

# FINANCIAL INSTRUCTIONS

for the Bermuda Health Council



# Financial Instructions for the Bermuda Health Council

**Contact us:**

If you would like any further information about the Bermuda Health Council, or if you would like to bring a healthcare matter to our attention, we look forward to hearing from you.

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# 1. Introduction

Financial Instructions have been established in order to improve and clarify the standards of financial control within the Bermuda Health Council (the Health Council). The Board Committee (the Committee) responsible for audit and finance may from time to time amend Financial Instructions on such a basis as it may determine.

In cases where, in the opinion of the Accounting Officer, Financial Instructions require changes, the Committee shall be consulted for approval and this approval shall be obtained in writing.

These Financial Instructions are required to ensure that financial transactions are properly recorded and controlled on a consistent basis. The instructions state the minimum standard of financial controls procedures for employees of the Health Council to understand and follow.

Any questions relating to the application or interpretation of Financial Instructions should be referred to the Accounting Officer.

The Bermuda Health Council's Financial Instructions were originally derived from the Financial Instructions of the Accountant General March 2013. Subsequent updates are based on the Health Council's existing policies and procedures.

## **2. Definitions**

### **2.1. BERMUDA HEALTH COUNCIL EMPLOYEES**

For the purposes of the Financial Instructions, Health Council employees are all employees gainfully employed by the Health Council on a full or part-time basis. Employees may also referred to as members of the Secretariat.

### **2.2. BERMUDA HEALTH COUNCIL BOARD**

The Board is responsible for oversight of all financial and accounting functions and approval of audited financial statements as required by the Bermuda Health Council Act 2004. The Board delegates this responsibility to the Committee.

Throughout this document, reference to responsibilities of the Board includes reference to the Committee where the applicable responsibility has been delegated.

### **2.3. ACCOUNTING OFFICER**

The Accounting Officer is the Chief Executive Officer (CEO) of the Health Council, whom the Board regards as responsible for the custody and control of funds and the collection of revenue received by the Health Council. The Accounting Officer may delegate certain activities to a member of Secretariat. In the absence of a CEO, the Board may delegate certain activities to a member of the Secretariat.

Throughout this document, reference to the Accounting Officer includes reference to a delegate.

#### **2.3.1. Responsibility for 'signing off' on accounts**

The Accounting Officer is responsible for 'signing off' on the accounts and all accounting transactions. In the absence of either party, the Accounting Officer can delegate responsibility as appropriate.

### **2.4. EXECUTIVE COMMITTEE**

The Board Committee comprised of the Council Chair, Deputy-Chair and the Chief Executive Officer (CEO).

### **2.5. SECRETARIAT**

The employed staff of the Bermuda Health Council, including the CEO.

## 3. Financial Responsibilities

### 3.1. IMPLEMENTATION

These Financial Instructions take effect from 1<sup>st</sup> April 2020 and revoke all previous instructions and circulars.

### 3.2. AUTHORITY

The Board has assigned responsibility for financial administration to the Chief Executive Officer, under the oversight of the Board Committee responsible for audit and finance, which has authority to issue these instructions.

### 3.3. APPLICATION

These Financial Instructions apply to every person concerned in, or responsible for executing any financial transaction on behalf of the Health Council.

### 3.4. DUTIES

#### 3.4.1. Accounting Officer

It is the duty of the Accounting Officer to ensure that:

- Up-to-date Financial Instructions are readily available to all Bermuda Health Council employees,
- Staff comply with Financial Instructions on a continuous basis,
- Staff are fully aware of their responsibilities under Financial Instructions and
- Financial Instructions comply with all applicable legislation.

#### 3.4.2. Bermuda Health Council Employees

It is the duty of all Health Council employees to be thoroughly acquainted with Financial Instructions.

### 3.5. AMENDMENTS

Amendments may be made from time to time by the Committee. Amendments will be minuted as approved by the Committee and will be disseminated in writing to all staff. Financial Instructions will be reviewed annually, with any revisions approved by the Committee and shared with the Board.

### 3.6. INTERPRETATION

Any questions arising from the interpretation of these Financial Instructions will be determined by the Accounting Officer.

### 3.7. DELEGATION OF ACCOUNTING OFFICER'S RESPONSIBILITY

The Accounting Officer may delegate departmental financial accounting functions, but they will ***not be relieved of accountability and responsibility*** by such delegation. As such, if there is a loss, the Accounting Officer is responsible for ensuring the Bermuda Health Council's funds are repaid; in some cases this may be from the Accounting Officer's personal funds.

Should the Board determine any infractions of Financial Instructions in an area under the Accounting Officer's purview, it can be noted in the Accounting Officer's personnel file and/or disciplinary action may be taken. The action to be taken will be based on the level of severity as well as the level to which the Accounting Officer is, or should have been aware to ensure the infraction did not occur or was detected on a timely basis.

Any concerns noted by the Office of the Auditor General or the Board that remain unaddressed when a follow-up review is performed, may be noted as a deficiency in the Accounting Officer's Performance Appraisal which is included in the Officer's personnel file, and/or disciplinary action may be taken as appropriate.

### **3.8. FINANCIAL RESPONSIBILITIES**

All Council employees having financial responsibilities shall:

#### **3.8.1. Accounting System**

Ensure that any accounting or internal control system prescribed under the authority of the Accounting Officer is maintained. Backups will be performed by ITO on the departmental server overall. In addition, local QuickBooks backups will be completed internally on a weekly basis on external storage devices, on rotation.

#### **3.8.2. Income Collection**

Ensure timely collection of, and supervise proper accounting for all Health Council revenue.

#### **3.8.3. Account Classification**

Promptly account for all expenditure and revenue under the proper account code or other approved classifications and in accordance with the internal Accounting Policy.

#### **3.8.4. Physical Security**

Ensure that proper controls are in place for the safekeeping of the Council's money, securities, stamps, receipts and licenses, and any other valuable property, document, data or item.

#### **3.8.5. Supervision**

The Accounting Officer shall supervise all employees entrusted with the receipt and expenditure of Health Council money. The Accounting Officer shall maintain and monitor systems of internal control or may delegate this responsibility.

#### **3.8.6. Payment Authorization**

Ensure that all payments are properly authorized and in accordance with the internal Accounting Policy.

### **3.8.7. Budgetary Control**

Exercise budgetary control to ensure that revenues are collected and expenditures disbursed according to approved appropriations and limits. It is the responsibility of the Accounting Officer to monitor expenditure and revenue of the organization, ensure that the expenditure approved by the Board is not exceeded and ensure the estimated revenue is received. The Accounting Officer shall monitor the budgets under his/her control. Due regard must be paid to the level of service being achieved for the money expended.

### **3.8.8. Reconciliation**

Check all cash, stamps and forms under his/her control and reconcile them with the appropriate accounting records. Promptly bring to account as a receipt, any cash or stamps in excess of the balances shown in the accounting records. Promptly make good any minor deficiency not caused by theft or fraud in the cash or stamps for which he/she is responsible.

### **3.8.9. Access to Records**

Produce for examination all cash, cheques, bank statements, stamps, securities, accounting records, books and vouchers, when requested by the Auditor General. Notice of inspection is required.

### **3.8.10. Prompt Response to Enquiries**

Reply **within two weeks** to enquiries received from the Accountant General or the Auditor General, providing full disclosure of requested information. If a response cannot be provided within two weeks, the Accountant General or the Auditor General must be notified to arrange a subsequent response date.

## **3.9. PENALTIES FOR NON-COMPLIANCE**

Where the Accounting Officer, the Board or the Committee determines that an employee has not complied with Financial Instructions, any or all of the following actions may be taken:

- Disciplinary proceedings against the employee and/or the Accounting Officer
- Withdrawal of financial signing authority
- Termination of employment

## **3.10. RESPONSIBILITY TO IMPLEMENT CHECKS**

The Accounting Officer will cause periodic (e.g. weekly, monthly) checks to be made on the accounts. Any system defects or weaknesses discovered must be rectified immediately. Any defects anticipated to have extended implications (ie beyond the current fiscal period) must be reported to the Committee immediately.

## **3.11. DEPARTURE FROM INSTRUCTIONS**

Permission to depart from Financial Instructions must be requested from the Accounting Officer in writing. If the Accounting Officer supports the request, it will be taken to the Committee for approval. Departure from these instructions without getting permission from the Committee is not permitted.

## **3.12. NOTIFICATION OF BREACH OF FINANCIAL INSTRUCTIONS**

The Accounting Officer and/or the Committee must be notified immediately of any breach of Financial Instructions which comes to the attention of an employee. Notification is required irrespective of whether

or not the breach results in financial loss to the Council.

## 4. Business Conduct

### 4.1. PURPOSE

The Health Council is committed to a policy of fair dealing and integrity in the conduct of all aspects of its business and operations. This commitment is based on a fundamental belief in law, honesty and fairness. The Health Council expects its employees to share its commitment to high legal, ethical and moral standards.

Further information on conduct is provided in the Employee Handbook and documented policies and procedures.

### 4.2. CONFLICT OF INTEREST

Employees must perform their duties conscientiously, honestly and in accordance with the policies, procedures and best interests of the Bermuda Health Council.

Employees must not use their position or the knowledge gained through it, for private or personal advantage, or in such a manner that a conflict or the appearance of a conflict arises between the Health Council's interest and their personal interest. A conflict of interest is created when an obligation, interest or distraction exists which could interfere with the independent exercise of judgement in the Health Council's best interest.

### 4.3. BERMUDA HEALTH COUNCIL FUNDS AND PROPERTY

Employees with access to the Health Council's funds or property in any form must follow the prescribed procedures for recording, handling and protecting funds or property as detailed in these Financial Instructions. Standard instructions are imposed to help prevent fraud and dishonesty and where an employee is aware of any evidence that fraud or dishonesty may have occurred, they should immediately advise the Accounting Officer or the Committee, so that further investigation can be promptly initiated.

The Health Council's funds or property should only be used for Health Council purposes and must not be used for personal reasons.

### 4.4. PRIVACY AND CONFIDENTIALITY

When handling financial information, only such information as is necessary to the Health Council's business should be collected, used and retained. Information should only be retained as long as it is needed or as required by law, and the physical security of such information should be protected.

## 5. Internal Control

### 5.1. DEFINITION AND PURPOSE

Internal control is the whole system of controls, financial and otherwise, established by the Accounting Officer in order to carry on the operations of the Health Council in an orderly manner, to safeguard its assets and secure, as far as possible, the accuracy and reliability of its records. Internal

control includes controls designed to improve operational efficiency and to ensure adherence to all Financial Instructions, policies and procedures.

## 5.2. RESPONSIBILITY OF ACCOUNTING OFFICER

The Accounting Officer is responsible for:

- Maintaining adequate systems of internal control.
- Stewardship of the resources committed to their care. Stewardship requires that assets be properly safeguarded, managed and accounted for.
- Seeking the advice of the Committee when reviewing or implementing financial or internal control systems.

## 5.3. REQUIRED ELEMENTS

The Accounting Officer is responsible for ensuring that the accounting system achieves certain control objectives and that control procedures provide reasonable assurance that financial information is accurate and complete.

### 5.3.1. Control Environment

The Accounting Officer is responsible for ensuring the following:

- Processes are carried out in accordance with internal controls and expectations are communicated to employees at all levels,
- There exists a well-defined organizational structure that clearly assigns responsibility and accountability to individual employees, and
- There is a periodic review of financial procedures to confirm that employees are conscientiously carrying out their duties in accordance with the internal control process.

### 5.3.2. Accounting System

An accounting system should satisfy the following internal control objectives:

- **Existence and occurrence:** All of the assets and liabilities recorded in the accounting system must actually exist, and all of the reported transactions must have actually occurred.
- **Completeness and validity:** All existing transactions must be recorded and all recorded transactions must be valid.
- **Valuation:** Recorded transactions must be properly valued at the various stages in the recording process (e.g. the adjustment of inventory values due to obsolescence).
- **Timing:** All transactions must be recorded in the proper period of the financial year. Late recording of a transaction may result in improper cut-off, which may cause financial information to be misleading and could cause budget overspends.
- **Ownership rights and obligations:** All of the assets and liabilities recorded in the accounting system must be, in fact, assets and liabilities of the Health Council (e.g. rented equipment in the custody of the Health Council should not be reported as an asset of the department).
- **Presentation and disclosure:** All financial transactions must be properly described, presented and disclosed.

### 5.3.3. Control Procedures

The Accounting Officers' control policies and procedures should include:

- **Authorization:** Transactions must be authorized and executed in accordance with Financial Instructions.
- **Segregation of Duties:** To prevent intentional or unintentional misstatements, separate people must be responsible for authorizing and recording.
- **Recording:** Accounting records and documents must be properly designed and maintained.
- **Safeguarding:** Safeguarding is achieved through both physical security and reconciliation of assets to records. Access to assets should be limited to designated authorized personnel.
- **Reconciliation:** Reconciliation includes independent checks on performance, proper verification of recorded amounts and procedures to prove that the above four control procedures are achieved. Records should be compared with related assets documents, or control accounts periodically by persons independent from the individuals originally responsible for preparing the data (e.g. the Accounting Officer's review of an accounts payable ageing report prepared by an Payables Officer (as defined in the Health Council's Accounting Policy)).

### 5.4. DOCUMENTATION

All systems, procedures and controls in effect should be adequately documented. Initials or signature of the reviewer should evidence review or checking of work and reports. Proper documentation provides evidence that a particular review procedure has been performed.

### 5.5. FINANCIAL AUDIT

As per the Bermuda Health Council Act 2004, the Health Council financials must be submitted to the Office of the Auditor General. As such, when asked, the Health Council is required to provide information on the efficiency and effectiveness of its operations and resources and to ensure that adequate controls are in place for the production of reliable, timely and accurate information.

## 6. Budget Management

### 6.1. RESPONSIBILITY OF ACCOUNTING OFFICER

The Accounting Officer must monitor the total expenditure and revenue and ensure that the expenditure approved by the Board is not exceeded and the estimated revenue is achieved except as so authorized by these Instructions and the Board.

### 6.2. BUDGET PREPARATION

#### 6.2.1. Preparation

Estimates of revenue, current expenditure and capital expenditure (the "Budget") shall be prepared by the Accounting Officer who will present the Budget to the Committee. Following review by the Committee, the Budget shall be presented to the Board for final approval.

### **6.2.2. Approval**

Upon the approval of the Budget by the Board and on the commencement of the financial year, the Secretariat shall (subject to these Instructions and any directions by the Board) be authorized to incur expenditure and collect revenue in accordance with the Budget.

## **6.3. BUDGETARY CONTROL**

### **6.3.1. Control Systems**

The Health Council shall use its accounting system to:

- Maintain adequate accounting and budget control systems and records
- Closely monitor budgeted vs. actual revenue and expenditure
- Ensure that appropriation limits are not exceeded without authorization to do so

### **6.3.2. Current Account Variances – Report**

Reports of revenue and expenditure comparing actual with budget shall be presented to the Committee on at least a quarterly basis, together with explanations of actual or anticipated variances.

## **7. Financial Signing Authority**

### **7.1. DUTY OF THE ACCOUNTING OFFICER**

It is the duty of the Accounting Officer to ensure that the financial signing authority listing is current and complete.

### **7.2. DELEGATION**

The Accounting Officer may delegate the following financial signing authorities:

#### **7.2.1. Payroll**

Signing of payroll (and supporting documentation) to certify as correct and to approve payment of payroll may only be delegated to a member of the Secretariat responsible for management and/or oversight of Corporate Office.

#### **7.2.2. Revenue Receipts**

The collection and handling of Health Council revenue and the reconciliation of receipts issued to revenue collected.

### **7.3. DUTY OF CARE**

The Accounting Officer has a duty of care to ensure that delegates who review and authorize financial matters are aware of their responsibility and the consequences of any errors.

## 8. Purchase of Goods and Services

### 8.1. OBJECTIVES

The Health Council's aim is to maintain a consistent approach to purchasing goods and/ or services to achieve the following objectives:

- Value for money,
- Fairness (i.e. quotations and/or tenders will be treated equally), and
- Compliance with Financial Instructions.

### 8.2. PROCEDURES

To ensure consistency the Health Council must comply with its Accounting Policy and no less than the procedures outlined below:

- 8.2.1. Goods and services up to \$200** can be obtained by a single quote by telephone
- 8.2.2. Goods and services in excess of \$200, but less than \$2000** may be obtained on the basis of a single written quote authorized by the Manager of Corporate Office
- 8.2.3. Goods and services in excess of \$2,000 but less than \$10,000** may be obtained on the basis of a single quotation in writing, with approval of the Accounting Officer.
  - Alternative prices should be sought wherever possible and employees shall ensure that, over the course of time, the range of suppliers requested to provide quotations is as wide as practicable.
  - The same supplier should not be used repeatedly without good reason, e.g. consistently better prices or quality, service or a centrally tendered supply, such as photocopy paper.
  - The employee initiating the request shall clearly state all the relevant information necessary to secure an accurate price.
- 8.2.4. Goods and services in excess of \$10,000** shall be obtained on the following authorization levels and procedures:

Authorization	Up to \$10,000	\$10,001-\$20,000	\$20,001-\$50,000	More than \$50,000
<b>CEO</b>	Approve, on the basis of at least 3 quotations			
<b>Executive Committee</b>		Approve, on the basis of at least 3 quotations		
<b>Audit Committee*</b>			Approve, on the basis of at least 3 quotations	
<b>Board</b>				Approve, on the basis of at least 3 quotations

*\*Board Committee responsible for audit & finance*

- If attempts made to obtain 3 quotations have been unsuccessful, the Board or Committee authorized

to approve the purchase, has the authority to waive the requirement and a decision can be made based on the quotations received.

- Approvals and ratification may be obtained via email but must be duly noted in the official minutes of the Board or respective Committee.
- The range of suppliers requested to provide quotations must be as wide as practicable.
- The Accounting Officer is responsible for ensuring that these procedures are followed and may be called upon to justify the tendering process.
- The employee initiating the request shall clearly state all the relevant information necessary to secure an accurate price.
- Quotations must be submitted in writing and retained.
- When conducting a tender process closing date/time for submission of quotations must be stated and observed.
- The best value for money must be accepted and reasons for not accepting the lowest price must be documented.
- Successful and unsuccessful suppliers should be notified in writing.
- When requesting quotations from foreign suppliers, ensure that total landed cost is used to compare to local quotations. Landed cost should include purchase price, exchange, freight, duty and all handling costs.

## 9. Expenditure

### 9.1. RESPONSIBILITY OF ACCOUNTING OFFICER

The Accounting Officer or his/her authorized delegate shall certify the validity and correctness of every payment to be made by the Health Council.

The Accounting Officer or his/her authorized delegate shall:

- ensure payment is made in accordance with Financial Instructions,
- carefully review supporting documentation prior to approval for payment,
- ensure that appropriate documentation is attached for all payments prior to signoff, and
- exercise care and implement proper controls to prevent duplicate payments by ensuring that invoices have not been previously presented for payment.

### 9.2. SUPPORTING DOCUMENTATION

#### 9.2.1. Required Information

Invoices or other supporting documents shall contain the following information:

- name and address of the supplier or payee,
- date of the invoice or other claim for payment,
- description of goods or services being charged or nature of payment, and
- total amount payable.

**LEASES** – any leases entered into must be presented to the Committee for review of financial propriety and value for money prior to final approval or entering into the lease.

### **9.2.2. Invoices must not be combined when entering into the Accounting System**

Invoices must not be grouped but must be entered individually into the Accounting System. Payments are made to suppliers by statement after invoices are reconciled to supplier statements.

### **9.3. PAYMENTS IN ADVANCE**

Some suppliers require payment in advance of receipt of goods or services. All payments in advance must be properly controlled and monitored to ensure that goods or services are received.

### **9.4. SEGREGATION OF DUTIES**

A financial signing authority must not be the sole individual to certify an invoice for payment where they are the recipient of the goods or services expended (e.g. travel, conferences, etc.).

### **9.5. MAKING PAYMENTS**

#### **9.5.1. Payments to Be Made Electronically Wherever Possible**

All payments should be made by electronic means if possible, especially in the cases of overseas vendors and recurring monthly payments (such as lease payments). Direction should be obtained from Corporate Office.

#### **9.5.2. Payment by Cheque**

Payment by cheque is very inefficient and is used only in instances where the payee specifically requests it or electronic payment is not possible.

#### **9.5.3. Payment by Purchasing Card or Charge Account**

Payment by vendor charge card/account can be used for goods totaling no more than \$100.00 at time of purchase unless otherwise authorized by the Accounting Officer.

### **9.6. CANCELLING AND REPLACING CHEQUES**

Cheques that require replacement or cancellation should be approved by the Accounting Officer. All voided cheques shall be retained.

### **9.7. REJECTION OF PAYMENTS**

The Health Council may reject any request for payment that does not comply with Financial Instructions.

### **9.8. PAYMENT PROCEDURES**

#### **9.8.1. Accounting Policy**

Invoices received must be processed as per the Accounting Policy.

#### **9.8.2. Goods/Services Received**

The Health Council employee who receives the goods or services must verify that:

- Goods are of the correct specification and quality and agree with the initial request,
- Services were carried out to an acceptable standard and in accordance with the

order.

### **9.8.3. Prices/Calculations Checked**

- Prices charged must be checked against the original quote, where appropriate.
- Variations from the original quote and agreement must be resubmitted for approval of the Accounting Officer prior to making payment and where possible, prior to agreeing to the service(s)/good(s).

### **9.8.4. Classification**

Particular care must be taken with the classification of expenditure. Expenditure must be posted accurately and must not be posted to an account just for budget reasons. When in question, Corporate Office must be consulted.

### **9.8.5. Payment Procedures**

All purchases and subsequent payments must be made in accordance with the Accounting Policy.

## **10. Expenditure: Specific Areas**

### **10.1. OVERSEAS TRAVEL AND SUBSISTENCE**

#### **10.1.1. Introduction**

The general policy is that the Health Council will pay travel expenses incurred by employees in the performance of their duties, recognizing that although employees are not asked to subsidize the cost to the Health Council, they are not to indulge themselves at public expense.

#### **10.1.2. Responsibility of the Accounting Officer**

All overseas travel must be approved by the Accounting Officer via the agreed upon process. All requests should include the purpose, destination, and estimated costs of the travel.

#### **10.1.3. Accountability**

All staff required to travel in the performance of their duties, must travel economy class. For air travel exceeding 6 hours, the CEO may use discretion for a higher class.

Subsistence allowances are **not an entitlement or right** but are provided and designed to meet the additional expenses, other than major travelling expenses, which an employee is obliged to incur over and above the expenses which they would normally incur in Bermuda.

#### **10.1.4. Standard per diem**

The per diem is based on the World Health Organization's UN Per-diem and Stipend Rates<sup>1</sup> to cover lodging, meals, transportation and incidentals. The per diem is provided at 75%<sup>2</sup> for travel days and 100% for the

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<sup>1</sup> <http://apps.who.int/bfi/tsy/PerDiem.aspx>

<sup>2</sup> Based on the United States Government Services Administration standard for per diem for travel days.

relevant days<sup>3</sup> in between.

#### **10.1.5. Request for higher per diem**

If prior to, or during travel, it is determined that the standard per-diem will be insufficient, the Accounting Officer can authorize a higher per diem if necessary. If a higher per diem is approved, the traveler must do the following:

- Provide an expense report and receipts for all expenses over and above the standard (cumulative)<sup>4</sup> per diem allowance
- Where a receipt could not be obtained, for expenses \$20 or less, a memo detailing the item and signed by the spending employee
- Where a receipt could not be obtained for expenses greater than \$20, a memo detailing the item(s) and signed by employee's manager.
- Submit the request for additional reimbursement no more than 30 days from the return from travel.

All submitted documentation to support such a request must be reviewed, approved and signed off by the Accounting Officer.

All claims for additional payment of travel-associated expenses must have proper supporting documentation, such as detailed invoices or receipts. Original receipts must be attached to the travel claim. *Credit card statements are not acceptable as sole support for any travel expense.*

#### **10.1.6. Restrictions on requests for higher per diem**

The following will not be accepted in support of requests for higher per diem:

- Non-business related expenses (ie sports, relaxation, entertainment facilities etc)
- Rental cars unless pre-authorized by the CEO. In cases where a rental car is approved, insurance coverage must be obtained and estimated driving distance must be provided.
- Gratuities above the standard rate<sup>5</sup>

#### **10.1.7. Use of Personal Credit Cards**

Health Council employees may use personal credit cards to incur travel related costs and claim reimbursement of these costs by submitting the appropriate documentation (Section 10.1.5). Where personal credit cards are used, the employee is responsible for making payment to the credit card company and for satisfying payment deadlines. Interest or fees charged by the credit card company are not reimbursable expenses.

#### **10.1.8. Refundable Taxes**

Where an overseas Government allows a foreign visitor refund of taxes paid and these taxes are claimed by a Health Council employee, the portion relating to Health Council expenditure must be reimbursed to the Bermuda Health Council.

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<sup>3</sup> Relevant days are those on which the individual is representing the Health Council as approved by the Accounting Officer. Any additional days overseas are at the expense of the individual.

<sup>4</sup> Excess spending is not based on daily but rather the total spending over the course of applicable travel.

<sup>5</sup> Gratuities are usually 15%.

### **10.1.9. Travel Expenses Covered By External Organizations**

Where an external organization has agreed to cover the cost of travel and training/conference attendance, in full or in part, on behalf of Health Council staff, the following procedures must be followed:

- An agreement must be made in writing between the organization and the Health Council, noting the full amount to be covered and the amount that will not be covered by the organization.
- Approval for overseas travel on behalf of the Council must be sought by the employee's manager prior to travel and any additional expenses that will not be covered by the external organization will be covered by the Health Council in accordance with section 10.1.3 and 10.1.4.
- If the external organization has agreed to cover costs but has not done so in writing prior to travel, the Health Council may cover the costs with the agreement that any money reimbursed by the organization be made payable to the Health Council. If the organization reimburses the employee directly, the employee must reimburse the Health Council for the aforementioned agreed amount.

## **10.2. PERSONAL USE OF HEALTH COUNCIL PROPERTY**

The Accounting Officer must ensure that Health Council funds or property are not used for personal gain or profit, e.g. use of computer hardware or software, photocopiers, long distance telephone calls, etc.

At the discretion of the Accounting Officer, employees may have limited personal use of Health Council property if such use does not endanger the property, disrupt work priorities or add costs to the Health Council.

Individuals who use Health Council property for personal purposes are personally liable in the event of loss or damage.

## **10.3. CONSULTANTS**

### **10.3.1. Application**

This section applies to self-employed individuals, both local and otherwise, who perform Health Council duties on a fee-for-service basis.

### **10.3.2. Standard Contract Format**

After the appropriate approval is obtained, contracts should be drafted in the standard Health Council Contract template where possible, or otherwise adhere to the Health Council Contract requirements regarding confidentiality, copyright and intellectual property.

### **10.3.3. Distribution of Contract**

After a contract is signed, Corporate Office will file as needed.

### **10.3.4. Contract Payment**

The Corporate Office will not make payment unless a signed copy of the contract is in place and services are invoiced for.

### **10.3.5. Signing Authority, Credit Cards and Travel**

Consultants are not considered authorized signatories for any Health Council accounts. If there is a temporary need, authorization must be secured from Accounting Officer. Travel by consultants is allowed for Health Council business only where absolutely necessary. Training is not provided (paid for) by Health Council for consultants; this expenditure is considered the consultant's responsibility as a self-employed person.

#### **10.4. USE OF COMPANY CREDIT CARDS**

##### **10.4.1. Request in Writing**

Non-cardholding employees who wish to request use of a company credit card must do so via submission of a CEO Approval Request Form as per the Accounting Policy.

##### **10.4.2. Responsibility of the Cardholder**

The Health Council requires all cardholders to sign internal and bank agreements for use of the credit card. The agreement states that the cardholder has read, understood and acknowledged responsibility to comply with Financial Instructions.

The credit card charges will be the responsibility of the cardholder if the documentation is not provided within 30 days of the charge. Any late payment, interest charges or other fees/penalties are the responsibility of and must be paid by the cardholder.

The cardholder is personally responsible for the security of the card and must notify the bank and the Corporate Office immediately if the credit card is lost or stolen.

##### **10.4.3. Personal Expenses**

**Use of credit cards for any personal expenses is strictly prohibited.** If it is determined a card has been used for personal purposes, the Committee may revoke card privileges immediately.

##### **10.4.4. Supporting Documentation**

Detailed supporting documentation must be provided for every charge on the monthly statement as per the Accounting Policy.

##### **10.4.5. Cash Advances**

Cash advances will not be taken on Health Council issued credit cards.

##### **10.4.6. Payments**

The monthly credit card statement must be paid in full and on time to avoid any interest or other late payment charges. Under no circumstances should payment be delayed or late.

##### **10.4.7. Payment Certification**

The credit card statement must be certified for payment by a financial signing authority, other than the cardholder.

#### **10.4.8. Withdrawal of Privileges/Surcharge**

Credit card privileges will be withdrawn, and the employee may be surcharged, if the card is not used in accordance with these Instructions.

### **10.5. USE OF PRIVATE VEHICLES**

#### **10.5.1. Mileage Allowance**

When a Health Council employee is authorized to use a privately owned vehicle for travel on Health Council business, the reimbursement shall be at the prevailing rate according to the Government Department of Statistics, on the date on which the vehicle was utilized. Permitted vehicles are cars and motorcycles. The amount allowed is subject to change annually.

## **11. Payroll Expenditure**

### **11.1. DEFINITIONS**

Payroll expenditure encompasses all remuneration paid to employees as a consequence of employment by the Health Council. All remuneration is paid through the Health Council payroll system. Employees are paid monthly and receive a salary.

Only Health Council employees hired in accordance with established hiring procedures are entitled to receive payroll remuneration.

### **11.2. RESPONSIBILITY OF ACCOUNTING OFFICERS**

The Accounting Officer is responsible for ensuring that:

- The payroll is correct and complete,
- Proper payroll records are maintained,
- All payments are properly made to bona fide employees,
- The payroll is properly authorized,
- Designated employees have a working knowledge of the payroll process,
- All applicable benefits have been applied,
- All appropriate deductions have been made, and
- All relevant payments on behalf of employees and the Health Council are made to the appropriate agency or other body.

### **11.3. RECORD MAINTENANCE**

#### **11.3.1. Corporate Office**

The Corporate Office maintains all necessary payroll records concerning salary, deductions and allowances.

Corporate Office should confirm the accuracy of personal details with employees at least every two years.

**Corporate Office shall maintain:**

- records of vacation, sickness and other absences for every employee. A record must be maintained of all days that employees are not at work to ensure compliance with the Health Council Employee Handbook and proper monitoring of entitlements.
- detailed records for all employees, including the following:
  - name and address,
  - date of birth,
  - date of employment,
  - grade, pay, overtime rate and time-in-lieu eligibility
  - allowances and deductions
  - capital sum beneficiaries
  - details of dependents for superannuation and health insurance
  - details of service history to ensure correct pension entitlement

**11.4. NOTIFICATION OF CHANGES**

The Accounting Officer must promptly notify the Corporate Office and the Committee, of all factors affecting the payment of an employee, in particular:

- appointments and terminations
- suspensions, secondments, acting appointments and transfers
- unpaid leave
- changes in remuneration including increments, pay awards, etc., and
- information necessary to maintain records of service for superannuation, health insurance and other matters affecting Health Council employment.

Employees must notify the Corporate Office of any changes in personal circumstances affecting their pay.

Upon termination, the Health Council must ensure that any outstanding employee obligations (for salary advances, rent, vacation, etc.) are reimbursed prior to final payment.

**11.5. PAYROLL DOCUMENTATION**

**11.5.1. Overtime and Time-in-Lieu**

All overtime and time-in-lieu must be pre-approved by the employee's manager and the CEO will be paid in accordance with the Employee Handbook. Time logs must be submitted within 14 calendar days using a CEO Approval Request Form and must be processed in accordance with the Accounting Policy.

**11.6. PAYROLL PROCESS**

**11.6.1. Monthly Pay Cycle**

Monthly paid employees are paid by the end of a month. Information affecting payment (e.g. new appointments, terminations, overtime, etc.) must be received by the Corporate Office on or before the 15<sup>th</sup> day of the following month to be included in the next pay cycle, e.g. January information

must be received no later than 15<sup>th</sup> February for payment by the end of February.

## **12. Revenue**

### **12.1. RESPONSIBILITY OF THE ACCOUNTING OFFICER**

#### **12.1.1. Revenue Process**

The Accounting Officer must establish, maintain and monitor the following revenue processes:

- Identify the sources and amounts of revenue authorized by legislation so the Health Council can claim all money to which it is entitled
- Recommend the appropriate grant revenue through a regular review of revenue and costs,
- Account for revenue completely and accurately, and
- Safeguard grant received.

### **12.2. GRANT ADMINISTRATION**

The Accounting Officer must ensure the following as it pertains to the annual grant:

At the request of the Ministry responsible for Health a written agreement may be provided for conditional grants. The agreement may provide:

- the work objectives,
- the Government's responsibility to provide funding,
- the Health Council's responsibility to:
  - use the funds for the purpose specified,
  - provide status reports and financial information to confirm the measurable objectives achieved,
  - provide assistance to any person assigned by Government to verify compliance,
  - return grant funds to Government if any of the grant conditions are not satisfied.

The Health Council as a recipient of a conditional grant must:

- maintain adequate accounting records for grant receipts,
- provide full access to and disclosure of all accounting records,
- ensure full compliance with legislation and all other terms and conditions,
- supply written performance reports on grant use.

### **12.3. COLLECTING REVENUE**

#### **12.3.1. Revenue Receipts**

Receipt of revenue must be posted to the accounting software.

#### **12.3.2. Financial Signing Authority**

Official receipts may only be issued by a financial signing authority on behalf of the Council.

#### **12.3.3. Payment Received by Unauthorized Employee**

Payment offered to an employee not authorized to issue revenue receipts must not be accepted on behalf of the Health Council. Payer must be directed to an employee authorized to issue revenue receipts.

#### **12.3.4. Suspicious Activity**

Transactions that are suspicious by nature are to be reported to Corporate Office, Accounting Officer or the Committee, as appropriate.

### **12.4. RECEIPTS BY ELECTRONIC TRANSFER**

The Health Council can accept payment by electronic transfer in Bermuda Dollars.

## **13. Balance Sheet Accounts: Financial Assets and Liabilities**

### **13.1. RESPONSIBILITY OF THE ACCOUNTING OFFICER**

The Accounting Officer must ensure that balance sheet accounts are kept up-to-date in accordance with the following:

### **13.2. YEAR END: CERTIFICATION AND RECONCILIATION**

At 31<sup>st</sup> March each year, the Accounting Officer must:

- (1) certify that balances on the accounts are correct,
- (2) provide a reconciliation of balances to supporting documentation.

### **13.3. QUARTERLY RECONCILIATION**

Balance sheet reconciliations must not be left until the year-end. Balances must be reconciled to supporting documentation **at least quarterly** to ensure that transactions have been correctly posted and balances are valid.

The Health Council must retain documentation to support reconciled balances.

### **13.4. CUT-OFF PROCEDURES**

Transactions most likely to be misstated are those recorded near the end of the accounting period. At 31<sup>st</sup> March, it is important that accounting staff **ensure proper cut-off** of accounting transactions so that transactions are recorded in the proper period and performance reports provide accurate financial information.

#### **13.4.1. Revenue/Receivables/Receipts**

Where revenue was provisioned for the year to 31<sup>st</sup> March of any given year but cash was not received at 31<sup>st</sup> March, the outstanding amounts must be reported as receivables.

#### **13.4.2. Expenditure/Payables/Payments**

It is the date of delivery or receipt of goods and services that determines the year of account. Where goods or services were received or delivered on or before March 31 of any given year but

payment was not made at 31<sup>st</sup> March, the outstanding amounts must be reported as payables.

## **14. Inventories (Stock)**

### **14.1. DEFINITION**

Inventory takes many different forms, depending upon the nature of operations. In most cases, inventory is supplies on-hand, available for use in the provision of services.

### **14.2. RESPONSIBILITY OF THE ACCOUNTING OFFICER**

#### **14.2.1. Care and Custody**

The Accounting Officer is responsible for the care and custody of the stock at the Health Council.

#### **14.2.2. Periodic Inspection**

The Accounting Officer shall arrange for stock to be test-counted by a designated employee periodically.

### **14.3. INVENTORY RECORDS**

#### **14.3.1. Form**

Inventory records in a form approved by the Manager of Corporate Office shall be maintained for those items purchased.

#### **14.3.2. System**

Inventory records may be maintained electronically as agreed between the Accounting Officer and the Manager of Corporate Office

## **15. Fixed Assets**

### **15.1. DEFINITION**

Assets or groups of assets which have a useful life greater than one year and which are valued over the threshold set by the Board Committee responsible for audit, for the particular category will be considered a fixed asset and will be capitalized as such in the books and records of the Health Council. These assets shall be monitored and controlled to ensure they are properly recorded.

### **15.2. RESPONSIBILITY OF THE ACCOUNTING OFFICER**

The Accounting Officer is responsible for the security and safety of all Health Council assets.

#### **15.2.1. Fixed Asset Register**

The Accounting Officer is responsible for maintaining an up-to-date register of all Health Council fixed assets.

### 15.2.2. Items to be Included in Register

Items to be included in the Register and the associated purchase amount threshold are as follows:

▪ Furniture and Fittings	\$3,000
▪ Office equipment	\$3,000
▪ Computer hardware and equipment	\$3,000
▪ Computer software	\$20,000
▪ Software upgrades	\$5,000
▪ Plant and machinery	\$20,000
▪ All other items of durable nature	\$3,000

In the event of uncertainty the advice of the Accounting Officer or Office of the Auditor General should be sought.

For computer components the following should be included in the Fixed Assets Register:

- Desktops and Monitors
- Mobile Computing Devices
- Printers

The register should include:

- unique serial number
- assigned location and associated date

### 15.2.3. Verification of Register

The Accounting Officer should implement checks annually, to ensure that the register is up-to-date and all items listed are in use at the Council and in good condition. Equipment used at home or off-site must be authorized in writing and clearly noted on the register. However, it is recommended that the register should be verified quarterly and updated with all movements of fixed assets.

**The register should clearly state additions, disposals, and other changes showing a total value for the fixed assets.**

### 15.2.4. Depreciation in General

Assets are depreciated from the date the asset is put into service or the date of acquisition—whichever is more appropriate. If the asset is purchased mid-fiscal year, a half-year's depreciation is applied regardless of the date of purchase and applicable to the end of that fiscal year. At the start of the subsequent fiscal year, a full year's depreciation is applied. Each asset type is depreciated over the estimated useful life of the asset.

## 15.3. DISPOSAL

Where the Accounting Officer wishes to dispose of surplus or obsolete fixed assets, the Board Committee responsible for audit and finance must be informed.

Where the Accounting Officer disposes of surplus or obsolete property, and the disposal value is in excess of \$1,000, they must offer the assets to Government departments prior to advertising to the general public.

Where the estimated value of the property is \$1,000 or less, the best offer made for the goods may be accepted.

**15.3.1. Record of Disposals/Sales**

The Accounting Officer must maintain a record of all disposals/sales, including tenders received.

## **16. Insurance and Risk Management**

### **16.1. ROLE OF BOARD COMMITTEE RESPONSIBLE FOR AUDIT AND FINANCE**

The Health Council risk management policy is administered by the Committee. The Health Council shall not enter into any insurance arrangements without the prior approval of the Committee.

### **16.2. ROLE OF THE ACCOUNTING OFFICER**

The Accounting Officer shall maintain a register showing the detail of all insured risks and policies of the Health Council.

**16.2.1. Protection of Assets**

The Accounting Officer must ensure that all Health Council assets within their control are adequately protected.

**16.2.2. Notification of Additions**

The Accounting Officer must immediately notify the Committee of all new risks or additions of other assets which may require insurance and of any matter affecting insurance arrangements generally.

**16.2.3. Notification of Loss/Liability**

The Accounting Officer must immediately notify the Committee of any loss, liability or damage, or any event likely to lead to a claim by the Health Council against its insurers, or by any third party against the Health Council, whether insured or otherwise.

## **17. Banking and Treasury Management**

### **17.1. HEALTH COUNCIL CASH FLOW**

#### **17.1.1. Management**

The Health Council manages the day-to-day cash flow of revenue and expenditure, with the objective of ensuring operational efficiencies are met.

### **17.2. BANK ACCOUNTS**

#### **17.2.1. Operation**

The Health Council may operate bank accounts in the name of the Bermuda Health Council as appropriate for the efficient operations of the business. All bank transactions require dual signatories. No Health Council bank account may be opened without the prior written approval of the Board Committee responsible for audit and finance.

#### **17.2.2. No Advances or Overdrafts without Permission**

No bank account may be over drawn or cash advance obtained without the **prior permission** of the Committee.

#### **17.2.3. Cheque Registers**

For all checking accounts, a register of cheques held in stock must be maintained. The cheque register must show details of cheques issued. Registers must also be kept showing details of used, spoiled and cancelled cheques.

#### **17.2.4. Reconciliations**

**Within thirty days of each accounting month end**, the Accounting Officer shall produce a detailed reconciliation of the balance shown on the bank statement to the balance shown in Health Council's accounts.

### **17.3. SIGNATORIES**

#### **17.3.1. Authorized Signatories**

The Health Council disbursements and/or documents must bear two authorized signatures.

#### **17.3.2. Approval of Authorized Signatories**

The Committee must approve every appointment as an authorized signatory and must be provided with specimen signatures.

#### **17.3.3. Notification of Banks**

The Committee will notify the banks of employees currently authorized to sign and provide their specimen signatures.

## 18. Security

### 18.1. RESPONSIBILITY OF THE ACCOUNTING OFFICER

The Accounting Officer must assess the adequacy of available safekeeping facilities on hand for all areas of security risk.

### 18.2. DEPARTING EMPLOYEE OR COUNCIL MEMBER

When an employee or Board member leaves the Health Council, all items that have been provided to the employee or Board member for the purpose of carrying out their duties to the Health Council, should be returned by a date set by the Accounting Officer. Once items have been returned, upon request, the Accounting Officer must provide written confirmation of receipt.

When an employee or Board member leaves the Council, all physical and virtual access provided to the employee or Council member must be revoked by a date set by the Accounting Officer.

### 18.3. PROPERTY

The Accounting Officer is responsible for maintaining proper security for all buildings, other Council property and cash under their control.

### 18.4. KEYS

Keys to safes, locked drawers and cabinets containing Council property should be secured at all times. Loss of keys must be reported to the Accounting Officer immediately.

### 18.5. ACCESS CARDS

Cards must only be used by the individuals to whom they were issued. Cards must never be transferred to others. Loss of a card must be reported immediately.

### 18.6. INFORMATION SECURITY

The Accounting Officer shall ensure that proper security and privacy is maintained for all financial and personnel information stored on Health Council computers, ensuring that:

- Employee access to information, as authorized by the Accounting Officer, is appropriate,
- Passwords are kept confidential and are changed at regular intervals,
- Computer data is backed up regularly, stored off-site or in a fire-proof cabinet or safe,
- Appropriate use is made of security features within computer software,
- Employees are adequately trained to use the software,
- Adequate contingency plans exist in the case of computer failure,
- Remote access to all Health Council data is approved, monitored and controlled, and
- Adequate safeguards are in effect to prevent and detect computer viruses.

### 18.7. CONSECUTIVE LEAVE

The Accounting Officer and other management personnel with fiduciary responsibilities must take at least five consecutive working days annual leave in any given year.

## 19. Retention of Documents

### **19.1. RETENTION PERIODS DEFINED**

Retention periods are defined as:

- A- Active- the document must be retained in the file cabinet for the specified number of years,
- D- Dormant- the document must be retained in a dormant area, at present the Health Council Archives for the specified number of years.

(Example: A-2, D-5 means the document must be retained for a total of 7 years: 2 years in the file cabinet and 5 years in the Health Council Archives.)

### **19.2. RETAINED BY THE HEALTH COUNCIL**

The following records must be retained by the Health Council for 6 fiscal years (A-2, D-4):

- |                               |                           |                           |
|-------------------------------|---------------------------|---------------------------|
| ▪ Receipt details             | ▪ Departmental receipts   | ▪ Paid supplier invoices  |
| ▪ Purchase order books        | ▪ Bank deposit slips      | ▪ General ledger detail   |
| ▪ Accounts receivables notice | ▪ Bank reconciliations    | ▪ Journal vouchers        |
| ▪ Inventory records           | ▪ Bank statements/cheques | ▪ Quotation documentation |

Salary/wage pay records must be retained for 7 fiscal years (A2, D5).

### **19.3. PERSONNEL RECORDS**

Personnel records must be maintained to ensure that employee pension entitlements are calculated correctly: A-3 years after retirement or separation, D-70 years of age or 1 year after death.

Employee files must not be destroyed of any former employee. All dormant personnel files should be archived at a secure location within the premises of the Bermuda Health Council.

### **19.4. ARCHIVING DOCUMENTS: GENERAL REQUIREMENTS**

All manual financial records and documents must be in ink. Pencil is not permitted.

Archived documents must be reasonably accessible. It is imperative that the Health Council maintain an organized referencing system to facilitate retrieval of information, if required.

### **19.5. RETENTION FOR AUDIT**

All documentation required to support transactions or balances should be maintained for audit purposes, e.g. inventory count sheets, receivables listings, etc. It is recommended that such items be maintained for the same period as other financial records, that is, six years.