



CHARITABLE FUNDS COMMITTEE

TERMS OF REFERENCE

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CHARITABLE FUNDS COMMITTEE

1. Introduction

- 1.1 The Hywel Dda University Local Health Board's standing orders provide that "*The Board may and, where directed by the Welsh Government must, appoint Committees of the UHB either to undertake specific functions on the Board's behalf or to provide advice and assurance to the Board in the exercise of its functions. The Board's commitment to openness and transparency in the conduct of all its business extends equally to the work carried out on its behalf by committees*".
- 1.2 In accordance with the Standing Orders (and the UHB's Scheme of Delegation), the Board has nominated a Committee to be known as the Charitable Funds Committee (the Committee). The detailed terms of reference and operating arrangements set by the Board in respect of this Committee are set out below.

2. Constitution

- 2.1 Hywel Dda University Local Health Board was appointed as corporate trustee of the charitable funds by virtue of Statutory Instrument 2009 No. 778 (W.66) and that its Board serves as its agent in the administration of the charitable funds held by the UHB.
- 2.2 The Committee has been established as a Committee of the Hywel Dda University Local Health Board (HDDUHB) and constituted from 22nd July 2010.

3. Membership

- 3.1 The membership of the Committee, acting as representatives of the Corporate Trustee, shall comprise of the following:

Member
Independent Member (Chair)
Independent Member (Vice-Chair)
4 x Independent Members
Chief Executive
Executive Director of Finance
Director of Partnerships and Corporate Services (Lead Director) for Hywel Dda Health Charities

The following should attend Committee meetings:

In Attendance
Assistant Director of Finance (Finance Systems and Statutory Reporting)
Senior Finance Business Partner (Accounting & Statutory and Reporting)
Deputy Director of Operations
Head of Hywel Dda Health Charities
Staff Side Representative

- 3.2 A standing invitation is extended for a representative of the Hywel Dda Community Health Council to attend in an observer capacity.
- 3.3 Membership of the Committee will be reviewed on an annual basis.

4. Quorum and Attendance

- 4.1 A quorum shall consist of no less than four of the membership and must include as a minimum the Chair or Vice Chair of the Committee, and one other Independent Member, as well as the Executive Director of Finance and the Lead for Hywel Dda Health Charities (or their suitably briefed deputies).
- 4.2 The membership of the Committee shall be determined by the Board of the Corporate Trustee (HDdUHB), based on the recommendation of the UHB Chair, taking into account the balance of skills and expertise necessary to deliver the Committee's remit and subject to any specific requirements or directions made by the Welsh Government.
- 4.3 Any senior officer of the UHB or partner organisation may, where appropriate, be invited to attend, for either all or part of a meeting to assist with discussions on a particular matter.
- 4.4 The Committee may also co-opt additional independent external 'experts' from outside the organisation to provide specialist skills.
- 4.5 The Chairman of the UHB reserves the right to attend any of the Committee's meetings as an ex officio member.
- 4.6 Should any officer member be unavailable to attend, they may nominate a deputy with full voting rights to attend in their place, subject to the agreement of the Chair.
- 4.7 The Head of Internal Audit shall have unrestricted and confidential access to the Chair of the Charitable Funds Committee.
- 4.8 The Committee will invite External Audit to attend once a year to provide the Committee with assurance on processes and end of year accounts.
- 4.9 The Committee may also extend the membership to include independent members outside of the Board (e.g. a nomination from Stakeholder Reference Group).
- 4.10 The Chair of the Charitable Funds Committee shall have reasonable access to Executive Directors and other relevant senior staff.
- 4.11 The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

5. Purpose

The purpose of the Charitable Funds Committee is:

- 5.1 To make and monitor arrangements for the control and management of the Board's Charitable Funds, within the budget, priorities and spending criteria determined by the Board and consistent with the legislative framework.
- 5.2 To provide assurance to the Board in its role as corporate trustees of the charitable funds held and administered by the Health Board.
- 5.3 To agree issues to be escalated to the Board with recommendations for action.

6. Key Responsibilities

The Charitable Funds Committee shall:

- 6.1 Within the budget, priorities and spending criteria determined by the UHB as trustee, and consistent with the requirements of the Charities Act 2011 (or any modification of these acts), to apply the charitable funds in accordance with its respective governing documents.
- 6.2 To devise, implement and approve appropriate procedures and policies to ensure that fundraising and accounting systems are robust, donations are received and coded as instructed and that all expenditure is reasonable, clinically and ethically appropriate.
- 6.3 To ensure that the UHB policies and procedures for charitable funds investments are followed.
- 6.4 In addition, to make decisions involving the sound investment of charitable funds in a way that both preserves their value and produces a proper return consistent with prudent investment and ensuring compliance with:
 - 6.4.1 Trustee Act 2000
 - 6.4.2 The Charities Act 2011
 - 6.4.3 Terms of the fund's governing documents
- 6.5 To receive at least twice a year reports for ratification from the Executive Director of Finance, and investment decisions and action taken through delegated powers upon the advice of the UHB's investment adviser.
- 6.6 To oversee and monitor the functions performed by the Executive Director of Finance as defined in the UHB's Standing Financial Instructions.
- 6.7 To monitor the progress of Charitable Appeal Funds where these are in place and considered to be material.
- 6.8 To monitor and review the UHB's scheme of delegation for Charitable Funds expenditure and to set and reflect in Financial Procedures the approved delegated limits for expenditure from Charitable Funds.

- 6.9 Overseeing the day to day management of the investments of the charitable funds in accordance with the investment strategy set down from time to time by the Trustees, and in accordance with the requirements of the UHB's Standing Financial Instructions.
- 6.10 The appointment of an Investment Manager (where appropriate) to advise it on investment matters and the delegation of day-to-day management of some or all of the investments to that Investment Manager. The Investment Manager, if appointed, must actively manage the charitable fund on behalf of Trustees. In exercising this power, the Committee must ensure that:
- 6.10.1 The scope of the power delegated is clearly set out in writing and communicated with the person or persons who will exercise it;
 - 6.10.2 There are in place adequate internal controls and procedures which will ensure that the power is being exercised properly and prudently;
 - 6.10.3 The performance of the person or persons exercising the delegated power is regularly reviewed;
 - 6.10.4 Where an investment manager is appointed, that the person is regulated under the Financial Services Act 1986;
 - 6.10.5 Acquisitions or disposal of a material nature outside the terms of agreement must always have written authority of the Committee or the Chair of the Committee in conjunction with the Executive Director of Finance.
- 6.11 Ensuring that the banking arrangements for the charitable funds should be kept entirely distinct from the UHB's NHS funds.
- 6.12 Ensuring that arrangements are in place to maintain current account balances at minimum operational levels consistent with meeting expenditure obligations, the balance of funds being invested in interest bearing deposit accounts.
- 6.13 The amount to be invested or redeemed from the sale of investments shall have regard to the requirements for immediate and future expenditure commitments.
- 6.14 The operation of an investment pool when this is considered appropriate to the charity in accordance with charity law and the directions and guidance of the Charity Commission. The Committee shall propose the basis to the UHB Board for applying accrued income to individual funds in line with charity law and Charity Commission guidance.
- 6.15 Obtaining appropriate professional advice to support its investment activities.
- 6.16 Regularly reviewing investments to see if other opportunities or investment services offer a better return.
- 6.17 Reviewing alternative sources of funding to donations and legacies which could provide the Committee with additional leverage and access to additional funds.
- 6.18 By giving reasonable notice, require the attendance of any of the officers or employees and auditors of the Board at any meeting.

- 6.19 The following thresholds are approved in the Charitable Funds Procedure:
"Expenditure less than £5,000 shall only need approval by the nominated fund manager. All expenditure in excess of £5,000 and up to £25,000 will require the approval of the Deputy Director of Operations on behalf of the Charitable Funds Operations Sub-Committee. All expenditure in excess of £25,000 and up to £50,000 will require the approval of an Executive Director. Expenditure in excess of £50,000 will require the approval of the Charitable Funds Committee. Expenditure over £100,000 will require the approval of the Corporate Trustee".
- 6.20 In addition, further clarification is provided in the associated guidance to budget holders as follows:
"Unusual or novel expenditure requests, and expenditure requests resulting in ongoing charitable fund commitment, or revenue resource commitment, will need prior Charitable Funds Committee approval prior to purchase, regardless of value. If this is deemed to be necessary [by senior finance staff], the authorised signatory will be advised."
- 6.21 It also states that the following expenditure types require Committee approval:
- *"Research & development expenditure"*
 - *"Pay expenditure"*
 - *"Training including conferences/seminars etc requiring attendance of participants outside the UK"*
- Therefore, items requiring urgent Chair's Action will generally be expenditure on equipment greater than £50,000 value, or anything that falls under the criteria above. All expenditure requests made via Chair's Actions will be considered on a case by case basis, as an exception rather than the rule. The presumption will be that other than equipment (in excess of £50,000) and smaller research projects (up to £25,000), items can be deferred to the next meeting.
- 6.22 The Chair's decision on which items can be approved outside of the Committee will be final and all items approved outside of the full Committee will be reported to the next Committee meeting for ratification.
- 6.23 The Committee will seek assurance on the management of principal risks within the Board Assurance Framework and Corporate Risk Register allocated to the Committee and provide assurance to the Board that risks are being managed effectively and report any areas of significant concern e.g. where risk tolerance is exceeded, lack of timely action, etc.
- 6.24 Recommend acceptance of risks that cannot be brought within the UHBs risk appetite/tolerance to the Board through the Committee Update Report.

7. Delegated Powers and Duties of the Executive Director of Finance

- 7.1 The Executive Director of Finance has prime financial responsibility for the UHB's Charitable Funds as defined in the UHB's Standing Financial Instructions. The specific powers, duties and responsibilities delegated to the Executive Director of Finance are:
- 7.1.1 Administration of all existing charitable funds.
 - 7.1.2 To identify any new charity that may be created (of which the UHB is trustee) and to deal with any legal steps that may be required to formalise the trusts of any such charity.
 - 7.1.3 To provide guidelines with respect to donations, legacies and bequests, fundraising and trading income.
 - 7.1.4 Responsibility for the management of investment of funds held on trust.

7.1.5 To ensure appropriate banking services are available to the UHB.

7.1.6 To prepare reports to the UHB Board including the Annual Report and Accounts.

8. Agenda and Papers

- 8.1 The Committee Secretary is to hold an agenda setting meeting with the Chair and/or Vice-Chair, the Lead Director for Hywel Dda Health Charities and the Executive Director of Finance or their nominated deputies) at least **six** weeks before the meeting date.
- 8.2 The agenda will be based around the Committee work plan, identified risks, matters arising from previous meeting, issues emerging throughout the year, and requests from Committee members. Following approval, the agenda and timetable for request of papers will be circulated to all Committee members.
- 8.3 All papers must be approved by the Lead/relevant Director.
- 8.4 The agenda and papers for meetings will be distributed **seven** days in advance of the meeting, electronically.
- 8.5 The minutes and action log will be circulated to members within **ten** days to check their accuracy.
- 8.6 Members must forward amendments to the Committee Secretary within the next **seven** days. The Committee Secretary will then forward the final version to the Committee Chair for approval.

9. In Committee

- 9.1 The Committee can operate with an In Committee function to receive updates on the management of sensitive and/or confidential information.

10. Frequency of Meetings

- 10.1 The Committee will meet no less than quarterly and shall agree an annual schedule of meetings. Additional meetings will be arranged as determined by the Chair of the Committee, in discussion with the Lead Director.
- 10.2 The Chair of the Committee, in discussion with the Committee Secretary, shall determine the time and the place of meetings of the Committee and procedures of such meetings.

11. Accountability, Responsibility and Authority

- 11.1 Although, as set out within these terms of reference, the Board has delegated authority to the Committee for the exercise of certain functions, it retains overall responsibility and accountability for ensuring the quality and safety of healthcare for its citizens, through the effective governance of the organisation.
- 11.2 The Committee is directly accountable to the Board for its performance in exercising the functions set out in these terms of reference.

- 11.3 The Committee shall embed the UHB's vision, corporate standards, priorities and requirements, e.g. equality and human rights, through the conduct of its business.
- 11.4 The requirements for the conduct of business as set out in the UHB's Standing Orders are equally applicable to the operation of the Committee.

12. Reporting

- 12.1 The Committee Chair shall agree arrangements with the UHB's Chair to report to the Board in their capacity as Trustees. This may include, where appropriate, a separate meeting with the Board.
- 12.3 The Committee, through its Chair and members, shall work closely with the Board's other Committees, including joint/sub-committees and groups, to provide advice and assurance to the UHB through the:
 - 12.3.1 joint planning and co-ordination of Board and Committee business;
 - 12.3.2 sharing of information.
- 12.4 In doing so, the Committee shall contribute to the integration of good governance across the organisation, ensuring that all sources of assurance are incorporated into the Board's overall risk and assurance framework.
- 12.5 The Committee may establish sub-committees or task and finish groups to carry out on its behalf specific aspects of Committee business. The Committee will receive an update following each sub-committee or task and finish group meeting detailing the business undertaken on its behalf.
- 12.6 The Committee shall establish the Charitable Funds Operations Sub-Committee to ensure that the UHB's policies and procedures are followed in relation to specialist designated and restricted funds.
- 12.7 The Committee Chair, supported by the Committee Secretary, shall:
 - 12.7.1 Report formally, regularly and on a timely basis to the Board on the Committee's activities in their capacity as trustees. This includes the submission of a written Committee update report as well as the presentation of an annual report and accounts prior to submission to the Charity Commission.
 - 12.7.2 Bring to the Board's specific attention any significant matter under consideration by the Committee.
 - 12.7.3 Ensure appropriate escalation arrangements are in place to alert the UHB Chair, Chief Executive or Chairs of other relevant Committees of any urgent/critical matters that may compromise patient care and affect the operation and/or reputation of the UHB.
- 12.8 The Board Secretary, on behalf of the Board, shall oversee a process of regular and rigorous self-assessment and evaluation of the Committee's performance and operation including that of any sub-committees established.

13. Secretarial Support

13.1 The Committee Secretary shall be determined by the Board Secretary.

14. Review Date

14.1 These Terms of Reference and operating arrangements shall be reviewed on at least an annual basis by the Committee for approval by the Board.