



Mrudula Vidwans

Management Trainee – Secretarial Department

Company Secretaries

More than Compliance Officers

Are True Governance Professionals

In recent times, Registrar of Companies is seen taking strict actions and imposing penalties on companies and officials involved for various non-compliances observed. In such times, companies often realize the importance of Compliance Officer. Company Secretaries, who handle the Legal Compliance in company are considered as “Compliance officers”. More often than not their role is considered as restricted to Compliance function only.

‘Are Company Secretaries only Compliance Officers or their role is much wider?’ is a question to ponder upon.

Now, the question arises as to ‘What is the difference between Compliance officer and Governance Professional.?’

A company, while complying with various laws, rules, regulations, can be categorized into 3 types. A company doing Apparent Compliance, Adequate Compliance, or absolute Compliance. When a professional undertakes to follow apparent or adequate compliance, he can remain and work in role of a compliance officer, however if he chooses to opt for absolute compliance for his company, he has to be a ‘Governance Professional’.

A compliance officer is a person who is employed to ensure compliance, and make sure that the company does not contravene any rules or regulations under statute. Whereas Governance Professionals are expected to advise and support Board members in areas such as regulatory changes, financial and strategic reporting, environmental impact assessment, risk management and reporting.

Considering both the words, the role of Compliance officer is the basic responsibility which company secretaries have to undertake, while to be considered as True Governance Professional, he will have to expand his role to being a pro-active professional. With increasing stress on ESG norms, changing business dynamics and technological up-gradation, a company secretary is expected to be a governance Professional rather than just being a compliance officer.

Even Chartered Secretary- the monthly Journal comes with a title: 'A Journal for Governance Professionals.' This very well specifies that the Institute (ICSI) wants us to work as 'Governance Professionals' and not merely as 'Compliance Officers'.

If we strive to be governance professionals, the compliance function will automatically be met and there will be a shift towards looking in the deeper picture. For a developing nation like India, we require Governance professionals who can understand law and not merely read law. We should make effort to understand the intent of lawmaker and try to comply in letter and spirit.