

# Board Committees – How do they add value?

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# Introduction

- The role of the committee is to enhance the effectiveness of the Board
- Typical is 10- 15 board members and 4 Committees
- Most organisations are required to have Audit Committees

# Key Questions

## ■ Function and roles

- What committees?
- The charter/ terms of reference

## ■ The nomination process

- Nominated or self – selection?
- To what extent should non-board members be nominated to committees?

## ■ Resources

- Expectations on Member time
- Is the organisation equipped to effectively support the committee?

## ■ Relationships

- with the board, management, other committees

# Typical committee structure of large corporation

- Audit Committee
- Finance committee
- Remuneration
- Nomination
- Business areas of organisation

# Committee Charters

- Membership
- Meetings
  - quorum, frequency, attendance, etc
- Authority
- Duties
  - e.g., review of financial statements; reporting
- Review of performance

# Current Committee Structure in State Bodies

- Wide variation
  - Some committees specified in legislation
- Audit Committee most common
- Many others
  - Finance, Governance, Remuneration, Risk,
- Membership from board, co-options and management

# Results of Survey

- Variation in board size 5 – 29
- Typical:
  - 3 standing; 1 special committee
  - Regulators of professions an exception
    - Larger boards, Additional statutory committees

# Results of Survey (2)

- Most prevalent standing committees
  - Audit
  - Finance
  - Remuneration and nomination
  - Specific functions
    - E.g., Grants, Fitness to Practice, Professional development
- Non-Board Members a common feature

# Results of Survey (3)

- Special Committees
  - Most have target completion dates
- Areas covered
  - Special themes
  - project supervision
  - Ventures with other partners

# Composition of State Boards



- Most members are Ministerial nominees
- Most establishing legislation does not specify competencies
- Government has spoken of changes to system

# What kind of people should be on a board? On a committee?

- Knowledge of the area
- Functional skills
- Diversity
- Representation?

# Nominations to committees

- Board may not have members available
- Competencies required
- Clarifying role of Chairperson
  - Managing the board relationship
- Duration of appointments
  - succession planning

# Summing up: what goes wrong?

- Lack of clarity/ understanding of role
  - Governance or expert overview and advice
  - The quasi executive committee
- Relationships to
  - Board; Other committees
  - Management
- Duplication

# Effective Committees: Some Conclusions

- Importance of clarity on duties
  - Terms of reference
- Committee composition
  - Duration of appointments, identifying the competencies required
- Succession planning
  - Identification of potential candidates , co option of non- board members
- Review of committee effectiveness