

ITEM: 09/031

DOC: 10

**Meeting:** Trust Board  
**Date:** 18 February 2009

**Title:** REVISION OF CHARITABLE FUNDS POLICIES AND PROCEDURES

**Executive Summary:** The policy and procedure documents governing management of the hospital's charitable funds held on trust have recently been reviewed by the Trust Executive, and are here presented to the Board for formal adoption. The documents are :

- Policies and Procedures for Fundraising (Appendix 1)
- Fund Management Handbook (Appendix 2)

In the main, the new documents codify, simplify and update the existing guidance and practice. However, in a number of important respects they represent changes to current practice, to bring the management of the funds in line with best practice. These changes have been summarised in the report which prefaces the documents themselves.

**Action:** The Board is asked to adopt the enclosed policy and procedure documents.

**Report from:** Eleanor Hellier, Assistant Director of Finance and  
Marjorie Isabelle, Fundraising Manager.

**Sponsor:** Richard Martin Executive Director of Finance

**Financial Validation**

Lead: Director of Finance

**Compliance with statute, directions, policy, guidance**

Lead: All directors

**Reference:**

Standing Orders

**Compliance with Healthcare Commission Core/Developmental Standards**

Lead: Director of Nursing & Clinical Development

**Reference:**

**Compliance with Auditors' Local Evaluation standards (ALE)**

Lead: Director of Finance

**Reference:**

**Evidence for self-certification under the**

**Compliance framework reference:**

<b>Monitor compliance regime</b>	
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Lead: All directors	
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## **1. Introduction**

The need for a revision to the existing policy and procedure documents has arisen from :

- a. a request from the Trust Board that governance arrangements should be reviewed;
- b. findings and recommendations from the Internal Audit service and the Counter Fraud service;
- c. various questions and issues that have arisen in relation to the administration of the funds, and requests from fund holders for greater clarity in the information and advice provided to them;
- d. the implementation, in summer 2008, of a new computerised accounting system for the charitable funds.

By and large the document codifies, simplifies and updates the existing guidance and practice.

However, in a number of important respects it represents changes to current practice, to bring the management of the funds in line with best practice. These changes have been summarised in section 2 below.

## **2. Summary of recommended changes from current practice and procedure**

- 2a) A fund holder cannot authorise expenditure to themselves.** (ref 4.6.2)

Until now, if there are only two signatories to a fund, and one of them makes a claim for reimbursement of expenses, they have been able to authorise a payment to themselves. It is now proposed that all funds should have sufficient numbers of signatories to prevent this occurrence.

- 2b) Fund holders are required to present annual spending plans and an annual report explaining what benefits previous expenditure has brought.** (ref 2.3).

This is to encourage proactive management of the charitable funds, and to assist the Trustees in discharging their responsibilities which they devolve to fund holders. It is proposed that the spending plans be presented to the Business Planning group, to ensure consistency with the Trust's revenue and capital expenditure planning processes. The annual reviews will be presented to the Audit Committee.

- 2c) If there is no expenditure from a fund for two years without good reason, the Trustees can take over management of the fund from the fund holder.** (ref. 2.4)

This is to prevent the situation from arising where donated funds languish unused in a dormant fund.

- 2d) Distribution of investment gains and losses.** : It is proposed in future that **gains and losses on revaluation will be held in a revaluation reserve. The application of funds in this reserve will be periodically reviewed by the Trustees.** (ref 2.5)

Hitherto, realised and unrealised gains and losses on the revaluation of the investment portfolio have been distributed across all the funds. This is now proving problematic, as the portfolio is currently sustaining significant losses, and it is difficult for individual fund managers to plan for the investment of fund balances which are subject to fluctuations in the stock market.

- 2e) When a claim is made for the charitable fund to pay for attendance at a training course or conference, this must be (a) agreed in advance by the fund holder, (b) supported with a copy of the course or conference programme and (c) supported with a copy of the completed study leave paperwork.** (ref 4.7.)

This tightens up current approval procedures.

- 2f) Charitable research funds can only be used to support project registered with the Trust's R&D department** (ref 4.15)

This has not previously been an explicit requirement.

- 2g) Payments to individuals for services rendered must be made via the hospital payroll (with tax and NI deducted) unless HMRC confirmation of self-employed status is provided.** (ref 4.17.)

Currently, fees are sometimes paid to individuals (for example, speakers on training courses) by cheque. HMRC confirmation of self-employed status is not sought before these payments are made.

- 2h) Inclusion of a conflict of interest policy** (ref 5.1)