

OFFICE OF INFORMATION COMMISSIONER

STATEMENT OF EXPENSES

MARCH 31, 2019

Management's Responsibility for the financial statement

The financial statement has been prepared by management, who are responsible for the reliability, integrity and objectivity of the information provided. The preparation of the financial statement necessarily involves using management's best estimates and judgments, where appropriate.

Management is responsible for maintaining a comprehensive system of accounting records, internal controls, policies and management practices, designed to provide reasonable assurance that transactions are properly authorized and in compliance with legislation, assets are safeguarded, and reliable financial information is available on a timely basis.

The Information Commissioner is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Information Commissioner meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The financial statement has been approved by the Information Commissioner and has been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.



Ms. Gitanjali Gutierrez
Information Commissioner

DATE: 29 July 2020



Office of the Auditor General

Reid Hall
3 Reid Street
Hamilton HM 11, Bermuda

Tel: (441) 296-3148

Fax: (441) 295-3849

Email: oag@oagbermuda.bm

Website: www.oagbermuda.bm

INDEPENDENT AUDITOR'S REPORT

To The Speaker of the House of Assembly

Opinion

I have audited the statement of expenses of the Office of the Information Commissioner for the year ended March 31, 2019 and related note disclosures, including a summary of significant accounting policies (together "the financial statement").

In my opinion, the accompanying financial statement presents fairly, in all material respects, the results of operations of the Office of the Information Commissioner for the year ended March 31, 2019 in accordance public sector accounting standards generally accepted in Bermuda and Canada.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statement* section of my report. I am independent of the Office of the Information Commissioner in accordance with the ethical requirements that are relevant to my audit of the financial statement in Bermuda, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance public sector accounting standards generally accepted in Bermuda and Canada, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Office of the Information Commissioner's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Office of the Information Commissioner or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office of the Information Commissioner's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Bermuda and Canada will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with auditing standards generally accepted in Bermuda and Canada, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Information Commissioner's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of the Information Commissioner's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Office of the Information Commissioner to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

I also provide those charged with governance with a statement that I have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

A further description of the auditor's responsibilities for the audit of the financial statement is located at the Office of the Auditor General website at: www.oagbermuda.bm. This description forms part of my auditor's report.

Hamilton, Bermuda
July 29, 2020

A handwritten signature in black ink, appearing to read "Heather T.", with a stylized flourish at the end.

Heather Thomas, CPA, CFE, CGMA
Auditor General

OFFICE OF INFORMATION COMMISSIONER

STATEMENT OF EXPENSES

FOR THE YEAR ENDED MARCH 31

	2019 \$ Budget (Note 3)	2019 \$ Actual	2018 \$ Actual
CURRENT ACCOUNT			
Operating Appropriation (Note 3)	957,092	1,037,092	837,969
Budget virement (Note 3)	80,000	-	-
	<u>1,037,092</u>	<u>1,037,092</u>	<u>837,969</u>
EXPENSES			
Salaries and employee benefits	637,814	621,816	522,204
Professional services	217,868	184,592	225,254
Training and travel	47,980	40,066	18,525
Equipment purchases (Note 4)	31,974	22,904	17,417
Materials and supplies	33,739	19,054	8,462
Communications	25,238	18,244	12,171
Repairs and maintenance	19,100	13,694	15,908
Amortization of tangible capital assets (Note 4)	-	10,172	10,729
Rent	5,480	2,928	740
Energy	2,450	1,295	659
Advertising and promotion	8,000	150	3,393
Other (Note 6)	7,449	(149)	2,507
Total Expenses	<u>1,037,092</u>	<u>934,766</u>	<u>837,969</u>
UNSPENT OPERATING APPROPRIATION (Note 3)	<u>-</u>	<u>102,326</u>	<u>-</u>
CAPITAL ACCOUNT			
Capital Appropriation (Notes 3 & 4)	-	-	3,535
Budget virement (Note 3)	14,000	14,000	-
	<u>14,000</u>	<u>14,000</u>	<u>3,535</u>
Acquisition of tangible capital assets (Note 4)	<u>-</u>	<u>(13,402)</u>	<u>(3,535)</u>
UNSPENT CAPITAL APPROPRIATION (Note 3)	<u>-</u>	<u>598</u>	<u>-</u>

The accompanying notes are an integral part of this financial statement

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 2019

1. AUTHORITY

The Office of Information Commissioner (the “Office”) was established by the Public Access to Information (the “PATI”) Act 2010 (the “Act”) in 2015. In accordance with the PATI Act, the Information Commissioner shall decide applications for review according to Part 6 of the Act of any decisions, or failure to decide or act by public authorities under section 43 of the Act; shall promote public access to information, including raising public awareness and understanding of the rights conferred by the Act and by providing guidance to public authorities with regard to the obligations imposed on them by the Act; and shall encourage and may enforce compliance with the proactive publication requirements in accordance with Part 2 of the Act. For the purposes of conducting reviews, the Information Commissioner may examine any record to which the Act applies and compliance with the Information Commissioner’s investigations is required.

The Information Commissioner was appointed by the Governor for a period of five years commencing March 2, 2015 and reappointed for a further period of five years. In the exercise of her functions, the Information Commissioner shall not be subject to the direction or control of any other person or authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The statement of expenses of the Office for the year ended March 31, 2019 and related note disclosures, including a summary of significant accounting policies (together "the financial statement") has been prepared for the purpose of the annual audit of the Office of the Auditor General pursuant to section 55(4) of the Act. In agreement with the Accountant General, the Office is presenting the statement of expenses rather than continuing its prior presentation of its financial position, statements of operations and change in net debt. The presentation of the statement of expenses more accurately indicates that the Office manages and processes its money through the existing accounts of the Consolidated Fund of the Government of Bermuda (the “Consolidated Fund”).

Due to the limited purpose, form and content of the financial statement, it is not intended to present the financial position, results of operations and changes in net debt in conformity with public sector accounting standards generally accepted in Bermuda and Canada and it does not constitute a full set of accounts or financial statements. The financial statement has not been prepared for general purposes and therefore some users may require further information.

Pursuant to the standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, the Office is classified as an other government organization and the accounting policies considered particularly significant are as follows:

(a) Appropriations

Appropriations from the Consolidated Fund are recorded when receivable.

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Expenses

All expenses are reported on the accrual basis of accounting. Expenses represent the costs of resources consumed during the year of the Office's operations.

(c) Tangible capital assets and amortization

Tangible capital assets are recorded at cost less accumulated amortization. The cost of a tangible capital asset consists of its purchase price and costs directly attributable to making the asset ready for its intended use.

Amortization is calculated on a straight-line basis over the estimated useful lives of the tangible capital assets as follows:

Computer software	-	10 years
Furniture and fixtures	-	7 years
Office equipment	-	5 years
Leased office equipment	-	3 years
Computer equipment	-	3 years

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Office's ability to provide services, or the value of future economic benefits associated with the capital asset is less than its net book value. In either case, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-down is accounted for as an expense in the statement of expenses.

(d) Translation of foreign currencies

Expenses are translated at the exchange rate in effect at the transaction date.

(e) Measurement uncertainty

The financial statement is prepared in accordance with public sector accounting standards generally accepted in Bermuda and Canada. These standards require management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the year. Significant areas requiring the use of estimates include the estimated useful lives of capital assets and accruals. Estimates are based on the best information available at the time of preparation of the financial statement and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

(f) Leases

Leases are classified as capital leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 2019

3. BUDGET AND ECONOMIC DEPENDENCE

All funding for the operations of the Office is payable out of money appropriated by the Legislature. The annual budget estimate for the Office is included in the Government of Bermuda's estimate as voted through the annual Appropriation Act by the House of Assembly. In addition to the original appropriation of \$957,092, budget virements were approved yielding an additional \$80,000 for operating and \$14,000 for capital. The appropriations provide separately for operating expenses and capital acquisitions. Any unused operating appropriation cannot be carried forward for use in subsequent years. Capital appropriations carried forward for use in subsequent years must be approved by the Minister of Finance. Accordingly, the Office is economically dependent on the Government of Bermuda (the "Government") to fund operations and capital acquisitions.

4. TANGIBLE CAPITAL ASSETS

	2019				Total \$
	Office Equipment \$	Computer Equipment \$	Furniture & Fixtures \$	Computer Software \$	
Opening cost	6,503	12,669	17,113	26,768	63,053
Additions	13,402	2,710	-	-	16,112
Closing cost	19,905	15,379	17,113	26,768	79,165
Opening accumulated amortization	4,729	8,666	5,097	5,134	23,626
Adjustments	867	-	-	-	867
Annual amortization	1,134	3,916	2,445	2,677	10,172
Closing accumulated amortization	6,730	12,582	7,542	7,811	34,665
Net book value	13,175	2,797	9,571	18,957	44,500

	2018				Total \$
	Office Equipment under capital lease \$	Computer Equipment \$	Furniture & Fixtures \$	Computer Software \$	
Opening cost	6,503	6,120	17,113	26,768	56,504
Additions	-	6,549	-	-	6,549
Closing cost	6,503	12,669	17,113	26,768	63,053
Opening accumulated amortization	2,561	2,213	2,652	2,457	9,883
Transferred accumulated amortization	-	3,014	-	-	3,014
Annual amortization	2,168	3,439	2,445	2,677	10,729
Closing accumulated amortization	4,729	8,666	5,097	5,134	23,626
Net book value	1,774	4,003	12,016	21,634	39,427

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 2019

4. TANGIBLE CAPITAL ASSETS (continued)

Computer equipment totaling \$2,710 in 2019 (2018 - \$Nil) were purchased using Operating Appropriation. These expenses have been recorded under equipment purchases on the Statement of Expenses.

During the year, computer equipment at a value of \$Nil (2018 - \$6,549) was transferred to the Office from the Department of Information Technology.

All computer equipment has been capitalized.

Effective August 1, 2015, the Office entered into a three-year lease for office equipment at an effective interest rate of 4%, which ownership would transfer over to the Office at the end of the lease. As at March 31, 2019, the lease term was completed and ownership transferred to the Office.

5. EMPLOYEE BENEFITS

(a) Pension plan

The employees of the Office are included in the Public Service Superannuation Fund (the "Fund"), which is a defined benefit plan administered by the Government. Contributions to the Fund are 8% (2018 – 8%) of gross salary and they are matched equally by the Government. The Office is not required under present legislation to make contributions with respect to actuarial deficiencies of the Fund.

(b) Compensated absences

Compensated absences include maternity and paternity leave, sick leave and vacation days.

Maternity and paternity leave do not accumulate or vest and therefore an expense is only recognized when extended leave is applied for and approved. There were no maternity or paternity benefits applied for or approved at year-end and therefore, no expense has been recorded in the statement of expenses.

Sick leave does not accumulate or vest, and like maternity and paternity leave, an expense is recorded only when extended leave is applied for and approved. There was no extended sick leave applied for or approved at year-end and therefore, no expense has been recorded in the statement of expenses.

Employee benefits include vacation days, which accumulate and vest.

6. OTHER EXPENSES

Other expenses for the year ended March 31, 2019 amounted to \$22,798 (2018 - \$2,507). Prior year adjustments totaling to \$22,947 (2018 - \$nil) were posted in current year expenses resulting in a negative expense balance of \$149.

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 2019

7. RELATED PARTY TRANSACTIONS

The Office has related party transactions for services of a non-material nature with the following Public Authorities:

1. The Accountant General Department
2. The Department of Human Resources
3. The Department of Public Lands & Building
4. Human Rights Commission
5. Cabinet Office
6. Department of Communications
7. Department of Immigration
8. Information & Digital Technology

The nature of these transactions are administration services consistent with services typically provided to other Non-Ministry Offices.

8. CONTRACTUAL OBLIGATIONS

The Office has entered into a number of multi-year contracts for the delivery of services. These contractual obligations will become liabilities in the future when the terms of the contract are met. Disclosure relates to the unperformed portion of the contracts.

	2020	2021	Thereafter
	\$	\$	\$
IT managed services	92,244	-	-
PATI Act 2010 implementation assessment	35,750	-	-
Cleaning services	6,626	-	-
Annual public awareness survey	6,375	-	-
Cellphone services	2,376	2,376	-
Fire and burglary alarm monitoring	840	-	-
Alarm responses services	125	-	-
Confidential waste bin rental	488	488	-
	<u>144,824</u>	<u>2,864</u>	<u>-</u>

9. SUBSEQUENT EVENT

Subsequent to March 31, 2019, the Office relocated to a new premises yielding financial obligations for rental payments for office space, inclusive of service charges, for 5 years at an annual value of \$70,513. The lease term is from February 1, 2020 to January 31, 2025, and includes a rent and service charge free period until April 1, 2020. The Office also entered into new three year contracts for telephone and security services related to the office relocation with a total value of \$28,472.