

What is a Company Secretary or Governance Professional?

Overview

Company secretary is the traditional job title for a governance professional. The title dates from the mid-nineteenth century to describe the senior corporate administrator when the modern structures for companies were created. Today, whilst the title is still widely used, what company secretaries do and the responsibilities they have are far more significant and wide-ranging than company administration.

Governance professionals also work in charity, public and not-for-profit organisations as well as in the corporate sector and, today their job titles vary across different organisations and sectors. In addition to company secretary, these can include chief governance officer, head of governance or governance manager amongst many others.

In the public sector, local authorities, schools and colleges are required to employ a governance professional in the role of clerk to support their boards. NHS Trusts typically employ professionals to lead governance, the most senior of which may be in positions such as heads or directors of governance or known as the trust secretary.

For simplicity, we refer to the role of governance professional as its the broadest and most inclusive term. These references encompass company secretaries as well-established and highly regarded governance professionals.

The responsibilities and contributions of a governance professional are varied and reflect the importance of the role as a trusted adviser to the board, ensuring compliance with legal and regulatory frameworks.

In large and medium-size organisations, governance is often led and supported by governance professionals who are trained experts in governance principles and practice and skilled at working with others. Public companies are required by law to have a company secretary to shape and support governance. A company secretary (or group company secretary if the organisation is made up of a group of companies) may have several governance specialists working for them in a team that's called the secretariat or governance team.

Smaller organisations must also meet governance requirements with fewer resources. To do this, some choose to add the governance responsibilities to another role, such as finance, operations or HR, with appropriate training and support.

The governance professional as a trusted adviser to the chair

An essential part of the governance professional's role is to support the chair in ensuring that the board and its decision making is effective. This involves a wide range of activities from setting the annual meetings calendar, preparing agendas and commissioning papers, documenting the decisions made at the meetings in minutes, ensuring that actions are understood and completed within the organisation, and public reporting and notifications to regulators is done.

Governance professionals also provide advice on law, regulation and governance matters concerning the board's activity and undertake the recruitment and development of new board members.



The governance professional as a trusted adviser to the board

The governance professional promotes and sustains good governance within an organisation. More generally as a trusted adviser to the board, the governance professional has three main functions:

- **Advising on Legislative, Regulatory, and Governance Changes:**
Monitoring developments that may impact the organisation and briefing the board accordingly.
- **Confidential Sounding Board:**
Acting as a trusted advisor to the chair and other directors on sensitive matters.
- **Challenging Voice in Board Discussions:**
Providing discreet, but critical, insights based on professional experience and historical knowledge of the organisation.

However, the role of the company secretary is also laid out in regulation, specifically in the UK Corporate Governance Code (the Code), which explicitly recognises the company secretary's role in promoting governance good practice. Although the Code relates specifically only to the largest listed UK companies, the principles that it fosters are widely regarded as generally applicable to most organisations across all sectors, albeit with some specific waivers.

The Code requires that all directors should have access to the company secretary's services, ensuring that the board adheres to proper procedures and governance principles. Under the direction of the chairman, the company secretary ensures effective information flow within the board and its committees, between senior management and non-executive directors, and facilitates the induction and development of directors.

Specifically, the key responsibilities of the company secretary in an organisation under the UK Corporate Governance Code are:

1 Board Composition and Procedures

The responsibilities include establishing a summary of matters reserved for the board, scheduling meetings, preparing agendas, guiding on content, ensuring timely delivery of papers, accurately recording board decisions, monitoring action points, reporting on matters arising from meetings, ensuring appropriate Director & Officer (D&O) insurance is in place, and ensuring compliance with the Code, as well as regularly reviewing and refreshing committee memberships.

2 Board Information, Development and Relationships

This includes designing tailored induction programmes for new directors, creating opportunities for key shareholders to meet new directors, supporting effective communication between board members and between executive and non-executive directors, establishing procedures for directors to seek independent professional advice, acting as a source of information and advice to foster relationships between the board and non-executive directors, and assisting in developing and supporting tailored board performance evaluations.

3 Remuneration

This includes ensuring the remuneration committee understands the Code principles and provisions on executive and non-executive remuneration, ensuring compliance with the Code on share options and incentive schemes, ensuring non-executive remuneration adheres to Code provisions and the company's articles of association, managing shareholder approval for new or significantly amended long-term incentive schemes, and assisting in drafting the directors' remuneration report while ensuring compliance with disclosure requirements.

4 Audit and Internal Control

This includes advising on the application of the FRC's audit and internal control guidance, and implementing and monitoring whistleblowing procedures approved by the audit committee.

5 Shareholder Relations

This includes ensuring continuous dialogue with shareholders to understand their opinions, managing Annual General Meetings (AGMs) to ensure compliance with legal requirements and facilitate communication with retail investors, and managing relations with institutional investors on corporate governance and board matters.

6 Disclosure and Reporting

The responsibilities include ensuring disclosures on governance and board procedures are included in the annual report and making governance-related documents accessible via the company's website or shareholder communications.



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Who do governance professionals work with?

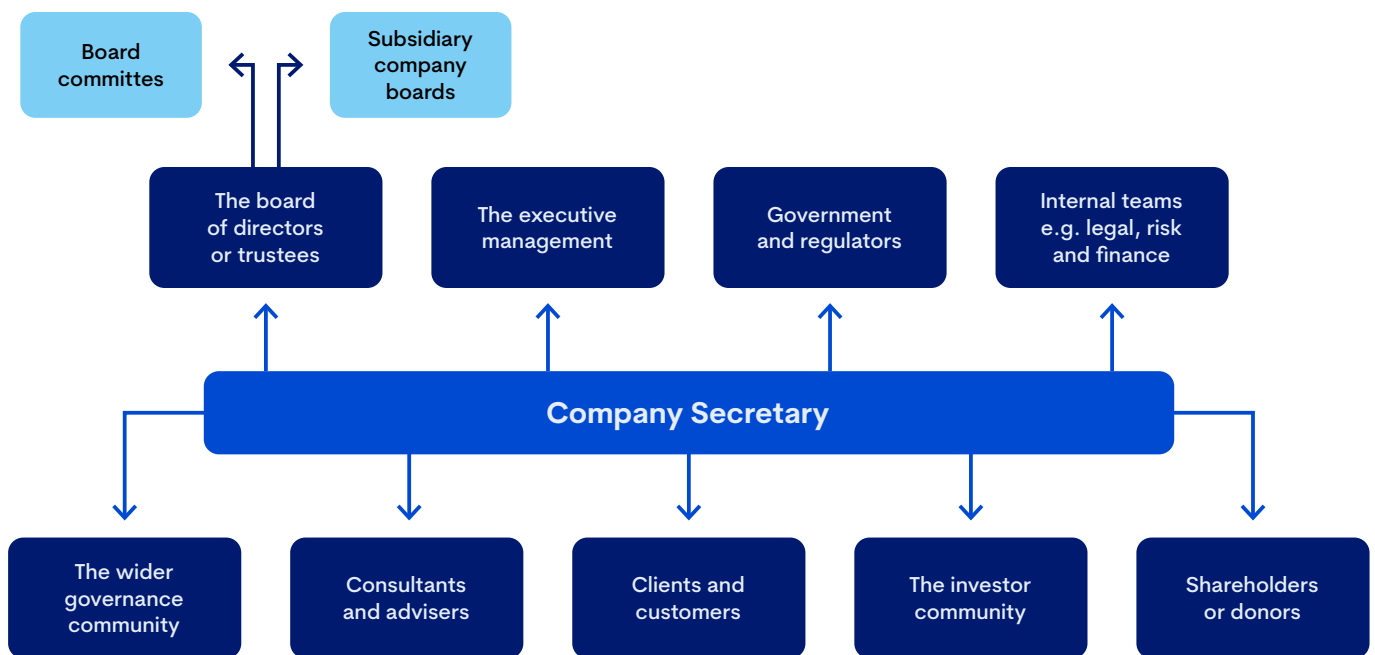
Governance professionals work closely with the board of directors (or charity trustees in the charity sector or governors in an educational setting) to establish an effective system of governance with the executive management team.

The governance professional may also have another reporting line to the CEO or organisational leader for executive functions.

The governance professional has a close working relationship with both the chief executive and the chair and their teams. Sometimes the governance professional acts as the bridge between the two leadership teams, ensuring that each fully understands the other's needs and requirements.

The role of the governance professional

This unique role played by governance professionals often puts them at the centre of important events. In the private sector, this can include handling an initial public offering, overseeing a corporate merger, or raising capital. In the public sector, governance professionals may be integral to expansion, mergers, diversification and dissolution. Governance professionals' support for the board also becomes even more critical at times of crisis and change. The governance professional acts as organisational memory, ensuring compliance, maintaining ethical considerations, and advising on solutions. This breadth and variety means that governance professionals often find that no two days are the same and have huge scope for personal and professional development across their careers.



Resources:

CGI Training:
[The Role of the Company Secretary: Part 1](#)

CGI Training:
[The Role of the Company Secretary: Part 2](#)

CGI Training:
[The Role of the Charity Secretary](#)

CGI Training:
[Company Secretarial Practice for PLCs](#)

CGI Training:
[Company Secretarial Practice for Support Staff](#)