

**OFFICE OF INFORMATION COMMISSIONER**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

## **Management's Responsibility for the Financial Statements**

These financial statements have been prepared by management, who are responsible for the reliability, integrity and objectivity of the information provided. The preparation of financial statements 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 statements have been approved by the Information Commissioner and have been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.



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Ms. Gitanjali S. Gutierrez  
Information Commissioner

17 July 2018



## *Office of the Auditor General*

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### INDEPENDENT AUDITOR'S REPORT

To The Speaker of the House of Assembly

I have audited the accompanying financial statements of the Office of Information Commissioner, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and change in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of Information Commissioner as at March 31, 2017, and the results of its operations and changes in its net debt for the year then ended in accordance with public sector accounting standards generally accepted in Bermuda and Canada.



Hamilton, Bermuda  
July 17, 2018

Heather Thomas, CPA, CFE, CGMA  
Auditor General

OFFICE OF INFORMATION COMMISSIONER

STATEMENT OF FINANCIAL POSITION

As at March 31, 2017

	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Due from the Consolidated Fund (Note 4)	57,477	109,329
	<u>57,477</u>	<u>109,329</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	102,506	135,484
Obligation under capital lease (Note 7)	3,168	5,299
	<u>105,674</u>	<u>140,783</u>
<b>NET DEBT</b>	<u>(48,197)</u>	<u>(31,454)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 5)	46,621	28,095
Prepaid expenses	1,576	3,359
	<u>48,197</u>	<u>31,454</u>
<b>ACCUMULATED SURPLUS (DEFICIT)</b>	<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements

OFFICE OF INFORMATION COMMISSIONER

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2017

	2017 \$ Budget (Note 3)	2017 \$ Actual	2016 \$ Actual
<b>REVENUES</b>			
Operating Appropriation	864,273	713,101	522,012
Capital Appropriation (Note 5)	-	26,768	(29,736)
	<u>864,273</u>	<u>739,869</u>	<u>492,276</u>
<b>EXPENSES</b>			
Salaries and employee benefits	602,744	486,350	337,446
Professional services	100,725	54,041	78,603
Training and travel	32,000	52,348	1,960
Pension benefits (Note 6)	-	36,317	23,887
Equipment purchases	2,304	17,890	23,204
Advertising and promotion	30,000	16,218	2,862
Repairs and maintenance	42,000	15,097	978
Materials and supplies	20,000	9,785	25,983
Amortization of tangible capital assets (Note 5)	-	8,242	1,641
Other	3,000	7,293	223
Rent	-	5,016	18,863
Communications	11,500	3,500	3,730
Energy	20,000	1,004	2,632
	<u>864,273</u>	<u>713,101</u>	<u>522,012</u>
<b>OPERATING SURPLUS</b>	-	26,768	(29,736)
Acquisition of tangible capital assets (Note 5)	-	(26,768)	(29,736)
<b>ANNUAL SURPLUS</b>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

OFFICE OF INFORMATION COMMISSIONER  
STATEMENT OF CHANGE IN NET DEBT  
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
	\$	\$
ANNUAL SURPLUS	-	-
Acquisition of tangible capital assets (Note 5)	(26,768)	(29,736)
Amortization of tangible capital assets (Note 5)	8,242	1,641
Change in prepaid expenses	<u>1,783</u>	<u>(3,359)</u>
INCREASE IN NET DEBT	(16,743)	(31,454)
NET DEBT, BEGINNING OF YEAR	<u>(31,454)</u>	<u>-</u>
NET DEBT, END OF YEAR	<u><u>(48,197)</u></u>	<u><u>(31,454)</u></u>

The accompanying notes are an integral part of these financial statements

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

1. AUTHORITY

The Office of Information Commissioner (the “Office”) was established by the Public Access to Information (the “PATI”) Act 2010 (the “Act”). 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 may be 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.

The Office was established as a public office and commenced operations on April 1, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared for the purpose of the annual audit of the Office by the Auditor General pursuant to section 55(4) of the Act.

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. These financial statements are prepared in accordance with public sector accounting standards generally accepted in Bermuda and Canada and the accounting policies considered particularly significant are as follows:

(a) Revenue

Appropriations from the Consolidated Fund are recorded when receivable.

(b) Expenses

All expenses are reported on the accrual basis of accounting. Expenses represent the costs of resources consumed during the year on 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. Obligation under capital lease is recorded at the present value of the minimum lease payments excluding executor cost (e.g. insurance, maintenance cost, etc.). The discount rate used to determine the present value of the lease payment is the Office’s rate for incremental borrowing.

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Tangible capital assets and amortization (continued)

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
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 operations.

(d) Translation of foreign currencies

Assets and liabilities in foreign currencies are translated to Bermuda dollars at rates of exchange in effect at the statement of financial position date.

Revenues and expenses are translated at the exchange rate in effect at the transaction date.

(e) Measurement uncertainty

These financial statements are 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 assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and 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 statements 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.

(g) Financial instruments

Financial instruments consist of due from the Consolidated Fund, accounts payable and accrued liabilities and obligation under capital lease. These financial instruments are measured at cost or amortized cost. It is management's opinion that the Office is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The carrying value of these financial instruments approximates their fair value due to their relative short-term nature.

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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. The appropriations provide separately for operating expenses and capital acquisitions. Any unused appropriation cannot be carried forward for use in subsequent years. Accordingly, the Office is economically dependent on the Government of Bermuda.

4. DUE FROM THE CONSOLIDATED FUND

All financial transactions of the Office are processed through the Consolidated Fund of the Government of Bermuda. The due from the Consolidated Fund balance represents amounts that the Consolidated Fund will process in the future on behalf of the Office.

	2017 \$	2016 \$
OPERATING ACTIVITIES		
Salaries and benefits paid	(525,213)	(338,064)
Supplies and other expenses paid	(210,841)	(50,181)
	<u>(736,054)</u>	<u>(388,245)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(26,768)	(29,736)
Capital appropriation	26,768	29,736
	<u>-</u>	<u>-</u>
FINANCING ACTIVITIES		
Current year appropriation	684,202	497,574
(DECREASE) INCREASE IN DUE FROM CONSOLIDATED FUND	(51,852)	109,329
DUE FROM CONSOLIDATED FUND, BEGINNING OF YEAR	<u>109,329</u>	<u>-</u>
DUE FROM CONSOLIDATED FUND, END OF YEAR	<u><u>57,477</u></u>	<u><u>109,329</u></u>

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

5. TANGIBLE CAPITAL ASSETS

	2017				
	Office Equipment under capital lease \$	Computer Equipment \$	Furniture & Fixtures \$	Computer Software \$	Total \$
Opening cost	6,503	6,120	17,113	-	29,736
Additions	-	-	-	26,768	26,768
Closing cost	6,503	6,120	17,113	26,768	56,504
Opening accumulated amortization	1,261	173	207	-	1,641
Annual amortization	1,300	2,040	2,445	2,457	8,242
Closing accumulated amortization	2,561	2,213	2,652	2,457	9,883
Net book value	3,942	3,907	14,461	24,311	46,621

  

	2016				
	Office Equipment under lease \$	Computer Equipment \$	Furniture & Fixtures \$	Total \$	
Opening cost	-	-	-	-	-
Additions	6,503	6,120	17,113	-	29,736
Closing cost	6,503	6,120	17,113	-	29,736
Opening accumulated amortization	-	-	-	-	-
Annual amortization	1,261	173	207	-	1,641
Closing accumulated amortization	1,261	173	207	-	1,641
Net book value	5,242	5,947	16,906	-	28,095

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

6. 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 of Bermuda. Contributions to the Fund are 8% (2016 – 8%) of gross salary and they are matched equally by the Government of Bermuda. The employer's portion of contributions for the year was \$36,317 (2016 - \$23,887). 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 and liability are 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 accrued in the accounts.

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 accrued in the accounts.

Vacation days accumulate and vest and therefore a liability is accrued each year. The accrued vacation liability as of March 31, 2017 is \$20,723 (2016 - \$23,269) and is included in accounts payable and accrued liabilities.

7. OBLIGATION UNDER CAPITAL LEASE

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, 2017, the present value of the minimum lease payments was \$3,168 (2016 - \$5,299) and has been recorded as a liability and a tangible capital asset in the financial statements. The interest expense recognized during the year was \$173 (2016 - \$140).

The future minimum lease payments in the ensuing fiscal years are as follows:

	\$
2017/2018	2,304
2018/2019	960
	<hr/>
Total minimum lease payments	3,264
Less: amount representing interest	(96)
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Present value of net minimum capital lease payments	<u>3,168</u>

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

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.

	2018	2019	2020	Thereafter
	\$	\$	\$	\$
IT managed services	59,528	92,170	92,170	-
Cleaning services	7,575	-	-	-
Annual public awareness survey	6,375	6,375	6,375	-
Fire and burglary alarm monitoring	960	960	960	960
Alarm responses services	125	125	125	125
	<u>74,563</u>	<u>99,630</u>	<u>99,630</u>	<u>1,085</u>

9. STATEMENT OF CASH FLOWS

The statement of cash flows has not been prepared as it would not provide any additional useful information.

10. SUBSEQUENT EVENT

On October 27, 2015, the Information Commissioner commenced drafting an IT System Project Charter for the Office's migration off of the Government of Bermuda servers and IT infrastructure domain.

Part of the migration involves transferring the following tangible capital assets which are currently being used by the Office but are still controlled and recorded under the accounts of the Department of Information and Digital Technologies (formerly the Information Technology Office):

- a) Six (6) units of DELL computer processors; and
- b) Two (2) DELL laptops

The Office migrated to an independent managed IT service in October 2017 and the assets were transferred to the Office's accounts in the last quarter of fiscal year 2017-2018.