

## Board of Directors Meeting – held in public

**11 May 2023**

<b>Paper title:</b>	Governance process for the approval of the Annual Accounts and Annual Report for the Charity	<b>Agenda Item</b>  <b>19.1</b>
<b>Presented by:</b>	Fran Stead – Trust Secretary	
<b>Prepared by:</b>	Stacey Pearson, Head of Financial Accounting & Capital	
<b>Committees where content has been discussed previously</b>	Charitable Funds Committee – March 2023	
<b>Purpose of the paper</b> Please check <b>ONE</b> box only:	<input checked="" type="checkbox"/> For approval <input type="checkbox"/> For information <input type="checkbox"/> For discussion	
<b>Link to Trust Strategic Vision</b> Please check <b>ALL</b> that apply	<input type="checkbox"/> Providing excellent quality services and seamless access <input type="checkbox"/> Creating the best place to work <input type="checkbox"/> Supporting people to live to their fullest potential. <input type="checkbox"/> Financial sustainability, growth, and innovation <input checked="" type="checkbox"/> Governance and well-led	
<b>Care Quality Commission domains</b> Please check <b>ALL</b> that apply	<input type="checkbox"/> Safe <input type="checkbox"/> Caring <input type="checkbox"/> Effective <input checked="" type="checkbox"/> Well-Led <input type="checkbox"/> Responsive	

<b>Purpose of the report</b>
The purpose of this report, is to provide an overview of a discussion by the Charitable Funds Committee where Committee considered & agreed a revised governance process for the approval of the Annual Accounts and Annual Report for the Trust's Charity.

<b>Executive Summary</b>
<p>On the approval of the Trust Deed for the charity in April 2009 to March 2013, the Annual Accounts and Annual Report for the charity were adopted by the Charitable Funds Committee, subject to final approval by the Audit Committee and the Board.</p> <p>From April 2013 onwards, the Board delegated the approval of the Annual Accounts and Annual Report for the charity to Audit Committee.</p> <p>On completion of the 2021/22 Annual Accounts and Annual Report for the Charity and the External Audit, a review was undertaken to reconfirm the governance process for the approval of the Annual Accounts and Annual Report for the Charity, before submission to</p>

the Charity Commission. Although delegation had been given to the Audit Committee from Board since April 2013, this was not explicitly clear in the Standing Finance Instructions. As a result, the 2021/22 Annual Accounts and Annual Report for the Charity were subject to final approval by both Audit Committee and the Board.

Do the recommendations in this paper have any impact upon the requirements of the protected groups identified by the Equality Act?

- Yes** (please set out in your paper what action has been taken to address this)
- No**

### Recommendation(s)

**The Board of Directors is asked to:**

- **Note** to changes in the changes in the Governance process for the approval of the Annual Accounts and Annual Report for the Charity since 2009.
- **Be assured** on the discussion that Committee of the proposal to re-instate that the Board delegate the approval of the Annual Accounts and Annual Report for the charity to Audit Committee, once adopted by the Charitable Funds Committee.
- **Ratify** the proposal that has been approved by Committee.
- **Ratify** the amendments to the SFIs inline with the proposal.

### Relationship to the Board Assurance Framework (BAF)

The work contained with this report links to the following strategic risks as identified in the BAF:

- SO1:** Engaging with our patients, service users and wider community to ensure they are equal partners in care delivery (QSC)
- SO2:** Prioritising our people, ensuring they have the tools, skills and right environment to be effective leaders with a culture that is open, compassionate, improvement-focused and inclusive culture (WEC)
- SO3:** Maximising the potential of services to delivery outstanding care to our communities (QSC)
- SO4:** Collaborating to drive innovation and transformation, enabling us to deliver against local and national ambitions (Board)
- SO5:** To make effective use of our resources to ensure services are environmentally and financially sustainable and resilient (FBIC)
- SO6:** To make progress in implementing our digital strategy to support our ambition to become a digital leader in the NHS (FBIC)

### Links to the Strategic Organisational Risk register (SORR)

The work contained with this report links to the following corporate risks as identified in the SORR:

- Risk 2536: If we do not make effective use of our resources this may result in regulatory interventions, as well as impacts on quality of services

<p><b>Compliance &amp; regulatory implications</b></p>	<p>The following compliance and regulatory implications have been identified as a result of the work outlined in this report:</p> <ul style="list-style-type: none"> <li>• Charities must prepare their accounts on the accrual's basis in accordance with the SORP. The charity's financial position at the end of the year should show all incoming resources, and resources expended during the year. These accounts are required to show a 'true and fair view'.</li> <li>• The use of resources from the charity must be expended in line with governance arrangements set out by the Charity Commission</li> <li>• Standing Financial Instructions (SFIs) detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and the Independent Regulator's relevant guidance. SFIs identify the financial responsibilities that apply to everyone working for the Trust and its constituent organisations</li> </ul>
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### **Governance process for the approval of the Annual Accounts and Annual Report for the Charity**

#### **1. INTRODUCTION**

Bradford District Care NHS Foundation Trust is the Corporate Trustee of the Charitable Funds governed by the law applicable to Trusts principally the Trustee Act 2000 and the Charities Act 1993, as amended by the Charities Act 2011.

Bradford District Care NHS Foundation Trust is the main beneficiary of the charity and Bradford District Care NHS Foundation Trust is a related party by virtue of being the corporate trustee of the charity. By working in partnership with the Trust, the charitable funds are used to best effect. When deciding upon the most beneficial way to use charitable funds, the corporate trustee has regard to the main activities, objectives, strategies and plans of the Trust.

The Trust Board has devolved responsibility for the on-going management of funds to the Charitable Funds Committee which administers the funds on behalf of the corporate trustee.

## **2.CURRENT POSITION**

On the approval of the Trust Deed for the charity in April 2009 to March 2013, the Annual Accounts and Annual Report for the charity were adopted by the Charitable Funds Committee, subject to final approval by the Audit Committee and the Board.

From April 2013 onwards, the Board delegated the approval of the Annual Accounts and Annual Report for the charity to Audit Committee. Adopted by the Charitable Funds Committee, subject to final approval by the Audit Committee. On approval at Audit Committee, the submission to the Charity Commission could then take place.

On completion of the 2021/22 Annual Accounts and Annual Report for the Charity and the External Audit, a review was undertaken to reconfirm the governance process for the approval of the Annual Accounts and Annual Report for the Charity, before submission to the Charity Commission.

Although delegation had been given to the Audit Committee from Board since April 2013, this was not explicitly clear in the Standing Financials Instructions (Section 2.1 & 2.2 – Audit Committee, scope and duties). As a result, the decision was made for the 2021/22 Annual Accounts and Annual Report for the Charity to again be adopted by the Charitable Funds Committee, subject to final approval by the Audit Committee and the Board.

## **3.EXISTING STANDING FINANCIAL INSTRUCTIONS (SFI) AND SCHEME OF DELEGATION (SoD)**

**The existing section within the SFIs (section 16) in relation to the Charity is as follows.**

### **16. FUNDS HELD ON TRUST (CHARITABLE FUNDS)**

#### **16.1 Corporate Trustee**

- 16.1.1 The Trust is responsible, as a corporate Trustee, for the management of funds it holds on Trust and shall comply with Charities Commission latest guidance and best practice.
- 16.1.2 The discharge of the Trust's corporate Trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence and propriety. Trustee responsibilities cover both charitable and non-charitable purposes.
- 16.1.3 The Director of Finance, Contracting and Estates shall ensure that each Trust fund which the Trust is responsible for managing is managed appropriately with regard to its purpose and to its requirements.

## **16.2 Accountability to Charity Commission and Secretary of State for Health**

- 16.2.1 The Trustee responsibilities must be discharged separately and full recognition given to the Trust's dual accountabilities to the Charity Commission for charitable funds held on Trust and to the Secretary of State for all funds held on Trust.
- 16.2.2 The Scheme of Decisions and Scheme of Delegation make clear where decisions regarding the exercise of discretion regarding the disposal and use of the funds are to be taken and by whom. All Trust Board members and Trust Officers must take account of that guidance before taking action.

## **16.3 Applicability of Standing Financial Instructions to funds held on Trust**

- 16.3.1 In so far as it is possible to do so, most of the sections of these Standing Financial Instructions will apply to the management of funds held on Trust.
- 16.3.2 The over-riding principle is that the integrity of each Trust must be maintained and statutory and Trust obligations met. Materiality must be assessed separately from Exchequer activities and funds.

**The existing Scheme of Delegation (SoD) states the following.**

### **The Board**

- Approves the composition of the Charitable Funds Committee

### **Charitable Funds Committee**

- Approves the SoD for the Charity
- Sets overall policy on investments(if applicable)
- Accepts Progress Reports

### **Approval/Governance within the Charity**

- Director of Finance, Contracting and Estates acts as Treasurer to the Charitable Fund Committee.
- Director of Finance, Contracting and Estates is responsible for ensuring management and accounting arrangements are in place which must comply with legislation.
- Fund managers approve charitable spend up to £1k.
- Director of Finance, Contracting and Estates approved charitable spend £1k - £10k.
- Charitable Funds Committee approves anything above £10k.

## **4. PROPOSAL FOR THE GOVERNANCE PROCESS FOR THE APPROVAL OF THE ANNUAL ACCOUNTS AND ANNUAL REPORT FOR THE CHARITY**

The proposal to the Charity Funds Committee is to consider that Board delegate the approval of the Annual Accounts and Annual Report for the charity to Audit Committee, once adopted by the Charitable Funds Committee. This is re-stating the previous governance approach we had in place between April 2013 and March 2021. Board delegate the approval of the Annual Accounts and Annual Report for the charity to Audit Committee. Adopted firstly by the

Charitable Funds Committee, subject to final approval by the Audit Committee. On approval at Audit Committee, the submission to the Charity Commission could then take place.

Advice has been sought from our Head of Legal Services and Corporate Governance Team to ensure that this does not impose any governance and legality issues. Our external auditors have always supported and accepted the initial adoption by the Charitable Funds Committee, subject to final approval by the Audit Committee, as long as this delegation had been given by Board. The Balance Sheet and Annual Report were still to be signed by the Trust Chair and the Chief Executive.

On the review that was undertaken during the completion of the 2021-22 Annual Accounts and Annual Reports, it was not explicitly clear in the Standing Financials Instructions (Section 2.1 & 2.2 – Audit Committee, scope and duties). The proposal is to include an additional paragraph with the SFIs (Section 2.1 & 2.2 – Audit Committee, scope and duties) to ensure the delegation has been given by Board to the Charitable Funds Committee.

**Appendix A** – Section 2.1 and 2.2 (Audit Committee) within the SFIs – existing narrative

**Appendix B** – Section 2.1 and 2.2 (Audit Committee) within the SFIs – existing narrative with the addition of the narrative confirming delegation to approve the Annual Accounts and Annual Report for the charity, on behalf of the Board (new 2.2.22)

**Stacey Pearson**  
**Head of Finance Accounting & Capital**  
**14<sup>th</sup> March 2023**