



Developing an Annual Agenda

In an earlier article on board agendas, Revisiting the Agenda, GG # 5 September – October 1998, we offered some thoughts on structuring the agenda. We also recommended that the board should develop an annual or 12 month agenda, designing the basic framework for the year’s meetings. This article picks up on that theme, outlining examples of an agenda for three consecutive meetings followed by an explanation of why certain items are on the agenda together with some recommendations for dealing with them.

Firstly, some basic principles.

- It is the board’s agenda therefore the board should be in charge of what goes on it.
- Secondly, the job of the board is to develop and monitor policy, so it follows that the board meeting should be focussed on policy matters.
- Third, as part of its duty of care responsibilities, the board should ensure that its polices are being implemented as designed. The CEO is thus required to report to the board on a regular basis on the carrying out of these policies.
- Finally, the board meeting is an ideal forum for extended in-depth discussions about critical strategic issues, discussion which will include the full board, the CEO and, where relevant, other staff or outside experts.

The sample agendas that follow reflect these principles and provide the structure for the board meeting. Each of the agenda items is discussed in relation to the note number on the right hand end of the item, e.g. Note # 1 etc.

Readers will note that the agenda are very similar meeting by meeting.

Three sample agendas follow.

Sample Agenda #1

BOARD OF DIRECTORS MEETING AGENDA - JULY 24TH 1999

Agenda Item	Suggested time frame	Notes (see below)
Preliminary administration matters Apologies Confirmation of minutes Declaration of interests	5 mins	Note # 1
Financial report – CEO to report Presentation of financial accounts and analysis as determined by the board	5 - 15 mins	Note # 2

Audit Committee report – Committee convenor to report	5 mins	Note # 3
Limitations policy monitoring – CEO to report	5 - 15 mins	Note # 4
Treatment of staff		
Ends – CEO to report	45 mins	Note # 5 Continuous Ends summary
Exploration of Key Result Area # 3 “Palliative Care” – We will be joined by visiting expert Dr Joy Downing		
Special issue/s		
Organisational risk analysis – whole board – Andrew to facilitate	45 mins	Note # 6
Progress report by CEO on new buildings	5 mins	
Preparations for AGM	15 mins	
Meeting closure		
Comments on meeting procedures and outcomes	10 mins	Note # 7
Preparation/actions for next meeting	5 mins	

Sample Agenda #2

BOARD OF DIRECTORS MEETING AGENDA - SEPTEMBER 20TH 1999

Agenda Item	Suggested time frame
Preliminary administration matters	5 mins
Apologies	
Confirmation of minutes	
Declaration of interests	
Financial report – CEO to report	5 - 15 mins
Presentation of financial accounts and analysis as determined by the board	
Limitations policy monitoring – CEO to report	5 – 15 mins
Treatment of Consumers	
Public Relations	
Ends – CEO to report	60 mins
Continuous Ends Summary	
Exploration of Key Result Area # 2 “Connection with the owners” – focus group. 10 people from our list of proposed owner representatives have agreed to attend this focus group	
Special issue/s	
CEO remuneration	15 mins
Progress report by CEO on new buildings	5 mins
Meeting with auditor	20 mins
Meeting closure	
Comments on meeting procedures and outcomes	10 mins
Preparation/actions for next meeting	5 mins

Sample Agenda #3

BOARD OF DIRECTORS MEETING AGENDA NOVEMBER 28TH 1999

Agenda Item	Suggested time frame
Preliminary administration matters	5 mins
Apologies	
Confirmation of minutes	
Declaration of interests	
Financial report – CEO to report	5 - 15 mins
Presentation of financial accounts and analysis as determined by the board	
Limitations policy monitoring – CEO to report	10 mins
Financial Condition	
Ends – CEO to report	40 mins
Continuous Ends Summary	
Exploration of Key Result Area # 1 “Teaching	

and Research". Senior research staff in attendance

Special issue/s

AGM debrief	15 mins
Progress report from CEO on new buildings	10 mins
Induction of new board members	40 mins
Strategic thinking – implications of the recent change in government – Steve to lead this analysis	45 mins

Meeting closure

Comments on meeting procedures and outcomes	10 mins
Preparation/actions for next meeting	5 mins

Explanatory Notes

1. This part of the meeting should be as crisp as possible. We recommend that the minutes of the previous meeting are completed immediately following the meeting they represent and circulated promptly with board members' comments received and dealt with prior to the meeting at which the minutes are confirmed. This eliminates a lot of time wasting at the meeting.

2. The CEO's financial report should be set against the board's requirements as stated in, for example the Budget and Financial Planning policy and the Communication and Support to the Board policy, in particular the requirement that the CEO reports on, for example:

(1) The CEO shall not:

“Plan to achieve a ‘bottom line’, materially different from that determined by the board.”

(Budgeting and Financial Planning Limitations policy.)

Accordingly the CEO is required to report if, for any reason, changes in expenditure or revenues will or could lead to an end of year “bottom line” materially different from the figure agreed by the board when the annual budget criteria were approved by the board. The board will then have the choice of altering its policy and agreeing a new end of year “bottom line” or require the CEO to stay within the agreed parameter. The latter instruction may result in the CEO having to make appropriate adjustments in his/her choice of operational means in order to meet the board's requirement.

(2) The CEO shall not:

“Neglect to provide financial reports that make clear:

(a) significant trends

(b) data relevant to agreed benchmarks and board-agreed measures, eg financial ratios to be determined by the board.”

(Communication and Support to the Board Limitations policy.)

Accordingly the board must make clear what financial ratios, benchmarks, trends or other measures it wishes to monitor so that the CEO can report against these. For example the board may require the CEO to present the Current Ratio as both a figure and on a 13 month trend chart. We recommend that ratios, trend charts and words all be used to make clear to all board members the various financial results achieved.

Reporting against the budget

Many boards slavishly require their CEO to submit a budget report showing variances against budgeted figures. Unless the board has determined the numeric details of the budget and fixed these in policy there is no proper basis for monitoring the figures in the budget summary and variances. In the governance approach recommended in *Good Governance* the CEO develops a budget against a set of budget development criteria established by the board. The CEO manages the budget within the criteria and the board ensures that the criteria are met. This is very different from the way that most boards develop and manage the budget process. We are convinced that the board has much greater control over the budgeting process and financial performance by managing the budgeting criteria rather than the budget figures. (See also *Good Governance* # 9, May – June 1999.)

3 In this sample meeting agenda, the board has scheduled a report from its Audit Committee. We recommend that all boards should have such a committee (We will define the role of the Audit Committee in a future issue of *Good Governance*). This committee should meet at least 3-4 times each year, confirming the accuracy of the CEO's financial reporting and carrying out periodic audits of the financial systems and policies. The Audit Committee's report confirms CEO compliance with policy so, like all other issues on the agenda, is directly related to the board's policies.

4 Many boards adopt an annual schedule for monitoring the CEO compliance with CEO Limitations policies. While most of these will be monitored only once annually, others may be monitored more frequently. One of the basic principles of effective governance is that if it is important enough for the board to develop a policy then it is important enough for the CEO to report compliance with this.

5 Monitoring and discussion of Ends/Results policies is at the core of the board's ongoing role. The board needs to know that the CEO is making solid progress towards the achievement of its stated Ends or results and, via the monitoring process, continually addresses the integrity of the policies themselves. Every time the CEO reports against the Ends policies the board, in effect, engages in a strategic conversation about their future relevance; do they speak to the right benefits to be provided? Have there been changes in the nature or needs of the beneficiary group? Are the Ends still achievable? And so on.

Boards that have a CEO Communication and Support to the Board policy will have in place the basic guidelines and requirements for the CEO's reporting to the board against the board's policies. Included in this is a requirement that:

The CEO shall not:

1. Neglect to provide information in a timely, accurate and understandable fashion addressing the various issues to be monitored by the board.
2. Fail to inform the board of significant trends, implications of board decisions, issues arising from policy matters or changes in the basic assumptions upon which the board's policies are based.¹

This policy generally makes it clear that the board demands to know certain

things. Point 2, in particular, addresses the board's need to know about a range of matters relating to the Ends policies, particularly about external environmental matters that have, or could have an impact on the Ends policies.

We recommend two formats for Ends reporting and monitoring. Firstly the CEO, meeting by meeting, provides the board with a brief, running story about all of the Ends policies. The aim of this is to ensure that the Ends policies are never permanently lost or temporarily mislaid by either the board or the CEO. We suggest sufficient data about each Ends policy to keep the board up to speed about events, achievements and issues relating to that policy.

There may well be times when the CEO reports, "Nothing further to report since the last meeting". Other times the CEO might use the report to demonstrate compliance with or progress against the result stated in the policy, including vital policy related information, e.g. meeting the board's requirement to know about *"significant trends, implications of board decisions, issues arising from policy matters or changes in the basic assumptions upon which the board's policies are based."* Reporting about such events or such changes will result in the board engaging in strategic debate in relation to the Ends policy under discussion, perhaps resulting in a change to the policy itself, or in the CEO being required to design strategies to address the changes etc. Whatever the outcome, as the result of such discussion board members are better educated about the Ends policies and about the strategic environment within which their achievement is set.

In addition we recommend that the board should schedule throughout the year an in-depth report against each of the Ends policies so that every Ends policy is examined by the board *at least* once in the year and subjected to a variety of strategic thinking and strategic analysis processes. The result of this is not only an in-depth assessment of CEO achievements but also a deepening of board members knowledge about the Ends issue under analysis. *(For further reading see Good Governance #s 4,5,6 and 7, "Strategic Thinking", and also Good Governance # 10, "What is the Board's Role in Strategic Planning Anyway?")*

6 All boards have a number of special issues, some linked to policies, e.g. their own or the CEO's performance review, others not necessarily so but nonetheless of significance to the board's job, e.g. preparation for the AGM, the external auditor's report. Time must be scheduled for these events. Included among the special issues will be most or all of the following:

- Annual meeting with the board's auditor
- Meetings with other boards
- Preparation for the AGM
- Strategic thinking sessions
- Risk analysis sessions – at least twice each year
- CEO Performance assessment and remuneration
- Board performance review
- Board governance education

- Meetings with stakeholders/owners
- Planning the annual board calendar
- Selection/appointment/induction of new board members
- Progress reports on special projects e.g. buildings, fundraising etc
- Design of annual retreat
- The annual retreat
- Review of Governance Process and Board-CEO Linkage policies
- Board Committee reports – Audit Committee, Remuneration Committee

Many of these will result in significant conversations between board members, the board and the CEO and, where relevant, with outside experts.

These special issues should be carefully planned and scheduled into the annual agenda. A rule of thumb for most of these issues that the board should expect to spend at least 30 minutes, sometimes as long as an hour debating or exploring them. Some could require much longer and be scheduled into the annual strategic retreat.

7 We recommend that the board should take a few moments at the conclusion of every board meeting to reflect briefly on the meeting process and to give feedback as appropriate with a view to a constant attention to process improvement.

Finally, there may be the need to remind board members of upcoming issues and tasks to be carried out leading to the next meeting.

Summary

The development of an annual agenda as described has the potential to have a significant positive impact on board meetings and board business. With the exception of a small number of annual matters, every item on the agenda has a policy reference. With the board developing and using processes that enable efficient and effective compliance monitoring, it can then spend most of its precious time addressing Ends issues rather than partnering the CEO in managing the organisation. The time-budget for the sample board meetings is based on a 2 ½ – 3 hour board meeting. Sometimes, in response to critical governance issues, the meeting could be considerably longer, other times it may be shorter. By planning its work in advance the board is able to predict the demands it will make on its directors and its CEO giving advance notice to both of the work to be done at the meeting and the preparation required.

¹ Adapted from Carver, John and Miriam Mayhew Carver. Reinventing Your Board. Jossey-Bass Publishers. San Francisco. 1997.