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#### **MORE THAN A SECRETARY: THE KEEPER OF SECRETS**

The role of the company secretary has in past times been referred to as the “*keeper of secrets*”. This title was aptly attached to the person responsible for recording the minutes of a (business) meeting containing sensitive or legal information, and being discussed amongst a privileged few. What few people, and businesses realise is that the term *secretary* (derived from the medieval word *secretarius*), finds its origins from the 15<sup>th</sup> century when it was first used to describe a piece of furniture wherein confidential documents could be locked away for safe-keeping.

Whilst the role of a company secretary has become a highly demanding job within a company, with many personal liabilities attached to this position, many companies today still disregard the critical value and function of this role. The modern-day company secretary is certainly not to be regarded simply as a piece of inherited furniture. Today many company secretaries are highly qualified legal individuals who serve on the board, with possibly a better and broader understanding of the company’s affairs as compared to their director counterparts. Often ‘institutional memory’ may vest in the company secretary, which is extremely valuable to the company. Amongst their many duties, company secretaries may assist the chief executive officer in reminding them of the shareholder’s or other stakeholder’s expectations from either the company, or the chief executive officer themselves.

Progressive boards regard the company secretary as their most senior administration officer, and indeed the value ascribed to this person is just one of the reasons why the King Report on Governance for South Africa 2009 (‘King III’) describes their role as ‘pivotal’ in a company.

Regrettably, many ill-informed companies still place *limited value* upon this position, believing the role to be nothing more than a ‘note-taking’ function, furthermore giving the company secretary little or no authority to act. Alternatively the position may be coupled to that of a legal manager, with no appreciation of the true role expected of the company secretary. In many instances the company secretary reports to the finance manager, with the result that there is limited scope that allows the company secretary to fulfill their fiduciary duties and other responsibilities. Of course, if companies and their boards were to inform themselves of the power bestowed upon the company secretary through statute, as well as for example apply business guidelines such as King III; boardroom members and business executives would rapidly allocate greater attention to this function. Accordingly, they would then map the company secretary’s role and reporting lines higher within their organisational structure. To illustrate this point, in both King III and the UK Corporate Governance Code, the company secretary is deemed to be the right-hand person to the chairman – the chairman being the ultimate authority of the board. As such, the company secretary is charged with many onerous duties and responsibilities.

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One of these duties is to ensure that there are good flows of information between the board and its committees, between the executive and non-executive directors and between the board and senior management; ensuring that the board, through the chairman, is advised on all governance related matters.

Whilst the company secretary has numerous administrative and legal responsibilities, they are considered the center point for directors and prescribed officers to access information and advice, furthermore ensuring that all board procedures and flow of information are complied with.

Clearly, the company secretary's function is not a light-weight appointment. Yet still so many companies underestimate the complex role of this position, furthermore balancing many sensitive and administrative matters which left in the wrong hands, would spell certain disaster for a company. Their duties are second to none in importance. To this end, "however private, significant and confidential a meeting is, the secretary is in attendance as the executive officer of the meeting . . . he is privy to the secrets of the discussion, the proposals, plans, purposes, reasons and fears ventilated . . . and motions which are defeated and never recorded. He is normally the officer who communicates to the public . . . he is the trusted, reliable confidant and recipient of all that transpires at a meeting, without entering directly into the decision-making."

In many countries the appointment of a company secretary is a requirement by law, and similar to the directors of a company, these incumbents must also undergo and pass a "fit and proper test". Company secretaries are meant to be the confidant and counselor to the chief executive officer and other members of senior management, especially on corporate governance affairs. Long may the company secretary -- the keeper of our secrets -- live.

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