



SAMPLE COMMITTEE CHARTER: FINANCE COMMITTEE/INVESTMENT SUBCOMMITTEE

Overall Roles and Responsibilities

The committee is responsible for recommending financial policies, goals, and budgets that support the mission, values, and strategic goals of the organization. The committee also reviews the organization's financial performance against its goals and proposes major transactions and programs to the board.

Responsibilities

The finance committee's specific responsibilities include:

- Recommending policies that maintain and improve the financial health and integrity of the organization.
- Reviewing and recommending a long-range financial plan for the organization.
- Reviewing and recommending an annual operating budget and annual capital budget consistent with the long-range financial plan and financial policies.
- Reviewing and recommending capital expenditures and unbudgeted operating expenditures that exceed management's spending authority.
- Reviewing and approving capital expenditures and unbudgeted operating expenses that, per board-approved policy, are above management's authority but below the threshold required for board approval.
- Reviewing the financial aspects of major proposed transactions, new programs and services, as well as proposals to discontinue programs or services, and making action recommendations to the board.
- Monitoring the financial performance of the organization as a whole and its major subsidiary organizations or business lines against approved budgets, long-term trends, and industry benchmarks.
- Requiring and monitoring corrective actions to bring the organization into compliance with its budget and other financial targets.

If the Finance Committee or a subcommittee also has responsibility for audit oversight, insert those responsibilities here. See the sample charter for the Audit and Corporate Compliance Committee.

If the Finance Committee or a subcommittee also has responsibility for investment oversight, add:

- Recommending to the board policies governing investments and pension plans.
- Approving the selection of independent investment advisers and managers.
- Reviewing reports from independent investment advisers and managers.

- Reviewing and reporting to the board annually on investment and benefit plan performance.

Meetings

The committee meets at least four times a year, or when necessary at the call of the committee chairperson. Meeting dates and times should be specified a year in advance.

Members

The committee charter should include a list of the members assigned to this committee as well as the staff who support the committee.

The committee should seek members with backgrounds in finance, accounting, business, investment management, executive leadership, and business ownership.

Reports

The committee will receive and review the following reports:

- Monthly, quarterly, and annual financial statements
- Investment reports
- Payer trend reports
- Key financial ratios
- Key operating benchmarks
- Financial contributions of physicians by specialty
- Service line profit and loss
- Healthcare reimbursement changes

Annual Committee Goals

The finance committee will establish goals each year specifying its principal work focus areas for the coming year. Typical examples might include:

- Becoming more educated about consumer-directed health plans.
- Developing a long-range capital plan integrated with the organization's strategic plan.
- Reviewing divisional or product line profitability.
- Developing criteria for evaluating proposals for new business ventures and acquisitions.
- Reviewing investment reports to see each how manager and each category of investments performed versus benchmarks. Evaluating asset allocation.

- Reviewing the financial plan in relation to long-range strategic targets. Making adjustments to the financial plan based on operating margins, investment performance, and whether performance is consistent with the organization's strategic planning horizon.



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