

CFOs, directors meet to discuss issues

Matters raised include CFOs doubling as chief risk officers

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SHOULD chief financial officers (CFOs) double as chief risk officers (CROs)? And should CFOs go through a certification programme?

These are among issues discussed by CFOs and directors in a lively discussion yesterday at CFO Connect, a networking session organised by the Singapore CFO Institute.

Having CFOs play the role of CROs is "itself a risk", said Arthur Lang, group CFO of CapitaLand. He noted that while CFOs in some organisations may collate the risks and ensure that monitoring takes place on a regular basis, enterprise risk management has to be shared by all the stakeholders.

"If the CFO is responsible for identifying, monitoring and ensuring there is risk compliance for all aspects of risk, I think it is an accident waiting to happen," he said.

The responsibility of CFOs to oversee risk management has increased with the recent enhancements to the Code of Corporate Governance, requiring the company's CFO, along with the CEO, to provide assurance to the board about the efficacy of the organisation's risk management.

Basil Chan, managing director of MBE Corporate Advisory and a

director of some listed companies, noted that as other responsibilities such as quarterly reporting compete for the CFO's time, the CFO may not be able to devote his attention to fully manage enterprise risk.

CFOs should, however, still understand the key risks facing their companies and business model, said Quek Suan Kiat, country manager and chief operating officer of the Singapore branch of Barclays Bank plc.

On whether CFOs should attend certification programmes, Mr Quek noted that the skill sets or requirements of a CFO are so varied that it is hard to narrow them down to an examinable programme.

Mr Lang said that he believes that there are merits in such a programme, if it is non-mandatory, especially for CFOs of small-and-medium sized enterprises and foreign listings such as S-chips.

Yesterday, the CFO Institute also released a roundtable discussion report by the Association of Chartered Certified Accountants (ACCA) that sought the views of directors on the attributes, competencies, specific actions and deliverables expected of the CFO.

The participants of the roundtable noted that CFOs need to deepen their understanding of the business model to operate more effectively, spend time in different business units to gain perspectives, and gain more overseas exposure. They also observed that CFOs in many organisations operate as de facto CROs, with some objecting to this.

In his welcome address at CFO Connect, Olivier Lim, chairman of the Singapore CFO Institute Advisory Council, noted that the broad range of views surrounding the role of a CFO is due to the fact that the CFO role is "very dependent on context".

"The complexity of business, capital markets, regulatory frameworks, and risk and control pressures – just to highlight a few – means that there is no such thing as the perfect CFO for all situations," said Mr Lim, who is also the chief investment officer of CapitaLand.

That is why a certification programme for CFOs is not something that will happen in the short term, he said. Rather, the CFO Institute is interested in working with educational institutions and using current available programmes to assist in the professional development of CFOs.

Mr Lim said that there is room for the CFO Institute to become regionally or even globally recognised as a leading institute that provides useful and practical insight to stakeholders.

Its second research initiative is a collaboration with the Singapore Management University that will take a snapshot of how listed companies of various sizes have organised and resourced their CFO functions.

The findings will be presented on Nov 15 at the CFO Connect Symposium, an event the CFO Institute hopes to invite CFOs from around the world to participate in, Mr Lim said.