BUILDING EFFECTIVE BOARD COMMITTEES

Reference Guides for CGIAR International Agricultural Research Centers and their Boards of Trustees

No. 4

Consultative Group on International Agricultural Research
BUILDING EFFECTIVE BOARD COMMITTEES

Reference Guides for CGIAR International Agricultural Research Centers and their Boards of Trustees

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Guides in this Series:

1. The Role, Responsibilities, and Accountability of Center Boards of Trustees
2. The Role of the Board Chair
3. Creating a Well-Balanced Board
4. Building Effective Board Committees
5. Choosing a Director General: The Search and Selection Process
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Foreword

Each CGIAR center is an autonomous, international institution governed by an independent board of trustees. The effectiveness of the trustees in discharging their fiduciary responsibilities, and in setting and overseeing center policies, is essential to the continued success of individual centers and of the CGIAR system as a whole.

For over two decades the boards have benefited from the dedicated service of many individuals who have brought rich experience and insights to their task. In the recent past they have also benefited from CGIAR guidelines and papers on the role of center boards, in particular those prepared by Professors Lowell Hardin ("Report on the Roles, Relationships, and Responsibilities of Trustees of International Agricultural Research Centers") and John Dillon ("Some Thoughts Toward Ensuring the Successful Performance of Boards in the CGIAR System").

Over time, the context within which the centers function has become more complex and challenging, as have the expectations of internal and external stakeholders. In response, center boards have been seeking new and better ways to discharge their basic obligations to their center and the system.

The idea of preparing a new set of reference guides on the role and operations of CGIAR center boards, taking into account new principles and practices of institutional governance, was advanced by the CGIAR Oversight Committee and the Committee of Board Chairs. The project was implemented by the National Center for Nonprofit Boards (NCNB), located in Washington, DC, and the CGIAR Secretariat, by a team made up of Selçuk Özgediz (coordinator), Maureen Robinson, and Pammi Sachdeva.

The seven guides in the series are based primarily on NCNB materials and CGIAR reports on center governance, and were reviewed by the Oversight Committee and the Committee of Board Chairs. In addition, the first guide, entitled The Role, Responsibilities, and Accountability of Cen-
ter Boards of Trustees. was discussed and endorsed by the CGIAR at its 1996 Mid-Term Meeting in Jakarta, Indonesia.

The CGIAR Secretariat is pleased to make these reference guides available to the CGIAR centers and other interested institutions. They will be updated when necessary. We welcome reactions on their usefulness, and invite suggestions for improvement.

Alexander von der Osten
CGIAR Executive Secretary
Building Effective Board Committees

Committee Structures within CGIAR Boards

The Nature and Role of Board Committees

Committees are a valuable tool to help boards be more efficient, active, and knowledgeable, and to distribute work evenly among members. Committee work engages all board members in regular activities that:

- extend their responsibilities beyond participation in full board meetings;
- channel their unique perspectives, experiences, and talents into areas useful to the board and the center;
- strengthen members’ understanding of the center, its strengths, and challenges; and
- reinforce members’ satisfaction in making tangible and meaningful contributions to the board’s accomplishments.

By developing policy options for the board and recommending actions for the board’s consideration and approval, committees make a critical contribution to the board’s deliberations and decisionmaking.

However, committees do not supplant the responsibilities of the full board. Every board member remains accountable for the actions the board takes on committee recommendations. Individual members should make informed, carefully considered judgments based not only on committee recommendations, but also on their own understanding of the issues and their determination of the center’s needs.
Committees operate at the board level, not the staff level, and committees of the board—like the board as a whole—should take special care not to be drawn into the center’s day-to-day operations.

Types of Committees

Standing committees are permanent committees, established in the center’s bylaws, that relate to the ongoing governance of the center. Most CGIAR boards have at least four standing committees—executive, nominating, program, and audit committees. These are described in detail below.

Ad hoc committees have limited charges and are created for specific purposes: for example, a search committee that manages the search process and recommends a candidate or short list of candidates for Director General. Ad hoc committees are usually instituted for a specified period and disbanded when the need for them no longer exists.

It is useful for each committee to have a specific statement of responsibilities, or charge, that spells out its job, its relationship to the full board, and its role in relation to staff. For standing committees this charge is often expressed in the bylaws or constitution of the center. Ad hoc committees also function more effectively with clear, written statements of responsibility, agreed to by the board before the committee is established.

Committee charges should be periodically reviewed by the board, and included in the Board Handbook.

Size and Composition of Committees

The proper size of a committee depends first on a common-sense assessment of how many people are needed to do its work. If a committee is too large, a small group of its members may assume too much responsibility, and others may feel underused and uninvolved. If a committee is too small, there may be too few people to get the job done.

The Board Chair is an ex officio member of all committees. Ideally, every board member should serve on at least one standing committee, but preferably no more than two. Assignments should be based on an evaluation of a board member’s experience, skills, interests, and availability.
Information gleaned from new members as they join the board will allow the board to consider members' preferences and their areas of expertise when making committee assignments. In some centers new members serve first on the program committee to gain a real understanding of the center's work and activities.

Periodically an outside viewpoint can add to the productivity of a committee. An example is the nominating committee, which can benefit from the inclusion of nonboard members.

Depending on a center's bylaws or roles for procedure, committee members are often appointed by the Chair, in consultation with the nominating committee, the Director General, and the committee Chair. To give the Chair the flexibility to make new assignments and to change committee Chairs when it seems advisable, appointments to a committee should be for a one-year period, unless this is prohibited by the bylaws.

Committee Leadership

Committee Chairs need to have a record of experience with and commitment to board service. Prior membership on the committee is helpful but not essential. Board Chairs who give committee leadership careful thought and invest time in introducing the committee Chair to his or her responsibilities will be rewarded with an effective committee structure.

Relationships with Board and Staff

The first obligation of a committee of the board is to provide adequate information to the full board so that the board can review and discuss committee actions and recommendations thoroughly. Board members, in turn, must devote time and thought to studying committee recommendations. Both board and committees should remember that the board is not simply a rubber stamp for committee recommendations. The board always has the option to reject a committee proposal or refer a matter back to the committee for more work.

Just as committees do not supplant the board, they do not take on day-to-day staff work. The Director General or an appropriate staff member is usually assigned to support the work of each committee or act as
secretary; however it is important to assess the level of staff support that is actually required by each committee to avoid drawing staff members away from their primary responsibilities. The exceptions to this are the audit and nominating committees, where the Director General’s role is sharply limited.

Job Descriptions for Committee Chairs and Members

The Committee Chair

- Sets the tone for committee work, ensures that members have the information and time they need to do their jobs, and oversees the logistics of the committee’s operation. As the committee’s liaison to the board, he or she frequently consults with the Board Chair.

- Reports to the full board on committee decisions, policy recommendations, and other committee business. He or she works closely with the Director General and other staff liaison to the committee.

- Assigns work to committee members, sets meeting agendas and runs meetings, and ensures distribution of minutes and reports to members.

- Evaluates periodically the committee’s accomplishments in relation to its charge and plan of work and identifies areas of the committee’s work that need improvement.

Committee Members

- Commit to participate actively in the committee’s work, including substantive participation in committee meetings and discussions.

- Volunteer for and willingly accept assignments and complete them thoroughly and on time.

- Stay informed about committee matters, prepare well for meetings, and review and comment on minutes and reports.
• Build collegial working relationships with other committee members to contribute to consensus.

• Participate actively in the committee’s annual evaluation.

The Executive Committee

Purpose

Every CGIAR center board must have an executive committee, which usually has three major responsibilities:

• to act as empowered by the board on behalf of the board as need arises between full meetings of the board;

• to handle, with the board’s acquiescence, sensitive matters that are best kept within a smaller rather than a larger group; and

• to act as a finance committee of the board.1

All business handled by the executive committee must be with the approval and subsequent ratification of the full board. The board should never simply “rubber-stamp” the recommendations of the executive committee.

Tasks

The executive committee meets regularly to review operational, programmatic, and financial matters, including:

• urgent situations that cannot wait for the next full board meeting;

• specific questions referred to the committee by the board;

• issues that need preliminary discussion and refinement before the board considers them; or

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1 Within the CGIAR system, the audit function is a separate board committee, not a subcommittee or responsibility of any other committee. The audit committee is described later in this guide.
• routine matters delegated to it by the full board.

In the context of CGIAR centers, the executive committee encompasses the role of finance committee—monitoring income and expenditures on a regular basis, recommending annual budget proposals to the board, and considering long-range financial issues.

Meetings

The executive committee usually meets immediately before board meetings to review financial and other pressing matters for which recommendations to the board are necessary. It also may meet between board meetings to handle urgent board business. For reasons of cost and time, executive committees frequently use conference calls to conduct business.

Membership

Unless otherwise constrained by the center’s bylaws, the executive committee usually includes:

• *the Board Chair*, who usually serves as chair of the executive committee;

• *the Chairs of the program, audit, and nominating committees*, who bring the perspectives of their committees to the deliberations of the executive committee and who help to ensure effective communication among the board’s committees;

• *the Board Vice Chair*, who must be present on the executive committee so as to be informed in case he or she has to act as Chair; and

• *the Director General*, who brings the perspective of the chief executive to the committee’s deliberations.

If the board is large enough, the committee might also include another member of the board. The presence of a *nonofficer member of the board* can help to allay any perception that the executive committee is an elite body that excludes the full board from key board decisions.

The board’s Secretary usually serves as the committee secretary.
Board Relationship

The executive committee reports promptly (via minutes of its meetings) to the full board and seeks ratification of its actions or recommendations at the next board meeting.

Staff Relationship

The Director General is a member of the executive committee. Other key staff may be involved in the committee’s work when their contributions are necessary or appropriate.

To meet their ongoing responsibility to monitor the center’s financial situation, each member of the executive committee should receive at least quarterly a statement summarizing the center’s financial situation. This statement should be prepared by the center’s chief financial officer in a comprehensible format. These reports need not detail the minutiae of the center’s financial operations, but must include sufficient information so that the committee may recognize trends and emerging problems.

Again, a familiar caveat. The executive committee, in its financial oversight role, must take care not to stray into center management, although it should be consulted about staff actions with major fiscal implications. The committee’s role is to determine the appropriateness of such significant financial decisions within the policies set forth by the board—not to micromanage.

Special Challenges and Responsibilities

The executive committee is the committee most fraught with the potential for controversy. A frequent complaint is that this committee supplants the authority of the full board and puts governance of the center in the hands of a few. Sometimes, as in the case of a large board or one with difficulty bringing all of its members together more than once or twice a year, a strong executive committee can be an advantage, streamlining the decisionmaking process.

The keys to keeping the executive committee-board relationship smooth and functional are candor and clarity. Even a powerful executive committee can be effective if it operates openly, with the full knowledge
and approval of the board. The committee's role should be clearly defined, and the full board should have clear guidelines as to what matters must—without exception—be reserved for full board action.

The Program Committee

Purpose

The program committee is the link between board and staff on the center's programs and activities. Its areas of oversight include:

- mandating suitability;
- the relevance, quality, and appropriateness of the center's research and training activities;
- scientific linkages with other relevant institutions, including those of the CGIAR;
- relations with partner countries; and
- impact of the center's work.

Tasks

This committee recommends policies related to program matters to the full board for approval, sets guidelines for board involvement in program matters, and monitors implementation of the center's strategic plan with regard to programs. On behalf of staff, it recommends major program initiatives to the full board for approval and reports regularly on the effectiveness of the center's programs.

The program committee can do its work only if it has adequate staff support and information. Ways in which to obtain this information include to:

- participate in the center's Internal Program Review, recognizing that the Director General can best determine if the committee's presence in this process will prevent the Review
from achieving its purpose of critical interplay among the scientific staff;

- comment and follow-up on the center’s External Program and Management Review (EPMR);

- review documentation and presentations from research and training programs. These should be available to the committee on a timely basis. Efficiency will be enhanced if the committee allocates particular areas of research and training to members in accordance with their expertise and the committee’s needs;

- commission, review, and follow up external reviews of research and research-related programs;

- maintain informal contact with scientific staff. While such contacts can be fruitful both for committee members and for staff, members should always be cognizant of their board role;

- interact with the CGIAR’s Technical Advisory Committee (TAC); and

- conduct visits to field activities. Within the bounds of reasonable cost, and over a period of years, the committee should endeavor to structure a program of visits to all the center’s major field activities. Such visits might be conducted before the annual meeting of the board or, if judged necessary, during the year. Not all members need make such trips. Some field visits, for example, might best be made by the committee chair accompanied by the Board Chair and perhaps the Vice Chair.

The program committee’s reports to the board should be prepared by committee members. Although reports may be reviewed by staff to correct factual errors, it would be inappropriate for reports to be written by a member of the center staff.

Meetings

Current practice for program committees is to meet at least twice a year. Depending on the size and stage of development of the center’s pro-
grams, additional meetings may be necessary, perhaps in conjunction with a field visit away from headquarters.

**Membership**

Because they are dealing with the center’s scientists and their work, program committee members should encompass an appropriate range of expertise. Its members should be of such stature as to have the professional respect of the scientific staff. The program committee is often a good assignment for newer members of the board because of the insight the committee offers into the work of the center.

Because of his or her role as the center’s chief executive officer, the Director General should not be a member of the program committee. Nevertheless, except for closed committee sessions, the Director General should have a standing invitation to attend the committee’s meetings.

**Board Relationship**

The program committee may interact with a number of other committees. The program committee reports to the board at least annually.

**Staff Relationship**

The Director General and key program staff, when appropriate, work with the program committee, although staff should not attend committee meetings without the approval of the committee’s chair and the Director General. The Director General should facilitate the interaction between the committee and program leaders and their teams.

Given the committee’s responsibilities, it would be inappropriate for the committee’s annual report to be written by a member of the center’s scientific staff.

**Special Challenges and Responsibilities**

Like other committees, the program committee must restrict its focus to the policy and planning levels. Clarity of board and staff roles is essential.
The Nominating Committee

Purpose

The nominating committee is responsible for ensuring that the board gives adequate attention to its composition and performance by:

- proposing criteria for and helping to identify potential board members;
- cultivating prospective members’ interest in the center;
- presenting proposed members to the board for approval;
- orienting new members to their responsibilities;
- involving new members in the life and work of the board;
- developing the slate of officers;
- evaluating the performance of individual board members prior to their renomination to the board; and
- planning for regular board self-assessments and ongoing board development activities.

Tasks

The nominating committee develops and brings to the board recommendations on:

- the nomination of new at-large members;
- the reappointment of first term at-large and CGIAR nominee members;
- the desirable attributes of new CGIAR nominee members; and
- the nomination of Board Chair and Vice Chair.
To fulfill these duties effectively the nominating committee, assisted by the secretary of the board, maintains all documentation necessary to ensure effective board structure over time. This includes regular review and updating of the chronological table of board membership showing expected vacancies over the next membership cycle and, more important, of the file of curriculum vitae of potential new members.

The committee develops written descriptions of board member responsibilities and creates a plan to identify and recruit prospective members. Once the process is under way, the committee actively cultivates new board members, screens and interviews candidates, and recommends candidates to the full board for approval.

The nominating committee is also charged with board development, including orienting new members, overseeing continuing board member education, and developing and implementing a regular board self-assessment program.

A detailed description of the responsibilities of the nominating committee, along with guidelines for fulfilling these responsibilities can be found in the publication, *Creating a Well-Balanced Board*.

**Meetings**

Committee members should confer regularly between annual meetings. Depending on a center's bylaws, the committee will need to formalize its list of candidates and the slate of officers for approval by the full board. The cultivation and recruitment of potential board candidates may require an additional time commitment beyond committee meetings.

**Membership**

Because its role is crucial to the board's effectiveness, the nominating committee must be composed of experienced and respected members of the board. The Board Chair should choose the chair and members of the committee from among those with broad vision and wide contacts.

The role of the Director General with respect to the nominating committee is ambiguous. He or she can be an important resource to the committee, but must also be careful not to unduly influence, or appear to
unduly influence, the composition of the board. The objectivity the board requires to meet its fiduciary responsibilities can be strained if board members are too closely allied with the Director General. For that reason the Director General should not be a member of the nominating committee or serve as its secretary.

Board Relationship

The nominating committee reports on its activities to the full board. It should review the criteria for board membership and solicit suggestions from other board members.

Staff Relationship

The status of the Director General as a member of the nominating committee is discussed above. The Director General has a great deal to contribute to the process of board member selection, from identifying the type of board members the center needs, to cultivating candidates, to conducting new-member orientation. His or her relationship to the committee requires tact and common sense.

Special Challenges and Responsibilities

The nominating committee could be considered the most influential board committee because its recommendations affect the success or failure of the board and by extension the center. The leadership and composition of this important committee deserve the close attention of the Board Chair and the Director General. Developing a strong, effective nominating committee is the first step in forming a stable and effective board.

The Audit Committee

Purpose

The audit committee has two major roles. First, it provides board oversight of the center’s annual financial audit. Second, the committee is responsible for seeing that the center’s integrity is maintained by monitoring:
• the adequacy of and compliance with internal financial controls and the truthful reporting of financial results; and

• the efficiency of operations and procedures and the monitoring of compliance with management policies.

Tasks

The committee reviews the center’s interim financial statements and annual accounts. The committee recommends for approval by the full board an independent accounting firm to conduct the board’s own audit, and serves as a liaison to the outside auditor.

The committee meets with the auditors in advance to discuss the process the outside auditors will employ. A postaudit meeting allows committee members to review the financial statements, significant audit findings, and the independent auditor’s suggestions on how to improve the center’s internal control structure.

If the center has an internal audit department the committee may hold regular meetings with the internal auditor to:

• review and approve the internal audit charter, which defines the unit’s purpose, responsibility and reporting relationships;

• review internal audit plans and budgets to ensure that they support the unit’s objectives adequately and cost-effectively;

• review the results of internal audits and related recommendations for improvements to the internal control structure;

• request special studies or investigations, such as an investigation of potential fraud or other irregularities or a review of compliance with laws and regulations of the host country; and

• monitor the organizational framework of the internal audit unit, including the appointment or removal of the internal auditor, and the adequacy of staff in terms of academic and professional credentials and information technology experience.
Upon completing the review and evaluation of external and internal audit materials, the committee presents and explains these audits to the full board. These reports are not prepared by or presented by the center’s financial staff.

When the audit reveals the need for improved financial management or reporting procedures, the audit committee monitors the implementation of the necessary changes. In addition, the audit committee often monitors adherence to the center’s policies on conflict of interest and codes of conduct.

Meetings

Meetings of the audit committee should be held immediately before the board’s annual meeting to review the audited financial statements for the preceding year. The frequency of meetings will be determined by the scale and complexity of audits and reviews taking place in the center between annual meetings.

Membership

Three, or at most four members should be sufficient for the audit committee to carry out its responsibilities. These members should bridge the management, financial, and scientific disciplines, and should include at least one expert in financial management and business administration.

To assure objectivity the Director General should not be a member of the audit committee.

Board Relationship

The audit committee works closely with the executive committee (in its function as finance committee). The difference in responsibilities between the audit and finance committees is clear. Auditing is concerned with monitoring compliance and controls, and uses information about past and present performance. In contrast, finance activities are forward looking and focus on budgets, financial planning, and funding prospects.
Staff Relationship

The Director General and the chief financial officer are the committee’s liaisons for information.

Special Challenges and Responsibilities

As in other areas of board authority, there is a fine line between monitoring the center’s financial management sufficiently to fulfill the board’s fiduciary duties and intruding on the responsibilities of management. Because of the committee’s responsibility to oversee the center’s fiscal accountability, it may be wise for the Director General to consult the committee about the hiring or firing of senior financial officers, although both personnel actions are clearly within his or her authority to decide.

Ad Hoc Committees

Purpose

These committees are created to meet special needs of the board or the center and are retired when their work is complete.

A prime example of an ad hoc committee that most centers will need at one time or another is a search committee for a new Director General. Like standing committees, ad hoc committees need clear statements of purpose, well-defined lines of authority, a determination concerning staff membership or involvement, and a timetable for completing their work.

References


This publication explains the purpose, functions, and operations of board committees. Also contains information on committee meetings, selecting committee members, the role of committee Chairs and members and their relationship to the staff, and the functions of common board committees.
Suggested Resources


An overview of the executive committee’s role. Provides a list of questions to determine whether the board should have an executive committee, guidelines for establishing the committee’s authority level, and an overview of key areas of responsibility.


The chapter “Officers and Committees” considers “how the work of committees can be useful to a board at minimal cost to its unity.” Explores alternatives to some traditional views of board committee purposes and responsibilities.


Focuses on the details of board operation in the CGIAR and ways of overcoming the constraints that boards face in their work. It covers board responsibilities and accountability, membership, functions, committees, and officers.


A description of the nominating committee’s responsibilities, with emphasis on ongoing cultivation and board development activities, as well as strategies for evaluating the committee’s performance and effectiveness.

Analyzes the characteristics of effective boards and suggests ways for every board to improve its performance. Explores methods of maximizing board meeting time and committee work, restructuring committees to focus on board goals, planning board retreats, and building group cohesion.


A comprehensive text providing practical advice, principles, and procedures on more than forty major topics affecting nonprofit boards.


A thorough description of nine board committees, their charge, membership and structure, responsibilities, and typical agenda.


An overview of the audit committee’s responsibilities. Provides guidelines on how the committee might be chartered, who should serve on the committee, and how often it should meet.


Provides an overview of financial management and describes the work of key committees in ensuring the financial health of nonprofit organizations.


A broad look at the role of nonprofit boards which includes chapters on committees, parliamentary procedure, and the roles of board and staff.