# OFFICE OF INFORMATION COMMISSIONER

## FINANCIAL STATEMENTS

## MARCH 31, 2018

Information Commissioner's Office

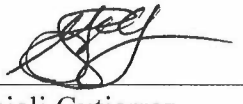
**Management's Responsibility for the Financial Statements**

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 judgements, where appropriate.

Management is responsible for maintaining a comprehensive system of accounting records, internal controls, policies and 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.



Ms. Gitanjali Gutierrez
Information Commissioner

26 April 2019

*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, 2018, 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, 2018, 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
April 26, 2019

Heather Thomas, CPA, CFE, CGMA
Auditor General

OFFICE OF INFORMATION COMMISSIONER

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Due from the Consolidated Fund (Note 4) | 32,938 | 57,477 |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities | 72,307 | 102,506 |
| Obligation under capital lease (Note 7) | 951 | 3,168 |
| | 73,258 | 105,674 |
| **NET DEBT** | (40,320) | (48,197) |
| **NON-FINANCIAL ASSETS** | | |
| Tangible capital assets (Note 5) | 39,427 | 46,621 |
| Prepaid expenses | 893 | 1,576 |
| | 40,320 | 48,197 |
| **ACCUMULATED SURPLUS (DEFICIT)** | - | - |

CONTRACTUAL OBLIGATIONS (Note 8)

The accompanying notes are an integral part of these financial statements

OFFICE OF INFORMATION COMMISSIONER

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2018

| | 2018<br>$<br>Budget<br>(Note 3) | 2018<br>$<br>Actual | 2017<br>$<br>Restated<br>(Note 12) |
|---|---|---|---|
| REVENUES | | | |
| Operating Appropriation | 957,093 | 837,969 | 676,784 |
| Capital Appropriation (Note 5) | 3,000 | 3,535 | 26,768 |
| | 960,093 | 841,504 | 703,552 |
| EXPENSES | | | |
| Salaries and employee benefits | 600,007 | 522,204 | 486,350 |
| Professional services | 204,321 | 225,254 | 54,041 |
| Training and travel | 48,500 | 18,525 | 52,348 |
| Equipment purchases | 2,500 | 17,417 | 17,890 |
| Repairs and maintenance | 34,600 | 15,908 | 15,097 |
| Communications | 10,630 | 12,171 | 3,500 |
| Amortization of tangible capital assets (Note 5) | - | 10,729 | 8,242 |
| Materials and supplies | 19,285 | 8,462 | 9,785 |
| Advertising and promotion | 22,250 | 3,393 | 16,218 |
| Other | 4,000 | 2,507 | 7,293 |
| Rent | 3,000 | 740 | 5,016 |
| Energy | 8,000 | 659 | 1,004 |
| | 957,093 | 837,969 | 676,784 |
| OPERATING SURPLUS | 3,000 | 3,535 | 26,768 |
| Transferred tangible capital assets (net) (Note 5) | (3,000) | (3,535) | (26,768) |
| ANNUAL SURPLUS | - | - | - |

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, 2018

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| ANNUAL SURPLUS | - | - |
| Transferred tangible capital assets (net) (Note 5) | (3,535) | (26,768) |
| Amortization of tangible capital assets (Note 5) | 10,729 | 8,242 |
| Change in prepaid expenses | 683 | 1,783 |
| DECREASE (INCREASE) IN NET DEBT | 7,877 | (16,743) |
| NET DEBT, BEGINNING OF YEAR | (48,197) | (31,454) |
| NET DEBT, END OF YEAR | (40,320) | (48,197) |

The accompanying notes are an integral part of these financial statements

OFFICE OF INFORMATION COMMISSIONER

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

## 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 another 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.

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.

## 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 operating appropriations 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").

## 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.

| | 2018<br>$ | 2017<br>$ |
|---|---|---|
| OPERATING ACTIVITIES | | |
| Salaries and benefits paid | (512,884) | (488,896) |
| Supplies and other expenses paid | (346,089) | (212,972) |
| Cash used in operating activities | (858,973) | (701,868) |
| CAPITAL ACTIVITIES | | |
| Transferred tangible capital assets (net) | (3,535) | - |
| Acquisition of tangible capital assets | - | (26,768) |
| Cash used in capital activities | (3,535) | (26,768) |
| FINANCING ACTIVITIES | | |
| Operating appropriation | 837,969 | 676,784 |
| DECREASE IN DUE FROM CONSOLIDATED FUND | (24,539) | (51,852) |
| DUE FROM CONSOLIDATED FUND, BEGINNING OF YEAR | 57,477 | 109,329 |
| DUE FROM CONSOLIDATED FUND, END OF YEAR | 32,938 | 57,477 |

## 5. TANGIBLE CAPITAL ASSETS

| | 2018 | | | | |
|---|---|---|---|---|---|
| | Office Equipment under capital lease $ | Computer Equipment $ | Furniture & Fixtures $ | Computer Software $ | Total $ |
| Opening cost | 6,503 | 6,120 | 17,113 | 26,768 | 56,504 |
| Transferred tangible capital asse | - | 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 |

| | 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 |

5. TANGIBLE CAPITAL ASSETS (continued)

* In October 2017, the Office migrated to an independent managed IT service. As part of the migration, six (6) units of DELL computer processors and two (2) DELL laptops which were being used by the Office but controlled and recorded under the accounts of the Department of Information and Digital Technologies (formerly the Information Technology Office) were transferred to the Office at a net book value of $3,535.

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. Contributions to the Fund are 8% (2017 – 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 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, 2018 is $30,044 (2017 - $20,723) 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, 2018, the present value of the minimum lease payments was $951 (2017 - $3,168) and has been recorded as a liability and a tangible capital asset in the financial statements. The interest expense recognized during the year was $86 (2017 - $173).

## 7. OBLIGATION UNDER CAPITAL LEASE (continued)

The future minimum lease payment in the ensuing fiscal year is as follows:

| | $ |
|---|---|
| 2018/2019 | 960 |
| Total minimum lease payment | 960 |
| Less: amount representing interest | (9) |
| Present value of net minimum capital lease payment | 951 |

## 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.

| | 2019<br>$ | 2020<br>$ | 2021<br>$ | Thereafter<br>$ |
|---|---|---|---|---|
| IT managed services | 92,170 | 92,170 | - | - |
| Cleaning services | 7,575 | - | - | - |
| Annual public awareness survey | 6,375 | 6,375 | - | - |
| Fire and burglary alarm monitoring | 960 | 960 | 960 | 960 |
| Alarm responses services | 125 | 125 | 125 | 125 |
| Confidential waste bin rental | 180 | - | - | - |
| | 107,385 | 99,630 | 1,085 | 1,085 |

## 9. STATEMENT OF CASH FLOWS

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

## 10. RELATED PARTY TRANSACTIONS

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

10. RELATED PARTY TRANSACTIONS (continued)

1. The Accountant General Department
2. The Department of Human Resources
3. The Department of Public Lands & Building
4. Human Rights Commission
5. Parliamentary Registry Office
6. Cabinet Office
7. Customs Department
8. Department of Communications
9. Attorney's General Chambers
10. Department of Immigration
11. Information & Digital Technology

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

11. FINANCIAL RISK MANAGEMENT

The Office is exposed to various risks through its financial instruments. The Information Commissioner has the overall responsibility for the establishment and oversight of its risk management framework. The Office manages its risks and risk exposures through sound business practices. The following analysis provides a measure of the risks at the reporting date, March 31, 2018.

(a) Liquidity risk

Liquidity risk is the risk that the Office will not be able to meet its financial obligations as they fall due. The Office's objective in managing liquidity is to ensure that it will always have sufficient funds to meet its commitments when due, without incurring unacceptable losses or risking damage to the Office's reputation. The Office manages exposure to liquidity risk by closely monitoring supplier and other liabilities, focusing on generating positive cash flows from operations and establishing and maintaining good relationships with various financial institutions.

The expected cash flows of financial liabilities for accounts payable and accrued liabilities is current.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods to measure liquidity risk.

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the fair value of recognized assets and liabilities or future cash flows of the Office's results of operations. The Office has minimal exposure to market risk.

11. FINANCIAL RISK MANAGEMENT (continued)

(b) Market risk (continued)

(i) Foreign exchange risk

The Office's business transactions are mainly conducted in Bermuda dollars and, as such, it has minimal exposure to foreign exchange risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods to measure market risk.

12. PRIOR PERIOD ADJUSTMENT

The financial statements for March 31, 2017 have been restated to correct the Government of Bermuda employer's pension contributions included in the statement of operations in error. As a result, the 2017 balances have been restated as follows:

| | |
|---|---|
| Operating Appropriation | |
| As previously stated (March 31, 2017) | $713,101 |
| As restated | $676,784 |
| | |
| Pension Benefits (Note 6) | |
| As previously stated (March 31, 2017) | $36,317 |
| As restated | $NIL |

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

14. SUBSEQUENT EVENT

Subsequent to March 31, 2018, the Office entered into agreements with a contractual liability valued between $140,000 and $150,000. These services will be delivered during the next fiscal years.