



## FINANCE COMMITTEE

### TERMS OF REFERENCE

Version	Issued to:	Date	Comments
V1	Finance Sub-Committee	08.11.2017	Discussed
V2	Finance Sub-Committee	13.12.2017	Approved
V2	Business Planning & Performance Assurance Committee	19.12.2017	Approved
V3	Finance Sub-Committee	19.07.2018	Discussed
V4	Finance Sub-Committee	23.08.2018	Discussed
V5	Hywel Dda University Health Board	27.09.2018	Approved
V6	Hywel Dda University Health Board	30.05.2019	Approved
V7	Finance Committee	13.03.2020	For Approval
V7	Hywel Dda University Health Board	26.03.2020	

## FINANCE COMMITTEE

### 1. Constitution

- 1.1 The Finance Committee has been established as a formal Committee of the Board and constituted from 1<sup>st</sup> October 2018.

### 2. Membership

- 2.1 Formal membership of the Committee shall comprise of the following:

Member
Associate Member of the Board (Chair)
Independent Member (Vice Chair)
Independent Member
Health Board Chair
Health Board Vice-Chair
*Invitation extended to the Chair of ARAC to attend (not counted for quoracy purposes)

- 2.2 The following should attend Committee meetings:

In Attendance
Chief Executive
Executive Director of Finance
Executive Director of Workforce and Organisational Development
Deputy Chief Executive/ Director of Operations
Turnaround Director
Other key Executive Directors/ Directors to attend as and when the Committee request their attendance.

- 2.3 Membership of the Committee will be reviewed on an annual basis.

### 3. Quorum and Attendance

- 3.1 A quorum shall consist of no less than two of the membership and must include as a minimum the Chairman or Vice-Chairman of the Committee, and one other Independent Member, together with a third of the In Attendance Members.
- 3.2 The membership of the Committee shall be determined by the Board, 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.
- 3.3 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.
- 3.4 The Committee may also co-opt additional independent external "experts" from outside the organisation to contribute to specialised areas of discussion.

- 3.5 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 Chairman.
- 3.6 The Chair of the UHB reserves the right to attend any of the Committee's meetings as an ex officio Member.
- 3.7 The Chairman of the Finance Committee shall have reasonable access to Executive Directors and other relevant senior staff.
- 3.8 The Head of Internal Audit shall have unrestricted and confidential access to the Chairman of the Finance Committee.
- 3.9 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.

## **Purpose**

- 4.1 To scrutinise and provide oversight of financial and revenue consequences of investment planning (both short term and in relation to longer term sustainability).
- 4.2 Review financial performance, review any areas of financial concern, and report to the Board.
- 4.3 Conduct detailed scrutiny of all aspects of financial performance, the financial implications of major business cases, projects, and proposed investment decisions on behalf of the Board.
- 4.4 Regularly review contracts with key delivery partners.
- 4.5 Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, give early warning of potential performance issues, making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern.

## **5. Operational Responsibilities and Objectives**

- 5.1 Advise the Chair, Chief Executive and Board on all aspects of finance and the revenue implications of investment decisions.
- 5.2 Provide assurance in respect of short, medium and long term financial performance and financial planning.
- 5.3 Seek assurance on the management of principal risks within the Board Assurance Framework and Corporate Risk Register allocated to the Committee (financial risks), and provide assurance to the Board that risks are being managed effectively and that any areas of significant concern are reported e.g. where risk appetite is exceeded, or where there is a lack of timely action.
- 5.4 Recommend acceptance of risks that cannot be brought within the Health Board's risk appetite/ tolerance to the Board through the Committee Update Report.

- 5.5 The Finance Committee will provide assurance, raising appropriate concerns, and make recommendations to the Board as a consequence of **in accordance with** the Committee's role in relation to short term focus, medium term focus and improving financial management, as follows:

#### Short Term Focus

- 5.5.1 Undertaking detailed scrutiny of the organisation's overall:
- Monthly, quarterly and year-to-date financial performance;
  - Performance against the Savings Delivery and the Cost Improvement Programme, providing assurance on performance against the Capital Resource Limit and cash flow forecasts;
  - Oversight and monitoring of the Health Board's Turnaround Programme.
- 5.5.2 Receiving assurances in respect of Directorate performance against annual budgets, capital plans and the Cost Improvement Programme and innovation and productivity plans.
- 5.5.3 Reviewing the future annual revenue and capital budget.
- 5.5.4 Reviewing the Treasury management and Working Capital Policy as required.

#### Medium Term Focus

- 5.5.5 Considering and keeping under review the organisation's medium term financial strategy in relation to both revenue and capital risks.
- 5.5.6 Reviewing financial proposals for major business cases (and investment decisions) and their respective funding sources.
- 5.5.7 Maintaining oversight of, and obtaining assurances on, the robustness of key income sources and contractual safeguards.
- 5.5.8 Reviewing major procurements and tenders, such as outsourcing, in relation to achieving Referral to Treatment targets.
- 5.5.9 Commissioning regular reviews of key contracts, suppliers and partners to ensure they continue to deliver value for money.
- 5.5.10 Reviewing and monitoring progress against capital plans to be assured of delivery against the Capital Resource Limit.
- 5.5.11 Reviewing the financial aspects of the Estates, medical devices and IM&T strategy, ensuring:
- Appropriate funding arrangements are in place; and the
  - Appropriate utilisation of the strategy.
- 5.5.12 Reviewing any investment/ disinvestment strategy, maintaining oversight of the investments and disinvestments, ensuring compliance with policies by:
- Establishing the overall methodology, processes and controls which govern investments and disinvestments, including the prioritisation of decisions;
  - Ensuring that robust processes are followed; and

- Evaluating, scrutinising and monitoring subsequent investments/ disinvestments.

### Improving Financial Management

5.5.13 Developing and implementing a financial management improvement agenda across the organisation.

- 5.6 Subject to the Board's direction and approval, develop and regularly review the financial performance management framework and reporting approach, ensuring that it includes meaningful, appropriate, integrated and timely performance data and clear commentary relating to the totality of the services for which the Board is responsible.
- 5.7 Review and approve financial procedures on behalf of the Health Board.
- 5.8 **Approve policies within the scope of the Committee.**
- 5.9 Agree issues to be escalated to the Board with recommendations for action.

## **6. Agenda and Papers**

- 6.1 The Committee Secretary is to hold an agenda setting meeting with the Chairman and/or the Vice Chairman, at least **three** weeks before the meeting date.
- 6.2 The agenda will be based around the Committee work plan, identified risks, matters arising from previous meetings, issues emerging throughout the year and requests from Committee members. Following approval, the agenda and timetable for papers will be circulated to all Committee members.
- 6.3 All papers must be approved by the Lead/relevant Director.
- 6.4 The agenda and papers for meetings will be distributed **five** working days in advance of the meeting.
- 6.5 The minutes and action log will be circulated to members within **five** working days to check the accuracy.
- 6.6 Members must forward amendments to the Committee Secretary within the next **five** working days. The Committee Secretary will then forward the final version to the Committee Chairman for approval.

## **7. In Committee**

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

## **8. Frequency of Meetings**

- 8.1 The Committee will meet monthly and shall agree an annual schedule of meetings. Any additional meetings will be arranged as determined by the Chair of the Committee.

- 8.2 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 for such meetings.

## **9. Accountability, Responsibility and Authority**

- 9.1 The Committee will be accountable to the Board for its performance in exercising the functions set out in these terms of reference.
- 9.2 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.
- 9.3 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.

## **10. Reporting**

- 10.1 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 Board through the:
- joint planning and co-ordination of Board and Committee business;
  - sharing of information.
- 10.2 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.
- 10.3 The Committee may establish sub-committees, groups or task and finish groups to carry out on its behalf specific aspects of Committee business. The Committee will receive an update following each Group's meetings detailing the business undertaken on its behalf.
- 10.4 The Committee Chairman, supported by the Committee Secretary, shall:
- Report formally, regularly and on a timely basis to the Board on the Committee's activities. This includes the submission of a Committee update report as well as the presentation of an annual report within 6 weeks of the end of the financial year;
  - Bring to the Board's specific attention any significant matters under consideration by the Committee.
  - 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.
- 10.5 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.

## **11. Secretarial Support**

- 11.1 The Committee Secretary shall be determined by the Board Secretary.

## **12. Review Date**

12.1 These terms of reference and operating arrangements shall be reviewed on at least an annual basis by the Committee for approval by the Board.