



April 2018

Committee Reporting

A lot of work on boards takes place outside the actual board meeting – particularly in the committees. That’s where there is a chance for the non-executives to delve into and challenge the detail, and also to bring their particular expertise to bear. Quite rightly, work gets delegated to the committee level, but delegation isn’t the end of the story – all directors remain responsible. So, the reporting back to the full Board by the committee chairmen needs to work well. Many boards struggle with this.



THE CHAIRMAN MAKES UP TIME

We often find that committee reports are seen as a formality to be endured, rather than something intrinsically useful. No-one questions that it needs to be done in some shape or form, but there’s typically a feeling that the “replay” (especially when it relates to a meeting which ended only half an hour previously and where most of those forced to listen to the report were present) is an ideal opportunity for catching up with emails or reading the late [board papers](#)...

So here are a few ideas on committee [reporting](#) to the board – and some practices best avoided.

Good practices to consider...

Use the regular Committee report to highlight just the most important issues emerging from the Committee’s discussions, focusing on material judgements made by the Committee and the big decisions being taken, especially in uncertain conditions. Those who weren’t there are most interested in what their colleagues are most concerned about. So, take the opportunity to flag up things that the full Board really needs to know.

Set out those questions that might need some board time, either because they’re important enough to merit the involvement of the full [Board](#) or because others might have something valuable to add. The time spent on the discussion needs managing, of course: you don’t want to slip into detailed discussion – otherwise why delegate it to the Committee in the first place? But even a brief discussion might give a useful steer for the Committee or might show that the matter needs to appear on a future [board agenda](#).

Things to avoid...

Letting the reporting by the Committees become a litany of “what the committee discussed” or a blow-by-blow account of each item on the Committee [agenda](#). Regular recital of the committee terms of reference merely makes it harder for non-members to know what was important.

Saying that “the Committee discussed the problem” in terms that make others feel that it’s not open for them to comment. Or spending so long labouring through it all that others lose the will to live, never mind ask questions. Committee reporting items are a valuable opportunity for the Committee Chairman to benefit from others’ questions, advice and support – so position it that way.

Good practices to consider..

Things to avoid...

Don't overlook what's working well. The opportunity to comment on this often arises from the Committee's regular oversight work, which we've just said doesn't need to be recapped every time. So instead, get a six-monthly written report from each committee which sets out the work that it's done and the conclusions reached, including the positive things. For example, if the [risk management](#) framework is effective, explain why: after all, the full Board has responsibility for making sure this is the case. If the finance function is top class, say so, and explain what that judgement is based on. If HR is working well in implementing a strong management development programme, share that insight.

If you've made the committee reporting interesting and relevant, resist the habitual temptation to put it on the agenda as a tedious formality. Position it as an integral and important part of the board meeting and allow time for important matters to get a proper airing.

If all directors – both executive and non-executive – were at the Committee, don't waste time on the report!

But, think through carefully who really was at the committee meeting and whether they were there for all items. It might have felt like all directors were present, but was that actually the case?

If you feel it's useful to circulate the committee minutes to keep people informed, attach a brief cover note from the Committee Chairman (possibly drafted by the Company Secretary) with some signposting to important points. But, think hard about whether that's really the best way.

Remember the follow-through. If a committee chairman has raised a significant concern, this needs to be followed through in a subsequent report to help the other directors know how it has been dealt with.

Taking too literally our advice to avoid reciting the terms of reference and giving no overview at all of the Committee's work. All the directors need to have confidence that the business is well run – and the detailed committee work will provide this from an independent and expert perspective. But it doesn't need real-time reporting, unless there's a big problem. An occasional written report will mean that board meeting time can be spent on the things that matter rather than on going through all of the Committee's activity.

Including the committee reports with "the governance stuff" scheduled for the last ten minutes of the board meeting. This is a lost opportunity.

Doing committee reports because it is "good practice" or "required by the Code" when no-one needs them.

Simply working off the assumption or attitude that "we were all there anyway" so there's no need to "repeat things". We hear this a lot (especially about [Risk Committees](#)) but then see that, in practice, it's not really the case. That means some directors aren't being kept in the picture and aren't being given the opportunity to comment on issues that they are responsible for, regardless of whether there has been delegation to a committee.

Assuming that circulating the committee minutes six weeks after the meeting is a substitute for decent committee reporting. Even when timely, minutes are rarely an engaging read – even less so if you weren't there. They are written for a particular purpose and a good committee report serves a different purpose.

Flagging up a big issue then just letting it disappear. If something was important enough to raise at the Board, it's important enough to make it into Matters Arising.

Good practices to consider...

Take the Committee Effectiveness Review seriously, recognising that it serves two purposes. One is the Committee's own continuous improvement. The other is providing assurance to the Board that its delegated activity is being done well: after all, the formal responsibility usually still sits with the Board, so the other directors need to know that the Committee is working well.

Things to avoid...

Seeing the Committee Effectiveness Review as a tickbox exercise of no real importance or interest. It needs to be considered by the Board as well as by the Committee. And, the nature of the review needs to reflect the Committee's work. For example, higher risk reporting environments, systems challenges, complex executive remuneration... all mean that the committee review should have real substance.

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INDEPENDENT AUDIT

BOARD REVIEW

