



**PWYLLGOR ARCHWILIO A SICRWYDD RISG
AUDIT AND RISK ASSURANCE COMMITTEE**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	20 April 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Charitable Funds Committee Assurance Report
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Mandy Rayani, Director of Nursing, Quality and Patient Experience
SWYDDOG ADRODD: REPORTING OFFICER:	Mandy Rayani, Director of Nursing, Quality and Patient Experience

Pwrpas yr Adroddiad (dewiswch fel yn addas)

Purpose of the Report (select as appropriate)

Er Sicrwydd/For Assurance

**ADRODDIAD SCAA
SBAR REPORT**

Sefyllfa / Situation

The purpose of this report is to provide assurance to the Audit & Risk Assurance Committee that the Charitable Funds Committee's (CFC) Terms of Reference, as set by the Board, are being appropriately discharged.

The Audit & Risk Assurance Committee is asked to note the content of this report and comment on any issues in respect of the operation of the CFC going forward.

Cefndir / Background

The Hywel Dda University 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 University Health Board.

In accordance with Hywel Dda University Health Board's standing orders and scheme of delegation, the Board has nominated a committee to be known as the Charitable Funds Committee, established as a Committee of Hywel Dda University Health Board (HDdUHB), which was constituted from 22nd July 2010.

HDdUHB holds charitable funds as sole corporate trustee and board members, whilst not 'trustees' in their own right, are jointly responsible for the management of those charitable funds.

The charitable funds linked to HDdUHB are independent of the 'exchequer' funds of HDdUHB and must be managed separately. The Charity Commission has regulatory responsibility for ensuring the proper management of these funds.

As stated in its Terms of Reference, the purpose of the CFC is to:

1. 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.

2. Provide assurance to the Board in its role as corporate trustee of the charitable funds held and administered by the Health Board.
3. Agree issues to be escalated to the Board with recommendations for action.

This report outlines the governance arrangements in place to ensure that the CFC's Terms of Reference are adequately discharged and that our registered charity, Hywel Dda Health Charities, operates to a high standard with limited exposure to risk, both financial and non-financial.

Asesiad / Assessment

1. Governance

The CFC meets on a quarterly basis, however the June 2020 CFC meeting was stood down due to the COVID-19 pandemic. Instead, a meeting of the Corporate Trustee was held on 23rd June 2020 where members received a report documenting the generosity and the support received from our local communities as a result of the pandemic.

CFC meetings were re-established from 15th September 2020. In light of the second wave of COVID-19, the meeting held on 30th November 2020 focused on urgent matters, supported by streamlined reports and papers and required only the attendance of two Executive Directors. Similar arrangements were in place for the meeting held on 9th March 2021.

The CFC has clear reporting lines to the Board to ensure that it is notified of actions taken on its behalf. A formal written report is prepared for the Board following each CFC meeting to provide assurance and to advise on the business undertaken on its behalf.

An annual report detailing the work of the CFC is also presented to Board as part of the self-assessment process undertaken each year. All issues, actions and matters escalated from the Charitable Funds Sub-Committee (CFSC) to CFC and subsequently to Board are detailed within the report.

CFC meetings ensure that charity business is not overshadowed by issues relating to the NHS business of the Board through the separation of business which ensures that the administration of the UHB's charitable funds is distinct from our exchequer funds.

2. Charitable Funds Sub-Committee (CFSC)

There is one Sub-Committee reporting to the CFC; the CFSC which was constituted from 9th March 2017.

The overall purpose of the CFSC is to ensure that HDdUHB's policies and procedures are followed in relation to the expenditure of our named charitable funds. In particular to:

- Apply HDdUHB's charitable funds within the budget, priorities and spending criteria determined by HDdUHB as corporate trustee, in line with the charity's scheme of delegation, and consistent with the requirements of the Charities Act 2011 (or any modification of these acts).
- Implement appropriate policies and procedures to ensure that all expenditure is reasonable, clinically and ethically appropriate.
- Agree issues to be escalated to the CFC with recommendations for action.

In respect of its provision of assurance to the CFC, the CFSC is required to:

- Provide scrutiny with a view to approving or rejecting all requests for expenditure over £10,000 and under £50,000 against named charitable funds, within the scheme of delegation for authorisation of charitable funds expenditure.
- Consider and recommend for approval all requests for expenditure over £50,000 against named charitable funds, within the scheme of delegation for authorisation of charitable funds expenditure.
- Provide scrutiny and onward assurance to the CFC on charitable expenditure.
- Provide scrutiny with a view to approving or rejecting all unusual or novel expenditure requests of any value, and any expenditure requests resulting in ongoing charitable funds commitment, prior to CFC consideration.
- Consider with a view to approving or rejecting all requests for the establishment of new charitable funds.
- Provide quarterly written updates to the CFC.

As well as the quarterly written reports, the Sub-Committee's Annual Report to the CFC outlines how the CFSC complies with the key responsibilities set through its terms of reference, to provide assurance that its terms of reference have been adequately discharged.

At the March 2021 meeting, the Committee was presented with the Sub-Committee Annual Report (2021/21), providing assurance in respect of the work it had undertaken and decisions taken on behalf of the CFC during the year and outlining the main achievements, which had contributed to furthering the governance of charitable funds across HDdUHB.

Due to continued COVID-19 pressures and associated surge capacity set up arrangements, to reduce the burden on services and directorates from where the CFSC membership is drawn, the CFSC has not met during 2020/21. Charitable expenditure approvals within the CFSC's scheme of delegation have instead been considered via Chair's Actions and reported to the CFC on a quarterly basis.

Expenditure approvals via Chair's Actions to 28th February 2021 were minimal and totalled £154,709.43 for 20 individual requests for funding noting that this represents a minimal amount of expenditure due to the downturn in activity and certain expenditures supported via COVID-19 monies instead.

In addition, one expenditure request at a value of £61,116.12 was endorsed for Charitable Funds Committee consideration and two additional expenditure requests with an aggregate value of £47,418.25 were received subject to review pending the receipt of further information.

3. Risk management

The Chief Executive and Director of Finance are accountable for financial control. The Director of Finance is responsible for maintaining an effective system of internal financial control. The minimum control standards laid down by Welsh Government have been in existence throughout the financial year. The minimum control standards apply equally to the management of the charity by officers of HDdUHB as to the exchequer funds of HDdUHB. In this way, the major risks to which the charity is exposed have been reviewed and systems have been established to mitigate those risks.

Historically the CFC's risk register has had high-risk scores concerning a number of risks relating to public confidence and reputational damage. However, efforts in recent years to rebuild trust and confidence have significantly helped to reduce the risks to the charity, as mitigating actions have had a major impact.

At the CFC meeting on 30th November 2020, an update was provided on the one on-going charitable funds related risk (743) of reputational damage should the Health Board be implicated by default, in events outside of the Health Board's control, due to association, or perceived association, with any external charitable organisations. Members received assurance that the risk is being actively managed with the current risk score within the CFC's risk tolerance level of 8. At the CFC meeting held on 9th March 2021, Members agreed for the risk to be de-escalated to management at service level, with an update provided to the CFC on a 6 monthly basis.

4. Purpose and key responsibilities

The Committee can demonstrate that it has met its purpose and key responsibilities during 2020/21 as follows:

Key Responsibilities	Assurance to ARAC
<p>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.</p>	<p>A review of the Charitable Funds Financial Administration and Governance Policy (420) was undertaken during 2020/21 and presented to the CFC for discussion in November 2020 prior to being presented to the Finance Committee for ratification.</p> <p>The financial policy, which includes expenditure guidelines, is in place to ensure that there are sufficient management controls to provide assurance that:</p> <ul style="list-style-type: none"> • Spending is in accordance with objects and priorities agreed by the Charitable Funds Committee. • Criteria for spending charitable monies are fully met. • Accounting records are maintained. • Devolved decision making is within specified parameters. <p>Charitable Funds are managed through the UHB's Oracle finance system in line with the UHB's financial procedures. Internal Audit and Audit Wales conduct annual audits of our financial procedures.</p> <p>Internal staff expertise ensures that all Charity Commission requirements and changes are adhered to and also advised to the CFC as they occur.</p>
<p>Devise, implement and approve appropriate procedures and policies to ensure that fundraising and accounting systems are robust, donations received and coded as instructed and that all expenditure is reasonable, clinically and ethically appropriate.</p>	<p>Staff are employed by the UHB to ensure the effective management and operations of our charitable funds. Salary costs are reclaimed from the charity's resources to support the following duties:</p> <ul style="list-style-type: none"> • Maintenance of accounting systems • Production of annual accounts • Compilation of management information

	<ul style="list-style-type: none"> • Scrutiny of expenditure proposals to ensure propriety • Preparation of committee papers • Fundraising support to internal and external stakeholders
Ensure that the UHB policies and procedures for charitable funds investments are followed.	The charity retains the services of investment advisors to manage its investment portfolios. Policy is set by the charity trustee in its instruction to their advisor. The advisors are instructed to manage the portfolios to produce both income and capital returns, and manage those funds within the value they retain on the accounts. The charity also holds funds in short term investments that are not managed by the investment advisor. The Committee monitors the performance of the Investment Advisor through the quarterly Integrated Performance Report.
In addition, 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: <ul style="list-style-type: none"> • Trustee Act 2000 • The Charities Act 2011 • Terms of the fund's governing documents 	As above.
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.	The Investment Advisor has been given authority to invest the UHB's portfolio within the Sarasin Endowment Fund. The Investment Advisor has delegated authority to buy and sell investments within the Fund. The Investment Advisor is invited twice yearly to present to the Charitable Funds Committee its investment activities including contract implementation, investment strategy and report on performance of the portfolio.
To oversee and monitor the functions performed by the Executive Director of Finance as defined in the UHB's Standing Financial Instructions.	An internal audit is undertaken every year by the Internal Audit department on financial processes and performance against policies with a report including audit findings, management recommendations together with management responses. This report is presented for discussion to the Charitable Funds Committee and to ARAC.
To monitor the progress of Charitable Appeal Funds where these are in place and considered to be material.	The Committee received quarterly updates and monitors the performance of any appeals through the quarterly Integrated Performance Report.
To monitor and review the UHB's scheme of delegation for Charitable Funds expenditure and to set and reflect in Financial Procedures	A review of the UHB's scheme of delegation for Charitable Funds expenditure was undertaken during 2020/21 and presented to

<p>the approved delegated limits for expenditure from Charitable Funds.</p>	<p>the CFC for discussion in September 2020 prior to being presented to the Board for ratification. The scheme of delegation is stated in the Charitable Funds Financial Administration and Governance Policy. Processes are in place to ensure authorisation works within limits set and are subject to audit. When a need to review these limits is identified it is brought to the Charitable Funds Committee for discussion and approval.</p>
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5. Any potential future changes

5.1 Charitable Funds Sub-Committee

An objective of the Hywel Dda Health Charities three-year plan (2020/23) is to review the function of the CFSC to ensure that our charitable funds can be accessed in a timely manner for appropriate purposes in furtherance of our charitable objectives.

The CFSC's Terms of Reference were therefore reviewed by the CFC in September 2020 and amendments were approved which included a review of membership to draw on nominations of colleagues from across the UHB with both operational and clinical backgrounds from within the portfolios of members of the Executive Team.

A business meeting of the CFSC's new membership will take place before 30th April 2021 with a focus on the role of the CFSC and responsibilities of members to ensure that the charity's grant-making policies and procedures are understood before the commencement of bi-monthly CFSC meetings in 2021/22.

Support has been secured from the Programme Management Office to review the charitable funds application process and develop a standard operating procedure for the CFSC in its new format in time for the first meeting of the CFSC.

Argymhelliad / Recommendation

The Audit & Risk Assurance Committee is asked to note the content of this report and take assurance that the Charitable Funds Committee has operated effectively during 2020/21.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

<p>Committee ToR Reference Cyfeirnod Cylch Gorchwyl y Pwyllgor</p>	<p>5.8 Invite Lead Directors of Board level Committees to attend the Audit & Risk Assurance Committee at least annually to receive assurance that they are effectively discharging their Terms of Reference.</p>
<p>Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:</p>	<p>Not Applicable</p>

Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	Governance, Leadership and Accountability
Amcanion Strategol y BIP: UHB Strategic Objectives:	Not Applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	10. Not Applicable

Gwybodaeth Ychwanegol: Further Information:	
Ar sail tystiolaeth: Evidence Base:	Standing orders Standing financial instructions Charity legislation and guidance Minutes of CFC meetings
Rhestr Termau: Glossary of Terms:	Included in report
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Archwilio a Sicrwydd Risg: Parties / Committees consulted prior to Audit and Risk Assurance Committee:	Director of Nursing, Quality and Patient Experience Head of Corporate Governance Head of Hywel Dda Health Charities Assistant Director of Finance - Service & Cost Improvement/Performance Senior Finance Business Partner (Accounting & Statutory and Reporting)

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	No direct impact
Ansawdd / Gofal Claf: Quality / Patient Care:	No direct impact
Gweithlu: Workforce:	No direct impact
Risg: Risk:	No direct impact
Cyfreithiol: Legal:	No direct impact
Enw Da: Reputational:	No direct impact
Gyfrinachedd: Privacy:	No direct impact
Cydraddoldeb: Equality:	No direct impact