



Board Committees: Essential Elements to Success

Put committees to work for your organization.

By John Sannella

Many who work within or serve nonprofit organizations might nod their heads in agreement with the late, great comedian Milton Berle who is credited with saying, “A committee is a group that keeps minutes and loses hours.” Others may be inclined to concur with the cynical opinion of humorist Fred Allen, who pronounced committees “a group of the unprepared, appointed by the unwilling to do the unnecessary.”

But seriously, folks – both standing and ad hoc board committees are effective, critical components to the success of nonprofit organizations so long as the following three conditions exist:

Their purpose is clear.

Open, honest communication exists among members.

The work of the committee is acknowledged as a valuable contribution.

Why Form a Committee?

- **A committee can address complex matters in detail** and then bring its recommendations to the entire board.
- **Committees create efficiency** and focus.
- **The use of committees helps ensure that the specialized skills and interests of board members** are used to their best advantage.
- **You will save time** at general board meetings.

What Questions Should You Ask Beforehand?

Before you form any committee, ask yourself:

- **What’s the purpose** of this committee?
- **What are its responsibilities** and specific tasks?
- **What are the time requirements** for this committee?
- **What type of reporting** is expected?
- **How are committee members** selected?
- **What is the term of office** for members?
- **What resources does the committee need** to complete its task?

What Are the Steps to a Successful Committee?

Draw up a committee charter. State the committee’s objectives clearly and concisely. Include pertinent, specific goals and time lines. Without such a charter, members may become frustrated and wonder if their participation is truly

valued. Committees created merely for the sake of having committees serve no one.

Choose committee members based on people’s skills, interests, and dedication to the mission and task. Limit membership to three to seven people, with no person having membership in more than two committees. Consider having non-board volunteers as members of committees. Also entertain the idea of adding a germane staff member.

Select the committee chair carefully. Committees are directly answerable to the board that created them, and the committee chair is responsible for delivering reports at the full board meeting.

What Committees Do You Need?

The most useful committees, along with their responsibilities, are:

THE FINANCE COMMITTEE

- **Provide** financial oversight.
- **Approve** operating and capital budgets.
- **Compare actual spending** against the budget and the level of cash.
- **Determine the level** of necessary reserves.
- **Provide commentary** on the organization’s financial health to the main board.
- **Offer input** to the board’s strategic plan.
- **Perform duties of an Audit Committee** in the event that a separate Audit Committee hasn’t been established.

THE EXECUTIVE COMMITTEE

- **Act on behalf of the board** when it’s not necessary or possible for the full board to meet.
- **As this is one of the more controversial committees, its purpose and authority level should be defined in the bylaws** to be sure its authority doesn’t replace the authority of the full board. The full board should always validate the Executive Committee’s decisions at its next board meeting.

THE GOVERNANCE COMMITTEE

While the functions of this committee vary with each organization, it is generally responsible for the following:

- **Recruit** prospects. Identify board vacancies, and assess the composition of the current board. Determine gaps where skills are lacking. Find potential board members to fill the vacancies.
- **Orient** new board members.
- **Provide** continuing education to board members.

- **Periodically, help the board assess itself** and make improvements if necessary.
- **Monitor attendance** at meetings.
- **Evaluate** board member participation and contribution.
- **Nominate** new board members and officers if there isn't a separate Nominating Committee.

THE INVESTMENT COMMITTEE

- **Develop** an investment strategy.
- **Oversee** the organization's investment policy.
- **Keep an eye on** investment returns.
- **Perform due diligence** on outside investment managers while monitoring the types and levels of alternative investments.

THE AUDIT COMMITTEE

- **Monitor the effectiveness** of internal controls over financial reporting.
- **Recommend** the selection of external auditors to the board.
- **Discuss the quality** of accounting and reporting principles, practices, and procedures with external auditors.
- **Review the scope** of the annual audit.
- **Meet with auditors** to discuss financial statements and internal control deficiencies.
- **Oversee implementation of any corrective actions necessary** to remediate internal control deficiencies.
- **Manage** the organization's whistle-blower policy.

THE STRATEGIC PLANNING COMMITTEE

- **Direct** the development of the strategic plan.
- **Communicate** recommendations from the strategic planning process to the board.

THE COMPENSATION COMMITTEE

- **Supervise** the compensation of highly remunerated individuals. Ensure that appropriate measures have been taken to determine that salary and other benefits are comparable to the compensation of other organizations of similar size and scope.
- **Be sure that appropriate documentation is maintained** to support compensation decisions.

THE HUMAN RESOURCES COMMITTEE

- **Assure adherence** to state and federal employment laws and regulations.
- **Confirm** that performance evaluations are completed.
- **Ensure that each employee** has a current job description.
- **Make certain** that appropriate training, development, and career path planning takes place.
- **Perform the duties of the Compensation Committee** if a separate committee isn't in place.

THE DEVELOPMENT COMMITTEE


- **Check that funds are raised** in accordance with the development plan.

- **Oversee relationships** with professional fundraisers.
- **Encourage board involvement** in fundraising. (But remember that actual implementation of fundraising plans is management's responsibility.)

What Questions Need a "Yes"?

All committees work best when you can answer these questions in the affirmative:

- **Are committee members recognized** and appreciated?
- **Does the committee evaluate** its own performance?
- **Are members and the chair** well prepared for meetings?
- **Does the committee recognize its time commitments** both in the overall project and at meetings?
- **Is there good communication** among members?
- **Are minutes clear** and concise?
- **Is the work of the committee recognized** as making a valuable contribution to the organization?
- **Is the purpose of the committee** clear to all members?
- **When committee chairs report to the board, do they keep their communications succinct** while assuring that the board holds a full discussion and considers all options?

Your committees are essential work units of your organization. Effective committees eliminate time-consuming detail from board meetings, let more people become involved, and expand the organization's support base. Just as important, a committee nurtures people's commitment to your organization. 

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Get Your Committees On Board

Use these and other articles at NonprofitWorld.org/ members to learn more about the work of board committees:

How to Assess and Improve Your Board's Performance (Vol. 24, No. 1)

Defining Your Board's Needs (Vol. 26, No. 1)

Make Good Use of Your Treasurer and Finance Committee (Vol. 27, No. 2)

How Can Your Board Participate in Strategic Planning? (Vol. 30, No. 2)

Leading the Transformation of Boards (Vol. 22, No. 2)

Can Standing Committees Contribute to High-Impact Governing? (Vol. 25, No. 2)

Free Webinar Recording for Members: Board Committees as Powerful Governing Engines. This webinar will help you establish productive committees and ensure they function effectively over the long run.

Also see Learning Institute programs on-line: Board Governance (NonprofitWorld.org/LearningInstitute).