

# DONATED FUNDS: MANAGEMENT OF RESTRICTED FINANCIAL ASSETS (RFA) POLICY®

## DOCUMENT SUMMARY/KEY POINTS

### Policy Statement

- Donations are deposited into numerous funds called Restricted Financial Assets (RFA) or more commonly known as Special Purpose & Trust (SP&T) funds.
- The Chief Executive (CE) is bound by the Trustee Act to act as Trustee for the numerous RFA funds into which donations are deposited.
- The Trustee has a responsibility to ensure that the donors' funds are spent in accordance with donors' wishes and the Trustee Act.
- In addition, the CE is bound by the Department of Health policies.
- Each fund is assigned a Fund Controller who is also bound by The Trustee Act and Department of Health and Hospital Policies, in particular the Accounts and Audit Determination, Accounting Manual and the Purchasing Manual.
- To ensure that the fund controllers have a clear idea of their responsibilities, the following policy has been developed.

## CHANGE SUMMARY

- No changes

This document reflects what is currently regarded as safe practice. However, as in any clinical situation, there may be factors which cannot be covered by a single set of guidelines. This document does not replace the need for the application of clinical judgement to each individual presentation.

<b>Approved by:</b>	SCHN Policy, Procedure and Guideline Committee	
<b>Date Effective:</b>	1 <sup>st</sup> May 2019	<b>Review Period:</b> 3 years
<b>Team Leader:</b>	Associate Direct, Finance Operations	<b>Area/Dept:</b> Finance

# READ ACKNOWLEDGEMENT

- Fund controllers should read this policy.

## Background

Community support has been an integral part of advancing children's healthcare at the Sydney Children's Hospitals Network. Where community support is received by the Network in the form of donations it is essential these funds are quarantined and spent according to the donor's wishes.

When money is donated to the Network it becomes the property of the Network, not any one department. Much of this money is donated for the purchase of specific types of equipment or the funding of specific projects. About one third is donated for a broad purpose, without specific conditions as to how it may be spent.

The Chief Executive (CE) of the Network is bound by the Trustee Act to act as Trustee for the numerous funds into which these donations are deposited. These funds are called Restricted Financial Assets (RFA) or more commonly known as Special Purpose & Trust (SP&T) funds. The Trustee has a responsibility to ensure that the donors' funds are spent in accordance with donors' wishes and the Trustee Act. In addition, the CE is bound by Department of Health policies.

Each fund is assigned a Fund Controller who is also bound to act in accordance with donors' wishes, The Trustee Act and NSW Health Department and Hospital Policies, in particular the Accounts and Audit Determination, Accounting Manual and the Purchasing Manual.

To ensure that the fund controllers have a clear idea of their responsibilities as far as donated funds are concerned, the following policy has been developed.

## Policy

1. Donations given for an express purpose for example, to purchase a particular item of equipment or fund a particular project, may only be used to pay for the cost related to that purpose. The cost includes purchase price plus on-costs, fundraising costs and overheads as determined by Finance Department.
2. Other donations, which may be given for either the support of a particular area of the Network (eg. cardiology, oncology, endocrinology, orthopaedics), or have been given without any restrictions, (i.e. untagged funds), must be expended in accordance with the provisions of the Trustee Act and the following principles:
  - i. Funds given by the donor should be used to improve the health and welfare of children by:
    - o Providing support for the existing work of the Network

- Advancing the work of the Network
  - Enabling the development of extra services
  - Enabling the purchase of equipment
  - Funding research
  - Funding the salaries costs of staff, their on-costs and overheads as relevant to support patient care or clinical research
  - Freeing up the General fund, (the funding provided by the State Government each year), to be used for the core operation of the hospital as determined by the CE from time to time.
- ii. Donors expect that the Network will have a clear plan for how donated funds will be spent. To ensure this happens, each fund controller must prepare a five-year strategic plan for the RFA fund. It is accepted that the five year plan will be subject to change and so the plan will be reviewed and updated each year
- iii. Fund controllers will prepare an annual detailed budget, which will be endorsed by their Divisional / Program Chair in consultation with the relevant Service Director. The Finance Department can provide assistance in budget preparation.
- iv. The finance department will consolidate the individual RFA fund budgets into a consolidated RFA fund budget for the Network. This process will run concurrently with the planning and budgeting process for the General Fund. Final approval for both the General Fund and SP&T fund budgets rests with the CE.
- v. Fund Controllers must work within the RFA fund balance. That is, the Fund Controller cannot spend more than the RFA fund balance. It is the Fund Controller responsibility to monitor the RFA fund balance and activity within the RFA fund.
- vi. Expenditure from all donated funds must also comply with accounting guidelines for the whole of the Hospital.
- vii. That where a donor specifies that their donation should be used to support a particular area of the Hospital, that their wishes are fulfilled and their donation is only used to support that area.

## Other useful information

As the controller of the Network's RFA fund; the following information is available.

1. Hospital Delegation Manual – This manual is designed to inform staff about the level of responsibility they have for managing hospital's resources. It can be found from Finance's intranet site:
  - <http://webapps.schn.health.nsw.gov.au/epolicy/policy/3965>

2. Account Code Listing – This gives a list of account codes used in the Hospital. It can be found from our web site: intranet site:
  - o [http://chw.schn.health.nsw.gov.au/ou/finance/resources/account\\_code\\_listing.pdf](http://chw.schn.health.nsw.gov.au/ou/finance/resources/account_code_listing.pdf)
3. Cost Centre Listing – A directory of all cost centre numbers, names and their respective Cost Centre Managers is held within an application called the Cost Code Manager (CCM). The Cost Code Manager is accessible to all employees via an icon on any Network's computer application launcher.
4. Forms -Various forms can be found under Finance on intranet web:
  - o <https://intranet.schn.health.nsw.gov.au/finance-revenue/forms>
5. GST Manual - Information regarding GST can be found on the next site:
  - o [http://chw.schn.health.nsw.gov.au/ou/finance/resources/CHW\\_GST\\_manual.pdf](http://chw.schn.health.nsw.gov.au/ou/finance/resources/CHW_GST_manual.pdf)
6. Divisional Accountant and Clinical Finance Partner - If you have any queries regarding your accounts, you should contact your Divisional Accountant or Clinical Finance Partner.

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