GOOD PRACTICE IN THE BOARDROOM

The role of Directors and overall board performance is currently centre stage.
When considering Good Practice your need to review the following:

- board composition, structures and relationships.
- the role of no-executive directors
- executive remuneration
- board performance evaluation
- relations with auditors, shareholders and other key stakeholders.

Corporate scandals across the world have undermined the public's and shareholder's trust in companies. As a result, legislators, regulators and investors are insisting on better standards of corporate governance in the boardroom. The focus is as intense in financial services as anywhere. Although banks and other financial institutions are already subjected to intense public scrutiny, more pressure in being placed on them to improve their governance structures and processes - particularly of late !!

Because of this good Boards should have procedures in place to deal with:-

- effective management of conflicts of Interest.
- the role of internal and external auditors and other control functions
- governing in a transparent manner

Good governance is complex but, in simple terms, it is dependent on two main things.
The first is boardroom behaviour.

- Are the difficult questions beingasked?
- Is there effective challenge or is there over-dependence on the management view?
- Is there too much group-think?

The second is making sure that the board has a clear line of sight.

If the directors cannot see what's happening inside the business and are not getting good information, they won't know what questions to ask. If the risk-management processes are not organized in a clear and methodical way, then a handful of part-time non-executives don't stand much of a chance of overseeing them.