

**Board Committees and  
Sample Terms of Reference**  
<For Reference Only>

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**[For reference only]**

### **a) Audit Committee**

The Audit Committee facilitates the external and internal audit of the organisation for the Board to obtain independent information about the organisation's activities. The Treasurer or Finance Committee Chairman should not concurrently chair the Audit Committee. The Audit Committee's responsibilities include the following:

- i. To oversee the financial reporting and disclosure process, and monitor the choice of accounting policies and principles.
- ii. To review the audit plans and reports of the external auditors and internal auditors, and considers the effectiveness of the actions taken by management on the auditors' recommendations.
- iii. To conduct periodic internal checks on key processes to ensure compliance with the established procedures, and report to the Board on the findings and recommendations for improvements.
- iv. To analyse and address the risks that are associated with the key processes.
- v. To oversee regulatory compliance and whistleblower guidelines (where applicable)
- vi. To report to the Board of any financial irregularities, concerns and opportunities.
- vii. To liaise with auditors on any significant matters arising.

### **b) Programme / Services Committee**

The Programme / Services Committee often comprises Board members who are most familiar with the approaches and operations of the organisation's programmes or services. Depending on its make-up and programmes, this committee's most common responsibilities are:

- i. To oversee new programme development, and to monitor and assess outcomes of existing programmes are in line with the vision, mission and objectives of the organisation;
- ii. To guide development of service delivery mechanisms;
- iii. To initiate and guide programme evaluations.

**c) Fund-raising Committee**

The Fund-raising Committee's task is not simply to raise money. Instead, it is responsible for overseeing the organisation's overall fund-raising and, in particular, the fund-raising done by the Board. To accomplish this, it has to undertake the following responsibilities:

- i. To work with staff to establish a fund-raising plan that incorporates a series of appropriate vehicles, such as special events, direct mail, fund-raising campaigns, etc;
- ii. To work with fund-raising staff in their efforts to raise money;
- iii. To identify and solicit funds from external sources of support;
- iv. To take the lead in certain types of outreach efforts, such as chairing a dinner/dance committee or hosting fund-raising parties, etc;
- v. To be responsible for involvement of all Board members in fund-raising, such as having Board members themselves make some monetary contributions, and
- vi. To monitor fund-raising efforts to be sure that ethical practices are in place, that donors are acknowledged appropriately, and that fund-raising efforts are cost-effective.

**d) Appointment / Nomination Committee**

In some ways the most influential of all the committees, the Committee (sometimes called the Nominating Committee/ Governance Committee) is responsible for the general affairs of the Board. While the specific tasks of this committee vary greatly from organisation to organisation, they usually include some or all of the following responsibilities:

- i. Reviews the composition of the Board annually to ensure that the Board has an appropriate balance of independent Board members and

to ensure an appropriate balance of expertise, skills, attributes and ability among the Board members.

- ii. Identifies potential board member candidates and explores their interest and availability for board service;
- iii. Nominates individual to be elected as members of the board;
- iv. Takes the lead in succession planning
- v. Nominates board members for election as board officers;
- vi. Designs and oversees a process of board orientation.

**e) Human Resource Committee**

The functions of the HR Committee include drafting and/or revising personnel policies for Board approval, reviewing job descriptions, establishing a salary structure, and annually reviewing staff salaries, and reviewing the benefits package. It is also tasked in guiding development, review and authorisation of HR policies and procedures.

In some organisations the Board's HR Committee also acts as a grievance Board for employee complaints. Since difficulties can arise if many less serious complaints are brought directly to the Board rather than to the staff's direct supervisor, it is preferable for the HR committee to act only on formal written grievances against the executive director or when an employee formally appeals a decision by the executive director to the Board.

**f) Investment Committee**

To direct and monitor the investment of the assets of the charity for the sole interest of the beneficiaries. The Committee is to discharge its duties with due care, skill and diligence as a prudent investor would under natural circumstances.

The specific responsibilities of the Committee include the following functions:

- i. Determine the charity's financial needs and work with the investment managers to ensure that those needs can be met by cash flows derived from operations, new donations and investments.
- ii. Determine the charity's risk tolerance and investment time horizon in consultation with the Board, together with input from the investment consultant.

- iii. Ensure that the investment objectives, policies, and guidelines are consistent and appropriate.
- iv. Evaluate the performance of the investment manager on a regular basis to ensure that policy guidelines are followed
- v. Develop policies and processes including KPIs relating to the hiring and termination of the investment consultant and managers.
- vi. Review the asset allocation on a yearly basis with the help of the investment consultant to ensure that the allocations are appropriate given a change in the investment environment and/ or needs of the organisation.
- vii. Report on the investment performance and financial condition of the Fund to the Board on a half-yearly basis.

#### **Other Additional Committees:**

##### **a) Executive Committee (EXCO)**

An organisation with a large Board forms an Executive Committee, which is a smaller group that meets more frequently than the full Board. Some EXCOs comprise the Board officers; others include committee chairs; and some choose other configurations, such as the Board officers and the Fund-raising Committee chair. The EXCO oversees the operations of the Board, often acts on behalf of the Board during on-demand activities that occur between the meetings, that are later presented for full Board review. The EXCO also often performs the evaluation of the executive director (McNamara C, 1999).

A risk with Executive Committees is that they may take over decision-making for the Board, and other Board members will feel they are only there to rubber stamp decisions made by the EXCO.

##### **b) Finance Committee**

The Finance Committee (sometimes known as Budget and Finance Committee) is often led by the Board treasurer. The committee's tasks are as follows:

- i. To review budgets initially prepared by staff, to help develop appropriate procedures for budget preparations, and on a consistency between the budget and the organisation's plans;
- ii. To ensure regular and accurate monitoring and accountability for funds and report to the Board on any financial irregularities and concerns;
- iii. To recommend financial guidelines to the Board (such as to establish a reserve fund or to obtain a line of credit for a specified amount);
- iv. To work with staff to design financial reports and ensure that reports are accurate and timely;
- v. To oversee short and long-term investments, unless there is a separate investments committee;
- vi. To advise the executive director and other appropriate staff on financial priorities and information systems, depending on committee member expertise.

**c) Public Relations/ Corporate Communications Committee**

The functions of the Public Relations Committee are as follows:

- i. To represent the organisation to the community;
- ii. To enhance the organisation's public image;
- iii. To review and recommend public education strategies to serve the objectives of the organisation; and
- iv. To act as resource persons, and advise on public and media relations.

**d) Public Policy Committee**

Organisations whose mission includes public policy or education may create a public policy committee that stays informed on relevant matters and brings proposals to the table for a Board position or an organisational activity.