



Bermuda Hospitals Board

FINANCE & AUDIT COMMITTEE Terms of Reference

1. DEFINITIONS

“Act” means the Bermuda Hospitals Board Act 1970;

“BHB” means the Bermuda Hospitals Board;

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

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

“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 or sub-committees who may vote in an advisory capacity on any matter put before the Committee;

“Executive Committee of the Board” is comprised of Board Members who have been appointed Chair of one or more committees or sub-committees of the Board;

“Executive Member of the Board” means a Board Member who is also a member of the Executive Management Team;

“Non-Executive Member of the Board” means a Board Member who is not a member of the Executive Management Team;

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

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

“The Committee” means the **Finance & Audit Committee**. The Committee operates on behalf of and reports to the Board. Matters before the Committee but reserved for the Board will be presented to the Board for ratification or approval, as appropriate.

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:

- Review and approve the annual draft Financial Statements for pre-audit review and recommend 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 BHB Financial Strategy on an annual rolling basis and advise the Board accordingly;
- Review the Annual Budget and recommend 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. Governance & Risk Committee to be advised of risk issues relating to insurance;
- Review Business Cases in line with the Scheme of Delegated Authority and Standing Financial Instructions submitted by the Capital Committee or Executive Team;
- Review and undertake a sample review of business cases on an annual basis by Internal Audit
- Approve the issue of corporate credit cards and credit limits;
- Keep under review the appropriateness and effectiveness of management's financial planning process and report to the Board;
- Advise the Board on all borrowings including any overdraft facility;
- Prepare an annual report to the Board detailing the Committee's activities and accomplishments and assessing its performance;
- On an annual basis, review and re-assess the adequacy of its (and its sub-committees') Terms of Reference and recommend to the Board for approval.

Financial Crime and Whistleblowing

The Committee shall, in relation to financial impropriety, conduct periodic reviews of internal procedures for handling allegations from whistleblowers and the process for employees to raise relevant concerns and on request, review 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.

5. 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. The Board Chair may remove members at any time 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:

- Deputy Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- Head of Compliance & Internal Audit
- VP Operational Finance
- VP Business 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 Board. Co-Opted Members may serve for a period of two years, 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 voting 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 shall 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.