

Board Roles and Responsibilities Training



Date: 12 December 2022

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Agenda

- CLG – Corporate Compliance
- Legal Duties of Company Directors and Company Secretaries
- Decision-making
- Sub-committees
- Board Roles and assigned Responsibilities

Company Law in Context



The Companies Act 2014 – CLG Compliance

Roles:

- Members (control the company like shareholders might)
- Directors (elected by the members to run the company)
- Secretary (provides CRO admin support returns and updates)
- Volunteers (no legal duties other than to act within the law in general)

The Companies Act 2014 – CLG Compliance

Compliance:

- Annual return required by Annual Return Date
(the first in six months post incorporation and every year thereafter)
- Annual returns have annual financial statements attached
- Must keep adequate books of account and minutes of meetings
- Annual General meetings held in accordance with the constitution
- Details of directors and company secretary up-to-date with CRO

The Companies Act 2014 – CLG Compliance

Important Points:

- Name ends in “CLG”. Name must include CLG. Exemption if Registrar of Companies accepts a CLG meets the criteria of a non-profit.
- Directors may not be paid, though reasonable expenses permitted
- Company secretary must be appointed
- Can have 1 member and no upper limit, but must still have 2 directors

Using the Constitution to manage the Board or Committee – Use the articles as rules!

What issues might typically affect the functioning of a board or committee?

- Minutes
- Quorum
- Membership criteria
- Powers of Directors
- Conduct of Meetings
- AGM and EGM
- Sub-committees
- Keeping Accounts
- Wind-up of Company

Role of Members

- Control the company and appoint the directors to act on their behalfs.
- Approve the appointment of auditors (where relevant) and have power to block directors obtaining an audit exemption.
- Directors are accountable to company members.
- Act as guarantors of the company in the event of a wind-up (typically limited to €1.)

Point to Remember:

Be able to identify the members of your company and keep your register of members up-to-date

Companies Directors

Duties of Directors under the Act:

- Act in good faith in what the director considers to be the interests of the company
- Act honestly and responsibly in relation to the conduct of the affairs of the company
- act in accordance with the company's constitution and exercise his or her powers only for the purposes allowed by law

Companies Directors

Duties of Directors under the Act:

- Not use the company's property, information or opportunities for his or her own or anyone else's benefit unless – permitted by constitution or approved by company resolution in general meeting
- Not agree to restrict the director's power to exercise an independent judgment
- Avoid any conflict between the director's duties to the company and the director's other (including personal) interests

Companies Directors

Duties of Directors under the Act:

- Exercise the care, skill and diligence which would be exercised in the same circumstances by a reasonable person having both—
 - (i) the knowledge and experience that may reasonably be expected of a person in the same position as the director; and
 - (ii) the knowledge and experience which the director has
- Have regard to the interests of its members (and employees in general)

Companies Directors

Required to:

- Disclose Personal Information: name etc.
- Disclose interests in contracts or proposed contracts
- Keep Financial Records and arrange audits unless exempted
- Report to Members – each financial year

Companies Directors

Required to:

- Hold Meetings: AGM each year, 21 days notice
- Record Minutes of Meetings
- Keep Registers (Members, Directors, Interests)
- Comply with Filing Obligations: Annual Returns to CRO, changes in office address or directors and company secretary, details of charges/mortgages on the company's property and repayment of same

Company Secretary

- Directors must ensure that the Company Secretary has the skills necessary to carry out their role.
- Question:
Who can act as a company secretary?

The Company Secretary

Legal Duties of the Company Secretary - CLG:

- Complete, sign and submit the company's annual return to the CRO
- Certify that the financial statements attached to the annual return are true copies of the originals
- Prepare an accurate statement of the company's assets and liabilities if the company goes into liquidation or receivership

The Company Secretary

Typical Administrative Duties of the Company Secretary:

- Maintaining director personal details: name, address, etc.
- Maintaining the company's registers (and available to the public)
- Sending documents to the CRO and publishing legal notices in media
- Organising the logistics of board meetings and arranging AGM/EGM
- Preparing meeting minutes and holding company seal
- Providing directors with legal and administrative support

Decision-making

- Company members appoint the auditors, elect the directors and approve changes to the constitution
- Company directors report to the company members at general meetings – financial position, progress reports, proposals for company members decisions
- Company directors run the company and are legally responsible for the running of the company. Decisions are taken at board meetings and recorded in minutes
- Company directors appoint sub-committees to discuss issues and make recommendations. But the Board take the decisions

Sub-committees

- Sub-committees may comprise board members and non-board members.
- The sub-committee should be chaired by a board member
- The sub-committee should have clear terms of reference (see example)
- The sub-committee reports to the Board of Directors and requests decisions be made based on their recommendations

Overview of Board Responsibilities

- Ensure that the Board sticks to its purpose
- Give direction by setting aims and objectives
- Ensure legal requirements are met
- Ensure accountability to members and funders
- Ensure financial stability
- Ensure any property is protected and managed
- Ensure smooth running of the Board – conflict, communication styles and conduct at meetings

Roles – The Chairperson

- Plan meetings with the Secretary and staff
- Keep order at meetings
- Encourage contributions / ask questions to clarify
- Ensure decisions are made / keep to the point
- Summarise decision at the end of agenda item
- Make sure decisions are implemented
- Represent the organisation externally
- Establish clear reporting lines with management

Roles – Board Secretary

- Plan meetings with the Chair
- Respond to correspondence
- Make arrangements for meetings
- Prepare and circulate the agenda
- Take minutes
- Keep contact details of members

Roles – The Treasurer

- Present budgets and accounts
- Present financial reports
- Alert committee to any cash flow problems
- Ensure accounting procedures and controls are in place
- Liaise with staff about financial matters
- Advise on financial implications of new projects
- Make sure appropriate insurance is taken out

Roles – The PRO

- Responsible for overall organisation publicity and advertising of organisation events
- Maintain record of organisation publicity
- Prepare organisation news updates and with Secretary circulate
- Contribute news items and press releases to local Media
- Contribute content to social media profiles and website
- Operate in accordance with best practice social media and photographic policies

Review

- What are the next steps for your Board?

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