



MEMO

To: Board of Directors
From: Company Secretary
Subject: **COMMITTEE MEETINGS & MINUTES**

Many companies establish committees for one reason or another – some at Board level, and some formed by management.

If a committee is established by the Board it must act within any requirements and/or constraints in the company's constitution and the Corporations Act.

The Act, in sec. 198D, provides that, unless a company's constitution disallows, the directors may delegate any of their powers to, *inter alia*, a committee of directors and that delegation must be recorded in the Minute Book.

A constitution will typically include provisions such as:

- “The Directors may delegate any of their powers, other than those which the law does not allow to be delegated, to a committee.”
- “A majority of committee members must be Directors.”
- “Powers delegated to a committee must be exercised in accordance with any directions of the Directors.”
- “Meetings of committees are governed by the provisions of the constitution in so far as they are applicable.”

Best practice calls for committees to have a charter which sets out such things as the committee's role, composition, quorum, voting protocol, meeting frequency, authority, reporting, duties and responsibilities of members.

Committee members can meet together (in person and/or by teleconference) or sign a written circulating resolution to effect decisions.

Sec. 251A of the Act prescribes that the minutes of committee meetings (and circulating resolutions) must be prepared and include:

- the names of members present
- proceeding and resolutions,

must be signed by the chairman of that meeting or the next following meeting ‘within a reasonable time’, and must be entered into the Minute Book within 1 month.

A good practice, which serves a couple of ends, is to submit the minutes of a committee meeting to the next full Board meeting (as part of the Board papers). This process ensures that those minutes do get into the Minute Book, that the Board are



made aware of the activities of the committee by reviewing the minutes, and that any recommendations of the committee come before the Board and are dealt with.

The Minute Book must be kept at either the company's Registered Office, its Principal Place of Business or at another place approved by ASIC – sec. 251A(5). Minutes of committee meetings, like Board minutes, are not open for inspection by shareholders or anyone else.

Corporate Governance Committees

For stock exchange listed companies the ASX Corporate Governance Council requires adherence to *Corporate Governance Principles & Recommendations* which, amongst many other things, mandates an Audit Committee for the 'top 300' companies and urges all other listed companies to have such a committee. The *Principles* also propose that all listed companies establish other committees in such areas as risk management, director nomination, remuneration and that all committees have a formal charter.

The *modus operandi* of corporate governance committees is the same as for any other Board committee.

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.