

Board of Directors
Governance Paper 01/2022



DOCUMENT OWNER

Turks and Caicos Islands Airports Authority
Providenciales International Airport
Providenciales, Turks and Caicos Islands
www.tciairports.com

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12th October 2022

FINANCE, AUDIT, AND RISK MANAGEMENT COMMITTEE
TERMS OF REFERENCE AND BYE-LAWS

FINANCE, AUDIT, AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE AND BYE-LAWS

I. PURPOSE

1. The Finance, Audit, and Risk Management Committee (the “**FAR Committee**”), is established to provide support to the Turks and Caicos Islands Airports Authority (the “**TCIAA**”) Board of Directors in fulfilling its responsibilities to ensure the financial and organisational viability of the TCIAA.
2. The Committee is a standing committee appointed by the Board of Directors of the Turks and Caicos Islands Airports Authority (the “**Board**”) and is primarily responsible for oversight of, and advice and recommendations to the Board of Directors on:
 - a. Financial Management (including asset management),
 - b. Risk Management (including compliance management),
 - c. Internal and external audits, and
 - d. Real property/Investments.

II. TERM, COMPOSITION, AND MEMBERSHIP

3. FARM Committee Members are appointed for two years and are eligible for reappointment for a further two terms of two years each, which may be extended at the Board’s discretion. The Term of appointment for Members who are Directors of the Board is subjected to their term of appointment as a Director of the Board by the Minister Responsible for the TCIAA.
4. The voting members Committee shall consist of:
 - a. The Permanent Secretary of Finance or his/her designate when also a Director of the TCIAA;
 - b. Up to two (2) Directors of the Board;
 - c. The Chief Executive Officer for the TCIAA;
 - d. The Deputy Chief Executive Officer – Administration for the TCIAA, ex-officio; and
 - e. One (1) independent/community member with finance, audit, and risk management expertise.

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5. At the first meeting of the FARM Committee, the voting members shall elect from among themselves a Chair.
6. The Chair and Deputy Chair of the Board may attend and observe meetings, however, will not be required to vote or count in a quorum, unless attending as one of the Directors making up the composition of the Committee as prescribed in paragraph 4 above.
7. The Chair and Vice-Chair of the Committee (FARM) shall be elected from among the voting members of the Committee annually.
8. Only Committee members shall be entitled to vote on matters before the Committee.

III. COMMITTEE RESPONSIBILITIES

9. The Committee Shall:
 - a. Oversee the integrity of the TCIAA's financial affairs, audit, information technology, and capital building resources;

Financial Reporting:

- b. Review and challenge the actions and judgments concerning the quarterly, interim and full financial statements before submission to the Board, paying particular attention to:
 - i. Accounting policies, systems, control, and practices;
 - ii. Areas involving significant judgment, estimation or uncertainty, and the provisions in the financial statements;
 - iii. Methods used to account for significant or unusual transactions;
 - iv. Compliance with accounting standards;
 - v. Significant adjustments resulting from the audit;
 - vi. Compliance with legal and regulatory and financial reporting requirements; and

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- vii. Consider whether the controls established to prevent fraud and illegal acts are adequate and to ensure all major cases of fraud/illegal acts are reported to the FARM Chair.

- c. Periodically review the Board policies related to financial and organisational viability and recommend changes as required to the Board for approval;

- d. Review, guide, and/or make recommendations to the Board concerning resource issues including:
 - i. The development of annual and multi-year capital and operating plans;
 - ii. Expenditure forecasting/planning;
 - iii. Major expenditures not foreseen in the approved annual budget;
 - iv. Annual and long-range revenue projections;
 - v. Financial stewardship principles/protocols (as appropriate);
 - vi. Oversight on policy and investment matters related to advancement including investment and management strategies and revenue generation;
 - vii. The TCIAA's insurance;
 - viii. Quarterly financial statements; and
 - ix. Implications of changes in legislation related to financial matters, procurement, labour, human resources, and safety operations.

Audits:

The Auditor General of the National Audit Office (NAO) is responsible for the examination and auditing of the TCIAA's accounts in accordance with internationally recognised auditing standards and shall have exclusive jurisdiction to appoint an auditor to examine and audit the accounts of the TCIAA. The Auditor General remains responsible for the work of the appointed auditor including content, standards, and quality assurance. The Committee however, shall be responsible for the TCIAA Internal Audit activities and shall:

- e. Review and approve the terms of an Internal Auditor's engagement;
- f. Review and approve the Internal Audit Plan with the TCICIAO;

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- g. Ensure the Internal Auditor's approach to risk and internal controls are appropriate;
- h. Ensure there are adequate resources for the Internal Auditor in performing its functions including any restrictions imposed senior leadership and all significant difficulties or disagreements with senior leadership; and
- i. Meets with the Internal Auditor in camera at least annually.

Risk Management:

- j. Act as a sounding board for the head of quality and risk management on any professional risk matters, reviewing any significant risk management judgment calls made by him/her and receiving from him/her periodic reports on the risk management activities of the TCIAA;
- k. Maintain and review the risk registers of the various units within the TCIAA.
- l. Periodically review the policies related to enterprise risk management and external relationships and recommend changes as required to the Board for approval;
- m. Receive and review from the other Board Committees and senior management any material risks identified by those committees in the course of pursuing their committee responsibilities;
- n. Be knowledgeable about risks inherent in TCIAA's operations and oversee the performance of appropriate risk analysis. In particular, the Committee:
 - i. Ensures the promulgation and implementation of Risk Management Policy by Management subject to the recommendation of the Committee and approval of the Board of Directors;
 - ii. Oversees management's risk management programme;

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- iii. Requires and reviews annually the professional risk management business plan;
 - iv. Requires that appropriate programmes and processes are put in place to protect against risk;
 - v. Expects management to identify and assess the associated risks to the organisation when reviewing and approving resource allocation decisions;
 - vi. Works with the CEO, Chief Financial Officer, and CEO-Administration to reduce risks to the TCIAA and promote ongoing quality improvement;
 - vii. Provides the Board with quarterly and annual updates on enterprise risk management assessments;
 - viii. Review the content of, and the adherence to, the TCIAA's code of conduct where it exists.
- o. Have the ability to appoint any sub-committee to carry out any responsibilities assigned to the Finance, Audit, and Risk Management Committee. The sub-committees will report directly to the FARM Committee.
- p. Perform an annual review of Committee performance; and
- q. Perform such other tasks as outlined in the Board Charter or Requested by the Board.

IV. PROCEDURES

10. Except as otherwise stated in these Provisions, the FARM Committee shall determine its procedures.
11. The Committee shall meet as often as it deems necessary to carry out its mandate but must meet at least once per quarter. Meetings may be held at any time and in any place deemed appropriate by the Committee.
12. A quorum at a meeting shall consist of a majority of members. Members of the Committee may participate in a meeting of the Committee employing such telephonic, electronic or other communication facilities as permit all

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persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.

13. In the event of the absence of the Committee Chair or at the request of the Committee Chair, a meeting shall be chaired by such person as may be designated by the Committee Chair in advance of such meeting or the absence of such delegation, by such person as may be agreed at the meeting.
14. The Committee Chair is responsible for the following:
- (i) preparation of the agenda for Committee meetings;
 - (ii) transmitting to the Board materials generated by the Committee, including any Committee minutes; and
 - (iii) reporting to the Board on the activities, decisions, and recommendations of the Committee.
 - (iv) Convening Committee meetings and designating the times and places of those meetings.
 - (v) Ensuring Committee meetings are duly convened and that quorum is present when required.
 - (vi) Working with management on the development of agendas and related materials for the Committee meetings.
 - (vii) Ensuring Committee meetings are conducted in an efficient, effective, and focused manner.
 - (viii) Ensuring the Committee has sufficient information to permit it to properly make decisions when decisions are required.
 - (ix) Providing leadership to the Committee and assisting it in reviewing and monitoring its responsibilities.

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- (x) Reporting to the Board on the deliberations and recommendations of the Committee.

Powers

- 15. The Committee is entitled to full access to all books, records, facilities, and personnel of the TCIAA. The Committee may require such officers, directors, and employees of the TCIAA and others as it may see fit from time to time to provide any information about the TCIAA and it may deem appropriate and assist at meetings of the Committee. The Committee may obtain, where necessary, legal or other advice from outside professionals; and determine and pay the fees of such professionals.

V. DOCUMENTATION, COMMUNICATION, AND REPORTING

- 16. Minutes of the Finance, Audit, and Risk Management Committee are to be kept and filed by the Committee Secretary and held at the TCIAA's Executive Office.
- 17. The FARM Committee reports to the Board of Directors at least quarterly or otherwise upon request, and annually to the General Public at the Annual General Public Meeting for the TCIAA.
- 18. Where appropriate, the report of the FARM Committee may be made in conjunction with the report of the Public Interest Committee (if existing and operating at the time).

VI. REVIEW AND DISCLOSURE

- 19. The Committee shall review the terms of reference for the Committee annually to assess its effectiveness and make recommendations to the Board as required.

Approved by Resolution of the Board of Directors of the Turks and Caicos Islands Airports Authority At Its Meeting On 4th October 2022.

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Turks and Caicos Islands Airports Authority

tcairports.com

Selvyn P.A. Hawkins, Jr
Executive Chairman
October 2022

Dwayne Gardiner
Deputy Chairman
October 2022

Nekia Ewing
Secretary of the Board
October 2022

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Version	Date	Authors/Comments
V1.0	October 2022	Original Version