

Take on Board Podcast – Episode 276

Transcript – Roles and responsibilities mini series – Ellen Webb explains board and committee charters



Helga Svendsen 0:00

Today on the Take on Board podcast, I'm speaking with Ellen Webb about board charters and committee charters. This is one of the roles and responsibilities episodes, a mini series into the roles and responsibilities of board directors covering like we are today, board and committee charters, delegations, board reports, board policies and the relationship between the board and the CEO.

Helga Svendsen 0:23

Before we start the podcast today, I'd like to acknowledge the traditional custodians of the land on which we record. For me, I am on the unceded lands of the Wurundjeri people of the Kulin nation, and I pay my respects to elders past and present. I'd also like to acknowledge any First Nations people who may be listening today, I acknowledge their continuing connection to land, waters, skies, culture and country. I support voice, treaty and truth for Aboriginal and Torres Strait Islander peoples, and I encourage others in the Take on Board community to do the same.

Helga Svendsen 0:56

Now let me introduce Ellen. Ellen is on the boards of gender equity Victoria, and she's the company secretary for the Robert Connor Dawes Foundation. And she's also the Vice President of Cancer and Kids at the Royal Children's Hospital. She's previously been on the boards of Buchan Bush Nursing Association, Australian Shared Services Benchmarking Association where she also served as chair, and Wingate Avenue Children's Co-Operative. Ellen is a seasoned executive and board member with a wealth of experience in driving organisational success through strategic vision, financial acumen and a commitment to excellence in governance and operations. Her global experience and deep involvement in the not for profit sector highlights her versatile and impactful leadership. Welcome to a Take on Board podcast. Ellen.

Ellen Webb 1:45

Thank you. Helga, I'm desirous to be here, and I am today, coming to you from the Taungurung lands, but I'm an regional Victoria, so I'm hoping you got that pronunciation correct.

Helga Svendsen 1:57

Excellent. Thank you, and thank you for acknowledging where you are too because, of course, the wonders of modern technology means that we are not in the same room. We are spread across Victoria. And as I said earlier, people listening are from all over Australia and indeed the world So Ellen. Before we dig into board charters, committee charters, those ever so important documents for boards, before we go there, as always, I'd love to dig a little bit deeper about you. So tell me, what was your earliest experience of governance.

Ellen Webb 2:28

Thanks. Helga. Well, I'd like to take you way back into the past. When I was on just started my professional career, I was working in New York, and I was a junior auditor with one of the then big eight accounting firms, and our client was a multinational law firm, and it was the first year of our engagement, and my task was to verify their cash management processes, a routine that I had heard could be really tedious.

Ellen Webb 2:52

One element of this was to make sure that all of the transactions recorded matched up to what was happening in the bank account. During the audit, I noticed there were several unresolved bank accounts that had been there for a long time, and when I asked the woman who was responsible for the reconciliations about them, she replied that she tried very, very hard over an extensive period of time to get to the bottom of it, but she was always shut down by her boss, who she found very intimidating. Well, it turns out that he was writing checks to non existent people, getting the security guards for the law firm to take them to the bank and pocketing the money. So we had uncovered that he was stealing money from the company. And would you believe it? About a year or so later, he reapplied to join the company again. So this has always stayed with me, because it really highlights how important routine governance is, and it's not just about avoiding stealing, it's about preventing fraud and ensuring the integrity of the organisation. And I learned that people have very different moral backgrounds, and that governance procedures is sound business practice, and ensures that if there is a problem that you identify early, before it gets really out of hand, because people can exploit weaknesses.

Helga Svendsen 2:52

Oh, my goodness, so much in there. That's amazing. So there you are a, I don't know if I should say it this way, but I will like a baby auditor, basically, like woo bright eyed bushy tailed head out to the world

Ellen Webb 4:23

Shoulder pads, you know, back in the day...

Helga Svendsen 4:26

And uncovering fraud and corruption in your very well, possibly not your very first, but very early on in your career. Oh, so hang on, and I'm intrigued. You're sitting there that he then applied to come back to the company. It's like, what planet was he on? Like, really?

Ellen Webb 4:42

That's what really stuck with me, is you just don't know what goes on in people's minds, and you can't think that other people will react and act the way that that you think a normal, reasonable person would, because people will always surprise you.

Helga Svendsen 4:55

So I'm assuming he was dismissed from the company as a result of what had happened. Right? And I'm guessing from the fact that he decided to reapply, that maybe it wasn't referred to any authorities, police or otherwise.

Speaker 1 5:10

I think they probably would have been trying to protect their name in the in the public sphere, so they wouldn't have wanted to get out. But this was a long time ago, too, before you had, you know, the internet and everything happening, so they could, much easier, bury things. But, yeah, it was really surprised me, but it really just didn't reinforce that everyone said, you know, ordering cash would be so boring. Well, it wasn't, in this occasion.

Helga Svendsen 5:34

Not always amazing, okay, well, again, that gives us a good insight into why you do what you do, and that experience. So I love digging around to hear some of those experiences. Thank you. Thank you

so much for sharing. So as I said at the top of the episode, our conversation today is part of the roles and responsibilities mini series. And for today, we're focusing on board charters and committee charters, some of the, almost the bedrock, I think, in some ways, of how a board operates. So, Ellen, where should we start the conversation about board and committee charters?

Ellen Webb 6:07

I think that we should start with the fact that any board that you're thinking of being on that you should make sure that they they have one, that it's looks like it's reasonably current, and that it makes sense to you. So I think it's often a good screening tool for prospective board members to get a feel for how that board does actually operate. The other thing I think about when I think of board and committee charters is there's no perfect board or committee charter. It depends on the organisation and how they like to run things the three of the boards that I'm currently involved in, the current charter ranges from three to 30 pages, because they can often incorporate things that you might find other places. So in general, the Board Committee Charter is going to look at, why does the board come together, or the committee come together? What are we charged with doing? What are we trying to achieve? Why are we doing that, and how do we go about doing it?

Helga Svendsen 7:03

Okay, great. I'm glad you've given a bit of the kind of high level stuff there, and it's also awesome to know that, of course, they're not all the same. It will depend on the type of organisation, the sector it's in, possibly the regulatory framework, all sorts of different things. But even though there's no perfect one, even though, I'm guessing you wouldn't be encouraging organisations just to pick up a template and go here it is, even though it needs to be tailored. What are some of the things that we might expect to see in a board or committee charter? What are some of the elements that make it up?

Ellen Webb 7:36

I think it's, you know, starts off with, how big is the board? Where do the most often cover some of the how is the board regulated? Which can then determine who should be on the board, if you're a member organisation, if you're an ASX listed organisation, they'll have different requirements for those things. Often we'll go into such things around the you know the how we do it so the meeting structures. How often does the board meet? How far in advance should we be getting papers? Some of those routine things, if you have them written down, it makes it a lot easier. Whereas I have some friends that will say I have a board meeting today and I got the papers at 12 o'clock last night, how do I address that? If it's already been agreed to upfront, it's a lot easier to get that going.

Helga Svendsen 8:15

So then, how would a board I'm guessing it should be a live document. It's not a board charter that's just set up at the start of the organisation's history. It's a live document. But whether a board is setting it up or whether they're reviewing it, what are some of the ways, or some of the more effective ways that you have seen for boards to set their board charter or to review their board charter or committee charters, I'm using them interchangeably.

Ellen Webb 8:44

So I think having a set time in your board calendar, which I'm hoping everybody has, where you actually review what's in the charter and then have that on your agenda to go through it is really important. And then who's involved in it, if it's a sub committee, by all means, a subcommittee should review their their charter and be comfortable what's in there, but that really needs to be approved by the board, because generally, their authority comes from the board, and the board should be reviewing it as well. On a routine basis, I've seen it go from one year to two years to make sure that it's current and reflecting what they're currently trying to do. Sometimes, you might see that for an organisation, they have just developed a new strategic plan. And they look at their strategic plan and think, Oh, we've got all these subcommittees, but no one's looking at this new big thing that's really important. Should we have a new subcommittee? Well, for having that new subcommittee, is that set for a specific period of time, or will that be ongoing? So you develop a new Sub Committee Charter.

Helga Svendsen 9:44

There's a web of information around the board charter, the committee charters, and it should, I think what I'm hearing is it should all fit together seamlessly, rather than be a tangled web. It should be a neat web of what happens and should be seen as one. I. Structure, in a way, the charters, rather than, Oh, people, cultural engagement over there, risk is over here, and so on, they're seen together. Is that right?

Ellen Webb 10:08

Absolutely. And that's, that's really good point. I've seen sometimes where the subcommittee charters are developed by each subcommittee, and then they are so different in terms of some of the expectations of how that how they're supposed to come together. And can be even completely different expectations of a board overall. So it's important to have that that consistency. And I'll also say that with board charters, particular, whatever's in the charter, it's always going to be overwritten by how your organisation gets its authority, and whatever the legal laws of the land are.

Helga Svendsen 10:40

You are, have been a board chair. You've been a board member, you're a company secretary, so you've worn a number of different hats. And of course, organisations and sectors and so on will be different. But I'm wondering, for this process, board charters, committee charters, who leads it? What role do different? You know, does the chair play? Does the committee chair play? Does the company secretary play? And so on.

Ellen Webb 11:04

That's a good question, and it probably depends on the organisation. And again, back to the effectiveness and involvement of the board. So but you can have one person review it and update it, but then it should be rigorously reviewed and agreed to by the board I've worked throughout my career as somebody in executive positions who reports through to the board or the subcommittee and can often see how they're working. And I've seen number of times where I've prepared what these documents should be and they're then just rubber stamped on the board. I don't think it's because I've always done a fantastic job. I think they just think as a routine, boring type of thing. So it should be, it can be delegated to one person to do it, but it needs to have the buy in of everybody that's influenced and governed by it.

Helga Svendsen 11:53

Because it needs to be a live document.

Ellen Webb 11:55

Absolutely.

Helga Svendsen 11:55

So I'm wondering if there's any examples that you've got where either the development of a board charter or Committee Charter has gone well, or even the implementation the use of that board charter or Committee Charter, I'm wondering if you've got any examples that really showcase good practice, or indeed, perhaps don't showcase good practice. Wonder whether you've got anything to share with us.

Ellen Webb 12:18

One that stood out for me, particularly was where there was a board charter that really well set out all the expectations of how the board ran, including how they held their AGM. And at this point I was

again, I was working to support the board. I wasn't in on a board role, and reviewing the documentation for the AGM. The day before the AGM, I came across the rule of what constituted a quorum and how many of our members needed to be there. And unfortunately, that was a surprise to the person organizing the meeting, and we didn't necessarily have enough members coming. So making sure that people are aware, and I should have met this earlier, making sure that everybody involved in supporting the board also knows what's in the requirement so that they can follow along the way. So in that instance, we had enough time to get all the members there, and we could have a valid AGM as we're considering some important issues, but that could easily be avoided with just good procedures in place.

Helga Svendsen 13:17

Yes, it's interesting. Is it that I am many years ago, was applying to join the board of an organisation, and I asked to see their constitution. Now I know that's not their board charter, but in some ways it is their board charter, and they were a bit surprised that I asked to see it, but it's maybe it's because I'm a lawyer, but it's the rule book, right? When in doubt, go back to the rule book and just see what's in there. And sometimes there are surprising things. So might be the constitution of your organisation, or other governing documents, legislation, whatever it may be, it's always worth having a look.

Ellen Webb 13:50

I couldn't agree more. And you know, back to my training as an auditor early in life, it always go back to the source documentation. Another example I was thinking of is, you know, in a board charter, it also talks about, you know, how the board works. So some things about, you know, how you can make the board effective. How do you make sure that everybody that's coming to a meeting gets a chance to speak and contribute, and that they are contributing. So again, another board I was working with, we had a new member elected to the board. It's for a member organisation. The person hadn't been on a board before, and they weren't comfortable. Confident speaking up, and nobody else was confident to speak to them about it. So it was this issue that was going on for a period of time, but nobody knew what to do. So if it was clear in the expectations, this is how the induction will be done, this is how the check ins will be done, and this is how we will actually give that person feedback, so often we'll contain things, or how often we should review the board and how it's operating, and how we'll do that.

Helga Svendsen 14:48

Absolutely, yeah, how the board evaluation happens, how often, and so on. And the induction, I love that inclusion of induction in there. I've been new to boards and had a board buddy allocated to me, and I've been. In the board buddy. And I think it's helpful to both sides. I know this is a little off board charters, but I actually think it's helpful to both sides, to the buddy, the person who's been on

the board and the person who's new to the board. It's actually helpful to both sides to have that relationship and to build the relationships with the people that are in the boardroom with you.

Ellen Webb 15:16

It is really helpful. And again, if your board charter says how we do things, you know, we have an induction and we give a buddy, then it's COVID, and that makes it easy, so we know how to go along. And as a prospective member coming on, you'll know that you will be getting that help and support, and not love guessing.

Helga Svendsen 15:30

So again, I know there's not a template, and I know every organisation should be looking at this with fresh eyes and what suits their organisation, but is there some resources for where people should start with developing a board charter?

Ellen Webb 15:45

Well, there are quite a few resources. And I've had a look around at, you know what the AICD has, and these days, my favourite tool is Chat GPT, or my daughter put me on yesterday to a variant called Perplexity. So all of these are great things to start off. So I just had a quick look thinking about the why does the board exist? What are some of the things that the board charter should have. It should have a purpose statement in there. So what's the organisation trying to do? What are our legal duties that we need to do? And how do we make sure we're looking after our stakeholders? Why we exist? Then what is the board trying to achieve? Again? How does that tie back to our strategic objectives? Are we meeting our vision, and how do we mitigate and understand what our risks are? And then the final components are, how does the board go about doing things? So that we talked about that a little bit before. But what's the board structure? How often are meetings held? I didn't touch them before. Another important item is the delegation of authority. So if you've got a subcommittee, can they make decisions in their own right, and to what level or does everything need to go back to the board? You don't want to end up in an endless loop, or you don't want to have the subcommittee going up and doing things that they haven't actually got the authority to do. Or if they have the authority, happen to sitting back to afraid to do things. So again, what's the authority? What can the board do, versus what's been delegated to the CEO? Now that's usually in a separate delegation policy, but if not, at least they should be covered off in the board charter.

Helga Svendsen 17:14

Absolutely. Or could cross reference to as well?

Ellen Webb 17:17

Cross reference, yes, often also includes the code of conduct and ethics, and as you would know, it's only increasingly important these days, is to make sure that people know what the expected behaviour of the organisation is. And I'll just do a side note. I live in Mooney Valley, and there's been an IBAC report released over the last day about some of the things that one of our ex counsellors was getting up to, and you just have to think, yeah, they should have known that code of conduct was not denying what they were doing.

Helga Svendsen 17:47

Yes, we won't go into the details of it here, but I will put a link in the show notes to maybe just some of the public reporting around that, or even the IBAC report, because, yeah, let's just say that texting a property developer, I think it was or maybe a construction company to say, Can you give me some drugs in exchange for a good decision? You know, really you probably shouldn't need to refer to your code of conduct to know that that's probably not ideal behaviour.

Ellen Webb 18:13

And I guess the sad thing is, is that people that you know are aware of these things are just too afraid to come forward. So often, new stage, your board charter or your subcommittee charter, will talk about what you do with whistleblowers. So it's really important to have that. Where do people go to if they have issues? And back to my example, in the beginning of that poor person trying to do the bank reconciliations and getting totally shut down by her boss. If there was somewhere else to go, maybe they would have found that before the auditors came in.

Helga Svendsen 18:40

Absolutely and maybe it wouldn't have gone on, because I'm assuming the longer it goes on, the longer it is funds are misappropriated. So, yeah, interesting. Okay, so it's really important to have I keep going back to web now, possibly because your name's in front of me on the screen, but the web of the way the board charter and the committee charters fit together and the way the board charter relates to the delegation policy and other policies and even to the governing documents, whether that's legislation or constitutions or whatever it may be, so bringing all of that web together into some sort of coherent story, rather than just a bunch of disjointed documents that never get looked at.

Ellen Webb 19:22

That's right. So you have all of those documents, and again, a good, effective board. It's making sure you're not just going through the motions every meeting and saying, our agenda item one, done.

Agenda Item two, done. We exist as a board to achieve this thing. So I've recently joined the board of gender equity Victoria, and they're very clear. You know, this is why we exist. We are doing these things, and that's first and foremost, top of mind all the time.

Helga Svendsen 19:50

Yeah, absolutely. Ah, good. Purpose led organisation. Love it. Ah, Ellen, what should I have asked you about? Board charters and committee charters. What should I have asked you that I haven't?

Ellen Webb 20:04

I think when you think about board charters and committee charters, it's, you know, what are some of the pitfalls? So you can have a great Committee Charter that could be 30 pages long and have everything in there, but if it's not being used, how do you know if it's being used? How do you make sure that things that are going on in practice are actually covered off or nipped in the bud by your Committee Charter?

Helga Svendsen 20:29

So I should have asked you about how we know this is happening. How do we know what should boards be looking for?

Ellen Webb 20:36

I think reflection, if an issue comes up and we think, Well, hang on, this has come up. Why weren't we aware of this? So stopping and taking the time and good boards will sit after meetings. Each meeting allow time at the end of the meeting, again, the meeting structure and to think, what have we learned today? What can we do better into the future? Do we need to incorporate it in any of the things that we do?

Helga Svendsen 21:00

Yeah, right, yep. So kind of consciously looking at these things rather than letting it unconsciously ride over. Okay? So I'm also wondering, and this is a bit broader than just board charters and committee charters, but this is a mini series about the roles and responsibilities of board directors. You've been involved in governance for a long time with a number of different hats on. As I said, Chair, Board member, company secretary. I'm just wondering what your reflections or observations are about the roles and responsibilities of board directors over the last, I don't know, five or 10 years.

Ellen Webb 21:33

My personal reflection is being on a board with a good chair makes it an absolute joy. But when you have a chair who's really invested and really good at their role, it is really inspiring. If you're on a board where I do a lot in the not for profit space, so if you're on a board with people there because they're really passionate about the thing that they're doing, but they haven't got the skills or the relevant experience. It's not going to work, though we mentioned in the beginning. You know, my first board was the Wingate Avenue Children's Co-Operative, which I went on to the parents committee with my first child started childcare, and they were talking about the requirements and what the staff were entitled to under their award and under various legislation. And we had no idea, you know, and we were saying, no, they shouldn't be getting this thing, but they should. We just didn't have the skills to effectively perform our role. So being when you're setting up your board to do your best to have the right people on, and if you can't find them at the time, making other plans to get them on. So that comes back to the board charter. How do we review how it's working that web again.

Helga Svendsen 22:48

Nice link back. I like it. Excellent. Oh, Ellen, there is so much incredibly useful stuff in our conversation today. What are the key things you want people to take away from our conversation?

Ellen Webb 23:01

The key things to take away is, if you're on a board, or thinking about being on a board, have a look at the board charter, look at when it was last reviewed, to make sure it is being held updated currently, and think about if it reads through to what you understand they're doing. And if there's things that are missing, raise it with people. And if it doesn't look up to date, if it hasn't been reviewed, if it just doesn't make any sense, and you're thinking about going on that board, do a lot more homework before you sign up. Part of the due diligence, absolutely, part of that due diligence.

Helga Svendsen 23:42

And is there a resource you would suggest for the Take on Board community?

Ellen Webb 23:46

Yeah, I think the one that I've just saw a nice article that is helpful, is called Six tips for improving your board charter. And that goes through, you know, some of the things that, what does the board need to look at? You know, it talked about, you know, it's about the framework. It took up documented policies. It helps the organisation's leadership, the point of reference if you do have disputes. And it's a good induction tool, which I've touched on a few different times.

Helga Svendsen 24:15

Okay, well, look, we will make sure there is a link to that in the show notes as well, so people can access it. Oh, Ellen, thank you. Thank you so much for taking the call when I reached out to you and said, Hey Ellen, I think you'd be awesome to talk about board and committee charters. Thank you so much for agreeing. Ellen is also Take on Board alumni from the Take on Board accelerator program. So it's always awesome to particularly showcase the alumni from that program as well. So thank you so much for coming and sharing your wisdom about board charters and committee charters with the Take on Board community today. I really appreciate it, and I'm sure they do too.

Ellen Webb 24:52

Thank you so much. Helga. I always enjoy talking to you, and always wonder how you find a time in the day to be involved in all the things that you're doing, and I look forward to seeing you at the Take on Board get together at the end of October.

Helga Svendsen 25:06

Love it. Thanks so much. Ellen,

Ellen Webb 25:08

Thank you.

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