

St Raphael's Hospice
Meeting of the Finance & Resources Committee
To be held at St Raphael's Hospice
At 14:00 on Tuesday 11th March 2025

Members: Alan Cogbill (AC – Chair)
Steve Chambers (SC)
Ed Cook (EC)
Paul Holmes (PH)
Sr Kathleen O'Reilly (KO'R)

In attendance: Nick Stevens (NS – Joint CEO)
Rebecca Trower (RT – Joint CEO)
Neena Vadgama (NV – Head of Finance)
John Groom (JG – Director of IT & Facilities)
Anna Machin (AM – Governance – AM)

Item	Time	Description	Purpose	Lead
1.	14.00-14.05	Welcomes, apologies for absence and declarations of interest	Discussion	Chair
2.	14.05-14.15	Review of minutes from 21 st January 2025 Committee meeting	Approval	Chair
3.		Actions List and update on matters arising	Discussion	
4.	14.15-15.15	2025/26 detailed budget review	Discussion/recommend to Board	NS, NV
5.	15.15-15.35	Finance Report including: <ul style="list-style-type: none"> • Year-to-date fundraising update (live information to be provided at meeting) • Hospice UK funding – spending plans • Update on actions following cyber incident 	Discussion	NS, RT, NV, JG
6.	15.35-15.55	External audit tender - update on tender responses & plans for 19/3 meetings	Discussion	JG
7.	15.55-16.00	Any Other Business & Date of next meeting	Discussion	Chair

Dates of future meetings: Tuesday 6th May, 2-4pm

Actions log

Agenda item	Action	Responsible	Timeline	Ref.	Update
4. 2024/25 budget	Prepare 2024/25 budget for Board approval based on Committee discussion	Nick Stevens	By May Board meeting	23.04.24/01	Complete
7. Committee Terms of Reference	Update based on Committee feedback	Anna Machin	By May Board meeting	23.04.24/02	Complete
8. AOB	Bring Financial Delegated Authorities for approval	Nick Stevens	July meeting	23.04.24/03	Complete
4. 2023/24 year-end planning	Arrange meeting with auditors	Alan Cogbill	September	18.07.24/01	Complete
4.6. Lottery proposal	Take forward transition of Lottery, subject to receiving and sharing final assurances	Nick Stevens	Spring 2025	21.01.25/01	Not yet due
5. External audit retender	Take forward set-up of audit meetings	Nick Stevens	Spring 2025	21.01.25/02	Set for 19/3
	Report to Committee then Board on proposed appointment	Nick Stevens	Spring/summer 2025	21.01.25/03	To propose on 19/3

Draft Budget 2025-26



Draft Budget 2025-26 - Income and Expenditure



- Draft Budget for 2025-26 projects a surplus of £269k *after* drawdown from DoC grant of £600k
- Shortfall is **£(331)k** *before* drawdown but *after* impact of Govt Capital Grant (£395k grant income => assets; only £25k depreciation in year)
- ‘Real’ shortfall adjusted for DoC and Govt Grant is **£(701)k** for 2025-26
- ‘Real’ shortfall projected to fall to **£(175)k** in 2026-27 and a ‘real’ surplus of £138k for 2027-28.

Draft Budget 2025-26 - Income and Expenditure



Draft Budget 2025-26	Full Year											
	Actuals 2019-20	Actuals 2020-21	Actuals 2021-22	Actuals 2022-23	Actuals 2023-24	F'cast 2024-25	Budget 2024-25	variance	Budget 2025-26	variance to prior year	2026-27	2027-28
Income from NHS	1,546,130	1,775,471	2,264,729	1,698,401	1,697,202	1,997,726	1,786,331	211,394	1,975,040	(22,686)	2,013,221	2,052,165
Other Income	175,599	1,662,681	588,934	350,702	623,775	1,751,371	1,413,819	337,552	849,205	(902,165)	464,050	477,062
Service Income	1,721,729	3,438,152	2,853,662	2,049,104	2,320,977	3,749,097	3,200,150	548,946	2,824,245	(924,851)	2,477,270	2,529,227
Direct Cost of Services	(3,434,614)	(3,713,542)	(3,878,465)	(4,516,639)	(4,907,359)	(4,854,881)	(5,028,049)	173,168	(4,660,241)	194,640	(4,759,673)	(4,856,153)
Hospice Depreciation	(210,006)	(155,282)	(95,491)	(95,392)	(109,815)	(110,685)	(120,509)	9,823	(134,525)	(23,839)	(91,812)	(89,962)
Support Costs	(622,189)	(678,829)	(670,239)	(698,011)	(792,519)	(934,338)	(851,399)	(82,939)	(778,184)	156,154	(789,555)	(773,100)
Service Costs	(4,266,809)	(4,547,652)	(4,644,196)	(5,310,041)	(5,809,692)	(5,899,905)	(5,999,957)	100,052	(5,572,950)	326,955	(5,641,040)	(5,719,215)
Net Service Cost to be funded	(2,545,080)	(1,109,500)	(1,790,534)	(3,260,937)	(3,488,716)	(2,150,808)	(2,799,807)	648,999	(2,748,705)	(597,897)	(3,163,770)	(3,189,989)
	60%	39%	49%	32%	29%	34%	30%		35%	0	36%	36%
Fundraising Activity												
Legacy Income	1,750,510	2,228,142	1,532,596	1,646,106	1,591,533	1,090,616	1,312,500	(221,884)	1,378,125	287,509	1,447,031	1,519,383
Donor Income	1,240,373	1,222,685	996,411	1,132,220	1,168,678	1,896,910	1,402,275	494,635	1,624,002	(272,908)	1,962,072	2,063,913
Fundraising Costs	(629,760)	(592,754)	(702,971)	(730,913)	(732,467)	(710,624)	(827,274)	116,650	(816,346)	(105,722)	(800,026)	(816,027)
	2,361,123	2,858,074	1,826,036	2,047,412	2,027,743	2,276,903	1,887,501	389,402	2,185,782	(91,121)	2,609,077	2,767,269
Lottery Income	456,007	454,014	422,996	368,285	354,369	376,728	448,680	(71,952)	347,465	(29,263)	280,741	255,732
Lottery Costs	(206,984)	(188,041)	(195,515)	(169,462)	(229,846)	(325,558)	(394,029)	68,470	(136,133)	189,426	(28,318)	(28,874)
	249,023	265,973	227,480	198,823	124,523	51,170	54,652	(3,482)	211,332	160,163	252,422	226,858
Shop Income	1,103,503	203,693	1,109,995	1,418,215	1,726,714	1,962,295	1,962,895	(600)	2,093,611	131,316	2,431,444	2,793,609
Shop Costs	(934,027)	(913,626)	(1,123,843)	(1,200,945)	(1,691,877)	(1,627,139)	(1,769,622)	142,483	(1,683,443)	(56,304)	(1,909,461)	(2,073,328)
	169,476	(709,933)	(13,848)	217,270	34,837	335,156	193,273	141,883	410,168	75,012	521,983	720,281
	-8%	15%	-1%	15%	2%	17%	10%		20%		21%	26%
Support Costs	(311,094)	(339,414)	(335,119)	(349,005)	(396,259)	(467,169)	(425,699)	(41,470)	(389,092)	78,077	(394,777)	(386,550)
Fundraising Contribution	2,468,527	2,074,699	1,704,549	2,114,500	1,790,845	2,196,060	1,709,726	486,334	2,418,191	222,131	2,988,705	3,327,858
Shortfall before DOC Funding	(76,553)	965,199	(85,985)	(1,146,437)	(1,697,871)	45,252	(1,090,081)	1,135,332	(330,514)	(375,766)	(175,065)	137,870
DOC Funding	0	280,000	666,666	750,000	500,000	349,500	500,000	(150,500)	600,000	250,500	300,000	150,000
Contingency Drawdown				0								
Surplus/(Shortfall) for period	(76,553)	1,245,199	580,681	(396,437)	(1,197,871)	394,752	(590,081)	984,832	269,486	(125,266)	124,935	287,870

Draft Budget 2025-26 – Balance Sheet and Cash Movements

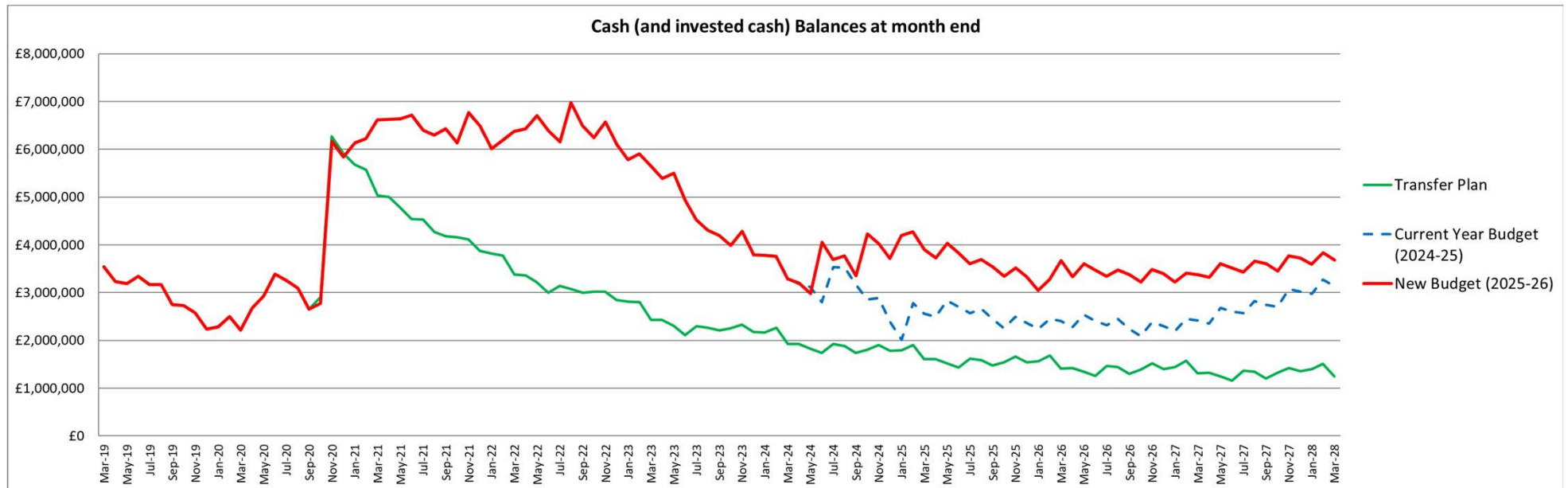


Draft Budget 2025-26	Full Year											
Net Movement in Funds	Actuals 2019-20	Actuals 2020-21	Actuals 2021-22	Actuals 2022-23	2023-24	F'cast 2024-25	Budget 2024-25	variance	Budget 2025-26	variance	2026-27	2027-28
Surplus/(Loss) from Operations	(76,553)	1,245,199	580,681	(396,437)	(1,197,871)	394,752	(590,081)	984,832	269,486	(125,266)	124,935	287,870
Depreciation	233,035	302,968	130,403	144,992	199,165	198,722	221,293	(22,571)	224,028	25,306	181,576	163,579
Decrease/(Increase) in Debtors	(981,075)	(533,412)	107,828	573,324	(653,890)	541,354	398,260	143,094	260,708	(280,646)	(2,403)	128,577
(Decrease)/Increase in Creditors	(59,763)	3,640,923	(772,786)	(769,428)	(392,610)	(400,696)	(571,048)	170,352	(488,962)	(88,266)	(521,440)	(153,382)
Net cash (expended)/ generated by operations	(884,356)	4,655,678	46,126	(447,549)	(2,045,206)	734,132	(541,575)	1,275,707	265,260	(468,872)	(217,332)	426,644
Purchase of Fixed Assets	(445,856)	(250,308)	(293,277)	(277,357)	(312,460)	(124,495)	(193,357)	68,862	(515,000)	(390,505)	(105,000)	(145,000)
Increase / (Decrease) in Cash	(1,330,212)	4,405,370	(247,151)	(724,906)	(2,357,666)	609,637	(734,932)	1,344,569	(249,740)	(859,377)	(322,332)	281,644

Draft Budget 2025-26	Full Year											
Balance Sheet	Actuals 2019-20	Actuals 2020-21	Actuals 2021-22	Actuals 2022-23	Actuals 2023-24	F'cast 2024-25	Budget 2024-25	variance	Budget 2025-26	variance	2026-27	2027-28
Fixed Assets	4,276,470	561,565	724,439	856,804	970,099	895,872	942,163	(46,291)	1,186,844	290,972	1,110,269	1,091,689
Debtors	1,552,953	2,086,365	1,978,537	1,405,213	2,059,103	1,517,749	1,594,516	(76,767)	1,257,041	(260,708)	1,259,444	1,130,867
Cash at Bank and Investment Fund	2,214,936	6,620,306	6,373,156	5,648,250	3,290,583	3,900,220	2,555,651	1,344,569	3,650,479	(249,740)	3,328,147	3,609,791
Creditors	(336,256)	(3,977,179)	(3,204,393)	(2,434,965)	(2,042,355)	(1,641,659)	(1,406,798)	(234,861)	(1,152,697)	488,962	(631,257)	(477,875)
Net Assets	7,708,102	5,291,057	5,871,739	5,475,301	4,277,430	4,672,182	3,685,531	986,651	4,941,668	269,486	5,066,603	5,354,473

- Net Assets projected to increase due to projected surplus for 2025-26
- Cash projected to reduce by £250k
- Cash and Investment balance projected to be £3.65m – a satisfactory level

Draft Budget 2025-26 – Cash and investments Graph



Improved current cash position over budget due to 2024-25 forecast being £1.1m better than forecast:

- Cost reductions implemented sooner than budgeted
- Income levels higher than budgeted

Projected cash position remains better than 2024-25 projections, but incorporates NIC increase and some other cost and income revisions

Income from Charitable Activities (£2.8m v £3.75m)



NHS ICB

- 2.15% uplift adds c£40k to total (becomes £1.87m)
- Further uplift has been promised but not assumed
- £36k for continuing care (2024-25 £98k)
- Assumes we do receive ongoing additional £66k for weekend CPCT cover

Govt Capital Grants

- £396k assumed based on 2024-25 level of £131k (75/25)

Other Income

- Education Income - £6,500 (24-25 £7,500 to February)
- St Bede's income – £8,450 (24-25 £3,100 to February) - seek a pro-active volunteer to seek sales following re-fit in March '25
- Orangery Income £32,000 in line with current experience (with much reduced staff cost).
- Investment Income £75,000 (24-25 £213,000 to February) – chiefly relates to growth in capital value of investment – assumes we retain £2m with Sarasin and subject to global influences
- DoC Gift in Kind - £324k (24-25 £315k) inflation uplift (matched by notional rental cost, no cash transfer).
- DoC grant – assumes NIL (24-25, £1m)

Govt Grant - Capital Expenditure



Capital Budget 2025-26

2025-26	Building Project	230,000
2025-26	Replacement Website	50,000
2025-26	Remembrance garden	25,000
2025-26	5 x Syringe Drivers	6,000
2025-26	Boiler Upgrade	15,000
2025-26	General Computer Expenditure 2025-2	30,000
2025-26	New VoIP Phones & System for Capito	10,000
2025-26	Hospice Refresh 2025-26	24,000
2025-26	Refresh on continuing basis	10,000
		<hr/>
		400,000
2025-26	HR System	15,000
2025-26	Drug Store Update	20,000
2025-26	New Shop 1 Fit-out	40,000
2025-26	New Shop 2 Fit-out	40,000
		<hr/>
		515,000

The Govt Grant is estimated at £395k and it is assumed that it will cover all the first projects in the CapEx list; this is subject to criteria being confirmed.

- Building project (subject to landlord agreement, planning, grant criteria etc) designed to facilitate a move on-site before the break-clause in Capitol House lease (cost saving of £60k+ pa)
- Website overdue and should facilitate donations and communications
- Remembrance Garden related to building project
- Drug Store is with Trust (potential part-funding)
- Two new shops fit-out (October 2025 and March 2026) – only if we find correct site.

Direct Clinical Costs (£4.66m v £4.86m)



- Total of £4.66m for direct clinical costs (24-25 £4.86m – cost reductions only partially in year)
 - Run-rate for 3m Nov '24 to Jan '25 (*after* reductions and Afc pay rise) £4.44m so in line with new budget.
 - Depreciation is up £26k following Grant driven CapEx.
 - 3% assumption for clinical (Afc)
 - No Pay increase for non-clinical staff
- £57k increase over August 2024 (post-cost reductions) projection
- Er's NIC change adds £90k to Clinical costs
 - 0.6 FTE New Volunteer role £18k – to support Hospice Volunteer growth and co-ordinate fundraising volunteers for Community Action/Campaign
 - Utilities are up £26k
 - Other costs down on August 2024 projection

Support Services Costs (£1.15m v £1.4m)



- Total of £1.17m for support services costs (24-25 £1.4m) – split 67% Clinical and 33% income generation.
- 2025-26 budget is £120k *more* than the August 2024 projection (post cost-reductions) - £40k for the Hospice database role; £12k IT consultant role retained for capacity; £12k staff life cover (reduced instead of cancelled); £15k HR refund in 2024 incorrectly included in August projection for future years; £17k Er's NIC increase. £20k added for 'Visibility marketing'
- Other costs even cf August projection.

		2024-5	2025-6	Var	
Finance	Staff Cost	£95,777	£87,728	-£8,049	cut less Er's increase
	Other Costs	£63,536	£45,466	-£18,070	lower VAT write-off
Facilities	Staff Cost	£111,841	£104,014	-£7,827	Salary decrease
	Other Costs	£3,296	£3,696	£401	
General	Staff Cost	£190,786	£182,625	-£8,161	
	Buildings	£57,396	£58,071	£675	
	Wimbledon Park w/off	£110,000	£0	-£110,000	aim to assign lease door drop in 24
	Marketing	£44,558	£29,500	-£15,058	
	Computers, Website, Professional Services etc	£179,143	£165,409	-£13,733	reduced life cover
HR	Staff Cost	£139,587	£116,375	-£23,212	various
	Other Costs	£23,597	£18,972	-£4,625	elements
IT	Staff Cost	£261,703	£236,986	-£24,717	cuts less new role
	Other Costs	£120,288	£118,432	-£1,855	
		£1,401,507	£1,167,275	-£234,231	

Fundraising Income Target (£1.62m v £1.9m)



12 Months to March	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Variance
Appeals	£167,263	£157,462	£155,155	£148,120	£230,964	£200,000	-£30,964
Challenge	£35,697	£49,034	£77,795	£117,344	£104,234	£115,000	£10,766
Community	£99,699	£82,901	£136,022	£122,697	£127,554	£135,300	£7,746
Corporate	£109,163	£125,596	£118,385	£110,739	£152,032	£160,000	£7,968
Events	£13,120	£33,573	£28,545	£44,595	£47,764	£70,000	£22,236
In-Mem	£214,940	£146,013	£221,629	£189,517	£309,700	£305,000	-£4,700
Other/Gen Giving	£113,157	£35,141	£87,993	£98,617	£120,043	£70,000	-£50,043
Regular	£55,799	£55,945	£57,568	£60,500	£91,572	£126,160	£34,588
Trusts	£161,066	£261,831	£195,527	£202,088	£231,717	£280,000	£48,284
Major Donors	£148,000	£0	£0	£14,080	£294,912	£72,000	-£222,912
Gift Aid	£104,783	£48,915	£53,601	£60,383	£182,008	£90,542	-£91,465
Total Fundraising	£1,222,685	£996,411	£1,132,220	£1,168,678	£1,892,498	£1,624,002	-£268,496

- Donation income has broken through the ceiling of c£1.2m (last fifteen years) in 2025-26 – evidences that our targets are achievable although remain hugely risky and challenging.
- Stripping out single £250k gift and extra £120k of Gift Aid leaves a *growth* level of c£100k to achieve for 2025-26.
- Noteworthy that Q1-2 of current year was 9% above prior year but Q3-4 is 52% above = trajectory

Fundraising Costs (£0.82m v £0.72m)



- Donation income has been achieved with much less expenditure than budgeted in 2024-25
- We now need to press our improved visibility home and deliver the engagement that can maintain this level of income, and continue to grow it for a further year
- This budget enables the planning of activity to reach our community, our corporates and our various social groups, social media etc
- Overall budget up £105k

	2024-5	2025-6	Var	
Communications and Marketing	£11,321	£27,500	£16,179	a further £29k is in 'General'
FR Costs - Legacies	£2	£32,000	£31,999	
FR Costs - Trusts	£1,000	£5,000	£4,000	
FR Costs - Events	£18,090	£17,400	£690	
FR Costs - Challenges	£10,415	£16,600	£6,185	
FR Costs - Community	£4,116	£16,200	£12,084	
FR Costs - Corporate	£1,643	£10,500	£8,857	
FR Costs - Major Donors	£1,400	£4,500	£3,100	
FR Costs - Appeals	£14,950	£65,000	£50,050	
FR Costs - In Memory	£5,086	£20,000	£14,914	
FR Costs - Supporter Care	£3,576	£5,000	£1,424	
	£71,598	£219,700	£148,102	
Staff Costs	£563,670	£515,077	£48,593	cuts
Other Costs	£75,356	£81,569	£6,213	
	£710,624	£816,346	£105,722	

Retail



- **Income up £134k (6.5%)**
- Wimbledon Park closed and rent written off in 2024-25. Aim to assign the lease to recoup this cost asap.
- New shop assumed from November 2025
- Monthly pop-up sales included
- **Costs up £56k (3.5%)**
- Big savings over 2023-4 in other costs to be maintained
- **Contribution £410k (20%)**

	2023-4	2024-5	2025-6	Var
Rosehill	£122,422	£150,819	£155,383	£4,564
Raynes Park	£96,230	£96,322	£95,879	-£443
Sutton	£150,350	£162,561	£174,408	£11,847
Banstead	£116,126	£125,097	£130,721	£5,624
Stonecot Hill	£100,421	£97,077	£97,045	-£32
Carshalton	£137,208	£142,916	£145,216	£2,300
Cheam Shop	£161,278	£165,161	£170,966	£5,805
Donation Station	£216,597	£231,120	£252,873	£21,753
New Malden	£180,960	£175,708	£175,478	-£230
Wimbledon Village	£226,676	£259,580	£272,267	£12,687
Morden	£97,826	£213,810	£219,270	£5,460
Pop-Ups			£35,000	£35,000
Ebay	£10,117	£9,852	£11,434	£1,582
Wimbledon Park	£50,801	£43,921	£0	-£43,921
New Shop			£57,975	£57,975
Gift Aid	£59,702	£85,452	£99,696	£14,243
	£1,726,714	£1,959,394	£2,093,611	£134,217
Staff Costs	£890,129	£883,787	£925,633	£41,846
Rent and rates	£408,347	£424,131	£413,582	-£10,549
Depreciation	£88,095	£86,684	£89,503	£2,819
Other	£305,306	£232,538	£254,725	£22,187
	£1,691,877	£1,627,139	£1,683,443	£56,304
Contribution	£34,837	£332,255	£410,168	£77,913

Lottery



- **Currently Assumed to transfer to LHL in November**
- **Will need report for Board Meeting**

28/04/2024	THE-10-Copper Memorial sculptor with Leaves	7250	NS to contact restricted donor	
09/08/2024	TOM-01-Fitting copper tree sculptor with Leaves	650	NS to contact restricted donor	
30/07/2024	FGM-01-New Book,New Cabinet & Felt Sambles	10046.5	NS to contact restricted donor	
02/10/2024	FIL-01-Snack & Drinks Vending Marchine in the Orangery	5792		
17/10/2024	OSK-01-Oska Series5 Mattress with Evac base	4776		
30/04/2024	AUX-01- Refurbished HP G5 i5 Mini Desktop Bundle x15	4875		
04/04/2024	FIR-02-Bag Bays-SDC	5753.15	tbcc once criteria for grant is clarified	
	Already capitalised	<u>39142.65</u>		
	Russell Cawberry Fire Doors invoice 2	<u>20541</u>	to be invoiced and paid asap	
27/07/2024	BLA-03-RE NXT Migration Prepartion	891.00	INV-0000390437	
29/04/2024	BLA-03 - Re NXT Migration Preparation	891.00	INV-0000367279	
29/10/2024	MUC-01-Set up fee for customised landing page, Tribute Garden, Staff Training, Create Funeral collection widgets	1400	INV-0646	
	NXT Project Manager - 17th October 2024 to 3rd February 2025	13023.44	Question to Audit Tenders	confirmation of dates needed before 15th March
	RedArc - Module to enable donor mailing	708.00	paid by cc - Feb 2025	
	To be capitalised	<u>16913.44</u>		
	Total spend/in place to date	<u>76597.09</u>		
to be completed	St Bede's Sound and Vision	37186	PO signed	confirmation of dates needed before 15th March
	Air-con units	2500		
	HP EliteBook 840 G8 Core i5 X18	11520	options reviewed	confirmation of dates needed before 15th March
	HPE Aruba AP 25 – up to 150 users per node X15	2839.05		
	HP Elitedesk 800 G9 DM Core i5 X35	18375		
		<u>149017.1</u>		
to be completed	Coffee Vending Machine	7000 est	options reviewed	
		156017.1		

St Raphael's Hospice Anti-Money Laundering Policy

1. Introduction

This Anti-Money Laundering (AML) Policy has been developed by St Raphael's Hospice to ensure compliance with UK legal requirements designed to prevent money laundering and terrorist financing. The purpose of this policy is to outline procedures for identifying and managing the risk of money laundering within the charity and to ensure that our staff, volunteers, and trustees understand their obligations.

2. Purpose of the Policy

The purpose of this policy is to:

- Prevent the charity from being used to launder money or fund terrorism.
- Ensure compliance with UK laws and regulations, including the **Proceeds of Crime Act 2002 (POCA)**, the **Terrorism Act 2000**, and the **Money Laundering, Terrorist Financing, and Transfer of Funds (Information on the Payer) Regulations 2017**.
- Establish processes for the identification and reporting of suspicious activities or transactions.
- Provide guidance for the prevention of money laundering and terrorist financing through the charity's activities, including fundraising and handling donations.

3. Scope of the Policy

This policy applies to all staff, trustees, volunteers, and anyone acting on behalf of St Raphael's Hospice, with particular application for those engaged in the following areas:

- Fundraising (including online and offline donations)
- Handling cash donations
- Managing relationships with donors, suppliers, and third parties
- Collaborations with other charities or organisations

4. Legal and Regulatory Framework

As a UK charity, St Raphael's Hospice must comply with the following laws and regulations:

- **The Proceeds of Crime Act 2002 (POCA)**
- **The Terrorism Act 2000**
- **The Money Laundering, Terrorist Financing, and Transfer of Funds (Information on the Payer) Regulations 2017**
- **Charity Commission for England and Wales regulations**
- **General Data Protection Regulation (GDPR)**

5. Risk Assessment

A risk assessment will be conducted annually by the charity to identify and assess the potential risks of money laundering and terrorist financing. This will take into account:

- The nature of the charity's fundraising activities
- The size and volume of donations received
- The geographical location and sources of donations

- The vulnerability of specific donation methods (e.g., cash donations, online donations)

6. Anti-Money Laundering (AML) Procedures

6.1. Customer Due Diligence (CDD)

- **Verification of Donors:** For large or international donations, the charity will verify the identity of donors to ensure that funds are not linked to criminal activity. This includes confirming the identity of donors making donations above £5,000 or donations above £500 from high-risk jurisdictions (see Appendix 1).
- **Monitoring Donations:** All donations will be monitored to ensure they align with the charity's normal operations and donor profiles. This includes checking for any unusual or suspicious patterns in donations (e.g., high volumes of cash or donations from unknown sources).

Commented [RC1]: How will we do this?

6.2. Enhanced Due Diligence (EDD)

For donations that are considered high risk, such as:

- Large one-off donations
- Donations from politically exposed persons (PEPs)
- Donations from high-risk countries or regions

The charity will apply enhanced due diligence procedures, including additional checks and scrutiny on the source of funds.

6.3. Suspicious Activity Reporting (SAR)

- **Reporting Suspicious Activity:** Any employee, volunteer, or trustee who suspects that a donation or transaction is connected to money laundering or terrorist financing must immediately report it to the **Money Laundering Reporting Officer (MLRO)**.
- **MLRO's Role:** The designated MLRO will assess the situation and determine whether the concern should be escalated by filing a **Suspicious Activity Report (SAR)** with the UK Govt's **National Crime Agency (NCA)**.
- St Raphael's Hospice's **MLRO** is the holder of the role of Director of Finance (see below)

6.4. Cash Donations

Due to the higher risk of money laundering associated with cash donations, the charity will:

- Limit the amount of cash donations accepted in any single transaction to £1,000 in the usual course of operations. Above that level will require additional and particular due-diligence to ascertain that the source of funds are legitimate.
- Maintain a record of all cash donations above £1,000 noting the source of the funds, where applicable.
- Regularly review cash donation processes to ensure that they comply with AML guidelines.

7. Responsibilities

7.1. Money Laundering Reporting Officer (MLRO)

The charity will appoint the Director of Finance (or equivalent role-holder) to act as the Money Laundering Reporting Officer (MLRO). The MLRO will:

- Oversee compliance with this policy.
- Receive and assess any reports of suspicious activity.
- File Suspicious Activity Reports (SARs) when necessary.
- Ensure that all staff and volunteers are trained on their AML obligations.
- Report any issues to the board of trustees, as required.

7.2. Staff and Volunteers

All relevant staff, volunteers, and trustees are required to:

- Complete mandatory training on anti-money laundering procedures.
- Report any suspicions of money laundering or terrorist financing to the MLRO.
- Ensure that they understand the importance of maintaining confidentiality when handling sensitive information.

Commented [NS2]: See comment below

8. Training and Awareness

- **Training Program:** All relevant new employees, volunteers, and trustees will receive AML training as part of their induction. Existing staff will receive annual refresher training to ensure that they remain aware of their responsibilities.
- **Ongoing Awareness:** The charity will raise awareness of money laundering risks through regular communications and updates to staff and volunteers.

Commented [NS3]: AML will need to be explained to relevant staff with a reminder each year. This could be achieved by including this policy in the information pack and updating and re-circulating it each year.

9. Internal Controls

- **Record-Keeping:** The charity will maintain records of all donations and financial transactions for a minimum of five years, as required by law.
- **Audits:** The charity will include compliance with this AML policy in its periodic internal audits to ensure and assess the effectiveness of its controls.

Commented [NS4]: Richard, this may involve holding this in mind during internal audit for Gift Aid and other purposes

10. Sanctions and Screening

- **Sanctions List Check:** Where a heightened risk is perceived, including donations arising from any of the high risk regions listed in Appendix 1, charity will check donors against government and international sanctions lists, including the UK's **HM Treasury Sanctions List**, to ensure that no donations are accepted from individuals or entities subject to financial sanctions.

11. Confidentiality and Whistleblowing

- **Confidentiality:** All reports of suspicious activity will be treated with the utmost confidentiality, and individuals will not face retaliation for reporting suspicious behavior.
- **Raising Concerns:** The charity will provide a clear raising concerns procedure for staff, volunteers, and trustees to report any concerns about potential money laundering activities without fear of retaliation.

12. Review and Updates

This policy will be reviewed annually to ensure it remains compliant with UK legislation and best practices. Any necessary updates will be implemented promptly, and all staff and trustees will be informed of any changes.

Approval and Date:

This policy was approved by the Finance and Resources Committee of the Board of Trustees on **[Date]** and will be reviewed annually.

By adhering to this policy, St Raphael's Hospice, aims to ensure that it remains a trusted and transparent charity, committed to preventing money laundering and terrorist financing while maintaining its charitable mission.

Appendix 1 – High Risk Regions

Countries or regions identified as high-risk by the FATF include:

- North Korea
- Iran
- Syria
- Yemen

Other High-Risk Regions (Based on AML Risk Reports and Assessments)

- United Arab Emirates (UAE); Saudi Arabia
- Nigeria; South Africa
- Russia; Ukraine
- Cayman Islands; Bahamas; Panama
- Myanmar; Cambodia; Vietnam
- Venezuela; Mexico; Colombia

GRANT FUNDING AGREEMENT

Between Hospice UK and [name of hospice]

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This Grant Funding Agreement is made on 2025

Between:

- (1) **HOSPICE UK** in England & Wales registered charity number 1014851 and registered company number 02751549 whose registered office is at 34-44 Britannia Street, London, WC1X 9JG (“**HUK**”); and
- (2) [**HOSPICE**] [charity, company or other registration details as appropriate and **registered office**] (“**the Grant Recipient**”)

In relation to:

Distribution of onward grants to hospices by HUK of £100 million hospice capital funding grant made by The Secretary of State for Health and Social Care to HUK.

The conditions of grant by HUK to the Grant Recipient (collectively the **Conditions**) are as follows:

1. INTRODUCTION

- 1.1. This Grant Funding Agreement sets out the conditions which apply to the Grant Recipient receiving the Grant from HUK up to the Maximum Sum.
- 1.2. The Authority and HUK have agreed that the Authority will provide the **Hospice Capital Grant** to HUK and this Grant Funding Agreement is for that part of the Hospice Capital Grant which HUK will make available to the Grant Recipient provided the Grant Recipient uses the Grant in accordance with this Grant Funding Agreement.
- 1.3. The Grant Recipient acknowledges that HUK is bound by its obligations to the Authority under the Hospice Capital Grant, and throughout this Grant Agreement references are made to the Authority which reflect requirements and directions (including the need for approvals by the Authority) which HUK must pass on to the Grant Recipient (and all other hospices receiving grants as part of the distribution by HUK of the Hospice Capital Grant).

2. DEFINITIONS AND INTERPRETATION

- 2.1. Where they appear in these Conditions:

Annex means the annexes attached to these Conditions which form part of the Grant Funding Agreement;

Asset means any assets that are to be purchased or developed using the Grant including equipment or any other assets which may be a Fixed Asset as appropriate in

the relevant context, and **Assets** will be construed accordingly and are further defined in this paragraph 2.1 as Fixed Assets and Intangible Assets;

Asset Owning Period means the period during which the Assets are recorded as Assets in the Grant Recipient's accounts;

Authority means the Secretary of State for Health and Social Care acting on behalf of the Crown through the Department of Health and Social Care;

Authority Personal Data means any Personal Data supplied for the purposes of, or in connection with, the Hospice Capital Grant by the Authority to HUK and which is in turn disclosed to the Grant Recipient for the purposes of, or in connection with, this Grant Funding Agreement.

Branding Manual means the HM Government of the United Kingdom of Great Britain and Northern Ireland Branding Manual Funded by UK Government first published by the Cabinet Office in November 2022, and is available [here](#), including any subsequent updates from time to time;

Bribery Act means the Bribery Act 2010 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning this legislation;

Code of Conduct means the Code of Conduct for Recipients of Government General Grants published by the Cabinet Office in November 2018 which is available [here](#), including any subsequent updates from time to time;

Confidential Information means any information (however conveyed, recorded or preserved) disclosed by a Party or its personnel to another Party (and/or that Party's personnel) whether before or after the date of the Grant Funding Agreement, including but not limited to:

- (a) any information that ought reasonably to be considered to be confidential (whether or not it is so marked) relating to:
 - (i) the business, affairs, customers, clients, suppliers or plans of the disclosing Party; and
 - (ii) the operations, processes, product information, know-how, designs, trade secrets or software of the disclosing Party; and
- (b) any information developed by the Parties in the course of delivering the Funded Activities;
- (c) the Authority Personal Data and HUK Personal Data;
- (d) any information derived from any of the above.

Confidential Information shall not include information which:

- (a) was public knowledge at the time of disclosure (otherwise than by breach of paragraph 11 of these Conditions);

- (b) was in the possession of the receiving Party, without restriction as to its disclosure, before receiving it from the disclosing Party;
- (c) is received from a Third Party (who lawfully acquired it) without restriction as to its disclosure; or
- (d) is independently developed without access to the Confidential Information.

Controller and Processor take the meaning given in the GDPR;

Change of Control means the sale of all or substantially all the assets of a Party; any merger, consolidation or acquisition of a Party with, by or into another corporation, entity or person, or any change in the ownership of more than fifty percent (50%) of the voting capital stock of a Party in one or more related transaction;

Crown Body means the government of the United Kingdom (including the Northern Ireland Assembly and Executive Committee, the Scottish Executive and the National Assembly for Wales), including, but not limited to, government ministers and government departments and particular bodies, persons, commissions or agencies from time to time carrying out functions on its behalf;

Data Protection Legislation means (i) the UK GDPR; (ii) the DPA 2018 to the extent that it relates to the processing of Personal Data and privacy; (iii) (to the extent that it applies) the EU GDPR; (iv) all applicable Law relating to the processing of Personal Data and privacy;

Disposal means the disposal, sale, transfer of an Asset or any interest in any Asset and includes any contract for disposal;

Domestic Law means an applicable law, statute, bye-law, regulation, order, regulatory policy, guidance or industry code, judgment of a relevant court of law, or directives or requirements of any regulatory body, delegated or subordinate legislation which replaces EU law as a consequence of the UK leaving the European Union;

Duplicate Funding means funding provided by a Third Party to the Grant Recipient, which is for the same purpose for which the Grant was made, but has not been declared to the Authority;

EIR means the Environmental Information Regulations 2004;

Eligible Expenditure means the expenditure incurred by the Grant Recipient during the Funding Period for the purposes of delivering the Funded Activities which complies in all respects with the eligibility rules set out in paragraph 5 of these Conditions;

Employment Regulations means the Transfer of Undertakings (Protection of Employment) Regulations 2006 (SI 2006/246) or any successor legislation;

Event of Default means an event or circumstance set out in paragraph 27.1;

Financial Year means from 1 April to 31 March;

Fixed Assets means any Asset which consists of land, buildings, plant and equipment acquired, developed, enhanced, constructed in connection with the Funded Activities (see Annex 1);

FOIA means the Freedom of Information Act 2000 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning the legislation;

Funded Activities means the activities set out in Annex 1;

Funding Period means the period for which the Grant is awarded during the Financial Year 1 April 2024 to 31 March 2025 and ending on 31 March 2026;

Grant means the sum or sums HUK will pay to the Grant Recipient in accordance with the Grant Award Letter and paragraph 4 of the Conditions, subject always to the provisions set out at paragraph 27.

Grant Award Letter means a letter referred to in Annex 2 which will detail the Grant which will be paid to the Grant Recipient for each Financial Year of the Funding Period;

Grant Funding Agreement means these Conditions together with its annexes and any schedules;

Grant Manager means the individual who has been nominated by HUK to be the single point of contact for the Grant Recipient in relation to the Grant as shown in Annex 4;

Hospice Capital Grant means the grant funding agreement made between the Authority and HUK by which the Authority provides £100 million funding to HUK for onward dissemination to eligible hospices to use for Funded Activities;

HRA means the Human Rights Act 1998 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning the legislation;

HUK Personal Data means any personal Data supplied for the purposes of, or in connection with, this Grant Funding Agreement by HUK to the Grant Recipient;

Ineligible Expenditure means expenditure incurred by the Grant Recipient which is not Eligible Expenditure and as set out in paragraph 5 of these Conditions;

Information Acts means the Data Protection Legislation, FOIA and the EIR, as amended from time to time;

Intangible Asset: Non-monetary assets, which are without physical substance and identifiable (either being separable to, or arising from, contractual or other legal rights) (See Annex 1). The three critical attributes of an intangible asset are: identifiability, control (power to obtain benefits from the asset), future economic benefits (such as revenues or reduced future costs).

Intellectual Property Rights or IPRs means copyright, rights related to or affording protection similar to copyright, rights in databases, patents and rights in inventions semi-conductor topography rights, trade marks, rights in internet domain names and website addresses and other rights in trade names, designs, know-how, trade secrets and any modifications, amendments, updates and new releases of the same and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;

IP Completion Day has the meaning given to it in the European Union (Withdrawal) Act 2018;

IPR Material means all material produced by the Grant Recipient or its Representatives in relation to the Funded Activities during the Funding Period (including but not limited to, materials expressed in any form of report, database, design, document, technology, information, know how, system or process);

Joint Controllers means where two or more Controllers jointly determine the purposes and means of processing;

Law means any law, statute, subordinate legislation within the meaning of Section 21(1) of the Interpretation Act 1978, bye-law, right within the meaning of the European Union (Withdrawal) Act 2018 as amended by European Union (Withdrawal Agreement) Act 2020, regulation, order, regulatory policy, mandatory guidance or code of practice, judgment of a relevant court of law, or directives or requirements of any regulatory body with which the Grant Recipient is bound to comply;

Losses means all losses, liabilities, damages, costs, expenses (including legal fees), disbursements, costs of investigation, litigation, settlement, judgment, interest and penalties whether arising in contract, tort (including negligence), breach of statutory duty, misrepresentation or otherwise and **Loss** will be interpreted accordingly;

Match Funding means any contribution to the Funded Activities from a Third Party to the Grant Recipient to meet the balance of the Eligible Expenditure not supported by the Grant;

Maximum Sum means the maximum amount of the Grant HUK will provide to the Grant Recipient for the Funded Activities subject always to paragraph 27.3;

Party means HUK or the Grant Recipient and **Parties** shall be each Party together;

Personal Data has the meaning given to it in the Data Protection Legislation as amended from time to time;

Prohibited Act means:

- (a) directly or indirectly offering, giving or agreeing to give to any servant of the Authority or the Crown any gift or consideration of any kind as an inducement or reward for:
 - (i) doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of the Funding Agreement; or
 - (ii) showing or not showing favour or disfavour to any person in relation to the Funding Agreement;
- (b) committing any offence:
 - (iii) under the Bribery Act;
 - (iv) under legislation creating offences in respect of fraudulent acts; or
 - (v) at common law in respect of fraudulent acts in relation to the Funding Agreement; or
- (c) defrauding or attempting to defraud or conspiring to defraud the Authority or the Crown;

Publication means any announcement, comment or publication of any publicity material by the Grant Recipient concerning the Funded Activities and/or HUK and/or the Authority;

Relevant Transfer means a transfer of employment to which the Employment Regulations apply;

Remedial Action Plan means any plan of action which is required by HUK following an Event of Default

Representatives means any of the Parties' duly authorised directors, employees, officers, agents, professional advisors and consultants;

Special Payments means ex gratia expenditure by the Grant Recipient to a third party where no legal obligations exist for the payment and/or other extra-contractual expenditure. Special Payments may include, but is not limited to, out-of-court settlements, compensation or additional severance payments to the Grant Recipient's employees;

State Aid Law means the law embodied in Articles 107- 109 of the Treaty for the Functioning of the European Union and any related legislation adopted by the Council, European Parliament and/or the Commission (including implementing legislation) decisions and communications to the extent it applied or continues to apply at any time in the United Kingdom;

Subsidy Control Act means the Subsidy Control Act 2022 which implements a domestic subsidy control regime in the United Kingdom;

Third Party means any person or organisation other than the Grant Recipient or HUK;

Trade and Cooperation Agreement means the Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part (as that agreement is modified or supplemented from time to time in accordance with any provision of it or of any other future relationship agreement);

UK GDPR means Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (United Kingdom General Data Protection Regulation), as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018, together with the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019;

Unspent Monies means any monies paid to the Grant Recipient in advance of its Eligible Expenditure, which remains unspent and uncommitted at the end of the Financial Year, the Funding Period or because of termination or breach of these Conditions, see also Annex 2;

VAT means value added tax chargeable in the UK;

Windsor Framework means the protocol on Ireland and Northern Ireland in the EU withdrawal agreement;

Working Day means any day from Monday to Friday (inclusive) which is not specified or proclaimed as a bank holiday in England pursuant to section 1 of the Banking and Financial Dealings Act 1971 including Christmas Day and Good Friday.

2.2. In these Conditions, unless the context otherwise requires:

2.2.1. the singular includes the plural and vice versa;

2.2.2. reference to a gender includes the other gender and the neuter;

2.2.3. references to a person include an individual, company, body corporate, corporation, unincorporated association, firm, partnership or other legal entity or Crown Body;

2.2.4. a reference to any Law includes a reference to that Law as amended, extended, consolidated or re-enacted from time to time;

2.2.5. any reference in these Conditions which immediately before IP Completion Day (or such later date when relevant EU law ceases to have effect pursuant to Section 1A of the European Union (Withdrawal) Act 2018) was a reference to (as it has effect from time to time):

- (i) any EU regulation, EU decision, EU tertiary legislation or provision of the European Economic Area ("EEA") agreement ("EU References") which forms part of domestic law by

application of section 3 of the European Union (Withdrawal) Act 2018 shall be read on and after IP Completion Day as a reference to the EU References as they form part of domestic law by virtue of section 3 of the European Union (Withdrawal) Act 2018 as modified by domestic law from time to time; and

- (ii) any EU institution or EU authority or other such EU body shall be read on and after IP Completion Day as a reference to the UK institution, authority or body to which its functions were transferred;

2.2.6. the words "including", "other", "in particular", "for example" and similar words will not limit the generality of the preceding words and will be construed as if they were immediately followed by the words "without limitation";

2.2.7. references to "writing" include typing, printing, lithography, photography, display on a screen, electronic and facsimile transmission and other modes of representing or reproducing words in a visible form, and expressions referring to writing will be construed accordingly;

2.2.8. references to "representations" will be construed as references to present facts, to "warranties" as references to present and future facts and to "undertakings" as references to obligations under the Grant Funding Agreement;

2.2.9. references to "paragraphs" and "Annexes" are, unless otherwise provided, references to the paragraphs and annexes of these Conditions and references in any Annex to parts, paragraphs and tables are, unless otherwise provided, references to the parts, paragraphs and tables of the Annex in which these references appear; and

2.2.10. the headings in these Conditions are for ease of reference only and will not affect the interpretation or construction of these Conditions.

CONDITIONS

3. DURATION AND PURPOSE OF THE GRANT

- (i) The Funding Period commences in the Financial Year ending 31 March 2025 and ends on 31 March 2026 unless terminated earlier in accordance with this Grant Funding Agreement.
- (ii) The Grant Recipient must comply with the procedure relating to allocation and payment set out in Annex 2.

3.1. The Grant Recipient shall use the Grant solely for the delivery of the Funded Activities. The Grant Recipient may not make any changes to the Funded Activities. If HUK wants to make a change to the Funded Activities (including for example reducing the Grant or removing some of the Funded Activities from the Grant) it may do so on written

notice to the Grant Recipient, but only if it is in turn required to do so by the Authority under the provisions of the Hospice Capital Grant.

4. PAYMENT OF GRANT

Subject to the remainder of this paragraph 4, HUK shall pay the Grant Recipient in accordance with Annex 2. HUK shall pay the Grant in pounds sterling (GBP).

- 4.1. The Grant Recipient must complete and sign the Confirmation of Bank Details and Signatories (Annex 3) as part of their acceptance of the Grant. No payment can be made in advance of receipt of a correctly completed and signed form.
- 4.2. The signatory must be the chief finance officer or someone with proper delegated authority. Any change of bank details must be notified immediately on the same form and signed by an approved signatory. Any change of signatory must be notified to the HUK for approval, as soon as known. The Grant represents the Maximum Sum HUK will pay to the Grant Recipient under the Funding Agreement. The Maximum Sum will not be increased in the event of any overspend by the Grant Recipient in its delivery of the Funded Activities.
- 4.3. The procedure for final calculation of the Grant, is set out in Annex 2. Accordingly, before paying the Grant, HUK may require to be satisfied that the Grant Recipient has provided a sufficient level of assurance to demonstrate that the Grant will be used for Eligible Expenditure within the required time frame. The nature of such assurance may be discussed as between HUK and the Grant Recipient but its sufficiency is in the sole discretion of HUK.
- 4.4. The Grant Recipient agrees that:
 - 4.4.1. it will not apply for, or obtain, Duplicate Funding in respect of any part of the Funded Activities which have been paid for in full using the Grant;
 - 4.4.2. HUK shall notify the Authority should the Grant Recipient dishonestly and intentionally obtain Duplicate Funding for the Funded Activities and the Authority may then refer the Grant Recipient to the police.
 - 4.4.3. HUK will not be obliged to make the first payment of the Grant and/or any subsequent payments of the Grant unless or until, HUK is satisfied that the Grant will be used for Eligible Expenditure only (see 4.3);

Unless otherwise stated in these Conditions, payment of the Grant to the Grant Recipient will be made promptly by HUK in accordance with and subject to Annex 2 following payment by the Authority to HUK of the funding comprised in the Hospice Capital Grant.

- 4.5. HUK will have no liability to the Grant Recipient for any Losses caused by a delay in the payment of a Grant Claim howsoever arising.

- (i) The Grant Recipient shall promptly notify and repay immediately to HUK any money incorrectly paid to it either as a result of an administrative error or otherwise. This includes (without limitation) situations where the Grant Recipient is paid in error before it has complied with its obligations under the Grant Funding Agreement. Any sum, which falls due under this paragraph, shall fall due immediately. If the Grant Recipient fails to repay the due sum immediately the sum will be recoverable summarily as a civil debt.
- 4.6. Where the Grant Recipient enters into a contract with a Third Party in connection with the Funded Activities, the Grant Recipient will remain responsible for paying that Third Party. Neither HUK nor the Authority has any responsibility for paying Third Party invoices.
- 4.7. The use of sub-contractors shall not relieve the Grant Recipient of any of its obligations under the Grant Funding Agreement, including any obligation to repay the Grant.
- 4.8. The Grant Recipient may not retain any Unspent Monies without HUK's prior written permission (and in this respect HUK is subject to the Authority first giving such permission)
- 4.9. Grant funding must be spent on Assets in the Financial Year to which any payment relates (see Annex 2) and the purchase(s) must be recognised in the financial statements of that designated financial year
- 4.10. If at the end of the relevant Financial Year there are Unspent Monies, the Grant Recipient shall repay such Unspent Monies to HUK within 21 days of HUK's request for repayment, save for the requirement as to immediate repayment in the circumstances set out in Annex 2.

5. ELIGIBLE AND INELIGIBLE EXPENDITURE

- 5.1. HUK will only pay the Grant in respect of Eligible Expenditure incurred by the Grant Recipient to deliver Funded Activities and the Grant Recipient will use the Grant solely for delivery of Funded Activities (as set out in Annex 1 of these Conditions).
- 5.2. The items listed in Annex 1 and the following costs/payments will be classified as Eligible Expenditure if incurred for the purposes of the Funded Activities:
 - 5.2.1. If applicable, fees charged or to be charged to the Grant Recipient by external auditors/accountants for reporting or certifying that the Grant paid was applied for its intended purposes.
- 5.3. For the avoidance of doubt, the Grant Recipient may not in any circumstance claim the following as Eligible Expenditure (the list below does not override activities which are deemed eligible in these Conditions):
 - 5.3.1. Paid for lobbying, which means using the Grant to fund lobbying (via an external firm or in-house staff) in order to undertake activities intended to influence or attempt to influence Parliament, government or political activity; or attempting to influence legislative or regulatory action;

- 5.3.2. using the Grant to directly enable one part of government to challenge another on topics unrelated to the agreed purpose of the Grant;
- 5.3.3. using the Grant to petition for additional funding;
- 5.3.4. expenses such as for entertaining, specifically aimed at exerting undue influence to change government policy;
- 5.3.5. input VAT reclaimable by the Grant Recipient from HMRC;
- 5.3.6. payments for activities of a political or exclusively religious nature;

6. ANNUAL GRANT REVIEW

6.1 The Authority will review the Hospice Capital Grant annually, and the Grant Recipient will provide such assistance as HUK may, in its discretion, require to support and facilitate that review.

6.1.2 The Grant Recipient acknowledges that each annual review by the Authority may affect this Grant Agreement as follows (by way of example and a non-exclusive list)

- 6.1.1 the Funded Activities and the Grant Funding Agreement should continue in line with existing plans;
- 6.1.2 there should be an increase or decrease in the Grant for the subsequent Financial Year;
- 6.1.3 the Grant Recipient must collaborate to ensure that any remedial action reasonably required of HUK by the Authority can be implemented, and the Grant Recipient must collaborate in good faith in this respect as failure to do so may result in termination of the Grant at HUK's discretion (see paragraph 27.1.6) and HUK will be entitled to recover any Unspent Monies;

7 MONITORING AND REPORTING INCLUDING CASE STUDIES

7.1 The Grant Recipient shall:

- 7.1.1 complete and return within the time stipulated the annual monitoring form/report which the Authority will require, via HUK, from the Grant Recipient (and all recipients of grants pursuant to the Hospice Capital Grant). This form will be provided by HUK to the Grant Recipient for each year of the Grant in timely fashion after it has been made available by the Authority.
- 7.1.2 provide HUK (or, if so requested, the Authority direct) with all reasonable assistance and co-operation in relation to any ad-hoc information, explanations and documents as HUK (whether as directed by the Authority or generally) may require, from time to time, so that HUK and/or (as the case may be) the Authority may establish if the Grant Recipient has used the Grant in accordance with this Grant Funding Agreement.

- 7.1.3 In addition to the annual monitoring in 7.1.1, provide HUK with regular reporting the detail of which will be notified to the Grant Recipient in timely fashion by HUK but which will include, if relevant, details of any Assets either acquired or improved using the Grant.
- 7.1.4 allow any person authorised by HUK, (including persons authorised by the Authority), reasonable access, with or without notice, to its employees, agents, premises, facilities and records, for the purpose of discussing, monitoring and evaluating the Grant Recipient's fulfilment of its obligations under the Grant Funding Agreement and will, if so required, provide appropriate oral or written explanations to such authorised persons as required during the Funding Period;
- 7.1.5 will record in its financial reports the amount of Match Funding it receives together with details of what it has used that Match Funding for, and
- 7.1.6 notify the HUK as soon as reasonably practicable of:
 - 7.1.6.1 any actual or potential failure to comply with any of its obligations under the Grant Funding Agreement, which includes those caused by any administrative, financial or managerial difficulties; and
 - 7.1.6.2 actual or potential variations to the Eligible Expenditure and/or any event which materially affects the continued accuracy of such information.
- 7.2 The Grant Recipient represents and undertakes (and shall if requested by HUK repeat such representations and undertakings on delivery of its reporting under 7.1.1 and 7.1.3):
 - 7.2.1 that the reports and information it gives pursuant to this paragraph 7 are accurate;
 - 7.2.2 that it has diligently made full and proper enquiry of the matters pertaining to the reports and information given; and
 - 7.2.3 that any data it provided relating to the allocation of the Grant may be shared within the powers conferred by legislation with other organisations for the purpose of preventing or detecting crime.
- 7.3 Under the Hospice Capital Grant, Hospice UK is obliged, in collaboration with individual hospices, to provide a minimum of 10 detailed case studies to demonstrate the operational benefits realised through the Hospice Capital Grant, including the impact on the community/patients and/or hospice or wider workforce. The Grant Recipient will, if so requested by HUK, provide such case study (but can only be obliged to provide one) and will follow HUK's direction as to its content and the deadline for its delivery.

8 AUDITING AND ASSURANCE

- 8.1 HUK has an obligation to the Authority under the Hospice Capital Grant that, within six months of the end of each Financial Year, it will provide the Authority with independent assurance that the Hospice Capital Grant has been used for delivery of the funded activities as these are defined in the Hospice Capital Grant. This requires HUK to provide to the Authority annual accounts audited by an independent and appropriately qualified auditor where the Hospice Capital Grant is clearly segregated from other funds. Hospice UK will notify the Grant Recipient of HUK's requirements in relation to audit and segregation of the Grant, in timely fashion to enable the Grant Recipient to comply with such requirements to ensure that HUK complies in turn with its assurance and audit obligation to the Authority, and the Grant Recipient must comply with such requirements made by HUK.
- 8.2 HUK and/or the Authority (either via HUK or directly) may, at any time during and up to 7 years after the end of the Grant Funding Agreement, conduct additional audits or ascertain additional information where the HUK and/or the Authority consider it necessary. The Grant Recipient agrees to grant HUK, and/or the Authority or their Representatives access, as required, to all Funded Activities sites and relevant records. The Grant Recipient will ensure that necessary information and access rights are explicitly included within all arrangements with sub-contractors.
- 8.3 If the Authority requires further information, explanations and documents, in order for the Authority to establish that the Grant has been used properly in accordance with the Grant Funding Agreement, the Grant Recipient will, within 5 Working Days of a request by the Authority made either via HUK or directly, provide the Authority, free of charge, with the requested information.
- 8.4 The Grant Recipient shall:
- (i) identify separately the value and purpose of the Grant Funding in its audited accounts and its annual report; and
 - (ii) maintain a record of internal financial controls and procedures and provide HUK and/or the Authority (whether via HUK or directly) with a copy if requested.

Retention of documents

- 8.5 The Grant Recipient shall retain all invoices, receipts, accounting records and any other documentation, including but not limited to, correspondence relating to the Eligible Expenditure; income generated by the Funded Activities during the Funding Period for a period of 7 years from the date on which the Funding Period ends.
- 8.6 The Grant Recipient shall ensure that all its sub-contractors retain each record, item of data and document relating to the Funded Activities for a period of 7 years from the date on which the Funding Period ends.
- 8.7 The Grant Recipient will promptly provide revised forecasts of income and expenditure at the request of HUK or the Authority (either via HUK or directly).

- 8.8 Where the Grant Recipient is a company registered at Companies House, the Grant Recipient must file its annual return and accounts by the dates specified by Companies House.
- 8.9 The Grant Recipient, being a registered charity in England & Wales, must file its charity annual return by the date specified by the Charity Commissioner.
- 8.10 The Grant Recipient shall provide HUK, who may then provide the same to the Authority, with copies of its annual return, accounts and charity annual return (as applicable) within 5 days of filing them at Companies House and/or the Charity Commissioner. If a Grant Recipient fails to comply with paragraphs 8.8 or 8.9 of these Conditions HUK may suspend funding or terminate the Grant Funding Agreement in accordance with paragraph 27.3 of these Conditions.

9 FINANCIAL MANAGEMENT AND PREVENTION OF BRIBERY, CORRUPTION, FRAUD AND OTHER IRREGULARITY

- 9.1 The Grant Recipient will at all times comply with all applicable Laws, statutes and regulations relating to anti-bribery and anti-corruption, including but not limited to the Bribery Act.
- 9.2 The Grant Recipient must have a sound administration and audit process, including internal financial controls to safeguard against fraud, theft, money laundering, counter terrorist financing or any other impropriety, or mismanagement in connection with the administration of the Grant. The Grant Recipient shall require that its internal/external auditors report on the adequacy or otherwise of that system.
- 9.3 All cases of fraud or theft (whether proven or suspected) relating to the Funded Activities must be notified to HUK (who will notify the same to the Authority) as soon as they are identified. The Grant Recipient shall explain to HUK what steps are being taken to investigate the irregularity and shall keep HUK informed about the progress of any such investigation. HUK and/or the Authority (acting either via HUK or directly) may however request (which the Grant Recipient is obliged to comply with) that the matter is referred to external auditors or another Third Party as required.
- 9.4 HUK will have the right, at its absolute discretion (including where HUK is so required by the Authority), to insist that the Grant Recipient address any actual or suspected fraud, theft or other financial irregularity and/or to suspend future payment of the Grant to the Grant Recipient. Any grounds for suspecting financial irregularity includes what the Grant Recipient, acting with due care, should have suspected as well as what it actually proven.
- 9.5 The Grant Recipient agrees and accepts that it may become ineligible for Grant support and may be required to repay all or part of the Grant if, in the opinion of Her Majesty's Revenue and Customs it engages in tax evasion or aggressive tax avoidance.

9.6 For the purposes of paragraph 9.4. “financial irregularity” includes (but is not limited to) potential fraud or other impropriety, mismanagement, and the use of the Grant for any purpose other than those stipulated in the Grant Funding Agreement. The Grant Recipient may be required to provide statements and evidence to HUK and/or the Authority or the appropriate organisation as part of pursuing sanctions, criminal or civil proceedings.

10 CONFLICTS OF INTEREST

10.1 Neither the Grant Recipient nor its Representatives shall engage in any personal, business or professional activity which conflicts or could conflict with any of their obligations in relation to the Grant Funding Agreement.

10.2 The Grant Recipient must have and will keep in place adequate procedures to manage and monitor any actual or perceived bias or conflicts of interest.

11 CONFIDENTIALITY

11.1 Except to the extent set out in this paragraph 11 or where disclosure is expressly permitted, the Grant Recipient shall treat all Confidential Information belonging to HUK and/or the Authority as confidential and shall not disclose any Confidential Information belonging to HUK and/or the Authority to any other person without the prior written consent of HUK and/or the Authority, except to such persons who are directly involved in the provision of the Funded Activities and who need to know the information.

11.2 Nothing in this paragraph 11 shall prevent HUK and/or the Authority disclosing any Confidential Information obtained from the Grant Recipient:

11.2.1 for the purpose of the examination and certification of HUK’s accounts or (as the case may be) the Authority’s accounts; or pursuant to section 6(1) of the National Audit Act 1983 pertaining to the economy, efficiency and effectiveness with which the Authority has used its resources; or

11.2.2 to any government department, consultant, contractor or other person engaged by the Authority and/or by HUK, provided that in disclosing information the Authority and/or HUK (as the case may be) only discloses the information which is necessary for the purpose concerned and requests that the information is treated in confidence and that a confidentiality undertaking is given where appropriate;

11.2.3 where disclosure is required by Law, including under the Information Acts.

11.3 Nothing in this paragraph 11 shall prevent either Party from using any techniques, ideas or know-how gained during the performance of its obligations under the Grant Funding Agreement in the course of its normal business, to the extent that this does not result in a disclosure of the other Party’s Confidential Information or an infringement of the other Party’s Intellectual Property Rights.

12 TRANSPARENCY

- 12.1 HUK and the Grant Recipient acknowledge that, except for any information which is exempt from disclosure in accordance with the provisions of the Information Acts, the content of the Grant Funding Agreement is not confidential.

13. STATUTORY DUTIES

- 13.1. The Grant Recipient agrees to adhere to its obligations under the Law including but not limited to the Information Acts and the HRA.
- 13.2. Where requested by HUK and/or by the Authority (whether via HUK or directly), the Grant Recipient will provide reasonable assistance and cooperation to enable HUK and/or the Authority (as the case may be) to comply with their information disclosure obligations under the Information Acts.
- 13.3. On request from HUK and/or the Authority (whether via HUK or directly), the Grant Recipient will provide HUK and/or the Authority (as the case may be) with all such relevant documents and information relating to the Grant Recipient's data protection policies and procedures as HUK and/or the Authority may reasonably require.
- 13.4. The Grant Recipient acknowledges that HUK and/or the Authority, acting in accordance with the codes of practice issued and revised from time to time under the Information Acts, may disclose information concerning the Grant Recipient and the Grant Funding Agreement without consulting the Grant Recipient.
- 13.5. HUK and/or the Authority (whether via HUK or directly) will take reasonable steps to notify the Grant Recipient of a request for information to the extent that it is permissible and reasonably practical for it to do so. Notwithstanding any other provision in the Grant Funding Agreement, HUK and/or the Authority will be responsible for determining in their absolute discretion whether any information is exempt from disclosure in accordance with the Information Acts.

14. DATA PROTECTION

- 14.1. The Grant Recipient and HUK will comply at all times with their respective obligations under Data Protection Legislation.

15. PROCUREMENT

- 15.1. The Grant Recipient will ensure that any of its Representatives involved in the Funded Activities will adopt such policies and procedures required in order to ensure that value for money has been obtained in the procurement of goods or services funded by the Grant.

16. SUBSIDY CONTROL

HUK will advise the Grant Recipient, in timely fashion, whether any steps need to be taken by the Grant Recipient (which the Grant Recipient must take) to ensure that delivery of the Funded Activities does not put the Authority in breach of the UK's domestic obligations under the Subsidy Control Act or its international obligations in respect of subsidies.

17. INTELLECTUAL PROPERTY RIGHTS

- 17.1. Intellectual Property in all IPR Material will be the property of the Grant Recipient. Other than as expressly set out in these Conditions, neither Party will have any right to use any of the other Party's names, logos or trade marks on any of its products or services without the other Party's prior written consent.
- 17.2. The Grant Recipient grants to HUK and to the Authority a non-exclusive irrevocable and royalty-free, sub-licensable, worldwide licence to use all the IPR Material for the purpose of supporting the Funded Activities and other projects.
- 17.3. Ownership of Third-Party software or other IPR necessary to deliver Funded Activities will remain with the relevant Third Party.
- 17.4. The Grant Recipient must ensure that it has obtained the relevant agreement from the Third-Party proprietor before any additions or variations are made to the standard 'off-the-shelf' versions of any Third-Party software and other IPR. The Grant Recipient will be responsible for obtaining and maintaining all appropriate licences to use the Third-Party software.

18. ENVIRONMENTAL REQUIREMENTS

- 18.1. The Grant Recipient shall perform the Funded Activities in accordance with the Authority's environmental policy, which is to conserve energy, water, wood, paper and other resources, reduce waste and phase out the use of ozone depleting substances and minimise the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment.
- 18.2. The Grant Recipient shall pay due regard to the use of recycled products, so long as they are not detrimental to the provision of the Funded Activities or the environment, to include the use of all packaging, which should be capable of recovery for re-use or recycling.
- 18.3. The Grant Recipient shall take all possible precautions to ensure that any equipment and materials used in the provision of the Funded Activities does not contain chlorofluorocarbons, halons or any other damaging substances, unless unavoidable, in which case HUK (or, at HUK's request, the Authority direct) shall be notified in advance of their use. The Grant Recipient shall endeavour to reduce fuel emissions wherever possible.

19. INVENTORY OF ASSETS

- 19.1. HUK is required by the Authority under the Hospice Capital Grant to keep a register of all payments made to individual hospices using the Grant provided under the Hospice Capital Grant.
- 19.2. Funding from this Grant must only be used by the Grant Recipient for delivery of the Funded Activities.
- 19.3. In order to maintain the register in 19.1, HUK must for each entry in the register show the following particulars (where appropriate):
 - 19.3.1. date of acquisition or improvement;
 - 19.3.2. description of the Asset;
 - 19.3.3. cost, net of recoverable VAT;
 - 19.3.4. location of the Asset;
 - 19.3.5. serial or identification numbers;
 - 19.3.6. location of the title deeds;
 - 19.3.7. date of any Disposal;
 - 19.3.8. depreciation/amortisation policy applied;
 - 19.3.9. proceeds of any Disposal net of VAT; and
 - 19.3.10. the identity of any person to whom the Asset has been transferred or sold;and the Grant Recipient must provide such particulars to HUK for this purpose in timely fashion as reasonably required by HUK.

Disposal of Assets

- 19.4. Where the Grant Recipient uses any of the Grant to develop, improve or purchase any Assets, the Grant Recipient must ensure that the Assets are maintained in good condition over the Asset Owning Period. Assets purchased or improved using the Grant shall be owned by the Grant Recipient.
- 19.5. If the Grant Recipient disposes of any Asset without the prior written consent of both HUK and the Authority (which may act via HUK or directly for this purpose), the Grant Recipient must use all reasonable endeavours to achieve the market price for the Asset and must re-invest these proceeds on equivalent or replacements for the Asset.

19.6 The Grant Recipient shall not create any charge, legal mortgage, debenture or lien over any Asset without the prior written consent of HUK and the Authority.

20 INSURANCE

20.1 The Grant Recipient is responsible for its own insurance for the purposes related to the Funded Activities. The Grant Recipient is responsible for ensuring that it has, and maintains, at all times adequate insurance with an insurer of good repute to cover claims under the Grant Funding Agreement or any other claims or demands which may be brought or made against it by any person suffering any injury damage or loss in connection with the Funded Activities or the Grant Funding Agreement. The Grant Recipient will upon request produce to HUK and/or (whether via HUK or directly) the Authority its policy or policies of insurance or where this is not possible, a certificate of insurance issued by the Grant Recipient's insurance brokers confirming the insurances are in full force and effect together with confirmation that the relevant premiums have been paid.

21 ASSIGNMENT

21.1 The Grant Recipient will not transfer, assign, novate or otherwise dispose of the whole or any part of the Grant Funding Agreement or any rights under it, to another organisation or individual, without HUK's prior written approval (and the Grant Recipient acknowledges that HUK may in turn be required to seek the Authority's prior approval).

21.2 Any approval given by HUK will be subject to a condition that the Grant Recipient has first entered into a Grant Funding Agreement, authorised by HUK and/or (as the case may be) the Authority, requiring the Grant Recipient to work with another organisation in delivering the Funded Activities.

22 SPENDING CONTROLS – MARKETING, ADVERTISING, COMMUNICATIONS AND CONSULTANCY

22.1 The Grant Recipient must seek permission from HUK prior to any proposed expenditure on advertising, communications, consultancy or marketing either in connection with, or using the Grant, such permission being at HUK's absolute discretion.

23 LOSSES, GIFTS AND SPECIAL PAYMENTS

23.1 The Grant Recipient must obtain prior written consent from HUK (which in turn may be required to obtain prior written consent from the Authority) before:

- 23.1.1 writing off any debts or liabilities;
- 23.1.2 offering to make any Special Payments; or
- 23.1.3 giving any gifts,

in connection with this Grant Funding Agreement.

23.2 The Grant Recipient will keep a record of all gifts, both given and received, in connection with the Grant or any Funded Activities.

24 BORROWING

24.1 The Grant Recipient must obtain prior written consent from HUK (which in turn may be required to obtain prior written consent from the Authority) before:

24.1.1 borrowing or lending money from any source in connection with the Grant Funding Agreement; or

24.1.2 giving any guarantee, indemnities or letters of comfort that relate to the Grant Funding Agreement, or have any impact on the Grant Recipient's ability to deliver the Funded Activities set out in the Grant Funding Agreement.

25 PUBLICITY

25.1 The Grant Recipient gives consents to HUK and to the Authority to publicise in the press or any other medium the Grant and details of the Funded Activities using any information gathered from any monitoring or other reports submitted to HUK in accordance with paragraph 7 of these Conditions.

25.1.1 The Grant Recipient will comply with all reasonable requests from HUK and/or the Authority (whether via HUK or directly) to facilitate visits, provide reports, statistics, photographs and case studies that will assist HUK and/or (as the case may be) the Authority in its promotional and fundraising activities relating to the Funded Activities.

25.1.2 HUK consents to the Grant Recipient carrying out any reasonable publicity about the Grant and the Funded Activities as required, from time to time.

25.1.3 Any publicity material for the Funded Activities must refer to the Hospice Capital Grant programme under which the Grant was awarded and must feature HUK's and the Authority's logo. If a Third Party wishes to use HUK's and/or the Authority's logo, the Grant Recipient must first seek permission from HUK and/or (either via HUK or directly) the Authority.

25.2 The Grant Recipient will acknowledge the support of HUK and the Authority in any materials that refer to the Funded Activities and in any written or spoken public presentations about the Funded Activities. Such acknowledgements (where appropriate or as requested by HUK and/or the Authority) will include HUK's and the Authority's name and logo (or any future name or logo adopted by HUK or the Authority) using the templates provided by HUK and the Authority from time to time.

In using HUK's and the Authority's name and logo, the Grant Recipient will comply with all reasonable branding guidelines issued by HUK and the Authority from time to time.

26 CHANGES TO THE AUTHORITY'S REQUIREMENTS

26.1 HUK (or the Authority direct) will notify the Grant Recipient of any changes to the Authority's activities, which are supported by the Grant.

26.2 The Grant Recipient will accommodate any changes to the Authority's needs and requirements (whether communicated via HUK or directly) under these Conditions.

27 CLAWBACK, EVENTS OF DEFAULT, TERMINATION AND RIGHTS RESERVED FOR BREACH AND TERMINATION

Events of Default

27.1 HUK may exercise its rights set out in paragraph 27.3 if any of the following events occur:

27.1.1 the Grant Recipient uses the Grant for a purpose other than the Funded Activities;

27.1.2 the Grant Recipient fails to comply with its obligations under the Grant Funding Agreement, which failure is material in the opinion of HUK;

27.1.3 where delivery (which includes required spending) of the Funded Activities does not start or is not completed within the timescales set out in Annex 2;

27.1.4 the Grant Recipient uses the Grant for Ineligible Expenditure;

27.1.5 the Grant Recipient fails, in HUK's opinion (and HUK is obliged to follow the Authority's opinion in such circumstances), to make satisfactory progress with the Funded Activities

27.1.6 the Grant Recipient fails to collaborate with HUK in :

- (i) ensuring that any remedial action reasonably required by the Authority can be implemented pursuant to paragraph 6.1.3.; or
- (ii) improving delivery of the Funded Activities in accordance with any Remedial Action Plan approved by the Authority;

27.1.7 the Grant Recipient is, in the opinion of HUK (and HUK is obliged to follow the Authority's opinion in such circumstances) delivering the Funded Activities in a negligent manner (in this context negligence includes but is not limited to failing to prevent or report actual or anticipated fraud or corruption);

27.1.8 the Grant Recipient fails to declare Duplicate Funding;

27.1.9 the Grant Recipient fails to declare any Match Funding in accordance with paragraph 7.1.5;

27.1.10 the Grant Recipient receives funding from a Third Party which, in the opinion of HUK and/or the Authority, undertakes activities that are likely to bring the reputation of the Funded Activities and/or HUK and/or the Authority into disrepute;

27.1.11 the Grant Recipient provides HUK or (as the case may be, the Authority where required under this Grant Agreement) with any materially misleading or inaccurate information to an extent which HUK and or (as the case may be) the Authority considers to be significant;

- 27.1.12 the Grant Recipient commits or has committed a Prohibited Act or fails to report a Prohibited Act to HUK and/or the Authority, whether committed by the Grant Recipient, its Representatives or a Third Party, as soon as it becomes aware of it;
- 27.1.13 HUK and/or the Authority determines (acting reasonably) that the Grant Recipient or any of its Representatives has:
- 27.1.13.1 acted dishonestly or negligently at any time during the term of the Grant Funding Agreement and to the detriment of HUK and/or the Authority; or
 - 27.1.13.2 taken any actions which unfairly bring or are likely to unfairly bring HUK's and/or the Authority's name or reputation and/or HUK and/or the Authority into disrepute. Actions include omissions in this context;
 - 27.1.13.3 transferred, assigned or novated the Grant to any Third Party without the HUK's consent;
 - 27.1.13.4 failed to act in accordance with the Law; howsoever arising, including incurring expenditure on unlawful activities;
- 27.1.14 the Grant Recipient ceases to operate for any reason, or it passes a resolution (or any court of competent jurisdiction makes an order) that it be wound up or dissolved (other than for the purpose of a bona fide and solvent reconstruction or amalgamation);
- 27.1.15 the Grant Recipient becomes insolvent as defined by section 123 of the Insolvency Act 1986, or it is declared bankrupt, or it is placed into receivership, administration or liquidation, or a petition has been presented for its winding up, or it enters into any arrangement or composition for the benefit of its creditors, or it is unable to pay its debts as they fall due;
- 27.1.16 the European Commission or the Court of Justice of the European Union requires any Grant paid to be recovered by reason of a breach of State Aid Law through its application under Article 10 of the Windsor Framework.
- 27.1.17 a court, tribunal or independent body or authority of competent jurisdiction requires any Grant paid to be recovered by reason of breach of the UK's obligations under the Trade and Cooperation Agreement or the terms of any UK subsidy control legislation;
- 27.1.18 the Grant Recipient breaches the Code of Conduct and/or fails to report an actual or suspected breach of the Code of Conduct by the Grant Recipient or its Representatives in accordance with paragraph 31 (see code of conduct for grant recipients and branding manual);
- 27.1.19 the Grant Recipient undergoes a Change of Control which HUK and/or the Authority, acting reasonably, considers:
- 27.1.19.1 will be materially detrimental to the Funded Activities and/or;
 - 27.1.19.2 the new body corporate cannot continue to receive the Grant because they do not meet the eligibility criteria set out in the Hospice Capital Grant;
 - 27.1.19.3 that the Change of Control would raise national security concerns and/or;

27.1.19.4 the new body corporate intends to make fundamental change(s) to the purpose for which the Grant was given.

27.2 Where HUK determines (whether directed by the Authority or otherwise) that an Event of Default has or may have occurred, HUK shall notify the Grant Recipient to that effect in writing, setting out any relevant details of the failure to comply with these Conditions or pertaining to the Event of Default, and details of any action that the HUK and/or the Authority (either via HUK or directly) intends to take or has taken.

Rights reserved for the Authority in relation to an Event of Default

27.3 Where HUK (whether directed by the Authority or otherwise) determines that an Event of Default has or may have occurred, HUK and/or the Authority (either via HUK or directly) shall take any one or more of the following actions:

27.3.1 suspend or terminate the payment of Grant for such period as HUK (whether directed by the Authority or otherwise) shall determine; and/or

27.3.2 reduce the Maximum Sum in which case the payment of Grant shall thereafter be made in accordance with the reduction and notified to the Grant Recipient; and/or

27.3.3 require the Grant Recipient to repay to HUK the whole or any part of the amount of Grant previously paid to the Grant Recipient. Such sums shall be recovered as a civil debt; and/or

27.3.4 give the Grant Recipient an opportunity to remedy the Event of Default (if remediable) and in order to do so will serve notice setting out the remedial action to be taken.

27.3.5 terminate the Grant Funding Agreement.

General Termination rights – Termination for Convenience

27.4 Notwithstanding HUK's right to terminate the Grant Funding Agreement pursuant to paragraph 27.3.5 above, HUK may terminate the Grant Funding Agreement at any time by giving at least 3 months, or a timescale proportionate to the Funding Period, whichever is the shorter, written notice to the Grant Recipient but only if the equivalent termination provision in the Hospice Capital Grant has been operated.

27.5 If applicable, all Unspent Monies (other than those irrevocably committed in good faith before the date of termination, in line with the Grant Funding Agreement and approved by HUK as being required to finalise the Funded Activities) shall be returned to HUK within 21 days of the date of receipt of a written notice of termination from HUK.

27.6 If HUK terminates the Grant Funding Agreement in accordance with paragraph 27.4 HUK may choose to pay the Grant Recipient's reasonable costs in respect of the delivery of the Funded Activities performed up to the termination date. Reasonable costs will be identified by the Grant Recipient and will be subject to the Grant Recipient demonstrating that they have taken adequate steps to mitigate their costs. For the avoidance of doubt, the amount of reasonable costs payable will be determined solely by HUK (whether at the direction of the Authority or otherwise).

27.7 HUK will not be liable to pay any of the Grant Recipient's costs or those of any contractor/supplier of the Grant Recipient related to any transfer or termination of employment of any employees engaged in the provision of the Funded Activities.

Change of Control

27.8 The Grant Recipient shall notify HUK immediately in writing and as soon as the Grant Recipient is aware (or ought reasonably to be aware) that it is anticipating, undergoing, undergoes or has undergone a Change of Control, provided such notification does not contravene any Law. The Grant Recipient shall ensure that any notification made pursuant to this paragraph 27.8 shall set out full details of the Change of Control including the circumstances suggesting and/or explaining the Change of Control.

27.9 Following notification of a Change of Control HUK shall be entitled to exercise its rights under paragraph 27.3 of these Conditions, providing the Grant Recipient with notification of its proposed action in writing within three (3) months of:

27.9.1.1 being notified in writing that a Change of Control is anticipated or is in contemplation or has occurred; or

27.9.1.2 where no notification has been made, the date that the Authority becomes aware that a Change of Control is anticipated or is in contemplation or has occurred,

27.10 HUK shall not be entitled to terminate where an approval was granted prior to the Change of Control.

28 DISPUTE RESOLUTION

28.1 The Parties will use all reasonable endeavours to negotiate in good faith, and settle amicably, any dispute that arises during the continuance of the Grant Funding Agreement.

28.2 All disputes and complaints (except for those which relate to the HUK's right to withhold funds or terminates the Grant Funding Agreement) shall be referred in the first instance to the Parties Representatives.

28.3 If the dispute cannot be resolved between the Parties Representatives within a maximum of 21 days, then the matter will be escalated to formal meeting between the Grant Manager and the Grant Recipient's chief executive (or equivalent).

29 LIMITATION OF LIABILITY

29.1 HUK and/or the Authority accept no liability for any consequences, whether direct or indirect, that may come about from the Grant Recipient delivering/running the Funded Activities, the use of the Grant, or from withdrawal, withholding or suspension of the Grant. The Recipient shall indemnify and hold harmless HUK and/or the Authority, and their Representatives with respect to all actions, claims, charges, demands Losses and proceedings arising from or incurred by reason of the actions and/or omissions of the Grant Recipient in relation to the Funded Activities, the non-fulfilment of obligations of

the Grant Recipient under this Grant Funding Agreement or its obligations to Third Parties.

29.2 Subject to this paragraph 29, the HUK's liability under this Grant Funding Agreement is limited to the amount of Grant outstanding.

30 VAT

30.1 If VAT is held to be chargeable in respect of the Grant Funding Agreement, all payments shall be deemed to be inclusive of all VAT and the HUK shall not be obliged to pay any additional amount by way of VAT.

30.2 All sums or other consideration payable to or provided by the Grant Recipient to the HUK at any time shall be deemed to be exclusive of all VAT payable and where any such sums become payable or due or other consideration is provided, the Grant Recipient shall at the same time or as the case may be on demand by HMRC in addition to such sums, or other consideration, pay to HMRC all the VAT so payable upon the receipt of a valid VAT invoice.

31 CODE OF CONDUCT FOR GRANT RECIPIENTS AND BRANDING MANUAL

31.1 The Grant Recipient:

31.1.1 acknowledges that by signing the Grant Funding Agreement it agrees to take account of the Code of Conduct, which includes ensuring that its Representatives undertake their duties in a manner consistent with the principles set out in the Code of Conduct;

31.1.2 shall immediately notify HUK if it becomes aware of any actual or suspected breaches of the principles outlined in the Code of Conduct.

31.1.3 acknowledges that a failure to notify the HUK of an actual or suspected breach of the Code of Conduct may result in HUK immediately suspending the Grant funding, terminating the Grant Funding Agreement and/or taking action to recover some or all of the funds paid to the Grant Recipient as a civil debt in accordance with paragraph 27.3.

31.2 The Grant Recipient shall at all times during and following the end of the Funding Period:

31.2.1 comply with requirements of the Branding Manual in relation to the Funded Activities; and

31.2.2 cease use of the Funded by UK Government logo immediately if directed to do so by HUK and/or by the Authority (whether via HUK or directly); and

31.2.3 Comply with any branding requirements relating to use of the HUK name and/or logo and cease use of the same immediately if directed to do so by HUK.

32 NOTICES

- (i) All notices and other communications in relation to this Grant Funding Agreement shall be in writing and shall be deemed to have been duly given if personally delivered, e-mailed, or mailed (first class postage prepaid) to the address of the relevant party, as referred to in Annex 4 or otherwise notified in writing. All notices and other communications must be marked for the attention of the contact specified in Annex 4 (Contact Details). If personally delivered or if e-mailed all such communications shall be deemed to have been given when received (except that if received on a non-working day or after 5.00 pm on any Working Day they shall be deemed received on the next Working Day) and if mailed all such communications shall be deemed to have been given and received on the second Working Day following such mailing.

33 GOVERNING LAW

33.1 These Conditions will be governed by and construed in accordance with the law of England and the Parties irrevocably submit to the exclusive jurisdiction of the English courts.

34 CHANGES TO THIS GRANT FUNDING AGREEMENT

34.1 Either Party can request a variation to the terms of this Grant Funding Agreement. Any such variation is only effective if agreed in writing and signed by authorised representatives of both Parties. HUK is not required to accept a variation request made by the Grant Recipient.

SIGNED by: Signature
Craig Duncan
for and on behalf of Hospice UK	Title
 Date

SIGNED by
	Signature
[insert authorised signatory's name]
	Title
for and on behalf of Hospice name
	Date

ANNEX 1 - THE FUNDED ACTIVITIES

1. Background/purpose of the Grant

1.1. Background

The government has recognised the vital support the charitable hospice sector provides, as part of the wider palliative and end of life care sector, to patients and families as they approach the end of life. The Government has committed to develop a 10-year plan to deliver a National Health Service fit for the future, by driving three shifts in the way health care is delivered. One of the three 'shifts' that the Plan will deliver is around the Government's determination to shift more healthcare out of hospitals and into the community. The support charitable hospices provide is predominantly based in the community and therefore will be integral to this plan.

On 19 December 2024, Department of Health and Social Care (DHSC) Ministers announced that the Government was supporting the hospice sector with a £100 million capital funding boost for adult and children's hospices in England, for 2024/25 and 2025/26, to ensure they have the best physical environment for care. This funding will be administered to hospices via Hospice UK, and is to support charitable hospices to improve or maintain their physical estate, which will help hospices this financial year and next to provide the best end of life care to patients and their families in a supportive and dignified physical environment. This funding will help support hospices and deliver much needed funding for improvements including refurbishments, overhauling IT systems and improving facilities for patients and visitors.

1.2. Aims and objectives of the Funding

Hospice UK will disseminate funding in line with agreed criteria.

Criteria:

In order to ensure we are providing this funding to intended recipients, i.e. regulated charitable hospices, and a reduced risk of a successful legal challenge from other organisations deemed ineligible for funding, we propose defining a hospice (for the purposes of inclusion/exclusion to this funding) based on the Finance Act 2015 definition: "Palliative care charity" means a charity the main purpose of which is the provision of palliative care at the direction of, or under the supervision of, a medical professional (defined as a registered medical practitioner or a registered nurse) to persons who are in need of such care as a result of having a terminal illness.

Therefore, an eligible hospice for the capital funding is a hospice that:

- Is in England;
AND
- Provides end of life care as its primary objective and falls under the definition of a charitable hospice as set out in the Finance Act 2015 and its services are registered by the Care Quality Commission (CQC);
OR
- Is a registered charity that owns a hospice building that is used by NHS services, the main purpose of which is the provision of palliative care at the direction of, or under the supervision of, a medical professional (defined as a registered medical practitioner or a registered nurse) to persons who are in need of such care as a result of having a terminal illness.

Funding Allocation and Cap:

This funding will be allocated to hospices that meet the above criteria, via Hospice UK. For 2024/25, the allocation will be calculated by HUK based on the care expenditure of each hospice, rather than be subject to a bidding process. The allocation for 2025/26 will be determined by the DHSC in due course and notified to hospices by HUK promptly when it is available.

This funding is for charitable hospices in England. There is a £5 million cap per eligible hospice.

1.3. Funded Activity

The purpose of this Hospice Capital Grant, which is being administered by, and disseminated to hospices via, Hospice UK, is to support charitable hospices to improve or maintain their physical estate through the following list of eligible, but not exhaustive, capital investment schemes:

- Renovation, refurbishment and potentially replacement of buildings, equipment, and accommodation to ensure that patients continue to receive the best care possible – e.g. refurbishing bedrooms and bathrooms for patients and providing comfortable overnight facilities for families
- Capital schemes that generate a revenue benefit such as insulation, heating and lighting upgrades and energy efficiency
- Improving garden and outdoor spaces so patients and their families can spend time outdoors in greener and cleaner spaces.
- Develop and improve outreach services to support people in their own homes when needed for example with mobile equipment.
- Support the Government's shift from analogue to digital, through digital upgrades including the purchase of laptops, digital equipment and the upgrading of internet access. Digital investment also encompasses improving IT systems making it easier for GPs and hospitals to share vital data on patients.

1.4 Intangible Assets (please refer to definitions and interpretations)

Capital expenditure can be spent on intangible assets if the software arrangement provides the purchasing organisation (the individual hospice) access via either downloading their own copy of the software or obtaining a copy of the software, e.g. on a CD ROM; i.e. where the software is hosted by the purchasing organisation, and not by the supplier of the software.

As the agreement gives the purchasing organisation a genuine right to possess the software, and the ability to host that software on its own (or a third party) server, the purchasing organisation would be likely to control that copy of the software, as opposed to the supplier.

All financial reporting decisions relating to capitalisation should be agreeable to the purchasing organisation's auditor and comply with local financial reporting guidelines.

1.4.1 Example of a revenue cost intangible asset:

The purchasing organisation's software arrangement provides them with access to a non-dedicated application software running on non-dedicated infrastructure that consists of a

collection of hardware and software, including network, servers, operating systems, storage, and individual software capabilities. The purchasing organisation's access to the software, and any updates to the software, by the supplier is on an as-needed basis over the internet.

The purchasing organisation does not receive a resource that it controls at contract inception. Instead, it has received a right to access the software in the future, over the contract period. The supplier holds, manages and updates the software over that period and has not given up or transferred its own rights relating to the access and use of the software. The purchasing organisation requires the supplier's ongoing hosting service to obtain benefits from access to the software and it benefits from ongoing updates to the software by the supplier. Consequently, it appears that the purchasing organisation's right to access the software simply gives it the right to services in the future under a service contract meaning the purchasing organisation does not have an intangible asset for the right to access the supplier's software.

ANNEX 2 – GRANT FUNDING ALLOCATION AND PAYMENT PROTOCOL

The procedure for allocation and payment by way of dissemination of the £100 million hospice capital grant funding from the DHSC, via Hospice UK, to eligible hospices will be as follows, with payment in two tranches:

First tranche with funding to be spent by 31 March 2025 :

a) Each eligible hospice has accepted a Statement of Allocation (SoA) from HUK, setting out the anticipated allocation to it for the first tranche of grant funding which must be fully spent by 31 March 2025.

b) In its SoA each hospice agrees that:

- if by 15 March 2025 the Finance Return referred to in the SoA has not been completed and returned to HUK, and/or
- the Finance Return does not show (to be determined by HUK) that the hospice is on track to spend its full allocation

then the amount (this may be all or part of the 24/25 allocation) which will not be spent will be withdrawn from the allocation to the hospice concerned and reallocated to another hospice or other hospices which can show they will be able to spend the funding by 31 March 2025. Any monies which are so withdrawn and which have already been paid over to the hospice concerned must be returned to HUK immediately. Failure to do so will render the hospice concerned ineligible for any second tranche payment.

c) As soon as practicable after 20 March 2025, HUK will issue to each hospice a Grant Award Letter setting out the actual grant funding it will receive for the year ended 31 March 2025 (note this may be zero if it is determined the allocation in the SoA cannot/will not be spent) and the hospice will be required to sign and return the Grant Award Letter and the Grant Funding Agreement.

d) Any hospice which receives a reallocation of funding as described in b) above must give credit for the amount of the reallocation against its second tranche of funding.

Second tranche with funding to be spent by 31 March 2026:

When the allocation for 2025/26 has been determined by DHSC, HUK will initiate a procedure equivalent to the SoA process for 2024/25, but adapted as appropriate to 2025/6 circumstances and timescales, culminating in the issue of a Grant Award Letter for 2025/26. It will be a requirement that all funding must be fully spent by 31 March 2026.

Part 4: Authorised signatories

The names and specimen signatures of people authorised to sign claim forms on behalf of the person who signed the Grant Funding Agreement are shown below. These signatures are binding on this organisation in respect of the Agreement.

Name

Position in the organisation

Signature

Date

--	--	--	--	--

Name

Position in the organisation

Signature

Date

--	--	--	--	--

Part 5: Grant recipient declaration

To be completed by the person who signed the Grant Letter/ Grant Funding Agreement

- I certify that the information given on this form is correct.
- I agree that following discussions, any overpayments can be automatically recovered from future payments.

Name

Signature (*the person who signed the agreement*)

Date

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ANNEX 4 – CONTACT DETAILS

HUK's main contact in connection with the Grant is:

Name of contact	Craig Duncan
Position in organisation	Chief Operating Officer
Email address	nhsegrants@hospiceuk.org
Telephone number	020 7520 8200
Postal address	34-44 Britannia St, London, WC1X 9JG

This information is correct at the date of the Grant Funding Agreement. HUK will send you a revised contact sheet if any of the details changes.

The Grant Recipient's main contact in connection with the Grant Funding Agreement is (note this should be the same as in the Statement of Allocation):

Organisation	
Name of contact	
Position in organisation	
Email address	
Telephone number	
Postal address	

Please inform the HUK if the Grant Recipient's main contact changes.

St Raphael's Hospice
Minutes of a Meeting of the Finance & Resources Committee
Held at St Bede's, London Road, Cheam, Sutton, SM3 9DX
with video call access

At 14:00 on Tuesday 21st January 2025

Members: Alan Cogbill (Trustee – AC)
Steve Chambers (Trustee – SC)
Ed Cook (Co-opted Committee member and Board Advisor – EC)
Paul Holmes (Trustee – PH)
Sr Kathleen O'Reilly (Trustee – KO'R)

In attendance: Nick Stevens (Joint CEO – NS)
Rebecca Trower (Joint CEO – RT)
John Groom (Director of IT & Estates – JG)
Alex Rudkin (Director of Quality & Governance – AR – virtual)
Anna Machin (Governance – AM – virtual)

Actions arising

Agenda item	Action	Responsible	Timeline	Ref.
4.6. Lottery proposal	Take forward transition of Lottery, subject to receiving and sharing final assurances	Nick Stevens	Spring 2025	21.01.25/01
5. External audit retender	Take forward set-up of audit meetings	Nick Stevens	Spring 2025	21.01.25/02
	Report to Committee then Board on proposed appointment	Nick Stevens	Spring/summer 2025	21.01.25/03

The meeting commenced at 14.00

1. Welcome, apologies for absence and declarations of interest

Alan Cogbill welcomed Committee members to the meeting. There were no apologies shared to the meeting. The meeting was confirmed as quorate. There were no declarations of interest from Committee members.

2. Review of minutes from 15th October 2024 Committee meeting & matters arising

The minutes of the previous meeting were reviewed and approved as an accurate record of proceedings by the Committee.

3. Actions and update on matters arising

The going concern statement had been drafted for the Board meeting, and all other actions were complete.

4. Finance report

- 4.1 Restructure update** – Becca Trower updated that the restructure process has concluded with the team settled overall and patient services maintained but continued monitoring to understand stretch on the Community team, and morale of colleagues. Changes to new internal roles are embedding, and with the adjustments, some programmes of work are behind where they would usually be compared to prior years (such as development of more detailed budgets with teams). As shared at other Committee meetings, potential use for government funding for digital and capital projects is being considered. Across the entire Hospice (including in roles which are not patient facing) people had accepted reduced working hours and changed responsibilities, which entailed stretch.
- 4.2 Management account to end December 24 – detailed & summary** – Nick Stevens confirmed that all areas of expenditure are either on track or below budget. The 10% income increase from ICB has been beneficial to embed into the budget alongside 398k of continuing care payments. Whilst Legacies currently sits below budget, at this point in prior years there has also sometimes been up to £1m to receive to meet the target and which has then been received, and there may be legacies that the Hospice does not know about which if probate is granted by 31 March 2025 can be recognised in the annual report and accounts. Donation income is above YTD targets, with over £100k submitted in Gift Aid claims and more to be submitted. Lottery income is on target with two more bumper draws due. Whilst the last quarter has been tough for the retail sector on a national level, which played through into local footfall, Retail income is ahead of target. The lease for Wimbledon Park is being advertised and there have been complexities in relation to rag and ebay lines. Overall, the YTD shortfall is -£481k verses -£1,114k budgeted.
- 4.3 Balance sheet & cash movements** – cash in the bank is higher than expected (£3.7m vs £2.4m), primarily due to the £750k legacy received in October rather than February 2025.
- 4.4 KPI report** – most KPIs in the report are rated green, aside from the red rating for the legacy and debtor income.
- 4.5 Review of financial position vs five-year plans and outline 2025/26 look-ahead** – Nick Stevens presented the initial view on the budget for the upcoming year. The impact of the restructure was noted, taking out £900k of staffing costs, and £140k of non-staff costs across fundraising spend, training and systems. £100k of fundraising spend was maintained in the budget, as noted in the paper – and more regular, major and corporate donors shows the benefits of relationship-building and calibre of the fundraising and communications teams feeding through. For the coming year, clinical services are expected to remain at the same levels. The National Insurance rise will lead to an additional cost of £140k. Pressing need has been identified for a volunteer services assistant, IT and database manager role.
- There is national advocacy for a rise in hospice funding with continued messaging to the ICB by St Raphael's and the other local hospices of a request of 50% funding of direct clinical costs (based on pre-restructure levels of staffing). The digital and capital funding is not included in the budget and would be reflected as a restricted fund, most likely in 2024/25.
- The Committee shared challenge around the introduction of new roles within the budget, and emphasised that this, combined with the NI rise, means that targets for fundraising and retail must be met (including opening of a new shop), and indeed exceeded, to achieve sustainability.
- 4.6. Lottery proposal** – Nick Stevens gave an in-depth presentation of the Lottery proposal including the business case, contract, and modelling. This included detailed information on the expected net position and scenarios for sign-up levels, alongside the approach to branding and licensing. The contract lays these criteria out and states an expected return to St Raphaels 'at least £1,300k over five years' (compared to the current in-house expectation of closer to £700,000 (based on maintaining a level of 7,000 plays). The model is based on maintaining a pre-existing level and making payments only to that level (a potential downside), and so it is important to maximise as many as possible transferring into the programme.

The proposal to move to the Local Hospice Lottery (LHL) scheme had also been reviewed by the Income Generation Committee who were supportive subject to assurance around information on company location, data storage and break clauses in the contract. Becca Trower confirmed that the team had sought input from other hospices who use the services, who are all happy with the outcome. Retention in the scheme is known to be strong.

They advised that it is important to have staff time aside to make the transfer. All required GDPR and data sharing arrangements are in place, with the data formally held by the company but with open engagement from the hospice with players, for example if they might leave but wish to switch to a donation. The Committee asked for a summary articulation of the rationale for moving to this scheme. It was confirmed that this would reduce attrition whilst leading to a higher net return at present levels of participation. It was confirmed that there is relatively short notice in the contract, if St Raphael's should want to exit in future, and there is that option to transfer players into an internal lottery. The Committee were content to move ahead subject to receiving final assurances as requested by the Income Generation Committee and further discussion at the Board.

5 External audit retender

Nick Stevens confirmed that, as shared by email with Committee members, the Audit Partner at haysmcintyre is moving firms, and this has prompted the finance team to consider potential new auditors. Some information on working delivery and relationships of these auditors had been sought through informal soundings with other local Hospices, and key points were shared with the Committee. Of the potential firms outlined, it was agreed that Mazars, Crowe, and Moore Kingston Smith would be invited to tender. Audit tender meetings would be set up, and an update given at the March Finance Committee to recommend the appointment of the auditor to the Board for approval at this, or the following, meeting.

6 IT & Estates report inc. consideration of items for proposal to Hospice UK

John Groom updated on new joiners to the team, and the key projects currently underway including migration to the cloud, the change to suppliers for mailbox back-ups, an enhancements to the firewall system. Good strides have been made in relation to the fundraising database, and capacity for data analysis. The Orangery trial is progressing well, with the break-even target being monitored. There are no incidents to report. The Committee encouraged the collaboration between hospices around sharing practice between IT colleagues, recognising that SRH was extremely well served by its small IT team, who were congratulated on very impressive progress and success in system migrations and the like since the last meeting.

7 Non-Clinical Corporate Governance Report

Alex Rudkin updated on changes in Health and Safety resourcing. As ever, there are significant efforts around policy management, and the team is content overall with the compliance rate for in-date policies, while always looking to improve this further. The format for the cyber/ data protection toolkit submission has not changed. The Committee noted the incident reporting, including Retail incidents, and it was confirmed that there is strong oversight within Retail management of volunteer and staff engagement, for example to ensure safety within the shops and to appraise stock for fire hazards, with specialist input sought as required.

8 Any Other Business and Dates of future meetings

There were no other items of business raised. The date of the next meeting was confirmed as Tuesday 6th May 2024.

The meeting ended at 4.10pm

Approved.....

Date.....

DRAFT

St Raphael's Hospice

Proposal for the provision of audit services

March 2025

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Charity Finance Audit Survey results for last 10 years

Overall Service (aggregated results)

Moore Kingston Smith



Crowe



HaysMac



RSM **78%**

BDO **66%**

<80%

94%

The scores above are the aggregated results from the last 10 years.

1. EXECUTIVE SUMMARY

We are delighted we have this opportunity to submit our proposal for audit services to you at St Raphael's Hospice – thank you for including us on your invitation list and I trust that this document conveys our personal and professional enthusiasm for working with a valuable organisation which has real relevance in our local community at the moment.

We appreciate that you are an established and highly professional organisation, with a significant local profile. You need reliable expert advice from specialists who can give you the assistance you need as you manage the wide-ranging and at times complex activities you undertake, and as you deal with your current and future issues. I believe Moore Kingston Smith is particularly well suited to meet all of these needs for the following key reasons:

- strong sector credentials – we are one of the leading firms auditing and advising the non-profit sector, and we are particularly active in the social care sector. We act for several hospice and care charities - this sector experience means that we are able to draw on our knowledge of working with similar organisations when you face challenges and issues, and that we can keep you up to date with regulatory and reporting developments. As a consequence of this, we are by far the most consistently strong performer in the annual Charity Finance audit survey, with a 98% aggregated approval rate for our charity expertise in the most recent survey;
- our partnership approach to our work – we are a multi-disciplinary firm whose core ethos is to be a trusted adviser to our clients, with a collaborative approach carried out in a professional and helpful manner, which helps our clients get the best value out of whatever work we are undertaking with them;
- our commitment to client service - we continually top the table for overall service in the annual Charity Finance audit survey in our peer group, with a market-leading 94% aggregated approval rate for our

client service in the most recent survey, which reflects both our proactivity in dealing with our clients and our success in meeting both client and statutory deadlines. We have achieved this by investing time to understand our clients' needs and then responding accordingly. Again, from the feedback of our clients, you can be confident that you are engaging a firm which delivers on its promises to clients with first-class value-added client service;

- our added value offering – we seek to add value during the audit process and throughout our wider relationship with you. Our commitment to the non-profit sector has extended to developing specialist resources and capacity and investing in a suite of unique services for our clients. This includes specialist nonprofit tax and VAT experts, HR and GDPR consultancy, and our unique charity management and advisory team who are able to provide advice on fundraising strategy and assist in impact reporting.

My team and I are genuinely and enormously excited that you have given us this opportunity to present our credentials – you would be a prestigious client for Moore Kingston Smith and we would be delighted to work with you.

I trust that we will be able to speak further in due course about assisting you with your valuable work.

Yours sincerely,



James Saunders
Partner

2. OUR FIRM'S DETAILS AND CAPABILITIES

Moore Kingston Smith LLP is a top 20 audit firm and one of the leading firms auditing and advising the non-profit sector

Our firm has over 1,500 staff including 145 partners spread over nine offices, providing a comprehensive range of skills and specialist services to fully support our clients' development, together with the personal hands-on care and attention that our clients deserve. As part of the Moore network, our reach extends across the whole of the UK, in a further 38 locations, and indeed internationally in 112 countries.

Transparency Report

Our most recent Transparency Report is available here: [Transparency Report](#). The document provides further details around several aspects of our firm's approach to, and processes regarding, Quality Assurance, Independence and Governance.



“Martlets chose to retender audit as part of a five year cycle of retention for good governance. Moore Kingston Smith were the most professional of all tenders while also providing good value for charitable funds.

The onboarding process, year one audit, and general engagement have all been professional and thorough. The team have brought knowledge sharing, an awareness of the external finance, charity and ICT environment, and a breadth of advisory services (including evolution of income generation) in challenging times.

Martlets aspires to work with auditors as a collaborative and an advisory counsel and the Moore Kingston Smith team have fulfilled this brief while maintaining delivery of statutory accounts to the public by July following the March year end.”

Martlets Hospice

2. OUR FIRM'S DETAILS AND CAPABILITIES (continued)

Non-profit expertise

Our dedicated award-winning Charities Sector Group consists of 14 specialist partners and 28 managers supported by over 60 senior staff to provide you with the comprehensive professional service needed to fully support your development. The size and structure of our Group makes us accessible, responsive and facilitates better staff continuity, which is highly valued by our clients.

Charities and non profit organisations are very important to us as they represent 25% of our client base. With Moore Kingston Smith, you get direct access to the dedicated expert partner and manager team, who will act as a critical friend, working in partnership with you, ensuring you get proactive advice adding value, rapid responses to your queries, support, expert advice and the priority and attentive service you require.

Furthermore, as a Moore Kingston Smith client, you will benefit from the support of one of the most valued suppliers of financial services to the nonprofit sector. We add value through regular communication throughout the year, keeping you informed about emerging issues and potential opportunities, to help you meet your current and future challenges. We hold regular seminars on topics which specifically affect charitable organisations such as strategy, governance, fundraising, data protection, cyber security, HR, pensions and auto-enrolment, IT systems, tax and accounting regulations. As well as providing education and learning opportunities for the Board and staff and keeping you up to date with developments and current best practice, these events also provide useful networking opportunities.

“Moore Kingston Smith have been our auditors for a number of years and they have consistently provided us with an excellent all-round service. We have always been pleased with the partnership approach they bring to our relationship, and we value their input and advice on our financial operations, as well as the breadth of services they are able to offer us.

Their team are always supportive and considerate when we need their help, and they combine this attitude with impartial constructive advice in their role as our critical friend.”

Acme Artist Studios

2. OUR FIRM'S DETAILS AND CAPABILITIES (continued)

Hospice sector experience

Our proposed team currently work with St Christopher's Hospice, Martlets Hospice group, and Greenwich and Bexley Community Hospice; our proposed lead audit partner has had extensive experience of working with Hospice in the Weald as well as two other regional hospices. Our firm has a number of hospice clients, including Havens Hospices, Sobel House Hospice, North London Hospice, and St Clare West Essex Hospice, and we also work with a large number of NHS Foundation Trusts, and several residential care homes.

We therefore understand the sector and how hospices operate, particularly:

- the challenges of broad income streams reflecting wide-ranging operations, including inpatient and hospice services, counselling and bereavement support, outpatient, community-based support, hospice-at-home and outreach clinics, occupational therapy, physiotherapy, chaplaincy and volunteer services;
- the burdens of combining the professionalism and the personal demands in carrying out effective and sympathetic end-of-life care, often including volunteers;
- the pressures of keeping multi-site operations modern and medically-relevant, of keeping up with evolving practices and technologies, and responding to patients' needs – we have specific experience of seeing hospice clients undertaking new building and renovation projects;
- the financial pressures involved in maintaining high standards of care, particularly in regard to staff recruitment, training and ongoing education, and in line with the regulations of the CQC; this was especially challenging during the Covid-19 period which hit medical sites so hard, and now is equally difficult because of the challenges around staffing and recruitment in a competitive marketplace;
- the commercial element of running trading and retail operations as well as charitable operations and other particular income sources such as the lottery;
- the importance of partnerships in hospice activities, including with the NHS and with local communities and other stakeholders, and especially in light of the transition of funding from Clinical Commissioning Groups to Integrated Care Boards;
- the overall challenges in providing a caring, safe, effective, responsive and well-led organisation in a particularly difficult social and economic environment.

3. OUR TEAM FOR YOUR AUDIT

James Saunders, FCCA, DChA – Client and Audit Partner

James will be your client and audit partner leading our team. He is a highly experienced specialist and is a key member of our Non-Profit Sector Group. He has been providing expert advice on technical, accounting, governance and strategic issues to corporate and non-profit organisations for nearly 20 years, handling everything from core financial services to best practice and ongoing improvement for directors and trustees.

James has extensive experience with hospices including St Christopher's Hospice, Martlets, Greenwich and Bexley Community Hospice, and Hospice in the Weald, with other care sector organisations such as MacIntyre Care, Chailey Heritage Foundation, Orpheus Centre and Treloar Trust, and with other medical charities, including a number of cancer charities.

James is a regular presenter at sector events, and sits on a government forum and an ICAEW working party. Over the course of several years, James has built up an extensive group of sector-specialist contacts in many legal, banking, investment, fundraising, governmental and grant-making bodies. This proves invaluable to clients who are looking for an advisor able to support them on wider sector matters and who is able to find immediate resolutions to problems as they arise.

Outside of work, James is a charity trustee and school governor, and sits on a governance board for a national multi-academy trust. Between 2010 and 2019, he was a trustee of Slide Away, a charity which provides counselling services to schoolchildren struggling with bereavement.

Michael Watson, FCCA – Senior Manager

Michael will be responsible for the management of your audit. He will support James in managing the overall relationship with you, providing a further point of contact to ensure that we are always accessible and responsive.

Since qualification Michael has specialised in auditing and advising charities and Non Profit organisations and is a member of our dedicated Charities Sector Group. Michael will be responsible for the overall supervision and delivery of the annual fieldwork including detailed planning of the assignment, co-ordinating on-site visits, supervising and reviewing on-site work, and liaising with you on external scrutiny and general accounting matters.

Michael understands how important it is to provide hands-on support all year round to help with ad hoc queries and accounting or technical issues that often arise and will make sure he is in regular contact with you. He has significant long term experience of auditing several care and medical sector organisations including Barts Charity, Drinkaware, King's College Hospital Charity, Catch22, Foundations - What Works for Children's Social Care, and Imperial Charity.

Our team

We always offer our clients the option of junior members of the audit team being re-assigned to the audit engagement in future years, to benefit from the continuity of knowledge in successive audit teams, should this be considered a benefit.

3. OUR TEAM FOR YOUR AUDIT (continued)

Staff training, continuity and succession planning

All staff who work in charity audits are subject to an annual training programme that is designed to ensure that they are not only trained in the basics of charity accounting and auditing but also that they are up-to-date with sector matters and issues – and also receive standard commercial and tax continuous education programmes as well, meaning that they develop well-rounded knowledge while employed in our firm, which is a benefit to our clients when the audit is being undertaken and when reporting is prepared.

We always ensure complete continuity at manager and partner level year-on-year so that we develop and maintain a strong working relationship with you and a sound understanding of your organisation. Our on-site audit teams are structured so that, wherever possible, there is planned progression and junior members of an audit team return in more senior positions in subsequent years. This supports the continuity and efficiency of the audit process, saving you the time required to explain the same matters in subsequent years to different personnel.

Our internal monitoring tells us that our staff retention levels are better than the finance industry average (some 3% better on sector reports) – but we would expect this as we do run ourselves as a people first-business, which to us means putting our people at the heart of what we do. We can demonstrate this by for example confirming that we made no redundancies in professional staff during Covid. We are essentially a net attractor of staff, which reflects our recent considerable growth, both organically as a successful private practice and also through our membership of the ambitious Moore UK network.

With almost 1,500 people over 9 offices, and access to a further 800 Moore UK staff, we are always able to cover unforeseen issues on staffing such as illness with our depth of personnel resource.

Regular meetings

Given the nature of our work, we propose that arrangements are made such that our senior team members have two formal meetings per year with representative senior management and board members, outside of the main audit cycle, to cover (inter alia) service delivery and sector matters as well as providing a sounding board for any challenges you may face. In addition, the audit team will have more regular scheduled contact with the finance team, to be informed about the financial and operational performance of the organisation. We would propose therefore, in addition to meetings attended as part of the audit process:

- James has one annual meeting with the Finance and Resources Committee (“F&RC”) to discuss current sector and ‘blue-sky’ matters, covering both the commercial and charity sectors, and client relationship matters;
- James and Michael have a separate catch-up meeting with a combination of selected F&RC committee members and senior finance staff to cover specific audit and financial matters;
- Michael has quarterly calls with the finance team so that any evolving operational matters pertaining to the financial statements or audits can be addressed at an early stage.

These meetings are included in our fee quote and would be scheduled on an annual basis.

3. OUR TEAM FOR YOUR AUDIT (continued)

Our recent client experience in the hospice and care sectors includes work with:		
Abbeyfield Uxbridge Society	Haven House Children's Hospice	Refuge
Catch 22	Hospice Aid UK	Richard House Children's Hospice
Chailey Heritage Foundation	Jubilee House Care Trust	Sobell House Hospice
Cranstoun	Macintyre Care	St Christopher's Hospice
Ellenor	Martlets Hospice Group	St Clare West Essex Hospice
Fitzroy Support	Queen Elizabeth's Foundation for Disabled People	The Orpheus Centre Trust
Greenwich and Bexley Community Hospice	Radius Trust	Treloars

Our proposed audit team have also had significant experience in the past working with Hospice in the Weald and The Heart of Kent Hospice. Furthermore, we also work with a significant proportion of the NHS and independent medical sector charities, including Guy's and St Thomas Charity, Royal Free, Imperial Health, Maudsley, CW+, and Addenbrooke's.

“Our first audit with Moore Kingston Smith was a thorough examination – but it also provided us with valuable insight from a knowledgeable partner. They challenged us, but they also worked efficiently and effectively with us to meet the audit timetable and also to give us constructive feedback and useful recommendations.

We have quickly formed a collaborative working relationship which has added real value to our organisation.”

The Yard Theatre

4. APPROACH – AUDIT

Audit strategy

Our audit approach is designed to deliver a cost-effective service which maximises the opportunities for constructive and timely advice. We plan our audit thoroughly, working with you to design an efficient audit which focuses on the issues that matter and is tailored to your needs. We will seek to build knowledge of your developments during the year through regular contact, including reviews of management accounts and meeting minutes, leading to preliminary planning meetings with you to identify and focus on the key matters and risks.

As part of our tailored risk assessment process, we would review the legislative, political and financial environment in which your charity operates, as well as the annual financial cycle. We would discuss these areas with your management team at the planning stage and review your own risk assessment, so that our audit can cover what you think are the major risk areas as well as what we perceive them to be.

Methodology

Our audit approach is a combination of controls analysis, analytical review and substantive testing. This amalgamation approach, tailoring our audit work for what works best for each individual client on a section-by-section approach, means that we have more scope to identify and examine critical issues, and better efficiency in reporting financial or governance recommendations. For example, controls testing can examine bank controls and allows commentary on the posting of transactions, the effectiveness of dual signatory and other control processes, or the bank reconciliation procedure; analytical testing can highlight unexpected variances and provide useful background explanations for unanticipated discrepancies and

inconsistencies; and substantive testing can give in-depth reassurance on areas felt particularly higher-risk than others.

Co-ordinated and transparent approach, and benefits of our approach

We will agree a full and detailed timetable to ensure that all parties are aware of important touchpoints and deadlines for actions. Our communication with you will be open and transparent – our front-loaded approach to the audit, with higher levels of partner and manager involvement at early stages of the audit, will mean that contentious and critical areas can be covered off straight away.

We continue to be at the forefront of audit technical developments, and to complement existing practices we have implemented cutting-edge data analytics software to interrogate key areas as part of our audit programme. For your audit, we would expect to use data analytics to review key risk areas including journal entries for indications of management override, income streams for unusual transactions and staff costs for a number of test areas.

Our audit opinion is only one product of our audit – we aim to add value by making constructive, pragmatic suggestions for improvements to systems and procedures, identifying opportunities and potential pitfalls from our observations during the audit and from our specialist sector knowledge. As well as offering a diagnostic report on actual, potential and perceived weaknesses, our Post Audit Management Report is designed to provide recommendations, with the intention of improving your systems and controls, adding value to the audit process. Our people's experience in your wider sector, and their year-round work with a large number of similar clients, mean that they are exceptionally well-placed to spot opportunities for improvements and offer such recommendations.

4. APPROACH – AUDIT (continued)

Key audit and business risks

Our key risk areas would be derived from our understanding of the wider sector issues as detailed on page 5, along with a focused analysis of the period under review. From our initial discussions and a review of your prior year financial statements, we would anticipate that your main audit risks would revolve around legacy and grant income recognition, wages, the treatment of the deferred income balance, and commercial activity transactions.

We would:

- substantively test transactions around the year-end to ensure that income was recognised in the correct year, and that it was recognised and classified in accordance with any restrictions placed on it (focusing particularly on legacy recognition criteria);
- test monthly salaries, not just for accuracy of postings but also for any potential problems arising from IR35 situations;
- review the commercial activity records and test for any reconciling or non-routine items which might suggest problems in the internal accounting mechanisms;
- as part of our tender offering, we include an initial high-level consultation with our tax specialists, designed to review your tax position and highlight any early issues arising with VAT and Corporation Tax.

Valuable reporting

Our key reporting method to the Board is through a scoping document pre-audit, and then a post audit management letter. These coordinated

documents are set up to be proactive and not only report on issues identified before and during the audit process, but also to be forward-looking and informative. We are always mindful of the myriad regulations that exist and we use the audit process and our management letters to keep you updated. We are also conscious that some areas of particular focus might be of more importance to a board – our audit will take account of these areas of focus.

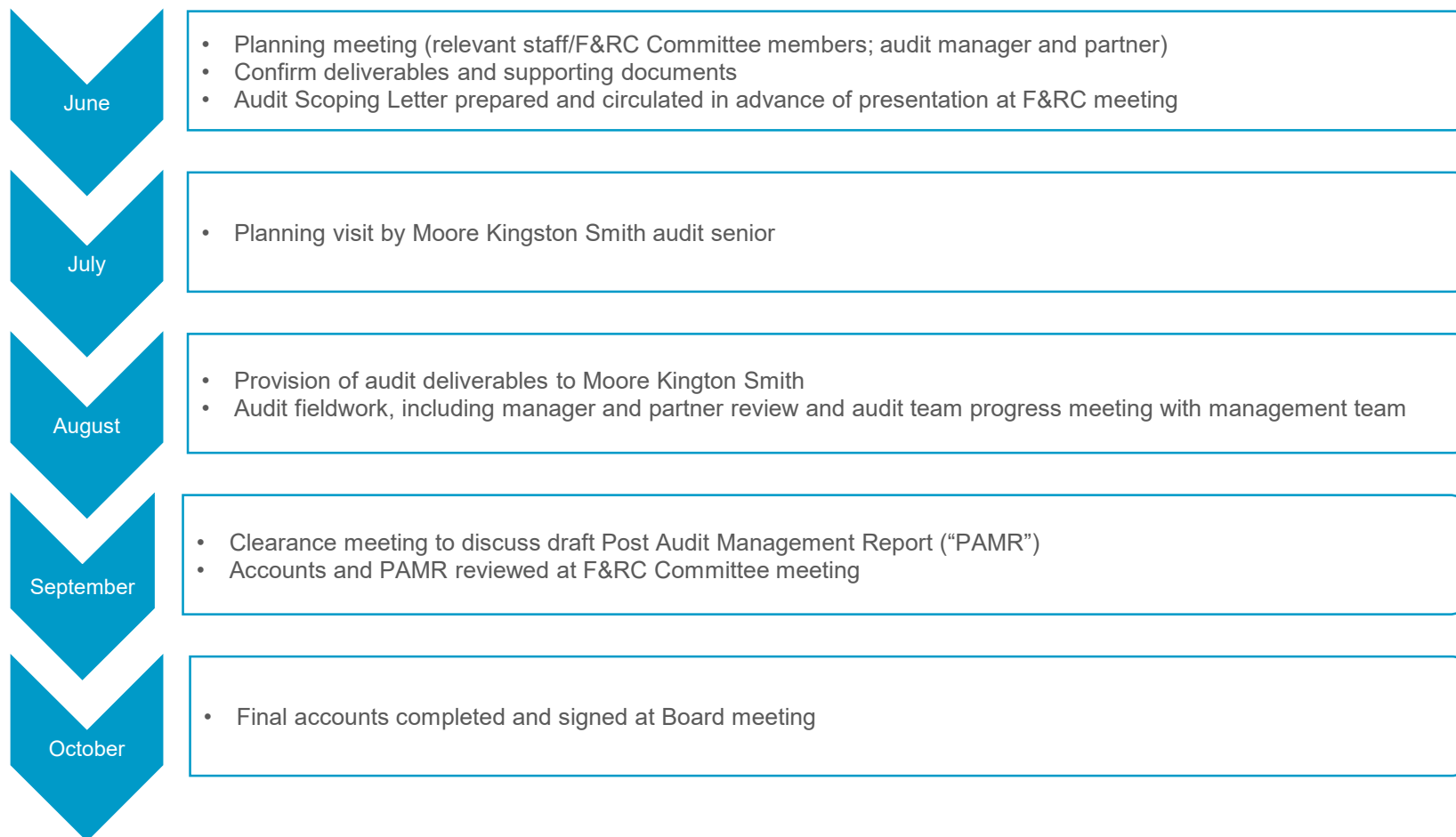
“Having appointed Moore Kingston Smith as our new auditors, we found the first audit with them to be a robust but extremely valuable experience. They delivered the sort of healthy challenge that independent examiners should provide, while also making both the transition and the main audit as seamless as possible, which helped us understand what they needed and allowed for a genuinely collaborative working relationship – and they were always supportive and considerate when we needed their help.

I have been incredibly grateful to have had them as our audit team!”

The Eve Appeal

4. APPROACH – AUDIT (continued)

Proposed audit timetable (detailed dates to be agreed annually)



4. APPROACH – HOW WE CAN HELP

Your ‘critical friend’

We are aware that ad hoc support is very important in management’s relationship with your audit firm. In addition, the management team recognises that a robust examination of the finances is essential in providing the trustees with the assurance that financial control is being properly exercised. That ‘critical friend’ role is one which we bring to all our client relationships – we provide the thorough and challenging examination required by the trustees, while also being able to work with our clients sympathetically to help them improve their performance, fulfil their statutory obligations, and run a better organisation.

Your business model is one where partnerships and collaborative working is crucial

We have a number of clients who are very similar to you and who provide support to the medical and social welfare sectors. This broad experience means that when our staff work with you, either on the audit or for other services, they are aware of the issues, risks and pressures in your sector and which face your charity, and will have suggestions and recommendations gleaned from their time working week-in, week-out with a combination of both charities and commercial operations.

You have significant commercial and retail operations

Trading activities need to be very carefully monitored in charities. The use of trading subsidiaries to mitigate tax liabilities requires ongoing management to ensure compliance with the various corporate and tax regulations that come in to play.

However, the situation in respect of Corporation Tax also needs to be considered in conjunction with the VAT position. There are occasions where mitigating one type of tax could have unwitting negative impacts on the other type – so expert holistic tax advice from specialist tax advisers is essential when approaching these very complex taxation areas. We note that you have not had a thorough review of your VAT position since ‘independence’ so we would need to engage

You currently do not use a trading subsidiary for your commercial operations – we would discuss with you whether that continues to be the most appropriate corporate structure over time and monitor activities to ensure that all relevant requirements are met.

As part of our tender offering, we include an initial high-level consultation with our tax specialists, designed to review your tax position and highlight any early issues arising with VAT and Corporation Tax.

Impact reporting

Many charities are exploring potential ways to examine, better understand, and report their impact as well as their financial results. Our Impact Reporting team are specialists and thought-leaders in this area, with considerable recent experience in preparing impact reports for clients. We would be able to help you look at your impact and also assist with the strategic approach to the targeted impact approach, and we offer a free initial consultation with our team to discuss your current situation and also investigate potential collaborative future working.

4. APPROACH – HOW WE CAN HELP (continued)

Digital transformation

We are aware that digital transformation is an ongoing project for you, as it is with many organisations right now – your development of your business managements systems, along with updates to your Raiser's Edge fundraising database, are no doubt only a small number of the many IT projects that are being considered or implemented.

We have been working alongside our clients to help them evolve their systems and practices at a time when the rate of technological change has been accelerating. Leaders need to proactively manage across multiple scenarios, and we understand that it has never been more important to get real-time data to critically evaluate performance, anticipate trends and plan for the future.

We have change management experts who are able to advise on and help with digital transformation so that the changes you want to bring about run smoothly. Our team has the ability to achieve quick wins by helping our clients to optimise their existing platforms, but are equally adept at developing entire digital strategies with new operating systems and transformative new technologies.

We leverage the partnerships we have developed with software and hardware providers along with one of the UK's leading outsourcing companies for maximum benefit. Our wide-ranging digital transformation services include:

- investment and strategic analytics;
- data visualisation, discovery and big data;
- process review and automation;
- data engineering and architecture;

- data governance;
- change management.

Income generation and cost recovery

In light of the financial challenges that hospices are currently managing (including those arising from the pandemic impact, those that may have arisen in the transition of funding arrangements from CCGs to ICBs, and those now related to the cost of living crisis in the UK), we would anticipate that extra assistance with the analysis and expansion of income generation sources would be important to you, especially if there has been any recent deficit budgeting and spending from reserves.

We are the only auditing firm to have our own charity advisory services consultancy - Moore Kingston Smith Non-Profit Advisers – and our colleagues regularly assist our clients with:

- fundraising and income-generating strategies and activities, focusing on the three key areas of “wealth, warmth and access”;
- cost allocation and recovery analysis and improvement;
- business modelling and overall strategic planning.

Our team have specific experience of working in and with hospice fundraising teams, and also with Hospice UK in their management of sector funding. They would particularly be able to assist you in the planning for, and analysis of, any extension of your activities generally.

As part of our tender, we include a free ½ day session with our colleagues in the Non-Profit Advisers team, to cover whichever subjects from those described above that you feel you would like to discuss most.

4. APPROACH – HOW WE CAN HELP (continued)

Governance

This is very much a current hot topic and covers a whole range of issues facing charities, from internal control structures to reserves policies and risk management. Many organisations are currently considering how best to review governance arrangements and what form a formal governance review might take.

Although some areas of governance are routinely addressed during the course of our audit, where further work is considered apposite, we are able to advise on best practice in all areas of charity governance. We have published a governance toolkit which includes an outline of trustees' duties and responsibilities and a self-review checklist for charities as well as our own risk assessment toolkit which includes a risk register. We have run internal courses for trustee boards for some clients on these subjects, and they are regularly included in our seminar programme.

As part of our first year audit reporting, we would be able to carry out an exercise to benchmark your governance environment against the Charity Governance Code and report our findings to you.

Strategic review

We know that many charity boards are currently reviewing their core strategy, and we have developed a strategic toolkit – the “NP360” – which we use to assist boards in this exercise.

The NP360 has been designed to comprehensively identify the strengths and areas in need of development, focus and investment to ensure an

organisation is financially sustainable, efficient and impactful. It is a structured workshop in which attendees evaluate their organisation against a targeted set of evaluation statements covering key drivers of organisational performance and impact, across nine areas of focus. The toolkit can be used to assess an existing strategy or prepare for a new strategic plan by looking at whatever is in place or starting with a new blank page.



5. WIDER ADDED VALUE

Seminars, newsletters and networking opportunities

As well as drawing your attention to matters which specifically affect you via our targeted e-mail alerts, such as key sector changes, we issue a quarterly newsletter specifically for charities and publish toolkits which give our clients practical guidance on a range of subjects.

We run a varied seminar and webinar programme for our clients, designed to give both current commercial and financial insight, whilst allowing you to foresee opportunities and potential difficulties within the sector.

Webinar Recordings – knowledge-sharing, to help our clients and the sector

We co-host a series of regular webinars, featuring our clients and contacts discussing important and current issues impacting on the charity sector.

The webinar recordings can be accessed here:

[CharitEpulse | Podcast on Spotify](#)



CharitEpulse: Resilience, recognition, and regrettable rows

27 FEBRUARY 2025 / INSIGHT POSTED IN CHARITEPULSE

In this week's podcast, our chatters [James Saunders](#), [Charles Mesquita](#), and [Catherine Rustomji](#) debate the below hot-button issues:

- **Positive signs:** three quarters of charities have maintained or increased fundraising income over the past year, defying previous expectations;
- **Treat Civil Society as equal to businesses:** a 'hot mic' comment by the Health Secretary has sparked controversy;
- **Barriers to trusteeship:** the Association of Chairs has opened a consultation on trusteeship, focusing on paid trustees and professional qualifications, (re-)igniting the debate about diversity and inclusion;
- **Rumbling on:** The Captain Tom Foundation has changed its name to The 1189808 Foundation, dropping reference to Captain Tom at the family's "demand", amid ongoing controversy about funds owed to the charity and personal benefits.

The podcast is available on [Spotify](#), [Apple Podcasts](#), [Amazon Music](#) and [YouTube](#).

You can also follow us and catch up on all episodes of CharitEpulse on the below platforms:



If you have any questions or feedback for the panel, please contact [James](#) directly.

Contact us



Contributors



6. QUALITY ASSURANCE, INDEPENDENCE AND GOVERNANCE

Quality Assurance and Independence

We believe very much in the quality of our service, which is demonstrated by being one of a small number of practices who have successfully achieved accreditation of our systems to ISO 9001, the international quality of service standard, for all our offices.

As part of our quality control process and to improve the audit process on a continuous basis, we will review and discuss our performance with you at the end of each assignment. This allows you to discuss any views you may have on the delivery of our service, and allows us to develop a better-informed working relationship with you. We also test our clients' views through an annual satisfaction survey, to help us constantly improve our service.

Our Head of Technical is a member of the Financial Reporting Council's UK GAAP Technical Advisory Group and the ICAEW's Financial Reporting Committee. We run regular technical updates for partners and staff to ensure we are kept abreast of upcoming technical changes. In addition, we utilise a Peer Review quality control system where audit files are reviewed by sector specialists on behalf of our audit technical committee.

We have a commitment to technical excellence and as part of our own controls we instigate a second partner review for clients where partners and managers have acted for over 10 years, typically where the client has no desire to rotate the client service team.



7. FEES AND COSTS

	31 March 2025
Statutory audit	
- core fee	24,750
- one-off fee in first year for high-level VAT and Corporation Tax analysis	1,750
- one-off fee in first year for systems and controls review	1,250

Assumptions

Our audit fee estimate is based on the following assumptions:

- you will provide us with a fully reconciled trial balance and working papers in advance of the audit, in accordance with an “audit deliverables” schedule which we will agree with you on appointment;
- there will be three versions of the draft financial statements during the annual audit cycle – one prepared for the audit planning stage, one prepared following the audit for trustee review, and a final version circulated for approval.

Our audit fees are generally charged at approximately 30% at planning stage, 60% at fieldwork stage, and the balance on completion.

Any future fee increases will be restricted to inflation unless there is a significant change in your operations or the scope of our work. Any such fee increases will be discussed with you during our planning process and so agreed in advance. It should be anticipated that, no matter the identity of the auditor, you should expect a significant one-off additional fee regarding the expected updates to UK accounting standards in the audit for your year ending 31 March 2027.

All amounts exclude VAT, 2% service charge, and necessary disbursements.

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Visit us at [mooreks.co.uk](https://www.mooreks.co.uk)

Join us on LinkedIn

Follow us @mooreks

APPENDIX - EQUALITY AND DIVERSITY

We are committed to a policy of equal opportunity and non-discrimination. At all times, we aim to:

- select, recruit, develop and promote the very best people, basing judgement solely on suitability for the job;
- ensure all applicants and employees receive fair and equal treatment irrespective of sex, sexual orientation, gender reassignment, marital status, pregnancy and maternity, nationality, colour, race, national origin, religion or belief, age or disability;
- maintain a working environment free from harassment and intimidation;
- ensure that existing and new legislative Acts based on a stated right to equal treatment are strictly adhered to;
- deal speedily and effectively with any complaints of alleged discrimination and/or harassment, ensuring all such complaints are fully investigated and that remedial action is taken where necessary.

This policy covers bullying, harassment and victimisation which occurs within and outside the workplace, both during office hours and outside office hours. This includes client visits, formal or informal social gatherings organised by us or our employees, training courses and off site work events. This is not an exhaustive list. Every one of our partners, team or consultants has a personal responsibility for implementing and promoting the equal opportunities policy in their day-to-day dealings with each other, with partners, colleagues and with clients.

Inclusion and social cohesion

At Moore Kingston Smith, we have an Inclusion Committee which represents a broad spectrum of groups from minority to majority. The Committee's role is to ensure that agreed goals are embedded in the firm's culture and strategy, and to consider the actions that can be taken to help make the firm a more inclusive workplace, and to suggest and implement positive changes to support the above goals.

Real living wage

We take our commitments to our people, our clients and our communities very seriously and are proud to be an accredited [Real Living Wage Employer](#). As a Living Wage Employer, Moore Kingston Smith is committed to paying its people a minimum hourly rate as determined on an annual basis by the Real Living Wage Foundation. Moore Kingston Smith is committed to the Real Living Wage Foundation and will adhere to any further increases set out by the foundation in future years.



APPENDIX - EQUALITY AND DIVERSITY (continued)

Diversity

We are proud to be the most gender diverse partnership in the top 20 accounting firms with a 54%:46% male:female ratio; 24% of our partners are female and our last two managing partners have been female. Our gender pay gap for 2023 was 0.61%, well ahead of the national average of 14.3% and reduced from 4.02% in 2022.

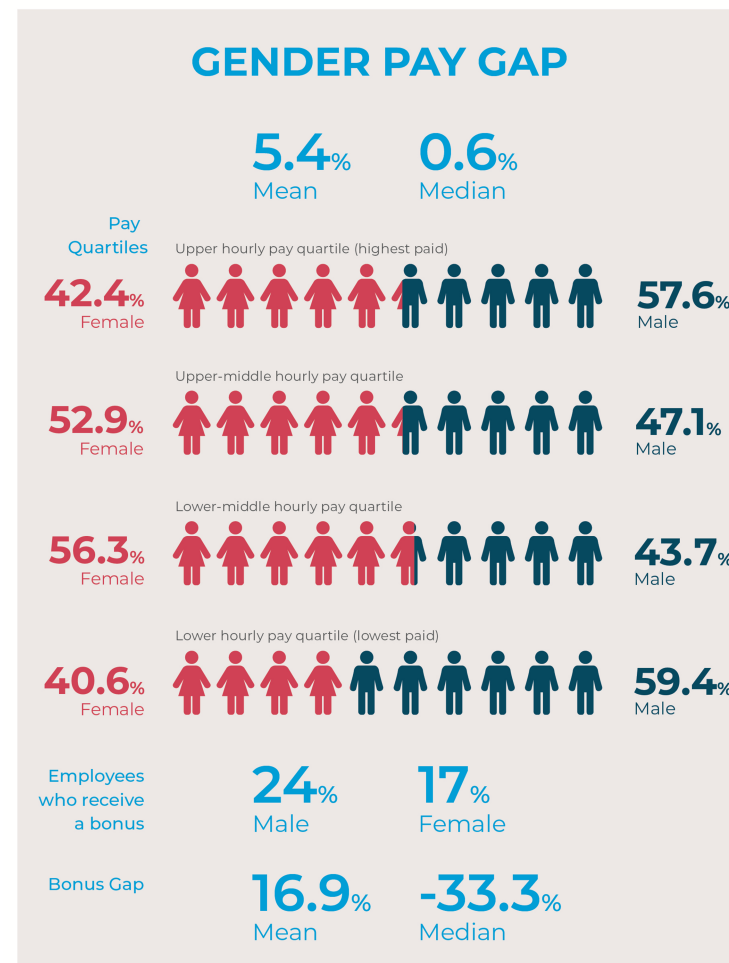
25% of staff are from ethnic minority backgrounds.

We offer employment opportunities to all sectors of the community through non-discriminatory policies and promoting opportunities to all groups. We are members of Access Accountancy which is a collaboration of around 30 professional service firms that are working together to improve access to the accountancy profession and to promote diversity. We are also in contact with the Sutton Trust which champions social mobility and supports people from less advantaged backgrounds to access careers and are taking advice from them as to how to make our trainee recruitment more accessible to all.

Modern Slavery statement

Moore Kingston Smith is absolutely committed to acting ethically and with integrity in our dealings and relationships with others and to the fair and humane treatment of people in our business and in our supply chains. We have a zero-tolerance approach to these crimes and we expect the same standard from all our suppliers, contractors and our people.

We have published a statement which is in accordance with section 54 of the Modern Slavery Act 2015. It sets out the approach we have taken to prevent modern slavery and human trafficking within our business and supply chains and can be accessed here: [Slavery and human trafficking statement – Moore Kingston Smith](#)



St Raphael's Hospice RAG Report		February 2025		<i>Figures in Italics are estimates</i>									
Description	Target	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Cumulative Donations incl GAID	Budget	£110,822	£225,666	£335,116	£438,577	£519,598	£602,556	£737,873	£870,110	£1,069,349	£1,152,170	£1,292,911	£1,402,275
	Actual	£123,976	£222,129	£273,714	£336,236	£443,229	£584,873	£760,231	£982,679	£1,219,141	£1,437,138	£1,790,000	£0
Cumulative FR Costs	Budget	£70,781	£136,026	£207,873	£275,348	£340,853	£405,579	£489,070	£562,907	£638,557	£702,595	£761,302	£827,274
	Actual	£68,296	£122,906	£178,418	£231,491	£285,641	£339,928	£399,273	£456,502	£554,835	£601,110	£649,159	£0
Cumulative FR Contribution	Budget	£40,041	£89,640	£127,243	£163,229	£178,745	£196,978	£248,803	£307,202	£430,792	£449,575	£531,609	£575,001
	Actual	£55,680	£99,223	£95,296	£104,745	£157,588	£244,945	£360,958	£526,177	£664,306	£836,027	£1,140,841	£0
Cumulative Legacies	Budget	£422	£16,465	£62,604	£237,124	£350,396	£449,132	£554,132	£637,082	£720,032	£817,646	£984,596	£1,312,500
	Actual	£1,206	£20,579	£93,059	£127,152	£162,552	£170,242	£317,451	£328,982	£416,239	£475,102	£1,040,000	£0
Cumulative Lottery Income	Budget	£27,564	£62,091	£89,771	£119,111	£174,480	£209,731	£255,867	£292,750	£329,573	£375,490	£412,127	£448,680
	Actual	£27,295	£66,013	£96,150	£122,793	£155,764	£183,164	£210,098	£246,271	£278,461	£317,311	£350,111	£0
Cumulative Lottery Contribution	Budget	£14,640	£35,607	£41,914	£-3,318	£-38,505	£-76,594	£-61,940	£-39,850	£-18,303	£10,784	£33,535	£54,652
	Actual	£15,659	£40,478	£58,945	£73,969	£89,180	£67,378	£62,649	£45,648	£32,649	£32,343	£34,000	£0
Cumulative Retail Income	Budget	£158,998	£323,309	£482,307	£646,826	£811,345	£970,544	£1,142,956	£1,309,793	£1,482,205	£1,647,789	£1,797,311	£1,962,895
	Actual	£177,275	£350,948	£512,172	£680,556	£835,634	£989,366	£1,161,050	£1,335,657	£1,499,223	£1,658,400	£1,803,000	£0
Cumulative Retail Costs	Budget	£143,990	£291,782	£442,542	£590,924	£737,515	£883,378	£1,028,480	£1,182,362	£1,326,132	£1,469,264	£1,617,822	£1,769,622
	Actual	£136,537	£269,905	£401,983	£539,048	£668,569	£798,096	£943,200	£1,072,523	£1,207,927	£1,346,148	£1,486,627	£0
Cumulative Retail Contribution	Budget	£15,008	£31,527	£39,765	£55,902	£73,830	£87,166	£114,476	£127,431	£156,073	£178,525	£179,488	£193,273
	Actual	£40,738	£81,043	£110,189	£141,508	£167,064	£191,270	£217,850	£263,134	£291,296	£312,252	£316,373	£0
Cumulative Clinical Costs	Budget	£429,161	£849,233	£1,269,990	£1,699,138	£2,243,306	£2,659,429	£3,078,824	£3,496,929	£3,913,978	£4,285,910	£4,656,206	£5,028,049
	Actual	£438,528	£849,165	£1,246,149	£1,677,392	£2,215,211	£2,633,179	£3,023,854	£3,387,064	£3,761,282	£4,132,381	£4,486,035	£0
Cumulative Support Costs	Budget	£107,575	£217,985	£325,478	£434,672	£540,642	£646,361	£750,235	£885,667	£990,090	£1,089,187	£1,182,133	£1,277,098
	Actual	£113,591	£202,454	£318,330	£434,199	£531,856	£645,951	£740,750	£868,964	£971,406	£1,105,416	£1,199,289	£0
Bank/Investment Balance	Budget	£3,180,878	£3,113,105	£3,796,553	£3,524,863	£3,523,803	£3,176,664	£2,857,691	£2,892,133	£2,382,801	£2,007,745	£2,773,146	£2,555,651
	Actual	£3,203,583	£2,979,876	£4,057,192	£3,696,669	£3,773,239	£3,349,059	£4,229,808	£4,023,492	£3,715,294	£4,200,455	£4,100,000	£0
Legacy Debtor	Budget	£1,185,852	£1,201,895	£1,148,034	£1,202,554	£1,195,825	£1,174,562	£1,159,562	£1,142,512	£1,225,462	£1,323,075	£740,025	£1,067,930
	Actual	£1,173,085	£1,148,262	£1,111,542	£1,175,004	£1,141,804	£1,096,804	£454,456	£440,149	£405,675	£345,512	£881,026	£0
Charity Monthly Shortfall/Surplus (excl DoC)	Budget	£(299,743)	£(260,131)	£737,096	£(188,628)	£(373,533)	£(263,503)	£(157,581)	£(208,065)	£(99,632)	£(124,589)	£(22,910)	£671,138
	Actual	£(324,564)	£(149,066)	£863,083	£(288,777)	£(292,679)	£(243,863)	£(47,369)	£62,673	£(60,502)	£80,229	£602,592	£0
Charity Cumulative Shortfall/Surplus (excl DoC)	Budget	£(299,743)	£(559,874)	£177,222	£(11,406)	£(384,939)	£(648,442)	£(806,023)	£(1,014,088)	£(1,113,720)	£(1,238,309)	£(1,261,219)	£(590,081)
	Actual	£(324,564)	£(473,630)	£389,453	£100,676	£(192,003)	£(435,867)	£(483,235)	£(420,562)	£(481,064)	£(496,992)	£105,600	£0



St Raphael's Hospice

Proposal to provide external audit services

March 2025

March 2025

St Raphael's Hospice

By email: NickStevens@straphaels.org.uk

Dear Nick,

Proposal for audit and related services

I would like to thank you for giving us this opportunity to present ourselves as external auditors to the St Raphael's Hospice.

Quality is important. St Raphael's Hospice is seeking a team who will provide a rigorous audit that adds value and be proactive in keeping you well informed of potential sector issues that may have an impact on your operations and financial reporting. You are also seeking a team with significant expertise in the social care and hospice sector that will give pragmatic advice and work constructively with you.

I truly believe that our proposition reflects the value that we will bring as your auditor with new perspectives and in-depth knowledge. I believe that, should you appoint us, you will benefit from:

- ▶ an efficient, cost effective and proactive audit service which is partner-led and includes regular communication at all levels;
- ▶ a professional and pragmatic client focused approach from a team who place strong emphasis on first class service provision through the development of close working relationships;
- ▶ access to our unparalleled expertise in the charity sector, delivering fresh insights and ongoing rigour and challenge coupled with support as you develop and implement your strategy;
- ▶ an approach which will actively seek to support your strategic objectives, meet your operational imperatives and assist you to meet future challenges;
- ▶ high quality deliverables providing practical recommendations and real added value; and
- ▶ independent advice on best practice in areas which may be challenging to St Raphael's Hospice both now and in the future.

We will engage with you throughout the year and provide a collaborative service that adds real value. We will focus on your operational challenges and we hope you will see us as a source of, and sounding board for ideas and solutions. We believe in developing enduring relationships that provide positive value. We will work with you to help raise the bar in financial management and control. We are pragmatic yet rigorous in our approach and we have the skills, commitment and knowledge to assist you in delivering against your plans for the future. You expect a rigorous and collaborative approach to the audit that recognises the special issues facing St Raphael's Hospice and we will provide this.

It is important that you select an audit team and an audit firm with demonstrable expertise and genuine commitment to this sector and its values: auditors who can provide real assurance to those charged with governance and your stakeholders and work in partnership with management.

The team selected to serve you is really keen to work with St Raphael's Hospice. We will, whilst recognising our responsibilities, help in any way that we can. It will be my responsibility to coordinate all our services and maintain our regular contact with St Raphael's Hospice to ensure that we are meeting your expectations. I will ensure that your relationship with us is one from which you will derive real benefits.

Yours sincerely

Dipesh Chhatralia

Partner, Social Purpose and Non Profit Organisations

Crowe U.K. LLP

dipesh.chhatralia@crowe.co.uk



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What our clients say about us

“I’ve worked with Dipesh for three years now across some challenging audits and have always found him to be extremely supportive and pragmatic. His friendly and approachable style makes a big difference, and he always goes out of his way to talk me through things and update me on progress. He manages the team around him well, ensuring we get the best possible value and service. He is very knowledgeable and can apply his experience to help us address our challenges. He has a great memory for some of the issues and is able to jump straight back into complex conversations even weeks later. He has made our audits less painful and even (at times!) enjoyable”

James Abbott – Chief Operating Officer, RNID

“I have worked with Dipesh since 2018 and throughout this period he has been an invaluable asset to our organisation. In my view among Dipesh’s professional accomplishments, his keen attention to detail, dedication, dependability, up to date knowledge in audit and accounting have brought noticeable change to the way we do things with my team. He has helped us keep shining and keep up with best practice.”

Boston Mwense, Finance and Support Director, Blesma

“We are very impressed with the service provided by all members of the Crowe audit team who continue to engage with us in a professional and approachable manner. Our audit partner, Dipesh, provides expert professional advice on matters that are non-standard and engages with our Audit & Risk Committee bringing sector experience and knowledge that our organisation appreciates.”

Valerie Lee, Director of Finance and Governance, Institute of Occupational Safety and Health

I have worked with Dipesh for some years now at two very different charities with different challenges. I have found that he is extremely knowledgeable and his insights on the developments within the sector has been invaluable as we charter our course through these uncertain times. Dipesh is a trusted advisor, and his pragmatic and practical approach has been invaluable as we transitioned to Crowe as our auditors. We have benefitted from their technical expertise and sector intelligence beyond the statutory audit. The team’s commitment to delivering a high-quality audit has been exemplary. It’s a real pleasure working with Dipesh and the team at Crowe.

Himali Fernando, Finance Director, UK for UNHCR

1. Our firm and our relevant experience

Crowe UK is the leading provider of audit and other services to the charity sector, with a niche specialism in social care. We audit more major charities than any other firm. Policy makers, regulators and professional bodies recognise our reputation and profile in the sector.

About us

- ▶ We are a top ten audit firm in the UK. We are part of Crowe Global, a top 10 accountancy network with over 830 offices worldwide
- ▶ Our expertise is across all sectors and worldwide. Crowe has twice been named Global Advisory Firm of the Year at the International Accountancy Bulletin Awards
- ▶ Serving the UK charity sector accounts for approximately 20% of our work
- ▶ Crowe is listed as the lead provider of audit and related services to charities for the last sixteen years (Charity Finance and Charity Financials)
- ▶ We audit more major charities than any other firm of accountants
- ▶ We run the helplines for many of the charity sectors' leading umbrella bodies
- ▶ Our team includes four past and present members of the Charity SORP Committee
- ▶ We are represented on many other working groups and forums
- ▶ We work closely with regulators and funders
- ▶ Our other services such as VAT, direct tax, employment tax services and internal audit have a strong focus on the charity sector
- ▶ No 1 for Fair Fees (Accountancy Age inaugural survey of client opinions)
- ▶ We Chair the ICAEW's Charity Audit Insights Working Group

Structure and firm

Some years ago a decision was taken to specialise and develop deep skills in areas where we could be recognised as sector leaders. The Charities and Non Profit sector is one of these sectors. We have been listed for the last sixteen years by independent surveys as the Top Charity Auditors. Our specialist Non Profit Unit is multi-disciplinary and includes VAT, direct taxation, employment taxation, accounting, risk management, evaluation, governance and consultancy specialists as well as auditors. We recognise that most of our charity clients also face commercial imperatives and have business pressures. Our Non Profit unit currently includes 20 partners and over 170 other members of staff operating nationally. Our Global network shares resources, technology and skills in ways that really benefit our clients.

Our Non Profit team spend a significant proportion of their time working with charities and social purpose organisations, including a number of clients involved in the hospice and social care sector. We have the largest team of true sector specialists in any firm of accountants. We also share knowledge with our colleagues working in the private and public sectors, allowing us to keep you up to date with developments and best practice in all sectors and also allows us to keep you forewarned of impending change.

How we add value

There is often a view that most firms and auditors are the same. We believe that there are key differentiating factors. Some of these, like our Number one position on the charity audit league table for the last sixteen years and the importance we place on this sector is tangible and demonstrable. Others relating to culture, style and ethos are more difficult to demonstrate.

Our experience as the leading charity auditor means we are able to assist in a range of areas, answering queries without having to engage in costly time consuming research. We are proactive in bringing you ideas and opportunities. We bring you knowledge and intelligence relevant to your operations and are ready to go the extra mile focusing on adding value that goes beyond the audit report.

We audit hundreds of charities and many of these have similar issues to St Raphael's Hospice. Rather than provide a long list of names audited and/or advised by the firm, we have specifically identified a number of clients for whom we provide audit and advisory services that are relevant to you.

Other similar organisations audited by Crowe

- ▶ Action for Children
- ▶ Age UK
- ▶ Arthur Rank Hospice
- ▶ Blind Veterans UK
- ▶ Careworkers charity
- ▶ Certitude
- ▶ Change, Grow, Live
- ▶ Guildcare
- ▶ Help for Heroes
- ▶ Mind
- ▶ Royal Mencap Society
- ▶ St Richard's Hospice
- ▶ St Wilfrid's Hospice
- ▶ Royal Trinity Hospice



We regularly assist charities with:

- ▶ governance and risk management;
- ▶ regulatory and funder perspectives;
- ▶ due diligence and investigations;
- ▶ VAT and direct tax services;
- ▶ performance measurement;
- ▶ income generation and trading;
- ▶ bonds, social impact funding and venture philanthropy;
- ▶ strategic planning, monitoring, effectiveness and quality reviews;
- ▶ key controls and system reviews;
- ▶ funding applications and other income generation support;
- ▶ laws and regulations;
- ▶ internal audit services and support;
- ▶ risk management;
- ▶ effectiveness and value for money;
- ▶ IT planning and implementation;
- ▶ financial management, budgetary control and feasibility studies;
- ▶ legislative requirements, structuring and advice to Trustees;
- ▶ outsourcing support;
- ▶ treasury and investment management; and
- ▶ human resource management, recruitment and training.

Our shared values

The Hospice plays a vital role and cares about the quality and integrity of what it achieves. It guides, influences and supports. It also aims to be flexible in its approach to adapt to changing needs. This strikes a chord with us as it has parallels with what we strive to create in our relationship with our clients.

Our service approach is founded on independent and pragmatic challenge, responsiveness, ongoing accessibility and proactive communication. Our clients value the benefits of an open and frank relationship and the fact that we are ready to go the extra mile for our clients.

Our culture centres around quality and excellence, nurturing an environment focused on continual improvement. We provide thought leadership, capacity support and are ready to go the extra mile to provide real value to our clients.

Organisation	Size and complexity
Royal Trinity Hospice	c.£18m of income, with c.£3m relating to donations, c.£2m of legacies, c.£5m of contracts with the NHS and £7m of retail income.
Methodist Homes	c.£279m of income, with £233m relating to contracts for care homes.
Salvation Army	c.£280m of income of which retail income is £106m. It also receives donations and legacies.
Royal Hospital for Neuro - Disability	c.£51m of income with c.£46m of that income from contracts with the NHS and other CCGs.
Brainkind (The Disabilities Trust)	c.£67m of income, with £48m for charitable activities, the majority of which is from contract income with local authorities.
Royal Mencap Society	c.£216m of income including voluntary income, local authority contracts, legacies and retail.

How we align with you

We understand that you are looking for auditors that understand you and can provide a quality audit with added value. You also want auditors who can provide a critical appraisal of your long-term financial sustainability, as well as provide pragmatic advice and experience of the social care and hospice sector. You need auditors that will support you throughout your strategic period and provide advice and guidance above and beyond the requirements of the statutory audit process regularly and act as a source and sounding board to both management and the trustee board, sharing up to date relevant and useful sector knowledge, experience and expertise.

We are forward looking and position ourselves to enable us to be proactive in providing pragmatic advice that meets our clients current and future needs. We provide advice based both on our knowledge and experience with other clients and keep clients informed of emerging issues affecting the sector. We discuss further how we add value in **Appendix 2**, but we note that we have provided advice and training sessions to Board on matters that are important to them. Our articles “Building resilience” and “How to deliver an effective strategy” we believe will be useful to you as you develop your 2025-2030 strategy. We have been assisting clients with going concern assessments, forecast modelling, scenario planning and have been providing relevant training and guidance to both management and the board for better planning, reporting and decision making.

We believe that your values of being excellent in the delivery of your services and understanding and connecting with the diverse community you serve aligns with our values of *we care, we share, we invest* and *we grow* and our vision of being recognised as being essential to the future success of our clients by helping them to answer tomorrow’s questions.

We share knowledge to our clients allowing them to achieve their goals and support them through their strategic journey. We continue to invest in our training and use of technology which allows us to achieve excellence and be positioned to provide the best advice to our clients.

We believe in your cause and purpose, and the team chosen to service you are passionate about the sector. We believe that through this we grow and also inspire each other and would work with you to provide a proactive, pragmatic, quality service.

2. Understanding St Raphael's Hospice

These are uncertain and demanding times for charities dealing with the aftermath of covid and the bleak economic climate, alongside a new government leading to new legislation resulting in more change. To flourish, St Raphael's Hospice must manage these uncertainties, continue to innovate and exploit opportunities presented by change.

Some of your challenges

- ▶ **Financial sustainability:** How can St Raphael's Hospice achieve long term financial sustainability and move away from deficit budgets to build reserves effectively to support the hospice's needs today and tomorrow, whilst no compromise on delivery of care, and no further restructures?
- ▶ **Adaptability:** How can St Raphael's Hospice remain nimble and receptive to the impacts of an uncertain climate, and changing environment to be able to adapt and tackle challenges and also new opportunities as they arise?
- ▶ **Income generation:** How can St Raphael's continue driving its fundraising strategy and build revenues to provide more consistency in a diversified portfolio and grapple with the uncertainties around legacies?
- ▶ **Technology and cyber-security:** How can St Raphael's Hospice manage technology and information to generate useful knowledge that adds value in decision making, whilst managing risk around data security, safely?
- ▶ **Skills:** What are the newer skill sets, procedures, methodologies and structures required to deliver on St Raphael's Hospice objectives and manage relationships with donors, regulators, its people and other stakeholders.

These are turbulent times for social care charities and hospices with an uncertain economic climate, and further challenges on the horizon, with an ageing population indicating greater future demand and high running costs causing pressure on service delivery. Cost escalations, changing demographics and changing health priorities make it more difficult to forecast and balance the interests of all stakeholders. Whilst the government announced funding of £100m to support the sector, it only touches the surface of costs to cover. ICB funding only covers 25% of the cost of care at St Raphael's meaning heavy reliance for fundraised income.

St Raphael's Hospice is rooted through the Congregation of the Daughters of the Cross (DoC). As the charity became independent, the financial contribution of £3.6m, which now sits at c£1.4m, from the DoC helped steer the direction of travel. However, since then the reserves have been depleting and further financial planning and income growth is needed.

Whilst the strategy for 2025-2030 is not yet finalised, the focus will be on building upon the EVE strategy, continuing to increase the profile of the hospice, collaborating with other hospices for efficiency, and diversifying income. The continued financial losses and forward deficits expected is not a sustainable model and the major cost reduction exercise in 2024 has helped alleviate some pain in the short-term. Ensuring financial sustainability whilst maintaining service delivery and quality is difficult, which is a wider issue many hospices are facing. A collective deficit of £28m had been recorded by Hospice UK across the sector in 2024. Whilst relations with the ICB are good and uplifts have been reasonable, the importance of financial planning and modelling remains a high priority. Voluntary income is unpredictable and with rising costs such as employers NI, continued income generation need and cost management is paramount.

We have been supporting our clients not just with financial reporting but on how forecasts are documented, performing scenario planning and sensitivity analysis and how that information is reported up to the board. The board needs to ensure it has the right information and knowledge for decision making— knowledge that is timely, relevant and accurate. We work with many charities that face similar financial issues, and we have particular expertise in assisting charities to develop, interpret and integrate vital non-financial operational information with financial information to develop effective KPIs that provide decision-makers with knowledge that can be used effectively. Strong financial frameworks will require focus on reserves, improved IT and systems, costing structures and procedures to manage risk.

We also work with charities in the development and implementation of strategy and so have experience of organisations planning growth and change. We have a real understanding of the issues and how they might impact on our audit.

You might wonder what all this has to do with audit. We believe it has much to do with it. We believe your auditors must have a real understanding of the wider operations and plans and the environment you operate in. We will work with you and invest time in understanding your strategic purpose, future plans, objectives and challenges, to enable us to provide wider advice over and above the statutory audit process.

3. Our team

To meet your year round requirements we have selected a core team with demonstrable empathy for your values, commitment, skills and experience. The core team includes Dipesh Chhatralia as audit partner and Charlene Wilson as senior audit manager. They will be supported by other specialists.

Dipesh Chhatralia
Audit Partner

Charlene Wilson
Senior Audit Manager

Other supporting specialists

Naziar Hashemi – Client Service
Partner

Robert Warne – VAT

Jon Daly - Corporation Tax

Glen Huxter - Employment Tax

Victoria Bedwell - IT Audit

Chirag Shah - Grants Management

Richard Evans – Risk & Assurance

We will bring to St Raphael's Hospice a multi-disciplinary team with:

- ▶ Unsurpassed experience of financial reporting and audit of charities.
- ▶ Experience of working with trusted and tried audit and service methodologies for providing transnational services.
- ▶ The demonstrable expertise and credibility to provide constructive support and make practical recommendations.
- ▶ Real credibility with regulators and funders worldwide.
- ▶ Real knowledge of the challenges and opportunities facing hospices.
- ▶ Ability and willingness to deliver a through the year service working in partnership with the Hospice.
- ▶ Proven approaches to non profits audits combined with practical knowledge of how such organisations work.
- ▶ Experience to provide guidance on the systems and procedures and wider strategic considerations.

St Raphael's Hospice will benefit from the team's wide involvement in the charities and social care sector.

As your Audit Partner, Dipesh will lead all services to you, ensuring our audit is of a consistently high quality. Shaping the audit strategy, advising on technical issues and on the latest developments and best practice, he will act as the focal point for the audit team and St Raphael's Hospice. Dipesh is empowered to make all decisions relating to technical matters, fees and audit strategy. He will seek to meet your needs from both a technical and 'business' perspective, ensuring that you meet the needs of your key stakeholders and fulfil your statutory requirements.

Charlene Wilson, an experienced Senior Manager who specialises in auditing charities and social care organisations, will coordinate the delivery of our audit services to St Raphael's Hospice and be responsible for the day-to-day management of the audit. She will prioritise on-site reviews and regular catch up meetings with the finance team.

The field audit team will be led by a Senior associate from our non profit team who has relevant sector expertise and experience. They will be supported by a team of auditors, who receive regular sector training and are drawn from our specialist non profit team. The extent of our audit work with so many charities means that even the more junior members of the team will have significant relevant charity experience, and many having worked in the social care sector.

As your Client Service Partner, Naziar Hashemi will be responsible for our overall service, facilitating access to broader expertise and ensuring our service is seamless and joined up across all disciplines. Naziar will also be available to advise you on broader issues and will draw on her extensive experience of working with similar social care charities and hospices and the wider sector. Naziar will support the audit team and will be available to attend meetings where helpful and required.

Staff continuity and succession planning

If there is a likelihood of any changes at partner or manager level we always discuss these with our clients to ensure that they are satisfied with any succession planning that is proposed. We plan our audit teams so that individuals progress through the roles from year to year, such that usually one year's assistant will be the senior in later years. In addition, the high proportion of our work that relates to charities means that the staff are experienced in the relevant issues.

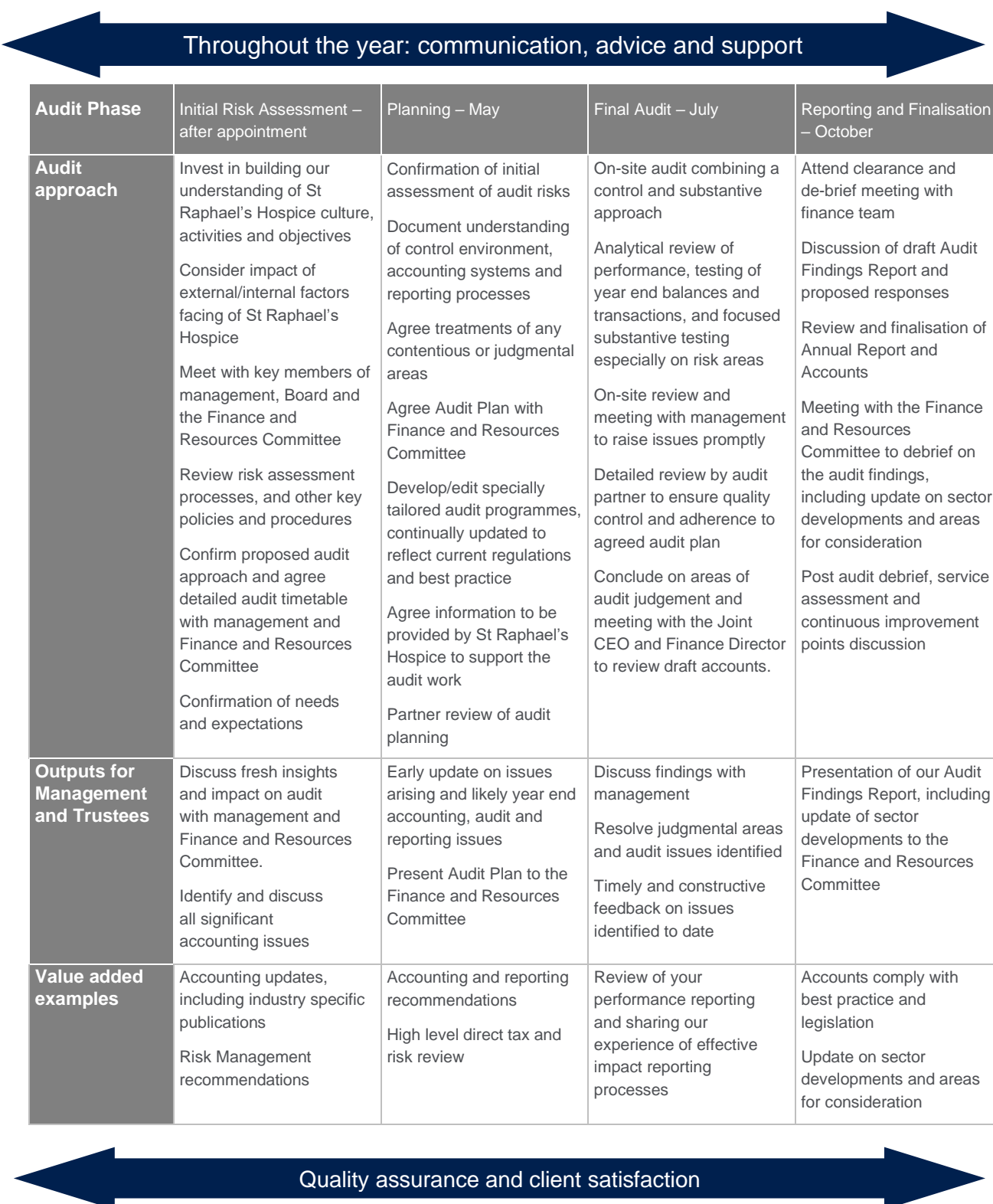
Importantly, the amount of partner and manager time we bring to our audits means that the field staff are well briefed and are able to hit the ground running.

Other specialists

St Raphael's Hospice will have access to many specialists who are integrated with our teams. This can cover areas such as grant audits, other audit and assurance, viability assessments, partner due diligence, monitoring and evaluation, business practices, local laws and regulations, strategy, change management, sector practice and accounting and tax matters. CVs of the core team and supporting specialists are presented in [Appendix 1](#).

4. Audit approach and communication

At a high level, our approach to St Raphael’s Hospice audit is depicted below.



Audit Plan

This is designed to provide an understanding of the scope, purpose and overall direction of our audit. This enables you to direct our work into any areas where you wish us to focus our attention. Our plan covers:

- ▶ Operations, key information flows and developments in the period under audit
- ▶ Discussion on materiality and proposed audit response to key risk areas
- ▶ Agreed treatment of key areas and review of proposed estimates and judgements
- ▶ Key systems, control procedures, risks and reporting requirements
- ▶ New income streams and methods of income generation
- ▶ External factors impacting the audit such as the funding environment, regulatory change and emphasis, government plans, and competitor and comparator actions
- ▶ Expectations of those charged with governance and management
- ▶ Key deliverables and timetable

Final Report

This collates our findings and prioritises the key issues and our recommendations. We also include:

- ▶ Our findings and conclusions on the work we have carried out
- ▶ Our assessment of the risks of fraud and error
- ▶ Our assessment of your risk management processes
- ▶ Our assessment of internal control and financial management
- ▶ Our findings from specialist reviews such as VAT, direct tax, employment taxes and IT
- ▶ Financial management, operational issues, tax planning and other matters of which we become aware that are likely to affect the Hospice
- ▶ Emerging issues and changes in law or accounting practice that will have an effect on your risks and operations
- ▶ Recommendations to improve the use of the annual report and financial statements

Audit Strategy and Planning

The simple diagram presented below illustrates how we undertake our audit and identify critical issues.



This information flow starts by capturing income generation and expenditure transactions in the “business” record, which is then converted into accounting or management information and ultimately reflected in your financial statements.

Our audit strategy recognises that traditional auditing was designed to detect errors, not anticipate them. Today, problems arise quickly, often with devastating impact. When the greatest threat to value is not what has gone wrong, but what could go wrong, you need a forward-looking approach to provide reliable assurances. At the same time, intangible assets such as reputation, brand, the quality and commitment of staff, relationship with stakeholders, credibility and readiness to adapt to change are increasingly driving the creation of value. While such assets can be difficult to measure, your auditors can at least make certain that they understand the issues and risks that could compromise them, and that St Raphael’s Hospice has in place the processes and controls to manage them.

We appreciate the special issues faced by St Raphael’s Hospice, its culture, its ethos and its operating model and we understand that these need to be factored into our audit approach. By adopting a ‘no surprises’ approach, we ensure that all audit issues are brought to your attention on a regular and timely basis. We place significant emphasis on effective planning; senior level time is invested and our audits will start with discussions with the finance team and the Finance and Resources Committee. At the planning stage we will undertake our initial audit risk assessment where we identify risks and controls. We then understand and consider your controls and risks and use both controls testing and substantive audit procedures to gain the necessary assurance.

The traditional audit focuses on the right-hand end of the diagram - auditing what is in the client’s accounting records and checking their preparation of the financial statements. Our experience is that the greater risk to organisations such as St Raphael’s Hospice often lies at the left-hand end of the diagram where auditors have historically spent much less time. This is where we focus at the start of our work and where important “business” events (e.g. understanding of new initiatives, operating imperatives, current climate, challenges in funding and forecasts, new accountabilities, strategic alliances, reputational risks, government policy, litigation and tax exposure) may not have been captured for consideration.

Communication and reporting

We believe that strong communication and an open and collaborative working relationship is very important. We do not believe in long chains of command and our service is led, managed and delivered through one core team.

Our culture is based around commitment and accessibility, guaranteeing that there will be clear and ongoing communication, supported by regular meetings with key management. We would like to schedule “out of audit” liaison meetings which will include speaking with the Chair of the Finance and Resources Committee and key members of senior leadership. These meetings are included in our fee as is ad-hoc email and telephone support throughout the year. This philosophy is underpinned

Use of technology

An important part of our audit now is an evaluation of IT systems and controls. This is a key requirement of ISA (UK) 315 (Revised) and so IT specialists are embedded in our audit teams. We will review and document procedures and evaluate controls over information and physical security, administrative access, software implementation, hardware and network maintenance, data back-up procedures, database master files and over the development and implementation of any IT and security strategy.

Data analytics

Crowe recognises that there are opportunities for our clients and us in using technology to analyse data and be able to draw useful and meaningful conclusions. Crowe globally has been making significant investments in data analytics and reengineering the way in which an audit is executed moving beyond sample testing to useful analysis of entire populations of relevant data. Crowe data analytics capabilities include data mining, data curation, quantitative analytics, statistical modelling, anomaly-based sampling and analysis, model validation and data visualisation.

We are constantly developing and have access to a suite of data tools that we can use across all processes, for example journals, payroll, purchases and income, and can provide bespoke separate reports to you on the output from these tools. Our aim in doing this is twofold, applying data analytics intelligently to deliver better audit evidence and to provide our clients with more insightful added value.

Data Protection and Data Security

We are able to conduct our audit as you wish; in person or hybrid. We use secure portals and collaboration tools not only for the co-ordination of the audit process but also to ensure efficient and confidential exchange of information with management. We use InFlo, the structured collaboration software that ensures the secure and efficient transfer of information between clients and the audit team. It helps teams save time, work securely, and improve the client experience – all on one easy to use platform.

by the importance we place on being led from the top and being available to you throughout the year.

We will communicate with the Finance and Resources Committee our audit plans and findings, asking them to let us know if they require a particular focus. In addition to the formal reports, we will continue providing regular updates on emerging issues and support the Hospice throughout the year. These regular meetings, discussions and alerts will ensure that you are kept up to date with the emerging issues.

Audit risk assessment

ISA (UK) 315 (Revised) introduces the concept of a spectrum of inherent risk, considering both the likelihood and magnitude of a possible misstatement. A 'significant' risk is one close to the upper end of the spectrum of inherent risk, or one that has to be treated as such under other auditing standards. Risk is considered in the context of how, and the degree to which, inherent and control risk factors affect the likelihood and magnitude of a misstatement occurring. Such factors may be qualitative or quantitative, and include complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or other fraud risk factors. We identify a range of risks from our understanding of the Hospice, its people and environment, and the system of internal control and plan our audit work so as to reduce the risk of material misstatement to an acceptable level.

For all significant risk areas, we determine the key controls to mitigate the audit risk identified and review the design and implementation of those controls. Our work starts by speaking to teams outside of finance to identify how the information is captured, processed and recorded in the finance system.

Revenue recognition: legacies

Due to the high level of estimation in income recognition, this would be deemed a significant risk. Our audit work would sample test individual legacies for completeness and accuracy ideally from Smee & Ford and solicitor notification. We would review the recoverability of accrued balances and the legacy pipeline.

Management override

Auditing standards require us to identify management override of control as a significant risk. We seek to identify all areas of estimates and judgement at the planning stage through management discussions, review of minutes, management accounts and internal documents. This is also an area in which we use data analytic tools to review the journal population.

Other key areas

Due to the high volume, low value nature of retail income, we may assess retail income not to be a significant risk area. Our work would focus on the systems and controls, and substantive testing from retail records retains from shops.

With only one ICB contract in place there could be a possibility to rebut the risk of fraud in revenue recognition. We would review the agreement, selecting a sample of patients from your CRM to the finance system and review recoverability of old unpaid balances.

As there is a letter of comfort from the DoC, going concern may not be a significant risk, however we understand that the long-term plan is for the Hospice to be resilient enough to manage without their financial support. There are financial challenges with deficit budgets and high running costs. Our work on going concern will engage trustees and management, critically reviewing forecasts and modelling, scenario plans, pipeline of income, critical points in cash funding, sensitivities etc.

5. Additional services

As a major accountancy and advisory firm and the top provider of audit and related services to the charity sector we are able to deploy an array of specialists within the firm to provide practical cost-effective assistance to our clients.

In addition to the areas we have already discussed we regularly assist charities with:

- ▶ governance and risk management
- ▶ support in discussions with regulators and funders
- ▶ due diligence and safeguarding reviews
- ▶ VAT and direct tax services and support
- ▶ performance measurement
- ▶ income generation and trading
- ▶ new funding streams - bonds, social impact funding and venture philanthropy
- ▶ collaborative working, strategic alliances, acquisitions and mergers, including shared services and integration
- ▶ strategic planning, monitoring, effectiveness and quality reviews
- ▶ key controls and system reviews
- ▶ funding applications and other income generation support
- ▶ laws and regulations
- ▶ internal audit services and support
- ▶ risk management
- ▶ effectiveness and value for money reviews
- ▶ IT planning and implementation
- ▶ financial management, budgetary control and feasibility studies
- ▶ legislative requirements, structuring and advice to Board
- ▶ investigations
- ▶ outsourcing support
- ▶ treasury and investment management
- ▶ human resource management, recruitment and training

Our clients often call upon us to assist in areas outside the audit. This may include support on a risk review, assessing the tax and regulatory issues of new income generation initiatives, governance reviews, additional assurance assignments or a bespoke financial modelling exercise. Our experience puts us in a unique position to ensure wider assurance is linked to the external audit process and allows us to really understand the issues that matter.

Our discussions and advice on many of these areas are included as part of our fee as our experience allows us to provide this without incurring extra costs. Where we believe a separate fee is necessary we will discuss this with you in advance along with consideration of independence as your external auditors.

In any advisory function we:

- ▶ are creative and offer solutions to ensure that our advice supports your objectives;
- ▶ whilst recognising our audit responsibilities we assist our clients to 'argue the arguable' when discussing with regulators and do not concede positions easily when we believe that this is right and in our clients' interest;
- ▶ advise you of developments or planning ideas that can add value or otherwise affect your governance, structure or operations; and
- ▶ liaise closely with the audit team and management so that wider and more specific audit issues are considered together and surprises are avoided.

Any advice we provide also considers the ramifications for other areas. For example, when we advise on direct tax we consider other aspects of charity law, VAT and general financial management. We focus our planning and advice on transactions that fit your operational needs and add value. We also worked closely with the Charity Commission when they were drafting their guidance on charities and trading, payments to non charities and on risk management and we have unsurpassed expertise in these areas.

We prefer to agree fees for a task and not to quote hourly rates as our experience means that we can deliver more for fewer hours and our work is seen to be cost effective.

Specific tax assignments

Our corporate tax team have considerable experience in advising charities on gift aid, tax relief, trading subsidiaries and sponsorship arrangements. They review gift aid declarations and advise on benefits generally.

Hospices are eligible for VAT recovery of costs associated with their non-business activities (applicable to the non-business activities). The operation of charity shops means that this income would be subject to the zero rate of VAT, unless the sales are made through the retail gift aid scheme where a VATable commission would be charged. Our VAT team has experience of working with Hospices of a variety of sizes, from providing advice on activities to preparing the VAT recovery calculations.

Our Employers Advisory Group ("EAG") provides the full range of employer related tax and social security advice and support services. There have been many changes in tax law over recent years which have led to increased responsibilities and burdens for employers.

6. Fee proposal

It is important to make clear which services are included in our fee quotation. It is also important to us, and we believe to you, to have a relationship where you feel you can call on us without feeling that the meter is running.

The audit fee includes:

- ▶ high level reviews of tax and IT
- ▶ review of the counter fraud and risk management process
- ▶ assessment against the Charity Commission’s internal control guidance
- ▶ assistance on the ongoing implementation of financial reporting standards including continuous advice on emerging best practice in reporting
- ▶ workshop to board on emerging issues, governance, risk management or relevant best practice, which will be tailored to the hospice
- ▶ review of your performance and impact reporting
- ▶ regular updates on emerging issues and regular guidance notes and charity alerts
- ▶ access to our sector specific webinars, thought leadership papers and training sessions such as trustee essentials
- ▶ early review of annual report and accounts to suggest presentation improvements and impact reporting
- ▶ attendance at relevant Finance and Resource meetings and out of audit discussion meetings to share wider sector input as you progress through the strategy
- ▶ ad-hoc telephone and email support from the audit team. We prefer to keep in regular contact and would not want the worry of piecemeal fees to inhibit regular communication.

Quoting fees for a new client is invariably difficult. Some firms look at existing fees and try to match or beat that – we do not adopt this approach. We know that your plans for the future will require additional engagement, a rigorous audit and ongoing support and we will not compromise on quality. Our fee includes a number of added value services that will be of benefit to the Hospice (see side bar). We can assure you that we feel under an obligation to keep our fees down and we analyse the work that we do with a view to managing costs.

Our proposed fee for the audit of the St Raphael’s Hospice for the year ending 31 March 2025 will be **£26,000**. All fees are exclusive of VAT and directly incurred disbursements. We expect that all things being equal, year on year fee increases would be in line with inflation in the profession. We will agree a billing schedule with you in advance.

We build in a large proportion of partner and manager time to deliver real experience and expertise. The senior time is usually about 25% of total estimated audit hours. The “additional” added value services provided within the audit fee are also delivered by the senior members of the team. Their time is not included in the typical 25% calculation. We do not charge for our investment in the first year. Therefore, the hours and costs shown do not include the first year “getting to know” the Hospice time which typically can add 20% to time cost.

Our proposed fee is based on the following assumptions:

- ▶ the nature, scale and scope of your activities will not change materially from the forecasts and information you have provided;
- ▶ all accounting work will be carried out by yourselves and you will provide us with final accounts based on formats previously agreed between us and appropriate supporting schedules for audit;
- ▶ we will have access to relevant supporting documents;
- ▶ a timetable for the audit will be agreed with us in good time to enable us to schedule our work; and
- ▶ any changes to Auditing or Financial Reporting standards will not require additional work.

We manage our audits in detail to avoid, where possible, the requirement for additional fees. We set a clear expectation at the planning stage on delivery for the audit. If there are unforeseen circumstances leading to potential additional fees, we ensure to remain in continuous discussions with the finance team and work together for a plan to keep costs as low as possible and work effectively and efficiently to deliver the audit. We ensure a clear analysis of costs is given for transparency and clear reasoning.

We are keen to work with St Raphael’s Hospice, and do not want to be rejected on grounds of fees alone. If fees are seen to be an issue, we would be pleased to discuss our assumptions and fee structure with you.

Accountancy Age inaugural survey of client opinion

“Crowe’s most striking performance came in Transparent & Fair Billing, where it ranked top, beating the market average by 9%. Clients found bills reasonably clear, relatively good value for money – and notably lacking in nasty surprises.”

Team	Hours	Rate £	Total £
Partner	20	345	6,900
Senior Manager	35	165	5,775
Senior Associate	85	110	9,350
Associate	60	70	4,200
IT specialists	5	165	No charge
Client Service Partner	5	345	No charge
Specialists	10	180	No charge
	220		26,225

Appendix 1: CVs of our team members

Dipesh Chhatralia – Audit Partner

Dipesh is an Audit Partner and joined our Social Purpose and Non-profit Organisations team in 2011. After qualifying from another practice, Dipesh was fundraising for Noah's Ark Children's Hospice climbing Mount Kilimanjaro, when he decided he wanted to bring his profession and personal passion for the sector together.

Dipesh will be responsible for signing your audit report. He currently works on a broad range of clients but maintains a special interest in working in the social care sector. He also works with a number of fundraisers, grant makers, international NGOs, membership organisations and professional bodies, medical research charities, and independent schools.

His portfolio of clients in the care sector have included Brainkind (previously "Disabilities Trust"), Blesma, Certitude, Royal Mencap Society ("Mencap"), RNID and Royal Trinity Hospice. Some of his other clients include ActionAid, BAFTA, Diabetes UK, CAFOD, Fairtrade Foundation, United Bibles Societies Association and UK for UNHCR.

Dipesh advises on areas of best practice around financial management, reserves, risk and strategy. He also works on additional assurance assignments.

Outside of audit, Dipesh leads our national training for the unit to ensure high audit quality. He also co-leads the Crowe Ability Network focussed on Disability Inclusion and sits on the partner ED&I steering group within the firm.

Dipesh is very experienced in delivering an efficient and high quality audit ensuring that his clients reporting meet good practice. He has strong intercommunication skills. He will encourage a supportive and communicative relationship with senior personnel at the St Raphael's Hospice and relevant trustees throughout the year. He will bring to the Hospice access to sound technical and accounting support and is driven to providing solutions in a pragmatic way.

His success is founded on demonstrable experience and working closely with management and non-executives/trustees. His wide-ranging experience allows him to meet client needs from both a technical and 'business' perspective. His extensive experience of working on a broad range of clients over the years will be of substantial value to the St Raphael's Hospice.

Dipesh works closely with colleagues from other partners within the Crowe team including IT, VAT, Direct Tax, Employers Advisory Group, Risk & Assurance, Forensics and Counter Fraud in order to ensure that his clients receive a joined-up service across all disciplines.

Charlene Wilson – Senior Manager

As your audit manager, Charlene will have day to day management responsibility for the audit. Charlene will also participate in key meetings and will work closely with the finance team to ensure an effective audit. She will also be responsible for maintaining the overall quality of the audit.

Charlene will encourage the continuation of a supportive and communicative relationship to ensure that you feel comfortable to contact her with queries during the course of the year. She will bring sound technical and accounting support, and will provide quick responses to any queries raised by the finance team. Drawing on her extensive experience, she will identify areas of best practice that could be adopted by St Raphael's Hospice.

Charlene will bring:

- ▶ fresh perspectives based on having worked with a number of other charities, including hospices;
- ▶ commitment to delivering a well-planned, efficient audit ensuring thorough briefing of audit staff, on-site reviews and regular communication with you at the appropriate levels;
- ▶ sound technical and accounting support. Charlene's experience of working with similar organisations will allow her to provide quick responses to any queries raised by your finance team; and
- ▶ a hands-on, collaborative approach. Charlene will prioritise the development of a supportive and communicative relationship with you such that you feel comfortable to contact her with queries during the course of the year.

Charlene looks after a number of charities, including Royal Trinity Hospice, Brainkind, Royal Hospital for Neuro-Disability and Methodist Homes.

Other Specialists

In addition to the core audit team the following specialists will engage with St Raphael's Hospice to carry out special reviews which are included in our audit fee. In addition, they will also be available to support you as and when required.

Naziar Hashemi – Client Service Partner and Head of Social Purpose & Non Profits

Naziar joined Crowe in September 2008 from a Big Four Firm as a specialist non profits partner. In addition to providing assurance services Naziar also provides advisory services to a range of charities, including a number of charities in the social care sector. These include assignments from risk and finance function reviews, systems, benchmarking and performance measurements and governance reviews. Naziar also carries out training for charities and lectures and writes on a range of topics relevant to Trustees and management

Rob Warne – VAT

Rob specialises in delivering practical and authoritative VAT planning and advisory services to a range of Not for Profit organisations. He draws on over 20 years of VAT expertise, initially as a VAT Inspector. Rob is a well-known speaker at sector seminars on VAT challenges and solutions for charities. He has extensive experience of working with a number of large charities including those that operate internationally. He has an excellent ability to portray VAT complexities in a practical and understandable way. Rob is skilled at negotiating with HM Revenue & Customs and has successfully represented many well-known charities at VAT tribunals.

Jon Daley - Corporation Tax

Jon is a Director in our corporate tax team and works primarily with the firm's charity and Non Profit clients. Jon joined Crowe in 2022 having previously worked since 2009 within the charity team of a top 20 firm where he advised Charity and Not-for-Profit organisations on a broad range of tax matters including direct taxes, Gift Aid and employment taxes. Jon is qualified as a chartered accountant and chartered tax advisor and has a wide variety of experience across the sector including INGOs, social enterprises, schools and colleges, livery companies, grant making charities, members' clubs, religious orders and arts and cultural organisations. Jon has also presented a number of technical seminars on charity taxation including with the ICAEW and Charity Finance Group.

Glen Huxter - Employment Tax

Glen leads Crowe's National Employment Tax team having previously worked in Top 10 firms. He has specialised in employment taxes for over 10 years but has over 30 years' experience in taxation. He is acutely aware of the employment tax challenges faced by the NFP sector. He brings a wide range of employment tax specialisms to the NFP sector, helping NFPs to de-risk their employment tax compliance and implement sustainable reward strategies. Glen also supports NFPs with salary sacrifice implementations, particularly for pension contributions and electric vehicles, to provide tax efficient benefits and help manage workforce costs; he also advises on Off-Payroll Working / IR35 legislation, NMW compliance, termination payments, and employee benefits and expenses.

Victoria Bedwell - Information Technology

Victoria, a Director in the Non Profits team, leads the IT Audit function at Crowe and is responsible for managing a range of Technology audits and reviews. With her CISA and ACA background, she has expertise in the management of both IT and business process control reviews, and is conversant with all leading IT assurance standards. Victoria supports the external audit teams in IT audit and understanding the entity's IT control environment, and also undertakes specific IT assurance reviews in key technology areas such as cybersecurity and data protection. Her experience includes assessing IT fraud risks and the use of data analytics.

Chirag Shah – Grants Management

Chirag is an Audit Director who joined our Non Profit team in 2016. In his previous role he was part of a team carrying out audits on behalf of the European Commission. He has worked for the last five years exclusively on grant and donor audits and has extensive experience ensuring compliance with donor requirements and management of sub-grantees. He has built up a wide range of sector specific experience including; INGOs, universities, research organisations and foundations. He also carries out system and grant process management reviews and advises on process improvements.

Richard Evans – Risk & Assurance and Forensics

Richard joined the firm from Deloitte, where he led the Risk and Advisory business within the Non Profit sector. He is a Chartered Internal Auditor and Accredited Counter Fraud Investigator. He has experience of working with some of the UK's largest Not for Profit organisations and has written several chapters of the CFG GDPR guide. He assists charities with assurance activity covering commercial activities, international operations and funding, research, health and hospital services, and service provision. He is responsible for our outsourced and co sourced internal audit offering. Richard will assist with the risk management and cyber security reviews.

Appendix 2: Our experience and added value

We run the official helplines for:

- ▶ Association of Chief Executives of Voluntary Organisations (ACEVO);
- ▶ Charity Finance Group (CFG)
- ▶ Charity Internal Audit Network (CIAN)
- ▶ Charity Retail Association
- ▶ Charity Tax Group (CTG)

The helplines we run mean that we have several thousand voluntary sector professionals spotting issues for us. This puts us in a unique position to ensure that we and you can be forewarned of relevant issues and be at the forefront of best practice.

Where necessary we engage with the regulators to find solutions to the many issues raised on our helplines. This is of real benefit to our clients as we come to them with solutions and not just raise issues.

We work closely with the charity and Non Profit sector supporting umbrella bodies and arguing the arguable for the sector. We are active on relevant committees and we are known for the resources and guidance notes we provide freely to charities. Our free Seminars and briefings for our clients included:

- ▶ Governance and structures
- ▶ Implementing the SORP
- ▶ Grant management
- ▶ Strategic alliances and collaboration
- ▶ Finance for fundraisers
- ▶ Finance function of the future
- ▶ CEO of the future
- ▶ Boards of the future
- ▶ Managing change and uncertainty
- ▶ Counter fraud and corruption
- ▶ Trustees essentials
- ▶ Emerging issues update
- ▶ Risk management
- ▶ Measuring performance
- ▶ IT matters and cyber security

Recognised by regulators and umbrella bodies

Our close involvement with the issues facing the charity sector puts us in a unique position to be able to support and guide our clients on matters that go beyond the statutory audit. Our recognition and expertise in this area is demonstrable. We are:

- ▶ authors of a HM Treasury commissioned book on Charities and Trading;
- ▶ the longest standing members of the Charity SORP Committee;
- ▶ member of the FRC's Charity Audit Practice Note working group;
- ▶ special advisors to the CFG and have produced the Charity SORP disclosure checklist and co-authored their GDPR guidance. Both are made freely available to charities;
- ▶ consulted by the Charity Commission on their publications and guidance notes;
- ▶ the only firm of accountants that are regularly invited to present at resource mobilisation and income generation conferences worldwide;
- ▶ the only firm of accountants that is represented on the Charity Tax Commission;
- ▶ members of the Charity Audit Insights Group; and
- ▶ members of the Charity Law Association.

We have been closely involved with the Charity Commission's working groups and have worked closely with their investigations and accounting teams. We support many of their initiatives but we are also ready to argue the arguable on behalf of our clients and the wider charity sector.

Our real understanding of audit and financial reporting issues means that we can usually find solutions that meet your operational needs rather than some theoretical process. We believe in adopting an approach where we start with understanding what makes sense for our clients individual needs and we then try and ensure this can fit within the reporting requirements, good practice and other regulations. All this puts us in a unique position to serve St Raphael's Hospice ensuring that our advice is timely, relevant and practical, meeting your needs as auditors and trusted advisors.

Knowledge sharing

As the lead provider of audit and related services to charities we work closely with many umbrella bodies and regulators who consult with us. Harnessing the collective knowledge and support of our specialists allows us to bring you insights, thought leadership and updates on emerging issues.

We share this information with our clients through regular briefing meetings, our written guidance, webinars, our Charity Alerts, and by through-the-year contact. In addition, we identify issues that could be relevant to specific clients and communicate these directly. We also invite you to our briefings and our highly regarded seminar programmes such as trustee essentials. We have also been running our annual Care conference which has been highly successful and brings a forum of people in the sector together to learn and discuss core issues being faced.

In addition, as noted in the side bar in [Section 6](#), as part of our audit service we will deliver a tailored training session to your Finance and Resources Committee and Board of Trustees. These sessions allow us to engage with the Board, but also the board to discuss core areas. This can be focussed on areas like risk management, charity governance, emerging issues, sector update, reserves management and



planning etc. We can review future training and how best to serve the Hospice with you.

We are able to assist in a range of areas answering queries without having to engage in costly time-consuming research. Through the year support to answer queries is included in our fees. We are proactive in bringing our clients ideas and opportunities. We are closely involved in the development of new standards and we work closely with the Charity Commission, HMRC and other regulators and umbrella bodies and are consulted by them on new rules and guidance. We are also commissioned to write books and publications on sector issues.

We provide external or internal audit services to a number of charities with retail operations. These include Age UK, British Heart Foundation, Cats Protection, Mind, Oxfam, RHS, Royal Mencap Society, RSPB and Sense. The helpline we run for the Charity Retail Association keeps us “plugged in” to the key issues facing charities with significant retail operations.

Risk management

Crowe leads on risk management work in the charity sector. We work with our clients to help them link risk to strategy, to develop risk based assurance frameworks and to understand and apply risk appetite and risk tolerance in a way that adds real value. We work closely with the Institute of Risk Management (IRM) and the Crowe Risk Consulting team was closely involved in the production of the IRM’s seminal guidance on risk appetite. We are experienced in advising charities on risk management processes.

Benchmarking

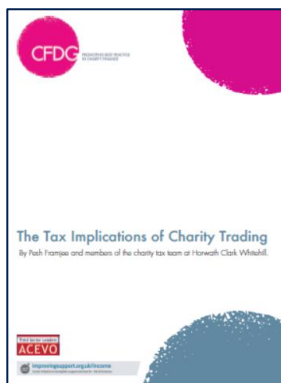
We continue to support the Charity Finance Group (CFG) to develop Finance Count. This is a unique financial management benchmarking exercise which is tailored specifically to the needs of UK charities. Finance Count also offers a programme of support to help charities to identify and implement changes they can make to improve results. We have been working with the CFG to develop learning sets to allow participants to explore with peers ways to improve processes, ways of working and performance.



Income generation

St Raphael’s Hospice is looking to diversify its income streams as well as increase its current streams to become more financially resilient.

The fundraising and data processing regulations mean that charities have had to adapt to new rules and new expectations. We are actively involved in these matters and are assisting our clients to address them. We are the only UK accountants that are regularly called upon to present at International Fundraising Conferences (IFC) and seminars worldwide.



As new techniques and income streams are developed, so surrounding issues of data management, commercial acumen, donor due diligence, taxation, and charity law. Our experts help keep our clients on the right side of the fence. In particular our real understanding of the Charity Commission, Fundraising Regulator, ICO and HMRC perspectives is of continuing importance.



Impact assessments and value for money

Charity business models are being challenged and stakeholders often question the fundamental value propositions being offered.

We are one of the few accountancy firms that regularly carry out impact audits and value for money and effectiveness reviews for a number of charities. Our work has been presented at the United Nations General Assembly and is recognised worldwide.

As auditors to the National Audit Office we carry out impact and value for money audits. Our real understanding of the impact drivers for public benefit organisations allows us to add value to our clients assisting them in identifying, recording and reporting on what really matters.

We are also able to assist with how St Raphael's Hospice can engage with its stakeholders and the wider public in a transparent and interesting manner. Our thought leadership in this area is well recognised. We have presented on this subject and also written a guide for charities. We have recently developed our new series of guidance's focused on "Better reporting" and "Better Reserves".

Counter fraud and forensics

There have been a number of frauds in the charity sector and the impact post covid and current economic client has seen even more of charities targeted by fraudsters. These have often related to credit card fraud, trading and expenses. In addition, major capital projects also increase the risk of fraud and error.

We are recognised experts in counter fraud and anti-corruption and we were chosen to support the Charity Commission and the Fraud Advisory Panel and on all three of their annual Charity Fraud conferences. We were the only accountancy firm invited to take part in the International Fraud Awareness week's closing Q&A webinar in October 2018. We have carried out counter fraud and forensics work for Non Profits, funders and the Charity Commission both in the UK and overseas. We run university-accredited training for charities delivered by Accredited Counter Fraud Trainers and run specific training programmes for Boards of Trustees and Senior Management teams.



Managing transition

Many clients are concerned about the transition process. As the fastest growing specialist charity team and one very successful at winning clients we have become experts in managing transition. We have over the years transitioned many audit clients in the charities and non profits sector. We can arrange for you to speak with any of our clients to hear of their experience of working with us and how we have managed transition and whether we deliver what we promise.

The transition process will be led by Dipesh and Charlene, ensuring senior involvement. It will involve a combination of meetings with key personnel at St Raphael's Hospice, as well as a review of documentation, including the previous auditor's audit files. With our knowledge and experience we will hit the ground running and minimise the impact of transition.

We will make the necessary investment in time to understand St Raphael's Hospice and will start our involvement early with regular communication to work to a year end timetable that meets your needs. We normally build enduring relationships with our clients and we absorb all of our transition costs as part of the investment in our relationship. We will agree working protocols, detailed deliverables and key timelines at an early stage.

Appendix 3: Quality, independence and client care

Continuous improvement and training are important and our audits are performed to the highest standards.

Independence and conflicts of interest

The firm has stringent procedures to manage independence and objectivity, ensuring we have no conflicts of interest. Our internal procedures require us to consider our independence and objectivity at all times.

We are committed to acting with the highest standards of integrity and in accordance with the Code of Ethics of the Institute of Chartered Accountants in England and Wales (ICAEW) and the Financial Reporting Council's (FRC's) Ethical Standard. We document every business relationship through a business relationship management system which includes checks to ensure that there are no conflicts of interest or independence issues preventing a business relationship taking place. We follow the auditors' ethical standards of auditor independence and conflicts of interest and all senior staff and partners are required to review any potential conflicts before working on an assignment.

Regulatory enquiries

From time to time, as with any professional services firm, we will be subject to claims, regulatory enquiries, or investigations. Details of these necessarily must remain confidential.

We confirm that we do not have any matters that impact our ability to deliver our service.

We are not a huge firm but the quality and relevance of our work in the charity sector is unsurpassed. We are committed to quality across all our service lines but recognise the particular importance of ensuring appropriate quality within the regulated area of audit.

All partners and staff receive regular technical training and updates, delivered by specialist internal and external trainers. These include auditing, accounting, tax and VAT updates. In addition, all partners and staff auditing non profits must attend specialist regular updates and training in order to be "accredited" by the firm to work with our non profit clients.

We review regularly the requirements of ISQC1 to ensure that our policies and procedures are appropriate. We also realise the importance of setting the tone from the top.

Crowe is subject to stringent registration and compliance procedures, including monitoring every alternate year by ICAEW's Quality Assurance Directorate (QAD). We consistently score higher than the average of firms that are reviewed by the QAD.

Our partner appraisal process considers audit quality and to this end we have in place a 'Responsible Individual (RI) Review Panel' to consider the results of the Audit Partner Quality Indicator (APQI) reports and allocate a grade to each audit partner. The APQI reports are compiled by the Head of Quality Assurance and include details of:

- ▶ the results of any internal or external quality reviews undertaken in the year,
- ▶ the partner's attendance record at required training courses, and
- ▶ any other matters that impact audit quality such as complaints, breaches of ethical standards or adverse regulatory findings

We also operate a formal office-to-office "peer review" system to seek to ensure consistently high standards across the firm. Recommendations arising are built into an action plan against which progress is regularly reviewed. Our peer review system also operates internationally.

Recommendations arising from external and internal reviews are built into our programme of continuous improvement.

Client care and continuous improvement

We try to understand what our clients like and also would prefer to see improved. We agree the working protocols, deliverables and key timelines at an early stage. We will also have a "close meeting" to ensure we have met your expectations and to assess any lessons to be learnt. We will implement a structured client care review and agree with you the way you want to work with and communicate with us.

At the outset we will agree with you methods of working, communication, a schedule of through the year meetings, information sharing protocols and key performance indicators. Following our audit, we will meet with you to discuss what you liked and what we can do better and will also provide our feedback.

Our client satisfaction programme has been running for a number of years and our clients tell us that they believe that our approach, style and structure allows for greater flexibility, more partner involvement, less bureaucracy and priority in resourcing for our client base.



Proposal to St Raphael's Hospice for external audit services

March 2025

You want to ensure your organisation grows healthily and sustainably, can compete strongly and remain agile and resilient in an ever-changing world. We offer an audit that is tailored to your charity and delivered by experts in that sector; one that looks beyond the numbers; and one that provides judgement, insight and challenge.

- 01** Executive summary
- 02** Details of the Firm
- 03** Resourcing
- 04** Audit approach
- 05** Fees & value for money
- 06** Keeping you informed
- 07** Ethical stance
- 08** Forvis Mazars in Society

The Trustees
St Raphael's Hospice
London Road
Cheam
Sutton
SM3 9DX

March 2025

Ladies and Gentlemen

We are delighted to be given the opportunity to tender for appointment as the external auditors of St Raphael's Hospice. We look forward to the prospect of working with you and adding value through the relationship which we will develop with the senior management team and the trustees over the coming months and years. We will support, assist and challenge you.

We would focus on what you are trying to achieve and work with you to achieve this in an open, honest and supportive way. Based on a detailed understanding of your values, ethos and structures we would seek to add value to the organisation through building strong, long-term relationships at all levels.

As summarised below, we believe that we will be able to provide the services that you require in a responsive, efficient and cost-effective manner. Our social sector practice covers a wide range of clients across charities, education and social housing. Across these areas, we have a gross fee income in the UK of over £10m. Nationally we act for over 600 such institutions.

We have put forward an experienced and dynamic team with direct hands-on experience of the charity sector, who know the practical issues you face and would help you find solutions. We are confident that it is our people who distinguish us from our competitors and we are known to be friendly and supportive, with high technical standards but with a pragmatic approach.

Our approach is designed to ensure full engagement with the senior management team and trustees during the year and throughout the audit process, with regular communication so that there are "no surprises". You can be assured that the financial statements will be subjected to a rigorous, challenging and efficient review and audit, accompanied by feedback on current and future issues affecting the organisation and charity sector more widely.

The following detailed proposal is designed to demonstrate that our experience in the charity sector along with our approach will ensure that maximum value is obtained from our relationship and the process.

On behalf of Forvis Mazars, thank you for the opportunity to work with you and if you have any questions on this proposal please do not hesitate to contact us.

Yours sincerely,



Nicola Wakefield - Engagement Partner

What do our clients say about us?

"We were very pleased to have you at the Trustees' meeting yesterday and I happily echo what was said by one of the Trustees, which is that the audit summary report clearly demonstrates that we made the right decision when appointing Mazars as auditors."

Finance Director, Charitable Trust

"Many thanks again for the considerable efforts from your team and yourself to get the audit done in such a timely manner – you put across a very positive view of the audit process and of Mazars."

Head of Finance, Charity

"Once again, thank you for all your help. I appreciate that the audit started with short notice from our end. The service we received has been exactly as we hoped it would be in moving to Mazars. We will look forward to developing our relationship with you and Mazars."

Treasurer, Charity

"It has been a joy to have your team with us. They have been delightful and very easy to work with."

Bursar, Independent School

Section 01

Executive summary

Our understanding of your requirements

Your requirements	Our approach
You want to work with a firm who can provide comprehensive and appropriate external audit and related services and who has extensive experience with the charity sector.	We pride ourselves on undertaking a modern audit, with clear communication and practical advice delivered on time and to budget. No surprises and no fuss. We provide external audit services to over 600 clients within the social sector including charities, educational institutions and housing associations. We also provide specialist services to many more clients in the sector, including internal audit, tax, due diligence and investigations.
You need a robust audit process which is tailored to your situation and reflects the unique position you find yourselves in. You require reassurance that we have the resources and capacity to deliver.	We provide a robust audit to all of our clients. As individuals, and as a firm, we understand the sector and the challenges you face. We will provide a service which responds to those challenges, puts the organisation's best interests at the heart of our work whilst recognising that each organisation is different and therefore has differing requirements.
The proposed audit team will need to have relevant experience and be able to demonstrate a consistent focus on quality.	Our team is experienced and enthusiastic and have worked with charities for decades. All senior team members have to be licensed specifically to carry out external audit work in the charity sector. One of Nicola's social sector clients was reviewed in the last year by the ICAEW's Quality Assurance Department with good results.
You want to understand our approach to customer service, quality assurance, environmental and ethical issues.	We think you will find us attentive and motivated. However, this is often best judged by clients and our record for client feedback is very strong. We have included details of our ethical stance later in this proposal.
You need us to demonstrate value for money and, in particular, how we add value through the process.	<p>We have outlined our approach to working with you and the support that we will give your senior management team and the board throughout the year. We believe that the main benefit comes from us using a knowledgeable and experienced team, providing robust assurance work, honest clear feedback and pragmatic solutions to issues. We will not sit on the fence.</p> <p>We encourage year round communication with you to ensure we are aware of what is happening in your organisation in order to add value through our advice.</p>
You need a firm who can provide a full range of accounting and assurance services.	We offer a full range of professional services, nationally and internationally, delivered by specialists in their fields. This enables us to surround our diverse portfolio of clients with all of the services that they need to help them succeed. At the same time we recognise that we must remain independent and objective as external auditors.

Section 02

Details of the Firm: Forvis Mazars LLP

Background

Forvis Mazars is a leading global professional services network operating under a single brand with just two members: Forvis Mazars LLP in the United States and Forvis Mazars Group SC, an internationally integrated partnership operating in over 100 countries and territories, including the UK. Internationally we have a combined team of over 40,000 professionals. In the UK we have over 3,300 staff and 170 partners operating from 14 offices. We work with a wide range of clients and have extensive experience with a wide spectrum of corporate and social sector organisations. Our team has one common goal – to focus on our client’s agendas and deliver value through a personal touch backed by big experience.

Our firm has thrived because of the quality of our individuals – the work we do makes a long-term difference to our client’s successes and goals. Our rich culture has evolved from the firms that have come together to form Forvis Mazars. After a century-long experience as UK firm, Neville Russell, we joined forces with the French firm Mazars & Guerard in 1998.

Nowadays with our global network of offices, we continue to encourage our people to express themselves openly – to add their individual talents and opinions to the Forvis Mazars mosaic. We all work within a culture of high support and high challenge at Forvis Mazars. We are not afraid to take on new and greater responsibilities. But we do this through encouragement – not pressure and competition.

Our Social Sector team

We have been involved with Social Sector organisations and the Social Sector from the foundation of the firm over 100 years ago. Our Social Sector practice covers charities, education and social housing. Across these areas, we have a gross fee income of over £10m and, nationally, we act for over 600 Social Sector organisations. All senior members of our audit team will come from our Social Sector practice. Not all of the staff in our Social Sector practice spend 100% of their time working with Social Sector clients as we believe it is important that those working with these clients also have commercial experience, but are all specialists, and receive regular, sector-specific training.

All Partners and Managers working on Social Sector audits must hold an internal sector licence which is reviewed annually, demonstrating continued technical excellence.

Nicola and Mike spend the majority of their client time working on Social Sector clients and Social Sector work is a key service line within our London and South East region.

Charity Sector clients

We are one of the largest providers of professional services to the charity sector, those services including:

- External audit
- Internal audit
- Grant claim services
- IT services
- Due diligence investigations
- Taxation services
- Accounting services including payroll

We look after the following numbers of charity clients in the following income bands:-

Income £10 - £30m - 38
Income £30 - £100m - 63
Income £100m+ - 12

Public and Social sector audit work accounts for approximately 15% of our total UK audit fees.

Section 02

Details of the Firm: Forvis Mazars LLP

Our general Public sector external audit experience

Forvis Mazars' specialist public services teams provide distinctive audit and advisory services to local authorities, NHS organisations, central government departments and NDPBs, police and crime commissioners.

Our teams understand the special features of each of these sectors, as well as the challenging agenda they face in meeting the demand for their services against a background of reducing funding. We have a particular expertise in the interfaces between public services – crucial in securing better outcomes for less resource.

To help in tackling this agenda, we can call on a powerful blend of specialist public services audit and advisory experience and leading edge commercial know-how.

We are one of only seven external audit suppliers to local government and the NHS in England and are registered by the ICAEW to provide local public sector audit under the Local Audit & Accountability Act 2014. We are also one of the largest providers of outsourced and co-sourced internal audit and counter-fraud services to the UK public sector and the only firm to be on all three lots of the framework contract operated by the Government Internal Audit Agency providing internal audit, forensic and counter fraud investigations and regulatory services including advisory work. Our expertise is recognised by our representation on several framework contracts including:

- the National Audit Office's framework for financial audit of central government bodies;
- the ConsultancyONE government framework;
- the East of England NHS Collaborative Procurement Hub;
- the NHS Shared Business Services Framework Contract for External Audit; and
- NHS London Procurement Partnership

Insurances

Relevant confirmation documentation for Employers Liability, Public Liability and Professional Indemnity cover can be provided separately on request.

Please note though that we are not permitted by our underwriters to disclose the level of our professional indemnity cover but we can confirm it is in excess of £5m.

Section 02

Details of the Firm: Forvis Mazars LLP

A selection of the proposed team's clients:-



Section 03

Resourcing: Your client service team

Our team

Firms do not provide services – people do. Technical expertise and experience are only truly valuable when they are supported by excellent service delivery in the context of a relationship underpinned by mutual respect and communication. We consider that open communication is key to a successful relationship where we can ensure that we provide a constructive challenge as well as assisting to resolve any issues identified.

It is our policy to match appropriately our proposed service team with the key characteristics of the clients to whom we tender. It is our proposal, therefore, to put forward an experienced, dynamic team with direct hands-on experience of the charity sector - and care charities in particular - who will be able to get to grips quickly with the practical issues you face and help you find solutions. We therefore propose Nicola Wakefield as the engagement partner. Nicola would be assisted by Mike Gibson as audit manager. Nicola and Mike work in the charity sector so understand the issues and challenges you face. The team would be supplemented by experts in areas such as corporation tax, VAT, accounts preparation and iXBRL as necessary.

You would be an important client to the team. Nicola and Mike would commit significant amounts of time to this audit. They consider it is essential to spend time onsite with your team at the planning stage, during the audit and at the completion stage. Nicola and/or Mike would be happy to attend as many Committee and Board meetings as you felt necessary.

Senior staff availability

Mike would review the audit files during the audit work. He would be responsible for coordinating our work and resolving most audit issues as they arise. However, if there are any contentious or significant audit issues to resolve, Nicola would be involved as soon as possible. We may need to obtain additional audit evidence to satisfy ourselves that the issue has been resolved or to obtain a greater understanding of the implications to the organisation. Nicola and/or Mike would also be available throughout the process to discuss any issues arising either by telephone or at face to face meetings.

Succession and planning rotation

In the event that either Partner or manager are no longer able to fulfil their role, we will notify you as soon as possible and discuss future plans, so as to keep any disruption to a minimum. Our policy on rotation is that no Partner can be involved with any client for more than 10 years in order to ensure that we maintain our independence. We would manage the transition so that the Manager and Partner do not change in the same year.

Staff continuity

Continuity of the members of an audit team is a key element towards achieving our service standards. We endeavour to maintain established relationships with our clients. You can expect our Partner and Manager team to remain involved year-on-year so that a professional and trusted relationship can be developed. This will be subject to an annual independence review.

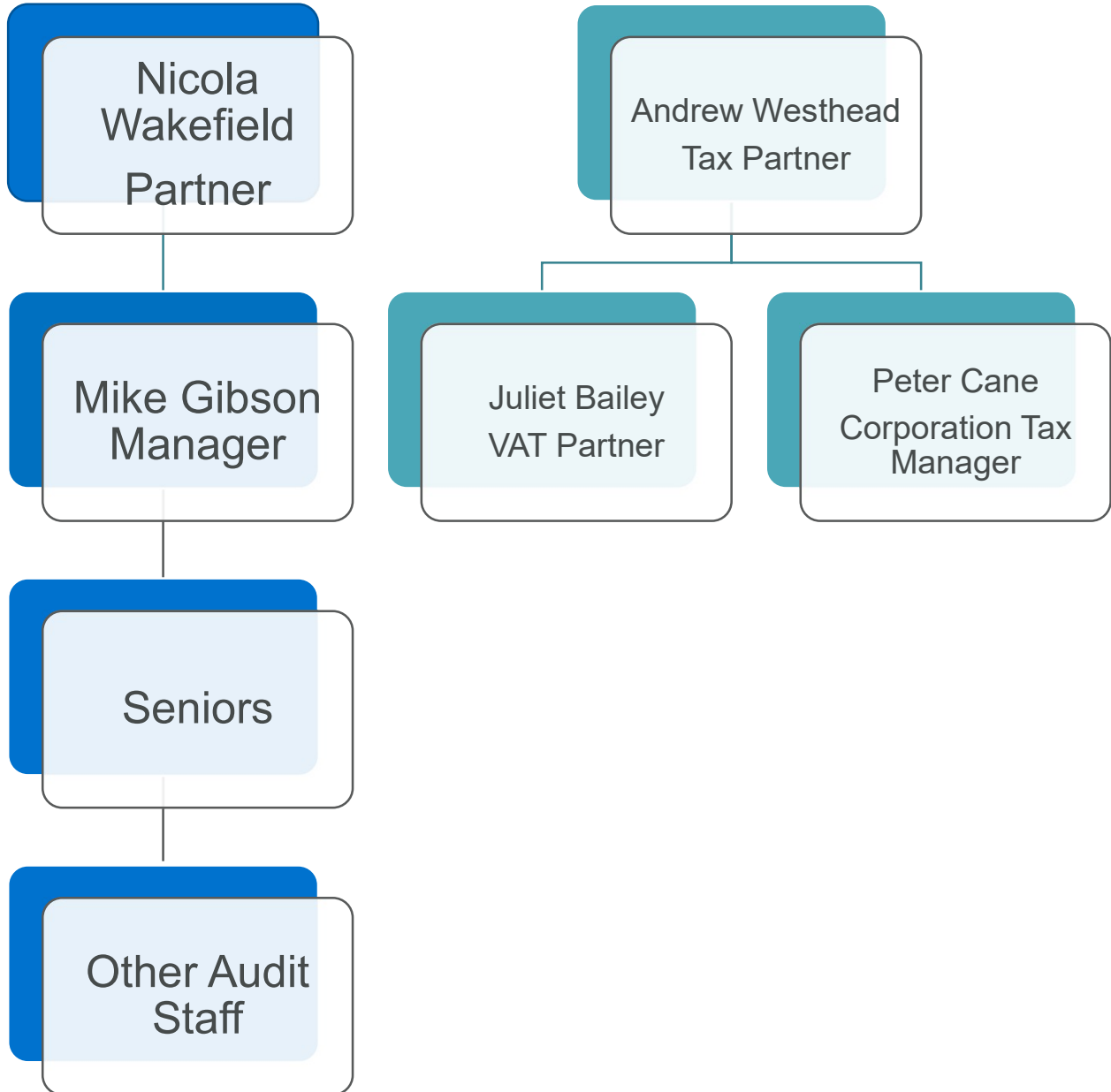
At audit staff level, we shall achieve continuity through progression, our staff taking progressively higher levels of responsibility within the same engagement from one year to the next, sharing their knowledge with incoming team members. If, for any reason, members of the audit staff leave the firm, we will replace them with individuals with similar background knowledge of the sector.

Our aim in so doing is to provide a quality service with minimum disruption. Many of our audit team members join and stay with our firm because of their ability to develop their careers within the firm and their commitment to our work in the Social sector. This assists us with retention of staff and therefore our ability to offer our clients continuity in their service teams from year to year.

Section 03

Resourcing: Your client service team

Our proposed staff structure for serving St Raphael's Hospice is shown below.



All of the audit team would be drawn from our specialist Social Sector team. This is a national team of approximately 60 people, including 5 Partners and 12 Managers, who spend all of their time working on Social Sector clients. This team was formed 3 years ago when we took the decision to sub divide our Corporate audit team into more specialist units. This national team has a presence across the country including a team in our Sutton office from which we would draw the team to service St Raphael's Hospice.

Section 03

Resourcing: Your client service team



Nicola Wakefield FCA

Audit Partner – Social Sector

Nicola joined Forvis Mazars LLP in 1993 in the firm's Sutton office and qualified in 1996. She was promoted to Audit Manager in 1999, Senior Audit Manager in 2006 and Partner in 2009. She is based in the firm's Sutton office where the London and South East region's dedicated Social Sector team is also located. She is currently a Partner providing compliance and advisory services with a portfolio which consists of charity, education and housing clients. Nicola is also Head of our National Charity Sector Group and so responsible for our charity sector work and training of our team nationally.

She has worked with charity sector clients for over 30 years.



Mike Gibson FCA

Audit Manager – Social Sector

Mike's role as engagement manager includes establishing and agreeing the overall audit approach through discussions with you; day to day management of the audit fieldwork; early identification of significant audit issues and coordinating resolution of them; and coordinating all of the work that Forvis Mazars will do for you.

Mike joined Forvis Mazars as a graduate trainee in 1996. He completed his training and qualified in 2001. He was promoted to Assistant Manager in 2004 and Audit Manager in 2006. Mike is currently a manager with a portfolio consisting mostly of charity clients. He is a designated charity specialist within Forvis Mazars and attends regular training sessions on the latest developments within the sector.

Section 03

Resourcing: Your client service team



Andrew Westhead

Tax Partner

Andrew is a partner in our Tax team, he helps organisations navigate all aspects of UK taxation.

Andrew has 30 years of experience in UK tax. During that time he has advised on a range of UK taxes to listed multinational businesses, privately held businesses and partnerships and trusts. He is particularly interested in helping closely held business owners achieve their objectives and ambitions. Andrew is a commercial and pragmatic adviser and is always happy to advise when 'do nothing' is the right answer.



Peter Cane

Tax Manager

Peter is a Manager in the Corporation Tax Compliance and Advisory team, focussing on owner-managed businesses and international clients.

He has over 30 years of experience working in tax and deals with the corporation tax affairs for clients in Engineering, Manufacturing, Retail and other sectors, including domestic and international groups.



Juliet Bailey

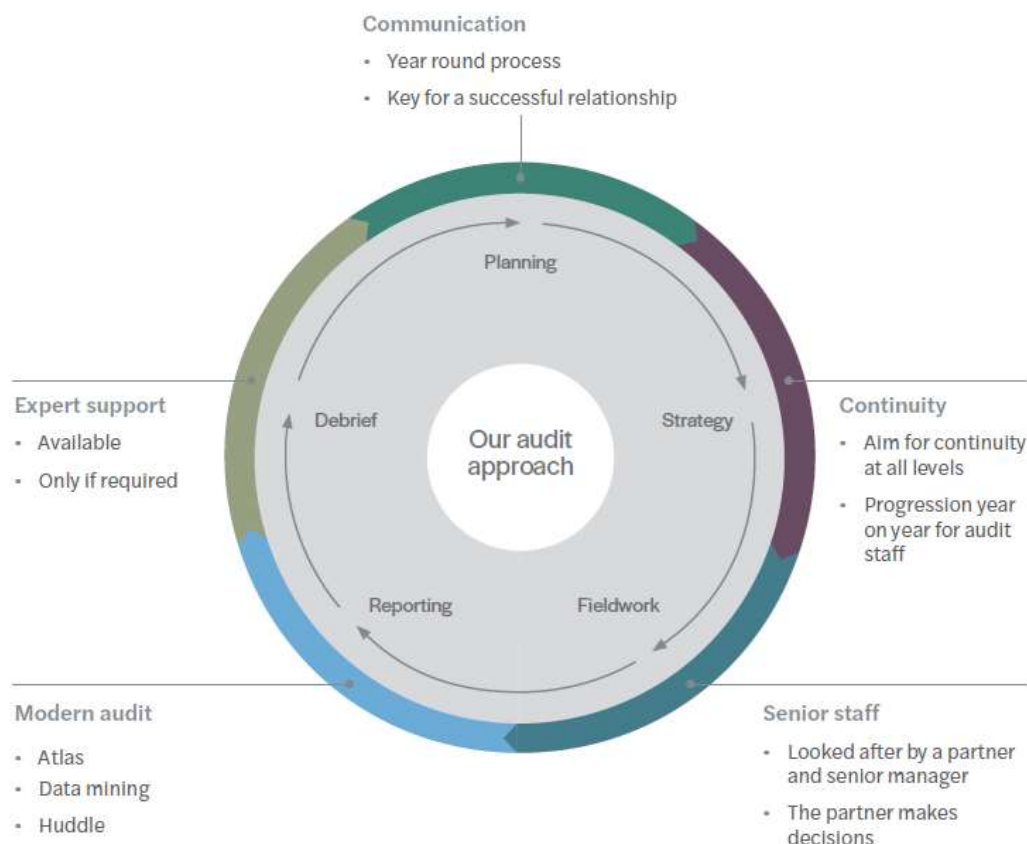
Indirect Tax Partner

Juliet is an indirect tax partner with over 20 years' experience as a VAT advisor. She leads Forvis Mazars' national indirect tax team which works across a range of public sector and charity clients.

Her work highlights range from achieving significant VAT refunds for her clients and working to agree bespoke VAT recovery methods to effectively challenging HMRC to withdraw assessments and penalties; this work achieves visible financial results.

Section 04

Audit approach



Transition

Were we to be appointed, we would :-

- Make immediate contact with Haysmacintyre as predecessor auditor and obtain professional clearance
- Work as seamlessly as possible with you to undertake our client take-on procedures
- Arrange a review of Haysmacintyre's prior year audit files
- Arrange an audit planning meeting with you
- Prepare and issue our Audit Strategy Memorandum
- Seek an early opportunity to meet with Trustees to present this document and ensure all parties' expectations are aligned

Section 04

Audit approach

Planning

- Our work at the detailed audit planning stage will include the following:
- Planning meetings with key staff members.
- Perform walkthrough testing to document systems and identify key controls.
- Calculate materiality. This will be based on a proportion of income levels.
- Perform a preliminary analytical review of the results for the year.
- Agree the timetable for the audit.
- Prepare the Audit Strategy Memorandum for circulation and presentation to the Finance and Resources Committee. This document includes the agreed audit risks and key estimates, how these will be addressed and details of the team who will carry out the audit.
- Discuss and agree the Information Request List.
- IT audit work to be discussed and a decision made as to whether this will be beneficial and a timetable agreed (see later for details).
- Selection of sample for detailed income and expenditure sample testing.
- Completion of a proportion of testing on areas such as fixed assets, income and expenditure on areas expected to be unchanged at the final audit.
- Discussion with the finance team of any issues which have been identified including agreeing accounting treatment and any adjustment required where we are aware of specific issues.
- We are considerate of our clients' needs and preferences in determining the location from which we undertake our audit work. Typically, we work onsite at your premises at least part of the time and we have systems and processes in place to facilitate remote working. These include use of a secure portal (Huddle) for sharing files and regular Teams (or Zoom) calls. We find that it is more efficient to ask questions onsite and this is more conducive to adding value to our clients. As such, we undertake manager reviews onsite wherever possible with the aim of allowing conclusions to be drawn effectively and efficiently.

Section 04

Audit approach

Audit fieldwork

Our audit testing will challenge the assumptions behind existing accounting treatments and policies, while testing the integrity of the accounting records and controls. Any critical audit issues arising will be discussed with you as soon as they are identified, by the team. We will seek to rely upon your own system of internal controls, as this will provide an efficient approach and valuable feedback and recommendations.

We will therefore select a sample of transactions in each audit area (e.g. income, expenditure and payroll) based on their regularity and test key controls at each stage of the process.

Our work at this stage will include the following:

- Perform the agreed audit procedures on all key audit areas.
- Undertake substantive analytical review of balances that display relatively consistent characteristics throughout the year. Where possible we will place reliance on proof in total and substantive testing.
- Complete detailed substantive testing on materially significant transactions, agreeing details to source documentation.
- Performing detailed cut-off testing with a particular focus on income recognition.
- Review management's calculations on complex and judgmental areas.

As part of our audit testing we use analytical software in order to select samples. This allows us to focus our samples towards inherently riskier items. We use this software extensively when reviewing journals. Additionally we make use of software in order to improve efficiency on mechanical tasks, such as tying up ledger items to invoices – which allows us to focus our time elsewhere.

Materiality

We base our materiality on the draft financial statements which are available at the planning stage. We reassess our materiality levels again at the end of the audit and consider if these are still appropriate, based on our work during the audit. The materiality levels set are ultimately the threshold above which we would expect adjustments to be made to the financial statements. We will discuss all errors found with you, but we would not necessarily expect adjustments to be made where the total amount of errors are below the level of materiality.

From our understanding of the likely activities within the organisation we would expect to base our materiality levels on income.

Section 04

Audit approach

Completion

Our work at this stage will include the following:

- Closing meeting to discuss any final issues outstanding as well as the draft Audit Completion Report with the finance team.
- Present our Audit Completion Report to the Finance and Resources Committee as detailed in our audit approach.
- Complete post balance sheet event review.
- Sign audit opinion.

Impact on your staff

We appreciate that the annual audit can take up staff time and we will work to minimise this as far as possible. At the planning stage we will prepare a schedule request list so that the team can prepare for the audit in advance. We will also document which member of the team looks after each area and agree a detailed timetable of work so that no individual member of staff is overloaded with questions on a particular day. We will work with you to agree the exact timetable in advance of the audit work.

We will ensure that we work around your team's availability and make sure that we arrange times to discuss queries rather than constantly asking questions.

Management feedback

External audit is an important part of the assurance gathering process. When effective it can provide significant assurance to the Board when looking at outcomes. It can also provide constructive comment on:

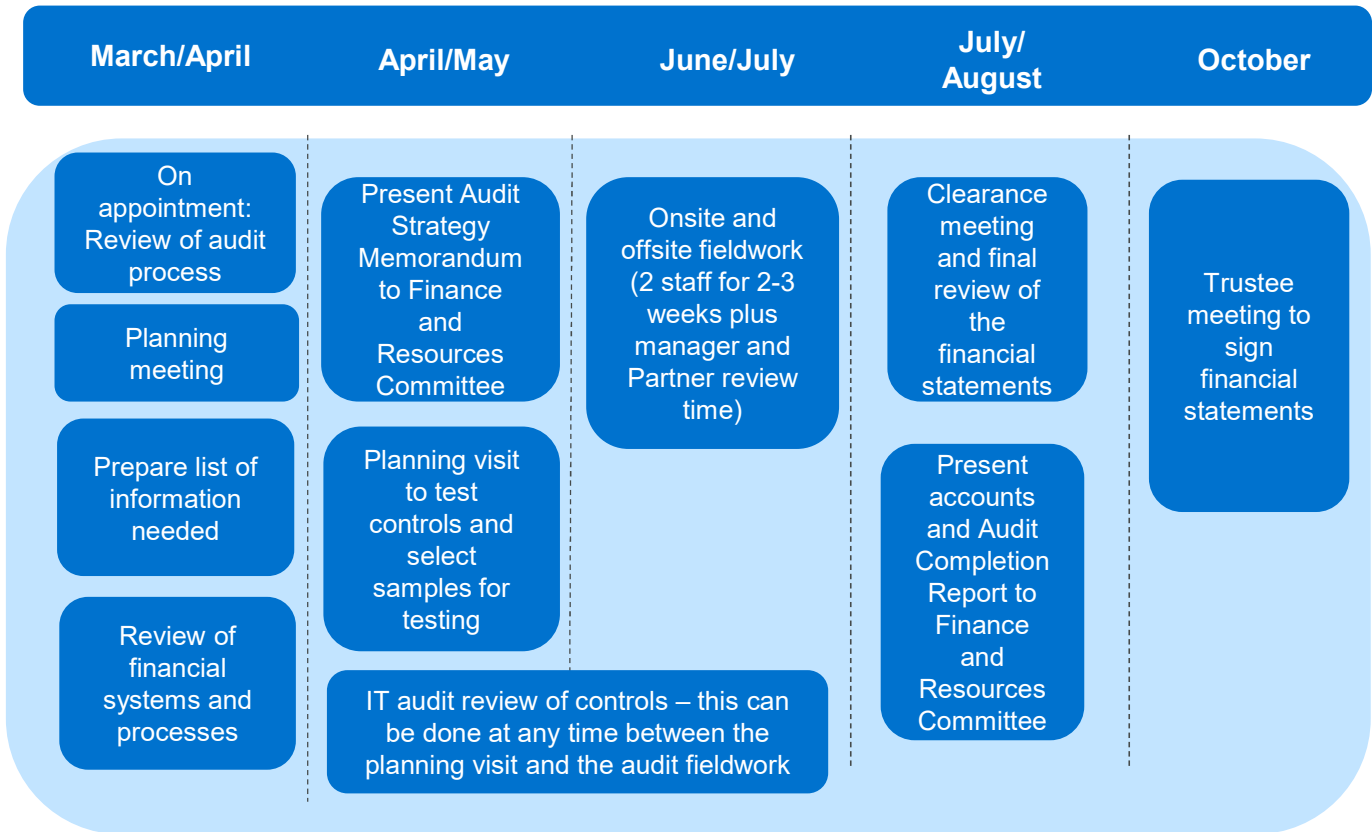
- Weaknesses in the structure and operation of accounting systems and internal controls;
- Inappropriate accounting policies; and
- Non-compliance with legislation, accounting standards and other regulations.

However, we recognise that the external audit process needs to provide much more. We will work with you with energy and enthusiasm to provide constructive feedback to inform your thinking and decision-making. Examples include feedback on:

- Opportunities for income maximisation and cost reduction;
- Risk management and corporate governance;
- Board and staff development;
- Business planning and information forecasting and financial planning; and
- Taxation-related matters including trading, VAT and employment taxes.

Section 04

Audit approach



References

Providence Row:-

Tom O'Connor
Chief Executive Officer
Email: toconnor@providence-row.org.uk

Providence Row is a charity supporting people affected by homelessness with Catholic roots and still supported by the Sisters of Mercy

Princess Alice Hospice:-

Diane Rickwood
Director of Finance and Operations
Email: dianerickwood@pah.org.uk

Princess Alice Hospice is a Hospice group with trading activities including charity shops.

Section 04

Audit approach

Software – innovative and efficient

Atlas

Forvis Mazars were one of the first firms outside of the Big 4 to utilise a computerised audit approach. For many years, all our audits have been completed using this approach which involves automated software, now stored on the Cloud, meaning that no data is stored on our local laptops. The advantage of these tools is that it allows our teams to work remotely and ensures all client information is stored in one safe yet easily accessible location. This software enables us to document our planning and audit processes. It also means that there are inbuilt quality processes which ensures that all work is reviewed and signed off, as appropriate. In subsequent years, all the required information is retained and accessed easily meaning that there will be no unnecessary repetition of tasks.

Atlas is fully compliant with ISA 315 revised.

Huddle

Huddle is an online tool that allows collaboration and file sharing to take place securely between our team members and your team. In order for data to be accessed and shared, people have to be invited to join the site, thus ensuring only specific people can access the uploaded data. The use of this tool reduces the need for documents to be sent via email, increasing data security.

Teammate

Teammate is an analytical tool that enables us to take your data and interrogate it to varying levels, allowing us to focus our work on any anomalies that may arise.

Data Snipper

This software allows a set of financial statements to be cast, cross cast etc. in a fraction of the time it would take a human to undertake the same task.

Section 04

Audit approach

IT Audit approach

IT Audit is essential in the context of having IT-dependent processes that support the preparation and presentation of the financial statements. Our objective would be assessing the design and operating effectiveness of the key IT General Controls supporting the systems that have a direct or indirect impact on the financial statements.

Our review will focus on the following areas:

- Security;
- Change management; and
- IT Operations.

Our IT Audit approach is structured into three main phases as shown in the diagram below. During our work we will meet with the IT team and review supporting documentation and procedures.

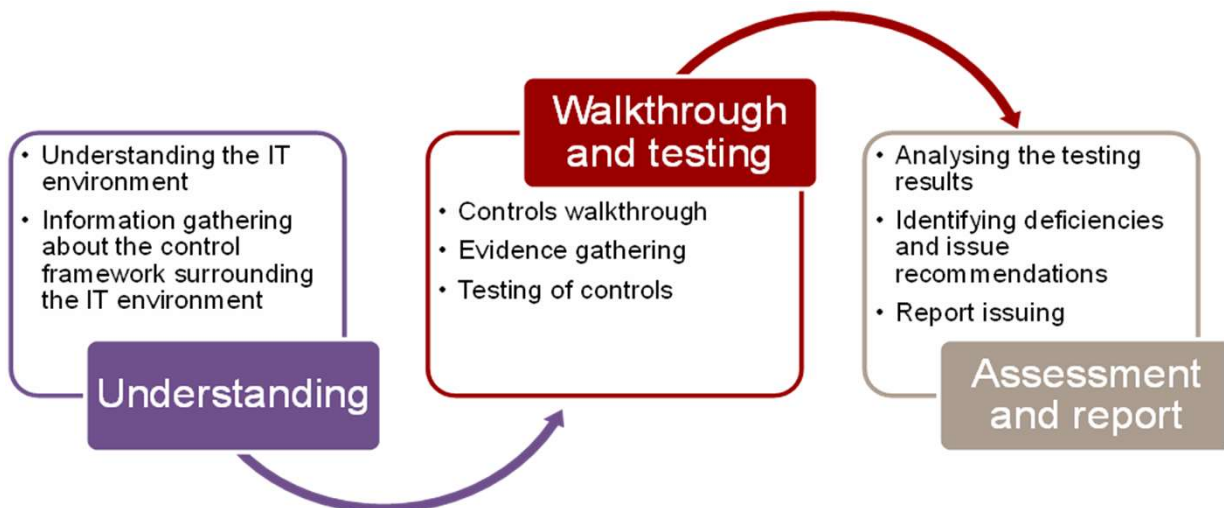
We will seek to place reliance on tests of control where possible, particularly for income, expenditure and payroll. We will discuss all key findings with the IT team in order to validate them before reporting to the Trustees; we aim to be practical and make recommendations that add value.

Our final conclusion will be integrated in the Audit Completion Report, however if required a dedicated IT management letter presenting our work and key findings & recommendations can be issued.

How does our work help our clients?

Where major weaknesses or control deficiencies are identified, we immediately alert management so that action can be taken to avoid potential issues turning into security incidents (e.g. leavers that could still access sensitive data and thus compromise the confidentiality and integrity of information).

Some of our clients have used our recommendations to improve their processes and controls in order to be better prepared for an independent security management certification (e.g. ISO 27001, etc.).



I just wanted to drop you a note to say that you both made my first IT Audit a good experience. Thank you for your feedback, advice and comments; my CEO has just popped in to tell me that he was pleased also. Now in order to get what I want I can use 'the auditors told me to!?'

IT manager, charitable trust

"I just wanted to thank you for your help with the IT audit and your guidance."

IT manager, Housing Association

Section 04

Audit approach

Commitment to meeting your goals

We would be delighted to work with St Raphael's Hospice and we would be 100% committed to meeting your proposed timetable. This would be achieved by:

- Building strong relationships with the finance and senior management teams as well as the trustees
- Understanding the needs of the organisation
- Regular, open and honest communication throughout the process
- Practical, pragmatic advice throughout the process
- Agreeing a timetable at the planning stage and ensuring that this is achieved
- Any audit issues would be discussed and resolved at an early stage in the process
- Seeking (and acting on) feedback on the audit process

Client service & relationship with the trustees

We will be accessible, offering you regular meetings to ensure good communication with you and “no surprises” on technical issues. We are happy to Finance and Resources Committee meetings throughout the year to provide guidance on matters such as governance.

We believe the high level of day-to-day client engagement that our senior team have is vital in building strong relationships. It offers many benefits: immediate access so concerns can be raised and matters quickly addressed; the opportunity to discuss general issues and developments at any number of face-to-face meetings that take place in a normal year either on technical matters or matters relating to service delivery and communication; assurance and greater confidence in working practices and the overall quality of work undertaken.

We consider that it is important for us to be available throughout the year (both to staff and trustees) and we are always happy to discuss any issues or queries as they arise. We do not charge for this unless an enquiry leads to significant additional work. In this situation we would discuss this with you and agree a fee and the scope of work in advance.

Section 04

Audit approach

Quality assurance

All audit work is reviewed by the senior members of the team either during the onsite fieldwork or during the completion stage of the audit. All audit risks and problem areas would be discussed with you by Nicola or Mike with a view to resolving these collaboratively.

With regard to independent review, each office within Forvis Mazars is subject to an annual Quality Control Review which is conducted by independent managers/partners from other offices including sector specialists as necessary. This review covers one or more files for each partner and ensures that the audit work completed is compliant with both auditing standards and Forvis Mazars' internal procedures.

We have a robust risk-based audit methodology, and invest heavily in training our teams including monthly technical audit and accounting updates.

Our record of monitoring reviews undertaken by the ICAEW's Quality Assurance Department is positive.

Auditor independence

We have a clear understanding of our role as independent auditors and apply our ethical policies rigorously. We however appreciate that the majority of our clients seek a holistic solution from their auditors and advisers and have therefore put in place a system of policies and procedures that allow us to provide non-audit services to our clients. We will thus be able to provide the following services to you.

- Assistance in preparation of financial statements.
- Assistance in preparation and submission of corporation tax returns.

For specialist work (e.g. VAT or tax advisory), we would utilise a specialist partner to deliver the work.

We confirm we are independent of St Raphael's Hospice.

Sector specific training and CPD

All staff working on Social sector audits are involved in a structured sector training programme which covers all levels from new graduate trainees up to partners. This is in addition to our 'general' programme of technical training which covers corporate audit work. Nicola is responsible for coordinating the national training for the charity sector.

On joining Forvis Mazars, all new graduates who will be working on Social sector audits attend a half day course which covers the basics of charity accounting, the SORP requirements and the common issues and risk areas for these audits. This session also covers tax and VAT issues that affect the sector.

All other audit staff (up to ACA qualified) attend a similar half day course which covers more technical sector issues, an update on current developments in the sector and areas such as trustees' responsibilities and governance.

The managers and partners who work on Social sector audits are required to have an internal 'licence' to work in this sector. The licencing is coordinated by Nicola as the chair of the National Charity Sector group. The key requirement is that all managers and partners attend an annual training day covering topical sector issues, discussion of the Social sector audit approach and brainstorming around any technical areas in order to ensure a consistent approach nationally. These are interactive sessions with input from all members of the team.

Section 05

Fees & value for money

Our approach to fees

Our philosophy is to provide and demonstrate value for money through proactive project management; attentive professional service; and an audit fee that is balanced between the need to demonstrate independence yet remains competitive. We will not aim to be the cheapest provider where this requires cutting corners on quality or service.

We anticipate that the ongoing breakdown of hours between staff will be as shown below. The rates we use are our discounted rates which we apply to our work in the Social sector and will in no way compromise the quality and time required to carry out the audit. This reflects our enthusiasm to work with you.

FEES FOR THE YEAR ENDED 31 MARCH (All figures quoted exclude VAT and include disbursements)	2025 Audit £	2026 Audit £	2027 Audit £
St Raphael's Hospice	23,000	23,700	

Section 05

Fees & value for money

What is included?

The fees quoted are exclusive of VAT but inclusive of any disbursements and of all time associated with undertaking the audit and related work.

We will not seek to charge you additional amounts for meetings, telephone calls or ad hoc queries that arise during the normal course of our work. In the event that an enquiry leads to a separate project we would discuss additional fees with you in advance of starting work. You will never receive an unexpected invoice from us which has not been agreed.

- These fees are based on the following assumptions:
- There will be no material change in the scope of the audit requirements
- There are no breakdowns in internal controls or accounting records
- Appropriate year-end schedules and supporting documentation will be provided to us at the commencement of the audit
- All necessary year-end accounting adjustments (e.g. accruals, prepayments, depreciation) have been made

We would expect to invoice an interim fee of approximately 75% of the quote following the fieldwork. The balance of the fees would be invoiced once the accounts were signed.

Dealing with cost overruns

We would only seek to revisit this if there were an event of such magnitude that it significantly affected the work required to complete the audit. We find that it is rare that this is necessary but it has happened in situations where there has been an unforeseen event such as a fraud in the year, systems problems which have meant that records and reconciliations are incomplete or a situation where the audit has had to be rescheduled at short notice.

If this were to occur we would find the best way we could work together to address the issue as soon as it was identified and minimise the additional costs on both sides.

Fee increases

Our fees are typically increased by inflation each year; however in the event that the scope of required work changes significantly we will need to discuss costs with you.

Section 06

Keeping you informed

We publish many circulars and briefing notes relevant to our clients and their operations and also operate a series of webinars. A selection of these are as follows:

Financial Reporting updates

- The latest Corporate Reporting technical updates (IASB, Regulatory and Narrative)
- IFRS Amendment – A deep dive into the first 3 topics of the FICE project
- IFRS Amendment – IFRS 9: Phase 2 – Impairment
- IFRS Amendment – Classification and Measurement of Financial Instruments 2
- IFRS Amendment – Classification and Measurement of Financial Instruments 3
- IFRS Amendment - OECD Pillar Two rule amendments to IAS 12 Incomes Taxes (IFRS) and to FRS 102 and FRS 101
- Sustainability and climate reporting - International Sustainability Standards Board publishes first two global standards relating to sustainability and climate reporting
- Corporate Governance – FRC proposals to update the UK Corporate Governance Code
- Climate reporting – Top tips for better reporting in 2023
- Climate reporting – a new era for climate risk analysis
- FRS 100 amendment – Interpretation of equivalence

Other updates/insights

- C-suite barometer 2024
- Latest economic update
- Spring budget
- How can I tell if I have outgrown my current accounting system?
- Market Update & Outlook Q1 2024
- Where should remote workers pay income tax
- Remote working: the past, present and future
- Cyber security: Is your safety net strong enough?
- Economy and investment update
- HMRC National Minimum Wage enforcement campaign
- Is your brand still relevant?
- Private equity investment and the benefits
- What is debt finance and what are the benefits?
- Mazars - Developing a cultural model of sustainability - Sustainability and ESG insights
- Public and Social Sector Insights
- New and emerging areas of risks for Heads of Internal Audit
- ESG: Where are you on your sustainability journey?
- Tech for Leaders podcast
- Future-proofing cyber security in an increasingly digital world
- Fraud Risk Assessment – Public & Social Sector
- Fiscal pressure and inflation challenges for the public and social sector
- UK Immigration Calendar 2024
- What is a P11D and the key areas to consider

Section 07

Ethical stance

Our values

In line with the requirements of the FRC Ethical Standard, we have strict policies on the provision of additional services to all of our clients. This includes adherence to the list of prohibited services. In all cases the provision of additional services to an audit client is subject to prior authorisation from the audit partner and, in some cases, to the opinion of our Head of Ethics. We would also seek the confirmation and approval of the Finance and Resources Committee before any additional services were performed.

We take qualitative, as well as quantitative, factors into account when considering the significance of a perceived threat to our independence and whether we can implement safeguards that would reduce the threat. Where we cannot implement appropriate safeguards we do not provide additional services.

We comply with the following fundamental principles:

- **Integrity** – we are straightforward and honest in all our professional and business relationships;
- **Objectivity** – we do not allow bias, conflict of interest or the undue influence of others to override our professional or business judgements;
- **Professional competence and due care** – we have a continuing duty to maintain our professional knowledge and skill at the level required to ensure that a client receives competent professional service based on current developments in practice, legislation and techniques. We act diligently and in accordance with applicable technical and professional standards when providing professional services;
- **Confidentiality** – we respect the confidentiality of information acquired as a result of our professional and business relationships and should not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or a duty to disclose. Confidential information acquired as a result of our professional and business relationships should not be used for personal advantage; and
- **Professional behaviour** – we comply with relevant laws and regulations and avoid any action that discredits the profession.

Where other services are provided, to reduce the threat of a perceived conflict of interest, we will employ separate engagement teams, with separate reporting lines and partners.

We have detailed ethical policies in place for audit work and non-audit work, full copies of which are available on request.

Forvis Mazars in Society

Audit is a power for good in society. Providing broader assurance in non-financial areas such as culture, human rights and sustainability.



Business. For good

Increasing public interest in ethics and in how companies create value, as well as regulators' growing focus on sustainability, is changing the way companies are expected to drive their business and performance and has given rise to Environmental, Social and Governance (ESG) metrics. With global experts able to respond to increasing challenges within a more demanding and disparate ESG regulatory system, Forvis Mazars can advise clients in this ever more complex space. We have expertise aimed at reengineering trust in business, empowering people and nurturing collective responsibility.



Culture audit

A sound corporate culture that is aligned with strategy and reflects the values of the business is a key driver for financial and operational success, as well as a major influencer on ethical behaviour. It can drive innovation, attract the next generation of talent and protect the brand. Forvis Mazars' Culture Compass measures cultural alignment throughout the business. When companies are going through periods of change – to the team, structure and operations – Forvis Mazars' Culture Compass can highlight both successes to be replicated and recommendations to address areas of divergence.



Sustainability

As auditors, consultants and entrepreneurs, we consider it our duty to help our clients become ever more sustainable and responsible. Our sustainability services include: non-financial assurance; data protection and information security to provide you with comfort that your GDPR processes are appropriate and effective; anti-bribery and anti-corruption, with Forvis Mazars being formally accredited as an approved certifier of anti-corruption programmes; cyber security; and CSR and ethics in business consulting.

Section 08

Forvis Mazars in Society

Corporate sustainability

Corporate Sustainability encapsulates our focus on building long-term value for our people, our clients, and our communities. Stewardship is at the heart of our culture: we work hard to ensure we will have a stronger firm and a better-protected planet to pass on to future generations, supporting our people and the communities in which we operate.

Our annual sustainability report matters to all of us because it fosters trust, aligns with our values, inspires action, and contributes to a positive workplace culture. At Forvis Mazars, we care deeply about doing what's right - for our people, our clients and to help build a fairer and more prosperous world. The report also provides a way for us to be transparent around our environmental, social and governance goals, strengthening our business strategy and positively impacting our long-term engagement with current and future clients.

Sustainability at Forvis Mazars is defined by our five pillars: Communities; Environment & Climate; People & Culture; Quality; and Sustainability Services.

Communities

We are dedicated to having a positive impact on the communities in which we operate, and we do this in three ways.

We partner with a charity, IntoUniversity, which supports young people from disadvantaged backgrounds to achieve their full potential. Our team members can support IntoUniversity through volunteering, fundraising, and social mobility campaigns.

We offer all team members two days per year to get involved in volunteering initiatives. We empower our team members to support their local communities by selecting charities to engage with in each local office. The Community Champions in each office drive these initiatives.

We have established the Mazars Charitable Trust (MCT) and each year the partnership donates around 2% of its profits to the Trust. Team members can nominate charities to be supported by the MCT, providing an inclusive and impactful way for our team to give back to causes and charities that matter to them.

Through these various channels of community engagement, we aim to have a meaningful impact on the communities we serve, while fostering a culture of inclusivity, collaboration, and social responsibility.

Environment & Climate

We are committed to reducing carbon emissions, reducing waste and helping everyone at Forvis Mazars to lead more sustainable lives. As individuals, we have the power to positively change and contribute to the world around us, especially when it comes to the environment.

Every action we take, no matter how seemingly insignificant, has a ripple effect. When we make sustainable choices, we encourage others to do the same, creating a domino effect that can lead to a larger collective impact.

By our staff getting involved in our firm's sustainability journey, we can help reduce our environmental footprint and play an active role in creating a more sustainable future. This could include practicing recycling, conserving energy, reducing waste, choosing eco-friendly products, and supporting sustainable initiatives within our firm and across our community.

Collective small actions can add up to significant change, and by working together, we can make a real difference.

We encourage all our staff to embrace their role in our firm's sustainability journey and help create a better, more sustainable future for ourselves, our community, and the planet.

Section 08

Forvis Mazars in Society

People & Culture

At Forvis Mazars, we celebrate individuality and thrive upon working as a team. We give people the freedom to make a personal contribution to our shared purpose.

We support one another to deliver quality, create change and make an impact, so that everyone can reach their full potential. That is why we consider Forvis Mazars is the smart choice for individuals to pursue a career.

Quality

The Executive team at Forvis Mazars have an unwavering commitment to embedding quality. An internal Code of Conduct has been produced which aims to promote the highest standards of quality in the work we do for clients and more widely within the firm.

In all of our work as auditors, quality assurance is provided through the investment we make in our people and through compliance with strict internal and external regulations. We place great emphasis on developing and maintaining the skills of our people. We achieve this through a programme of management and technical training, which must be attended by all staff. Only partners and staff licensed in specific areas can carry out work in those areas. Such licensing includes charities.

We have a formal system of quality control led by our Standards and Risks team. All audit engagements must be properly supervised and directed by the partners and managers in the audit team to ensure that we meet our engagement objectives. This would include checking that appropriate training has taken place.

Atlas is our new bespoke audit software. It is designed to meet all the requirements of ISA 315 (revised) and has built in processes to ensure that all audit work is completed and reviewed by another member of staff and files cannot be signed off until all such steps have been completed fully. Our Quality Assurance department monitors that this happens on an ongoing basis.

All audit work is potentially subject to either hot or cold review by the firm's Technical Department. We take such reviews seriously and the individual review results are the responsibility of each licensed partner and feed into the setting of their remuneration.

Forvis Mazars LLP falls within the scope of the AQR review. In addition, we are subject to external quality control review visits by the Quality Assurance Department (QAD) of the ICAEW.

Sustainability services

In recent years, sustainability has undergone significant transformations. Beyond ethical considerations, embracing solid corporate governance and social responsibility comes with performance advantages.

Our expertise lies in assisting organisations with their sustainability strategies and compliance readiness, covering everything from initial design and integration to reporting and assurance. In this way we hope to play our part in helping others achieve their sustainability goals.

Section 08

Forvis Mazars in Society

Diversity and inclusion

We believe that valuing diversity and actively managing inclusion matters because it will: enable us to better live out our values; enable our teams to enjoy a more fulfilled working life; facilitate access to, and retention of a larger talent pool; enable us to generate more and different ideas; improve performance and increase profitability; and facilitate access to a larger client base.

Forvis Mazars is committed to valuing diversity and actively managing inclusion and we believe that this is vitally important if we are to provide high calibre services in a personal, principled and professional way and make a difference to our clients, teams and communities. Each member of our team has an innate set of talents and it is our responsibility to ensure that those talents are nurtured and to do so we need to ensure that each individual is motivated and given opportunities. We strongly believe that compliance with all legislation dealing with discrimination on the basis of someone's age, disability, gender, race, religion and sexuality is vital. However, our desire and commitment to addressing this agenda is driven not by legislation, but by our understanding that it is vitally important if we are to provide high calibre services in a personal, principled and professional way and make a difference to our clients, teams and communities.

Equal opportunities

The firm is an equal opportunity employer. We are committed to ensuring within the framework of the law that our workplace is free from unlawful discrimination on the grounds of a protected characteristic: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. We are committed to ensuring that all employment decisions relating to our staff and applicants for employment are taken without reference to irrelevant or discriminatory criteria.

Recruitment and employment decisions will be made on the basis of fair and objective criteria. Our selection procedures are reviewed from time to time to ensure that they are appropriate for achieving our objectives and for avoiding unlawful discrimination.

Data Protection policy

Data is one of the most valued assets we hold. Protection of data is key to our continued success as a business and collectively, it is our responsibility to ensure we take steps to prevent breaches of the confidentiality, integrity and or availability of any data for which we are responsible.

In order to help ensure we have appropriate, continually evolving controls in place, the Firms' Executive Board has approved a Cyber, Data Protection & Security Policy to create a framework under which all our activities which may impact data security are governed.

As part of our journey to manage the threats to which data are exposed within our business, the Executive shall take steps to ensure compliance with the policy and our wider controls are monitored both internally and externally, including through controls testing and the acquisition of appropriate external accreditations and assurances.

Data security is not about a blame culture. It centres on us working together to identify weaknesses and to take steps to remediate vulnerabilities, led through an open and supportive culture aligned with our core values. Whilst the policy sets out your responsibilities and accountabilities, we remain conscious of the important part we all play in helping protect our business. In ensuring our own activities are aligned with the policy to help us continue to achieve our objectives and maintain our collective commitment to data security.



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Update of further protections that needed to be put in place following the cyber attack of 23 October 2023

Protections in place at 23-Oct-2023	Further Protections Required	Jan/Feb 2025 Update
<ul style="list-style-type: none"> The IT Department already had a robust backup policy in place. This meant that 3 levels of data and server backups were performed daily, with some backups being taken several times per day. 	<p>We have previously used MAC Address authentication to prevent unauthorised connection of network devices. However, due to recent extensive room moves, this feature is not currently fully employed and needs to be updated. Since the breach we have forced password changes to all users and our administrator accounts.</p>	<p>Two factor authentication (2FA) is implemented for all remote access operations to improve security. MAC Address authentication to prevent unauthorised connection of network devices still needs to be fully implemented. There is now a hybrid backup solution which combines on-prem & Cloud storage & on-line & off-line backups which improve data resilience.</p>
<ul style="list-style-type: none"> The backups included on-line and off-line storage which ensured that some backups would always be available for disaster recovery. 	<p>Firmware and software updates for servers, switches and some other devices should be performed at regular intervals and ideally as soon as they become available from manufacturers. However, again due to staffing level shortages, this has not been performed as promptly as we would like. It is planned to now start doing this on a monthly basis.</p>	<p>Firmware and software updates for servers are now being applied regularly. Switches and some other devices are updated less frequently. There is now a hybrid backup solution which combines on-prem & Cloud storage & on-line & off-line backups which improve data resilience. The system is now co-managed by the IT Dept & a third party who handle updates for hardware servers & Application servers. This also reduces the overall risk.</p>
<ul style="list-style-type: none"> The effect of this was that it was possible to restore the servers and user data in a relatively short time from the off-line backups. The external Cyber Security team which has been employed to investigate the attack were surprised at the speed with which we were able to restore and recover the system. This often takes weeks rather than days. 	<p>The external firewalls are several years old and the project to install up-to-date devices was already underway before the cyber-attack occurred. The firewalls replacement should be completed before the end of March 2024.</p>	<p>The external firewalls have now been replaced as part of an overall update / change to the network system. The use of Cloud services and storage to replace on-premises storage reduces to risk for an on-prem attack. The new Cato firewalls are automatically update by the supplier and firewall rules are jointly managed by us & our third-party partner.</p>

Protections in place at 23-Oct-2023	Further Protections Required	Jan/Feb 2025 Update
<ul style="list-style-type: none"> • Nevertheless, the size of the recovery job meant that it still took several hours before our services were largely back to normal. 	<p>With the incidence of world-wide cyber-attacks growing exponentially, the topic of Cyber Security Insurance was already being discussed with Nick and quotations had been requested from suppliers. The Hospice has now taken out Cyber Security Insurance to give a level of protection against any future attack.</p>	<p>No further update on this topic.</p>
<ul style="list-style-type: none"> • In addition to backups, we also protect the system with complex user passwords which must be changed every 3 months. Two-factor authentication is used for Citrix remote access, for 0365 emails and NHS emails to prevent unauthorised access. 	<p>To further avoid the risk of “on-prem” systems being attacked, more services are being moved onto the Cloud where possible. Currently, it is planned to move the Datix database to the Cloud version within the next month, and the Citrix “Netscaler” services will be migrated to the Cloud in the next few weeks.</p>	<p>The Citrix environment has now been replaced by a Microsoft Azure HCI Stack environment. This places more of the system on the Cloud, so enhancing overall protection. The Datix and Raiser’s Edge databases have both been migrated to the Cloud, so updates and backups are now the responsibility of the product supplier.</p>
<ul style="list-style-type: none"> • Firewalls protect the external network connections, which include the main Internet leased line and the separate NHS HSCN connection. 	<p>To further avoid the risk of “on-prem” systems being attacked, more services are being moved onto the Cloud where possible. Currently, it is planned to move the Datix database to the Cloud version within the next month, and the Citrix “Netscaler” services will be migrated to the Cloud in the next few weeks.</p>	<p>The Datix and Raiser’s Edge databases have both been migrated to the Cloud, so updates and backups are now the responsibility of the product supplier. We no longer use the Citrix Netscaler servers. The firewalls have been replaced by Cloud based firewalls.</p>

Protections in place at 23-Oct-2023	Further Protections Required	Jan/Feb 2025 Update
<ul style="list-style-type: none"> The main file server which stores user data employs folder security to restrict user access to each folder on a "need-to-know" basis. 	<p>A specialist company is to be employed to undertake internal and external "Penetration Testing" on our system, beginning on a monthly basis, starting in first quarter of 2024.</p>	<p>As part of the major change to a new IT system, the on-prem File Server is being replaced by a Cloud based data storage & backup. Th File Server is therefore due to be decommissioned in the next few weeks. Due to the major changes which have taken place with the network system, penetration testing has not yet started but will begin within the next 6 months.</p>
<ul style="list-style-type: none"> Our internal network is segregated into several VLANS and several IP subnets, both of which improve security and control traffic flow. Essential systems have been "patched" with updates at regular intervals, usually quarterly. 	<p>Our current web-filtering server is becoming end-of-life in January 2024, so this service will also be migrated to the Cloud. This has now been completed. Our current cloud spam filtering software has recently been replaced with O365 email filtering protection, which we feel has a better level of protection and user experience.</p>	<p>No further update on this topic. No further update on this topic.</p>
<ul style="list-style-type: none"> Security Groups are used to control access to applications, such that applications are only "published" to users who need access. 	<p>We now have setup Wasabi cloud backup solution to backup all of our virtual servers to the cloud. This is another level of resilience for our backup recovery plan.</p>	<p>In addition to Security Groups, 365 Conditional Access Policies are now also used. As part of the major change to a new IT system, the on-prem File Server is being replaced by a Cloud based data storage & backup. Th File Server is therefore due to be decommissioned in the next few weeks. In addition to the Wasabi backups, there is also a Cloud based Datto backup.</p>
<ul style="list-style-type: none"> All system passwords are stored in a "Password Safe" which is maintained by the IT Department, is encrypted and is itself protected by a strong and complex password. 	<p>We plan to move to a fat client environment and move to O365 business premium licensing. This will allow us to take for advantage of additional security software like Azure information protection and Intune.</p>	<p>Having moved to a 365 environment, the added security benefits of Azure, Intune and Defender are now in place.</p>

Protections in place at 23-Oct-2023	Further Protections Required	Jan/Feb 2025 Update
<ul style="list-style-type: none"> Backup copies of the Password Safe and essential IT documentation files are stored off-line in USB memory devices which are securely kept in locked locations. 	<p>We have recently purchased two move large external SSD drives. This will allow us to have longer term offline backups for our environment.</p>	<p>No further update on this topic.</p>
<ul style="list-style-type: none"> Annual Cyber Security Training is undertaken by all staff, with an 80% pass rate being required, otherwise the training must be repeated. 	<p>We have started the process of migrating various software packages from on prem to cloud, this will limit the risk profile from a future breach. Datix (our incident reporting software) has been migrated to cloud as well as web filtering software.</p>	<p>No further update on this topic.</p>
<ul style="list-style-type: none"> Security Awareness Training is undergone by staff whereby a phishing scam email is sent anonymously and at random to staff to check that they do not click on unsolicited links. 	<p>We plan to replace out spam/virus protection solution from McAfee (Trellix) with O365 defender. The main reason for this is a cost saving since we are planning to move to O365 premium licences and this is included.</p>	<p>The change from McAfee (Trellix) to O365 Defender for spam/virus protection solution has now been completed.</p>
<ul style="list-style-type: none"> Removable storage devices, such as USBs, writable CDs, DVDs and other disks, are disabled to prevent any data being copied from the system without authorisation. 	<p>To protect access to the EMIS database in the event of a future attack or other problem, new laptops have already been purchased to permit the use of EMIS Mobile. By issuing these to the Community team to replace the aging Chrome Books, staff will be able to directly access the Cloud based EMIS system whether on-site or off-site. This has now been rolled out. In addition, two of the IPU COWs will be fitted with a new laptop and an EMIS software token, which will enable new patients to be added to the system (not possible with standard EMIS Mobile). Five iPad's for IPU have already been rolled out and staff have been trained for their use with EMIS Mobile.</p>	<p>As a further precaution Geo-Location Blocking has been implemented on our 365 tenant and our Cato firewalls.</p>

Protections in place at 23-Oct-2023	Further Protections Required	Jan/Feb 2025 Update
<ul style="list-style-type: none"> Trellix / McAfee anti-virus and anti-malware software is installed on all servers and all PCs, and runs continually to scan for potential security risks. 	<p>To enable the above projects to be undertaken in a timely manner, it has been agreed to recruit additional IT staff which is essential to make this possible. CVs are currently being reviewed for one or two new Senior IT Technicians and also a temporary IT Technician to fill the gap for the next 3 to 6 months.</p>	<p>The change from McAfee (Trellix) to O365 Defender for spam/virus protection solution has now been completed. An IT consultant was recruited for about 1 year to help with these projects. This contract has now been completed.</p>
<ul style="list-style-type: none"> Web filtering is employed to prevent user access to known dangerous websites. Black lists and white lists are maintained which are continuously updated by the software supplier. 		<p>The web filtering software has now been replaced by the Cato firewalls which provide web filtering.</p>