Meetings

In this article Roger Woolley reviews key elements of meetings associated with good corporate governance and risk management procedures.

A meeting is the embodiment of the corporate decision making process – always remember that a decision to do nothing about a particular matter is still a decision!

It is suggested that company secretaries spend at least 40% of their time in meetings, therefore any improvement in the effectiveness and efficiency of the decision making process can generate real benefits to the company and particularly the secretary, the board and, ultimately, the shareholders.

Effectiveness

It follows that, in order to function effectively, a meeting needs to be attended by the right people (i.e. those empowered to take decisions on the matters in question), who need to know what must be addressed and should be furnished with sufficient information to enable them to take the decision that needs to be taken. (See below for suggestions as to how to improve effectiveness of meetings.)

Participants

Not all meetings will be attended by the board. Certain matters may be delegated to a committee, such as the following.

◆ Remuneration committee – the purpose of the remuneration committee is to ensure that a company attracts, retains and motivates directors and others without paying excessive amounts.

◆ Nomination committee – the nomination committee is there to ensure that a company has the appropriate board composition, with individuals collectively having the requisite range of skills, experience and knowledge to meet the needs of the company in the short and longer terms. It will cover executive, non-executive directors and senior executives.

◆ Audit committee – the audit committee must ensure that a company has reliable systems covering both financial and non-financial information on which the board and others make decisions. It covers on the one hand internal audit and the shareholders and on the other external audit.

◆ Executive committee – The executive committee is the main body controlling day-to-day executive decisions under authority delegated to it by the main board and to which it remains accountable.

[Include some text on the main board?]

What should be reserved for the board and what could be delegated to a committee is covered by the Institute of Chartered Secretaries and Administrators (ICSA) in *Matters reserved for the board*, which gives guidance on best practice on these topics and covers the following broad headings:

◆ strategy and management;
◆ structure and capital;
◆ financial reporting and controls;
◆ internal controls;
◆ contracts;
◆ communication;
◆ board membership and other appointments;
◆ remuneration;
◆ delegation of authority;
◆ corporate governance; and
◆ policies.

Preparation

Agenda, papers and timings must be set out prior to the meeting to enable orderly discussion at the meeting itself. The agenda should focus on the needs of the meeting and the tasks to be carried out.

The papers should be short, sharp, but structured. This is a particular skill that secretaries and board members should practise, and can be aided by the production and maintenance of glossaries covering shorthand terms with precise meanings, which can then be used in the papers. Clear, well-structured papers are also a considerable aid to clear minute writing. A very effective test for clarity is best performed by a bright person with limited knowledge of the business; if that person can't understand the paper then it should be re-written.

Expected timings for each item on the agenda is a way of controlling the flow of the business and keeping the meeting as short as is necessary and consistent with achieving the objectives.

The meeting

A key role for secretaries is to 'train' the person chairing the meeting, in particular by helping to focus on the matter in hand.

A secretary should also ensure that the conduct at the meetings is in accordance with the appropriate rules under the relevant constitution.

[more text on what should happen at a meeting?]

Minutes

Minutes should reflect the conduct of the meeting and are therefore important. There are several books that run to 200 plus pages on minute writing, one of which even includes two chapters on numbering schemes!

In meetings attendees often use clichés, such as 'think outside the box', 'level playing field' and 'move the goalposts'. This use of 'jargon' can be a useful shorthand way of conveying a precise meaning.

The purpose of minutes is to record the decisions that have been taken based on informed debate and, depending on house style, to contain a sufficiently detailed summary of the preceding discussion to enable someone reading them to understand how the decision was taken. They should also record any action points and identify the person on whom the responsibility for action falls, for review and follow-up at a subsequent meeting. It is worth emphasising that the accurate recording of the decision is just as important as the taking of that decision.

Content and detail of minutes will vary amongst organisations and generally remain confidential to officers of the company (including the auditors) or to those authorised by the board. However, minutes can be admissible in legal proceedings so considerable care needs to be taken in their preparation.

Suggestions

Following are some suggestions as to how to improve effectiveness of meetings.

- Hold fewer meetings.
- Involve fewer decision-making bodies.
- Hold shorter, more focused meetings.
- Prepare concise and sharply focused papers in advance of the meeting.
- Try and improve chairmanship.
- Improve minute writing skills.
- Provide training in presentation skills for attendees.

Summary

These general concepts of effective meetings can apply to any organisation where decisions are made collectively and where those bodies are accountable to stakeholders.

It is also worth considering the precepts of good governance as set out in the 2002 King Report on Corporate Governance in South Africa – HOTJARS, which stands for honesty, openness, transparency, judgement, accountability, responsibility, and socially responsible actions.

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Hampton Report

This article, the second of two (see CSR Vol 28, p 7), briefly considers the principles and some of the recommendations set out in Philip Hampton's final report.

Principles

The report lists ten principles for regulatory enforcement which the Review feels should be achieved in order to tackle the problems in the UK's current regulatory system.

1 The regulatory system should use comprehensive risk assessment to concentrate resources on the areas that need them most.

2 Regulators should be accountable for the efficiency/effectiveness of their activities, but remain independent in the decisions they take.

3 All regulations should be easily understood, easily implemented, and easily enforced, and all interested parties should be consulted when they are being drafted.

4 No inspection should take place without a reason.

5 Businesses should not have to give unnecessary information, or the same information twice.

6 Persistent non-compliance should be identified quickly, and proportionate and meaningful sanctions imposed.

7 Regulators should provide authoritative, accessible advice easily and cheaply.

8 Explicit consideration should be given to how new policies can be enforced using existing systems.

9 Regulators should be of the right size and scope, and no new regulator should be created where an existing one can do the work.

10 Regulators should allow, or even encourage, economic progress and intervene only when there is a clear need for protection.

Recommendations

Many of the 35 recommendations (a few of which follow) build on earlier work and are designed to 'streamline and modernise' the UK's regulatory system.

Some of the recommendations require legislative changes which Hampton hopes may be implemented over a two- to four-year period, and which he states would represent a 'significant change in the UK's regulatory system'.

Assessing risk

Clear and comprehensive risk assessment should be the foundation of all regulatory activity. Risk assessment should be open to inspection, use good quality data, be expressed simply, and implemented in an impartial manner.

Advice

Onsite visits and tailored advice should be made available to businesses by regulators.

Penalties/incentives

Government proposals to increase the limits on fines awarded by Magistrates' Courts, in order to provide effective deterrents, should be extended to regulators too.

Regulators should be encouraged to adopt positive incentive schemes, in order to increase incentives for compliance.

Forms

Form design guidelines should be introduced, which should be adhered to by all regulators.

Business reference groups should be set up. They should be involved at all stages when new forms are being introduced.

Regulators

31 of the 63 national regulators should be consolidated into just seven bodies over the next two to four years.

Administration of regulators and new policies should be based on the regulatory enforcement principles set out by the Review.

Better Regulation Executive

The Government should establish a Better Regulation Executive which would hold regulators to account for their performance against the principles of regulatory enforcement.

All 35 recommendations can be found in the Hampton Review's final report (available on the Treasury website at www.hm-treasury.gov.uk./media/AAF/00/bud05hampton_641.pdf).