

Board Committee Membership

WHO SHOULD SERVE ON WHICH COMMITTEE?

While determining the membership of your board committees is often more art than science, it pays to take a strategic approach.

- Each of your board members has specific skills, experiences, and interests that may match well with a specific committee. Keep this front of mind during the selection process.
- Ensure that your committee membership reflects the diversity of your board. This allows for varying perspectives and helps to ensure that all aspects of an issue or task receive adequate consideration.
- To develop individual board members' knowledge of the organization and board, occasionally rotate board members in and out of different committees.

It is also important to note there is no optimal committee size. It strongly depends on the purpose of the committee, scope of its work, and the size of the full board. A committee should always be small enough to keep all members thoroughly involved. Group dynamics can determine effective working relationships and consequently the size of the group.

The simple tool that follows is designed to help you with the committee selection process. It focuses on the five most common board committees. This does not mean that your board should have these five committees. Only ongoing board activities warrant a standing committee. Other activities are best addressed by time-limited task forces.



GOVERNANCE COMMITTEE

The governance committee’s main role is to institutionalize best practices in three areas: strategic board recruitment, effective board engagement, and intentional revitalization. This includes handling board self-assessment, board development, and ensuring the board is diverse.

Because the governance committee will, to an extent, perpetuate the board, its members should be both visionary and strategic as well as a microcosm of the board. The governance committee should include people who

- have a diverse range of backgrounds and a variety of experiences
- are active in the community and in a wide range of circles
- understand human dynamics and relationship building
- have experience with organizational development
- are respected by the board
- know the organization well
- are knowledgeable of good governance practices
- are willing to question present practices
- can leave personal agendas behind
- have experience in group performance evaluation

GOVERNANCE COMMITTEE

Governance Committee Charter: (Insert your committee charter here.)

Governance Committee Chair: _____

| Areas of Expertise/ Leadership Qualities | Current Committee Members | Potential Committee Members | Notes |
|---------------------------------------------|------------------------------|--------------------------------|-------|
| | A B C D E | A B C D E | |
| Human resource expertise | | | |
| Governance expertise | | | |
| Organizational development expertise | | | |
| Has community connections | | | |
| Well respected by board colleagues | | | |
| Knowledgeable of organization | | | |
| Other | | | |

DEVELOPMENT COMMITTEE

Because fundraising is such an important role for many governing boards, many boards choose to create a development committee. The development committee typically works with the board chair, the chief executive, and development staff to provide valuable input for developing the fundraising plan and engaging the entire board in fundraising. It goes without saying that every board member, including the development committee members, should make a meaningful personal contribution according to his or her means to the organization. By doing so, each member demonstrates his or her commitment and trust in the organization, which also enables him or her to function as a more credible fundraiser and inspire other donors.

The development committee should look for members who

- can communicate effectively and enthusiastically about the organization’s mission
- are knowledgeable about the organization and its community and constituencies
- have community connections and networks
- have good people skills and engaging personalities
- are comfortable talking about money and finances with others
- have access to individual, corporate, or foundation resources
- radiate confidence and trust
- have fundraising and/or marketing experience

| DEVELOPMENT COMMITTEE | | | |
|-----------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------|-------|
| Development Committee Charter: <i>(Insert your committee charter here.)</i> | | | |
| Development Committee Chair: _____ | | | |
| Areas of Expertise/ Leadership Qualities | Current Committee Members A B C D E | Potential Committee Members A B C D E | Notes |
| Fundraising experience | | | |
| Marketing experience | | | |
| Strong communications skills – writing and public speaking | | | |
| Financial management skills and experience | | | |
| Leadership skills | | | |
| Key community and constituency connections | | | |
| Other | | | |

FINANCE COMMITTEE

Some nonprofits have one finance committee that carries out all of the duties associated with financial oversight. Others have separate finance, audit, and investment committees. BoardSource recommends organizations that conduct an independent audit have a separate audit committee or task force for added accountability. Separate investment committees are needed when an organization accumulates sizable reserves, manages an important planned giving program, or has an endowment that requires special attention.

The core functions of the finance committee are to

- oversee organizational financial planning
- monitor that adequate funds are available for the organization
- safeguard organizational assets
- draft organizational fiscal policies
- anticipate financial problems
- ensure the board receives accurate and complete financial information for review
- help the rest of the board understand financial statements and the general financial situation of the organization
- make sure federal, state, and local reporting takes place
- sustain the committee itself

In general, staff prepare the budget and monitor income and expenditures on a daily basis. The finance committee provides oversight by reviewing financial statements and the budget and ensuring that the board’s policies and strategic priorities are reflected in the budget. When reviewing financial reports, the finance committee asks the questions, “Are we on track? If not, why not?” Even though some board members may be “afraid” to serve on the finance committee, you should consider asking all board members to serve at least one term on the finance committee. This allows them to optimize their knowledge about the organization’s finances and participate fully in financial oversight.

The finance committee should look for members who have experience in the following:

- Budgeting
- Real estate
- Investments
- Operating a business
- Banking
- Accounting, specifically knowledge of nonprofit accounting and GAAP (generally accepted accounting practices)

FINANCE COMMITTEE

Finance Committee Charter: (Insert your committee charter here.)

Finance Committee Chair: _____

| Areas of Expertise/ Leadership Qualities | Current Committee Members A B C D E | Potential Committee Members A B C D E | Notes |
|---------------------------------------------|-------------------------------------------|---------------------------------------------|-------|
| Financial planning experience | | | |
| Budgeting experience | | | |
| Real estate experience | | | |
| Investments experience | | | |
| Accounting experience | | | |
| Experience running a business | | | |
| Banking experience | | | |
| Attention to detail | | | |
| Willing to ask questions, raise flags | | | |
| Other | | | |

AUDIT COMMITTEE

The principal responsibilities of an audit committee are to manage the audit process, select the independent auditor, review the audit report with the auditor, present the report to the full board, use the independent auditor as an advisor, and ensure compliance with all reporting requirements.

In some smaller organizations, the finance committee takes on the duties of an audit committee. However, as a form of internal control, BoardSource recommends separating the audit from general financial oversight and suggests using another work group to oversee the audit. This helps ensure that those overseeing the process are objective and “independent” and free to make unbiased judgments about internal financial procedure.

It is also important to note that some states have laws that require some nonprofits to create and maintain an audit committee and that, if the organization also has a finance committee, it must be separate from the audit committee.

While the finance committee and audit committee should not have overlapping membership if at all possible, the experience and skills required for each committee are very similar. If, due to a limited number of board members, the committees must share members, it is strongly recommended that the same person not serve as the chair of both committees.

The audit committee should look for members who have experience in the following:

- Accounting
- Banking
- Investments
- Financial management

If you have a limited number of board members with this experience, it is acceptable for non-board members with this expertise to serve on the audit committee, as long as they do not participate in any formal deliberations and vote.

AUDIT COMMITTEE

Audit Committee Charter: *(Insert your committee charter here.)*

Audit Committee Chair: _____

| Areas of Expertise/ Leadership Qualities | Current Committee Members | Potential Committee Members | Notes |
|---------------------------------------------|------------------------------|--------------------------------|-------|
| | A B C D E | A B C D E | |
| Accounting experience | | | |
| Banking experience | | | |
| Investments experience | | | |
| Financial management experience | | | |
| Attention to detail | | | |
| Willing to ask questions, raise flags | | | |
| Other | | | |

EXECUTIVE COMMITTEE

The executive committee is a small group of board members — usually including the board chair, other officers, and the chief executive as an ex officio member — that often has the authority to make decisions on behalf of the full board. Committee chairs may also sit on the executive committee. Its overarching role, like the role of all committees, is to help the board do its work in the most efficient way. Its specific duties vary considerably from board to board and are largely dependent on the context of the board.

More and more boards are asking if they need an executive committee. Executive committees have been known to assume so much autonomy that they take over board decision making, leaving the rest of the board complacent, disengaged, or even alienated. Because of this, many boards responsibly choose to not have an executive committee.

Unlike other board committees, the executive committee's membership should be addressed in the organization's bylaws. As stated above, the list of members who may serve on the executive committee typically includes the board chair, other officers, committee chairs, and the chief executive in an ex officio role.

In general, executive committee members should be

- respected by the board
- know the organization well
- have no personal agendas
- have a diverse range of backgrounds and a variety of experiences

EXECUTIVE COMMITTEE

Executive Committee Charter: *(Insert your committee charter here.)* _____

Executive Committee Chair: _____

Executive Committee Membership as Stipulated in Bylaws: _____

| Board Position | Current Committee Members A B C D E | Notes |
|----------------|----------------------------------------|-------|
| | | |