential to encourage candour, have the chair (or, at higher maturity, an external facilitator) collate the results, and present them to the full board with the lowest-scoring dimensions flagged for action. Record the outcome and the agreed actions in the minutes — the evaluation is itself a governance act that should be evidenced.

9.2 The ten dimensions

The table below sets out each dimension, what effective practice looks like, and representative statements directors rate. Adapt the statements to your company, but keep the ten dimensions — together they cover the board's whole job.

Dimension	What effective looks like	Representative statements (rate 1–5)
Strategy oversight	The board shapes and challenges strategy and monitors delivery	"The board sets and rigorously tests strategy." "We track execution against clear measures."
Financial oversight	Accurate, timely accounts the board interrogates	"We receive reliable financials in good time." "The board probes the numbers and going concern."
Risk oversight	Risk appetite set; risks identified, owned, reviewed	"The board has agreed a risk appetite." "We review the risk register and emerging risks."
Compliance oversight	Statutory and regulatory compliance is monitored	"The board sees compliance status each cycle." "Breaches are escalated and resolved."
CEO oversight	CEO performance, pay and succession are managed	"The board sets and reviews CEO objectives." "CEO succession is planned."
Board composition	The right balance of skills, experience, diversity	"The board has the skills the company needs." "Composition is diverse and refreshed."
Board independence	Genuine independent challenge; conflicts managed	"Independent directors challenge effectively." "No single person dominates the board."

Dimension	What effective looks like	Representative statements (rate 1–5)
Meeting quality	Timely papers, real debate, clear decisions, minutes	“Papers arrive in time to prepare.” “Debate is robust and decisions are clear.”
Succession planning	Board and executive succession, emergency cover	“Board succession is actively planned.” “There is cover for sudden loss of key people.”
Stakeholder management	Shareholders, staff, regulators, community considered	“The board weighs key stakeholders’ interests.” “Shareholder communication is fair and timely.”

9.3 Scoring and the red / amber / green thresholds

Translate each dimension score, and the overall score, into a status using the thresholds below. The bands are deliberately demanding: “green” should mean genuinely effective, not merely adequate.

Status	Score (out of 5)	Percentage	What it signals
Green	4.0 – 5.0	80–100%	Effective — sustain and refine
Amber	3.0 – 3.9	60–79%	Adequate but with real gaps to close
Red	Below 3.0	Below 60%	Weak — priority remediation required

9.4 Interpretation and recommended actions

A score is only useful if it drives action. Use the guide below to translate each status into a proportionate response, dimension by dimension and for the board overall.

Status	Interpretation	Recommended actions
Green	The dimension is a genuine strength the board relies on.	Document what works; protect it through refreshment; raise the bar with a stretch goal.
Amber	The basics are present but effectiveness is uneven or untested.	Pick the one or two weakest statements; assign an owner and a deadline; re-test at the next cycle.
Red	A material weakness that exposes the company.	Treat as a board priority; consider external input, new skills or a structural change; track monthly until green.

For the board as a whole, read the pattern rather than a single number. A board strong on financial oversight but red on risk and succession has a recognisable and dangerous profile — good at looking backward, poor at looking forward. The assessment’s real output is a short, owned action list that the chair carries into the year and reports against at the next evaluation.

9.5 A worked scorecard

To show the framework in use, here is a board’s completed assessment for one year. The averages are the board’s, the status follows the thresholds in 17.3, and the right-hand column is the action the board agreed.

Dimension	Score	Status	Agreed action
Strategy oversight	4.2	Green	Sustain; add a competitor-watch item quarterly

Dimension	Score	Status	Agreed action
Financial oversight	4.5	Green	Maintain; no action
Risk oversight	2.8	Red	Adopt a risk appetite and quarterly register review
Compliance oversight	3.6	Amber	Add a compliance dashboard line each cycle
CEO oversight	3.2	Amber	Set formal CEO objectives; begin succession plan
Board composition	3.4	Amber	Recruit a director with sector/finance depth
Board independence	2.6	Red	Appoint at least one independent NED
Meeting quality	3.9	Amber	Circulate papers five days ahead, not in the room
Succession planning	2.4	Red	Build board and executive succession plan
Stakeholder management	3.7	Amber	Formalise shareholder communication
Overall	3.4	Amber	Three reds prioritised: risk, independence, succession

The profile tells a clear story: a board strong on the backward-looking financial and strategic dimensions but weak on the forward-looking ones — risk, independence and succession. That is a common and dangerous shape, and naming it turns a page of scores into a focused, three-item agenda for the year. Next year's assessment will show whether the reds have moved, which is exactly the accountability the exercise is designed to create.

Action checklist — running the evaluation

- Circulate the statements; every director scores confidentially and candidly.
- Collate to dimension and overall scores; flag the divergences, not just the averages.
- Present to the full board; agree owners and deadlines for amber and red items.
- Minute the outcome and actions; carry them forward and report progress next year.
- At higher maturity, commission an externally facilitated evaluation periodically.

10. Family Business Governance

Family businesses are the backbone of the Nigerian economy — from market traders who built conglomerates to second- and third-generation manufacturing and services groups. Yet most do not survive the founder, and the cause is rarely the market; it is the absence of governance to manage the place where family, ownership and management collide. This chapter sets out how to build that governance without losing what makes a family business strong.

10.1 Why family businesses need governance

A family business carries a second system the ordinary company does not: the family itself, with its relationships, loyalties, rivalries and expectations. While the founder is present and dominant, that system runs on personal authority — decisions are made at the dining table, roles are assumed rather than defined, and the company and the family's wealth are effectively one. It works, until it does not. The statistics are sobering across the world and visibly true in Nigeria: a minority of family businesses survive into the second generation and far fewer into the third, undone not by competition but by succession disputes, blurred money, unprepared heirs and conflicts no structure existed to resolve. Governance is what lets a family business outlive the personalities that built it. It does not remove the family; it gives the family and the business each a clear place, so that emotion does not drive enterprise decisions and enterprise does not poison family relationships.

10.2 Family governance versus corporate governance

The key insight is that a family business needs two governance systems, not one, working side by side. Corporate governance — the board, the directors' duties, the committees and controls described throughout this handbook — governs the company. Family governance — the family council, the constitution and charter described below — governs the family's relationship with the business: its values, how members enter and exit, how ownership passes, and how disputes are resolved. The two meet at defined points: the family, as owners, appoints directors and sets the broad direction in general meeting; the board runs the company professionally, including holding family executives to the same standard as anyone else. Confusing the two systems is the classic family-business failure — family matters decided in the boardroom, or company decisions taken on family grounds. Keeping them distinct, with a clear interface, is the foundation of everything that follows.

Dimension	Family governance	Corporate governance
Governs	The family's relationship with the business	The company and its management
Forum	Family council / family assembly	Board of directors and committees
Instrument	Family constitution and charter	Articles, board charter, policies
Concerned with	Values, entry, ownership, harmony, legacy	Strategy, performance, risk, compliance
Members	The family	Directors (family and independent)

A simple way to keep the two systems straight is the three-circle model, widely used in family-business advisory. Picture three overlapping circles — family, ownership and business (management). Every person connected to the company sits in one or more circles: a cousin who neither owns shares nor works in the business sits only in family; a non-family chief executive sits only in business; the founder

who is parent, majority owner and chief executive sits at the centre of all three. Most family-business conflict arises where the circles overlap and people confuse which role they are playing — a parent disciplining an under-performing executive who is also their child, an owner demanding dividends the business needs to reinvest. Good family governance works by making explicit which circle a given decision belongs to, and handling it in the right forum: family matters in the council, ownership matters in general meeting, business matters in the boardroom.

10.3 The family constitution

A family constitution is the family's foundational governance document — a written statement of the values, principles and rules that govern the family's relationship with the business. It is usually not a legally binding contract (the binding machinery lives in the articles and shareholders' agreement), but it carries powerful moral and practical authority precisely because the family has agreed it together. A good constitution typically covers the family's vision and values for the business; the purpose of the family's ownership; the principles for how family members may work in or own the business; how the family will be governed (the council and its remit); and how disputes will be handled. The act of writing it — honestly, with every branch represented — is often more valuable than the document, because it surfaces the unspoken assumptions that otherwise erupt as conflict a generation later. Revisit it as the family grows.

10.4 The family charter

Where the constitution sets principles, the family charter sets the operating rules that put them into practice. It is the practical rulebook the family refers to when real decisions arise, and it commonly addresses: the family employment policy (on what terms relatives may join the business, what qualifications and outside experience are expected, and how their performance is judged); the dividend and reward policy (what owners can expect to receive, and the balance between paying the family and reinvesting in the company); the share-ownership and transfer policy (who may hold shares, what happens on death, divorce or a member wishing to exit, and any pre-emption rights); and the rules for serving on the board or the family council. Clear rules set in advance, while relationships are good, are what prevent the bitter improvisation that follows when a member wants a job they are not qualified for, or cash the company cannot spare, or to sell shares to an outsider.

10.5 The family council

As a family grows beyond the founder and a handful of children, it needs its own forum, distinct from the company's board: the family council (sometimes a wider family assembly for larger families). The council is where the family, as a family, discusses its relationship with the business — it stewards the constitution and charter, plans for ownership and succession, manages communication between the family and the board, organises the education and preparation of the next generation, and handles family matters that should never reach the boardroom. It gives every branch a legitimate voice, which reduces the temptation to fight proxy battles through the company. The council does not run the business; it represents the owners' long-term interests and keeps the family aligned, so that the family speaks to the board with something closer to one voice.

10.6 Independent directors in family businesses

Of all the governance moves available to a family business, bringing genuine independent directors onto the board is among the most transformative — and the most resisted. An independent director owes nothing to family politics and can therefore do what relatives often cannot: challenge the founder,

hold a family executive to account on performance, bring outside experience and networks, and mediate dispassionately when the family is divided. They also signal to banks and investors that the company is run on merit rather than bloodline. The resistance — “they won’t understand our business”, “we don’t want outsiders in our affairs” — is understandable but usually misplaced; the right independent director respects the family’s values while insisting the company is governed professionally. Even one credible, engaged independent voice changes the dynamic of a family board for the better.

10.7 Succession planning

Succession is the issue on which family businesses most often founder, and it has two distinct dimensions that must be planned separately. Leadership succession concerns who will run the company — and the answer is not automatically the eldest child or any child at all; the charter’s merit principles should govern, and an outside or professional chief executive is a legitimate, often wise, choice. Ownership succession concerns who will own the shares and how they pass — a question of fairness, control and tax that intertwines with estate planning. The founder’s hardest task is to begin while they are still in command: to identify and develop successors, to give them real responsibility before they need it, to separate the roles they personally combine (owner, chair, chief executive) so these can pass in pieces, and to document the knowledge and relationships locked in their head. A succession left to a will, or to chance, is the single greatest threat to a family business’s survival.

10.8 Managing family conflict

Conflict in a family business is not a sign of failure; it is inevitable, because the same people relate as relatives, owners and sometimes managers all at once. What determines survival is whether the family has the machinery to resolve conflict before it becomes destructive. The sources are predictable: siblings competing for leadership; the active branch resenting the passive one (or vice versa); disagreements over pay, dividends and reinvestment; in-laws and the next generation with differing expectations; and the founder unwilling to let go. The mechanisms are equally knowable: a family council that surfaces tensions early; a constitution and charter that pre-decide the contentious questions; clear separation of family and business roles; and — critically — agreed routes for resolution, including mediation and, where a member genuinely wants out, a fair buy-out formula set in advance. The families that endure are not the ones without conflict but the ones that built the means to handle it before they needed it.

10.9 Governance through generational transition

Governance needs grow at each generational handover, and the model must evolve with them. The founder generation can run on personal authority. The second generation — a sibling partnership — needs clear agreements between owners with equal claims and no natural single leader, which is where shareholders’ agreements and dispute mechanisms become essential. By the third generation — a “cousin consortium” of many owners, most not working in the business — the family needs full governance: a constitution, a council, a professional board with independents, and clear policies on employment, dividends and share transfers, because ownership is now dispersed among people with very different relationships to the company. The practical lesson is to build the next generation’s governance before the transition, not during the crisis it would otherwise become — to put the structures in place while the current generation still has the authority to set them.

10.10 Protecting family wealth

For most families, the business is the bulk of the family's wealth, and governance is what protects it across generations. The disciplines are familiar from elsewhere in this handbook, applied with the family lens: keep the family's wealth and the company's finances genuinely separate, so the business is not drained by personal demands nor the family exposed to business creditors; consider an appropriate holding structure for the family's shareholdings, taking proper advice; set a deliberate dividend policy that balances rewarding owners with reinvesting for the future; and integrate succession with estate and tax planning so that the transfer of ownership does not force a fire-sale or fracture the company. These are matters on which the family should take qualified legal, tax and financial advice — the role of governance is to ensure the conversation happens early and deliberately, rather than being forced by a death or a dispute. Our companion tax guide covers the personal and corporate tax dimensions the family must factor in.

10.11 Common governance failures in family businesses

1. **The founder who never lets go.** Power and knowledge stay locked in one person, and the business cannot function — or survive — without them.
2. **No succession plan.** Leadership and ownership pass by default or dispute rather than design, often triggering the crisis that ends the company.
3. **Jobs by birthright, not merit.** Relatives are employed and promoted regardless of competence, demoralising non-family staff and weakening the business.
4. **Family and company money blurred.** Personal and business finances mix, corrupting the accounts and exposing both the family and the company.
5. **No forum for the family.** Without a council, family tensions are fought out through the company, paralysing the board.
6. **No independent voice.** An all-family board cannot challenge itself, and outside experience and credibility are absent.
7. **Unwritten rules.** Entry, pay, dividends and share transfers are left to assumption, guaranteeing conflict when expectations clash.
8. **The unprepared next generation.** Heirs inherit ownership and authority without the experience, education or earned credibility to wield them.

10.12 A practical family business governance checklist

Action checklist — family business governance

- Separate the two systems: a professional board for the company, a council for the family.
- Write a family constitution (values and principles) and charter (employment, dividend, share rules).
- Appoint at least one genuine independent director to the board.
- Plan leadership and ownership succession separately — and start while the founder still leads.
- Keep family and company finances completely separate; set a deliberate dividend policy.
- Agree conflict-resolution routes — mediation and a fair buy-out formula — in advance.
- Educate and give real responsibility to the next generation before they inherit it.
- Take qualified legal, tax and estate advice on structure and wealth transfer early.

Governance Health Check — how mature is your board?

Use the Governance Health Check and the maturity model in this handbook to rate your board honestly, then act on the gaps.

Outliers Professionals Ltd can help with: governance reviews, board evaluation, governance audits, risk assessment, ESG readiness and AI governance reviews.

Contact: [email] · [telephone] · [website].

Part III — Risk & Control

Seeing and containing what could go wrong: risk management, internal control, the audit committee, the warning signs, and the failures that recur.

11. Risk Management

Governance answers “who decides and how”; risk management answers “what could stop us, and what are we doing about it.” The board owns this question. A company need not be large to manage risk deliberately — it needs only to be honest about what threatens it and disciplined about the response.

11.1 Why risk is a board matter

The duty of care obliges directors to monitor the company’s position, and the NCCG expects the board to oversee risk. Risk management is therefore not something delegated wholesale to a manager and forgotten; the board sets the tone, decides how much risk the company is willing to take, and assures itself that the major exposures are identified and addressed. In a small company the “risk committee” may be the whole board spending twenty focused minutes a quarter — but the function must be performed by people with the authority to act on what they find.

11.2 Risk appetite

Risk appetite is the amount and type of risk a company is willing to pursue in seeking its objectives. Stating it — even in a sentence or two — turns risk from a vague worry into a decision the board has made. A company might decide it will pursue growth aggressively but will never compromise on statutory remittances, never rely on a single customer for more than a set share of revenue, and never trade while unable to meet its obligations. Once appetite is articulated, every significant decision can be tested against it, and the board has a yardstick for when to say no.

11.3 Identifying the risks that matter

Effective risk management starts with an honest inventory. For most Nigerian SMEs the recurring exposures cluster into a handful of categories:

- **Financial** — cash flow and liquidity, customer concentration, foreign-exchange exposure, bad debts, access to funding.
- **Compliance and legal** — tax and statutory remittance failures, CAC and FRCN breaches, contractual and regulatory exposure (the subject of our companion tax guide and of Chapters 3 and 4 here).
- **Operational** — dependence on key people, supply-chain disruption, IT and cyber risk, fraud and theft.
- **Strategic and external** — market and competitive shifts, regulatory change, macroeconomic and political conditions, reputational risk.

The aim is not a long list for its own sake but a short list of the exposures that could genuinely derail the company — the ones worth the board’s attention.

11.4 Assessing and prioritising

Once identified, risks are assessed on two dimensions: how likely they are and how damaging they would be. A simple likelihood-by-impact view — a small grid, or just a ranked list — separates the risks that demand action now from those merely worth monitoring. The discipline is to be honest about the high-impact risks even when they feel unlikely: the customer who is 40% of revenue, the founder who

holds all the key relationships, the unremitted statutory balance that grows each month. These are the exposures that close companies.

11.5 Responding to risk

For each significant risk the board chooses a response, generally one of four: treat it (put controls in place to reduce likelihood or impact), transfer it (insurance, contractual indemnities), tolerate it (accept it consciously, within appetite), or terminate the activity that creates it. The response should be proportionate to the risk and owned by a named person with a deadline. “We are aware of it” is not a response; “Mr X is reducing our largest customer below 25% of revenue by year-end” is.

11.6 A simple risk register

The practical tool that ties this together is a risk register — a living document the board reviews periodically. It need not be elaborate. For each material risk it records the exposure, its likelihood and impact, the current controls, the chosen response, the owner and the review date.

Risk	Likelihood / impact	Response and owner
Customer concentration	Medium / High	Diversify client base; sales lead; review quarterly
Unremitted statutory deductions	Low / High	Automate remittance; finance lead; monthly check
Loss of a key person	Medium / High	Document processes; cross-train; cover; MD owns
Cyber / data loss	Medium / Medium	Backups, access controls, training; IT owner
FX exposure on imports	Medium / Medium	Price in buffers; stagger purchases; finance lead

The register’s value is in the reviewing, not the writing. A board that revisits a one-page register each quarter — closing risks that have passed, adding new ones, checking owners have acted — is doing real risk management, whatever its size.

11.7 Enterprise risk management as you grow

Larger and regulated companies formalise all of this into enterprise risk management (ERM): a structured, company-wide framework, often with a board risk committee, a chief risk officer, defined risk policies and integration into strategy and reporting. The NCCG and sectoral codes expect this maturity from PIEs. For a growing SME, ERM is the destination, not the starting point — but building the habits early (appetite, register, ownership, review) means the framework, when you need it, is a formalisation of what you already do rather than a foreign imposition.

11.8 A worked illustration — customer concentration

Take a common SME risk to see the discipline in action. A services company earns 45% of its revenue from a single client. The board identifies this as a risk, assesses it as medium likelihood (the client is happy, but contracts end) and high impact (losing it would force redundancies and threaten solvency), and tests it against appetite — the board has agreed no client should exceed 25% of revenue. The gap between the 45% reality and the 25% appetite is the call to action. The response is to treat the risk: the sales director owns a plan to win new clients and bring the largest below 25% within twelve months, with quarterly progress to the board, while finance builds a cash buffer in case the client leaves first.

This is entered on the risk register with the owner and review date. Notice what governance added: not a prediction that the client will leave, but a conscious decision about how much of that risk the company will carry, and a named person accountable for closing the gap. That is the whole of risk management in miniature.

Common governance failures — risk

- Treating risk as management's problem, with no board oversight or stated appetite.
- Keeping no risk register, so exposures are managed only after they crystallise.
- Naming risks but assigning no owner, deadline or chosen response.
- Ignoring the high-impact, 'unlikely' risks — concentration, key-person, statutory arrears.
- Never revisiting the register, so it becomes a one-off document rather than a discipline.

12. Internal Controls

If risk management decides what to worry about, internal control is the machinery that does something about it day to day. Controls are the routine checks, approvals and separations that keep errors and fraud from taking hold. They are also what an auditor tests and what an investor probes — and in an SME they are too often the weakest link.

12.1 What internal control means

Internal control is the system of policies and procedures that gives reasonable assurance the company achieves three things: reliable financial reporting, effective and efficient operations, and compliance with laws and obligations. “Reasonable”, not absolute — no system stops every error or determined fraud — but a good control environment makes problems far less likely and far more likely to be caught early. The board is responsible for ensuring an adequate system exists; management operates it.

12.2 The COSO framework, in brief

The most widely used way of thinking about internal control is the COSO framework, which describes five interlocking components. Stated plainly:

- **Control environment** — the tone at the top: the integrity, ethics and competence that make controls matter. Without it, the rest is paperwork.
- **Risk assessment** — identifying what could go wrong in reporting, operations and compliance (the link to Chapter 11).
- **Control activities** — the actual controls: approvals, authorisations, reconciliations, segregation of duties, physical safeguards.
- **Information and communication** — getting the right, accurate information to the right people in time to act.
- **Monitoring** — checking that controls are working and fixing them when they are not.

You do not need to recite COSO to use it. It is simply a checklist for whether your controls cover culture, the risks that matter, the day-to-day checks, the flow of information, and the habit of reviewing all of it.

12.3 Segregation of duties

The single most powerful control in a small company is segregation of duties — ensuring no one person controls a transaction from start to finish. The person who approves a payment should not be the one who sets up the payee and releases the funds; the person who records cash should not be the only one who handles it; the person who orders goods should not solely confirm receipt and approve the invoice. Where the team is genuinely too small for full separation, compensating controls fill the gap: the owner reviews the bank statement line by line, approves payments above a threshold personally, and signs off the monthly reconciliation. Fraud in SMEs overwhelmingly exploits one person having end-to-end control of the money.

12.4 Core financial controls every SME should run

A practical control set for a small company is short and achievable:

- Bank reconciliations performed and reviewed monthly by someone other than the bookkeeper.

- Payment approvals with defined limits — above a threshold, a second authoriser or the owner signs.
- New suppliers and changed bank details verified independently before the first payment (the classic fraud point).
- Payroll changes — new starters, leavers, pay changes — approved and evidenced, not made by one person unchecked.
- Physical controls over cash, stock and assets, with periodic counts against the records.
- Monthly management accounts the owner actually reviews against budget and prior periods.

None of these requires software or headcount the company does not have. They require the discipline to run them every period, not just when something has already gone wrong.

12.5 Internal audit and assurance

Internal audit is an independent function that checks whether controls are designed well and operating as intended, reporting to the board (typically through the audit committee) rather than to the management it reviews. Larger companies and PIEs are expected to have it; the NCCG addresses the assurance the board relies upon. A small company will rarely have a dedicated internal auditor, and need not — but it should still obtain independent assurance proportionate to its size: an annual review by its accountant, periodic spot-checks commissioned by the board, or the owner's own structured review. The principle is that someone independent of day-to-day operations periodically looks under the bonnet.

12.6 Whistleblowing and speaking up

Many frauds and failures are known to someone inside the company long before they surface. A whistleblowing channel — a confidential, trusted way for staff to raise concerns without fear of reprisal — turns that private knowledge into something the board can act on. The NCCG expects it as part of an ethical control environment. In a small company it can be as simple as a named, trusted recipient (a non-executive director, the company secretary, or an external adviser) and a clear, genuinely honoured promise of confidentiality and protection. What matters is that people believe raising a concern is safe and will lead to action.

12.7 Documenting controls and the fraud reality

Controls that live only in one person's head fail the moment that person is away — and cannot be evidenced to an auditor or investor. Write the key ones down: a short procedures note covering payments, payroll, purchasing and month-end is enough for most SMEs. And keep the fraud reality in view: occupational fraud is most often committed by trusted, long-serving insiders, and is enabled by the absence of segregation and review rather than by sophisticated schemes. The boring controls — reconciliations, second approvals, independent verification of bank details — are precisely the ones that stop it.

12.8 Letting controls grow with the company

The right control set for a five-person company is not the right set for a fifty-person one, and the danger is that controls lag growth — the informal trust that worked when the owner saw every transaction quietly stops working as the company scales and layers of management appear. Review the control environment as the company grows: as you hire a finance team, formalise approval hierarchies and segregation; as you add locations, add reconciliation and oversight across them; as transaction

volumes rise, move from manual checks to system controls and exception reporting. The transition points — the first finance hire, the first branch, the first big contract, the move past the audit-exemption threshold — are the moments to step back and ask whether yesterday's controls still fit today's company. Controls that do not evolve become the gaps through which the next problem arrives.

12.9 A worked illustration — how a control gap becomes a loss

Consider a recurring pattern. A trusted, long-serving bookkeeper in a growing SME handles supplier set-up, enters invoices, prepares the payment run, and — because the owner is busy and trusts them — effectively releases payments too. No one independently reviews the bank reconciliation. Over many months, the bookkeeper creates a fictitious supplier with their own bank details and pays modest, unremarkable amounts to it. Because one person controls the transaction end to end and no independent reconciliation is done, nothing catches it; the loss surfaces only when the bookkeeper is on leave and a colleague queries an unfamiliar payee. The failure here is not sophistication — it is the absence of two boring controls: segregation (the person who sets up payees and enters invoices should not also release payments) and independent review (someone other than the preparer should check the monthly reconciliation and scan the payee list). Either control alone would likely have prevented or quickly caught the fraud. The lesson, repeated across countless real cases, is that occupational fraud is enabled by trust without verification, and defeated by the routine, unglamorous controls a board insists upon precisely because everything seems fine.

Action checklist — a minimum control set

- Monthly bank reconciliation, reviewed by someone other than the preparer.
- Payment-approval limits with a second authoriser above a threshold.
- Independent verification of new payees and changed bank details.
- Approved, evidenced payroll changes; periodic asset and stock counts.
- A trusted, confidential channel for staff to raise concerns.
- Key procedures written down, so controls survive the absence of any one person.

13. The Audit Committee Toolkit

The audit committee is where financial-reporting integrity, internal control and the audit relationship come together. For public companies a statutory audit committee is required under CAMA, and the NCCG expects a board audit committee; for smaller companies the full board performs the function. This toolkit equips whoever holds the role with a work plan, the right questions and practical checklists.

13.1 Responsibilities

The audit committee's core remit is to give the board independent assurance over financial reporting and control. Its responsibilities typically include: overseeing the integrity of the financial statements and the significant judgments in them; reviewing the effectiveness of internal control and risk management over financial reporting; overseeing the internal audit function where one exists; managing the relationship with the external auditor — their appointment, independence, fees, scope and findings; and reviewing arrangements for whistleblowing and for the prevention and detection of fraud. The committee recommends; the board decides. Its independence from the management it reviews is what gives its assurance value.

13.2 Composition and independence

The committee's value rests on its independence and competence. For public companies, CAMA prescribes a statutory audit committee, with members including shareholders' representatives elected at the AGM alongside directors; confirm the exact composition and size requirements under CAMA and your articles, as these are specific and occasionally revised. Beyond the legal minimum, good practice is consistent: the committee should be chaired by an independent or non-executive director, not by the chief executive or finance director it oversees; at least one member should have recent and relevant financial expertise; and the executives whose work is being reviewed attend by invitation rather than as members. A committee dominated by the people it is meant to scrutinise provides comfort, not assurance. Where a small company has no separate committee, the same principle applies in miniature: the assurance role should be led by whoever on the board is most independent of the day-to-day finances.

13.3 The annual audit committee work plan

Spreading the committee's work across the year prevents a year-end pile-up and keeps oversight continuous. A typical cycle, adjusted to your year-end:

Quarter	Principal focus	Key activities
Q1	Year-end reporting and audit	Review draft financial statements and key judgments; receive the external audit findings; recommend approval to the board
Q2	Controls and internal audit	Review internal control effectiveness; agree the internal audit plan; follow up prior findings
Q3	Risk and external audit planning	Review financial risks and fraud risk; agree external audit scope, fee and independence; review whistleblowing reports
Q4	Assurance and self-review	Review interim results and control issues; assess the committee's own effectiveness; plan the next year-end

13.4 Questions the committee should ask the external auditor

- What were the most significant risks of material misstatement, and how did you address them?
- Where did management's judgments and estimates sit — cautious, balanced or aggressive?
- Did you encounter any limitation, disagreement or difficulty in obtaining information?
- What internal control weaknesses did the audit identify, and how serious are they?
- Are you satisfied as to the company's going-concern basis, and on what evidence?
- Is there anything you would say to us in management's absence?

13.5 Questions the committee should ask management

- What are the most significant judgments in these accounts, and what would change them?
- Have accounting policies changed, and why — and is the change neutral or favourable to the result?
- What control failures or near-misses occurred this period, and what was fixed?
- Are all statutory and tax remittances current, with no undisclosed liabilities (see the SME Tax Guide)?
- What is the cash and going-concern position on a realistic, not optimistic, forecast?
- Has any fraud, attempted fraud or whistleblowing concern arisen, and how was it handled?

13.6 Financial reporting oversight checklist

Area	The committee has confirmed that...
Standards	The statements comply with applicable (IFRS / IFRS for SMEs) standards.
Judgments	Significant estimates and judgments are reasonable and disclosed.
Consistency	Accounting policies are applied consistently, with changes explained.
Going concern	The going-concern assessment is sound and evidenced.
Related parties	Related-party transactions are identified, on arm's-length terms and disclosed.
Narrative	The directors' report and disclosures are consistent with the numbers.
Tax	Tax balances and contingencies are appropriately recognised (see the SME Tax Guide).

13.7 Internal control review checklist

Control area	The committee has reviewed...
Segregation of duties	That no one person controls a transaction end to end.
Authorisation	That payment and commitment limits are defined and enforced.
Reconciliation	That bank and key accounts are reconciled and independently reviewed.
Access & data	That system access and sensitive data are appropriately controlled.
Fraud	Arrangements to prevent, detect and respond to fraud.
Whistleblowing	That a confidential reporting channel exists and is used.
Remediation	That prior control findings have been closed on time.

14. Twenty Governance Red Flags Every Director Must Watch

Governance failures rarely arrive without warning. They announce themselves in patterns a watchful director learns to recognise — and acts on before they harden into crises. These are twenty of the most reliable warning signs in Nigerian companies, with what each one signals and what to do about it.

9. **The unchallengeable leader.** Why it matters: a CEO or founder no one contradicts removes the board's core protection. Warning signs: dissent is unwelcome, decisions are pre-cooked, directors defer reflexively. Consequences: unchecked error, fraud or overreach. Action: strengthen independent voices; insist decisions are debated and minuted.
10. **Disengaged directors.** Why it matters: directors who do not read papers cannot discharge the duty of care. Warning signs: poor attendance, no questions, papers opened in the room. Consequences: rubber-stamping and personal liability. Action: enforce preparation; refresh the board; address persistent non-engagement.
11. **Late or unreliable financial information.** Why it matters: the board cannot oversee what it cannot trust or see in time. Warning signs: accounts arrive late, restated often, or full of surprises. Consequences: bad decisions and hidden deterioration. Action: fix the finance function and reporting calendar as a priority.
12. **Auditor trouble.** Why it matters: a resigning auditor, frequent auditor changes or a qualified opinion is a loud signal. Warning signs: 'opinion shopping', disputes over judgments, delayed audits. Consequences: misstatement risk and lost credibility. Action: have the audit committee probe the cause directly with the auditor.
13. **Unremitted statutory deductions.** Why it matters: PAYE, pension and VAT withheld but not paid over expose directors personally. Warning signs: 'we'll catch up next month', growing statutory liabilities. Consequences: penalties, lost clearances, personal liability. Action: treat remittance as untouchable; verify it is current every month (see the SME Tax Guide).
14. **Overdue CAC filings and stale registers.** Why it matters: a neglected register is both a breach and a sign of wider drift. Warning signs: unfiled annual returns, resigned directors still on file. Consequences: strike-off, penalties, failed due diligence. Action: bring filings current and assign a clear owner.
15. **Undisclosed conflicts of interest.** Why it matters: hidden conflicts corrode trust and void transactions. Warning signs: a director steering business to connected parties, silence at declarations. Consequences: voided contracts and personal claims. Action: enforce declarations and the register of interests rigorously.
16. **Related-party transactions off-market.** Why it matters: value can leak to insiders through non-arm's-length deals. Warning signs: unusual pricing, undocumented dealings with connected entities. Consequences: minority prejudice, tax and legal exposure. Action: require disclosure, independent review and arm's-length terms.
17. **Personal and company money blurred.** Why it matters: it corrupts the accounts and every exemption and protection built on them. Warning signs: drawings through the company account, paying personal costs from company funds. Consequences: distorted results, lost reliefs, liability. Action: separate accounts absolutely; pay defined salary or dividend.
18. **No risk register, no risk conversation.** Why it matters: a board that never discusses risk manages it only after damage. Warning signs: risk never on the agenda, no appetite agreed.

- Consequences: avoidable crises. Action: adopt and review a risk register every cycle (Chapter 11).
19. **Hollow minutes and decisions taken offline.** Why it matters: decisions made outside the board, or unrecorded, are undefendable. Warning signs: minutes that note attendance but no debate; key calls made by one person between meetings. Consequences: invalid decisions, no evidence of care. Action: take real decisions in the board and minute the reasoning.
 20. **Dangerous concentration.** Why it matters: dependence on one customer, supplier or person is an existential risk. Warning signs: one client is a large share of revenue; one person holds all the relationships. Consequences: collapse if the dependency breaks. Action: name it on the register, set appetite, and diversify with an owned plan.
 21. **Aggressive or shifting accounting.** Why it matters: the numbers may be flattering reality. Warning signs: policy changes that always help the result, optimistic estimates, period-end pushes. Consequences: misstatement, restatement, lost trust. Action: have the audit committee challenge judgments hard.
 22. **Whistleblowing ignored — or impossible.** Why it matters: insiders often know of problems first. Warning signs: no reporting channel, or concerns raised and buried. Consequences: frauds and failures that fester. Action: create a confidential, trusted channel and act on what it surfaces.
 23. **Going-concern pressure downplayed.** Why it matters: cash, not profit, is what kills companies. Warning signs: stretched creditors, optimistic forecasts, reluctance to discuss cash. Consequences: sudden insolvency and director exposure. Action: demand realistic cash forecasts and face the position early.
 24. **Growth outrunning controls.** Why it matters: yesterday's informal controls fail at today's scale. Warning signs: new sites, staff and volumes with the same old processes. Consequences: errors and fraud slip through the gaps. Action: upgrade controls at each growth inflection (Chapter 12).
 25. **A board without independence.** Why it matters: an all-insider or all-family board cannot truly challenge itself. Warning signs: no independent NEDs, every director conflicted by role or relationship. Consequences: groupthink and unchecked decisions. Action: appoint at least one genuinely independent director.
 26. **Audit findings that never close.** Why it matters: repeat findings show the board's instructions are ignored. Warning signs: the same issues recur year after year. Consequences: control failures that eventually bite. Action: track remediation to closure and hold owners accountable.
 27. **Opaque director or related-party loans.** Why it matters: undocumented lending distorts the accounts and invites recharacterisation. Warning signs: large, open-ended directors' loans, no terms, no repayment. Consequences: tax exposure, disputes, prejudice to others. Action: document on commercial terms, disclose, and repay.
 28. **Resistance to scrutiny.** Why it matters: information withheld from the board is the surest sign something is wrong. Warning signs: requests deflected, papers thin, 'trust me' in place of evidence. Consequences: the board is governing a fiction. Action: insist on full, timely information — and treat refusal as the red flag it is.

Using the red flags

No single flag is proof of failure — but each is a prompt to look closer, and several together are a pattern that demands action. Review this list against your own company at least annually, honestly. The directors who catch these signs early are the ones who never have to explain, afterward, why they missed them.

15. Ten Governance Failures That Cost Companies Most

Across directors' duties, meetings, the regulators and the control environment, the same patterns recur. If a board fixes only ten things, these are the ones that most reliably prevent trouble.

29. **Concentrating all power in one person.** Chair, CEO, owner and sole decision-maker, with no independent challenge and no documented reasoning. It works until it does not.
30. **Not meeting, or not minuting.** Decisions taken informally cannot be evidenced; a board that does not meet and record cannot show it discharged its duties.
31. **Letting the CAC record drift.** Resigned directors still on file, share transfers never recorded, annual returns unfiled — each surfaces at the worst moment.
32. **Ignoring beneficial-ownership disclosure.** The PSC register is a legal duty with penalties and a transparency commitment behind it; 'we never got around to it' is not a defence.
33. **Undeclared conflicts of interest.** A director's interest in a contract, undisclosed, can void the contract and expose the director personally.
34. **Allowing statutory deductions to go unremitted.** PAYE, pension and VAT held but not paid over are a direct route to personal liability for responsible officers.
35. **No segregation of duties.** One person controlling the money end to end is how most SME fraud happens — and it is entirely preventable.
36. **Signing accounts no one interrogated.** Directors own the financial statements; approving numbers they do not understand is a breach of the duty of care.
37. **Treating governance as 'for big companies'.** The principles scale down; neglecting them simply means discovering the gaps under deal or regulatory pressure.
38. **Managing risk only after it crystallises.** No appetite, no register, no owner — so high-impact exposures are addressed only once they have already done damage.

15.1 The pattern beneath the ten

Read together, these failures share a single root: a board that does not act like a board. Whether the symptom is an unfiled return, a concealed conflict, an unremitted deduction or an uncontrolled payment, the underlying cause is the same — decisions taken without proper process, information or oversight, and never recorded. The companies that avoid this list are not the ones with the largest governance budgets; they are the ones whose boards meet, decide deliberately, write things down, keep their records current, and insist on the boring controls. Good governance, in the end, is a set of habits practised consistently, not a document produced once. If your board does the basics in this handbook — meets and minutes, keeps the registers and filings current, oversees risk and control, and treats its duties as real — it will sidestep almost everything on this list, and the company will be the stronger, safer and more valuable for it.

Use this handbook as a working reference rather than a one-time read. Return to the relevant chapter when a situation arises — a new director, an investor at the door, a conflict to manage, a notice to answer — and pair it with our companion tax guide so that the fiscal and the corporate sides of compliance are handled together. Above all, build the habits while the company is small and the stakes are low, so that when the company is large and the stakes are high, good governance is simply how you already work.

Governance Health Check — how mature is your board?

Use the Governance Health Check and the maturity model in this handbook to rate your board honestly, then act on the gaps.

Outliers Professionals Ltd can help with: governance reviews, board evaluation, governance audits, risk assessment, ESG readiness and AI governance reviews.

Contact: [email] · [telephone] · [website].

Part IV — Governance Toolkit

The operating instruments of governance: dashboards, reporting frameworks and templates, the KPI scorecard and library, the implementation roadmap, and a practitioner's quick reference.

16. The Board Governance Dashboard

Most boards see financial numbers every month and governance numbers never. A governance dashboard fixes that — a single page of indicators that tells the board, at a glance, whether the machinery of governance is actually working. Reviewed each cycle, it turns governance from an annual scramble into a monitored, improving system.

16.1 What the dashboard is for

The dashboard does for governance what management accounts do for finance: it makes the invisible visible and the drift detectable early. Each indicator carries a target and a red/amber/green status, so the board spends its time on the exceptions rather than wading through detail. It is not a substitute for the underlying reports — the risk register, the compliance log, the audit findings — but a summary that points the board to where attention is needed and evidences, over time, that governance is being actively overseen.

16.2 The monthly governance dashboard

The indicators below cover the governance functions a board must keep in view. Set targets to your own context, RAG each one, and show the trend against the prior period.

Indicator	What it measures	Illustrative target
Board & committee attendance	Engagement of directors	≥ 80% attendance per director
Governance compliance	Annual governance checklist items on track	100% on track or done
Regulatory filings	CAC, FRCN and sectoral filings made on time	Zero overdue filings
Audit findings	Open internal/external audit issues	Zero high-priority findings overdue
Internal control issues	Control failures or exceptions identified	Downward trend; none unaddressed
Risk ratings	Risks above appetite on the register	No red risk without an owned plan
Litigation matters	Active disputes and their exposure	All tracked; none unmanaged
Whistleblowing reports	Concerns raised and resolved	All logged; resolution within target time
Statutory compliance	Tax and statutory remittances current (the SME Tax Guide)	All current; zero arrears
Director training	Directors' development undertaken	≥ 1 relevant update per director per year

16.3 A worked dashboard — reading the signals

To see how it works, consider a board reviewing the following month-end snapshot.

Indicator	This period	Status	Trend
Board attendance	86%	Green	Stable

Indicator	This period	Status	Trend
Regulatory filings	1 annual return overdue	Red	Worse
Audit findings	2 high-priority open, 1 overdue	Amber	Improving
Risk ratings	1 red risk, plan in place	Amber	Stable
Whistleblowing	1 new report, under review	Amber	New
Statutory remittances	All current	Green	Stable

The board's attention goes straight to the red: an overdue annual return is a strike-off and penalty risk and must be cleared immediately, with the cause fixed so it does not recur. The ambers are managed but watched — the overdue audit finding needs a date, the red risk's plan needs testing, and the whistleblowing report needs a defined review process and timeline. The greens are acknowledged and left alone. In ten minutes the board has exercised real oversight across the whole governance estate.

16.4 Interpretation guidance

Three habits make the dashboard powerful. First, read the trend, not just the status — an amber improving is a different story from an amber worsening. Second, never let a red sit without a named owner and a date; the dashboard's purpose is to force that discipline. Third, look across indicators for patterns: overdue filings plus open audit findings plus weak attendance is not three problems but one — a board that is not engaging. Minute the dashboard review each period so that the board's oversight is evidenced and the prior month's actions are followed up.

16.5 Building the dashboard — sources and ownership

A dashboard is only as good as the data behind it, and the most common reason boards abandon one is that compiling it becomes a burden. Avoid that by drawing each indicator from a source that already exists: attendance from the secretary's register, filings from the compliance checklist, audit findings from the audit committee, risk ratings from the risk register, remittances from the finance function, and so on. Assign one owner — usually the company secretary — to gather the inputs and assemble the single page before each meeting, and agree the targets once so the board is not re-debating thresholds each cycle. Where an indicator is hard to source, that difficulty is itself a finding: it usually means the underlying process is weak. Start with the indicators you can populate reliably and add others as the supporting disciplines mature.

Action checklist — the dashboard

- Agree the indicators and targets once; keep them stable so trends are meaningful.
- Assign one owner to compile the dashboard before each meeting.
- RAG every indicator and show the trend against the prior period.
- Act on every red and worsening amber with an owner and a date.
- Minute the review so oversight is evidenced and actions are tracked.

17. Board Dashboards

Dashboards turn the KPI library into something a board can absorb in minutes. This chapter gives six one-page dashboards — governance, risk, compliance, ESG, audit and board performance — each with sample indicators and a red/amber/green status. Populate them from the KPI library in Chapter 21 and review the relevant ones each cycle; together they give the board a complete, at-a-glance view of how it is governing.

17.1 The Governance Dashboard

Indicator	Target	Status
Board & committee attendance	≥80%	[G/A/R]
Governance checklist on track	100%	[G/A/R]
Outstanding board actions overdue	0	[G/A/R]
Board evaluation completed	Annual	[G/A/R]
Director training current	100%	[G/A/R]

Read: a board engaging and following through. Persistent amber on attendance or actions signals disengagement before performance suffers.

17.2 The Risk Dashboard

Indicator	Target	Status
Risks above appetite (red risks)	0 without plan	[G/A/R]
Risk register reviewed this cycle	Yes	[G/A/R]
Mitigations on track	≥90%	[G/A/R]
Incidents / near-misses	Falling	[G/A/R]
Business continuity / insurance current	Adequate	[G/A/R]

Read: whether the company is ahead of its risks or behind them. A red risk without an owned plan is the line to act on first.

17.3 The Compliance Dashboard

Indicator	Target	Status
Overdue regulatory filings (CAC/FRCN/sector)	0	[G/A/R]
Statutory & tax remittances current	100%	[G/A/R]
Regulatory breaches in period	0	[G/A/R]
Data-protection (NDPA) obligations met	100%	[G/A/R]
Clearance certificates valid	100%	[G/A/R]

Read: the company's standing with its regulators. Any red here can cost a contract, a clearance or a penalty — clear it immediately.

17.4 The ESG / Sustainability Dashboard

Indicator	Target	Status
Material ESG issues owned with a plan	100%	[G/A/R]
IFRS S1/S2 reporting readiness	On track	[G/A/R]
Safety incidents (lost-time injuries)	Falling	[G/A/R]
GHG emissions measured	Measured	[G/A/R]
Stakeholder/community issues resolved	≥90%	[G/A/R]

Read: whether sustainability is governed or merely asserted. Readiness for S1/S2 should turn green well before the standards apply to you.

17.5 The Audit Dashboard

Indicator	Target	Status
High-priority audit findings overdue	0	[G/A/R]
Findings closure rate	≥90%	[G/A/R]
Internal audit plan on track	Yes	[G/A/R]
External audit timeliness & opinion	Clean & on time	[G/A/R]
Control exceptions trend	Falling	[G/A/R]

Read: the health of assurance and control. Findings that never close, or recur, mean the board's instructions are not landing.

17.6 The Board Performance Dashboard

Indicator	Target	Status
Board effectiveness score (Ch 9)	≥80%	[G/A/R]
Governance Performance Index (Ch 20)	≥85%	[G/A/R]
Independent director ratio	≥ sector min	[G/A/R]
Succession plan in place	Yes	[G/A/R]
Meeting-effectiveness rating (Ch 27)	≥4/5	[G/A/R]

Read: how well the board governs itself — the leading indicator of every other dashboard. This is the board's mirror.

Using the dashboards

- Populate from the KPI library (Chapter 21); keep targets stable so trends are meaningful.
- Review the governance, risk and compliance dashboards every cycle; ESG and audit at least quarterly.
- Show the trend, not just the status; act on every red and worsening amber with an owner and date.
- Minute the review so the board's oversight is evidenced.

18. The Board Reporting Framework

A board can only govern on the strength of what management tells it. Too little information and the board flies blind; too much and the signal drowns in noise. A reporting framework fixes the cadence and content of what flows to the board — what comes monthly, quarterly and annually — so that oversight is informed without being overwhelmed.

18.1 The principle — right information, right cadence

Effective board reporting is layered by frequency. Operational and financial vital signs come often and briefly, so the board can spot drift early. Deeper reviews — strategy, risk appetite, control effectiveness — come less often but in more depth. Once-a-year set pieces — the financial statements, the board evaluation, the strategic plan — anchor the cycle. The framework below sets this out across the five reporting streams every board needs; scale the detail to your company, but keep all five streams represented at the right frequency.

18.2 What is reported, and when

Stream	Monthly	Quarterly	Annual
Financial	Management accounts, cash and forecast	Deeper review vs budget; balance sheet	Audited / full financial statements
Risk	Key risk movements and incidents	Full risk register and appetite review	Risk strategy and appetite reset
Compliance	Filings due/done; breaches; remittances	Regulatory and statutory compliance review	Governance & compliance attestation
Strategy	Progress on key initiatives	Strategy delivery vs plan; market shifts	Strategic plan and budget approval
Operational	KPIs, sales, people, key issues	Operational deep-dive; major projects	Annual operational review and targets

18.3 The financial report

The monthly financial pack should let the board answer three questions quickly: how did we perform against plan, what is the cash position and forecast, and what has changed. Management accounts with variance to budget, a cash-flow statement and a short forecast are the core; a one-page commentary explaining the movements is what turns numbers into understanding. Quarterly, add a balance-sheet review and key ratios; annually, the audited or full statements with the audit committee's assurance.

18.4 The risk and compliance reports

Risk reporting should surface what has moved — new risks, risks that have crystallised, and risks now outside appetite — rather than re-presenting a static list. Quarterly, the full register and a check of risk appetite. Compliance reporting is the board's assurance that the obligations in this handbook and its companion tax guide are met: filings made, registers current, statutory remittances paid, breaches escalated. The governance dashboard in Chapter 16 is the natural one-page summary of both streams.

18.5 The strategy and operational reports

Strategy reporting keeps the board's eye on the horizon amid the monthly detail: progress on the initiatives that will determine the company's future, and any shift in the market or competitive landscape that should prompt a rethink. Operational reporting covers the engine room — sales, delivery, people, and the issues management is wrestling with. The discipline is to report against agreed measures and prior periods, so the board sees trends and exceptions rather than a fresh narrative each time.

18.6 A model board pack

Pulling the framework together, a well-constructed monthly board pack — circulated several days ahead — follows a predictable order so directors know where to find things and can prepare efficiently. A workable structure:

39. Agenda and the minutes of the last meeting, with the action tracker.
40. Chair's and CEO's overview — a short narrative of the period and what needs the board's attention.
41. Financial report — management accounts versus budget, cash and forecast, with commentary.
42. Risk and compliance — the governance dashboard, risk movements, filings and any breaches.
43. Decisions for the board — a clear paper for each matter reserved to the board, with a recommendation.
44. Committee reports — assurance and recommendations from audit, risk and remuneration.
45. Strategy and operations — progress on key initiatives and operational KPIs.
46. Appendices — supporting detail, kept separate so the core pack stays readable.

The discipline that makes this work is restraint: a focused pack the board reads beats an exhaustive one it does not. Each decision paper should state the issue, the options, the recommendation and the factors weighed — so the board can decide, and the minute can show it decided well. Quality of information in is the precondition for quality of governance out.

Action checklist — board reporting

- Agree a standard reporting pack and cadence; keep its shape stable period to period.
- Require a short written commentary, not just data — the 'so what' matters most.
- Report against plan and prior periods so trends and exceptions stand out.
- Circulate the pack in time for directors to read and prepare before the meeting.
- Cover all five streams across the cycle — do not let strategy and risk crowd out under finance.

19. Board Reporting Templates

A board governs on the strength of what it is told. These templates standardise the core reports management brings to the board, so that each is complete, comparable period to period, and focused on what the board needs to decide. Adapt them to your company, but keep the discipline of a consistent structure.

19.1 The CEO report

A concise narrative of the period and what needs the board's attention. It should cover:

- Performance against strategy and plan — what is on track and what is not.
- The most significant developments, opportunities and threats since the last meeting.
- Key decisions sought from the board, each with a clear recommendation.
- People and organisational matters of board significance.
- A forward look to the next period and the principal risks to delivery.

19.2 The CFO report

- Results for the period against budget and prior year, with commentary on variances.
- Cash position, cash-flow forecast and liquidity headroom.
- Balance-sheet highlights, debt, covenants and working capital.
- Key financial risks, tax and statutory remittance status, and any contingencies.
- Capital expenditure and funding position against plan.

19.3 The Company Secretary report

- Governance and compliance status — filings due and made, registers, the PSC register.
- Regulatory developments and any correspondence with regulators.
- The board calendar, committee activity and outstanding actions.
- Directors' interests, conflicts declared, and any changes to the board.
- Matters requiring formal board resolution.

19.4 The Risk report

- Movements in the risk register since the last review — new, escalated and closed risks.
- Risks currently outside appetite, with owners and mitigation status.
- Emerging risks and horizon scanning.
- Incidents, near-misses and lessons learned.
- Insurance and business-continuity position.

19.5 The Compliance report

- Statutory and regulatory filing status across the CAC, FRCN, sector and tax authorities.
- Breaches, remediation and any regulator engagement.
- Policy compliance, training completion and attestations.

- Whistleblowing reports received, under review and resolved.
- Data-protection (NDPA) and other compliance obligations.

19.6 The ESG / Sustainability report

- Progress on material ESG and climate issues against targets.
- Readiness for sustainability reporting under IFRS S1 and S2 where relevant.
- Environmental, safety and social metrics for the period.
- Stakeholder and community matters of board significance.
- Reputational and sustainability-related risks.

19.7 The Internal Audit report

- Audits completed in the period and the principal findings.
- High-priority findings, management responses and remediation timelines.
- Status of prior findings — closed, on track or overdue.
- The internal audit plan and progress against it.
- An independent view of the control environment and any fraud indicators.

19.8 Board pack structure

The reports above assemble into a board pack — circulated several days ahead, ordered predictably, and kept focused. A workable order:

47. Agenda, last minutes and the action tracker.
48. CEO report and financial (CFO) report.
49. Risk, compliance and company-secretary reports (the governance dashboard summarises these).
50. Decision papers — one per matter reserved to the board, each with options and a recommendation.
51. Committee reports and the ESG and internal-audit reports as scheduled.
52. Strategy and operational items; appendices kept separate so the core pack stays readable.

20. The Board Governance KPI Scorecard

What gets measured gets managed — and governance has too long escaped measurement. This chapter turns governance into a scored, trackable discipline: ten key performance indicators, each with a definition, target, measurement method, frequency and owners; red/amber/green thresholds; a scoring framework that produces a single Governance Performance Index; and a rating model that places the board on a recognised scale. Run it annually and the board's governance becomes as visible as its finances.

20.1 How the scorecard works

The scorecard rests on ten KPI areas that together span the board's whole governance responsibility. Each is measured against a target, given a red/amber/green status and a score out of 100. The scores are weighted (equally by default, or to reflect your priorities) and combined into a single Governance Performance Index expressed as a percentage. That index maps to a five-band rating model, from institutional excellence to critical. The discipline is to score honestly, evidence each rating, and track the index year on year — the trend matters as much as the level. Each board owner and management owner named below makes accountability concrete: someone is responsible for every line.

20.2 The ten KPIs — definition and target

KPI area	Definition	Target
Board effectiveness	How well the board performs its oversight role	≥ 80% on the annual board evaluation
Governance compliance	Adherence to internal governance practices and calendar	100% of governance items on track
Regulatory compliance	Timely, accurate statutory and regulatory filings	Zero overdue filings
Risk management	Identification and oversight of key risks	No risk above appetite without an owned plan
Internal controls	Effectiveness of the control environment	Zero high-rated control issues overdue
Audit readiness	Ability to support a clean, timely audit	On-time audit; unqualified opinion
Board development	Director induction and ongoing development	Induction done; ≥ 1 update per director / year
Stakeholder management	Fair, timely engagement with stakeholders	AGM and communications on time; issues resolved
ESG governance	Board oversight of material ESG matters	Material issues owned; reporting on track
AI governance	Oversight of AI use, data privacy and accountability	AI inventory current; high-tier systems assessed

20.3 Measurement, ownership and thresholds

KPI area	Measurement & frequency	Owners (board / mgmt)	Green / Amber / Red
Board effectiveness	Evaluation score; annual	Chair / Secretary	≥80% / 60–79% / <60%
Governance compliance	Checklist on track; quarterly	Chair / Secretary	100% / 90–99% / <90%
Regulatory compliance	On-time filings; monthly	Audit chair / CFO	All on time / 1 minor late / any material overdue
Risk management	Register review; quarterly	Risk chair / CEO	All reds owned / gaps / unmanaged reds
Internal controls	Open issues & findings; quarterly	Audit chair / CFO	None overdue / some / high-rated overdue
Audit readiness	Timeliness & opinion; annual	Audit chair / CFO	Clean & on time / minor points / qualified or late
Board development	Activities completed; annual	Chair / Secretary	All done / partial / none
Stakeholder management	Actions & resolution; quarterly	Chair / CEO	On track / minor gaps / neglected
ESG governance	Actions vs plan; semi-annual	Risk/ESG chair / ESG lead	On track / behind / absent
AI governance	Inventory & assessments; semi-annual	Risk chair / CIO or DPO	Current / partial / none

20.4 Scoring framework and the Governance Performance Index

Convert each KPI's status to a score out of 100: green scores 85–100, amber 55–84, red below 55, with the exact figure set by how far the KPI sits from target. Apply a weight to each KPI — the default is an equal 10% each, but a board may weight, say, regulatory compliance and internal controls more heavily to reflect its risk profile, provided the weights sum to 100%. Multiply each score by its weight and sum the results: that weighted average is the Governance Performance Index (GPI), a single percentage capturing the board's overall governance health. Record the score, weight and evidence for each KPI so the index is defensible and repeatable.

Status	Score band	Meaning
Green	85 – 100	At or above target — effective
Amber	55 – 84	Below target with real gaps to close
Red	Below 55	Materially deficient — priority action

20.5 The Board Governance Rating Model

The Governance Performance Index maps to a five-band rating, giving the board a clear, communicable verdict and a target to climb toward. The bands align with the maturity model in Chapter 26: a rising index is the quantitative evidence of rising maturity.

Rating	GPI	Verdict	What it signals
A	85–100%	Institutional	Governance is a genuine strength and asset

Rating	GPI	Verdict	What it signals
B	70–84%	Strong	Sound governance with focused improvements
C	55–69%	Developing	Foundations present; material gaps remain
D	40–54%	Weak	Significant deficiencies; elevated risk
E	Below 40%	Critical	Governance failing; urgent board action

20.6 A worked example

Consider a developing company that scores its ten KPIs (equal 10% weights) as follows. The weighted average is its Governance Performance Index, which sets its rating.

KPI area	Status	Score	Weighted (10%)
Board effectiveness	Amber	70	7.0
Governance compliance	Green	90	9.0
Regulatory compliance	Red	50	5.0
Risk management	Amber	60	6.0
Internal controls	Amber	65	6.5
Audit readiness	Green	85	8.5
Board development	Amber	60	6.0
Stakeholder management	Green	85	8.5
ESG governance	Red	45	4.5
AI governance	Red	40	4.0

Governance Performance Index = 65% — Rating C (Developing). The index confirms a company with real foundations (compliance, audit readiness, stakeholder engagement) but clear weaknesses dragging it down: regulatory compliance, ESG and AI governance are red. The board's improvement plan writes itself — fix the three reds first, since each both lifts the index and removes a real exposure. Re-scored next year, the index measures whether the plan worked, turning governance into a managed, improving discipline rather than an annual assertion.

Action checklist — the scorecard

- Score all ten KPIs honestly against target, with evidence for each rating.
- Agree weights once (equal by default); keep them stable so the index is comparable year on year.
- Compute the Governance Performance Index and read off the rating band.
- Prioritise the red KPIs — they lift the index most and remove the largest exposures.
- Re-score annually and track the trend; report the index and rating to the board and owners.

21. The Governance KPI Library

This library collects fifty governance key performance indicators across ten categories. Boards do not need all fifty — select the dozen or so that matter most for your company and sector, build them into the dashboards in Chapter 17 and the scorecard in Chapter 20, and track them every cycle. Each KPI gives a definition or formula, a target, a frequency and an owner.

Board and meeting effectiveness

KPI	Definition / formula	Target	Freq	Owner
Board attendance	Meetings attended ÷ meetings held, per director	≥80%	Qtr	Secretary
Director preparation	% of directors prepared (papers read)	≥90%	Qtr	Chair
Evaluation completion	Board evaluation done in last 12 months	Yes	Annual	Chair
Independence ratio	Independent directors ÷ total directors	≥ sector min	Annual	Nomination
Action closure rate	Board actions closed on time ÷ total	≥90%	Qtr	Secretary

Governance compliance

KPI	Definition / formula	Target	Freq	Owner
Governance checklist	Annual governance items on track ÷ total	100%	Qtr	Secretary
Conflicts declared	Directors with current declarations ÷ total	100%	Annual	Secretary
Committee completion	Committee meetings held ÷ planned	100%	Qtr	Cttee chairs
Policy currency	Policies reviewed on schedule ÷ total	100%	Annual	Secretary
Board composition mix	Skills/diversity/independence vs target profile	On target	Annual	Nomination

Regulatory and statutory compliance

KPI	Definition / formula	Target	Freq	Owner
On-time filings	Filings made on time ÷ filings due	100%	Monthly	CFO/Sec.
Overdue filings	Count of overdue statutory filings	0	Monthly	Secretary
Regulatory breaches	Number of breaches in the period	0	Qtr	Compliance
Remittance currency	Statutory/tax remittances current ÷ due	100%	Monthly	CFO
Clearances valid	Valid clearance certificates ÷ required	100%	Qtr	CFO

Risk management

KPI	Definition / formula	Target	Freq	Owner
Risks above appetite	Count of red risks without an owned plan	0	Qtr	Risk lead
Register currency	Risk register reviewed on schedule	Yes	Qtr	Risk lead
Mitigation completion	Mitigations on track ÷ total	≥90%	Qtr	Risk lead
Emerging risks	New risks identified and logged	Tracked	Qtr	Risk lead
Insurance adequacy	Cover vs assessed exposure	Adequate	Annual	CFO

Internal control and audit

KPI	Definition / formula	Target	Freq	Owner
High findings open	High-priority audit findings overdue	0	Qtr	Audit chair
Findings closure	Findings closed on time ÷ total	≥90%	Qtr	Internal Audit
Control exceptions	Control exceptions identified per period	Falling	Monthly	CFO
Reconciliation timeliness	Reconciliations within target days ÷ total	100%	Monthly	Finance
Segregation exceptions	Segregation-of-duties breaches	0	Qtr	CFO

Financial governance

KPI	Definition / formula	Target	Freq	Owner
Audit opinion	Type of external audit opinion	Unqualified	Annual	Audit chair
Audit timeliness	Audit completed within target days	On time	Annual	CFO
Restatements	Number of financial restatements	0	Annual	Audit chair
Management-letter points	Significant control points raised	Minimise	Annual	CFO
Going-concern headroom	Forecast liquidity headroom (months)	≥ target	Qtr	CFO

ESG and sustainability

KPI	Definition / formula	Target	Freq	Owner
Material issues owned	Material ESG issues with owner/plan ÷ total	100%	Half-yr	ESG lead
Reporting readiness	Readiness vs IFRS S1/S2 roadmap	On track	Half-yr	ESG lead
Emissions tracked	GHG emissions measured	Measured	Annual	ESG lead
Safety incidents	Lost-time injuries in the period	Falling	Monthly	Operations
Stakeholder issues	Stakeholder issues resolved ÷ raised	≥90%	Qtr	CEO

AI and technology governance

KPI	Definition / formula	Target	Freq	Owner
AI inventory currency	AI systems inventory updated on schedule	Current	Half-yr	CIO
High-tier AI assessed	High-impact AI systems assessed ÷ total	100%	Half-yr	CIO/DPO
Data-protection compliance	NDPA obligations met	100%	Half-yr	DPO
Cyber incidents	Material cyber incidents in the period	0	Monthly	CIO
Response readiness	Incident-response plan tested	Tested	Annual	CIO

Stakeholder and shareholder

KPI	Definition / formula	Target	Freq	Owner
Meetings on time	AGM/general meetings held on schedule	100%	Annual	Secretary
Communications timeliness	On-time shareholder communications ÷ due	100%	Qtr	Secretary
Complaint resolution	Average days to resolve complaints	≤ target	Qtr	CEO
Trust index	Customer/employee trust survey score	≥ target	Annual	CEO
Dividend adherence	Distributions within the dividend policy	Yes	Annual	CFO

Ethics, culture and board development

KPI	Definition / formula	Target	Freq	Owner
Whistleblowing resolution	Reports resolved within target ÷ received	100%	Qtr	Audit chair
Code attestation	Staff attesting to the code ÷ total	100%	Annual	Secretary
Ethics breaches	Substantiated ethics breaches	Falling	Qtr	Compliance
Director training	Directors with ≥1 update per year ÷ total	100%	Annual	Secretary
Board refreshment	Average tenure / refresh within policy	In policy	Annual	Nomination

Using the KPI library

- Select the 10–15 KPIs most material to your company and sector — do not track all fifty.
- Set a target and an owner for each, and feed them into the dashboards and scorecard.
- Report status and trend each cycle; act on red and worsening indicators.
- Review the selection annually as the company and its risks evolve.

22. The Governance Implementation Roadmap

Knowing what good governance looks like is one thing; building it is another. This roadmap sequences the work — across the first 30 days, 90 days, six months and twelve months — and then adapts the emphasis to your company's type and stage. It turns the whole handbook into an ordered programme a board can actually execute.

22.1 The 30-day plan — foundations

Focus	Actions
Stocktake	Run the Governance Health Check (Ch 27); confirm board composition, registers and CAC standing
Quick wins	Assign the company-secretary function; bring any overdue filings current; open/clean the company bank account
Calendar	Set the board calendar and the next meeting with a proper agenda and papers
Risks	List the top five governance risks and name an owner for each

22.2 The 90-day plan — structure and process

Focus	Actions
Board	Recruit at least one independent director; separate chair/CEO where possible
Process	Adopt board and committee terms of reference and a delegation-of-authority matrix
Risk & control	Stand up a risk register; document the core internal controls; set up whistleblowing
Compliance	Confirm all statutory and tax remittances are current; update the registers and PSC register

22.3 The six-month plan — discipline and assurance

Focus	Actions
Reporting	Implement the board reporting templates and the governance dashboard
Assurance	Review internal controls; obtain independent assurance proportionate to size
Risk appetite	Agree a risk appetite; review the register quarterly
Sustainability	Identify material ESG issues; inventory AI systems and confirm NDPA obligations

22.4 The twelve-month transformation — governance as an asset

Focus	Actions
Evaluation	Complete a board evaluation; act on the findings
Succession	Put board and executive succession plans in place
Measurement	Score the Governance Performance Index (Ch 20); set next year's targets
Maturity	Move up at least one level on the maturity model (Ch 26); embed the five pillars

22.5 Tailoring the roadmap by company type

Company type	Governance priority	Where to start
Startup	Separate owner and company; basic board and records	30-day foundations; clean books and registers
SME	Move from compliance to oversight; first independent director	90-day structure; risk register and controls
Growing company	Committees, reporting discipline, risk appetite	Six-month assurance and reporting
Large corporate / PIE	Full independent oversight, ESG and AI governance	12-month maturity; measure GPI and pillars
Family business	Family governance, succession, independents	Constitution and council (Ch 10) alongside the board

Using the roadmap

- Start with the Health Check so the plan targets your real gaps, not generic ones.
- Assign an owner and a date to every action; review progress at each board meeting.
- Match the pace to your company type — do not impose large-corporate machinery on a startup.
- Re-run the Health Check at 12 months to evidence how far the board has moved.

23. The Board Practitioner's Quick Reference

This chapter answers the question a director most often has in the moment: “what do I actually do?” For each major governance area it sets out, on a single view, what good looks like, the common mistakes, the questions to ask, the warning signs, and the immediate actions. Use it as a desk reference between meetings and a prompt during them.

23.1 Board structure and independence

Lens	Quick reference
What good looks like	A balanced board, separated chair and CEO, genuine independent directors, functioning committees.
Common mistakes	Founder dominance; all-insider or all-family board; combined chair/CEO; no committees.
Questions to ask	Who can say no to the CEO? Are our independents truly independent? Do committees have terms of reference?
Warning signs	Unanimous decisions without debate; no outside voice; the same person owns every role.
Immediate actions	Appoint an independent director; separate roles; charter committees; document authority limits.

23.2 Board meetings and decisions

Lens	Quick reference
What good looks like	Timely papers, real debate, clear decisions, accurate minutes, tracked actions.
Common mistakes	Papers tabled in the room; rubber-stamping; decisions taken offline; thin minutes.
Questions to ask	Did we get the papers in time? Was this genuinely debated? Is the decision and its rationale minuted?
Warning signs	No challenge; decisions made between meetings; actions that never close.
Immediate actions	Circulate papers days ahead; minute decisions and dissent; review the action tracker each meeting.

23.3 Risk management

Lens	Quick reference
What good looks like	An agreed risk appetite, a living register, owned mitigations, attention to emerging risk.
Common mistakes	No appetite or register; risk discussed only after damage; risks named but unowned.
Questions to ask	What are our top risks? Are any outside appetite? Who owns each, and is the plan working?
Warning signs	Risk never on the agenda; surprises that ‘no one saw coming’; concentration ignored.
Immediate actions	Agree appetite; build a one-page register with owners; review it quarterly.

23.4 Internal control and fraud

Lens	Quick reference
What good looks like	Segregation of duties, approval limits, independent reconciliation, a used whistleblowing channel.
Common mistakes	One person controlling the money; no review of reconciliations; trust as the only control.
Questions to ask	Can any one person move money end to end? Who reviews the bank rec? Can staff safely raise concerns?
Warning signs	A key person who never takes leave; unfamiliar payees; reconciliations no one checks.
Immediate actions	Split payee set-up, payment and reconciliation; add a second authoriser; verify new payees.

23.5 Compliance and filings

Lens	Quick reference
What good looks like	Zero overdue filings, current registers and PSC disclosure, remittances up to date, clearances valid.
Common mistakes	Unfiled annual returns; stale registers; 'we'll catch up' on remittances.
Questions to ask	Are all filings current? Are statutory remittances paid? Is the PSC register up to date?
Warning signs	No compliance reporting to the board; reminders ignored; the secretary role unassigned.
Immediate actions	Assign an owner; bring filings current; add a compliance line to every agenda.

23.6 Financial reporting and audit

Lens	Quick reference
What good looks like	Reliable, standards-compliant accounts; an independent audit committee; a clean, on-time audit.
Common mistakes	Aggressive or shifting judgments; a rubber-stamp audit committee; signing accounts unread.
Questions to ask	What are the key judgments? Would they survive challenge? Did we meet the auditor without management?
Warning signs	Results too smooth; policy changes that flatter; recurring audit findings.
Immediate actions	Have the audit committee probe judgments; meet the auditor alone; track findings to closure.

23.7 ESG, AI, data and cyber

Lens	Quick reference
What good looks like	Material ESG issues owned; readiness for S1/S2; an AI inventory with human oversight; managed cyber and NDPA compliance.
Common mistakes	ESG ignored or greenwashed; ungoverned AI; cyber treated as 'IT'; data risk overlooked.
Questions to ask	What are our material ESG and AI risks? Who owns them? Can we trust our

Lens	Quick reference
	sustainability data and our AI decisions?
Warning signs	No ESG or AI on the agenda; claims we cannot evidence; no incident-response plan.
Immediate actions	Identify material issues; inventory AI and confirm NDPA duties; put cyber on the board agenda.

23.8 Succession, people and stakeholders

Lens	Quick reference
What good looks like	Planned board and executive succession, fair stakeholder engagement, a healthy culture and tone from the top.
Common mistakes	No succession plan; founder dependence; ignoring minorities and other stakeholders.
Questions to ask	Who succeeds our key people? Is succession by merit? Are stakeholders treated fairly?
Warning signs	Key-person dependence; succession never discussed; stakeholder grievances unheard.
Immediate actions	Document a succession plan; develop successors; formalise stakeholder communication.

Governance Health Check — how mature is your board?

Use the Governance Health Check and the maturity model in this handbook to rate your board honestly, then act on the gaps.

Outliers Professionals Ltd can help with: governance reviews, board evaluation, governance audits, risk assessment, ESG readiness and AI governance reviews.

Contact: [email] · [telephone] · [website].

Part V — Board Templates

Ready-to-use board documents — agendas, resolutions, registers and trackers — and the board-evaluation and director toolkit.

24. Practical Board Templates

Good governance is made of good habits, and good habits are easier with good tools. This chapter provides ten templates a board can put to work immediately — from the agenda that shapes a meeting to the registers that prove it happened. Use them as they are, then adapt them to your company. Square brackets mark the fields you complete.

24.1 Board meeting agenda

A disciplined agenda sequences a meeting from governance housekeeping through the substantive decisions to forward-looking items, with time allocated so the important is not crowded out by the urgent.

#	Agenda item	Purpose / lead
1	Quorum, apologies and declarations of interest	Confirm validity; note conflicts — Chair
2	Minutes of the previous meeting and matters arising	Approve record; review action tracker — Chair / Secretary
3	CEO / management report	Performance against plan — CEO
4	Financial report and management accounts	Results, cash, forecast — CFO / Finance
5	Risk report and risk register review	Key exposures and responses — Risk lead
6	Compliance and regulatory report	Filings, breaches, regulator contact — Secretary
7	Strategic items / decisions for the board	Matters reserved to the board — as tabled
8	Committee reports (audit, risk, remuneration)	Assurance and recommendations — Committee chairs
9	Any other business	Items notified in advance — Chair
10	Date of next meeting and close	Confirm calendar — Chair

24.2 Board (or written) resolution

Use this to record a formal decision, whether passed at a meeting or as a written resolution circulated to directors. File the signed resolution in the minute book.

[Company name] (RC [number])

Resolution of the Board of Directors

Passed at a meeting held on [date] at [place / by video conference] / Passed as a written resolution signed by all directors entitled to vote.

IT WAS RESOLVED THAT: [set out the decision precisely — for example, that the company open an account with [bank], that [name] be appointed a director with effect from [date], or that the [year] financial statements be approved].

Proposed by: [director] Seconded by: [director] Carried: [unanimously / by majority of [x] to [y]].

Signed: _____ [Chair] Date: _____ Secretary:

24.3 Director conflict of interest disclosure

Every director completes this on appointment, annually, and whenever a new interest arises. Disclosed interests are entered in the register of directors' interests and minuted when relevant.

Field	Detail
Director name	[name]
Nature of interest	[e.g. directorship / shareholding / family relationship / supplier or customer relationship]
Entity or person concerned	[name of the company, party or relative]
Description and extent	[what the interest is and how large]
Relevant company matter / contract	[the transaction or decision affected, if known]
Date interest arose	[date]
Action proposed	[e.g. will not vote / will withdraw from the discussion]
Signature and date	[signature] [date]

24.4 Director annual declaration

A short annual declaration confirms each director understands and accepts their duties and remains fit to serve. It is a simple, powerful discipline that evidences the board takes its responsibilities seriously.

I, [director name], a director of [company], confirm that:

- I understand and will discharge my duties of good faith, loyalty, independent judgment and care, skill and diligence under CAMA 2020.
- I have disclosed all my interests that could conflict with the company's, and will disclose any that arise.
- I am not disqualified from acting as a director and know of no matter affecting my fitness to serve.
- I will keep company information confidential and will act in the company's best interests.
- I will commit the time and attention the role requires, including preparation for meetings.

Signature: _____ Date: _____

24.5 Board attendance register

Attendance is a basic measure of engagement and a disclosure expectation under the Code. Maintain a running register and report the cumulative position to the board.

Director	Role	Meetings held	Attended	Attendance %
[name]	Chair	[n]	[n]	[%]
[name]	CEO / Executive	[n]	[n]	[%]
[name]	Non-executive	[n]	[n]	[%]
[name]	Independent NED	[n]	[n]	[%]
[name]	Independent NED	[n]	[n]	[%]

24.6 Board evaluation questionnaire

A compact version of the assessment in Chapter 9, for directors to complete confidentially. Rate each statement 1 (strongly disagree) to 5 (strongly agree) and add a comment where useful.

53. The board sets and rigorously challenges the company's strategy. [1–5]
54. Financial and management information is reliable and arrives in good time. [1–5]
55. The board has agreed a risk appetite and reviews the principal risks. [1–5]
56. Compliance and regulatory matters are visible to the board and acted upon. [1–5]
57. The board manages CEO performance, remuneration and succession effectively. [1–5]
58. The board has the right balance of skills, experience and independence. [1–5]
59. Meetings allow real debate and produce clear, recorded decisions. [1–5]
60. Conflicts of interest are declared and managed properly. [1–5]
61. Board and executive succession are actively planned. [1–5]
62. The board weighs the interests of shareholders and other key stakeholders. [1–5]

Overall, the single most valuable improvement this board could make is: [comment].

24.7 Board action tracker

Decisions die without follow-through. Carry every action from the minutes into a tracker reviewed under “matters arising” at each meeting until closed.

Ref	Action	Owner	Due	Status
[01]	[what was agreed]	[name]	[date]	[open / in progress / closed]
[02]	[what was agreed]	[name]	[date]	[open / in progress / closed]
[03]	[what was agreed]	[name]	[date]	[open / in progress / closed]

24.8 Annual governance compliance checklist

A single page that lets the board confirm, each year, that the recurring governance obligations have been met. Mark each done, due or not applicable, with the owner named.

Requirement	Frequency	Owner	Status
CAC annual return filed	Annual	[Secretary]	[done / due / n/a]
Statutory registers updated (members, directors, charges)	Ongoing	[Secretary]	[done / due / n/a]
PSC / beneficial-ownership register reviewed	Annual + on change	[Secretary]	[done / due / n/a]
Financial statements prepared (and audited if required)	Annual	[CFO]	[done / due / n/a]
AGM held / written resolutions passed	Annual	[Secretary]	[done / due /

Requirement	Frequency	Owner	Status
			n/a]
FRCN registration / dues (if in scope)	Annual	[CFO]	[done / due / n/a]
Board evaluation completed	Annual	[Chair]	[done / due / n/a]
Risk register and appetite reviewed	Quarterly	[Risk lead]	[done / due / n/a]
Directors' interests re-declared	Annual	[Secretary]	[done / due / n/a]
Tax and statutory remittances current (see the SME Tax Guide)	Monthly	[CFO]	[done / due / n/a]

24.9 Director induction pack checklist

A new director should be productive and protected from day one. Confirm each item is provided and explained, not merely handed over.

Induction item	Provided	Explained
Certificate of incorporation, articles and any shareholders' agreement	[]	[]
Last two years' financial statements and latest management accounts	[]	[]
Current risk register and register of directors' interests	[]	[]
Board and committee terms of reference; meeting calendar	[]	[]
Organisation structure and key executive biographies	[]	[]
Briefing on directors' duties and personal-liability exposure	[]	[]
Key contracts, licences and regulatory obligations	[]	[]
Recent board minutes and the current action tracker	[]	[]

24.10 Governance document register

A simple index of where the company's governance documents live, who owns them and when they were last reviewed — the antidote to the all-too-common “we think it's somewhere”.

Document	Location	Owner	Last / next review
Articles of association	[location]	[Secretary]	[date] / [date]
Shareholders' agreement	[location]	[Secretary]	[date] / [date]
Statutory registers & minute books	[location]	[Secretary]	[date] / [date]
Board & committee terms of reference	[location]	[Chair]	[date] / [date]
Risk register & risk appetite statement	[location]	[Risk lead]	[date] / [date]
Code of conduct & key policies	[location]	[Secretary]	[date] / [date]
Delegation of authority matrix	[location]	[CEO]	[date] / [date]

24.11 Delegation of authority matrix

Clear authority limits are among the most effective controls a board can set: they define what management may decide alone, what needs senior or board approval, and so prevent both bottlenecks and unauthorised commitments. Set thresholds to your scale.

Decision / commitment	Management	CEO	Board
Operational spend within budget	Up to [Mx]	Up to [My]	Above [My]
Capital expenditure	—	Up to [My]	Above [My] / off-plan
New borrowing or guarantees	—	—	All
Hiring / senior appointments	Below [grade]	Senior roles	Executives / directors
Contracts beyond [term/value]	—	Up to [limit]	Above limit / strategic
Related-party transactions	—	—	All (with disclosure)
Strategy, budget, dividends	—	Recommend	Approve

24.12 Annual board calendar

A standing calendar ensures the board's recurring work — not just meetings, but the set-piece reviews — happens on schedule rather than by memory. Map it to your financial year.

Cycle	Standing items	Set-piece review
Q1	CEO, financial, risk, compliance reports	Year-end accounts; external audit findings
Q2	Standing reports + action tracker	Internal control review; internal audit plan
Q3	Standing reports + risk register	Strategy and budget review; risk appetite
Q4	Standing reports + dashboard	Board evaluation; succession; next-year calendar
Annual	AGM; CAC annual return	Approve financial statements and strategic plan

25. Board Evaluation and Director Toolkit

A board that does not evaluate itself cannot improve, and directors who are not assessed and developed cannot grow. This chapter provides a complete, ready-to-use suite — annual board, committee and chairman evaluations, a director assessment and development plan, and a director code of conduct — to operationalise the Continuous Improvement and Performance components of OGEM.

25.1 The annual board evaluation

Conducted once a year, confidentially, and collated by the chair (or an external facilitator at higher maturity). Each director rates the board on the dimensions below from 1 (poor) to 5 (excellent); the gaps and the divergences are the findings. Record the outcome and agreed actions in the minutes.

Evaluation area	Rate the board 1–5 on...
Composition & independence	The right skills, diversity and genuine independence.
Strategy	Shaping and rigorously challenging strategy.
Risk & control	Overseeing risk appetite, the register and controls.
Financial & compliance oversight	Interrogating the numbers and compliance status.
CEO & succession	Managing CEO performance and planning succession.
Meetings & information	Quality of papers, debate, decisions and minutes.
Culture & conduct	Ethical tone, conflicts management and challenge.
Stakeholders & sustainability	Weighing stakeholders and material ESG matters.

25.2 The committee evaluation

Each board committee (audit, risk, remuneration, nomination) should assess its own effectiveness annually against its terms of reference. Members rate the committee on: clarity of mandate; the right membership and independence; quality and timeliness of information; rigour of challenge; follow-through on recommendations; and value added to the board. Low scores point to a committee that meets but does not assure.

25.3 The chairman assessment

The chair sets the tone and effectiveness of the board, and should be assessed (typically led by the senior independent director or an external facilitator). Directors rate the chair on: leadership of the board; impartiality and management of debate; relationship with the CEO without capture; ensuring all voices are heard; quality of meeting management; and stewardship of governance and succession. A strong chair is the single biggest driver of board effectiveness; an unassessed chair is a blind spot.

25.4 The director self- and peer-assessment

Individual directors should reflect, annually, on their own contribution and (where maturity allows) receive peer input. The assessment covers: preparation and attendance; quality and independence of contribution; relevant expertise kept current; conduct, including declaring conflicts; and time committed

to the role. The output is a short development plan per director, not a verdict — the aim is growth, and the evidence that each director takes the duty of care seriously.

25.5 The director development plan

Element	Content
Strengths	[the director's key strengths the board relies on]
Development areas	[skills or knowledge to build — e.g. ESG, AI, finance]
Actions	[training, briefings, exposure planned for the year]
Support	[mentoring, external courses, board resources]
Review date	[when progress will be reviewed]

25.6 A model director code of conduct

Every board benefits from a short code each director signs on appointment and annually. A model code commits each director to:

- Act honestly, in good faith and in the best interests of the company at all times.
- Exercise independent judgment and reasonable care, skill and diligence.
- Declare and manage conflicts of interest, and not make secret profits.
- Keep company information confidential and use it only for company purposes.
- Prepare for and attend meetings, and commit the time the role requires.
- Support board decisions once properly taken, while ensuring dissent is recorded.
- Uphold the company's values and comply with all applicable laws and codes.

Director's corner

Evaluation can feel uncomfortable, but the directors who embrace it are the ones who grow — and who can demonstrate, if ever challenged, that they took their duties seriously. Treat your own assessment not as a grade but as the most useful feedback you will get all year. A board that cannot look honestly at itself cannot ask the company to.

Governance Health Check — how mature is your board?

Use the Governance Health Check and the maturity model in this handbook to rate your board honestly, then act on the gaps.

Outliers Professionals Ltd can help with: governance reviews, board evaluation, governance audits, risk assessment, ESG readiness and AI governance reviews.

Contact: [email] · [telephone] · [website].

Part VI — Governance Assessment Tools

Measuring governance as rigorously as finance: the maturity model, the self-assessment suite, and the governance audit toolkit.

26. The Board Governance Maturity Model

No board becomes excellent overnight. Governance matures in stages, and the most useful thing a board can do is locate itself honestly on that journey — because each stage has its own characteristic risks, and its own next step. This model describes five levels, what each looks like in a Nigerian company, and what investors, lenders and regulators expect at each one.

26.1 Why maturity, not just compliance

Compliance is binary — you filed the return or you did not. Governance is a spectrum. Two companies can both be fully compliant on paper while one is genuinely well-governed and the other is one founder-decision away from disaster. The maturity model captures that difference. It lets a board move past “are we compliant?” to the more valuable question, “how well are we actually governed, and what is the next improvement worth making?” It also speaks the language that investors, lenders and regulators use when they assess you — they are, in effect, placing you on a maturity curve whether or not you have named it.

26.2 Level 1 — Founder-Controlled Governance

Characteristics. One person — the founder — is owner, chair, chief executive and decision-maker. The board, if it exists, is nominal: a spouse or friend named to satisfy registration. Decisions are quick, instinctive and largely undocumented. There is no independent challenge and no committee structure. This is the natural starting point for most early-stage Nigerian companies, and there is nothing shameful about it — the danger is staying here as the company grows.

Risks and weaknesses. Total key-person dependence; no one to challenge a poor decision; a succession vacuum if the founder is incapacitated; personal and company finances that blur; statutory filings and registers neglected because no one owns them; and decisions that cannot later be evidenced because nothing is minuted.

Recommended improvements. Constitute a real board, even of two or three, and minute its decisions. Recruit at least one genuinely independent voice. Begin separating the founder’s roles on paper. Put the statutory registers and CAC filings in order and assign an owner. Start a one-page risk register. None of this slows the company down; it protects what the founder has built.

Investors expect	Lenders expect	Regulators expect
A clean cap table and a founder genuinely willing to professionalise and accept oversight.	Personal guarantees and basic, credible financials — little reliance is placed on governance.	Current CAC filings, statutory and PSC registers, and basic statutory compliance.

26.3 Level 2 — Compliance-Based Governance

Characteristics. The company does the legal minimum: it files annual returns, prepares accounts, holds an AGM where required, and remits its taxes. Governance is reactive and box-ticking — something done to stay out of trouble rather than to run the company better. A board exists and meets occasionally, but oversight is thin and the founder still drives most decisions.

Risks and weaknesses. Compliance without substance: the forms are filed but the board adds little real challenge. Governance lags behind the company’s growth. Risk is managed only after it

crystallises. Independence is absent, committees are unformed, and internal control rests on personal trust rather than designed checks.

Recommended improvements. Shift the board's purpose from compliance to oversight. Appoint non-executive directors who will ask hard questions. Charter at least an audit/risk function, even if the whole board performs it. Adopt a board calendar and a maintained risk register, and begin reviewing internal controls deliberately rather than assuming them.

Investors expect	Lenders expect	Regulators expect
Reliable compliance, accurate accounts, and evidence that the board actually meets and minutes its decisions.	Credible — ideally audited — financials, covenant compliance and a clean regulatory record.	Timely, accurate filings and full CAC/FRCN compliance, plus any sectoral code that applies.

26.4 Level 3 — Structured Governance

Characteristics. The board is properly defined, with clear roles, regular minuted meetings, terms of reference and a board calendar. A risk register is maintained and internal controls are documented. The separation of chair and chief executive is emerging, and the company may have begun to operate committees. Governance is now a system, not an afterthought.

Risks and weaknesses. Structure can outrun substance: the machinery exists, but the founder may still dominate and independence may be limited. Board evaluation is usually absent, so blind spots persist. Succession is acknowledged but not yet planned. The risk is form over function — minutes that record attendance but little real challenge.

Recommended improvements. Bring in genuinely independent directors with the standing to challenge. Introduce an annual board evaluation. Formalise succession planning for the founder and key executives. Strengthen the audit and risk committees (or the board functions that stand in for them) so that assurance is real and independent.

Investors expect	Lenders expect	Regulators expect
Documented governance, functioning committees, reliable reporting and at least some genuine independence on the board.	Strong internal controls, reliable management information and visible board oversight of risk.	Full statutory and code compliance, with governance reporting where the company is in scope.

26.5 Level 4 — Independent Oversight Governance

Characteristics. Independent non-executive directors form a strong presence on the board; the chair and chief executive roles are clearly separated; and audit, risk, remuneration and nomination functions operate through chartered committees. The board evaluates itself, oversees an enterprise-wide risk framework, and relies on independent assurance. Governance now genuinely controls the company on the members' behalf.

Risks and weaknesses. The risks shift from too little governance to too much process: cost, complexity, and a possible disconnect between an increasingly formal board and the operating business. Newer dimensions — ESG, climate and AI governance — may still be immature, and stakeholder engagement may lag the financial oversight that is already strong.

Recommended improvements. Deepen sustainability and technology governance (Chapters 33 and 34). Build board diversity of skill and perspective. Make risk appetite dynamic rather than static, and extend the board’s view to stakeholders beyond the shareholders. Guard against process for its own sake by keeping the board focused on the decisions that matter.

Investors expect	Lenders expect	Regulators expect
Institutional-grade governance, independent assurance and transparent, decision-useful reporting.	A low governance-risk premium and real comfort that controls and oversight protect their position.	Exemplary compliance and proactive, constructive engagement with the regulator.

26.6 Level 5 — Institutional Governance Excellence

Characteristics. Governance is a strategic asset rather than a cost. Independent oversight is fully embedded; enterprise risk management, ESG and AI governance are integrated into strategy and reporting; succession runs deep; and the board renews and evaluates itself continuously. Reporting is best-in-class and integrated. This is the standard of the strongest listed companies, banks and public-interest entities — and the destination smaller companies build toward over years.

Risks and weaknesses. The principal risk at this level is complacency — governance fatigue, and the slow creep of box-ticking back into a mature board that assumes it has arrived. Excellence is not a state but a discipline that must be renewed.

Recommended improvements. Institutionalise continuous improvement: periodic externally facilitated board evaluation, deliberate board refreshment, and horizon-scanning for emerging risks. Treat the governance framework as a living system that is stress-tested, not a trophy that is polished.

Investors expect	Lenders expect	Regulators expect
A governance premium reflected in valuation, full transparency and integrated reporting.	Best available terms and minimal governance risk in their credit assessment.	Sector leadership and the voluntary adoption of best practice ahead of requirement.

26.7 The Governance Maturity Assessment Matrix

To locate your board, score each dimension below from 1 to 5 against the descriptions, then average the scores. The result is your overall maturity level — and, more usefully, the lowest-scoring dimensions are your next improvements. Repeat the exercise annually and track the movement.

Governance dimension	Levels 1–2 (emerging)	Level 3 (structured)	Levels 4–5 (advanced)
Board structure & roles	Founder-led; roles combined	Defined board; roles separating	Independent board; clear separation
Independence	None	Limited	Strong, genuine independence
Meetings & minutes	Irregular or unminuted	Regular and minuted	Disciplined, with quality challenge
Committees	None	Emerging or board-as-committee	Chartered, functioning committees
Risk management	Reactive	Risk register maintained	Integrated enterprise risk management
Internal control	Trust-based	Documented controls	Tested, assured controls

Governance dimension	Levels 1–2 (emerging)	Level 3 (structured)	Levels 4–5 (advanced)
Reporting & transparency	Minimal	Reliable management information	Decision-useful, integrated reporting
Succession	None	Acknowledged	Planned with depth
ESG & sustainability	Absent	Aware	Embedded in strategy
Ethics & culture	Undefined	Code in place	Lived and enforced from the top

26.8 Moving up the curve

Maturity is climbed deliberately, not stumbled into, and most Nigerian companies get stuck at the same two transitions. The first is the move from Level 1 to Level 2 — the founder’s hardest step, because it means accepting that the company is no longer simply an extension of themselves and that decisions must be shared and recorded. The second is the move from Level 2 to Level 3, where compliance becomes genuine oversight; this is where an independent director first earns their place, because no amount of internal effort substitutes for an outside voice with the standing to challenge. Each transition is less about new documents than a change of mindset: from control to delegation, from filing to overseeing, from doing the minimum to building an asset. A board that names which transition it faces, and commits to the one or two changes that define it, will move faster than one that tries to fix everything at once. Treat the climb as a multi-year programme with a target level each year, not a single leap.

Action checklist — using the maturity model

- Score each of the ten dimensions 1–5 and average for your current level.
- Identify the two lowest dimensions — these are your priorities for the year.
- Set a target level for next year and the specific steps to reach it.
- Re-assess annually and keep the prior scores to evidence progress to investors.

27. Governance Self-Assessment Tools

A board cannot improve what it has not measured. This chapter provides five ready-to-use diagnostics — a governance health check, a board-readiness assessment, a meeting-effectiveness review, a director-competency matrix and a governance risk assessment. Each is practical, scored and immediately usable, and each maps back to the five pillars of the Outliers Governance Excellence Framework™.

27.1 The Governance Health Check (25 questions)

Answer each question Yes (2), Partly (1) or No (0). The 25 questions are grouped by the five pillars, five each, for a maximum score of 50. Total the score and read the interpretation below. Answer honestly — the value is in the gaps it reveals.

Pillar 1 — Governance Structure

63. Do we have a properly constituted board with clearly defined roles? [2/1/0]
64. Are the roles of chair and chief executive separated (or independence otherwise assured)? [2/1/0]
65. Do we have at least one genuinely independent director? [2/1/0]
66. Are our statutory registers, including the PSC register, complete and current? [2/1/0]
67. Is the company-secretary function clearly assigned and resourced? [2/1/0]

Pillar 2 — Board Effectiveness

68. Does the board meet regularly with papers circulated in advance? [2/1/0]
69. Are decisions genuinely debated and properly minuted? [2/1/0]
70. Did the board complete an evaluation in the last 12 months? [2/1/0]
71. Do new directors receive a proper induction and ongoing development? [2/1/0]
72. Is there a documented succession plan for the board and key executives? [2/1/0]

Pillar 3 — Risk & Internal Control

73. Has the board agreed a risk appetite? [2/1/0]
74. Do we maintain and review a risk register each quarter? [2/1/0]
75. Is there segregation of duties so no one controls a transaction end to end? [2/1/0]
76. Are bank and key accounts reconciled and independently reviewed? [2/1/0]
77. Is there a confidential whistleblowing channel that staff trust? [2/1/0]

Pillar 4 — Compliance & Reporting

78. Are all CAC, FRCN and sectoral filings current with none overdue? [2/1/0]
79. Are statutory and tax remittances fully up to date? [2/1/0]
80. Are financial statements prepared to applicable standards (and audited if required)? [2/1/0]
81. Does an audit committee (or the board) independently oversee reporting and audit? [2/1/0]
82. Does the board receive reliable compliance reporting each cycle? [2/1/0]

Pillar 5 — Sustainability & Future Readiness

83. Has the board identified its material ESG and climate risks? [2/1/0]

84. Are we preparing for sustainability reporting under IFRS S1 and S2 where relevant? [2/1/0]
85. Do we have an inventory of AI systems with human accountability and data-protection compliance? [2/1/0]
86. Is cyber risk overseen by the board, with a tested response plan? [2/1/0]
87. Does the board scan for regulatory, market and technology change? [2/1/0]

27.2 Scoring and interpretation

Total your score out of 50 and read the band below. Then look pillar by pillar: any pillar scoring 4 or less (out of 10) is a priority, whatever the total.

Score	Rating	Interpretation
43–50	Green — Strong	Mature governance; sustain, refine and guard against complacency
30–42	Amber — Developing	Foundations in place with real gaps; prioritise the weakest pillars
Below 30	Red — At risk	Material governance weaknesses; treat as an urgent board priority

Traffic-light pillar view

Green pillar (8–10): effective — protect and stretch it.

Amber pillar (5–7): adequate — close the one or two weakest questions this quarter.

Red pillar (0–4): deficient — a board priority with an owner and a date until it reaches amber.

27.3 Board Readiness Assessment

Use this before a fundraiser, a major contract, a generational handover or a step-change in scale. Each 'no' is a gap to close before the event, not after.

- Cap table and share rights are documented, with up-to-date registers and PSC disclosure.
- Minute books and board decisions are complete and current.
- Financial statements are reliable and, where required, audited by an FRC-registered auditor.
- All statutory filings and remittances are current, with clearances available.
- The board includes independent oversight and functioning committees.
- A risk register, internal controls and a whistleblowing channel are in place.
- Material ESG, data-protection and AI matters are identified and owned.
- A succession plan exists for the founder and key executives.

27.4 Board Meeting Effectiveness Assessment

Rate each statement 1 (poor) to 5 (excellent) after a meeting or quarterly. Persistent low scores point to a meeting that informs but does not govern.

Dimension	Statement (rate 1–5)
Preparation	Papers arrived in time and directors came prepared.
Agenda	The agenda focused on the decisions that mattered.

Dimension	Statement (rate 1–5)
Debate	Discussion was open, and challenge was welcomed.
Decisions	Decisions were clear, owned and minuted.
Information	The information was reliable, relevant and sufficient.
Time	Time was spent on the strategic, not just the routine.
Follow-through	Prior actions were tracked and closed.
Conduct	Conflicts were declared and behaviour was professional.

27.5 Director Competency Assessment

Map the board's collective skills to identify gaps to fill at the next appointment. For each competency, mark how many directors are strong (S), adequate (A) or where the board has a gap (G).

Competency	Why it matters	Board strength (S/A/G)
Finance & accounting	Interrogating the numbers and audit	[]
Industry/sector knowledge	Understanding the business and its market	[]
Risk & controls	Overseeing risk and internal control	[]
Legal & governance	Duties, compliance and company law	[]
Strategy & growth	Shaping and testing strategy	[]
Technology & AI/data	Overseeing digital, AI and cyber risk	[]
Sustainability/ESG	Material ESG and climate matters	[]
People & remuneration	Talent, culture and reward	[]

27.6 Governance Risk Assessment

Rate each governance risk by likelihood and impact (Low/Medium/High) and confirm an owned mitigation. Any High/High without a live mitigation is an immediate board priority.

Governance risk	Likelihood / impact	Mitigation & owner
Founder/CEO dominance, no challenge	[L/M/H] / [L/M/H]	[independent directors; owner]
Succession gap / key-person risk	[L/M/H] / [L/M/H]	[succession plan; owner]
Unremitted statutory deductions	[L/M/H] / [L/M/H]	[monthly verification; owner]
Overdue filings / stale registers	[L/M/H] / [L/M/H]	[compliance calendar; owner]
Weak internal control / fraud	[L/M/H] / [L/M/H]	[segregation, review; owner]
Undisclosed conflicts / related-party abuse	[L/M/H] / [L/M/H]	[register, recusal; owner]
Cyber / data breach (NDPA)	[L/M/H] / [L/M/H]	[controls, response plan; owner]
Reporting integrity / going concern	[L/M/H] / [L/M/H]	[audit committee; owner]

28. The Governance Audit Toolkit

Boards assure themselves about finance and risk; far fewer assure themselves about governance itself. This toolkit lets a board — or an independent reviewer — audit the company's governance: a structured checklist, a board responsibility (RACI) matrix, a governance heat map and a maturity assessment. Together they convert “are we well-governed?” from an opinion into an evidenced answer.

28.1 The governance audit checklist

Work through the checklist below, marking each item compliant, partial or gap, with evidence. It mirrors the eight components of OGEM, so the result feeds directly into the model's assessment.

Area	The reviewer confirms...	Status
Foundation	Board properly constituted; registers and PSC current; filings up to date	[C/P/G]
Strategy	The board sets and monitors strategy against measures	[C/P/G]
Risk	Risk appetite agreed; register live; controls operating	[C/P/G]
Ethics	Code of conduct, conflicts register and whistleblowing in use	[C/P/G]
Performance	CEO objectives, remuneration discipline and succession in place	[C/P/G]
Stakeholders	Fair shareholder treatment; stakeholder engagement	[C/P/G]
Sustainability	Material ESG/AI/cyber risks owned and overseen	[C/P/G]
Improvement	Board evaluation done; maturity and GPI tracked	[C/P/G]

28.2 The board responsibility (RACI) matrix

Much governance confusion comes from unclear ownership. The matrix below applies RACI — Responsible (does the work), Accountable (owns the outcome), Consulted, Informed — to core governance activities across the board, its committees, management and the company secretary. Adapt it to your structure; the discipline is that every activity has a single Accountable owner.

Governance activity	Board	Committee	Mgmt	Co. Sec.
Approve strategy	A	C	R	I
Oversee risk & appetite	A	R (Risk)	R	I
Approve financial statements	A	R (Audit)	R	I
Oversee compliance & filings	A	C	R	R
CEO performance & succession	A	R (Rem/Nom)	C	I
Maintain registers & minutes	I	I	C	A/R
ESG & AI oversight	A	R (Risk/ESG)	R	I
Board evaluation	A	C	I	R

R = Responsible · A = Accountable · C = Consulted · I = Informed. Each row should have exactly one A.

28.3 The governance heat map

A heat map turns the audit into a one-page board view. Rate each governance area by current strength (strong / adequate / weak) and by its importance to the company; the weak-and-important cells are the priorities. The illustrative map below shows a typical developing company — strong on foundation, weak on the forward-looking areas.

Governance area	Strength	Importance	Priority
Governance foundation	Strong	High	Maintain
Strategic oversight	Adequate	High	Improve
Risk governance	Weak	High	Priority
Ethical leadership	Adequate	High	Improve
Performance governance	Adequate	Medium	Monitor
Stakeholder governance	Strong	Medium	Maintain
Sustainability governance	Weak	High	Priority
Continuous improvement	Weak	High	Priority

Read the map by looking for “weak / high” cells — here risk, sustainability and continuous improvement. Those three are the board’s governance agenda for the year, regardless of how comfortable the strong areas feel.

28.4 The governance maturity assessment

Close the audit by placing the company on the five-level maturity scale (Chapters 26 and 37), component by component, and recording the overall level with evidence. The audit’s deliverable is a short report: the heat-map priorities, the RACI gaps, the maturity level, and a prioritised, owned action plan — re-run annually to evidence progress. A governance audit done once is a snapshot; done yearly, it is the engine of the Continuous Improvement component of OGEM.

Regulatory spotlight

Beneficial ownership. Reviewers increasingly test the persons-with-significant-control register first — it is a legal duty under CAMA 2020, actively policed, and a fast indicator of whether a company’s governance housekeeping is real. Confirm yours is complete and current before any external review.

Key takeaways — governance audit

- Audit governance as rigorously as finance — with a checklist, evidence and a report.
- Give every governance activity a single Accountable owner using the RACI matrix.
- Use the heat map to focus on the weak-and-important areas, not the comfortable ones.
- Re-run annually so the audit drives continuous improvement, not a one-off snapshot.

Governance Health Check — how mature is your board?

Use the Governance Health Check and the maturity model in this handbook to rate your board honestly, then act on the gaps.

Outliers Professionals Ltd can help with: governance reviews, board evaluation, governance audits, risk assessment, ESG readiness and AI governance reviews.

Contact: [email] · [telephone] · [website].

Part VII — Case Studies

Governance brought to life: practical scenarios and worked Nigerian and international case studies of failure and recovery.

29. Governance in Practice — Scenarios

Duties and codes feel abstract until a real situation tests them. Here are common turning points in the life of a Nigerian company and the governance moves each one calls for — from the first outside director to investment, conflict, succession and crisis.

29.1 “We’re appointing our first independent director”

Bringing in an outside voice is one of the highest-value governance steps an owner-managed company can take. Choose someone genuinely independent — no material relationship that would compromise their judgment — with skills your board lacks. Appoint them properly: a board (or member) resolution, a letter of appointment setting out the role and expectations, notification to the CAC, and an entry in the register of directors. Then use them: give them real information, let them chair the audit or risk discussion, and listen when they challenge. An independent director who is decorative adds nothing; one who is engaged transforms board discipline.

29.2 “An investor is conducting due diligence”

Governance is where deals are won or lost on credibility. Expect the investor to examine the cap table and share rights, the minute books, the statutory registers and the PSC register, board composition and independence, the financial statements and audit position, and the company’s compliance history with the CAC, FRCN and the revenue. Gaps — unfiled annual returns, an out-of-date register, undocumented share issues, decisions with no minutes — reduce valuation and can stall the deal. The remedy is not a pre-deal scramble but the ongoing discipline this handbook describes. A clean governance record signals a well-run company and commands a better price.

29.3 “A director has a conflict of interest”

Suppose the board is about to approve a contract with a company a director part-owns. The correct sequence is clear: the director declares the interest at the first opportunity, the declaration is minuted, the director refrains from voting and (depending on the articles and the materiality) withdraws from that part of the meeting, and the remaining directors decide whether the contract is in the company’s interest on arm’s-length terms. Handled this way, the transaction is defensible. Handled by silence, the contract can be voided and the director exposed to a claim for any secret profit. Conflicts are not forbidden — concealed conflicts are.

29.4 “The founder is stepping back — succession”

Founder dependence is among the largest risks a company carries, and succession is a board responsibility, not an afterthought. Plan it: identify and develop successors, document the relationships and knowledge the founder holds, separate the roles the founder combined (owner, chair, CEO) so they can be handed over in pieces, and put in place the agreements — in the articles or shareholders’ agreement — that govern what happens to the founder’s shares and role on departure. A company that can survive the loss of any one person is both more valuable and better governed; one that cannot is one crisis away from collapse.

29.5 “We received a strike-off or compliance notice”

A notice from the CAC — that the company faces strike-off for unfiled returns, say — is serious but recoverable if acted on promptly. Do not ignore it. Establish the exact default, bring the filings up to

date, pay any penalties, and respond within the stated time. The same applies to a query from the FRCN or a sectoral regulator: confirm the scope, assemble the records, and reply on time and accurately. The strength of your response depends entirely on the registers, minutes and filings you have maintained — which is why the routine discipline matters long before any notice arrives.

29.6 “The board is deadlocked”

Two equal owner-directors who cannot agree can paralyse a company. Prevention is far better than cure: a well-drafted shareholders’ agreement anticipates deadlock with mechanisms — a casting vote, an independent chair, a referral to mediation, or a buy-out formula — agreed while relations are good. Where deadlock arises without such provisions, the options narrow to negotiation, mediation, or, in the worst case, a court application that can end in the company being wound up. The lesson sits at the centre of this handbook: the structures you put in place in calm times are what carry you through the difficult ones.

29.7 “We’re crossing from small to a fuller governance regime”

Growth quietly changes your obligations. Cross the CAMA small-company thresholds and the audit requirement re-engages and the single-director, no-secretary reliefs fall away. List, or enter a regulated sector, and the NCCG and a sectoral code apply in full, FRCN registration and dues arrive, and board structure expectations — independent directors, committees, formal evaluation — become real. Anticipate the crossing: review your category annually, and build the next tier of governance before you are forced to, so that the transition is a planned upgrade rather than a compliance emergency.

29.8 “We’re a family business professionalising the board”

Family companies carry a particular governance challenge: the lines between family, ownership and management blur, and decisions can turn on relationships rather than the company’s interest. Professionalising the board means drawing those lines deliberately — distinguishing the family’s role as owners (exercised in general meeting and, often, a family agreement) from the board’s role in directing the company and management’s role in running it. The high-value moves mirror the rest of this handbook, applied with extra care: appoint at least one genuinely independent non-executive who is not a family member; minute decisions so that family understandings become documented company decisions; address succession explicitly, since it is both an ownership and a leadership question; and put conflicts of interest — common where family members trade with the company — through the proper declaration process every time. The aim is not to remove the family from the company, but to ensure the company is governed for its own success, which is ultimately what protects the family’s investment.

30. Governance Case Studies

Principles are memorable when they wear a story. The twelve cases below are composite, realistic Nigerian-style scenarios — no real companies — each built around a governance failure (or, in one, a recovery) that this handbook is designed to prevent. Each follows the same structure: the situation, the failure, the warning signs, the consequences, the lessons, and the board actions required.

30.1 The founder who was the company

Situation. A successful logistics company, built over twenty years by its founder, who remained chairman, chief executive and majority owner. The board met rarely and comprised the founder, his wife and a long-serving manager.

Governance failure. Total founder dominance with no independent oversight, no separation of roles and no succession plan. The board existed on paper only.

Warning signs. Every decision routed through one person; no minuted debate; key relationships and passwords held solely by the founder; directors who never challenged.

Consequences. When the founder suffered a sudden illness, the company seized up — banks froze facilities, major customers hesitated, and a leadership vacuum opened that nearly collapsed the business within months.

Lessons learned. A company that cannot function without one person is one event away from failure. Key-person dependence is a governance risk, not a strength.

Board actions required. Constitute a genuine board with independent directors; separate the chair and chief-executive roles; document a succession and emergency-cover plan; and distribute critical knowledge and authority.

30.2 The cousin's contracts

Situation. A manufacturing firm awarded most of its haulage and packaging contracts to companies owned by a director's cousin, at prices no one tested against the market.

Governance failure. Related-party transactions on non-arm's-length terms, undisclosed and unchallenged, with value leaking steadily to a connected party.

Warning signs. Sole-source awards to a connected supplier; pricing never benchmarked; the conflicted director participating in the decisions; no register of related-party dealings.

Consequences. Margins eroded, minority shareholders discovered the arrangement during a funding round and cried foul, the investment stalled, and the company faced both a dispute and a tax review of the transactions.

Lessons learned. Related-party transactions are not forbidden, but they must be disclosed, independently reviewed and priced at arm's length — concealed self-dealing destroys value and trust.

Board actions required. Institute a related-party policy; require disclosure and independent approval; benchmark connected contracts; and have the conflicted director recuse themselves.

30.3 The silent director

Situation. A director of a financial-services company held an undisclosed shareholding in a fintech the company was about to partner with, and said nothing as the board approved the deal.

Governance failure. An undisclosed conflict of interest and a breach of the duty to declare, with a director profiting privately from a company decision.

Warning signs. A director unusually enthusiastic about one option; no declarations made at the meeting; no register of directors' interests maintained.

Consequences. When the interest surfaced, the partnership was tainted, the contract's validity was challenged, the director faced a claim for the secret profit, and the regulator took an interest in the board's conduct.

Lessons learned. The conflict itself was manageable; the concealment was fatal. Disclosure, recusal and a minuted record would have protected everyone.

Board actions required. Enforce declarations at every meeting; maintain a register of interests; require recusal from affected decisions; and review the tainted transaction.

30.4 The unplanned exit

Situation. A family-owned distribution group whose founder-chairman died suddenly with no succession plan, three children with competing claims, and no agreement on who would lead.

Governance failure. No leadership or ownership succession plan, no family governance, and no shareholders' agreement to resolve a deadlock.

Warning signs. Succession never discussed; the founder unwilling to plan for his absence; the next generation untested in senior roles; ownership undocumented beyond the will.

Consequences. A bitter and public family dispute, paralysed decision-making, the loss of key staff and customers during the limbo, and the eventual forced sale of a business that had been thriving.

Lessons learned. Succession is a board and family responsibility to be planned in life, not left to a will. The absence of a plan turned a tragedy into a corporate collapse.

Board actions required. Establish family governance and a succession plan; document ownership transfer with advice; develop and test successors; and put deadlock-resolution mechanisms in place.

30.5 The filing that cost a contract

Situation. A growing engineering company bidding for a major contract discovered, days before the deadline, that it had not filed CAC annual returns for three years and several statutory remittances were in arrears.

Governance failure. Neglected regulatory and statutory compliance, with no one owning the filing calendar and no board oversight of compliance status.

Warning signs. No compliance reporting to the board; the company secretary function unassigned; reminders ignored; 'we'll deal with it later' as standing practice.

Consequences. The company could not obtain the clearances the tender required, lost a contract central to its growth plan, and incurred penalties and a scramble to regularise its position.

Lessons learned. Compliance is not back-office trivia; a missed filing can cost a transformational contract. The cost of keeping current is trivial beside the cost of catching up at the wrong moment.

Board actions required. Assign the secretary function and a compliance owner; bring all filings current; add a compliance line to every board agenda; and adopt a governance calendar and dashboard.

30.6 The flattering accounts

Situation. A consumer-goods company under pressure to show growth steadily adopted more aggressive accounting — recognising revenue early and deferring costs — to meet the targets its lenders watched.

Governance failure. Financial reporting integrity sacrificed to short-term appearances, with a board that accepted management's numbers without challenge.

Warning signs. Accounting judgments that always favoured the result; policy changes timed to convenient moments; an audit committee that did not probe; results too smooth to be true.

Consequences. A restatement when the practices unwound, breached loan covenants, a collapse in lender and investor confidence, and lasting reputational damage that outlived the original shortfall.

Lessons learned. Flattering accounts borrow from the future at punitive interest. The board owns the financial statements and must interrogate the judgments behind them.

Board actions required. Strengthen the audit committee's challenge of judgments; insist on consistent, neutral accounting; and ensure the auditor can speak to the board candidly.

30.7 The rubber-stamp audit committee

Situation. A mid-sized company had an audit committee on paper, chaired by the finance director and attended mainly to approve the accounts shortly before the board did.

Governance failure. An audit committee with no independence and no substance — chaired by the very executive it was meant to oversee.

Warning signs. The committee met briefly and rarely; the auditor was never seen without management present; findings were noted but not pursued; the chair was conflicted by role.

Consequences. Control weaknesses and a developing fraud went unexamined for years; when they surfaced, the losses were large and the board's assurance was shown to be illusory.

Lessons learned. An audit committee dominated by the people it reviews provides comfort, not assurance. Independence and a willingness to meet the auditor alone are the point of the committee.

Board actions required. Reconstitute the committee under an independent or non-executive chair; meet the auditor without management present; and track findings to closure.

30.8 The board of insiders

Situation. A fast-growing company's board comprised the chief executive, two other executives and the founder's long-time associates — capable people, but none independent of management.

Governance failure. A complete absence of board independence, producing groupthink and an inability to challenge the executive.

Warning signs. Unanimous decisions without real debate; no one positioned to say no to the chief executive; strategy never seriously stress-tested; dissent treated as disloyalty.

Consequences. A flawed, founder-favoured expansion proceeded unchallenged, consumed cash, and pushed the company into a crisis a single credible independent voice might have averted.

Lessons learned. A board that cannot challenge its own executive is not governing. Independence is not a formality; it is the mechanism by which bad decisions are caught.

Board actions required. Appoint genuinely independent directors with relevant standing; separate the chair and chief-executive roles; and build a culture where challenge is expected, not punished.

30.9 The trusted bookkeeper

Situation. A profitable services firm left all of its finance functions — supplier set-up, invoicing, payments and the bank reconciliation — with one long-serving, trusted bookkeeper whom no one checked.

Governance failure. A complete absence of segregation of duties and independent review — one person controlled the money end to end.

Warning signs. No second authoriser on payments; reconciliations never reviewed by anyone else; the bookkeeper reluctant to take leave; 'we trust her completely' as the only control.

Consequences. A long-running fraud through fictitious suppliers, discovered only when the bookkeeper fell ill and a colleague queried an unfamiliar payee — by which time the cumulative loss was substantial.

Lessons learned. Trust is not a control. Occupational fraud is enabled by one person's end-to-end control and the absence of independent review — both entirely preventable.

Board actions required. Segregate payee set-up, payment and reconciliation; require a second authoriser above a threshold; have someone independent review reconciliations; and verify new payees independently.

30.10 The governance turnaround

Situation. A second-generation family company, drifting and loss-making under an over-extended owner-manager, brought in a new chairman who insisted on a governance overhaul as the price of investment.

Governance failure (the starting point). Founder-controlled, compliance-light governance: no independent directors, no risk or control discipline, no succession, and reporting the board could not trust.

Warning signs (heeded in time). Falling margins, lost filings, key-person dependence and an inability to raise capital — recognised, for once, as governance symptoms rather than mere bad luck.

The turnaround. Over two years the company separated the chair and chief-executive roles, appointed two independent directors, stood up audit and risk functions, adopted a risk register and governance dashboard, professionalised reporting, and built a succession plan and family charter.

Consequences (the payoff). Decision-making improved, controls caught problems early, an investor committed on the strength of the governance, the valuation rose, and the company returned to growth as a more durable institution.

Lessons learned. Governance is not only a defence against failure; it is an engine of recovery and value. The same disciplines that prevent collapse also attract capital and improve performance — the through-line of this entire handbook.

30.11 The breach no one was watching

Situation. A fast-growing fintech held large volumes of customer personal and financial data, but cyber and data-protection risk never reached the board, which regarded it as an IT matter.

Governance failure. No board-level oversight of cyber risk or data protection, no incident-response plan, and no consideration of obligations under the Nigeria Data Protection Act.

Warning signs. Cyber never on the board agenda or risk register; no tested response plan; no data protection officer or NDPA assessment; security treated as purely technical.

Consequences. A significant data breach exposed customer information, triggering regulatory scrutiny under the NDPA, customer attrition, reputational damage and a scramble the company was wholly unprepared to manage.

Lessons learned. In a digital business, cyber and data risk are board-level governance risks, not IT problems. A breach is an accountability event the board must have prepared for.

Board actions required. Put cyber and data risk on the board agenda and risk register; confirm and meet NDPA obligations; appoint a data protection lead; and build and test an incident-response plan.

30.12 The warning that was buried

Situation. A junior employee at a trading company raised concerns about irregular payments to a senior manager, but there was no safe channel; the concern reached the implicated manager, and the employee left.

Governance failure. No whistleblowing channel and no protection for those who speak up, so early knowledge of wrongdoing never reached the board.

Warning signs. No confidential reporting route; concerns handled informally through line management; a culture in which raising issues was career-limiting.

Consequences. The irregularities continued and grew for two more years before an external party exposed them; the eventual loss was far larger, and the board had to explain why a known concern went unheeded.

Lessons learned. Insiders usually know first. Without a safe, trusted channel and genuine protection, the board forfeits its earliest and best warning of fraud and misconduct.

Board actions required. Establish a confidential whistleblowing channel reporting to an independent director or the audit committee; guarantee and honour protection from reprisal; and ensure every concern is investigated and tracked.

Reading the cases

Across all ten, the pattern is consistent: failures trace to a board that did not act like a board — no independence, no challenge, no records, no oversight of money, risk or succession — while the recovery came from putting exactly those disciplines in place. Test your own company against each scenario; the warning signs are the early-detection system, and the board actions

are the remedy.

31. Further Governance Case Studies

These fifteen further cases extend the studies earlier in this handbook across the full range of Nigerian organisations — family businesses and SMEs, banks and fintechs, NGOs, manufacturers, professional firms and listed entities. All are composite scenarios with no real names. Each gives the situation, the governance failure, the risk, the consequences, the correct board response and the lesson.

88. **Family business — the sibling deadlock.** Situation: two siblings inherited equal control with no agreement on who leads. Failure: no shareholders' agreement or deadlock mechanism. Risk: paralysis of decision-making. Consequences: stalled investment and a near-forced sale. Board response: an independent chair with a casting vote and a mediation/buy-out clause. Lesson: equal ownership without a deadlock mechanism is a crisis waiting to happen.
89. **SME — growth without controls.** Situation: revenue tripled while processes stayed informal. Failure: controls did not scale with the business. Risk: error and fraud through the widening gaps. Consequences: a major payment fraud and a cash crisis. Board response: formalise approvals, segregation and reconciliation at each growth step. Lesson: controls must grow with the company, not after it.
90. **Bank — insider lending.** Situation: significant facilities were extended to entities connected to a dominant director. Failure: related-party and credit-risk governance overridden by influence. Risk: concentration, impairment and regulatory breach. Consequences: large non-performing loans and regulatory sanction. Board response: enforce related-party limits, independent credit oversight and recusal. Lesson: governance exists precisely to constrain the powerful insider.
91. **Fintech — the ungoverned data breach.** Situation: rapid growth on large volumes of customer data with no board oversight of cyber risk. Failure: cyber and NDPA treated as an IT matter. Risk: data loss and regulatory exposure. Consequences: a breach, NDPC scrutiny and lost customers. Board response: board-level cyber oversight, a tested response plan and NDPA compliance. Lesson: in a data business, cyber risk is a board risk.
92. **NGO — misapplied donor funds.** Situation: restricted grant funds were used for unrelated operating costs. Failure: weak board oversight and no fund-accounting controls. Risk: donor and legal exposure, loss of funding. Consequences: a suspended grant and reputational damage. Board response: ring-fence restricted funds, strengthen the board and report to donors transparently. Lesson: governance discipline matters as much in the non-profit sector as the corporate one.
93. **Manufacturing — the safety lapse.** Situation: production targets were prioritised over plant safety. Failure: no board oversight of operational and safety risk. Risk: injury, liability and shutdown. Consequences: a serious incident, regulatory action and downtime. Board response: put safety on the board agenda and risk register with clear ownership. Lesson: operational risk left to management alone eventually reaches the boardroom the hard way.
94. **Professional firm — client-money lapse.** Situation: client funds were not properly segregated from the firm's own. Failure: no controls or independent oversight over client money. Risk: misappropriation and professional sanction. Consequences: a shortfall, a regulatory inquiry and lost licences. Board response: strict segregation, reconciliation and independent review of client accounts. Lesson: handling others' money demands the strongest controls of all.

95. **Listed entity — the disclosure failure.** Situation: a material development was not disclosed to the market promptly. Failure: weak disclosure controls and board oversight. Risk: market abuse and regulatory breach. Consequences: sanction, a share-price shock and lost investor trust. Board response: a disclosure policy, a committee and clear materiality judgments. Lesson: for a listed company, timely, accurate disclosure is non-negotiable.
96. **Family business — the unqualified heir.** Situation: a founder installed a child as CEO despite a lack of experience. Failure: succession by birthright, not merit. Risk: poor leadership and demoralised staff. Consequences: decline, key-staff departures and family conflict. Board response: a merit-based succession policy and a development path with outside experience. Lesson: ownership and leadership are different questions; conflating them endangers both.
97. **SME — single-customer collapse.** Situation: one client provided most of the company's revenue. Failure: concentration risk unmanaged and unowned. Risk: existential dependence. Consequences: the client left and the company nearly folded. Board response: set a concentration appetite and an owned diversification plan with a cash buffer. Lesson: name and manage the dependency before it manages you.
98. **Bank — board capture.** Situation: a charismatic CEO effectively controlled a compliant board. Failure: no real independence or challenge. Risk: unchecked strategy and risk-taking. Consequences: an aggressive expansion that impaired the balance sheet. Board response: strengthen independent directors and the chair's authority; insist on challenge. Lesson: a board that cannot say no to its CEO is not governing.
99. **Fintech — biased AI lending.** Situation: an AI credit model systematically declined a protected group. Failure: no oversight of model bias, data or human review. Risk: discrimination, legal and reputational exposure. Consequences: complaints, regulatory interest and reputational harm. Board response: bias testing, human review of declines and an AI governance policy. Lesson: 'the model decided' is never an acceptable answer for the board.
100. **NGO — founder syndrome.** Situation: the founder controlled every decision and resisted a real board. Failure: no independent governance or succession. Risk: key-person dependence and donor concern. Consequences: funding lost when the founder's health failed. Board response: build a genuine board, delegate authority and plan succession. Lesson: founder dependence is as dangerous in an NGO as in a company.
101. **Manufacturing — environmental non-compliance.** Situation: effluent and emissions breached environmental requirements. Failure: no board oversight of environmental and regulatory risk. Risk: sanction, closure and community conflict. Consequences: a fine, a shutdown order and reputational damage. Board response: put environmental compliance on the risk register with ownership and monitoring. Lesson: ESG is not optional — environmental risk is operational and legal risk.
102. **Listed/co-operative — audit committee failure.** Situation: a long-running fraud went undetected under a passive audit committee chaired by an executive. Failure: no independence or substance in the assurance function. Risk: material loss and misstatement. Consequences: a large fraud, restatement and lost confidence. Board response: an independent audit-committee chair, meetings with the auditor alone, and findings tracked to closure. Lesson: an audit committee that cannot challenge management provides comfort, not assurance.

Reading the further cases

Across every sector — corporate, financial, non-profit and professional — the failures rhyme: an

unchallenged leader, an absent or captured board, money or data without controls, and risks no one owned. The remedy is always the same governance disciplines applied in time. Test your organisation against the cases nearest your sector, and act on the warning signs while they are still small.

32. Lessons from Global Governance Failures

Nigeria's governance lessons are not only domestic. The great international failures of recent decades are studied in boardrooms worldwide because their causes — unchallenged leaders, captured boards, weak controls, cultures that rewarded the wrong things — are universal. These five cases are matters of public record; each carries a lesson directly relevant to Nigerian boards.

32.1 Enron (United States, 2001)

What happened. A celebrated energy company collapsed after it emerged that profits had been inflated and debt hidden through complex off-balance-sheet vehicles. It remains one of the defining corporate failures in modern governance.

Governance failures. A board that approved or failed to scrutinise the off-balance-sheet structures; conflicts of interest waved through; an external auditor whose independence was compromised; and a culture that prized aggressive earnings over integrity.

Root causes. Complexity used to obscure rather than inform; an audit and board that did not challenge; incentives that rewarded short-term reported profit.

Lessons & prevention. Boards must understand, not just approve, complex structures; audit independence is non-negotiable; and a board must interrogate how profits are made. Enron's aftermath reshaped global audit and reporting regulation.

32.2 Volkswagen — “Dieselgate” (Germany, 2015)

What happened. The carmaker was found to have installed software to cheat emissions tests, presenting vehicles as far cleaner than they were. The scandal cost tens of billions in penalties and settlements and severe reputational damage.

Governance failures. A culture of pressure and deference in which wrongdoing was tolerated or unquestioned; weak oversight of compliance and ethics; and a board insufficiently independent of a dominant management and ownership structure.

Root causes. Unattainable targets met by cheating; a culture that discouraged challenge; compliance treated as subordinate to performance.

Lessons & prevention. Tone and culture are governance matters; boards must oversee ethics and compliance as seriously as financial results; and pressure without a safe channel to dissent breeds misconduct.

32.3 Wells Fargo — fake accounts (United States, 2016)

What happened. Employees opened millions of accounts customers had not authorised, driven by aggressive sales targets. The bank faced large fines, leadership departures and lasting reputational harm.

Governance failures. Incentives that rewarded volume over conduct; warning signs and whistleblowing not acted upon at board level; and oversight of culture and conduct risk that came too late.

Root causes. A sales culture detached from customer interest; misaligned incentives; slow board response to mounting evidence.

Lessons & prevention. Boards must oversee conduct and incentive design, not just financial performance; whistleblowing signals must reach and move the board; culture is a board-level risk.

32.4 Carillion (United Kingdom, 2018)

What happened. A large construction and services group collapsed into liquidation, leaving unfinished public contracts, unpaid suppliers and a large pension deficit. It became a case study in optimistic accounting and weak oversight.

Governance failures. Aggressive revenue recognition and optimistic judgments unchallenged by the board; mounting debt and pension obligations downplayed; dividends maintained as the business deteriorated.

Root causes. A board that accepted management's optimistic picture; warning signs in cash and contracts not heeded; short-term shareholder returns prioritised over solvency.

Lessons & prevention. Boards must test optimistic accounting against cash reality; going-concern and pension obligations demand hard scrutiny; paying dividends while the business weakens is a red flag.

32.5 Wirecard (Germany, 2020)

What happened. A high-flying payments company collapsed after it admitted that a large balance of cash reported on its accounts did not exist. It became one of Europe's most striking accounting frauds.

Governance failures. A board and audit process that failed to verify the existence of reported assets; whistleblower and journalist warnings dismissed rather than investigated; and weak supervisory oversight.

Root causes. Reported success that deterred scrutiny; assurance that confirmed rather than verified; warnings treated as attacks rather than signals.

Lessons & prevention. Boards and auditors must verify, not assume, especially when results look too good; external warnings deserve investigation; the bigger the apparent success, the harder the questions should be.

32.6 The common thread — and the Nigerian relevance

Across five companies on three continents, the pattern is the same one this handbook warns of throughout: a dominant leadership no one challenged, a board that confirmed rather than verified, incentives and a culture that rewarded the wrong behaviour, and warning signs that were dismissed. None of these failures required exotic circumstances — they required a board that did not govern. For a Nigerian board the relevance is direct: the same disciplines that would have prevented Enron, Volkswagen, Wells Fargo, Carillion and Wirecard — genuine independence, real challenge, verified assurance, ethical tone, heeded warnings — are the disciplines set out in these pages. Scale and geography differ; governance does not.

Governance alert

Every one of these failures was preceded by warning signs that someone, somewhere, raised

— and the board did not act on. The most dangerous phrase in any boardroom is ‘the results are too good to question.’ When something looks too good, that is precisely when the board must ask the hardest questions.

Governance Health Check — how mature is your board?

Use the Governance Health Check and the maturity model in this handbook to rate your board honestly, then act on the gaps.

Outliers Professionals Ltd can help with: governance reviews, board evaluation, governance audits, risk assessment, ESG readiness and AI governance reviews.

Contact: [email] · [telephone] · [website].

Part VIII — Future Governance

Governing for what comes next: ESG and sustainability, artificial-intelligence governance, and the future of governance in Nigeria.

33. ESG and Sustainability Governance

Sustainability has moved from the margins to the boardroom. Nigerian companies now face investor, lender and regulatory expectations on environmental, social and governance matters — and, increasingly, formal sustainability reporting under global standards now being adopted in Nigeria. This chapter sets out what the board is responsible for and how to discharge it proportionately.

33.1 Why ESG is now a board matter

Three forces have put ESG on the Nigerian board agenda. Investors — development finance institutions, impact funds and international capital especially — increasingly require ESG disclosure as a condition of funding. Lenders are integrating environmental and social risk into credit decisions. And the regulatory direction is clear: the Nigerian Exchange has issued sustainability disclosure guidelines for listed companies, and the Financial Reporting Council of Nigeria has moved to adopt the ISSB's sustainability standards (IFRS S1 and S2) on a phased roadmap. The precise scope and timing of mandatory adoption are being implemented in stages, so confirm where your company falls; but the direction is not in doubt, and boards that prepare early avoid a scramble later.

33.2 The board's ESG oversight responsibilities

ESG is not delegated away — the board retains oversight, much as it does for financial reporting and risk. In practice the board should: understand the company's material sustainability risks and opportunities; ensure ESG is integrated into strategy and risk management rather than bolted on; oversee the integrity of any sustainability information the company publishes; set the tone on ethics, environmental responsibility and the fair treatment of employees, customers and communities; and assign clear responsibility for sustainability within management. The governance principle is identical to the rest of this handbook: the board sets direction and oversees; management executes; and the board assures itself that what is reported is true.

33.3 Where sustainability sits — committee or board

A larger company may establish a dedicated sustainability (or ESG) committee with terms of reference covering strategy, risk, reporting and stakeholder engagement; alternatively the remit can be added to an existing committee, often the risk or audit committee. A smaller company keeps it at full-board level, dedicating part of the agenda to it periodically. What matters is not the structure but that the functions are owned: someone in management leads sustainability day to day, and a defined part of the board oversees it. Avoid the trap of a committee that meets but has no data, no targets and no consequence.

33.4 Climate governance

Climate is the most developed strand of ESG and the focus of dedicated disclosure standards. For the board this means understanding the company's exposure to climate-related risks — physical risks such as flooding or heat affecting operations and supply chains, and transition risks such as changing regulation, energy costs and customer expectations — and any opportunities the transition creates. The board should ensure these risks are on the risk register, that responsibility is assigned, and that any climate commitments the company makes are credible and evidenced. In Nigeria, where power, flooding and fuel-cost exposure are tangible operational realities, climate risk is often a straightforwardly financial risk wearing a different label.

33.5 IFRS S1 — governance requirements

IFRS S1 sets out general requirements for disclosing sustainability-related financial information — the risks and opportunities that could reasonably affect a company's prospects — across four pillars: governance, strategy, risk management, and metrics and targets. On governance specifically, S1 requires a company to disclose the governance processes, controls and procedures it uses to monitor, manage and oversee sustainability-related risks and opportunities. In practice the board must be able to show: who on the board (or which committee) is responsible; how they are informed and how often; how sustainability considerations feed into strategy and major decisions; and how management's role and controls operate. The disclosure, in other words, describes exactly the oversight this chapter asks you to build.

33.6 IFRS S2 — governance requirements

IFRS S2 applies the same four-pillar architecture specifically to climate-related risks and opportunities, and is designed to be used alongside S1. Its governance requirements mirror S1's but focus on climate: the board must be able to disclose how it oversees climate-related risks and opportunities, how responsibility is allocated, how the board is kept informed and how it factors climate into strategy and risk management. S2 also reaches into metrics — greenhouse-gas emissions and the like — which raises a governance point in itself: the board must be confident in the systems that produce sustainability data, because it will increasingly be held to the same standard of reliability as financial data.

33.7 Overseeing sustainability reporting

As sustainability disclosure becomes formal and, in time, assured, the board's oversight of it must mature in step. The audit committee (or its equivalent) should extend its assurance mindset to sustainability information: is the data reliable, are the systems that produce it sound, is what we publish consistent with what we tell investors and lenders privately, and would it withstand external assurance? Greenwashing — claiming more than the company delivers — is both a reputational and an emerging legal risk, and the board is the backstop against it. Treat sustainability reporting with the same seriousness as the financial statements, because the market increasingly does.

33.8 A practical starting point

For a board new to sustainability, the temptation is either to do nothing or to leap to a glossy report with no substance behind it. The disciplined middle path starts with materiality: identify the handful of environmental and social matters that genuinely affect your business and your stakeholders — for a Nigerian manufacturer that might be energy and water use, waste, worker safety and community relations; for a financial-services firm, data protection, financial inclusion and the governance of lending. Concentrate on those, not on a generic checklist. Then assign ownership in management, get a baseline of where you stand, set a small number of credible targets, and report honestly against them — including where you fall short. This sequence — materiality, ownership, baseline, targets, honest reporting — builds something real that can later be formalised under IFRS S1 and S2 if and when they apply to you. A modest, truthful sustainability position beats an ambitious, unsupported one every time, both with stakeholders and with regulators alert to greenwashing.

What the board should ask on ESG

- What are our material sustainability and climate risks — and are they on the risk register?

- Who in management owns sustainability, and who on the board oversees it?
- Where do IFRS S1 and S2 apply to us, and by when? Have we confirmed scope with the FRCN?
- Can we trust the data behind any sustainability claims we publish?
- Are our public commitments credible, evidenced and free of greenwashing risk?

34. Artificial Intelligence Governance

Artificial intelligence has arrived in Nigerian businesses faster than the governance to oversee it. Boards now approve, or unknowingly inherit, AI systems that make or shape decisions about customers, credit, hiring and operations — and that consume personal data regulated under the Nigeria Data Protection Act 2023. This chapter sets out a board-level AI governance framework that is practical at any scale.

34.1 Why AI is now a board issue

A board does not need to understand the mathematics of AI any more than it needs to understand accounting standards in detail — but it must oversee the risks. AI raises governance questions that are squarely the board's: decisions made by systems no one fully explains, personal data processed at scale, bias that can create legal and reputational exposure, dependence on third-party providers, and new attack surfaces for cyber risk. The duty of care obliges directors to inform themselves about material risks, and for a growing number of companies AI is now one. The board's job is not to build the technology but to ensure it is used lawfully, ethically, securely and with a human firmly accountable.

34.2 An AI governance policy

The foundation is a board-approved AI governance policy proportionate to how much the company relies on AI. At minimum it should: define what counts as AI for the company and require an inventory of AI systems in use; set the permitted and prohibited uses; require a risk and data-protection assessment before any high-impact system is deployed; assign clear ownership in management; mandate human oversight of consequential decisions; and require periodic review. The policy turns AI from something that arrives by the back door — a department quietly adopting a tool — into something the company adopts deliberately and oversees.

34.3 AI ethics

Ethical use is the principle beneath the policy. The board should expect AI systems to be fair (not embedding discrimination against customers or candidates), transparent (the company can explain, in substance, how a decision affecting someone was reached), and respectful of people's rights and dignity. This matters acutely where AI touches credit, employment, insurance or pricing — a biased model is not a technical glitch but a source of unfair, and potentially unlawful, outcomes at scale. The board sets the expectation that the company will not deploy AI it cannot stand behind, and that “the system decided” is never an acceptable answer to an affected person.

34.4 AI risk management

AI risks belong on the risk register like any other. The principal categories are: model risk (the system is wrong, biased or degrades over time); data risk (poor, unrepresentative or unlawfully obtained data); third-party and concentration risk (dependence on external AI providers and their terms); operational risk (over-reliance on a system that fails); legal and compliance risk (data protection, discrimination, consumer protection); and reputational risk. For each material AI system, the board should expect an owner, an assessment of these risks, controls to mitigate them, and monitoring — because models that worked at launch can drift as the world changes around them.

34.5 Data privacy and the NDPA 2023

Most AI systems run on data, and in Nigeria the processing of personal data is governed by the Nigeria Data Protection Act 2023, overseen by the Nigeria Data Protection Commission. The Act requires, among other things, a lawful basis for processing personal data, respect for data-subject rights, security safeguards, breach handling, and — for data controllers and processors of significance — obligations that can include registration and the appointment of a data protection officer. AI intensifies these duties because it processes personal data at scale and in ways that may not be obvious to the people concerned. The board should ensure the company knows what personal data its AI uses, on what lawful basis, with what safeguards, and that a data-protection impact assessment is carried out where processing is high-risk. Confirm the current NDPA obligations and thresholds that apply to your company with a qualified adviser or the NDPC, as implementation continues to develop.

34.6 Cybersecurity

AI both depends on and expands the company's cyber exposure — more data concentrated in more systems, new interfaces, and new attack techniques. While cybersecurity is broader than AI, the board's oversight should ensure the basics are in place and AI does not quietly erode them: access controls, encryption of sensitive data, vendor security due diligence, an incident-response plan, and staff awareness. The board need not be technical, but it must ask whether the company could detect, withstand and recover from a serious cyber incident, and whether its AI and data systems have widened the gap between the threat and the defence.

34.7 Human oversight and accountability

The cardinal principle of AI governance is that accountability cannot be delegated to a machine. Consequential decisions — declining credit, terminating a customer, hiring — should retain meaningful human review, and there must always be a named human owner accountable for each AI system's outcomes. The board ensures this “human in the loop” is real rather than nominal, and that the company can explain and, where necessary, override what a system does. When something goes wrong, the question “who is responsible?” must have a person's name as the answer, never a model's.

34.8 An AI systems inventory and risk tiering

You cannot govern what you have not catalogued. The first practical step is a simple inventory of the AI systems in use, each tiered by impact so oversight is proportionate — light-touch for low-impact tools, board-level attention for systems that affect people's rights or significant sums. Use the template below as the standing record management maintains and the board reviews.

AI system / use	Owner	Personal data?	Impact tier	Key control
[e.g. credit-scoring model]	[name]	[yes/no]	[high]	[human review of declines]
[e.g. CV-screening tool]	[name]	[yes]	[high]	[bias testing; human decision]
[e.g. chatbot]	[name]	[yes/no]	[medium]	[escalation to a person]
[e.g. forecasting tool]	[name]	[no]	[low]	[periodic accuracy check]

High-tier systems — those that make or shape consequential decisions about people or money — warrant a documented risk and data-protection assessment before deployment and periodic review thereafter. Low-tier tools need only sit on the inventory with an owner. Tiering keeps governance proportionate: the board spends its limited attention where the exposure actually is.

What the board should ask on AI

- What AI systems do we use, who owns each, and what decisions do they make or shape?
- What personal data do they use, on what lawful basis under the NDPA, and with what safeguards?
- How do we test for and prevent bias and error, and how do we monitor for drift?
- Where is the human in the loop on consequential decisions — and is it meaningful?
- Could we explain an AI-driven decision to an affected person, a regulator or a court?

35. The Future of Governance in Nigeria

Governance does not stand still, and the Nigerian board of 2030 will answer for things the board of 2020 never considered. The reforms, standards and expectations now taking shape point clearly enough that a prepared board can begin adapting today. This chapter maps the direction of travel and what it asks of boards now.

35.1 The direction of travel, 2026–2030

Several currents are converging. Regulation is tightening and modernising — the company-law and tax reforms of recent years, beneficial-ownership transparency, and the adoption of global sustainability standards all point to higher expectations and less tolerance for the informal. Technology is reshaping both how companies operate and how boards work. Capital — domestic and especially international — is increasingly conditional on demonstrable governance, sustainability and transparency. And the very purpose of the company is being re-examined, with stakeholders beyond shareholders pressing their claims. None of this is uniquely Nigerian, but it arrives in a Nigerian context of rapid growth, a young population, infrastructure constraints and a reform-minded regulatory environment. The boards that thrive will treat these shifts not as compliance burdens to resist but as the new terms of competitiveness.

35.2 Digital governance and the board's own technology

Governance is going digital in two senses. The company's operations and data are increasingly digital, expanding the board's oversight responsibilities into technology and data it must understand at least in outline. And the board's own work is digitising — electronic board packs and portals, virtual and hybrid meetings now routine, and digital minute books and registers. The opportunity is sharper, better-informed oversight; the risk is that digital convenience outruns digital discipline — documents scattered insecurely, virtual meetings run loosely, sensitive data poorly controlled. Boards should expect their company secretary to run a secure, well-ordered digital governance environment, and should themselves model good data discipline.

35.3 Artificial intelligence governance

AI will move from novelty to infrastructure across Nigerian business over this period, and board-level AI governance — the subject of Chapter 34 — will shift from leading practice to baseline expectation. Boards will be expected to know what AI their company uses, on what data, with what controls and human accountability, and to oversee the legal and ethical risks, particularly around bias and data protection under the NDPA. The companies that build this oversight early will deploy AI faster and more safely; those that let it spread ungoverned will accumulate hidden legal, reputational and operational risk that surfaces at the worst time.

35.4 Cyber governance

As companies digitise, cyber risk becomes a first-order governance concern rather than an IT problem. Boards will increasingly be judged on whether they oversaw cyber risk competently — not on technical detail, but on whether the company could prevent, detect, withstand and recover from a serious incident, and whether it met its data-protection obligations. Expect cyber to feature on board agendas and risk registers as standard, incident-response plans to be tested rather than merely written, and

director attention to data security to be an explicit expectation. A major breach is now a board-accountability event, not just a technical failure.

35.5 Sustainability, IFRS S1 and IFRS S2

Sustainability reporting is the clearest example of a global standard arriving in Nigeria. The Financial Reporting Council of Nigeria has moved to adopt the ISSB's IFRS S1 (general sustainability-related disclosures) and IFRS S2 (climate-related disclosures) on a phased roadmap, beginning with larger and public-interest entities and widening over time. Both require disclosure of how the board governs sustainability and climate risks — so the governance this handbook describes becomes, directly, a reporting obligation. Over the period to 2030, sustainability information will move toward the reliability, and eventually the assurance, expected of financial information. Boards should confirm where and when S1 and S2 apply to them and build the oversight, data and reporting capability ahead of the requirement, not in response to it. Chapter 33 sets out the practical groundwork.

35.6 Board diversity

Expectations on board composition are broadening from a narrow circle of the familiar toward genuine diversity of skill, experience, age, gender and perspective — driven by investors, codes and evidence that diverse boards make better decisions and avoid groupthink. For Nigerian boards this means deliberately widening the pool beyond the usual networks, taking gender diversity seriously, and valuing the different expertise (digital, sustainability, risk) the future demands. Diversity is not a quota to satisfy but a source of the varied judgment that good governance requires; boards that treat it as the former miss the point, while those that treat it as the latter govern better.

35.7 Stakeholder capitalism

The idea that a company exists solely to maximise shareholder returns is giving way, in Nigeria as globally, to a broader view: that durable value is created by serving customers, treating employees and suppliers fairly, contributing to communities and managing environmental impact, with shareholder return the result rather than the sole aim. The NCCG already gestures at this through its sustainability and stakeholder principles. For boards, stakeholder capitalism is less a philosophy to debate than a practical recognition that reputation, social licence and long-term resilience increasingly depend on how the company treats those beyond its shareholders — and that these considerations belong in board decisions, not just in public-relations material.

35.8 Integrated reporting

Reporting itself is converging. Rather than separate, disconnected reports — financial here, sustainability there, governance elsewhere — the direction is toward integrated reporting that shows how a company creates value over time across financial, human, social and natural dimensions. As sustainability standards bed in alongside financial reporting, boards will increasingly oversee a single, coherent account of the business and its prospects. This raises the bar on the reliability of non-financial data and on the board's ability to tell a connected, honest story about how the company makes money and sustains itself. Boards should start by ensuring their financial, risk, governance and sustainability reporting are at least consistent with one another.

35.9 Regulatory expectations

The regulatory trajectory is toward more transparency, more accountability and more digital enforcement. Beneficial-ownership disclosure through the persons-with-significant-control regime will

be policed more actively. The FRCN's remit over reporting and governance, including sustainability, will deepen. Tax administration is already digitising and tightening (the subject of our companion guide). Sectoral regulators — the CBN, SEC, NAICOM, PenCom, NCC — continue to raise governance requirements in their codes. The consistent message is that the informal latitude companies once enjoyed is narrowing: regulators increasingly expect to see real governance, evidenced and current, and have better tools to check. Boards should assume scrutiny will rise, not fall.

35.10 Investor expectations

Capital is becoming more discerning. Domestic and international investors, development finance institutions and lenders increasingly screen for governance, transparency and sustainability as a condition of funding and as a driver of valuation. Due diligence reaches further into board composition, controls, compliance history and ESG credentials, and gaps translate directly into a lower price or no deal. The corollary is the opportunity that runs through this whole publication: Nigerian companies that build credible, evidenced governance ahead of the curve will access capital on better terms than competitors who treat it as an afterthought. Governance is becoming, unambiguously, a determinant of who gets funded.

What boards should begin doing today

- Inventory and govern your AI and data; put cyber risk on the board agenda and test the response plan.
- Confirm where IFRS S1 and S2 will apply to you and start building sustainability oversight and data.
- Widen board composition deliberately — skills, perspective and diversity for the decisions ahead.
- Treat beneficial-ownership and regulatory transparency as live, policed obligations.
- Build the governance credentials investors and lenders now screen for — before you need the capital.

Governance Health Check — how mature is your board?

Use the Governance Health Check and the maturity model in this handbook to rate your board honestly, then act on the gaps.

Outliers Professionals Ltd can help with: governance reviews, board evaluation, governance audits, risk assessment, ESG readiness and AI governance reviews.

Contact: [email] · [telephone] · [website].

Part IX — Outliers Governance Excellence Framework™

The signature methodology: the five-pillar Framework, the eight-component Model (OGEM), global best practice localised, and the case for governance as an enduring institution.

36. The Outliers Governance Excellence Framework™

Everything in this handbook can be organised under one coherent methodology. The Outliers Governance Excellence Framework™ is the signature governance model of Outliers Professionals Ltd — five pillars that together describe what a well-governed Nigerian company actually does. It is the lens through which the preceding chapters fit together, and the structure a board can use to diagnose, build and sustain governance excellence.

36.1 Why a single framework

Boards are offered no shortage of governance advice, but much of it arrives as disconnected rules. The Outliers Governance Excellence Framework™ connects them. It rests on a simple proposition: governance excellence is built on five pillars, and a company is only as well-governed as its weakest pillar. A board with an excellent structure but no risk discipline is exposed; a board strong on compliance but closed to the future is fragile. The framework forces a board to look across all five, score itself honestly, and strengthen whichever pillar is weakest — the same logic as the maturity model in Chapter 26 and the scorecard in Chapter 20, expressed as a single organising idea.

36.2 The five pillars at a glance

Pillar	Purpose	The question it answers
1. Governance Structure	The architecture of authority and accountability	Is the company set up to be governed well?
2. Board Effectiveness	How well the board actually performs its role	Does the board govern, or merely meet?
3. Risk & Internal Control	Seeing and containing what could go wrong	Do we know our risks and control them?
4. Compliance & Reporting	Meeting obligations and reporting with integrity	Are we compliant, and is what we report true?
5. Sustainability & Future Readiness	Governing for endurance and what comes next	Are we built to last and ready for the future?

36.3 Pillar 1 — Governance Structure

Purpose. To establish the architecture of authority and accountability — the board, its composition and independence, the separation of roles, the committees, the company secretary and the constitutional documents — so that the company can be governed at all.

Key activities. Constituting a properly composed board; separating chair and chief executive; appointing independent directors; chartering committees; maintaining the articles, registers and a delegation-of-authority matrix; and resourcing the company-secretary function.

Board responsibilities. Ensure the right people sit on the board with the right balance and independence; define roles clearly; and keep the constitutional and statutory architecture current.

Success indicators. A balanced, independent board; separated roles; functioning committees with terms of reference; complete, current registers; clear authority limits.

Typical failures. Founder dominance; an all-insider board; combined chair/CEO; no committees or terms of reference; out-of-date registers; no delegation matrix.

Delivered through the Governance Foundations and Board Leadership Parts.

36.4 Pillar 2 — Board Effectiveness

Purpose. To ensure the board, once well-structured, actually performs — making good decisions on good information, evaluating itself, developing its members and planning succession.

Key activities. Disciplined meetings with timely papers; real debate and recorded decisions; annual board evaluation; director induction and development; and board and executive succession planning.

Board responsibilities. Engage fully and prepare; challenge constructively; evaluate the board honestly; and own succession rather than leaving it to chance.

Success indicators. High-quality, minuted decisions; strong attendance and preparation; a completed annual evaluation with actions; a credible succession plan.

Typical failures. Rubber-stamping; papers tabled in the room; no evaluation; no succession plan; disengaged directors.

Delivered through the Board Leadership and Governance Assessment Tools Parts.

36.5 Pillar 3 — Risk & Internal Control

Purpose. To see what could stop the company and to contain it — setting risk appetite, maintaining a risk register, and operating the internal controls that prevent error and fraud.

Key activities. Agreeing risk appetite; maintaining and reviewing the risk register; segregation of duties and approval controls; reconciliations and independent review; internal audit and whistleblowing.

Board responsibilities. Set appetite; oversee the principal risks and their owners; assure itself that controls work; and ensure a safe channel exists to raise concerns.

Success indicators. A living risk register with owned responses; controls that catch issues early; no high-rated finding left open; a used whistleblowing channel.

Typical failures. No appetite or register; risk discussed only after damage; no segregation of duties; trusted-insider fraud; ignored warnings.

Delivered through the Risk & Control Part.

36.6 Pillar 4 — Compliance & Reporting

Purpose. To meet the company's statutory and regulatory obligations and to report — financially and otherwise — with integrity the board can stand behind.

Key activities. Timely CAC, FRCN and sectoral filings; current registers and beneficial-ownership disclosure; standards-compliant financial statements; a functioning audit committee; and disciplined board and stakeholder reporting.

Board responsibilities. Oversee compliance status each cycle; own the financial statements; ensure the audit relationship is independent; and report fairly to members and regulators.

Success indicators. Zero overdue filings; clean, on-time audit; an independent audit committee; reliable, consistent reporting; no undisclosed liabilities.

Typical failures. Missed filings; stale registers; aggressive accounting; a rubber-stamp audit committee; reporting the board cannot trust.

Delivered through the Governance Foundations, Risk & Control and Governance Toolkit Parts.

36.7 Pillar 5 — Sustainability & Future Readiness

Purpose. To govern for endurance and for what comes next — the environmental, social and governance dimensions of value, the responsible use of technology and AI, and the trends reshaping governance.

Key activities. Identifying material ESG and climate risks; preparing for IFRS S1 and S2; governing AI, data and cyber risk; engaging stakeholders; and scanning the horizon for change.

Board responsibilities. Oversee material sustainability and technology risks; ensure credible, non-greenwashed reporting; keep a human accountable for AI; and build the next tier of governance before it is forced.

Success indicators. Material ESG issues owned and reported; readiness for S1/S2; an AI inventory with human oversight; managed cyber risk; a board that anticipates rather than reacts.

Typical failures. ESG ignored or greenwashed; ungoverned AI and data; cyber treated as ‘IT’; surprised by regulatory or market change.

Delivered through the Future Governance Part.

36.8 How the framework maps to this handbook

The framework is not an addition to the handbook; it is its skeleton. Every chapter strengthens one or more pillars, and the diagnostic tools that follow score the company pillar by pillar.

Pillar	Built in Parts	Diagnosed by
1. Governance Structure	Parts I & II	Health Check Q1–5; maturity model (Ch 26)
2. Board Effectiveness	Part II	Board evaluation (Ch 9); Health Check Q6–10
3. Risk & Internal Control	Part III	Risk assessment (Ch 27); Health Check Q11–15
4. Compliance & Reporting	Parts I & IV	Scorecard (Ch 20); Health Check Q16–20
5. Sustainability & Future Readiness	Part VIII	Scorecard (Ch 20); Health Check Q21–25

Applying the framework

- Score your company on each of the five pillars using the Health Check in Chapter 27.
- Identify your weakest pillar — it is your governance priority for the year.
- Use the chapters that build that pillar to close the gap, with owners and dates.
- Re-score annually; track all five pillars rising over time toward excellence.

37. The Outliers Governance Excellence Model (OGEM)

The five-pillar framework in Chapter 36 sets out the structure of good governance — the architecture a company must put in place. The Outliers Governance Excellence Model (OGEM) is the complete operating model that brings that structure to life: eight components that together describe how an organisation governs itself toward sustained excellence. It is the firm’s most comprehensive governance methodology, and the organising idea behind this handbook.

37.1 From framework to model

The Outliers Governance Excellence Framework™ and OGEM are two layers of one methodology, not two competing models. The Framework’s five pillars are the structural foundation — they answer “is the company built to be governed?” OGEM is the dynamic operating model layered on that foundation — it answers “how does the organisation govern, lead and improve over time?” The five pillars sit inside OGEM and are extended by it into leadership, performance, stakeholder, sustainability and continuous-improvement dimensions. A board uses the Framework to build structure and OGEM to operate and mature it.

37.2 The eight components

Component	Purpose	The question it answers
1. Governance Foundation	The legal, structural and constitutional base	Is the company properly constituted and compliant?
2. Strategic Oversight	The board’s direction-setting and monitoring of strategy	Is the board steering, not just watching?
3. Risk Governance	Oversight of risk appetite, exposures and resilience	Do we know and control what could stop us?
4. Ethical Leadership	Tone from the top, integrity and culture	Do we do the right thing when no one is watching?
5. Performance Governance	Oversight of executive performance and value creation	Is the company performing, and is leadership accountable?
6. Stakeholder Governance	Fair engagement with shareholders and stakeholders	Do we serve those who own, fund and depend on us?
7. Sustainability Governance	ESG, climate, technology and future readiness	Are we built to last and ready for what is next?
8. Continuous Improvement	Evaluation, learning and governance maturity	Are we getting better every year?

37.3 The components in practice

1. Governance Foundation. The board, roles, independence, committees, company secretary, registers and statutory compliance — the base without which nothing else holds. Built through the Governance Foundations Part.

2. Strategic Oversight. The board shapes, challenges and monitors strategy rather than rubber-stamping management’s plan, testing it against risk appetite and resources. Built through the Board Leadership and Governance Toolkit Parts.

3. Risk Governance. Risk appetite, a living register, internal control and assurance — seeing and containing what could go wrong. Built through the Risk & Control Part.

4. Ethical Leadership. The board sets the ethical tone, enforces a code of conduct, manages conflicts and protects those who speak up. Culture is the multiplier on every other component. Built through the Governance Foundations and Board Leadership Parts.

5. Performance Governance. The board oversees executive performance, remuneration and succession, holding leadership accountable for value creation. Built through the Board Leadership Part.

6. Stakeholder Governance. Fair treatment of shareholders, especially minorities, and genuine engagement with employees, customers, communities and regulators. Built through the Governance Foundations and Future Governance Parts.

7. Sustainability Governance. Oversight of material ESG and climate matters, AI, data and cyber risk, and readiness for what is coming. Built through the Future Governance Part.

8. Continuous Improvement. Board evaluation, the maturity model, the scorecard and the discipline of getting better each year — the loop that keeps governance alive. Built through the Governance Assessment Tools Part.

37.4 How OGEM maps to the five pillars

OGEM component	Five-pillar home	Diagnosed by
Governance Foundation	Pillars 1 & 4	Health Check; maturity model (Ch 26)
Strategic Oversight	Pillar 2	Board evaluation (Ch 9)
Risk Governance	Pillar 3	Risk assessment (Ch 27); scorecard (Ch 20)
Ethical Leadership	Pillars 1 & 2	Health Check; red flags (Ch 14)
Performance Governance	Pillar 2	Board evaluation; scorecard
Stakeholder Governance	Pillars 4 & 5	Scorecard; stakeholder KPIs (Ch 21)
Sustainability Governance	Pillar 5	ESG dashboard (Ch 17); scorecard
Continuous Improvement	Cross-cutting	Maturity model; GPI (Ch 20)

37.5 The OGEM maturity scale

OGEM is scored on the same five-level maturity scale as the model in Chapter 26, applied to each of the eight components, so the two are fully consistent. Rate each component 1–5, average for an overall OGEM maturity level, and target movement each year.

Level	OGEM stage	Hallmark
1	Foundational	Founder-run; components largely absent
2	Compliant	Components exist on paper; box-ticking
3	Structured	Components functioning and documented
4	Effective	Independent, integrated, measured
5	Excellent	Embedded, continuously improving, institutional

37.6 The OGEM assessment methodology

Assessing a company on OGEM follows four steps. First, score each of the eight components 1–5 against the maturity scale, using the diagnostics in Chapter 27 and the scorecard in Chapter 20 as evidence. Second, plot the scores on a simple radar or heat view to reveal the shape — most companies are strong on foundation and weak on the dynamic components. Third, average for an overall OGEM level and identify the two weakest components as the year’s priorities. Fourth, set targets, assign owners, and re-assess annually so improvement is measured, not asserted. The methodology is deliberately the same logic as the maturity model and scorecard — OGEM simply organises it around the eight components a board must operate.

37.7 The OGEM implementation roadmap

OGEM is implemented through the phased roadmap in Chapter 22: the first 30 and 90 days build the Governance Foundation; the six-month phase activates Strategic Oversight, Risk and Performance Governance; and the twelve-month phase embeds Stakeholder and Sustainability Governance and establishes the Continuous Improvement loop. The destination is not a finished state but a self-renewing system — a board that, having built all eight components, keeps maturing them year after year.

Key takeaways — OGEM

- OGEM is the firm’s complete governance operating model: eight components built on the five structural pillars.
- Score each component on the same five-level maturity scale; the weakest two are your priorities.
- The dynamic components — ethical leadership, performance, stakeholder, sustainability, continuous improvement — are where most companies are weakest.
- Governance excellence is a loop, not a finish line: build the eight components, then keep maturing them.

38. Global Governance Best Practices, Localised

Nigerian governance does not stand apart from the world's. The codes and standards below shape global expectations and, increasingly, what Nigerian regulators, investors and lenders look for. This chapter summarises each and draws out the practical takeaway for a Nigerian board — not to import them wholesale, but to govern to a standard the world recognises.

38.1 The OECD Principles of Corporate Governance

What it is. The internationally agreed reference point for corporate governance, addressing shareholder rights, equitable treatment, the role of stakeholders, disclosure and transparency, and the responsibilities of the board. Much national regulation, including elements of the NCCG, traces back to these principles.

Nigerian takeaway. They set the direction of travel that Nigerian reform follows. A board that meets the OECD spirit — fair treatment of shareholders, real transparency and an accountable board — is already ahead of where local regulation is heading.

38.2 The IFC Corporate Governance Methodology

What it is. The International Finance Corporation's framework for assessing and improving governance, used widely by development finance institutions when they invest. It examines commitment to governance, the board's structure and functioning, the control environment, transparency, and the treatment of minority shareholders.

Nigerian takeaway. This is, in effect, the lens through which a DFI or impact investor will assess your company. Building to the IFC methodology — which maps closely onto the five pillars in Chapter 36 — is the most direct way to make a Nigerian company investable to international capital.

38.3 The UK Corporate Governance Code

What it is. A mature 'comply or explain' code emphasising board leadership and effectiveness, division of responsibilities, composition and succession, audit and risk, and remuneration. Its annual board-evaluation and independence expectations are widely emulated.

Nigerian takeaway. Its disciplines — a strong independent element, separation of chair and CEO, formal evaluation and robust audit — are exactly the practices this handbook urges. It is a useful benchmark for a Nigerian company aiming at listed-company standard.

38.4 King IV (South Africa)

What it is. An influential African governance code built on an 'apply and explain' basis and an outcomes-focused philosophy — ethical culture, good performance, effective control and legitimacy — with strong emphasis on stakeholder inclusivity and integrated thinking.

Nigerian takeaway. As an African code, King IV is especially relevant. Its 'apply and explain' approach mirrors the NCCG's, and its stakeholder-inclusive, integrated-reporting orientation points where Nigerian practice is heading. It is a natural reference for boards seeking continental best practice.

38.5 COSO — Internal Control and Enterprise Risk

What it is. The most widely used frameworks for internal control (five components: control environment, risk assessment, control activities, information and communication, and monitoring) and for enterprise risk management integrated with strategy.

Nigerian takeaway. COSO is the practical backbone of Pillar 3. A Nigerian board that builds its control environment and risk management on COSO's components (as set out in Chapters 11 and 12) is using the same language its auditors and investors use.

38.6 ISO 37301 — Compliance Management

What it is. An international standard for compliance management systems, setting out how an organisation establishes, maintains and improves a system to meet its compliance obligations — with leadership commitment, a compliance function, risk-based controls and continual improvement.

Nigerian takeaway. For a company juggling CAMA, FRCN, tax, NDPA and sectoral obligations, ISO 37301 offers a structured way to manage them all as one system rather than a scramble of separate duties — turning compliance into a managed process the board can rely on.

38.7 ISO 31000 — Risk Management

What it is. An international standard providing principles and a process for managing risk — establishing context, identifying, analysing, evaluating and treating risk, with monitoring and communication throughout — applicable to any organisation.

Nigerian takeaway. ISO 31000 gives a clean, scalable process behind the risk discipline in Chapter 11. A small Nigerian company can apply its logic with a one-page register; a larger one can build a full enterprise framework on it.

38.8 ISO 37000 — Governance of Organizations

What it is. The first international standard offering guidance on the governance of organisations — principles centred on purpose, value generation, strategy, oversight, accountability, stakeholder engagement, leadership, data and risk, and responsible direction. It frames governance as the system by which an organisation is directed, overseen and held accountable.

Nigerian takeaway. ISO 37000 gives a purpose-led vocabulary that maps closely onto OGEM's eight components. For a Nigerian board it is a useful global reference point for what 'good governance' means in the round — not just compliance, but direction toward a defined purpose and value for stakeholders.

38.9 The G20/OECD Principles and global expectations

What it is. Endorsed at the highest intergovernmental level, the G20/OECD Principles are the global benchmark that shapes national codes — covering shareholder rights, stakeholder interests, disclosure, board responsibilities and, increasingly, sustainability and digital risk.

Nigerian takeaway. They signal where regulation everywhere, including Nigeria, is heading. A board that tracks the G20/OECD direction — stronger sustainability disclosure, beneficial-ownership transparency, digital and AI oversight — will meet Nigerian requirements before they become mandatory.

38.10 The SEC Nigeria and sectoral codes

What it is. Beyond the national NCCG, the Securities and Exchange Commission and other regulators maintain governance requirements for the entities they supervise — public and listed companies, capital-market operators, banks, insurers, pension operators and telecoms.

Nigerian takeaway. For a regulated or listed Nigerian company, the applicable SEC or sectoral code sets more specific and demanding requirements than the NCCG and is read alongside it. Identify the code your regulator applies and govern to it; for others, it is a preview of the standard you will grow into.

38.11 Bringing it together

Standard	Strengthens pillar	One-line takeaway
OECD Principles	All	The global baseline Nigerian reform follows
IFC Methodology	All	How international investors will assess you
UK Code	1 & 2	The benchmark for board independence and evaluation
King IV	1, 2 & 5	African 'apply and explain' and integrated thinking
COSO	3	The backbone of control and enterprise risk
ISO 37301	4	Manage all compliance as one system
ISO 31000	3	A scalable risk-management process
ISO 37000	All	Purpose-led governance of the whole organisation
G20/OECD Principles	All	The global benchmark national codes follow
SEC Nigeria / sectoral	1 & 4	More specific rules for regulated and listed firms

None of these replaces Nigerian law or the NCCG; they raise the bar above it. A board that governs to local requirements and borrows the discipline of these global standards is governing to a standard any investor, lender or regulator — anywhere — will recognise.

39. Building an Enduring Institution

Every chapter of this handbook has, in the end, been about one thing: how to turn a business that depends on a person into an institution that endures. That is the deepest purpose of governance, and the right note on which to close.

39.1 Why governance matters

Governance matters because it is the difference between a business and an institution. A business can be brilliant and still fragile — dependent on one founder, run on memory and trust, vulnerable to the first shock it did not see coming. An institution is built to outlast the people who lead it: its decisions are made well and recorded, its risks are seen and managed, its money is controlled, its leadership renews itself. Governance is the system that makes that durability possible. It is not bureaucracy imposed from outside; it is the structure a serious company gives itself so that it can be trusted, funded, scaled and inherited. Everything else in this handbook is detail in service of that idea.

39.2 Why governance creates enterprise value

A well-governed company is worth more, and for concrete reasons. It is less likely to suffer the catastrophes — fraud, regulatory failure, a founder's sudden absence, a disastrous unchallenged decision — that destroy value overnight. It is legible to a buyer or investor, with clean records, reliable numbers and clear ownership, so it can actually be sold or funded. And it is more capable, because a board that genuinely oversees strategy, risk and performance simply runs a better company. Value is created not by governance as paperwork but by governance as practised judgment — and the market pays for the lower risk and higher quality that result.

39.3 Why governance attracts capital

Capital flows to trust, and governance manufactures trust. Investors and lenders are, at bottom, asking whether they will get their money back and more, and the evidence they look for — independent oversight, reliable reporting, sound controls, a clean compliance record, credible sustainability credentials — is exactly what good governance produces. For a Nigerian company seeking to grow beyond what its own cash flow allows, governance is often the gate: it determines whether the funding round closes, the facility is granted, the strategic investor commits, and on what terms. The company that builds governance early does not just protect itself; it widens its access to the capital that fuels its ambition.

39.4 Why governance improves resilience

Shocks are certain; which companies survive them is not. Governance is what builds the resilience to absorb them — the risk management that anticipates the threat, the controls that contain the damage, the succession plan that keeps the company running when a key person is lost, the financial discipline that leaves a buffer for the bad year. A well-governed company is not one that avoids difficulty; it is one that is built to come through it. In an operating environment as demanding as Nigeria's — with its currency, infrastructure and market volatility — resilience is not a luxury but a survival trait, and governance is how it is engineered.

39.5 Why governance improves decision-making

At its core, governance is a decision-making system, and better systems make better decisions. A board that debates rather than rubber-stamps catches the flaw the executive was too close to see. Reliable information surfaces problems while they are small. Independent challenge tests the assumptions that enthusiasm would otherwise wave through. Clear authority means decisions are made at the right level by the right people. Recorded reasoning means decisions can be reviewed and learned from. None of this guarantees every call is right, but over hundreds of decisions across years, the company that decides well compounds an advantage the company that decides casually can never match.

39.6 Why governance protects directors

Governance is also the director's own protection. The duties and liabilities set out in this handbook are real, and the directors who come to grief are almost always those who neglected the basics — who did not inform themselves, did not declare a conflict, allowed statutory money to go unremitted, or signed off on what they did not understand. The director who engages, asks questions, ensures decisions and dissents are minuted, and insists on proper information and controls is not only governing well; they are building the record that demonstrates they discharged their duty of care. Good governance is the shield that lets a director serve with confidence rather than exposure.

39.7 Why governance builds enduring institutions

Put the threads together and the picture is of permanence. The company that is valuable, well-capitalised, resilient, well-led and properly governed is the company that survives its founder, its crises and its mistakes — that becomes an institution carrying employees, families, customers and communities across generations. Nigeria's economic future will be built disproportionately by such institutions: businesses that grew beyond a single person's lifespan because someone had the discipline to govern them as if they were meant to last. That is the prize. Governance is not the obstacle to building it; governance is how it is built.

39.8 A closing message for boards and business leaders

If this handbook persuades you of one thing, let it be this: governance is not something you do to satisfy others — it is something you do to build something that lasts. The filings, the minutes, the committees, the controls, the scorecards are not the point; they are the scaffolding around the real work, which is creating an enterprise worthy of the trust of those who own it, fund it, work in it and depend on it. The founder who governs well is not surrendering control; they are converting personal control into institutional strength, so that what they built outlives them. That conversion — from business to institution, from person to permanence — is the highest work a board can do.

Begin where you are. No board becomes excellent in a single meeting, but every board can be better at its next one than its last. Pick the weakest part of your governance and strengthen it this quarter; measure it; and do the same next quarter. Governance is a discipline practised over time, and the companies that endure are simply the ones whose boards never stopped improving it. Start now, start small, and keep going — the institution you are building will thank you, long after you have handed it on.

Governance Health Check — how mature is your board?

Use the Governance Health Check and the maturity model in this handbook to rate your board

honestly, then act on the gaps.

Outliers Professionals Ltd can help with: governance reviews, board evaluation, governance audits, risk assessment, ESG readiness and AI governance reviews.

Contact: [email] · [telephone] · [website].

Part X — Appendices

Reference material: frequently asked questions, the firm's services, the disclaimer, glossary, references and the index of tools.

40. Frequently Asked Questions

Can one person be the only director and shareholder?

Yes. CAMA 2020 allows a single-member company, and a small company may have a single director. The duties of a director still apply in full — being the only one does not lighten them — and the discipline of minuting decisions and keeping the registers matters just as much.

Does a small company really need to hold board meetings?

The decisions a board takes must be taken somehow, and recorded. A small company has flexibility — written resolutions can replace many meetings, and a small company may dispense with the AGM — but it cannot dispense with deciding and documenting. A board that never meets and never minutes cannot show it discharged its duties if challenged.

What is the difference between the articles and a shareholders' agreement?

The articles are the company's public constitution, filed with the CAC and binding on the company and all members. A shareholders' agreement is a private contract among some or all members that can add arrangements — board seats, consent rights, pre-emption, exit terms — not suited to the public document. Most multi-owner companies benefit from both, kept consistent with each other.

Who must keep the PSC (beneficial-ownership) register?

Every company must identify its persons with significant control — broadly the individuals who ultimately own or control it, commonly those with at least 5% — maintain a register of them, and notify the CAC of the particulars and changes within the statutory window. It is a legal duty with penalties for non-compliance, not an optional formality.

Are directors personally liable for the company's debts?

Generally no — limited liability is the point of a company. But the protection falls away in specific cases: breach of duty causing loss, fraudulent or (where applicable) wrongful trading, unremitted statutory deductions such as PAYE and pension, misleading statements, and any personal guarantee the director chose to sign. Act honestly, stay informed, and keep statutory money sacrosanct, and personal exposure is rare.

Do we need a company secretary?

A public company must have a qualified company secretary. A private company — especially a small one — need not, but the secretarial functions (meetings, minutes, registers, filings) still have to be performed. Name who does them, whether an internal person, the director with adviser support, or an external provider.

Does the NCCG 2018 apply to my small private company?

Mandatory application falls most heavily on public-interest entities and others the FRCN designates. A small private company is not generally compelled to comply, but the Code's principles — separation of roles, honest reporting, ethical conduct, real assurance — are best practice at any scale and exactly what investors and lenders look for. Adopt them proportionately.

When does the audit exemption stop applying?

When the company stops qualifying as a CAMA small company — it crosses the turnover or net-asset thresholds, takes on a non-local or government member, lists, or enters a regulated sector. Review the

position each year rather than assuming last year's exemption still holds; the requirement re-engages automatically when you no longer qualify.

What records must the company keep, and for how long?

The statutory registers, minute books, accounting records and financial statements, with accounting and related records retained for at least six years. Kept electronically, well-organised and backed up, they are both your compliance evidence and the first thing any auditor, regulator or investor will ask to see.

Can board meetings be held entirely online?

Yes. Private companies may hold board and general meetings electronically, and hybrid meetings are routine. The substance requirements still apply: valid notice with the access details, a maintained quorum, a reliable way for everyone to participate and vote, and accurate minutes. Agree a short protocol for how online meetings and votes are run and recorded, and a virtual decision will be as defensible as one taken in the room.

Is the company seal still required?

No. Under CAMA 2020 a common seal is optional rather than mandatory, and documents can be validly executed by the signatures of the prescribed officers. What matters is knowing how your company validly signs — who has authority to bind it and in what form — so that contracts and filings are properly executed.

How is this handbook related to the tax guide?

They are companions. the SME Tax & Compliance Survival Guide, covers what a company owes the revenue and the statutory bodies — CIT, VAT, PAYE, pension and the rest. This handbook covers how the company is governed and what it owes the CAC and the FRCN. Several themes connect them: directors are personally exposed for unremitted statutory deductions, the financial statements sit at the intersection of both, and clean records serve tax and governance alike.

How Outliers Professionals Ltd Can Help

This handbook is written to be used on your own. But building governance from where a company is today to where it needs to be is often faster, and more durable, with an experienced partner alongside the board. Outliers Professionals Ltd works with boards, owners and executives across the disciplines in this handbook.

The services below map directly onto the five pillars of the Outliers Governance Excellence Framework™ and the tools in this handbook. Each is delivered in the same practical, implementation-focused spirit — the aim is always a board that governs better and a company that is more durable, fundable and resilient, not a report that sits on a shelf.

Service	What it involves
Governance reviews & diagnostics	An independent assessment against the maturity model, scorecard and health check — with a prioritised improvement plan.
Board evaluations	Facilitated annual board and director evaluations, with candid findings and an action plan the board can own.
Risk management	Designing risk appetite, registers and enterprise risk frameworks proportionate to your size and sector.
Internal controls	Reviewing and strengthening the control environment — segregation, approvals, reconciliation and fraud prevention.
Compliance reviews	Bringing CAC, FRCN, sectoral, tax and NDPA obligations into one managed, current compliance system.
ESG advisory	Identifying material ESG and climate issues and building proportionate board oversight.
Sustainability reporting	Preparing for and implementing sustainability disclosure, including readiness for IFRS S1 and S2.
AI governance	Establishing AI inventories, policies, risk assessment and human oversight for boards adopting AI.
Company secretarial services	Board support, statutory registers, filings and the governance engine room — outsourced or strengthened.
Board training	Director induction and ongoing development on duties, risk, ESG, AI and the disciplines in this handbook.

To discuss how any of these could help your board, contact Outliers Professionals Ltd at [email] · [telephone] · [website]. The conversation, like this handbook, starts from one question: what would make your board govern better?

Disclaimer

This publication is general guidance, not professional or legal advice. It reflects our understanding of the Nigerian company-law and governance framework as at the 2026 edition, including the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria Act, the Nigerian Code of Corporate Governance 2018, the Nigeria Data Protection Act 2023 and the sectoral governance codes that apply to regulated industries. Company law and governance practice are detailed and fact-specific, and obligations differ markedly by company type, size and sector. Several forward-looking matters — including the phased adoption of the ISSB’s sustainability standards and certain statutory thresholds — are still settling, and are flagged in the text for confirmation. Nothing here creates an adviser-client relationship.

Before you act on any specific point — a director’s liability, a filing deadline, a beneficial-ownership disclosure, a data-protection obligation, an audit or registration requirement — confirm your position with the Corporate Affairs Commission, the Financial Reporting Council of Nigeria, your sectoral regulator, the Nigeria Data Protection Commission, your company secretary or a qualified professional adviser. This handbook is a companion to the SME Tax & Compliance Survival Guide; read together, they map the principal obligations a Nigerian company carries — fiscal and statutory in that guide, governance and corporate in this one.

Glossary

Term	Meaning
CAMA 2020	Companies and Allied Matters Act 2020 — the principal company-law statute.
CAC	Corporate Affairs Commission — the registrar of companies, administering CAMA.
FRCN	Financial Reporting Council of Nigeria — reporting-standard setter and governance regulator.
NCCG 2018	Nigerian Code of Corporate Governance 2018 — 28 principles in 7 parts, applied on 'apply and explain'.
Director	A person appointed (or acting) to direct and manage the company, owing fiduciary and care duties.
Shadow / de facto director	A person who controls the board, or acts as a director without formal appointment — still carrying the duties.
Fiduciary duty	The duty of loyalty and good faith a director owes the company.
Duty of care, skill and diligence	The duty to act with the competence reasonably expected, plus any the director actually has.
Conflict of interest	A clash between a director's personal interest and the company's; must be declared and managed.
AGM	Annual General Meeting — the members' yearly meeting; small companies may dispense with it.
Ordinary / special resolution	A simple-majority decision; a special resolution generally needs a 75% majority.
Quorum	The minimum participation required for a meeting to be valid.
Written resolution	A decision taken in writing without a meeting, where the law and articles permit.
Annual return	The yearly CAC filing confirming the company's particulars — distinct from a tax return.
Statutory registers	The registers a company must keep (members, directors, charges, PSC and others).
PSC register	Register of persons with significant control — the beneficial-ownership record (broadly $\geq 5\%$).
PIE	Public-Interest Entity — listed companies, banks, insurers and the like, with heavier obligations.
Audit exemption	Relief from the statutory audit for a qualifying CAMA small company — not from preparing accounts.
Risk appetite	The amount and type of risk a company is willing to take to pursue its objectives.
Risk register	A living record of material risks, their assessment, response, owner and review date.
COSO	A widely used internal-control framework with five components.
Segregation of duties	Splitting a transaction so no one person controls it end to end — a core fraud control.

Term	Meaning
Internal audit	An independent function checking that controls work, reporting to the board.
Company secretary	The board's governance administrator and adviser; mandatory for public companies.
Shareholders' agreement	A private contract among members adding arrangements not in the articles (board seats, consent rights, exit terms).
Articles of association	The company's public constitution, filed with the CAC, binding the company and its members.
Distributable profits	Accumulated realised profits less realised losses — the lawful source of dividends.
Unfair prejudice	A remedy where a company's affairs are run in a way unfairly harmful to some members.
Terms of reference	The written remit of a board committee — membership, responsibilities, and reporting.
Sectoral code	An industry governance code (CBN, SEC, NAICOM, PenCom, NCC) read alongside the NCCG.

The following terms are used in the governance frameworks, tools and case studies in this handbook.

Term	Meaning
Governance maturity model	A five-level model placing a board from founder-controlled to institutional excellence.
Governance Performance Index (GPI)	A weighted percentage score of governance health across the ten scorecard KPIs.
Board governance rating	A five-band rating (A–E) derived from the GPI, from institutional to critical.
Three-circle model	A view of family business as overlapping circles of family, ownership and management.
Family constitution	A family's statement of values and principles governing its relationship with the business.
Family charter	The practical family rules — employment, dividend and share-transfer policies.
Family council	The family's own forum, distinct from the board, stewarding family governance.
Risk appetite	The amount and type of risk a company is willing to take to pursue its objectives.
ISSB / IFRS S1 & S2	The ISSB's sustainability (S1) and climate (S2) disclosure standards, being adopted in Nigeria.
NDPA 2023	The Nigeria Data Protection Act 2023, overseen by the Nigeria Data Protection Commission.
COSO	A widely used internal-control framework with five components.
Delegation of authority	A matrix setting what management, the CEO and the board may each decide.

References and Further Reading

This handbook draws on the principal Nigerian and international instruments below. They are starting points; confirm the current text, scope and timing of each with the relevant authority or a qualified adviser, as several are being implemented in phases.

- Companies and Allied Matters Act 2020 (CAMA 2020) — the principal company-law statute, administered by the Corporate Affairs Commission.
- Financial Reporting Council of Nigeria Act — establishing the FRCN and its reporting and governance remit.
- Nigerian Code of Corporate Governance 2018 (NCCG 2018) — the national ‘apply and explain’ governance code.
- Nigeria Data Protection Act 2023 (NDPA) — the data-protection framework overseen by the Nigeria Data Protection Commission.
- IFRS S1 and IFRS S2 (ISSB) — the general and climate-related sustainability disclosure standards being adopted in Nigeria on a phased roadmap.
- Nigerian Exchange (NGX) Sustainability Disclosure Guidelines — for listed companies.
- Sectoral governance codes — issued by the Central Bank of Nigeria, the Securities and Exchange Commission, NAICOM, PenCom and the Nigerian Communications Commission for regulated industries.
- The Nigeria Tax Act, Nigeria Tax Administration Act, Nigeria Revenue Service (Establishment) Act and Joint Revenue Board (Establishment) Act 2025 — the tax-reform framework effective 1 January 2026.
- SME Tax & Compliance Survival Guide — the companion publication covering the fiscal and statutory obligations referenced throughout this handbook.

Appendices

Appendix A — Index of frameworks, templates and tools

The practical instruments in this handbook, and where to find them.

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Appendix B — Using this handbook with the SME Tax & Compliance Survival Guide

Governance and fiscal compliance are two halves of the same obligation. Where this handbook touches a statutory or tax matter — unremitted PAYE or pension as a director-liability red flag, the audit and reporting duties, the compliance calendar — the detailed treatment sits in the companion SME Tax & Compliance Survival Guide. Read together, the two publications cover the principal obligations a Nigerian company carries from formation to maturity.

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A flagship Governance & Risk publication of Outliers Professionals Ltd. Founder & Lead Author: Rafiu Olawuyi, FCA.