

Board Support

Enabling the right decisions

In the context of a constantly evolving regulatory landscape, BDO Director of Risk **Colin Calleja** explains the support BDO gives to the Board of Directors of listed and non-listed entities and where it can add value.

Colin Calleja

BDO Director

With EU Directives and local regulations constantly changing, which both listed and non-listed entities must monitor on a regular basis, Colin Calleja, Director of Risk at BDO, remarked that some organisations are struggling from regulatory fatigue. One reason for this is that not all companies and organisations have sufficient resources to cope with the challenges they face.

“However, Boards are still required to comply with these regulatory changes, especially the regulatory requirements. At BDO, we have specialised resources who are constantly focused on these changing requirements, and we can attach the regulatory requirements with the industries’ best practises by drawing on our experience across different sectors and clients,” Mr Calleja, a Certified Risk Professional who specialises in risk management, said.

In this way, BDO can assist Boards to remain compliant not only with the constantly evolving regulations, but to stay a step ahead. “We add value to the Board of Directors and senior management by leveraging our industry experience and we know what is best practice for the specific sector in which the organisation is operating,” he added.

“Secondly, we break complex requirements which, at times seem daunting and insurmountable, into a clear action plan to achieve the necessary compliance. Ultimately, we become partners to the Board of Directors in ensuring regulatory compliance.”

Thanks to BDO’s experience working with Boards, Mr Calleja said it noticed that Directors do value having independent expertise to provide a further level of assurance beyond the organisation’s capabilities.

“Through our engagements, we are proud to have been entrusted by regulated entities, and not only, because you might have non-regulated entities which are quite mature and would like to step up their level, even though they are not regulated.”

BDO supports Boards and senior management primarily to make sure that the Board has the required level of oversight across the organisation, ensuring they remain compliant with the relevant regulations.

“Another important point is that we assist organisations and, eventually, their Board of Directors in effectively

“...we assist organisations and, eventually, their Board of Directors in effectively managing their risks.”

managing their risks. It is critical for organisations not just to manage what they experience during their day-to-day operations, but to identify their risk universe to know even which emerging risks may impact the organisation,” Mr Calleja said.

“Last but not least, we step in to help them adopt robust, effective controls because, ultimately, the Board is interested to make sure that the controls that the organisation has in place are adequate and sufficient to manage the risks that the organisation might be impacted by.”

BDO currently employ more than 120 professionals who have their eye constantly on the ball when it comes to regulatory requirements. “One of the most

important aims for an organisation is not just to reach its long-term objectives but also to achieve a competitive advantage in the relevant sector. BDO is well positioned to assist organisations in achieving their long-term objectives.”

The firm is often brought in when an organisation needs assistance because it is required to conduct an independent assessment on a particular area or a particular function.

“We step in to identify, through a gap analysis, whether there are any gaps between what they have in place, in terms of their policies and procedures, and what is required through the relevant regulations,” he said.

“We could also step in to assist in areas, such as corporate governance, risk management, regulatory compliance, AML, whistleblower protection, and we are seeing also that companies are starting to look at certain areas like ESG and DORA regulations.”

The recent drive to appoint non-family members to Boards of Directors, according to Mr Calleja, is stimulated by the recently published MFSA Corporate Governance Code. “This is because the Regulator is pushing all organisations to have a good corporate governance structure in place and this Corporate Governance Code acts as a roadmap for

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organisations to guide them into how this can be achieved," he said.

It is precisely in the area of corporate governance that BDO ensures the necessary structures are in place: the Board, its role, the reporting lines and how the organisation is looking at its risk and compliance levels. It then conducts a gap analysis to see if there are any gaps between the MFSA's guidance through the Corporate Governance Code and what the company has in place.

"Following this review, we help organisations to address the gaps because it is important not just to identify where the gaps are but how to fill the gaps. The Board is ultimately held responsible for everything related to the company (and) must make sure they have a further level of assurance that the organisation is being managed as they require it to be," he added.

"At BDO, we understand that, as a member of a supervisory board or manager, you need an expert, ethical and independent adviser who can constructively think alongside you. BDO Board Support is the independent governance partner for all aspects of supervisory boards. One of the focuses of our consultancy is optimising supervisory board processes and monitoring structures. Using our experience, we develop solutions in collaboration with supervisory boards that are tailored to their specific conditions, forward-looking and retain active control."

