

TRUST BOARD PRIVATE – JANUARY 2015

Agenda Item Number: 14/15
Enclosure Number: (8)

Subject:	Finance Committee Terms of Reference
Prepared by:	Susan Boyle, Committee Secretary
Sponsored & Presented by:	Peter Mellor, Director of Corporate Affairs and Business
Purpose of paper	Requires approval
Key points for Trust Board members	The Trust Board are asked to approve the Terms of Reference for the Finance Committee.
Options and decisions required	N/A
Next steps / future actions:	The Trust Board ratifies the Terms of Reference.
Consideration of legal issues (including Equality Impact Assessment)?	N/A
Consideration of Public and Patient Involvement and Communications Implications?	N/A

Links to Portsmouth Hospitals NHS Trust Board Strategic Aims, Assurance Framework/Corporate Risk Register	
Strategic Aim	N/A
BAF/Corporate Risk Register Reference (if applicable)	N/A
Risk Description	N/A
CQC Reference	N/A

Committees/Meetings at which paper has been approved:	Date
Finance Committee	January 2015

FINANCE COMMITTEE TERMS OF REFERENCE

1 Purpose

The Trust Board has established a Finance Committee to support with its integrated financial governance responsibilities.

The purpose of the Committee is to provide the Board with assurance regarding the financial position and the financial management of the Trust.

2 Powers

The Finance Committee is a formally constituted Committee of the Board and is invested with sufficient authority to fulfil its purpose. It has explicit authority to investigate any matters within its Terms of Reference, can demand the resources it needs to do so, and has the right of access to all relevant information. The Committee is empowered to obtain external professional advice and to invite outsiders with relevant experience to attend if necessary.

Finance Committee meetings should be formal and the Terms of Reference, membership and delegated powers should be approved by the Trust Board.

Where the Committee feels there is evidence of ultra vires transactions or evidence of improper acts, the Finance Committee Chair should raise this at a full meeting of the Trust Board.

3 Duties and Responsibilities

The duties and responsibilities shall be:

3.1 Financial Management

- To assure a comprehensive budgetary control framework is in place that accords with guidance and legislation
- To review financial plans (including investment) and strategies to ensure robustness of the Trust Business plan, overall Trust objectives and plans and have regard to the impact on quality and safety within the organisation
- To ratify the business planning, and budget setting timetable and recommend revenue and capital budgets to the Trust Board
- To monitor financial performance against budgets and assure any corrective action is taken
- To ensure appropriate stakeholder involvement in financial decision making processes
- To ensure financial management resources are appropriate and of high quality
- Consider the Trust's financial position on a regular basis with particular regard to the achievement of its statutory break-even duty, including delivery of cost improvements (CIP), control of expenditure, and adequacy of forecasting
- Review SLA's/Contract Performance with key commissioners including issues to address e.g. CQUINS, Performance and Penalties, Information / data Provisions.

3.2 Financial Reporting

To review the content and format of financial information, focusing particularly on:

- Clarity and appropriateness of presentation
- Timeliness and accuracy
- Provision of sufficient and relevant detail to inform decision making
- Requirements of different audiences

3.3 Financial Training & Briefing

To promote a culture in which:

- Financial awareness is valued and encouraged amongst all stakeholders
- Financial skills are developed to ensure regular and wide consideration of financial issues
- Financial information is shared openly and honestly
- Local health economies develop a shared financial vision and strategy

3.4 Treasury Management

- Approve the Trust's Treasury Management policy
- Approve the Trust's interest rate and foreign exchange risk management strategy and policies when necessary
- Approve the relevant benchmarks for measuring performance
- Review and monitor investment and borrowing policy and performance against the relevant benchmarks
- Ensure proper safeguards are in place for security of the Trust's funds by:
 - agreeing a list of permitted institutions
 - setting investment limits for each permitted institution
 - agreeing permitted investment types
 - ensuring approved bank mandates are in place for all accounts and they are updated regularly for any changes in signatories and authority levels
- Monitor compliance with treasury policies and procedures on investment/borrowing/interest rate/foreign exchange management in respect of limits, approved counter parties and types of investments/instruments
- Approve external funding arrangements within delegated authority
- Evaluate, scrutinise and monitor investments

4 Reporting Responsibilities

The Committee shall provide a review of financial performance to the Board each month.

5 Membership

Core Membership shall be made up of the following:

- 2 Non-Executive Directors (one of whom will be the Chair)
- Director of Finance
- Chief Operating Officer
- Director of Workforce and Operational Development
- Director of Nursing / Medical Director
- Director of Corporate Affairs and Business Development
- General Manager (who would be the CSC representative).
- Deputy Director of Finance
- Head of Financial Accounting
- Head of Financial Business Partnering
- Head of Contracts
- Head of Financial Planning, Income and Expenditure

Other finance officers and other Trust officers will attend as required by the Committee.

6 Attendance

Members may appoint suitable alternatives to represent them at a specific meeting, but such alternatives shall not count as part of the required quorum excepting Deputy Director of Finance.

7 Chair

A Non-Executive Director shall act as Chair. In his/her absence, another Non-Executive Director shall act as Chair for the meeting.

8 Secretary

The PA to the Finance Director shall act as the Committee Secretary.

9 Quorum

No business shall be transacted unless at least one Non-Executive Director, two Executives and two other core members are in attendance. A duly convened meeting at which a quorum is present shall be competent to exercise all or any of the authority's powers and discretions vested in or exercisable by the Committee.

10 Meetings

The Committee will meet monthly or as required by circumstances as agreed by the Committee.

11 Notice of Meetings

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, should be forwarded to each member three working days prior to the meeting.

12 Minutes of Meetings

The secretary shall submit the minutes of meetings of the Finance Committee to the Board of Directors for consideration at the next available meeting.

13 Conduct of Meetings

Except as outlined above; meetings shall be conducted in accordance with the provisions of the Trust's Standing Orders governing the proceedings of Directors.

14 Relationship with the Audit Committee

The Committee is distinct and separate from the Audit Committee, and as such, should minimise any areas of overlap. The Finance Committee specifically excludes:

14.1 Audit

- Review of internal audit strategy and plan
- Review of reports from the Chief Internal Auditor on audit reports completed and management's response

- Review of the annual report of the Chief Internal Auditor
- Discussions on the external audit plan and the extent of any reliance to be placed on internal audit
- Problems and reservations arising from External Auditor's work and any matters the External Auditor may wish to discuss
- Review of the External Auditor's management letter and management's response and other reports during the year
- Review of the effectiveness of the internal audit control framework in place as defined under Controls Assurance and associated recommendations as to any improvements deemed necessary
- Review of the adequacy of all risk and control related disclosure statements and any accompanying Chief Internal Auditor statement prior to endorsement by the Board
- Any recommendation to the Board on the appointment and selection of both the Internal and External Auditor

14.2 SFIs and SOs

- Examination of the circumstances associated with each occasion when Standing Orders and Standing Financial Instructions are waived
- Review of the schedules of losses and compensations and associated recommendations to the Board of Directors
- Monitoring of the implementation of policy on standards of business conduct for members and staff (the Codes of Conduct and Accountability), thus offering assurance to the Board of probity in the conduct of business

14.3 Fraud

The review of the adequacy of the policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the Directorate of Counter Fraud Services.

15 Relationship with Audit

Generally the auditors deal with the Trust through the Audit Committee, neither Internal nor External Auditors are included in the membership, though both Internal and External Auditors can request an invitation to attend.

16 Monitoring Effectiveness

In order that the Committee can be assured that it is operating at maximum effectiveness in discharging its responsibilities as set out in these terms of reference and, if necessary, to recommend any changes to the Trust Board, the Chair will ensure that once a year a review of the work/performance of the committee will be undertaken and reported to the next meeting of the Committee.

17 Review

The Terms of Reference will be reviewed on an annual basis and ratified by the Trust Board.

Date agreed by the Committee:	December 2014
Date ratified by Trust Board:	January 2015
Date to be reviewed:	January 2016