Creating Terms of Reference for Not-for-Profit Board Committees

The use of committees or task groups by non-profit boards is a common practice. Committees can be useful for drafting board policies, studying an issue, taking on a project or organizing an event. Committees are valuable mechanisms for involving people, tapping into specific expertise, sharing the work, ensuring that different perspectives are incorporated and for cultivating volunteer leaders.

Generally, it is the board's responsibility to develop and/or approve the committee's terms of reference. Committee members may participate in the process of drafting the terms but the final approval of the terms of reference should remain with the board.

Below we offer some suggestions on the key elements of the committee terms of reference followed by an example. It is probably not a good idea to let a committee determine its own terms of reference. It is the board's responsibility to develop and/or approve the committee's terms of reference. Even if the suggestions below are more detailed than your board needs, take some time to determine what the committee should do in advance.

This resource is focused on the components of a written terms of reference (mandate or instructions) for the committee, the determination of its structure and the function of the group as established by the board and/or the committee itself.

1. NAME OF GROUP AND TYPE OF COMMITTEE

What is the name of the committee or group and what type of committee is it?

There are both *standing* or *ad hoc* committees. The former are ones that are a formal and a permanent part of the governance structure. The latter are created for a special purpose or project and are set up to work for a specific time period. Standing committees are often described in the organization's by-laws

It is often useful to use terms other than "committee" to describe an ad hoc group established by the board for a short-term project. The terms: task group, project team, or task force are good alternatives.

Organizations should distinguish between committees established to help the board do its work, committees set up to advise the CEO on an ongoing basis, and committees that focus on areas of joint board-CEO responsibility. A *board recruitment or nominations committee* falls into the first category, a *standing HR committee* often falls into the second and a *strategic planning or fundraising committee* falls into the third category. Committees whose prime purpose is the creation and/or review of policies typically fall into the first category. Some organizations refer to them as a governance committees.

2. PURPOSE

It is essential to state the purpose or role of the committee or task group. Beyond its title, what is it set up to do? A statement of purpose can be a statement that captures some of its likely activities. In other words what will its work involve? Likely it will be some combination of research, review, investigation, study, consultation, deliberation, planning and organization.

3. GOALS OR DELIVERABLES

The terms of reference should identify specific goals for the committee, perhaps identified with bullet points. These goals might include:

- ❏ Make a recommendation(s)
- ❏ Develop options for action
- ❏ Plan and organize an event

4. TIME FRAME OR SCHEDULE

It is a very good idea, even if the committee is a permanent part of the board's structure, to provide a time frame or schedule for its work. There is evidence that a task group works better when there are some deadlines to meet.

In terms of standing committees, when and what is to be reported on may be included in the terms of reference. The board calendar can also serve as a schedule and may be included with the terms of reference. Committees should consider developing their own work calendar if they have a number of significant deliverables

5. AUTHORITY & DECISION-MAKING

The authority of the committee or task group is probably the most important element in creating the terms of reference. It is not always clear what is meant by stating that the 'committee reports to the board". Does this mean that it keeps the board informed or that its work cannot be acted upon without board approval. Usually it is the latter.

- ❏ The Committee's work or recommendations must be approved by, and possibly acted upon by the Board
- ❏ The Committee is empowered by the Board to advise or act on its behalf

If the Committee is empowered to make decisions, are they expected to decide by a vote if there is no consensus? It is also important to be clear whether the committee's work:

- ❏ Has any financial or resource implications
- ❏ Is independent of other parts of the organization or should do its work in consultation
- ❏ Will involve activities with persons or organizations outside the host organization and, if so, does this constitute interacting with external stakeholders or publics that may have reputational impacts?

6. SCOPE OR JURISDICTION

What are the boundaries of its work? What issues do they need to address and what is outside their area of concern? What are central and what are secondary concerns?

7. SIZE, COMPOSITION AND TERMS OF MEMBERSHIP

Indicate at least the minimal size of the committee and if it is to be made up of only board members, board members and staff, or board members and volunteers.

If the board chair and/or the CEO are to be members, are they expected to attend or just be kept informed (e.g. receive meeting notes). If either is a regular member, what role are they expected to play? Is it assumed that the board chair will also be the committee chair? Is there an expectation that the CEO will organize and prepare for the meetings? If so how much will it add to the CEO's work?

Will other staff be involved as members and will they be voting or non-voting members?

Also, if it is a standing committee, what is the term of the members and will they, or the whole board be responsible for replacing members.

8. MEETINGS AND RECORDS

For standing committees, it may be important to specify a minimum number of meetings a year that are expected. For task groups, this decision is probably best left to the task group.

There should be some requirement for meeting notes as well as their distribution and storage. A nominations committee, for example, could develop or add to a file that indicates the names of possible candidates, whether and when they have been contacted and whether they are interested in future board service. If there is to be a file documenting the group's work for future purposes, where will it be kept?

9. RESOURCES AND BUDGET

Another potentially important provision may be to indicate if the committee has a budget to work with and/or if it has some financial discretion?

Also is it permitted to make demands on staff time, and, if so, how much is reasonable?

10. ENABLING OR CONSTRAINING FACTORS

It is important to know if there are any boundaries within which the committee must work. Certainly the by-laws should be consulted to help understand some of the organizational constraints. Other factors may include the mandates of other committees and the priorities identified in the strategic plan, A committee's work might be also be constrained by external laws and standards such as Imagine Canada's ethical fundraising and financial accountability code.

Terms of Reference
ASSOCIATION FUNDRAISING COMMITTEE

Purpose:

The Fundraising Committee assists the Association in the planning, coordination and implementation of all fundraising activities in support of its programs, projects and activities. Fundraising in this context refers to revenue raising events, charitable donations from individuals and organizations and operational grants. Fundraising does not include monies paid to deliver a contractual service.

Type of Committee:

The Fundraising committee is Standing Committee of the Board.

Committee Objectives:

- Develops two-year fundraising strategy for the Association that includes financial goals, likely sources of fundraising revenue and identifies responsibility (staff and volunteers) for each area
- Identifies and recommends any ethical considerations or principles that need to be adopted
- Implements, monitors and evaluates the fundraising strategy once it is adopted
- Identifies and maintains a list of existing and potential event sponsors and program donors and tracks appeals
- Facilitates the development of project proposals by staff to submit to potential event sponsors and donors
- Assumes the lead for one key fundraising event annually such as the annual fundraising dinner
- Oversees interactions with sponsors and funders including obtaining funds or in-kind services, thanking the sponsors and funders in writing and acknowledging sponsors and funders at board meetings, special events, the AGM and on the website

Committee Authority:

The fundraising plan developed by the Committee must be approved by the Board. With such approval the Committee is empowered to act to make the plan a reality but such approval does not enable it to direct staff.

Committee Composition:

The Committee should be made up of at least three members of the Board and two members of staff with program leadership responsibilities. Up to two volunteers with fundraising experience may also be invited to join and one of these may also serve as Chair. In the event the committee cannot reach consensus on a course of action and a vote is to be taken, each member will have one vote.

The Committee may establish an organizing sub-group for special events that includes other Board members. This event group shall report to the Committee.

Committee Budget

The committee will identify its fundraising goals in terms of gross and net revenues as well as create a budget outlining expected fundraising expenses including committee costs, if any.

Meetings:

The Committee will meet at least four times a year and notes or minutes of their meetings shall be kept.

Reporting Relationship:

The Committee will be report to the Board at least twice a year with one report focusing on fundraising goals, strategies and potential donors, and the second on progress and results.