

The 20 Critical Questions Series

What Directors should ask of their Board

Board stewardship

1. Has the board established, in consultation with the chief executive and staff, the organisation's vision, values, business objectives, overarching strategies, and delegations of authority?
2. Are the above documents consistent with the organisation's establishing instruments eg memorandum of association, legislation?
3. Has the board translated the organisational values into a code of conduct for staff and a statement of business ethics for third party suppliers, and are these understood?
4. Does the board have a succession plan for the chief executive and other senior executives?
5. Has the board established robust corporate governance arrangements consistent with good practices, including a structured and meaningful formal induction process for board members?

Board foundations

6. Is there a written charter (mandate) for the board of directors, complemented with a code of conduct, and board policy and procedure manual including conflict of interest and gift and entertainment policies?
7. Is there a well-considered board skills matrix, or board composition matrix, to guide the selection and appointment of future board members?
8. Are there sub-committees of the board with their own up-to-date charters, for example an audit committee and a nominations committee, and do they provide regular written and oral reports back to the board?
9. Is there a forward schedule of board and sub-committee meetings that specify what will be covered at each meeting, with regular meetings held as scheduled?

Board membership

10. Does the board comprise an appropriate mix of people, skills and experience relevant to the organisation's current and future operations, with an independent non-executive chairman and only non-executive directors?
11. Does the board actively manage board succession arrangements to ensure continuity and ongoing corporate knowledge, including terms of board membership staggered, limit on the number of years a person can serve on the board and transparency of the board appointment process?

Board governance

12. Is there an open register of interests for board members, consistent with the defined procedure for conflict of interest?
13. Has the board established a risk appetite statement and risk policy, and does it receive and consider periodic risk reports covering strategic and emerging risks?

Board meetings

14. Is there a written agenda distributed in advance of each meeting that gives sufficient time for members to properly review the content?
15. Do agenda items go to the heart of management of the organisation, or are they filtered by management?
16. Are there written reports for agenda items to be considered at board and sub-committee meetings?
17. Are there written minutes for each board and sub-committee that are produced promptly after each meeting and signed-off by the chair?
18. Is there a written record of every decision detailed in the minutes (may also be a decision register), and are action plans from previous meetings followed-up at the next meeting to ensure they are actioned in a timely way?

Board effectiveness

19. Is there a section in the annual report on board achievements and value added during the year, including summary of member attendance at board and sub-committee meetings?
20. Are there performance measures (KPIs) and a regular, structured evaluation process to assess the effectiveness of the board and the individual board members?

The killer question

Does the board run the organisation, or does management run the organisation?