

**UGANDA MARTYRS UNIVERSITY  
NKOZI/LUBAGA CAMPUS**

**FACULTY OF BUSINESS ADMINISTRATION AND  
MANAGEMENT**

**DEPARTMENT OF MICROFINANCE**

**SEMESTER TWO 2018/19**

**BAMF III NKOZI**

**COURSE UNIT: GOVERNANCE OF MFIs**

**DATE: 9<sup>TH</sup> MAY 2019**

**Time allowed: 3hours**

**Instructions to Candidates:**

Read the following before answering the examination questions.

- 1) Do not write anything on this question paper.
- 2) Write neatly and show all workings clearly.
- 3) Start every question on a new page
- 4) Clearly state the question number & sections attempted
- 5) Answer **any four** questions, all questions carry equal marks

### QUESTION ONE

Effective or good governance occurs when a board provides proper guidance to management regarding the strategic direction for the institution, and oversees management's efforts to move in this direction.

- a) Identify the FOUR main responsibilities of the Board of Directors. (04 Marks)
- b) What are the characteristics of an effective Board of directors? (04 Marks)
- c) Explain why the Board should be independent from the Management. (05 Marks)
- d) Give any SIX conditions for effective governance. (12 Marks)

### QUESTION TWO

Although the main prerequisite for effective governance of a financial institution is a solid business sense, an MFI board can provide additional guidance to the institution if its members have expertise in Microfinance.

- a) Explain the areas of expertise particularly relevant to a MFI. (12 Marks)
- b) Describe FOUR ethical aspects that should be observed by the Board. (08 Marks)
- c) What would be described as a good working relationship between a Board and CEO? (5Marks)

### QUESTION THREE

- a) Explain the key role of an executive committee in directing the activities, discussions, and decisions of a board. (04 Marks)
- b) Identify the duties and responsibilities of the Audit Committee of the Board. (09Marks)
- c) What are the factors that should be considered when examining the Board membership? (12 Marks)

### QUESTION FOUR

- a) Explain the term performance evaluation of boards (04 Marks)
- b) Explain the importance of policies and procedures in Microfinance institutions. (10 Marks)
- c) Explain the importance of monitoring of institution performance by the board. (10 Marks)

### QUESTION FIVE

- a) Why is it important for the board to hire qualified competent CEOs? (10 Marks)
  - b) How does the board monitor and evaluate the CEO's performance? (7 Marks)
  - c) When and why should the board take a stand in disciplining the CEO? (8 Marks)
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- a) Explain the importance of effective governance in Corporations. (10 Marks)
  - b) What are the Ethical aspects in governance? (08 Marks)
  - c) Identify the needs necessary for good governance to take place. (07 Marks)

**END**