



Bermuda Hospitals Board

FINANCE & AUDIT COMMITTEE Terms of Reference

1. DEFINITIONS

“BHB” means the Hospitals which collectively form Bermuda Hospitals Board;

“the Board” means the leadership body appointed by the Minister to oversee operations of BHB;

“Board Member” means person appointed by the Minister to serve on the Board

“the Act” mean the Bermuda Hospitals Board Act 1970;

“Executive Team Member” means a member of BHB’s Executive Management Team;

“Executive Member of the Board” means a Board Member who sits on the Executive Committee and has been appointed as Chair of one or more sub-committees of the Board;

“Non-Executive Member of the Board” means member of the Board not serving on the Executive Committee;

“Co-Opted Member” means an external subject matter expert co-opted from the community who has been appointed to the membership of one or more of the Board’s Committees and who may vote in an advisory capacity on any matter put before the Committee;

“Gazetted Member” means a Member of the Board who has been formally appointed by the Minister of Health;

“the Committee” means the Finance & Audit Committee. The Board’s Committees are advisory by nature. Decisions rendered / votes cast by Committee Members are therefore presented to the Board as recommendations.

2. CONSTITUTION

In accordance with the Bermuda Hospitals Board Act 1970 (the “Act”), and pursuant to section 26 (4) of the Act, BHB hereby establishes the Finance & Audit Committee (the “Committee”), which shall be governed by the Terms of Reference set forth below.

The Committee is hereby authorized by the Board to investigate activities within its Terms of Reference, as well as any matters which have not specifically been set out in its Terms, but which require investigation by Members of the Committee. It is further authorized to seek any information it requires from any employee, and all employees are directed to cooperate with any requirements made by the Committee.

The Committee is authorized by the Board to obtain outside legal or other professional advice and to retain other advisors with relevant experience and expertise if it considers this necessary to carry out its duties.

Committee Members agree to respect all policies and procedures which protect BHB's intellectual property and patient confidentiality.

3. PURPOSE AND SCOPE

The main purposes of the Committee are to:

- Assist the Board in fulfilling its responsibility to ensure financial governance and integrity;
- Ensure that an effective internal financial control system is maintained throughout the organization;
- Ensure that financial planning and resource management processes support the strategic direction and corporate objectives of the Board.

4. DUTIES AND RESPONSIBILITIES

The main duties and responsibilities of the Committee include, but are not limited to, the following:

- Develop an annual Committee work plan and forward to the Board Members for review and approval;
- Receive the annual Audited Financial Statements and forward to the Board for final approval;
- Review and monitor implementation of the annual Management Letter Points and recommendations from External Audit and OAG;
- Review and approve the Internal Audit Plan and Risk Assessment;
- Review Internal Audit Reports and monitor implementation of agreed recommendations;
- Review the Medium Term Financial Strategy on an annual rolling basis and advise the Board accordingly;
- Receive the Annual Budget and forward to the Board for final approval;
- Approve the annual capital plan and notify the Board;
- Periodically review the effectiveness and performance of the Internal Audit function;
- Review and approve financial consequences of all insurance coverage held by the Board (which coverage is submitted by the Insurance Sub-Committee to the Governance & Risk Committee);
- Review Business Cases submitted by the Capital Committee or Executive Team;
- Review and approve corporate credit cards and credit limits;
- Specify quantitative metrics to be included in the Board's Financial Dashboard and forward recommendations to the Board for discussion/approval;
- Keep under review the appropriateness/effectiveness of management's financial planning process and report to the Board;
- Advise the Board on all borrowings;
- Prepare an annual report to the Executive Committee detailing the Committee's activities/accomplishments and assessing its performance;
- On an annual basis, review and re-assess the adequacy of these Terms of Reference and recommend to the Board for approval.

Financial Crime and Whistleblowing

The Committee shall conduct periodic reviews of internal procedures for handling allegations from whistleblowers and the arrangements for employees to raise concerns about financial reporting improprieties, and on request, reviewing the log of all complaints within the ambit of applicable law requiring the establishment of such procedures.

The Committee shall be accountable for reviewing procedures to combat financial crime, money laundering activities, fraud, sanctions and bribery and for determining whether proportionate and independent investigations of such matters has occurred.

Risk Reporting

The Committee shall receive and review risk registers from the Finance and Information Technology Departments within BHB and is responsible for holding management accountable for implementing programs which will control and mitigate risks. The Committee shall also be accountable for escalating all matters which pose significant risks to BHB to the attention of the Board.

5. ROLE IN THE EXECUTION OF BHB'S STRATEGIC PLAN

In accordance with BHB's Corporate Strategic Plan, the Chief Executive Officer has delegated several project deliverables to specified members of the Executive Team. The Board has delegated authority to the Finance & Audit Committee to oversee the allocation of capital and non-capital funds for strategic planning purposes. The Committee shall be responsible for approving the policy initiatives allocated to it by the Board.

6. CONDUCT OF MEETINGS

6.1 Membership

The Committee shall be appointed by the Board annually and shall include three voting Members of the Board together with Co-Opted Members as required. All Members may exercise the right to vote on any matter tabled before the Committee. Members may be removed at any time by the voting Board Members of the BHB if necessary or appropriate. One of the Members will be appointed Chair of the Committee by the Board.

In addition to the minimum of three voting Members of the Board, individuals holding the following offices of BHB shall also serve on the Committee:

- Chief Financial Officer
- Deputy Chief Financial Officer
- Chief Operating Officer
- Head of Compliance & Internal Audit
- Director of Finance

Other members of BHB's Executive Team or their delegate may attend meetings by invitation from the Chair.

The Committee may invite any subject matter expert whether internal or external to attend all or part of any meeting in whatever capacity the Chairman of the Committee deems appropriate.

6.2 Appointments

Co-Opted Members may be nominated by the Committee Chair and should be vetted and approved by the Executive Committee and ultimately the Board. Co-Opted Members may serve for a period of one year, unless otherwise agreed by the Board.

The Board may exercise its discretion to re-appoint Co-Opted Members for an additional term. The Board's Committees are advisory by nature; decisions rendered / votes cast by Committee Members are therefore presented to the Board as recommendations.

6.3 Quorum and Voting

Quorum for all Committee meetings will be satisfied where at least two Board Members are present.

Every question or matter to be determined by the Committee at any committee meeting shall be decided by way of a majority vote. In the event of an equal division of votes on any questions or matters, the Chair of the meeting may give a second casting vote. A Member may abstain from voting on a matter in which that Member has a financial or personal interest.

6.4 Frequency

The Committee shall at a minimum meet not less than ten times per year. The External Auditor and/or Internal Auditor may request that a meeting be held at any other time as is necessary. The Chairman or the Committee Members may convene additional meetings at any time to deal with matters within the remit of the Committee.

6.5 Resolutions in Writing

The Board hereby confers on the Committee powers to make decisions by way of written resolution. A copy of the resolution(s) shall be circulated, to all Members who would be entitled to attend a meeting and vote. The date of the resolution is the date when the resolution is signed by the last Member to sign.