Governance quality has a significant impact on __[organization name]___ performance and its ability to improve the community’s health status. Governance is important work; in order to be done effectively and efficiently, it must be grounded on explicit/precise specifications of board obligations, responsibilities and roles.

Our board’s ultimate obligation is to ensure __[organization name]___ resources and capacities are deployed in ways that: advance and protect community stakeholder interests; and fulfill their expectations/needs. To serve as the agent of stakeholders and add value to __[organization name]___ on their behalf, we: formulate policy (convey expectations, direct and guide), make decisions requiring board action and oversee (monitor and assess) __[organization name]___ ends, executive performance, quality and finances. The nature of our board’s work is defined by these four responsibilities and three roles.
Our board is responsible for determining __[organization name]___ ends. To fulfill this responsibility we:

✓ formulate __[organization name]___ vision/mission;

✓ specify goals that, if accomplished, lead to the vision/mission being fulfilled; and

✓ ensure strategies developed by management are aligned with, and will lead to achieving, goals and the vision/mission.

The President/CEO is the only employee directly accountable to our board. Our board is responsible for ensuring high levels of executive performance. To fulfill this responsibility we:

✓ recruit and select the President/CEO;

✓ specify his/her performance objectives;

✓ assess his/her performance and contributions;

✓ adjust his/her compensation and bonus distribution; and

✓ should the need arise, terminate his/her employment with the organization.

Subject to its directives and oversight, our board delegates all management functions and authority to the President/CEO.

Our board is responsible for ensuring the quality of care provided in, and by, __[organization name]__. To fulfill this responsibility we:

✓ specify quality (clinical, patient safety and customer service) objectives;

✓ appoint, reappoint and determine privileges of medical staff members;
ensure that necessary quality monitoring/assessment systems are in place and functioning effectively;

specify metrics/standards and employ them to assess the quality of care provided; and

if the quality of care does not meet standards, expect management and/or the medical staff to develop action plans to correct deficiencies.

Our board is responsible for ___[organization name]___ financial performance and health, protecting and enhancing the community’s investment in it. To fulfill this responsibility we:

specify financial objectives;

review management’s financial plans, making sure they are aligned with financial objectives in addition to ___[organization name]___ vision/mission, goals and strategies;

ensure ___[organization name]___ credit worthiness;

ensure ___[organization name]___ effectively allocates capital across competing projects;

monitor and assess ___[organization name]___ financial performance/outcomes;

expect management to develop corrective action plans if financial performance and outcomes do not meet standards;

ensure necessary internal financial/compliance controls are in place; and
ensure financial statements fairly and fully reflect __[organization name]___ financial condition.

Additionally, our board is responsible for its own effectiveness and efficiency. We: consciously design board functioning, structure, composition and infrastructure; and continually monitor our performance and contributions.

NOTES:

A charter specifies the nature of a board’s obligations, responsibilities and roles; the “why,” “what” and “how” aspects governing. This illustrative charter is crafted for a free-standing hospital board based on current best practices. Other Center Tools provide illustrative charters for: a healthcare system parent board; and the board of a subsidiary hospital in a health system.

This is an illustration. It is provided as a template, and point of departure, for your board’s discussion and formulation of its own charter. A charter, to be reflective of your board and how it chooses to go about its work, must be custom-crafted.

This board charter provides a foundation and framework for other CHG Tools including: governing principles, director position charter, standing committee charters, protocols and polices.

The charter is based on a model of healthcare organization governance forwarded in Board Work by Dennis Pointer and James Orlikoff (Jossey-Bass, 1999). For information regarding, or to order, this publication, visit www.americangovernance.com.