



CONDUCTING EFFECTIVE BOARD MEETINGS IN VIRTUAL AND PHYSICAL ENVIRONMENTS

Presented by FCPA FCS Lazarus Kimanga

Areas of Discussion



1. Notice and Agenda
2. Quorum
3. Conflict of Interest
4. Minutes and Resolutions
5. Matters Arising
6. Board Papers
7. Strategic Board Committee Involvement
8. Use of eBoard
9. Virtual Meeting Guidelines



Legal Framework and Governance Standards



- To focus on applicable standards to take into account laws, regulations and best practice including:
 - a) CPS Act (Cap 534)
 - b) Companies Act (2015)
 - c) States Corporations Act (Cap 446)
 - d) Code of Corporate Governance for Quoted Cos 2015
 - e) Mwongozo – (PSC/SCAC 2015)
 - f) Code of Governance for Private Organizations in Kenya (ICPSK 2014)

1. Notices



- Company Secretary (CS) to Issue notices.
- Notices shall be given in writing to all Board members.
- Notice to have day, date, time and the venue of the meeting.
- Adequate notice, preferably of at least fourteen (14) days.
- If meeting adjourned, all Directors shall get notices.

2. Agenda



- Agenda is normally combined with Notice.
- Agenda to be given at least seven (7) days before the Meeting depending on the Regulations.
- A Board Agenda may include the following:
 - a) Adoption of Agenda.
 - b) Declaration of Conflict of Interest.
 - c) Confirmation of minutes.
 - d) Matters arising.
 - e) CEO's Reports.
 - f) Committee Reports

Agenda Cont'd



g) Register of Documents Signed by Authorized Persons.

h) Any Other Business.

- Each agenda item to have a Board Report.
- The Board should not discuss items not on the Agenda.
- The Board may raise any other business as the last agenda of the Meeting but it shall not constitute a substantive discussion.

3. Quorum



- No business shall be transacted in the Board Meeting without the prescribed quorum.
- Quorum shall be present throughout the meeting.
- Directors participating through electronic mode in a Meeting shall be counted as being present.
- If the prescribed quorum is not present, the meeting will be adjourned.
- If quorum is not prescribed, at least a third ($1/3$) of the Board members should be present and where there is a fraction above a third that shall be rounded up.

4. Conflict of Interest



- Register of conflict of interest will be maintained and signed at every meeting when signing attendance register.
- The template for register (sample attached) should include date of declaration, name of Board member, agenda item description, nature and details of conflict and signature of the Board member.
- Declaration of conflict of interest shall be a standing agenda item at Board meetings.
- The organisation will have a conflict of interest policy.

Conflict of interest cont'd



- It is mandatory for Board members to declare conflict of interest.
- A Board member shall not take part in any discussion or decision in conflicted matters.
- A Board Member who has a conflict of interest shall not be counted present during discussion of the conflicted item.
- All declarations of interest shall be recorded by the CS in the minutes and in the register of conflict of interest.

Conflict of Interest Cont'd



CONFLICT OF INTEREST REGISTER TEMPLATE

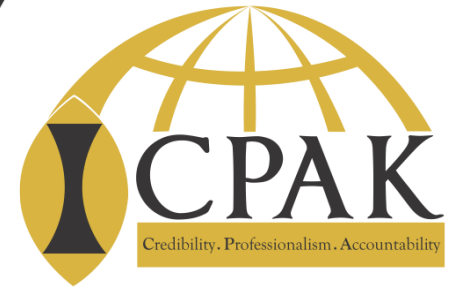
SERIAL NO.	DATE	CONFLICT OF INTEREST (YES / NO)	AGENDA ITEM DESCRIPTION	NATURE AND DETAILS OF CONFLICT	SIGNATURE

5. Confidentiality



- Board members and the CS shall sign a confidentiality statement at the time of accepting appointment requiring them to keep Board matters and discussions strictly confidential.
- Management who regularly attend Board meetings (even if by invitation) and or handle Board matters are also required to sign a confidentiality statement.

6. Minutes



- This section covers the recommended governance practice for the preparation, recording and maintenance of a Minute Book.
- Minutes shall contain:
 - a) Name of the Organisation.
 - b) Type of meeting.
 - c) Date and time of the meeting.
 - d) Place of the meeting.
 - e) Names of members/alternates present, apologies, and persons in attendance.

Minutes Cont'd



- f) The commencement time of the meeting.
- g) Presence of the quorum.
- h) Confirmation that the notice and agenda had been circulated.
- Minutes of previous meetings to be confirmed as a true record of the proceedings.
- Minutes must be proposed and seconded only by members who were present.

Minutes Cont'd



- Where a meeting has only two members who were present at the previous meeting, one whom was the chairperson, the chair person can only second.
- Minutes should be chronologically numbered with year.
- Minutes should show date of next meeting, and end time of the current meeting.
- Minutes should have signature section for Chairperson and CS.
- Decisions must be clearly outlined in the minutes specifying persons assigned tasks.

Minutes Cont'd



- Where requested, the CS may indicate persons dissenting from decisions.
- Chairperson and CS should sign minutes and preferably initial every page.
- Draft minutes should be approved for circulation by the chairperson.
- Minutes should be clear, unambiguous, precise, concise, in a consistent format, generally using past tense, and avoiding personalizing and being subjective.

Minutes Cont'd



- **Amendment of Previous Minutes:**
 - a) If amendments are substantive, confirmation and signing of the minutes shall be deferred to the next meeting and the amended minutes will be circulated before then.
 - b) For other amendments, the minutes will be amended and signed.
 - c) The CS will attend and take minutes of all Board and general meetings.
 - d) If recording is done by another person the CS takes ultimate responsibility for accuracy.

Minutes Cont'd



- e) In the event that the CS is required to step out of a meeting, the chairperson will assign a member to record the proceedings during the absence and this shall be recorded in the minutes.
- For quality assurance:
 - a) The CS to draft minutes in a timely manner.
 - b) The CS to forward minutes to the CEO for review.
 - c) The CS to send the minutes to the chairperson for approval of circulation.
 - d) The CS to circulate minutes within a reasonable time.

Minutes Cont'd



- **Minutes Book :**
 - a) Hard Copies of the duly approved and signed Minutes shall be kept in the Minute Book.
 - b) Minute Book may be maintained in both hard or digital form.

7. Resolutions



- **Types of Resolutions :**
 - a) Ordinary Resolutions – require a simple majority (50% + 1) of members.
 - b) Special Resolutions – require at least $\frac{3}{4}$ (75%) majority. Failing which the resolution shall be deemed void.
 - c) Circular Resolutions (i.e Resolutions in Writing) – require a signature of a simple majority in members through circulation.
- Resolutions must indicate the decision made, persons to execute the decision and the effective date of the decision.

Resolutions Cont'd



Resolutions within Minutes :

- a) May start with '*Resolved that...*'
- b) May be extracted.

Extract Resolutions:

- a) They are for specific purposes, eg for regulators, banks
- b) Show type of resolution, ie "*Extract of Minutes of...*"

Resolutions Cont'd



Circular Resolutions:

- a) These are resolutions made in lieu of meetings.
- b) Show type of resolution, ie “*Circular Resolution of ...*”
 - A simple majority of Members must sign circular resolutions.
 - All circular resolutions shall be tabled and noted at the next meeting and recorded in the Minute book.

Maintenance of a Register

- The CS shall maintain a minute book containing all the Minutes and Resolutions.

8. Matters Arising



- A report on matters arising from minutes of the previous meeting will cover updates on all matters discussed at the last meeting.
- Management should use a template (sample attached) for matters arising report with columns showing minute number, description of issue, agreed action, person responsible for task, deadline and progress to date / status.

Matters Arising Cont'd



- For completeness and control purposes, all items with matters arising from the minutes of the previous meeting, will be listed in the matters arising report and those covered under substantive items on the agenda shall be highlighted accordingly.

Matters Arising Cont'd



MATTERS ARISING TEMPLATE
FROM MINUTES OF THE PREVIOUS MEETING HELD ON
FOR THE MEETING OF

S/NO .	MINUTE NO.	DESCRIPTION	AGREED ACTION	RESPONSIBILITY (ACTION BY)	TARGET DATE	UPDATE / STATUS

9. Board Papers



- Discussions on agenda items shall be based on Board papers presented.
- Board papers are a responsibility of Management except for certain cases.
- Board papers should include:
 - a) Name of the organisation.
 - b) Title of Board paper.
 - c) Board paper number.
 - d) Standardized format for consistence.
 - e) Author/Management.

Board Papers Cont'd



- f) Date of the Board paper.
- Board papers should be received by members at least 7 clear days before the Board meeting.
 - Management should ensure that Board papers generally contain key issues for focused discussion and decision making by the Board.
 - All circular resolutions shall be tabled and noted at the next meeting and recorded in the Minute book.
 - Management shall maintain a record of all Board papers.

10. Strategic Board Committee Involvement



1. The Board shall strategically establish Board committees through which to carry out its functions effectively.
2. The Board should :
 - a) Establish minimal committees of the Board.
 - b) Establish an Audit Committee (or Audit, Risk and Compliance Committee or other name) and a few other committees (by whatever name called) as may be deemed appropriate, to discharge the following functions:

Strategic Board Committee Involvement



- Finance / Investment
- Technical matters
- Business Development
- Strategy
- Human Resource

- c) Determine terms of reference for each committee.
- d) Review the mandate of the committees periodically.
- e) Determine the frequency of committee meetings.

- f) Appoint the chairperson of each committee.
 - g) Annually carry out committee performance evaluation.
2. Chairperson of the board should not be a member of any committee except for ad-hoc committees.
 3. Committee members should have the necessary skills and expertise to execute their responsibilities.
 4. Where required skills aren't available to the committee the board may co-opt non board members.

Strategic Board Committee Involvement



5. Management should attend there respective Board committees by invitation.
6. Board Committees shall make reports to the Board under a standing agenda item.
7. Appointments to Board Committees should take into account gender consideration.

Strategic Board Committee Involvement

Board Committee Best Practice:



- a) Only necessary Board Committees should be established.
- b) Each committee to have suitable terms of reference.
- c) Appointment of strong chairpersons and committee members to be based on skill gaps and competence.
- d) Effective annual Board evaluation for committees to be in place.
- e) Efficient communication with the Board.
- f) Maintenance of accurate records of Board committees.

11. Use of eBoard



- The Board may consider enhancing management of Board matters and moving towards a paperless environment through the use of eBoard systems.
- There are many eBoard systems in this market and they have various features.
- Circulation of Notice, Agenda, Board Papers, Minutes and Resolutions is faster using an eBoard and making amendments is much easier.

12. Virtual Meeting Guidelines



Policy and Procedures

- a) Virtual Meetings must be permitted by the applicable laws and constitution of the Organisation to ensure legality.
- b) An Organisation wishing to convene any Virtual Meeting must have documented policies and procedures.

When selecting the technology for Virtual Meetings, Management should ensure:

- a) The technology is easy to understand and use.
- b) Training is conducted where necessary.
- c) Any software licences required are obtained beforehand.
- d) The technology can accommodate the number of Meeting participants expected.
- e) Reports can be shared during the Meeting.
- f) The technology is of high video and sound quality.

Virtual Meeting Guidelines Cont'd



- g) The technology is secure and free from interference or access by unauthorised participants.
- h) Only authorised persons have access to any written or audio communication during the Virtual Meeting.
- i) Security for the Virtual Meeting is enhanced by:
 - (i) Having in place end-to-end encryption (E2EE) system of communication which enables only the users to read the messages.

Virtual Meeting Guidelines Cont'd



- (ii) Using meeting IDs and passwords.
- (iii) Ensuring meeting IDs and passwords required to access the meeting are sent to members in a secure manner.
- iv) Participants are required to treat security IDs and passwords as strictly confidential.

Pre-Meeting Role of the CS

The CS in consultation with the Chairperson will :

- Review the Virtual Meeting Checklist to ensure that all the relevant items have been covered.
- Ensure that Virtual Meeting policies and procedures are in place and complied with.
- Check the proposed meeting date and start time to ensure participants in different time zones attend.
- Send out to the participants electronic link invitations for meetings.

Virtual Meeting Guidelines Cont'd



The Secretary will indicate when sending out the notice and agenda:

- a) Whether the Meeting shall be a Virtual or Hybrid Meeting.
- b) The location of the meeting in the case of Hybrid meeting.
- c) The manner in which the attendees will participate in meetings, eg raising of hands electronically and asking questions electronically through chat facility.

Virtual Meeting Guidelines Cont'd



- d) The manner in which voting or polling shall be handled in meetings including display of votes on the screen from start to end.
- e) The rules of engagement during the meeting including prohibition of interference when other participants are speaking, and to be muted on both audio or video when others members are speaking.
- f) Clearly explain the electronic voting or polling processes for any resolutions to be made at the Meeting, and how the results of the vote or the polls will be announced.

Virtual Meeting Guidelines Cont'd



- The Secretary shall ensure that relevant ICT support is in place for any technological issues that may arise before and during the Meeting.
- The Secretary should ensure that any questions and comments from participants are received, noted and shared with the Chairperson.
- The Secretary will ensure that the virtual platform is accessible to the participants at least fifteen (15) minutes before the scheduled Meeting start time.

Virtual Meeting Guidelines Cont'd



- The participants will individually confirm their attendance audibly, or by logging their details into a system. An extract of the details from the logging system may be used as a list of attendance.
- The Secretary shall record in the attendance register those present at the meeting. For Hybrid meeting, it should be indicated if attendance was physical or virtual.

Virtual Meeting Guidelines Cont'd



- The Secretary shall be requested to read out upon sharing the screen with the participants, the Notice and Agenda of the Meeting.
- Any conflict of interests by any of the participants shall be declared and duly noted by the Secretary for record purposes.
- Where the Secretary and Chairperson are not located at the same venue, the Secretary will arrange for electronic or physical signing of the Minutes.
- The host of the meeting will end the meeting virtually.

END

THANK YOU