

NPO GOVERNANCE TOOL BOX SERIES

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For private circulation only

BOARD COMMITTEES – EXECUTIVE COMMITTEE



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Vol 4. Board Committees

- **Executive Committee**
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- Human Resource Committee
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- Conflict of Interest Policy
- Gender Policy

Vol 6. Conducting Meetings/Making Decisions

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- Writing Minutes
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- Following up on Decision
- Evaluating a Board Member

Vol 7. Creating a Board Manual

- Need for the Board Manual
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- Board Structure and Processes
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- Executive Parameters
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EXECUTIVE COMMITTEE

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1. INTRODUCTION

In any organization the Board is the highest and ultimate decision-making body. However, as the organization grows in size, it may not be possible for the Board to make all the decisions directly. This is more so since the Board consists of volunteers who sacrificially give their time in governing the organization. Therefore, the Board decides to delegate certain responsibilities to the management team and provides oversight. Basically, the Board makes a distinction between governance and management function.

While the governance functions are retained at the Board level, the management functions are delegated to the management. However, even though the management functions are delegated to the management, the Board cannot absolve itself of its overall responsibility. Hence, certain oversight functions even in the management have to be maintained at the Board level.

Oversight functions of the Board cannot be entirely delegated.

In case of delegation of authority, the Board is still accountable for the outcome even though the work is not done under its direct supervision. So the responsibility of the Board is to form different Committees that can be assigned with various responsibilities. Here, the Board performs its oversight role and acts as a yardstick for the proper functioning of the organization. However, it needs to be kept in mind that the Board cannot delegate its core oversight obligations to any subsequent Committees.

It is necessary to remember that the Committees cannot replace the Board. They are supplementary to the Board. There are many types of Committees that can be formed by the Board. These Committees can be broadly classified into:

- ✚ Standing Committee for Specific purpose
- ✚ Adhoc Committee for Specific purpose
- ✚ Standing Committee for Generic purpose

The Executive Committee falls into the category of the Standing Committee for generic purpose.

Type of Committee	Purpose	Example
Standing Committee for Specific purpose	Formed for long term purposes and comprises of a specialized group of people on continuous basis on a very focused area	Finance Committee
Adhoc Committee for Specific purpose	Formed for a specific purpose on short term basis	Building Construction Committee
Standing Committee for Generic purpose	Formed for a continuous basis based on the bye laws or the constitutional documents	Executive Committee

It must be noted that the Standing Committee cannot take policy decision. It can only take operational decision. All decisions must however be presented to and ratified by the Board.

2. NEED FOR COMMITTEES

There are many reasons as to why it is desirable to form Committees:

- ✚ The Board is large making it difficult to call a meeting and obtain a quorum on short notice
- ✚ The Board members are dispersed over a wide geographic area and are difficult to reach, or travel frequently making it difficult to convene a meeting in an emergency, making it impossible for the Board to meet on regular basis
- ✚ Committees subsists the Board in crucial decision-making through thorough research and in-depth study on the issue. The Committees are the extended executive arms of the Board, who can make exhaustive research for the Board on various executive and legislative issues like handling complex, time-taking, specialized issues that require persistent attention
- ✚ Committees may have invited external members who can provide expertise in areas that the Board may not have expertise in
- ✚ Also, the formation of Committees may be mandated by the byelaws of the organization making it necessary for the Board to constitute them

3. CHARACTERISTICS OF AN EXECUTIVE COMMITTEE

As the name suggests, the Executive Committee is formed with the purpose of performing executive functions only. They don't possess legislative powers. It is the most powerful Standing Committee of permanent nature.

- ✚ The Executive Committee meets and works in between the Board meetings to take executive decisions. In other words, Executive Committee provides the oversight function on behalf of the Board. The mandate of the Executive Committee is prescribed in the bye-laws of the organization. In the absence of such clear bye-laws, the Board can decide on the mandate of the Executive Committee.
- ✚ The Committee is required to report directly to the Board, hence making them accountable to the Board.
- ✚ The Committee is formed from within the Board but it can have external members as invitees from among the Stakeholders and the society at large, to fulfill the need for specific expertise and specialization which might not be present within the Board.

4. COMPOSITION OF AN EXECUTIVE COMMITTEE

The Executive Committee primarily comprises of Board members. The CEO is generally an Ex-officio member of the Executive Committee. There are divergent views as to whether a CEO should have a right to vote in the meetings or not. However, it has been seen that having the CEO as an Ex-officio member with a voting right brings in greater ownership, accountability and trust. However, in the decisions where the CEO is an interested party, he/she should be excused from the meeting.

Generally, the Chairperson of the Board, the Secretary, the Treasurer and one or two Board members constitute the Executive Committee. The size of the Executive Committee is smaller than the Board and may vary from 4 to 10 members. The Committee can have external members who are eminent persons in their field of expertise.

4.1. Meetings

An ideal frequency of Executive Committee meeting is four meetings in a year i.e. one meeting every quarter. These meetings are convened by the convener of the Executive Committee. Generally, the convener is the CEO or the Secretary of the Board. The Minutes of the meetings of Executive Committee must be maintained along with the attendance register. The meetings are chaired by the Chairperson of the Board if he/she is a part of the Executive Committee. If the Chairperson is not a part of the Executive Committee then one of the members of the Executive Committee is appointed as the Chairperson of the Executive Committee. Generally, it is provided in the rules and regulations of the organization.

5. ROLES & RESPONSIBILITIES OF AN EXECUTIVE COMMITTEE

The role and responsibilities enshrined upon the Executive Committee are:

- ✚ General management of the organization
- ✚ To make necessary operational decisions on behalf of the Board and get them ratified in the subsequent Board meetings
- ✚ Prepare annual plans, budgets and other reports; present the same to the Board; and finally implement them once approved by the Board
- ✚ Handle issue related to recruitment, appraisals and capacity building
- ✚ Ensure operational implementation of policies and procedures

- ✚ Guide and direct the management in the implementation of various programs.
- ✚ Review of various risks and take necessary mitigation measures

6. CONCLUSION

The Executive Committee can neither take over the role of the Board acting as ultimate decision-making authority nor can the Board be relieved off its accountability duties towards the organization.

As the name suggests, the Executive Committee has executive powers as laid down in the byelaws. Also, there must be checks and balances to see that the Committee does not overstep the authority of the Board. It is always important to strike a critical balance between the role of the Board and that of the Executive Committee so that they can play complementary roles which will result in better oversight and governance of the organization.

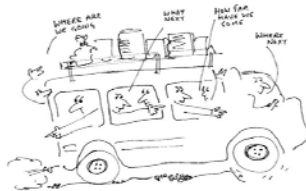
Watch out for the next issue on “Audit Committee”



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