



Fact Sheet: Establishing and Utilizing Committees

June 6, 2021

Committees – you can love ‘em or leave ‘em, especially if they are not serving any useful purpose and wasting people’s time. Committees are often viewed as inefficient and unproductive but are still one of the main tools for making decisions in most organizations.

People are a key ingredient in any committee. If your purpose can be accomplished by one or two people without a group, then you do not need a committee.

If your foundation is looking at establishing a committee here are a few best practices to consider before moving in this direction.

Why do you want to form a committee?

It’s important to be clear about the purpose of the committee and how this purpose will advance the mission and plans for the foundation. Spend some time developing a clear mandate as well as a description of the committee responsibilities. Answering the simple question “why do we want to form this committee” is a good place to start.

There should be a regular process to review a committee’s mandate and responsibilities. A good time to do this is upon the completion of the foundation’s strategic plan as the plan should identify any new goals which fall under a specific committee’s mandate. An example could be that the plan identified the need to review the foundation’s involvement in socially responsible investments. This would be delegated by the board to the Investment Committee.



Standing, Ad Hoc/Task Force or Advisory Committees

When you are considering creating a committee, it's important to understand to whom is it accountable? Generally, standing committees are accountable to the Board of Directors and include Finance and Audit, Investment, Nominating and Governance. These committees regularly provide recommendations to the Board for consideration and approval. Some organizations use Executive Committees which act on behalf of the board between board meetings. A cautionary note about Executive Committees: their scope of authority needs to be clearly identified so that they don't appear to usurp the Board's authority.

Ad hoc committees or task forces are created for very specific purposes and are generally time limited. These could report either to the Board or staff, depending on purpose. An example of a board task force could be where a foundation is considering a new initiative from CFC in an area where the local foundation is not currently working. A task force could be formed, made up of board and community members, with expertise around the new initiative. An example of a staff ad hoc committee could relate to securing a new integrated management system where the staff needs expert advice on understanding their foundation's needs and which system best meets these needs. These committees would be disbanded once their purpose is accomplished.

Advisory committees are just that – committees that provide advice to either the board or staff. Foundations have created advisory committees whose membership is only former board members who provide advice on an as needed basis. Staff have created marketing advisory committees who provide periodic advice relating to this area. What is important is that even advisory committees have a clearly defined purpose and responsibility.

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Recruiting members for committees

If the committee reports to the Board, it should be chaired by a board member and populated with people with related skills and expertise. Inviting non-board members onto these committees serves two purposes: brings additional skills to the committee and is an opportunity to develop new board members. It is also advisable that a staff member serves as an ex-officio or advisory member of every committee. The reason is that staff generally are responsible for



implementing the recommendations made by committees and have a valuable role to play in providing advice and putting the committee’s work into context.

Accountability and monitoring

Once the mandate and responsibilities have been identified, the committee’s accountability needs to be determined. Is the committee accountable to the board or the staff? How is that accountability going to be monitored, especially if the committee has time-limited or time-specific responsibilities? Some boards have put together an annual board agenda, which includes when certain committees report. The agenda helps to formalize monitoring of the work of the committee.

Committee	Frequency of reporting to board
Investment Committee	Quarterly
Finance and Audit Committee	Minimum three times a year (presentation of budget, semi-annual update on budget to actual, presentation of the annual audit)
Grants Committee	Within 2 months of grant deadlines
Governance Committee	Monthly to monitor policy development and review
Nominating Committee	Quarterly and increases based on recruitment process.
Ad Hoc Committees or Task Force	Based on committee mandate and reporting deadlines

Committee minutes also help to monitor the work of committees. Some boards have a standardized format for committee minutes, highlighting the action steps which need to be taken prior to the next meeting. It is recommended that, unless the committee requires specific direction of the board or has a recommendation to be made to the board, that the committee minutes form part of what is called a ‘consent agenda’ which contains items that are to only be received by the board with no action taken. Board meetings can really bog down when committee chairs review what was discussed at their meetings.

Role of the committee chair

An important skill for those who serve in the role of committee chair is effective planning. While the board provides the committee with its mandate and responsibilities, the committee chair



must keep the foundation's purpose, mission, and strategic direction in mind as the committee pursues its course. A committee chair must carefully plan an agenda, in partnership with staff, and send it out to the committee members in sufficient time for committee members to attend the meeting and to participate thoughtfully. Careful preparation on the committee chair's part will streamline the committee's work as they conduct investigations and perform research on the issues they need to tackle. The chair is also responsible for ensuring that any action items identified at meetings are carried out.

Committee Terms of Reference (TOR)

All of the above can be captured in a committee terms of reference. Headings for TOR should include:

- Committee name
- Purpose
- Membership
- Responsibilities
- Accountability

The following is an example of a TOR for a Finance and Audit Committee.

TERMS OF REFERENCE

FINANCE AND AUDIT COMMITTEE

Purpose:

To provide advice on the financial and audit responsibilities of the Board of Directors of _____ Community Foundation

Accountability and Responsibilities:

1. Responsible to the Board of Directors



2. Develops, maintains and ensures adherence to policies relating to financial management of the foundation (accounting, internal control, fund management, operations, etc.)
3. Reviews and recommends to the Board the operating budget for the fiscal year, annually at the November meeting, ensuring appropriate and sufficient resources are provided to accomplish the strategic goals for the organization.
4. Monitors the operating results compared to budget, reporting to the Board on the projected outcomes twice a year (May and September), including recommendations for any changes to be incorporated as a result of variances incurred.
5. Recommends to the Board the appointment of an auditor, which is then ratified by the members at the Annual General Meeting.
6. Reviews any significant recommendations made by the auditors for the strengthening of internal controls. Makes recommendations to the Board regarding the acceptance of the foundation's audited financial statements.
7. Reviews other matters referred to it by the Board.
8. Reviews the Terms of Reference annually and makes recommendations for revisions to the Board of Directors.

Membership:

1. The Chair of this committee shall be the Treasurer. The Board will appoint Committee members in consultation with the Committee Chair and Executive Director.
2. The Executive Director sits as an ex-officio member of this committee.
3. Members should include those with experience in finance and accounting.

Special responsibilities for 2021 based on strategic plan:

Issue an RFP for audit services and make recommendations to the board at the meeting prior to the AGM