

# The 20 Critical Questions Series

## What Directors should ask about their Board

Updated 2022

**Board of Directors - The highest-level governing authority for example board of directors, supervisory board, board of governors, board of trustees charged with responsibility to direct and oversee an organisation's activities and hold senior management accountable. Although governance arrangements vary among jurisdictions and sectors, typically the board includes members who are not part of management (non-executive directors). If a board does not exist, the word 'board' in the Internal Audit Standards refers to a group or person charged with governance of an organisation. 'Board' in the Internal Audit Standards may refer to a committee or another body to which the governing authority has delegated certain functions, for example an audit committee.**

### Board Stewardship

1. Has the board of directors established, in consultation with the chief executive and management, 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 organisation values into a code of conduct for the board/management/employees 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 management?
5. Has the board established robust corporate governance arrangements consistent with good practice, including a structured and meaningful formal induction process for board members? Does the board know where its oversight ends and management oversight begins?

### Board Foundations

6. Is there a written charter (mandate) for the board of directors complemented with a code of conduct and board policy including conflict of interest and gift and entertainment policies?
7. Is there a well-considered board skills matrix to guide 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 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?

# What Directors should ask about their Board

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 effectiveness of the board and the individual board members?

## **The Big Question**

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