

The Governance Institute

Essential Items for a Committee Charter

- **Purposes and authority:** Does this committee have any decision-making authority or is it solely advisory to the full board?
- **Key responsibilities:** Pulled from the list of the board's areas of oversight, such as nominating for the governance committee.
- **Meeting frequency:** Desired number of meetings per year. This should be correlated with the job of the committee; for instance, the audit and compliance committee usually meets only two times per year; a standalone hospital's finance committee may need to meet monthly.
- **Membership:** Describe the size of the committee and its composition, including any *ex officio*/management members and medical staff members; and independence requirements for certain committees (such as the executive compensation committee, which must be composed of 100 percent independent board members according to IRS Code 4958—not employed, not doing any business with the entity of a related entity, and not reportable on the Schedule L of the IRS Form 990). This section of the charter should also include terms and term limits.
- **Competencies:** All of the skills, perspectives, and diversity needed by the committee as a whole to perform its responsibilities.
- **Leadership:** Who will be the leaders—the committee chair and vice chair? Will any committee leaders be *ex officio* such as the treasurer being the chair of the finance committee? Include terms and term limits for committee leadership (normally two-year terms and a maximum of two terms).
- **Staff:** Which executive position will be responsible for supporting this committee? Typically, the CFO supports the finance committee; the general counsel supports the governance committee.
- **Reporting responsibilities:** What is the expectation regarding how and when the committee will report to the board?
- **Annual meeting calendar and work plan:** What is the typical work plan for this committee in a given year? (For example, the audit and compliance committee meets with the external auditor in __ month and with the full board in __ month.)
- **Annual self-evaluation and goals:** Committees should evaluate their performance annually and set improvement goals for the next year.