



NHS charities (England and Wales) – good practice in handling cash donations



Background

NHS charities receive income in a variety of different forms including from donations, legacies, fundraising activities, grants, investment income and interest. This briefing focuses on how cash donations should be handled and managed. This can be a sensitive area as grateful patients or their families often want to leave a cash gift as an expression of thanks for the care provided. As a result there can be a large number of separate funds on different wards within a single hospital.

The briefing was sparked by a discussion at a meeting of the HFMA's Charitable Funds Special Interest Group and we are grateful to all the group's members for their help with its development.

Introduction

Donations can take many forms but this briefing focuses on those that are unsolicited – for example, when at the end of a hospital stay, a patient or his/ her family asks how they can donate to the ward or hospital charity.

These donations can be unrestricted or restricted. For example, an unrestricted donation would arise when the patient or relative gives money 'for the hospital charity' or 'for the ward' without specifying how it should be used. If a donor specifies in writing how the money must be used – for example, 'for the benefit of patients on St Bartholomew's ward' it is a restricted donation. Use of the model receipt reduces the risk that restricted funds are created inadvertently¹.

¹ It is desirable to minimise the proportion of donations received as restricted funds because restricted funds limit spending flexibilities. One way to do this is to use a standard form of receipt that invites donors to record how they wish their donation to be used 'without imposing any trust'. The wishes expressed can be reflected through the designation of donations, but donations on these terms will be unrestricted. A model receipt can be found in Appendix 2 of the HFMA's *Practical guide – NHS charitable funds*

Most donors will just want to leave a gift for those who have provided the care and will expect their donation to reach those they are thanking. In other words, there is no absolute restriction. However, in some instances a restriction may be created and care must therefore be taken when receiving and acknowledging donations to ensure that any formal restrictions are noted and applied. Care should also be taken to ensure that restrictions are not created inadvertently.

Multiple funds

Donations tend to be received on a ward and as a result, within a single hospital, multiple funds can build up in for separate services, clinics or service users, all administered by a different fund adviser. There can be advantages in amalgamating funds so that fewer individuals are involved. However, this can cause resentment amongst staff as they may feel that 'their' donations have 'disappeared' into an unknown pot. It is therefore important that the reasoning for and advantages of any rationalisation exercise are explained to staff.

There is also a risk that donors will be put off if it is not clear where their donations end up. Posters and leaflets can help reassure them that any gifts they leave will benefit those who have provided the care.

Rationalising funds – approaches used

Reviewing how funds are used and rationalising those that are dormant; where the balance is very low or the fund is 'underperforming'.

For example, one organisation has a policy that involves monitoring fund activity and writing to any fund adviser² whose fund has been inactive for a period of two years, giving a warning of fund closure. The fund adviser then has three months to identify expenditure requirements for the fund. If no response is received or if any proposals do not support the Charity's aim, the fund balance is transferred to a suitable similar fund or to the general fund and the fund is closed. A similar approach is taken towards funds with very low balances – i.e. below £500. The trigger for fund closure, whether it is length of inactivity or level of balances, should be linked to the NHS charity's reserve policy³.

Setting up a single 'staff amenity fund' so that any money donated for the benefit of staff⁴ is clearly seen to be set aside for that purpose even if there are no longer separate amounts held on different wards.

Handling cash donations

How cash donations are handled is another tricky area – one organisation's rationalisation exercise revealed that there was no cash handling policy in place. In another, a review of how cash was handled indicated a number of areas where improvements were needed. It is important to ensure that there is a clear policy in place and that it is communicated to all staff who may be given donations.

The difficulties of dealing with informal donations (for example, to tea and coffee funds) and how they should be used subsequently is an issue that affects many NHS charitable funds. Records of what is

² A fund adviser has been delegated the day-to-day operation of individual funds by the trustees. Some organisations call them fund managers or fund holders.

³ Trustees are under a legal duty to apply charitable funds within a reasonable time of receiving them but should also hold some money in reserve. The appropriate level of those reserves (the 'reserves policy') should be considered and reviewed regularly by the trustees. This policy should be available to any fund advisers and other NHS staff dealing with charitable funds. Without a reserves policy, trustees cannot be content that their reserve levels meet current needs. If reserves are too high, the charity is retaining funds without justification and this could constitute a breach of trust. If reserves are too low, the fund's ability to meet future commitments or needs may be at risk.

⁴ Staff amenity funds need to meet the wider charitable objectives of the NHS charity. For more information see our briefing on public benefit [www.hfma.org.uk/publications/details/nhs-charities-and-public-benefit-\(england-and-wales\)](http://www.hfma.org.uk/publications/details/nhs-charities-and-public-benefit-(england-and-wales))

coming in and going out are not always thorough. Often there needs to be a change in culture so that staff understand that procedures for handling cash are not designed to take it away from them but rather to safeguard the money so that it can be used for their benefit in line with the intentions of the donors.

Practical measures to raise awareness of how to make and handle donations suggested by group members include:

- posters around the hospital to raise awareness of the correct way to make donations – aimed at both staff and donors (see the example from Derby Hospitals which is included in an appendix to this briefing)
- training for fund advisers and other staff who may be given donations on how to deal with them
- including the cash handling policy in standing financial instructions or any other financial procedure notes given to staff
- setting up clearly marked fundraising hubs/ pods in key locations supported by a manned office where all donations are coordinated
- an envelope system to make donations easier – if someone wants to give a cash gift but cannot find someone to hand it to or get to the office, they can post an envelope into a secure cash box that is emptied and banked every night. This needs to be clearly marked and located in a prominent position – perhaps at ward/ hospital entrances. Another advantage of using an envelope system is that donors can easily increase the value of their donation by ticking a gift aid declaration box
- the use of ATM style machines to automate the donation process (this makes giving easy but does require significant investment).

When a donation is offered it is important that staff know what to do – this means having a policy in place that is clear and communicated widely so that it is understood by all staff and therefore applied consistently. The box below includes an example approach which uses donation envelopes. As a minimum, donations should always be acknowledged with a receipt.

Dealing with donations – example approach which uses donation envelopes

If a patient or relative offer to donate towards your ward or department, you should follow these steps:

1. Verbally accept the donation; let the donor know that their contribution is valuable to the charity and will make a difference. Please do not inform a donor that we are unable to accept their donation but do say that the Charity Office may get in touch to discuss the donation⁵.
2. If possible, ask the donor to take the donation directly to the cashier's office.
3. If this is not possible, find a second member of staff to witness you physically accept the donation yourself and complete a donation envelope. Every charitable fund should have access to donation envelopes. If you are uncertain as to whom in your area has access to envelopes please contact the Charity Office.
4. Both you and the staff member should sign and date the back of the envelope. You should also provide the donor with a receipt – these should be held with the donation envelopes.
5. Any donations received should be held in a secure location (within a safe), and paid over to the cashier's office at the earliest possible time.

⁵ Donations may have to be turned down if they do not meet the charity's objectives. For example, a donation to purchase a piece of equipment should not be accepted if services which use that equipment are being phased out.

6. Cheques must be made payable to “XXX Charity”. It is also appropriate to include the fund number in brackets. Fund advisers should inform any staff who have contact with members of the public of this requirement.

7. Donations can be received at a number of different locations including:

- wards and departments
- cashiers office

the Charity Office.

8. Donations should always be paid into an existing fund, but where this is not possible please contact the Charity Office for advice. No separate bank accounts should be opened or maintained other than those authorised by the Corporate Trustee.

9. All donations received by staff in the course of their employment must be paid into an appropriate charitable fund. Trust employees are prohibited from holding external funds and bank accounts in respect of donations to the hospitals as a result of their employment by the Trust.

Fund advisers

Fund advisers are a key element of an NHS charity’s governance arrangements as they are responsible for advising the trustees about how donations should be used. They have authority to agree or approve expenditure only if the charity’s scheme of delegation allows them to do so.

It is important that there is clarity about who are fund advisers and most NHS charities will have rules governing who can fulfil the role. For example, there may be a requirement that all fund advisers are either employees of the Trust, or an external person nominated by an organisation working in partnership with the Trust for a common aim. Fund advisers are usually clinical or operational staff with responsibilities in the area to which the fund relates.

Each charity should maintain an up to date list of fund advisers with contact details and a copy of their signatures for verification purposes. A fund adviser’s role should also be specified in writing. An example ‘role description’ is set out below.

Case study example: the role of a fund adviser

- ensure that cash or cheque donations received are held securely, receipted using a donation envelope and paid over to the cashiers the same day
- ensure that the fund is ‘active’, which means that fundraising is actively taking place and expenditure is being requested
- ensure that expenditure requested is providing a public benefit and follows the purpose of the fund
- complete and returning an ‘annual return form’ before the end of May of that financial year
- ensure that there are plans in place to spend all donations within a reasonable time period (see reserves policy)
- attend ‘requirement of role’ fund adviser training every three years
- ensure that approval is sought from the charity office before any expenditure occurs
- ensure that approval is granted from the charity office prior to undertaking any fundraising activity
- ensure that all staff within their ward area are appropriately trained on the correct treatment of charitable donations and requests for charitable funds.

Contact

If you have any comments on this briefing, please contact: Debbie Paterson
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Acknowledgments

With thanks to Derby Hospitals Charity for providing us with the lessons they have learned from their review of cash handling.

Appendix 1: example donation poster



Derby Hospitals Charity
Registered Charity Number 1061812

Support your local hospital

Donations to Derby Hospitals Charity help us to provide the 'extras' that make a real difference to our patients and staff. For more information about how donations are used, please visit www.derbyhospitalscharity.org.uk

How to donate

- CHEQUE**
Cheques made payable to Derby Hospitals Charity can be handed in using a donation envelope (see below). Please ask the ward receptionist for more details.
- CASH**
Cash donations should be placed in a donation envelope (see below) and handed in to the ward receptionist.
- ONLINE**
It's easy to donate online. Just head to www.derbyhospitalscharity.org.uk/donate
- YOU CAN ALSO DONATE BY TEXT**
Simply text DHCT14£ amount (in denominations of £5 and £10) to 70070 to make a one off donation
- FUNDRAISING**
If you are planning an event, we can help. We can help with ideas, fundraising and promotion.
- GIFT AID**
If you are a tax payer please ensure that you fill in the gift aid section. We can then claim gift aid on your donation








DERBY HOSPITALS CHARITY are always grateful for donations and you will receive an acknowledgement for your donation

Making patients' lives better

Contact us...

 @derbyhospitalscharity
 @hospitalcharity
 Email: dhft.charity@nhs.net