Investment Committee Governance Framework

Essentials checklist. Nine dimensions of committee governance, each scored one to four. A lifecycle self-assessment and member onboarding tool for foundation and endowment investment committees.

> Score every dimension for a routine annual review. For an event-triggered check, score only the dimensions named on page 3. Answer as the committee actually operates, not as the charter describes it — the score is only useful if it is honest. Circle or tick one box per dimension and carry the number to the right-hand score box.

1 BENCHMARKING AND OBJECTIVE-SETTING

SCORE ☐

How does the committee frame investment performance?

- ☐ 1 Performance is discussed relative to peer institutions or a market index first
- ☐ 2 A policy benchmark exists, but the conversation still starts with peer or market comparisons
- ☐ 3 The conversation starts with the policy benchmark, reviewed on a rolling multi-year basis
- ☐ 4 The conversation starts with an absolute objective — CPI plus a spread sufficient to sustain spending — then moves to the policy benchmark, then to peers

ROUTINE REVIEW. EVENT-TRIGGERED BY SUSTAINED UNDERPERFORMANCE OR A MANAGER TERMINATION PROPOSAL.

2 PURCHASING POWER PRESERVATION

SCORE ☐

How is the endowment's real, inflation-adjusted purchasing power tracked?

- ☐ 1 Isn't something the committee looks at
- ☐ 2 Comes up occasionally, without a set metric
- ☐ 3 Is tracked annually against a defined target
- ☐ 4 Is tracked annually and reviewed over a multi-year window

ROUTINE REVIEW.

3 RISK AND LIQUIDITY GOVERNANCE

SCORE ☐

How does the committee monitor concentration and liquidity risk relative to spending needs?

- ☐ 1 Not formally monitored; the committee learns about liquidity strain when it happens
- ☐ 2 Reviewed occasionally, without defined limits
- ☐ 3 Defined concentration guardrails exist — by manager, asset class and geography — and are checked periodically
- ☐ 4 Defined guardrails exist, liquidity is forecast on a rolling 12-to-24-month basis, and the portfolio has been stress-tested against a historical drawdown

ROUTINE REVIEW. EVENT-TRIGGERED BY MARKET STRESS OR A DRAWDOWN.

4 MANAGER OVERSIGHT AND DECISION DISCIPLINE

SCORE ☐

When a manager has underperformed or a termination is being discussed, how does the committee decide?

- ☐ 1 The manager is terminated on performance alone
- ☐ 2 The discussion is informal, without a documented rationale either way
- ☐ 3 The committee tests the decision against defined conditions — style drift, organizational instability, loss of differentiation — documents the rationale, and may place the manager on a defined watch status
- ☐ 4 The committee applies that test, documents the rationale, sets a review timeline for any watch status, and asks explicitly whether it would hire this manager today, knowing what it knows now, before deciding

ROUTINE REVIEW. EVENT-TRIGGERED BY UNDERPERFORMANCE OR A TERMINATION PROPOSAL.

5 GOVERNANCE SELF-ASSESSMENT

SCORE

Is the committee's own performance, separate from the portfolio's, formally evaluated?

- 1 Never
- 2 Informally, if a member happens to raise it
- 3 Yes, on a documented but inconsistently applied basis
- 4 Yes, on a documented, regularly scheduled basis, distinct from the portfolio review

ROUTINE REVIEW. ONBOARDING, WITHIN A NEW MEMBER'S FIRST TWO MEETINGS. EVENT-TRIGGERED BY A PROPOSED SPENDING POLICY EXCEPTION. THIS IS THE TRIGGER QUESTION FOR THE ONBOARDING TOOL OVERLEAF.

6 MISSION ALIGNMENT

SCORE

Does the committee have visibility into whether portfolio decisions support or work against the institution's programmatic mission?

- 1 Isn't something the committee discusses
- 2 Comes up occasionally, without follow-up
- 3 Is a standing agenda item
- 4 Is a standing agenda item with a named owner

ROUTINE REVIEW.

7 BEHAVIORAL DISCIPLINE

SCORE

During periods of market stress or sustained pressure to act, how does the committee manage its own reaction?

- 1 Reporting frequency and reactions increase with market noise; decisions often follow the loudest recent data point
- 2 The committee is aware of this tendency but has no defined practice to counteract it
- 3 The committee asks a defined set of questions before acting — such as whether it is building for 12 months or 12 years
- 4 The committee has a documented practice for slowing decisions under stress — reduced reporting frequency, or a pre-agreed set of questions — and used it in the last such event

EVENT-TRIGGERED BY MARKET STRESS, OR BY A MANAGER UNDERPERFORMANCE AND TERMINATION REVIEW. ROUTINE REVIEW, AS A STANDING DISCUSSION.

8 COMMITTED ACTION AND FOLLOW-THROUGH

SCORE

The last governance gap the committee identified was —

- 1 Discussed and left there
- 2 Given a general intention, with no owner or date
- 3 Assigned to someone, without a deadline
- 4 Assigned to someone, with a deadline, and tracked to completion

ROUTINE REVIEW.

9 SPENDING SUSTAINABILITY

SCORE

How does the committee monitor its spending rate relative to policy?

- 1 Only the stated policy rate is tracked; the effective rate — actual distributions divided by current market value — is not calculated
- 2 The effective rate is noted occasionally, with no defined response if it drifts from the stated policy rate
- 3 The effective rate is calculated annually and compared to the stated policy rate
- 4 The effective rate is calculated annually, compared to the stated policy rate, and any sustained gap between the two triggers a documented board-level conversation

ROUTINE REVIEW. EVENT-TRIGGERED BY A PROPOSED SPENDING POLICY EXCEPTION.

Scoring key — routine annual use

TOTAL SCORE ______ / 36

Add the nine dimension scores together for a total between 9 and 36. Compare it to last year's total, not to another institution's.

RANGE	STAGE	WHAT IT MEANS	RECOMMENDED NEXT STEP
9–15	Return-Anchored	Evaluation stops at benchmark or peer comparison; little formal self-assessment.	Put governance self-assessment on the agenda as its own item, separate from the portfolio review, and adopt an absolute objective before the next IPS review.
16–22	Emerging	Some dimensions tracked, inconsistently, mostly reactive.	Pick the two lowest-scoring dimensions and assign each an owner and a date.
23–29	Developing	Most dimensions formally tracked; behavioral discipline or mission alignment lag.	Add a durability question set to the standing agenda and name an owner for mission alignment.
30–36	Integrated	Fully tracked, reconciled, and used at the right trigger points.	Formalize this framework as a standing annual review, and confirm the selection and onboarding tool is used for every new member and chair.

When to use this framework

STAGE	WHEN	WHAT APPLIES
Formation	The committee is newly established and the IPS is being drafted	All nine, once, to set a baseline. Score 1, 4, 7 and 8 against the founding IPS and charter rather than institutional history; rescore at the first routine review.
Routine review	Annually, at a fixed point in the governance calendar, ahead of the IPS review	All nine. Compare the total to the prior year.
New chair or member	Any time a chair or voting member changes	Run the selection and onboarding tool below before the member's first vote; revisit Dimension 5 within their first two meetings.
Manager underperformance or termination	Sustained underperformance, or a proposal to exit a manager	Revisit Dimensions 1, 4 and 7.
Market stress or drawdown	A market shock or drawdown event	Revisit Dimensions 3 and 7.
Spending policy exception	A proposed deviation from the approved spending rate	Revisit Dimensions 5 and 9.

Event-triggered scoring. Score only the dimensions named for the event in question, on the same one-to-four scale. There is no separate numeric band for a partial set. Two or more answers at (1) or (2) among the dimensions in play indicates the event reflects an existing governance gap, not just a market or manager event — a signal to bring the next full routine review forward rather than wait for its scheduled date. A run of (3) and (4) answers indicates the governance structure held up under the event; what remains open is the event itself, not the committee's oversight of it.

Committee selection and onboarding

Structure

- **Size:** five to nine voting members — enough to bring a range of expertise and perspective to bear, small enough for substantive discussion and clear accountability.
- **Tenure:** staggered, fixed terms balancing institutional knowledge — continuity in manager relationships and policy history — against periodically introducing new perspective.

Selection criteria

- A complementary skillset to the existing committee, rather than a duplicate of expertise already represented.
- A willingness to sit with an owner's mindset rather than a purely advisory one.
- Demonstrated independent judgment, including comfort dissenting from an emerging consensus.
- Sourced beyond the institution's existing network, to widen the range of perspective and background at the table.

Onboarding checklist

COMPLETE BEFORE THE MEMBER'S FIRST VOTE

- [ ] The current IPS and the most recent annual review.
- [ ] Minutes from the prior four to six meetings.
- [ ] The current manager roster, with the rationale for each: why hired, and any watch-status history under Dimension 4.
- [ ] The most recent governance self-assessment score and any open action items.
- [ ] A one-on-one with the chair covering unwritten context: past deviations from policy and why, any manager currently on watch status, and the committee's stated absolute objective.
- [ ] **For a new chair specifically:** a review of facilitation norms, including how dissent is invited and how the Dimension 4 hire-today test has been applied historically, plus any outstanding Dimension 8 follow-through items.

Individual member evaluation

Separate from the committee-wide score. Typically part of a governance self-assessment cycle or a chair review; can be scored 1 to 4 per item or discussed narratively.

- [ ] **Preparation and engagement** Comes to meetings having reviewed materials; asks questions grounded in them.
- [ ] **Independent judgment** Has, on at least one occasion, voiced disagreement with an emerging consensus, and had it documented.
- [ ] **Subject-matter contribution** Brings expertise or perspective the rest of the committee does not already have.
- [ ] **Follow-through** Owns and closes assigned action items on schedule.

Low or declining scores across two consecutive cycles are a prompt for a composition conversation between the chair and the member. They are not an automatic step toward removal.

Run it with us in the room

Self-assessment tells you where the gaps are. It does not tell you what a committee that closed them actually did differently. Crewcial Partners has advised non-profit institutions since 1980.

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