Elements of Governance®

Providing CEOs, board chairs, directors, and support staff with the fundamentals of healthcare governance

A Series by The Governance Institute

Board Committees

Third Edition

tgi™ **The Governance Institute**
Stronger leadership | Healthier communities

Elements of Governance®

A Series by The Governance Institute

Elements of Governance® is designed to provide CEOs, board chairs, directors, and support staff with the fundamentals of not-for-profit governance. These comprehensive and concise governance guides offer quick answers, guidelines, and templates that can be adapted to meet your board's individual needs. Whether you are a new or experienced leader, the *Elements of Governance*® series will help supply you and your board with a solid foundation for quality board work.

About the Author

Pamela R. Knecht, President and CEO of **ACCORD** LIMITED and faculty member of The Governance Institute, has provided consulting services to a wide range of industries and organizations over her 36-year career. Her clients include for-profit and not-for-profit organizations in industries such as healthcare, financial services, distribution, retail, professional services, manufacturing, associations, social services, arts, and education. She has deep expertise in not-for-profit healthcare and closely-held and family-owned businesses. During the last 25 years, she has focused on assisting owners, boards and CEOs across the country with strategic planning; governance education, assessment, restructuring and development; organizational diagnosis and change management; team effectiveness; and merger/affiliation facilitation.

Pam is a frequent speaker and facilitator at hospital and health system board retreats as well as at local, regional, and national healthcare conferences. She has authored numerous articles for AHA's *Trustee Magazine, Great Boards*, ACHE's *Healthcare Executive,* and The Governance Institute's *BoardRoom Press*. Her articles and white papers address various aspects of strategic planning and board effectiveness including structure, composition, and functioning.

The Governance Institute

The Governance Institute provides trusted, independent information, resources, tools, and solutions to board members, healthcare executives, and physician leaders in support of their efforts to lead and govern their organizations.

The Governance Institute is a membership organization serving not-for-profit hospital and health system boards of directors, executives, and physician leadership. Membership services are provided through research and publications, conferences, and advisory services. In addition to its membership services, The Governance Institute conducts research studies, tracks healthcare industry trends, and showcases governance practices of leading healthcare boards across the country.

The Governance Institute®

The essential resource for governance knowledge and solutions®

1245 Q Street, Lincoln, NE 68508

(877) 712-8778

GovernanceInstitute.com

/The Governance Institute

The Governance Institute is a service of NRC Health. Leading in the field of healthcare governance since 1986, The Governance Institute provides education and information services to hospital and health system boards of directors across the country. For more information about our services, please call toll free at (877) 712-8778, or visit our Web site at GovernanceInstitute.com.

Table of Contents

Introduction: Why Committees Matter

Hospitals and health systems are facing more pressures and having to overcome more obstacles than ever before. The healthcare system is transforming, demanding fresh perspectives and different work at the board level. As board members strive to remain educated on healthcare developments, move their focus toward transforming care delivery to provide value and manage the health of populations, and ultimately lead the organization toward a successful future, they don't always have the time to focus on all key governance issues at each board meeting. In fact, boards should not try to address detailed topics; that is committee work.

Committees can be a powerful tool for ensuring that critical governance activities are consistently addressed and given the focus they need in order to keep the organization on track. Assessing your committee structure and functioning on a periodic basis ensures that responsibilities are delegated effectively, members of key committees (such as audit and executive compensation) are independent, committee charters are still useful, and there is optimal coordination between committees and reporting up to the board.

Increased Pressures on Boards and Committees

In addition to the pressure of creating a new business model based on value, today's boards are facing ever more scrutiny from regulators and legislators, which places more importance on the work done by board committees. The quality committee must carefully oversee patient care metrics, which is critical to ensure quality and safety for patients. The Senate Finance Committee is questioning tax-exempt status and executive compensation oversight in not-for-profit health systems as compensation goes up and reimbursement, operating margins, and charity care levels go down (executive compensation committee responsibility). And the IRS requires answers to detailed questions regarding board and committee composition and director independence on the Form 990 (governance committee or audit and compliance committee responsibility).

What Great Committees Add

1. Focused expertise on issues
2. The ability to spend more time on more subjects
3. Highlighting of significant variances
4. Teeing up strategic questions
5. More efficient board meetings
6. Sounding board for management
7. Engaged stakeholders/candidates
8. More informed/educated board

Why Committees Falter

1. Structure not aligned with governance role
2. Wrong and/or ambiguous role and authority (especially within health systems)
3. Lack of clear expectations from the board
4. Size is too large or too small for the role of the committee
5. Lack of key competencies and good leadership
6. Meeting frequency/length not appropriate to the role of the committee
7. Insufficient "independence"
8. Legacy agendas, packets, and presentations that lack current relevance
9. Reports to the board don't add value
10. Perfunctory education or self-assessment

Six Keys to Committee Effectiveness

Having committees for the sake of it, without clear expectations and lines of authority, and without taking the time to properly staff them, will not help the board meet its strategic goals for the organization. There are six keys to maximizing committee effectiveness.

Structure and Composition

Align the committee structure with governance roles and models.

Clearly define each committee's responsibilities and authority.

Choose members and leaders based on needed competencies (which stem from the committee's responsibilities), and balanced with group effectiveness concepts.

Functioning and Practices

Educate, evaluate, and continuously improve.

Provide valuable information and ask edgy questions.

Plan and facilitate effective committee meetings (the same care should be taken as that with board meetings).

1
2
3
4
5
6

Committee Effectiveness
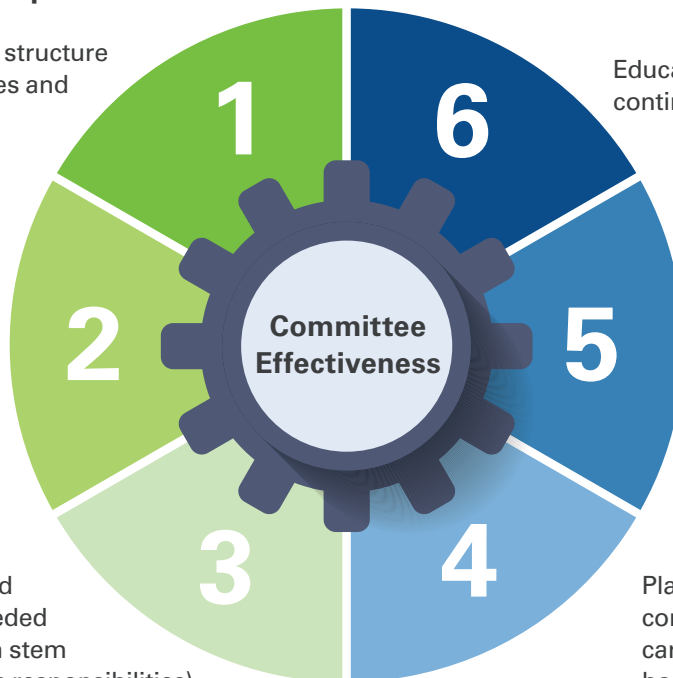
Evaluating the organization's committee effectiveness includes asking questions regarding the types of committees needed, committee composition (e.g., independent directors, experts in a particular field, non-board members, etc.), meeting schedules, level of authority given, and roles and responsibilities assigned. In making these assessments, the board can create a structure that fits its organization and helps it carry out its governance duties while supporting the organizational mission.

This *Elements of Governance*® explores these six keys to effectiveness and the various committees often used to help hospital and health system boards fulfill their oversight duties. It provides details regarding the responsibilities, structure, and challenges of committees, providing a platform for creating or enhancing your organization's board committees. Also included is a framework to develop committee charters for defining the purpose, role, composition, and meeting schedule of each board committee; as well as samples in the appendices, including a meeting calendar, meeting agenda, and a board and committee education program.

Determining the Right
Committee Structure and Composition

As with most aspects of healthcare, hospitals and health systems are complex and have unique needs. There won't be one right committee structure for every organization; structures will vary of course depending upon the number of boards in the organization and how those boards are structured, as well as the major initiatives and priorities of the organization that need focus at the board level.

This section includes important considerations for determining the right committee structure and composition for your board.

Align Overall Committee Structure with Governance Roles and Responsibilities

The ideal board committee structure is one that is aligned with the governance role and model. This is an important distinction to make: committees do *governance* work, not management work. As a reminder, governance is:

• Approving high-level goals, plans, and policies that match the mission and vision

• Overseeing performance versus established goals

• Holding management accountable for results

• Bringing independent perspective, expertise, and experience

• Acting as ambassadors to external stakeholders

Boards and committees should not:

• Try to manage

• Confuse advice with direction

• Diagnose problems

• Design and implement solutions

• Fix problems

Committees (and sometimes *ad hoc* task forces) play a critical role in ensuring their boards perform their fiduciary duties:

- **Oversight:** setting the mission and strategic direction; creating policies and goals; hiring an effective CEO and monitoring CEO and organizational performance.

- **Duty of care:** requires board members to have knowledge of all reasonably available and pertinent information before taking action in a manner he or she reasonably believes to be in the best interest of the organization. (This requires rigorous analysis of data and information by committees prior to board discussion.)

- **Duty of loyalty:** requires board members to candidly discharge their duties in a manner designed to benefit only the corporate enterprise, not the individual interests of the board member. (This includes ensuring identification and management of conflicts of interest and independence issues; often done by the audit and compliance committee.)

- **Duty of obedience:** requires board members to ensure that the organization's decisions and activities adhere to its fundamental corporate purpose and charitable mission. (This includes assuring the strategic plan contains strategies and goals that will help the organization fulfill its mission; usually done by the strategic planning committee or task force.)

The committee structure should be aligned with the board's job description, which essentially entails the board's core responsibilities:

- Ensuring clinical quality, service excellence, and patient safety

- Approving strategic direction and overseeing performance

- Ensuring financial health, protecting assets, and overseeing risk management

- Hiring and overseeing excellent executive management

- Overseeing community benefit and stewardship

- Providing for effective governance

A common mistake is to create committees at the board level that cover concerns outside of the governance realm and belong in management's domain, such as facilities, marketing, and human resources/personnel. (The executive compensation committee has a place at the board level as it is making oversight and compensation-related decisions regarding highly paid individuals such as executives and employed physicians. The remaining human resource issues fall under the CEO's purview.)

Considerations for Health Systems

Health systems have different committee structure considerations depending upon the number of boards in the system and their respective roles. Committee structures should be aligned with the health system's overall approach or philosophy regarding its evolution as a system and its desired business model.

For example, if the system is using a holding company model, then there may be numerous committees at the local hospital board level, and few at the system board level. If, however, the system is moving toward a centralized operating company model, there may be no or few boards and/or committees at the local hospital level (see **Exhibit 1**). (See the next section on typical committee structures and for more information on this topic.)

Exhibit 1: Aligning Governance Structure with Strategy
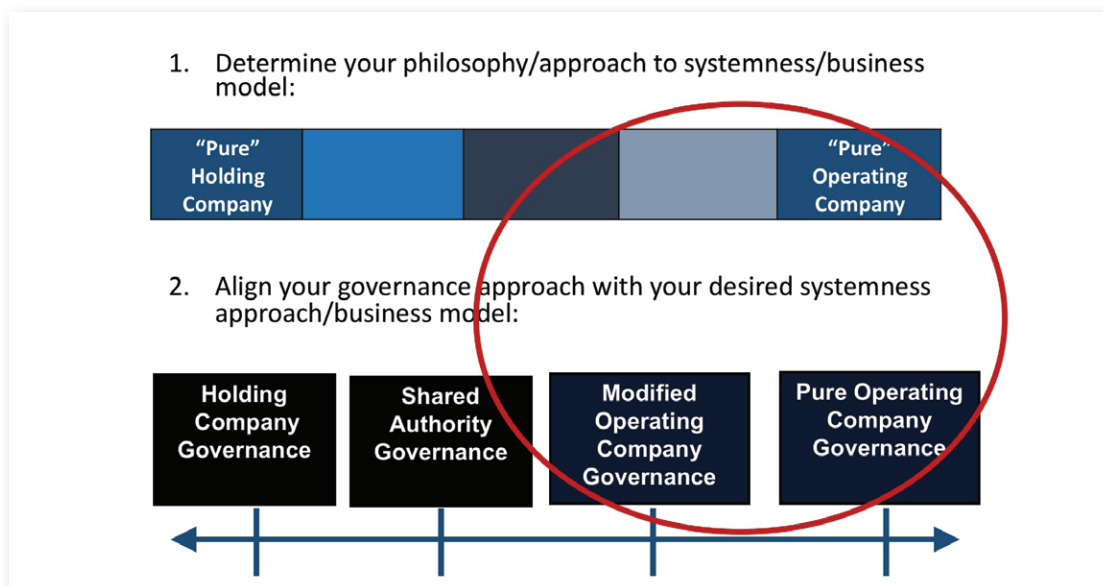
Typical Committee Structures

The "right" committee structure is dependent on the type of board: standalone hospital board, system board, or subsidiary hospital board. Below are typical structures for each kind of board.

Standalone Hospital Board

This board will necessarily have "all" of the committees because it holds all the fiduciary duties and core governance responsibilities. We consider the "best practice" structure for this kind of board as having the following committees:

- Finance (which includes investment)

- Audit and compliance

- Executive compensation (which includes oversight of all highly-paid employees including employed physicians)

- Quality assurance (which includes clinical quality, patient safety, experience, and equity across all care settings including outpatient)

- Strategic planning (some boards prefer to do strategic planning at the full board level; see page 9 for a discussion of whether to create this committee or use the full board)

- Community benefit (which includes mission fulfillment and advocacy)

- Governance (which includes nominating)

- Executive (this committee requires special care regarding the level of authority it is given to make decisions between board meetings; see the section entitled, "Committee Authority Options" on page 10)

Large Health System Board

System boards that are "parent" boards for large organizations will have all of the above committees and may also include the following committees:

- Investment

- Research and education (if that is part of the mission)

Subsidiary Hospital Board

Most health systems across the country are moving away from a holding company model, in which the subsidiary hospital board has significant authority, to more of a shared authority governance model, a modified operating company model, or a pure operating company model.

In these cases, the following key governance responsibilities are moved up to the system/parent board (so it does *not* make sense for the local board to have committees for those roles):

- Audit and compliance

- Strategic planning

- Executive compensation

- Finance

- Governance and nominating

- Executive

If the health system has decided to use a shared authority governance model, it might retain local hospital boards that have the following authority and associated committees (or, the hospital board may function as a committee of the whole for each of these topics):

- Quality, safety, experience, and equity (which includes medical staff credentialing and privileging)

- Community benefit (which includes advocacy)

- Fundraising/development (either in the absence of a separate foundation board or to support such a board)

Exhibit 2: Prevalence of Board Committees *(All Respondents)*

Committee	2023	2021	2019	2017	2015	2013
Finance	76%	85%	83%	81%	84%	76%
Quality and/or Safety	68%	81%	80%	77%	74%	77%
Executive	66%	79%	73%	75%	72%	77%
Executive Compensation	53%	64%	62%	60%	66%	60%
Governance/ Board Development	48%	64%	58%	59%	72%	77%
Audit/Compliance	44%	54%	53%	38%	51%	34%
Strategic Planning	43%	57%	55%	52%	57%	57%
Investment	31%	41%	45%	44%	40%	35%
Audit	31%	40%	44%	38%	33%	32%
Compliance	30%	38%	42%	48%	28%	33%
Joint Conference	22%	35%	37%	34%	35%	40%
Facilities/Infrastructure/ Maintenance	20%	26%	31%	27%	23%	25%
Community Benefit	19%	29%	29%	24%	26%	18%
Human Resources	19%	24%	28%	25%	22%	20%
Physician Relations	17%	23%	31%	22%	21%	19%
Population Health/ Community Health Improvement	14%	21%	23%	18%	NA	NA
Construction	14%	20%	24%	17%	17%	9%
Government Relations/ Advocacy	13%	18%	18%	14%	13%	9%
Diversity/Inclusion	12%	17%	NA	NA	NA	NA
Innovation/Transformation	10%	14%	NA	NA	NA	NA

Source: K. Peisert and K. Wagner, *Think Bold: Looking Forward with a Fresh Governance Mindset,* 2023 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute. *(Note: The current prevalence of certain committees is not necessarily consistent with best practice, as described in the above section.)*

Other Approaches

Some innovative approaches to committee structure have emerged given the transformation in care delivery and increased expectations of boards including:

- Patient experience committee

- Innovation and transformation committee (which may have responsibility for healthcare technology-related innovations including AI)

- Diversity, equity, inclusion, and belonging committee

- Enterprise risk management committee

Additional Advice about Revising Committee Structures

The ideal committee structure is streamlined, using as few committees as possible. In order to make this feasible, the standing committees should be those that do the majority of the needed work between board meetings on ongoing, major issues concerning the board's fiduciary duties and core responsibilities, as described above. When other work is needed outside of the committees, the following options are recommended:

- Function as a "committee of the whole" when possible (e.g., carefully design processes that engage the full board in strategic planning discussions instead of relying on a standing strategic planning committee; many boards use this committee only on a periodic basis to do the "deep dive" research and information gathering when major changes or updates need to be made to the plan, and then engage the full board to approve new plans and discuss strategic issues throughout the year).

- Use task forces instead of standing committees when appropriate (e.g., create an AI governance task force to study those issues for the full board's consideration).

Define Committee Authority, Size, and Composition

Once the standing committees have been identified, each committee requires clearly defined responsibilities and authority in order to ensure that they are spending the time on the necessary and appropriate work for that committee and not duplicating efforts of other committees or the full board. The first step is to create a written charter for each committee that includes the following essential items:[1]

- **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

---

1   See sample committee charters at www.governanceinstitute.com/templates.

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 or a related entity, and not reportable on the Schedule L of the IRS From 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? (See page 15 for more information on this topic.)

- **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.

Note: Use general committee descriptions in the board bylaws; specifics should be in the committee charters.

Committee Authority Options

Boards can give their committees differing levels of authority (subject to state law). A committee that is advisory only "assists" the board by gathering information, conducting research, and making recommendations to the board, where the final decision making is made (this is the most common approach).

A committee with "partial" authority (which must be specified in writing, in the board's bylaws and the committee charter), can make decisions on behalf of the full board but only in specific situations. For example:

- The audit and compliance committee can be authorized to select the external auditor.

- The quality committee can approve "clean" physician credentials.

- The governance committee can approve subsidiary board appointments.

- The finance committee can be authorized to approve unbudgeted transactions up to a certain dollar threshold.

(Note: large health systems are now tending to use the "partial authority" delegation more often, to free up time for the board to have other discussions, since time is the board's most valuable resource.) (See **Appendix 1** for sample approval guidelines.)

The executive committee may be given full authority (again, this must be specified in writing) to act on behalf of the full board on certain or all matters, usually in an emergency situation in which there is not time to convene the full board. (See table below covering the pros and cons of various types of executive committees.)

Types of Executive Committees	Pros	Cons
Used in emergencies only	Ensures the full board is engaged in decision making	May be difficult to convene on short notice
Meets on a regular schedule	Ensures a vehicle, if needed, for timely decision making and advice to CEO or board chair	Often results in some board members being more 'in the know' than others, who may then feel 'out of the loop'
Frequently convenes meetings and calls	Provides multiple opportunities for securing advice, 'testing' decisions, and dealing with sensitive issues	Runs the risk of making decisions that should be made by the full board; can lead other board members to feel they are not performing their fiduciary duties; requires significant time

Source: ©**ACCORD** LIMITED. All Rights Reserved.

Legal Considerations Regarding Delegating Decision Authority to Committees

Delegating authority to a committee(s) can be an important tool in reshaping an organization's governance and allowing the board to focus on strategic matters. However, it must be done carefully and according to all laws applicable to your organization. Any decisions made along these lines should be reviewed and approved by legal counsel.

Committee Member and Leader Selection

Choose committee members and leaders based on needed competencies balanced with group effectiveness concepts. This involves using a competency-based approach to committee membership as opposed to a representational approach (e.g., identify all the needed competencies, skills, and perspectives for the committee, based on the charter, and use that list to determine which individuals to invite to serve instead of "reserving" seats for individuals who represent certain constituency groups). Other best practices related to committee membership, size, and leadership include the following:

- Five to nine people is considered to be the ideal size for good decision-making according to group dynamics experts (not 25 as seen in some committees).

- The committee must have at least one independent expert per responsibility (e.g., at least one member of the audit committee should be a Certified Public Accountant).

- The chair should be a board member, which allows improved lines of communication between the committee and the board.

- Include plans for chair succession, orientation, and coaching (be intentional about leadership development and succession).

- All board members should serve on at least one committee, but not too many; make sure to spread the work across all board members to use their time and expertise well. This also ensures that there is not an "exclusive" group that knows everything because they serve on all the committees. One way to handle this is to use the "rule of three": each board member serves on just three governance entities (e.g., one board and two committees).

- Use non-board members from the community. This helps to increase expertise and creates a pool of potential board members. It can also increase the percentage of "independent" committee members.

- Control the number of non-committee members in the room (do not allow lots of staff/employees who are not committee members to sit in on committee meetings; bring individuals in to present, as needed, and then ask them to leave).

- Ensure appropriate physician involvement in committees (include physicians and other caregivers on some committees like finance, quality, and community benefit; however, be sure to maintain appropriate independence, as described below).

- Maintain sufficient "independence" of committee members (learn the IRS and other definitions of "independent" board and committee members and use that information to create a written board/committee policy regarding who can/cannot serve on the board and certain committees. Also address whether employed physicians can serve on committees. For example:

  » The executive compensation committee should be 100 percent independent according to IRC 4958.

  » The audit and compliance committee should be 100 percent independent as defined on the IRS Form 990.[2]

Ensuring Effective
Committee Functioning

Once the ideal committee structure is in place for your board, the effort does not end. Essentially, the main job of committees (and the executives who support them) is to prepare for *board* meetings. In order to do so, effective *committee* meetings help facilitate effective committee work and proper reporting up to the board. Thus, how committees plan and conduct meetings, ask questions, and continuously improve are important factors in ensuring effective committee functioning. The good news is, if you have effective mechanisms already in place for board meetings, planning, and development, you can use those same tools for your board committees. Each of these tools is described below in more detail.

Plan and Facilitate Effective Committee Meetings

Effective committee meeting practices ensure that the time spent by the board is as meaningful as possible for the participants. The board also needs to ensure that proper accountability for governance oversight is accomplished as a result of committee work.

Effective committee meeting practices include the following:

- An annual calendar with meeting frequency tied to the committee's charter (see **Appendix 1. Sample Meeting Calendar**).

- Approximately two weeks prior to the committee meeting, the committee chair meets with the staff liaison/executive to develop the meeting agenda and materials.

- Meeting agendas contain expected times and objectives (e.g., action, information, education, or discussion) (see **Appendix 2. Sample Meeting Agenda**).

- Proper use of consent agendas (placing routine items such as reports, minutes, and other non-controversial items not requiring discussion or independent action as one agenda item to be approved as a whole).[3]

- The committee spends the majority of time on a few priority items, according to the committee charter.

- The committee chair includes "framing questions" for the key items to guide discussion.

- Use of a "tracking report" to follow priority open items.

- Providing committee members access (ideally via a secure board portal) to targeted, governance-level documents at least one week prior to committee meetings with

---

3   *Proper* and *careful* use of a consent agenda must be emphasized. The organization may be at risk of liability if just one board member has a question about any item included in a consent agenda, and/or anything that a third-party would consider to be inappropriate is on the consent agenda.

the expectation that they will be read prior to the meeting (no review of advance documents during the meeting; members come prepared with questions).

- Time is set aside for education at each meeting (this is usually a practice for board meetings; however it should be considered for committee meetings depending upon need).

- The chair facilitates, encourages, and focuses discussion at governance level, and drives for closure/clarity of action (not using Roberts Rules).

(Note: all of these practices should also be used by the board chair and CEO as they plan for board meetings.)

Committee Meeting Frequency

Committee (% of respondents with this committee)	Meeting Frequency (% of all respondents)
Finance (76%)	Monthly (50%)
Quality/Safety (68%)	Monthly (45%)
Executive (66%)	As needed (46%)
Executive Compensation (53%)	Annually (31%)
Governance/Board Development (48%)	Quarterly (40%)
Strategic Planning (43%)	Quarterly (26%)
Community Benefit (19%)	Quarterly (40%)
Audit/Compliance (44%)	Quarterly (56%)

Source: K. Peisert and K. Wagner, *Think Bold: Looking Forward with a Fresh Governance Mindset,* 2023 Biennial Survey of Hospitals and Healthcare Systems, The Governance Institute.

Provide Valuable Information and Ask Edgy Questions

Remember, the purpose of board committee work is to provide oversight (not management). To remain at the proper governance level, the committees should ensure that their work is directly related to the board's responsibilities (the "what"), not operational tasks ("the how"). For instance, board and committee work includes tracking of key indicators linked to the strategic plan. The committee dashboard report should include deeper, more specific metrics than the overall dashboard for the full board, but in line with what the board has determined needs to be measured and tracked by that committee. Variances should be easily identified (e.g., a run chart or graphical display of trends over time).

Planning and Decisions

As with the full board, it is essential to provide committees background information in advance and conduct the meeting assuming that it will be read ahead of time. This planning frees up critical meeting time to allow for in-depth discussions and the ability to make decisions at every meeting. The committee chair can highlight key points from the materials, to help "tee up" the subsequent discussion, but should avoid using too many (or any) presentation slides unless absolutely necessary. All slides that will be shared during a meeting should be adding true value to committee member understanding of the issues. Any visual graphics that need to be referred to during discussion (such as organization structure charts or finance tables) can be included in the committee materials provided in advance. (Note: management teams should ensure that the slides used in meetings are exactly the same as those in the pre-meeting packets to avoid confusing and frustrating committee or board members.)

Sample Reporting Expectations to the Full Board:

- **Consent agenda items** (for the board meeting agenda)

- **Executive summary** (summary of committee "asks" of the board)

- **Minutes and dashboard** (written meeting minutes and updated dashboard of progress on key metrics)

- **Formal resolutions** (major transactions such as significant financings)

- **Verbal presentations** (only if the committee has an "ask" of the board, and if so, committee chair, not staff, leads the presentation)

Edgy Questions for Dynamic Discussion

How effectively the committee reports its work to the board is, in one sense, more important than the committee's work itself. The board needs to know enough to use the committee's work and recommendations as a jumping off point for discussion and decision making, without having to "rehash" the work the committee has already done. One of the best ways committees can be valuable to the full board's discussion is to tee up "edgy" questions for the board to start with, based on key issues the committee has uncovered during its own meetings. Below are some samples by topic.

Strategic Direction:

- What is our process for reviewing proposals and recommending new business ventures and alignment opportunities, including affiliation/collaboration proposals, new technology, and proposals for discontinuing services? Are we receiving the information we need to make knowledgeable recommendations? Are we having generative discussions at committee meetings and asking the right questions to fully understand the "why" of these proposals?

- Are we effectively reviewing present information systems in view of current technology and making recommendations regarding systems to more fully integrate clinical, financial, and managerial functions, and to more fully support strategic business objectives and operational needs?

Finance:

- How do we effectively oversee managed care contracting, pricing, and revenue management? What processes regarding these things do we need to be aware of? How do we ensure compliance measures are being met?

- How do we effectively oversee risk management strategies and exposure? Do we need to consult with anyone that specializes in these items?

Quality:

- What is the best way for us to develop hospital/system-wide board-level policies regarding patient care and quality? How do we ensure that all of these policies are being followed properly? How do we address related issues such as clinical variation?

- How do we properly review sentinel events and recommend corrective action as appropriate?

Educate, Evaluate, and Continuously Improve

The last element in ensuring effective committees is development (again, similar to the way the board plans for board member education and performance improvement). The steps involved here include creating an intentional education program covering specific information the members need to carry out their responsibilities for that committee (see **Appendix 3** for a sample education program for committees and the board), and regularly evaluating the committee's performance.

Committee performance evaluation can be done via the following mechanisms:

- Annual goal-setting and performance evaluation of the committee's fulfillment of its charter, board expectations, and achievement of annual goals.

- Periodic or "sunset" review to determine if the committee is still relevant/necessary for current/future organizational changes and governance needs.

- Evaluation at the end of every meeting (see sidebar).

Committee Meeting Effectiveness Assessment Options (five minutes or less):

1. Brief discussion (What worked well/should be repeated? What should be changed/added/deleted?)

2. Written form (score of 1–5 where 5 is high):

   - Were the meeting packet and agenda helpful?

   - Did key issues receive sufficient attention?

   - Did we spend the right amount of time on each issue?

   - Was there a sufficient amount of discussion (vs. presentation)?

   - Were discussions kept at the governance level?

   - Did all members participate fully?

   - Did we hold ourselves accountable to the rules of engagement?

Conclusion

Board committees—the workhorses of the board—are a perfect tool for focusing board work and providing the support the board needs to effectively govern the hospital or health system. Non-profit boards are facing increased scrutiny, which is making it even more important that boards deeply analyze organizational issues and consider all options.

Creating and developing proper, effective committees for the board provides a solid platform for thorough discussion to take place on key governance issues. This lays the groundwork for the board, enabling it to make informed decisions and decreasing its workload. Committees do not replace the work of the board, but rather aid the full board in fulfilling its responsibilities in a more efficient, manageable way. When executed properly, board members' (and executives') time is spent in the most valuable manner.

With the increasing amount of board responsibilities, now is the right time to rethink your organization's committee structure and functioning to ensure that they fit the culture and fulfill the needs of your hospital or health system. No two organizations are alike, so this will require a specific plan that takes into consideration the mission, goals, and size of the organization. By creating aligned structures that are carefully composed, and rigorous processes with educated committee members that are properly oriented, the board can fully use its committees and trust their work. At the same time, boards must not allow committees to do all the work—they should ensure their committees are bringing to them the key questions or issues that the full board needs to know or discuss (e.g., framing questions). This requires forethought, coordination, and time. Creating a successful committee structure and clear processes, and ensuring that those committees have the right people, vision, and drive will help guarantee that your board is prepared for any challenges or opportunities it faces in the coming years.

Resources from
The Governance Institute

Below are links to Governance Institute publications and resources for additional information and resources pertaining to board committees:

The Crucial Role of Board Committee Leadership Succession Planning

Legal and Compliance Considerations for Using AI to
Generate Board and Committee Meeting Minutes

Committees: The Workhorses of the Board

Worksheet: Committee Meetings

The Board Orientation Manual has a helpful section on committees.

Sample committee charters can be found at
www.governanceinstitute.com/page/board-committee-charters.

The Governance Institute also provides members with a self-assessment specially developed for board committees. Please contact The Governance Institute for more information at (877) 712-8778.

Appendix 1.
Sample Meeting Calendar

Note: this demonstrates a calendar for committees that meet mostly quarterly. Customize appropriately for your board and committees.

January	February	March
Compensation Committee Finance Committee Governance Committee Quality Committee	Board meeting	

April	May	June
Audit & Compliance Committee Finance Committee Governance Committee Quality Committee	Board meeting	Compensation Committee Finance Committee Governance Committee Quality Committee

July	August	September
Board meeting		Audit & Compliance Committee Finance Committee Governance Committee Quality Committee

October	November	December
Board meeting	Annual board retreat	

Appendix 2.
Sample Quality Committee Meeting Agenda (2 hours)

1. Introductions, approval of minutes (5 minutes)
2. Patient story, illustrating data and/or issue to be reviewed in the meeting (5 minutes)
3. Review of progress toward strategic quality aims (40 minutes)
4. Exception report for any regulatory compliance issues that have arisen (20 minutes)
5. Review of new policies or other recommendations to the full board (30 minutes)
6. Other agenda items (15 minutes)
7. Meeting evaluation (5 minutes)

Appendix 3.
Sample Education Program
for Committees and the Board

Educational Topics by Meeting

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Board		A		D		E	F		G		I	
Finance	B		J		D			A	I		F	
Gov. and Nom.			J			E		J		H		
Community Benefit		C		B		C		J		E		A
Quality	D	I	C	B	D		A	J	H	F	E	
Strategic Planning	E,A			K,B			C,F			I,H		
Retreat/ Education Sessions	B,J*		K*	A,B,E,F, H, K				C*		C,D,G,I, J		
Annual Board Orientation	B, C, D,E,H, K											

Source: ©**ACCORD** LIMITED. All Rights Reserved.

A: **Value-Based Care**
B: **Fiduciary Duties**
C: **Mission Matters**
D: **Quality, Safety, Experience, and Equity**

E: **Strategic Direction**
F: **Clinical Workforce**
G: **Community Health & Advocacy**

H: **Regulatory & Compliance Matters**
I: **Cybersecurity**
J: **Advanced Governance**
K: **Leadership & Board Participation**

*Educational sessions held at usual monthly board meeting time.