
PART 4

Controlling Dimension

Keep it controlled

In part one of this book, we dealt with the normative, legal and ethical contexts influencing corporate governance, following the motto “keep it situational.” In part two, we dealt with the strategic direction responsibilities of boards, based on the motto “keep it strategic,” and addressed issues such as board teams, culture, structure and strategic success measures. Then in the third part, we dealt with the integrated board management function through its responsibilities regarding selection, feedback, remuneration and development of board and management teams, based on the motto “keep it integrated.” Now in this fourth part of the book, we address the monitoring function of the board following the motto “keep it controlled.”

In this integrated approach, the monitoring board dimension encompasses the following:²³⁴

- the integrated audit and risk management committee for publicly listed companies (section 4.0)
- the auditing function of the board (section 4.1)
- the risk management function of the board (section 4.2)
- the communication function of the board (section 4.3)
- and the evaluation function of the board (section 4.4).

4.0 Integrated Audit & Risk Management Committee

Within the last few years I have carried out self- and external evaluations for boards. Here, I introduce the instruments that I developed for this purpose in section 4.4.

Three quarters of all the boards that I have evaluated (in sectors such as banking, insurance, computer and bio-technology, pharmaceutical and professional services companies) reveal a common characteristic: the risk management at board level was either non-existent or could be radically improved.

In all those cases (with the exception of a bank, where a separate risk management committee was advisable), I recommended the inclusion of a

²³⁴ The compliance function is the responsibility of the company secretary in my framework.