

Governance Notes

Committees: The Workhorses of the Board

By Kathryn C. Peisert, Managing Editor, The Governance Institute

Board committees exist to enhance the effectiveness and efficiency of the full board when it meets. They do this by performing serious work for the board, in addition to directing work done by others on their behalf. This makes the volume of work more manageable.

Committees contribute to the overall effectiveness of a board in the following ways:

- They help an organization take complex issues or tasks and break them down into manageable projects.
- They accomplish much of the groundwork needed for the full board to make informed decisions.
- They ensure the board and the organization that an issue was discussed thoroughly and not given short shrift by being one of a dozen items the board had to address at its meeting.
- They allow their members to substantively contribute to the organization—more so than these members may be able to do at full board meetings.

Committees do not replace the work of the board, but rather aid the full board in fulfilling its responsibilities. The full board, however, must ensure that committees function properly. The governance support staff plays a key role along with the board chair and governance committee to address committee structure on a periodic basis to identify places where changes need to be made. Further, governance support staff assists the committees in much the same way as it does the full board with scheduling meetings, preparing meeting packets for committee members, taking minutes, and facilitating committee performance assessments. This article provides important background information for governance support staff to help ensure that your board's committees are performing at their highest level

and for the right purpose to benefit the full board.

Which Committees Does Your Board Need and Why?

First and most importantly, we advise keeping the number of committees to a minimum, and setting up *ad hoc* work groups or task forces, with limited duration, for topical and/or timely issues. Boards typically allocate work to eight “standing” committees (listed in alphabetical order here to avoid creating an illusion of priority):

- Audit and compliance
- Community health and benefit
- Executive
- Executive compensation
- Finance/investment
- Governance/nominating
- Quality/safety/experience
- Strategic planning

Key Takeaways

The governance support staff plays a key role to address committee structure; supporting committees with their meeting scheduling and preparation; facilitating committee performance assessments; and committee work plan development. The following are important questions governance support staff members can bring to their board chair, CEO, and/or governance committee for discussion:

1. Do we have the right committee structure in place? Which committees could be combined or be handled by the full board?
2. Are there any committees that are doing work that is operational and should be handled instead by the management team?
3. Do the committee charters clearly articulate the committees' responsibilities, and can we ensure that committees aren't doing duplicate or overlapping work?
4. How can we improve our committees' reports to the board?



The committees listed above are typically the most prevalent at most types of healthcare organizations.¹ However, the type of board really dictates which committees it has. For independent hospitals and health systems with one board, these eight committees are the key ones to have in place. In addition, systems and especially academic organizations usually have research and education committees.

Systems that have multiple boards or tiers of governance would need to determine what level of work related to each committee needs to be done at which level of governance, and then determine whether that work could or should be done by the full board, or if a committee is necessary.

Subsidiary boards that have a narrower set of responsibilities would have fewer committees, most typically being quality/safety/ experience and community health and benefit, with the rest of the work being done at the full board level.

Also important to note is that the nature of the work of a system-level committee vs. a subsidiary board committee is different. Systems and their subsidiaries need to ensure that each committee charter is clear and not overlapping with work being done at another level of governance within the system.

When looking at your committee structure, there are three critical questions to ask about each board-level committee:

1. Should this be a board-level committee, or should this work be done at a different level of the organization?

There is a delicate balance between the role of each committee and the full board. An effective committee understands that it is doing work on behalf of the board.

To illustrate this point, almost a third of boards that we survey have a human resources committee. Another example is the facilities/infrastructure/ maintenance committee—in 2019, 31 percent of responding organizations had this committee at the board level.² We believe issues related to HR and facilities/infrastructure are operational and should be handled by senior management, with reports to the board as needed. Compensation issues that the board needs to address are only for the top executives and physician leaders, and would be handled by the executive compensation committee. For organizations that are developing plans for a major facility expansion or conversion, the board can create an ad hoc task force made up of board and management members to handle the work and reporting to the board for decision making. Integration with the strategic plan objectives would be important in this example. Then, the task force would be dissolved once the project is completed.

2. Could the work being done by this committee be combined with another that has similar needs as far as expertise and staff?

There are several areas of board work that are closely related and require similar expertise, but yet we see boards that maintain separate committees for these areas.

Finance/investment and audit/compliance are examples of committees that could be combined in some form or another. We do recommend maintaining a separate finance committee (that also handles investment) but combining audit and compliance. (Subsidiary boards that do not have to oversee these functions because they are being taken care of at the system level would not need to have these committees.)

Another example is enterprise risk: we see an increasing trend in boards creating separate enterprise risk management (ERM) committees. We recommend that this work be done via the strategic planning committee, as the questions and considerations around these two issues are closely related. Another potential place this responsibility could live is with the audit/compliance committee. Organizations that are setting up an ERM process or infrastructure for the first time could create an ad hoc task force to do the necessary deep dive. This task force could report to the relevant committee or the full board.

Board diversity and inclusion is another area where we have seen boards consider creating a separate committee. But perhaps the governance/ nominating committee is a better place for this work, so that it can integrate overall board recruitment efforts with diversity goals.

1 K. Peisert and K. Wagner, *Transform Governance to Transform Healthcare: Boards Need to Move Faster to Facilitate Change*, 2019 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute.

2 K. Peisert and K. Wagner, 2019.

Finally, the areas of community benefit, community health, and population health are all closely related. Many boards have separate population health and community benefit committees, and for some that might be necessary. But each of these areas overlap and affect each other, and thus we recommend that when possible, one committee handle all (with close ties to the quality/safety/experience committee as it relates to population health and value-based care initiatives!).

3. Should the work being done by this committee be done at the full board level instead?

Depending on the type of organization, type of board, and board size, there are some aspects of committee work that could be done by the full board instead. The most relevant example of this is strategy. We have seen several health systems create a regional governance structure with regional boards overseeing operations, freeing up time for the system board to focus on strategy. In this case, there is no need for a strategic planning committee and essentially a committee would disengage key board members from fully participating in the effort. To make this kind of structure work, the board would set up a temporary task force for the time when the strategic plan is being updated or a new plan needs to be developed.

The bottom line is that every additional committee creates an additional layer of complexity and a new silo, which adds to the likelihood that there will be duplicate work and communication breakdowns. Too many committees also means that board reports are longer (increasing the risk that information going to the board

will dive too deep into operational matters), requires more coordination of the board calendar, and takes up more time for everyone involved—management, board members, and governance support staff.

Reporting to the Full Board

There is a delicate balance between the role of each committee and the full board. An effective committee understands that it is doing work on behalf of the board. It needs to report sufficient information so the board understands its process, and how it reached its recommendations. At the same time, it's essential for the committee to present key information in a way that's easy to grasp.

One method is to create an executive summary sheet on top of the committee's recommendation to the board, clearly articulating the committee's intentions. Is this report informational only, or a request for board input, or a request for board approval? Whenever a committee requests board approval, then the executive summary sheet should include some discussion of options that were considered, the pros and cons of each option, and why the committee recommends a particular option.

There should be a vigorous ongoing dialogue between committee leaders and top managers in a given area, aimed constantly at perfecting the data flow. The goal: the board and its committees should not be surprised by anything, but they also should not be overwhelmed with information.

Tying Up Loose Ends

Clear committee charters that articulate what types of people

need to populate the committee, who staffs the committee, and who should chair the committee, are a foundation of effective committees. Reviewing the committee charters is an important first step in assessing the board's structure and to ensure the committees that are in place are the right ones.

Committees should assess their performance the same way the full board does, using their charters as a starting point to assess whether their responsibilities have been fulfilled.

Finally, the committee should use its charter to develop a work plan, which then informs what needs to be covered at each committee meeting throughout the year, similar to the board's work plan and meeting calendar integration. Every committee should ask itself the question, "What are our vision and goals as a committee for the coming year?"

Governance support staff can be important partners in facilitating committee charter review, assessment, and developing work plans that help further the strategic goals and responsibilities of the full board. This work, in turn, helps the full board reach its fullest potential, and thus makes major impacts on every level of the organization.

Resources

[Board Orientation Manual, Sixth Edition](#)

[Elements of Governance®: Board Committees, Second Edition](#)

[Board Committees E-Learning Course](#)

[Worksheet: Committee Meetings](#)

