

OFFICE OF THE PRIVACY COMMISSIONER FOR BERMUDA

FINANCIAL STATEMENT

MARCH 31, 2022

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

The accompanying Independent Auditor's Report is presented herein.



Alexander White, Privacy Commissioner



Office of the Auditor General

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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 Privacy Commissioner for Bermuda for the year ended March 31, 2022 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 Privacy Commissioner for Bermuda for the year ended March 31, 2022 in accordance with 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 Privacy Commissioner for Bermuda 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 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 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 Privacy Commissioner for Bermuda's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Office of the Privacy Commissioner for Bermuda 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 Privacy Commissioner for Bermuda's financial reporting process.

Auditor's Responsibility 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 from 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 Privacy Commissioner for Bermuda's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates 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 Privacy Commissioner for Bermuda's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am 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 Privacy Commissioner for Bermuda 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 complied 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 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
May 12, 2025

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 THE PRIVACY COMMISSIONER FOR BERMUDA

STATEMENT OF EXPENSES

FOR THE YEAR ENDED MARCH 31, 2022

	2022 \$ Budget (Note 3)	2022 \$ Actual	2021 \$ Actual
CURRENT ACCOUNT			
Operating Appropriation (Note 3)	581,931	581,931	567,258
Budget virement (Note 3)	-	(40,000)	(50,000)
	<u>581,931</u>	<u>541,931</u>	<u>517,258</u>
EXPENSES			
Salaries and employee benefits	466,380	298,861	190,905
Professional services	6,000	76,006	21,962
Rent	72,000	70,512	70,512
Equipment purchases (Note 4)	-	31,649	-
Communications	17,150	13,648	11,087
Repairs and maintenance	4,600	7,659	-
Materials and supplies	4,551	5,037	2,219
Energy	3,000	2,716	2,379
Training and travel	5,000	1,919	-
Other expenses	250	10	23,085
Insurance	3,000	-	-
Total Expenses	<u>581,931</u>	<u>508,017</u>	<u>322,149</u>
UNSPENT OPERATING APPROPRIATION	<u>-</u>	<u>33,914</u>	<u>195,109</u>
CAPITAL ACCOUNT			
Capital Appropriation (Note 3)	12,201	12,201	-
Budget Virement (Note 3)	-	-	8,700
	<u>12,201</u>	<u>12,201</u>	<u>8,700</u>
Acquisition of tangible capital assets (Note 4)	<u>-</u>	<u>(7,951)</u>	<u>(8,600)</u>
UNSPENT CAPITAL APPROPRIATION	<u>12,201</u>	<u>4,250</u>	<u>100</u>

The accompanying notes are an integral part of this financial statement

OFFICE OF THE PRIVACY COMMISSIONER FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 2022

1. AUTHORITY

The Office of the Privacy Commissioner for Bermuda (“PrivCom” or the “Office”) is established by the Personal Information Protection Act (PIPA) 2016 (the “Act”). Part 5 Section 26 (1) of PIPA establishes the Office of the Privacy Commissioner as a public office.

In addition to the monitoring of the administration of PIPA, PrivCom, under the direction of the Privacy Commissioner, is responsible for the enforcement of compliance, issuing guidance and recommendations on the application of the Act; the establishment or approval of binding corporate rules, and certification mechanisms for overseas transfers of personal information, liaising and cooperating with domestic and international law enforcement agencies and regulators as required, and providing support on any implications for the protection of personal information about an organization’s existing or proposed programmes.

PrivCom is also responsible for raising public awareness of privacy rights, conducting investigations concerning compliance with any provision of PIPA, and issuing orders or notices, and anything that appears to be incidental or conducive to carrying out its functions under the Act.

The Privacy Commissioner is appointed by the Governor, after consultation with the Premier and Opposition Leader, for a period of five years and may be reappointed for a further period of five years.

In the delivery of his functions, the Privacy 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, 2022 and related note disclosures, including a summary of significant accounting policies (together “the financial statement”) have been prepared pursuant to section 28 (4) of the Act.

In agreement with the Accountant General, the Office is presenting the statement of expenses rather than presentation of its financial position, statements of operation, and change in net debt. 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 standard generally accepted in Bermuda and Canada. The financial statement has not been prepared for general purposes and therefore some users may require further information.

OFFICE OF THE PRIVACY COMMISSIONER FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pursuant to standards established by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada, the Office is classified as another government organization and the accounting policies considered particularly significant are as follows:

(a) Appropriations

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

Tangible capital assets are recorded at cost less accumulated amortization. Donated capital assets are recorded at fair value at the date of the donation. In circumstances where an estimate of fair value cannot be made, the donated tangible capital asset would be recognized at a nominal value. Amortization is calculated on a straight-line basis over the estimated useful lives of the tangible capital assets as follows:

Office equipment	-	7 years
Furniture and fixtures	-	7 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) Measurement uncertainty

This financial statement is prepared following 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 at the date of the financial statement and the reported amounts of expenses during the year. Significant areas requiring the use of estimates include the estimated useful lives of capital assets. 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.

OFFICE OF THE PRIVACY COMMISSIONER FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Translation of foreign currencies

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

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 (the "Government") estimate as voted through the annual Appropriation Act by the House of Assembly. The original operating appropriation was \$581,931 (2021 - \$567,258) and budget virements totaling \$40,000 (2021 - \$50,000) were approved for transfer to other Non- Ministry offices. The capital account appropriation for the period was \$12,201 (2021 - \$nil) and capital account budget virements from other Non-Ministry offices were \$nil (2021 - 8,700). 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 to fund operations and capital acquisitions.

4. TANGIBLE CAPITAL ASSETS

	2022			
	Office Equipment \$	Computer Equipment \$	Furniture and Fixtures \$	Total \$
Opening Cost	8,600	8,070	1	16,671
Additions	7,951	14,181	-	22,132
Closing Cost	16,551	22,251	1	38,803
Opening Accumulated Amortization	858	2,918	1	3,777
Annual Amortization	1,855	3,166	-	5,021
Closing Accumulated Amortization	2,713	6,084	1	8,798
Netbook Value	13,838	16,167	-	30,005

OFFICE OF THE PRIVACY COMMISSIONER FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 2022

4. TANGIBLE CAPITAL ASSETS (Continued)

	2021			
	Office	Computer	Furniture and Fixtures	Total
	Equipment	Equipment		
	\$	\$	\$	\$
Opening Cost	-	8,070	1	8,071
Additions	8,600	-	-	8,600
Closing cost	8,600	8,070	1	16,671
Opening Accumulated Amortization	-	228	1	229
Annual Amortization	858	2,690	-	3,548
Closing Accumulated Amortization	858	2,918	1	3,777
Netbook value	7,742	5,152	-	12,894

Office equipment totaling \$7,951 (2021 - \$8,600) was purchased using Capital Appropriation.

Computer equipment totaling \$14,181 (2021 - \$nil) was purchased using Operating Appropriation.

Items recorded under equipment purchases on the Statement of Expenses relate to purchases that are below the capitalization threshold totaling \$17,468 (2021-\$ nil).

Total assets purchased using the operating appropriations totaled \$31,649.

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 of Bermuda. Contributions to the Fund are 8% of gross salary and they are matched equally by the Government of Bermuda. The Office is not required under present legislation to make contributions to the Fund's actuarial deficiencies.

OFFICE OF THE PRIVACY COMMISSIONER FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 2022

5. EMPLOYEE BENEFITS (Continued)

(b) Compensated absences

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

Maternity and paternity leave does not accumulate or vest and therefore an expense is only recognized when 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 expense.

Sick leave does not accumulate or vest, and like maternity and paternity leave, an expense is recorded only when leave extended 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. RELATED PARTY TRANSACTIONS

The Office of the Privacy Commissioner is related to all government departments and ministries under the common control of the Government of Bermuda. The Office of the Privacy Commissioner has related party transactions for services of a non-material nature. The nature of these transactions is support / administrative services consistent with services typically provided to other Non-Ministry Offices which do not impede the Office's independence.

7. CONTRACTUAL OBLIGATIONS

The Office has entered into several 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. The disclosure relates to the unperformed portion of the contracts.

On February 26, 2020, the Office entered into an agreement with the Information Commissioner's Office for the co-location of the two Offices. The agreement outlines terms for mutually beneficial use of shared resources, including but not limited to common office areas, IT infrastructure, telephone system, and office machinery. Some of the amounts below reflect the Office's portion of these shared services.

	2023	2024	Thereafter
	\$	\$	\$
Office Rent and maintenance	70,513	70,513	70,513
IT Managed Services	41,334	-	-
Data Lines	3,480	3,480	2,175
Telephone maintenance & support	1,433	-	-
Office Corporate phones	220	-	-
Burglar Alarm monitoring	206	-	-
	<u>117,186</u>	<u>73,993</u>	<u>72,688</u>

OFFICE OF THE PRIVACY COMMISSIONER FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENT

MARCH 31, 2022

8. SUBSEQUENT EVENTS

The Privacy Commissioner was reappointed for a five-year term, effective January 20, 2023.

The Office's lease for co-located office space with the Information Commissioner's Office was amended to include the full floor as of 1 June 2023 to allow for the expansion of the offices of the Privacy Commissioner into a space that could accommodate all staff members. The annual rent was revised from \$100,000 to \$110,000 and the annual service charge from \$41,025 to \$73,374.

In July 2023, the Personal Information Protection Amendment Act 2023 was enacted to harmonise the PIPA 2016, the Public Access to Information Act (PATI) 2010 and the PATI Regulations 2014.

The Office hosted the Global Privacy Assembly (GPA) in October 2023. The GPA is a global forum that seeks to provide leadership in data protection and privacy and helps data protection authorities around the world to effectively fulfill their mandates. The event was wholly funded through corporate sponsorship totaling \$590,411.

The office entered into agreements with contractual liabilities valued between \$65,000 and \$ 75,000. These services will be delivered during the next fiscal years.

The Personal Information Protection Act 2016 came into full effect on January 1, 2025.