



# BOARD COMMITTEES

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# Module Content



- Role of Board Committees
- Conduct of Committee Meetings
- Relationship of Board and Committees
- Committee Chairperson's Competence

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# Module Objectives



By this module's end, participants will be able to:

- Understand the **importance** of Board committees
- Appreciate the **types** of Board Committees
- Understand the **Roles and Responsibilities** of the Committee **Chairperson**

# Board Committees



- Board committees serve as useful means of ensuring that the Board gives **sufficient consideration** to all matters for which it is **responsible**
- Boards can **delegate their authority** to relevant Board committees for **in-depth deliberations** and recommendations
- The Board remains **accountable** for the operation of the committees

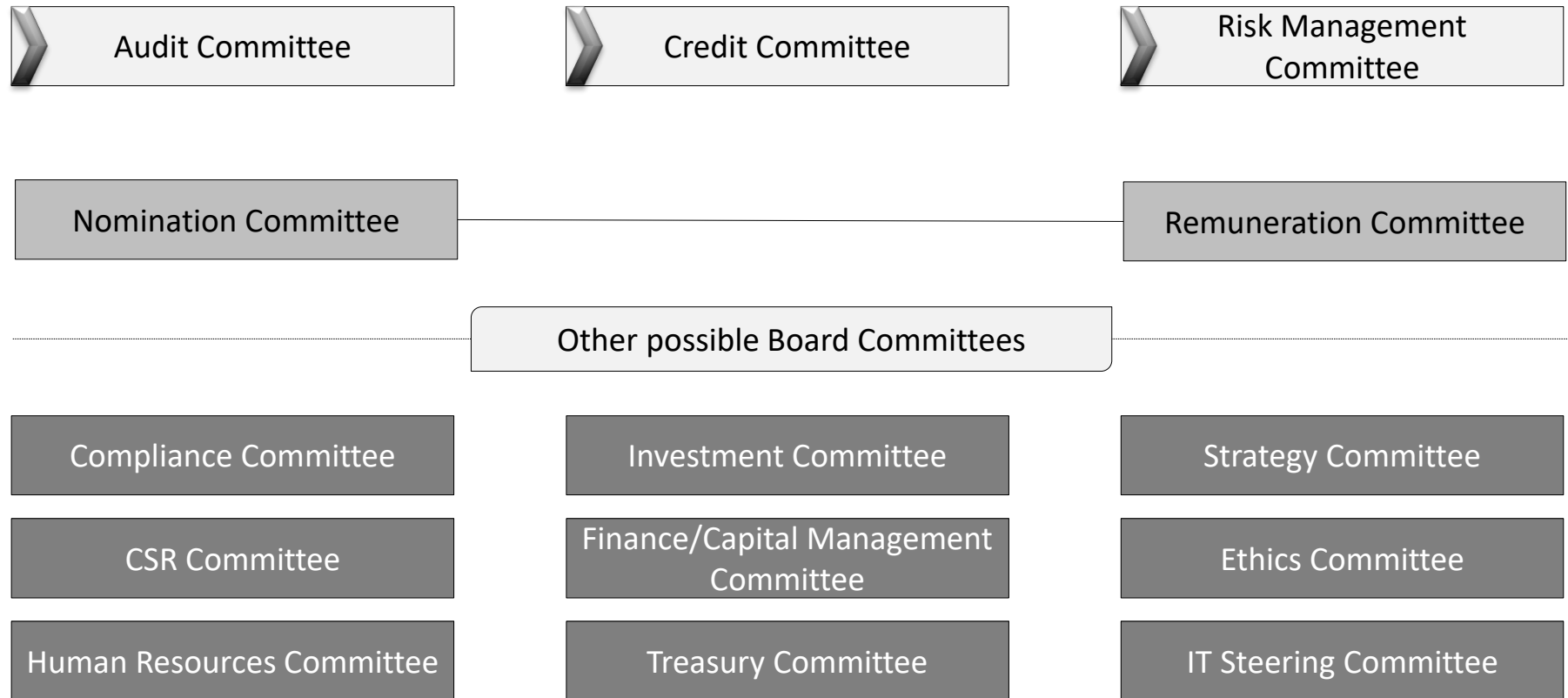
# Board Committees (cont.)



- The primary reason to have Board committees is to **enhance the monitoring function** of the Board
- In addition, Board committees are of value especially in case of **large, unwieldy** Boards or in case of decisions that require **independent** deliberations
- Enable the use of **specialized** expertise

# Types of Board Committees

Regulated entities may be required to have the following Board committees



# Establishing committees: Key questions to be answered

When should a company establish a Board level committee?

When the **magnitude, complexity and importance** of issues exceed the bandwidth of the Board

Standing committee or ad hoc committee?

For major, long-term activities establish **standing** committees

For relatively short-term activities, establish **ad hoc** committees

Usually, large companies have 4-6 Board level committees

# Establishing committees: Key questions to be answered

Committee composition

At least 3 members on each committee (**optimal size varies**)

**No** membership of **more than 2** committees.  
**Independent** members for Audit, Compliance, Risk, Nomination and Remuneration committees

Committee meeting frequency

**Monthly, Quarterly** meetings

Committee Quorum

**Voting** rights, **quorum**, **proxy** issues to be identified

# Activity: Video



<https://insights.diligent.com/board-governance/the-rise-of-new-board-committees-the-role-of-committee-chairs/>

# Activity: Plenary Discussion



1. What **underpins** the rise of these **unconventional** board committees?
2. What kind of **new** committees are being formed among company boards?
3. How are the **qualifications** changing for today's board committee **chairs**?
4. What **advice** would you offer today's boards considering the formation of new committees?

# Committee Charter



- Is a **policy** document
- Guided by **legal and ethical** framework
- Clarifies **composition, roles and expectations**
- Sets out **reporting** processes and **review** frequency
- Is a useful **induction tool** for new members and managers

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# Conduct of Committees



- Committees usually meet before Board Meetings and **report during** Board Meetings
- Each Committee must have **Terms of Reference/Charter** setting out its mandate
- Is **well resourced** and supported by Management through timely **information** flow and key **personnel**

# Conduct of Committees (cont.)



- Circulate the **agenda**, committee **papers** and all required **information on time**
- Make your **objectives** clear through the agenda
- Begin with a **purpose**
- Encourage **open** discussions

# Conduct of Committees (cont.)



- Keep a **record/minutes**
- Provide a **report** to the Board
- Evaluate Committee's performance and **effectiveness**

# Competences of Committee Chairperson



- Creates a **safe and supportive** environment
- Handles **conflict and tension** effectively
- Is guided by **clear** terms of reference
- Ensures members' **availability**
- Encourages **independence** of thought and expression
- **Performance** evaluation

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# High Performing Committees



- **Is composed of the right people**
  - ✓ Has appropriate mix of skills and experiences, engaged and meaningful contributions
- **Gets the right information at the right time**
  - ✓ Induction and development
  - ✓ Receives well written committee papers
  - ✓ Receives updates between committee meetings

# High Performing Committees (cont.)



- **Makes the best use of its time**
  - ✓ Focuses on the most important things
  - ✓ Oversight rather than day to day management
  - ✓ Sustainability
  
- **Has effective processes**
  - ✓ Has a work plan
  - ✓ Effective interface with Management

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# High Performing Committees (cont.)



- **Has effective leadership**
  - ✓ Draws out different perspectives
  - ✓ Keeps meetings focused on critical issues
  
- **Works effectively together as a team**
  - ✓ Respects different perspectives
  - ✓ Works to reach a consensus
  - ✓ Has positive energy

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# High Performing Committees (cont.)



- **Works constructively with the CEO**
- ✓ Provides constructive challenge
- ✓ Motivates and rewards strong performance

Adapted from: Beverly Behan



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# Board Committees



Board Committees are an **essential part of the governance** process – they **support the board** to deliver on its **mandate.**

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Q&A



*Thank you!*

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