



GOVERNMENT OF BERMUDA  
Department of Financial Assistance

# 2021/2022 ANNUAL REPORT



**DEPARTMENT OF FINANCIAL ASSISTANCE  
GOVERNMENT OF BERMUDA**

**2021/2022**

**ANNUAL REPORT**

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## **A Brief Message from the Director 2021/2022**

The Department of Financial Assistance (DFA) has the responsibility “to assist vulnerable Bermudians to maintain a minimum standard of living during challenging economic times”. This ‘cashless’ program is designed to provide a financial stimulus to individuals and households as they navigate through financial hardship and emotional changes.

The DFA team is committed to being accountable for the delivery of quality, and responsive services whilst maintaining fiduciary governance to promote operational efficiency and effectiveness. The team raised the bar during the pandemic which placed undue additional hardships on every citizen in Bermuda. It is particularly more difficult to make ‘ends meet’ for those that were already facing financial challenges.

The increase in food and utility costs alone have worsened the burden on maintaining a minimum standard of living. It is hoped that with the introduction of a standard minimum wage, the majority of persons on financial assistance that are included in the “able-bodied unemployed” and “earnings low” categories will have less of a dependency for the system and will again become self-sustaining.

The Government is committed to reducing poverty and inequality in Bermuda, and will strengthen the support to families in an effort to assist them in being self-sustaining. Building a stronger community will result in a safer and more confident nation.

The future state of the Department will see the implementation of various phases of reform that will promote increased levels of assistance whilst the economy rebuilds. Additionally, the team will continue to examine service gaps and build on techniques to ensure that the customer experience is enhanced.

I would like to take this opportunity to thank the DFA team for their dedication to servicing the people of Bermuda.

## OVERVIEW OF SERVICES AND PROCESS

The Financial Assistance Programme and Child Day Care Allowance Programme under the Department of Financial Assistance (DFA) offers financial assistance services to vulnerable Bermudians in order that they may maintain a minimum standard of living during challenging economic times. The (DFA) Director shall administer and control the budget appropriated by the Legislature in accordance with the Financial Assistance Act 2001, Financial Assistance Regulations 2004, Child Day Care Allowance Act 2008 and Child Day Care Allowance Regulations 2008, for the purpose of providing financial assistance to persons in need.

Financial assistance is intended to assist with partial or full financial awards, in accordance with Regulations, for such items as:

- Food
- Rent/Rest/Nursing Home Fees
- Utilities
- Health Insurance
- Adult Day Care
- Home Care
- Medication/Medical Equipment
- Day Care Allowance

Qualifying for financial assistance is based on a means test. This means test assesses basic monthly income and expenses and is determined by the formula:  $E - I = A$ , where E is the allowable expense; I is the qualifying household income; and A is the amount of the award. Each qualifying recipient (of financial awards) is categorized in one (1) of the following groups:

### *For the Financial Assistance Programme*

- Able-bodied Unemployed
- Disabled
- Earnings Low
- Pensioner

### *For the Child Day Care Allowance Programme*

- Child

## DEPARTMENT PERFORMANCE MEASURES

The intent of the DFA's performance measures is to demonstrate to stakeholders and the people of Bermuda the achievement of public value to a vulnerable population group. Performance measures for fiscal year 2021/2022 were as follows:

- Reduce recoverable debt from prior year – This allows the department to eliminate waste and control budgeted amounts by effectively dealing with financial assistance fraud, reduce abuse of the system and overpayment of funds.
- Reduce number of “able-bodied” and/or “earnings low” clients from prior year – the DFA is committed to making work pay and its award structure provides a foundation for this, as persons do not lose all benefits if they find some form of employment. The DFA is committed to advancing this policy to help get more people back to work, discourage dependency and become financially independent.
- Reduce number of legitimate client complaints from prior year – There was an improvement in service delivery during fiscal year 2021/2022.
- Reduce number of Review Board appeals from prior year – This is aimed at improving the overall administration of the Financial Assistance Act, regulations and policies. During fiscal year 2021/2022, there were no appeals by the DFA clients.

## DEPARTMENT LEGISLATION

The Department’s functions, administration, control and exercise of powers is conferred to it under:

Document	Amendment(s) 2021/2022	Last (effective) Amendment
1. Financial Assistance Act 2001	None	April 2015
2. Financial Assistance Regulations 2004	None	April 2014
3. Child Day Care Allowance Act 2008	None	July 2013
4. Child Day Care Allowance Regulations 2008	None	Sept 2012

## FINANCIAL ASSISTANCE REVIEW BOARD

A Financial Assistance Review Board is appointed to hear appeals against decisions of the Director. During the period April 2021 to March 2022 there were no appeals by the DFA clients.

## DEPARTMENT STATISTICS (FINANCIAL ASSISTANCE PROGRAMME)

1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021 (“2020/21”)

1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022 (“2021/22”)

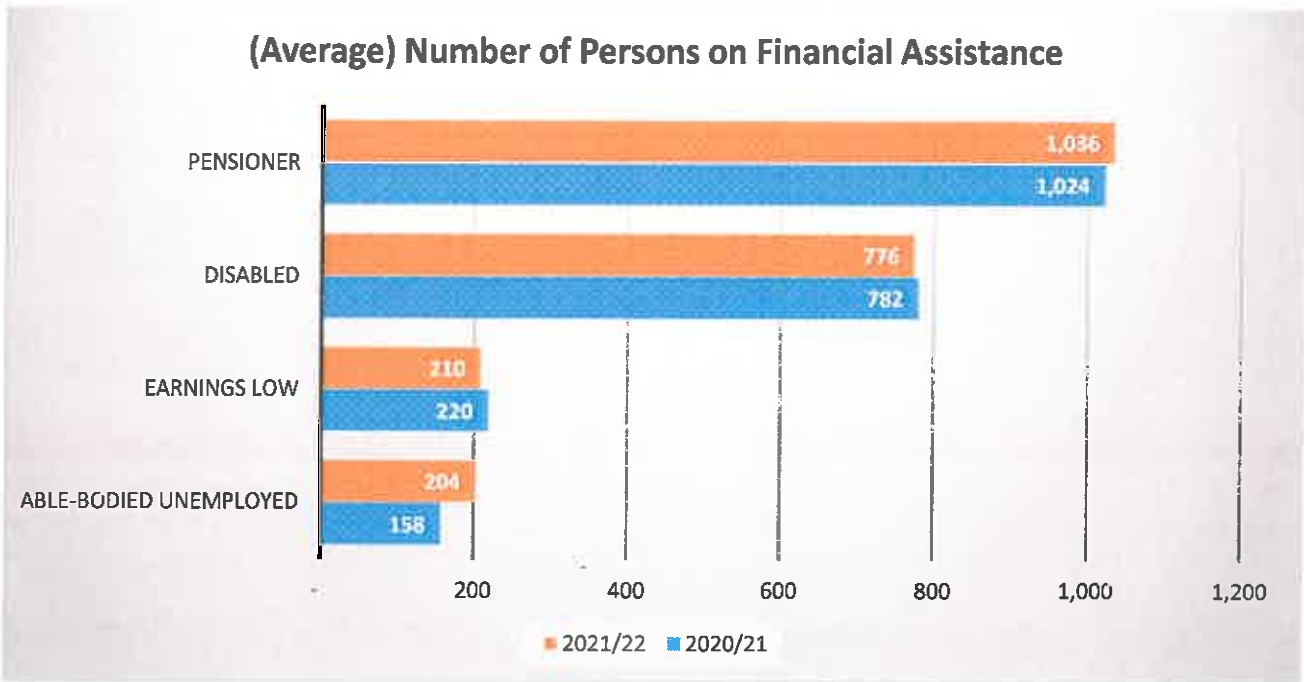
### Categories of Qualifying Recipients

During 2021/22, there was a monthly average of 2226 persons on financial assistance, compared to 2184 persons on financial assistance during 2020/21. This increase was mainly due to an increase in

the number of eligible persons in the “able-bodied unemployed” category, as a direct result of the impact from COVID-19.

Bermuda has a large ageing population and for both reporting periods, the largest category of persons on financial assistance was pensioners (47%). The second largest category was disabled (35%), followed by earnings low (9%) and then able-bodied unemployed (9%).

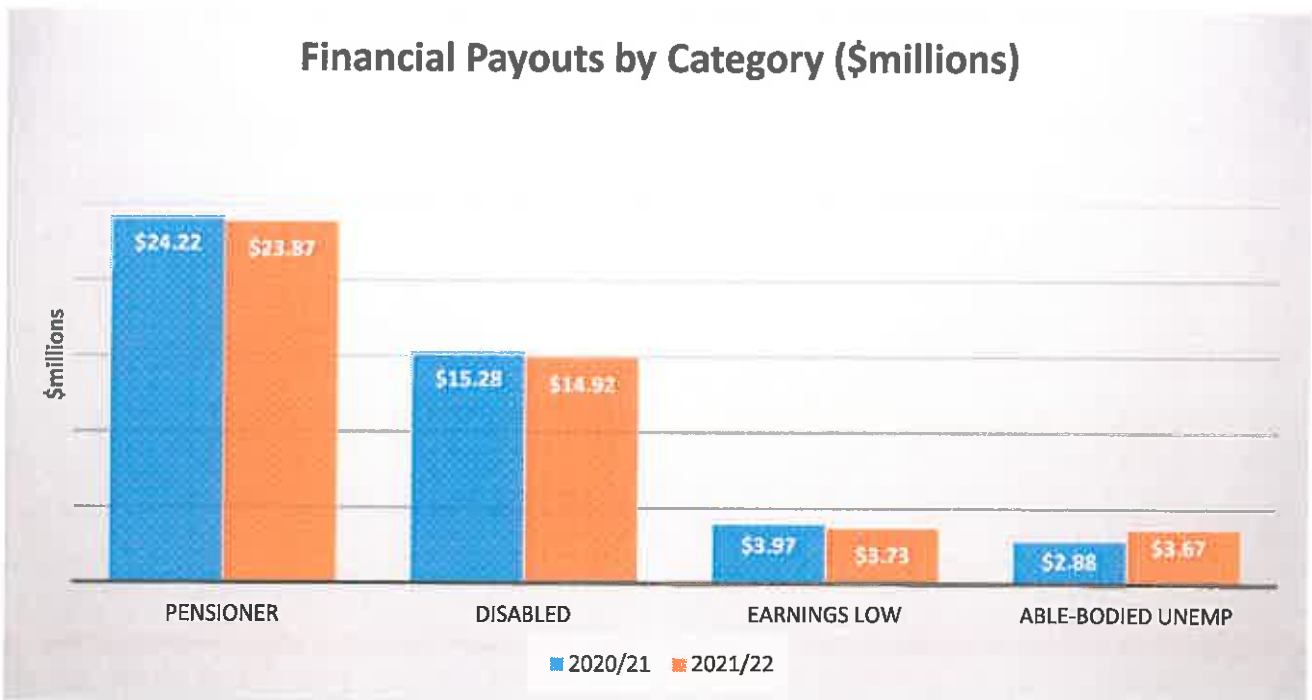
Chart 1



### Financial Payouts for Categories of Qualifying Recipients

Total expenditure in financial payouts decreased by approximately \$160,000 in 2021/22 when compared to 2020/21. This decrease was attributable to a decrease in the number of qualifying persons in the “earnings low” and disabled categories, together with a decrease in nursing homes expenditure in the pensioner category.

Chart 2



#### Expenditure Type

The largest areas of spend remain consistent year on year. Identification of drivers, such as this, will trigger and facilitate innovation and enable robust decision making with regards to financial assistance reform.



Chart 3

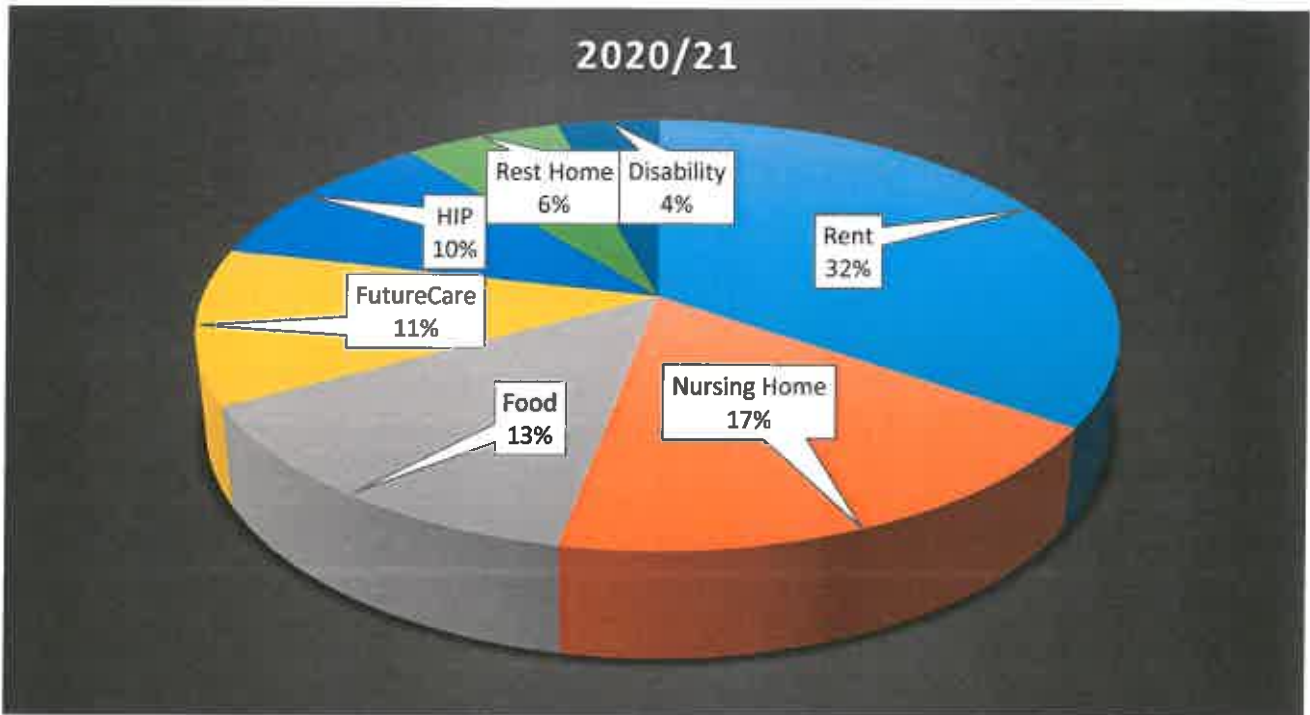
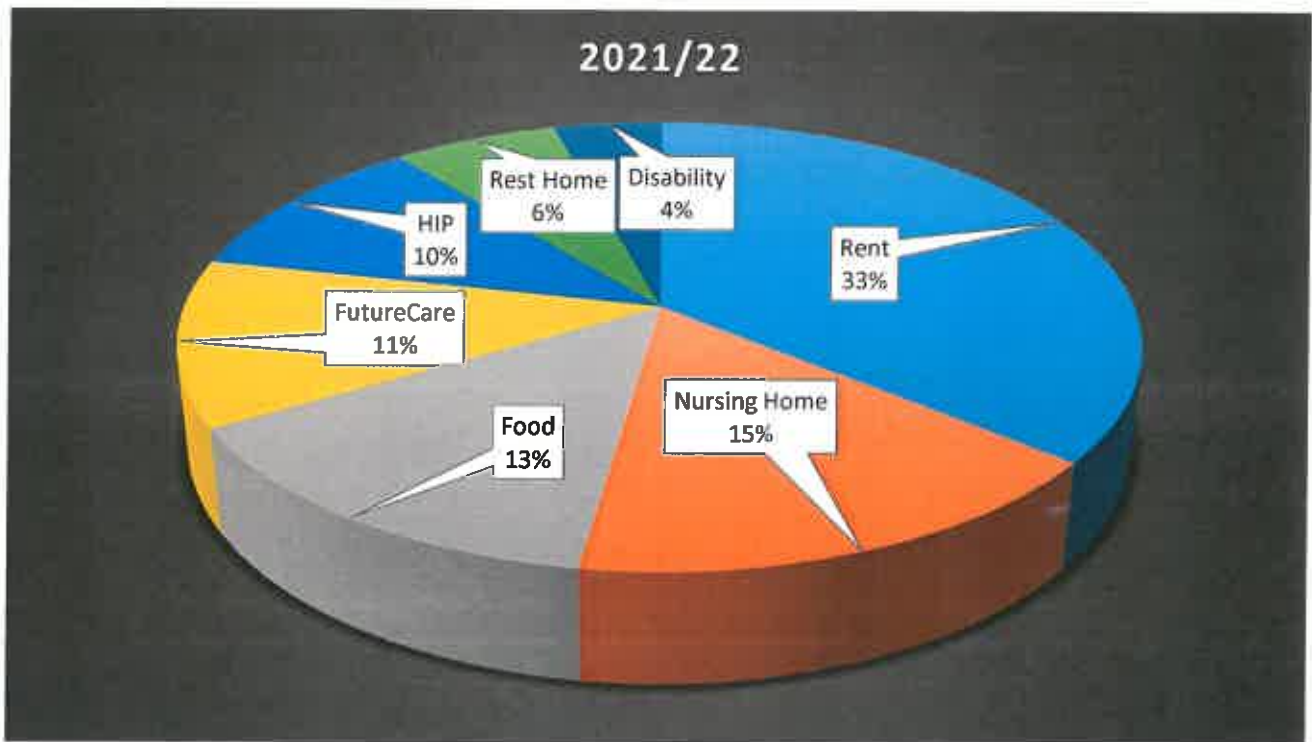
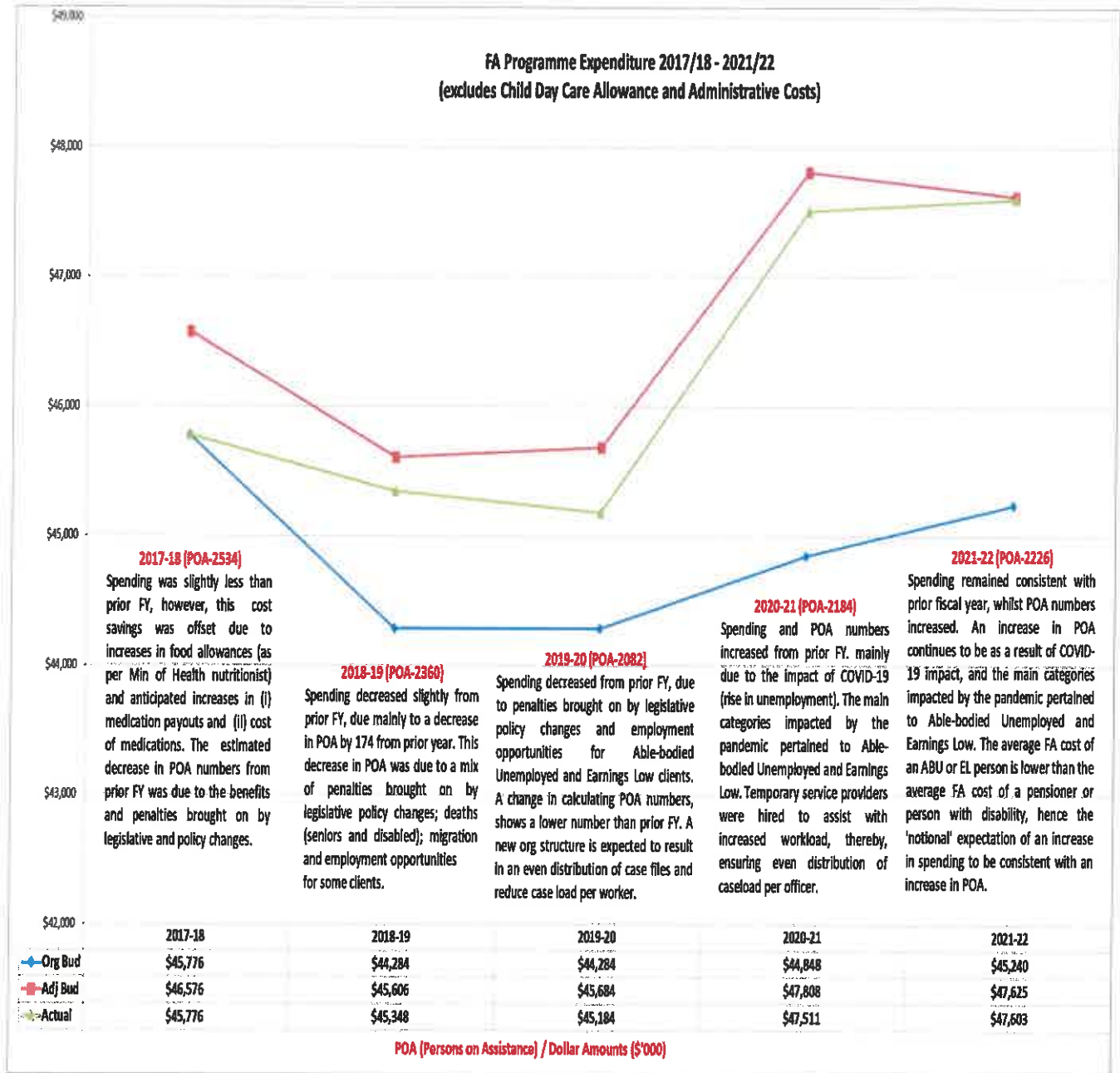


Chart 4



## Financial Assistance Programme – 5 Year Trend / Timeline

Chart 5



## Other Expenditure

Expenditure	FY 2020/21	FY 2021/22
FA Clients - Medical Prescriptions	\$ 1,939,933	\$ 1,677,622
FA Clients - Overseas Medical Travel and Supplies	\$ 158,896	\$ 155,109
Department - Staff Security	\$ 52,470	\$ 63,289

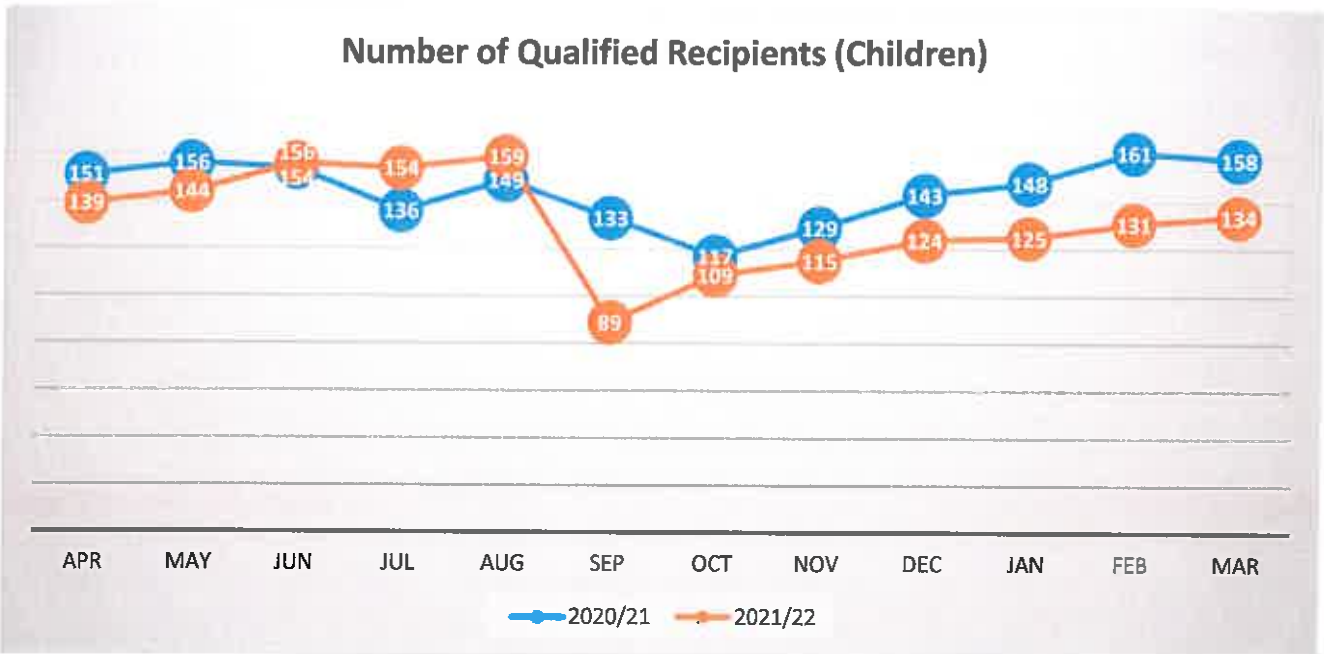
## DEPARTMENT STATISTICS (CHILD DAY CARE ALLOWANCE PROGRAMME)

1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021 (“2020/21”)

1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022 (“2021/22”)

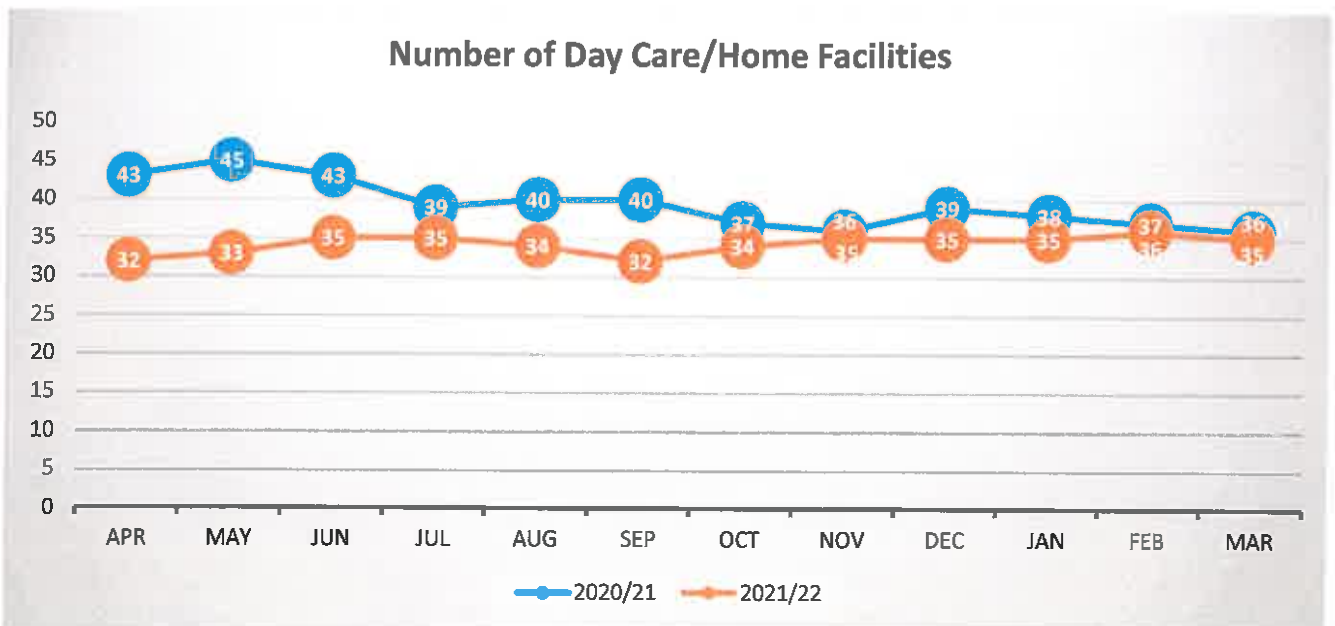
### Qualifying Recipients (Children)

Chart 6



### Licensed (Day Care/Home) Facilities Used to Service Child Day Care Allowance Programme

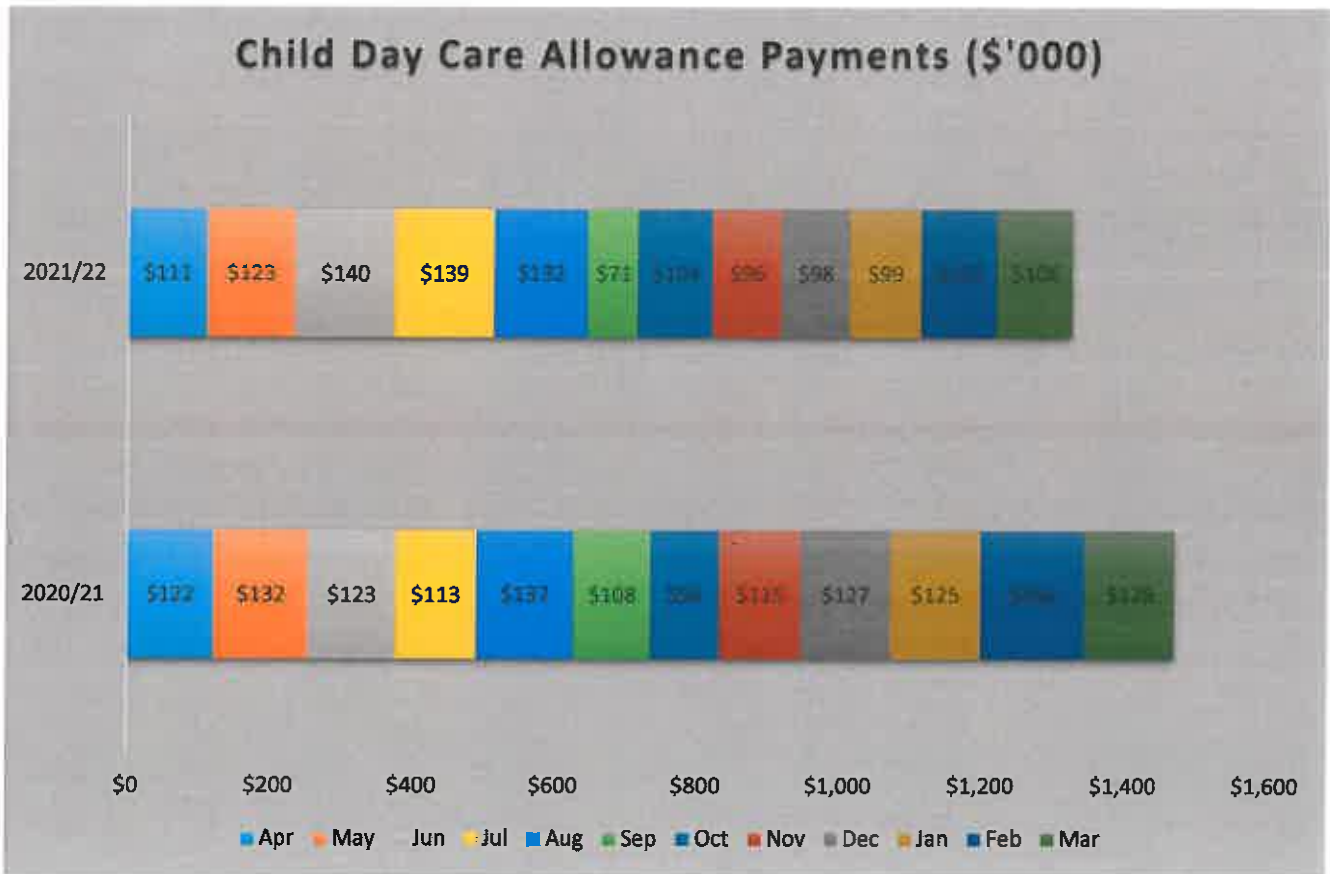
Chart 7



### Child Day Care Allowance Expenditure

The total expenditure for the Child Day Care Allowance Programme was \$1,472,250 in 2020/21 and \$1,326,575 in 2021/22, which represents a decrease of 10% or \$145,675 from 2020/21 to 2021/22. This decrease is attributable to a decline in the number of qualifying recipients (children) year on year, together with the commencement of the “Bright Start” Programme, commissioned by the Ministry of Education. In 2020/21, the monthly average number of children that comprised the Child Day Care Allowance Programme was 145, compared to 132 for 2021/22.

Chart 8



### DEPARTMENT STATISTICS (PRESCREEN)

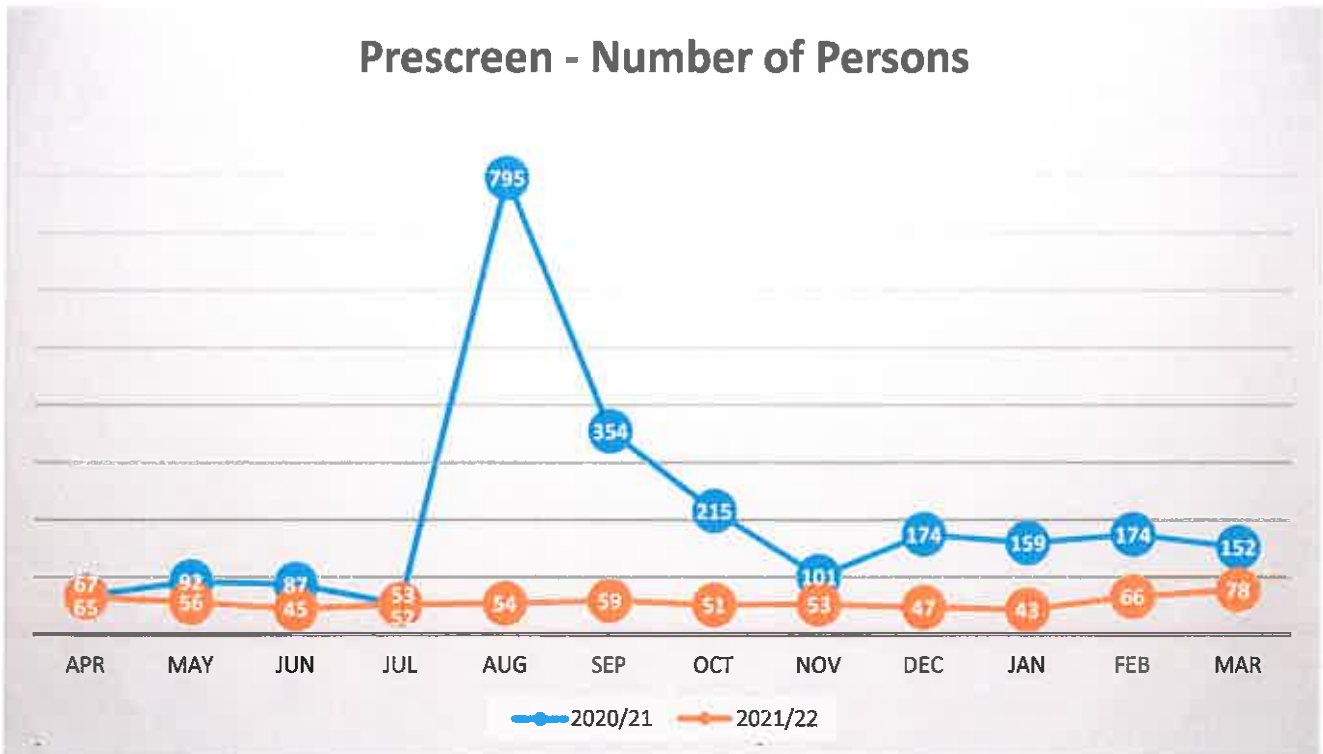
1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021 (“2020/21”)

1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022 (“2021/22”)

The following data pertains to the number of persons that submitted applications for consideration of receipt of financial assistance and child day care allowance (Chart 9). This data reflects the number of persons that ‘walked through the doors’ seeking assistance ONLY and does not represent whether or not those persons eventually became eligible to receive financial assistance and/or child day care allowance. As a direct consequence of COVID-19, the DFA experienced an increase in applications and overall caseloads due to high unemployment levels, as depicted during the period August 2020 to

March 2021 (Chart 9). This impact levelled off during 2021/22 and resulted in fewer application submissions from the prior year.

Chart 9



### CASE MANAGEMENT

As at March 2022, the distribution of case-loads among the DFA Officers remained equitable and stood at 148 files per officer. This was achievable mainly in part because of additional funding provided for the hiring of temporary service providers. A direct impact from the COVID-19 pandemic resulted in an increase in portfolio size per DFA Officer. Therefore, to ensure capacity can manage the continued demand for the service requested, the DFA received additional funding for temporary service providers. This became crucial to avoid ‘burn out’ and also, to ensure the DFA continued to perform its fiduciary responsibilities in compliance with the law, its governance structure, risk management and internal control checks.

### SUPPLEMENTAL UNEMPLOYMENT BENEFIT PROGRAMME

Faced with a public health pandemic globally, COVID-19 presented an unusual disruption to the Bermuda economy. As a result, the Government expressed its commitment to provide access to the Supplemental Unemployment Benefit (SUB) Programme to individuals whose employment was directly impacted by COVID-19. In September 2020, the Public Treasury (Supplemental Unemployment Benefit) Regulations 2020 became operative, and in 2021 an extension to this programme was approved by Cabinet. The DFA remained as the entity tasked with responsibility for managing key functions as laid out in that document. To ensure business continuity in all other key activities and deliverables, the

Department maintained a change to its operational strategy as in prior year, in order to facilitate this legislation.

This involved hiring one (1) temporary service provider, to manage efficiency and cover already stretched resources because of an increase in the volume of new applications. As at March 2022, one hundred and seventy-four persons (174) satisfied the criteria for receipt of the SUB, with a total cost of approximately two million, five hundred and forty one thousand dollars (\$2,541,000).

## **FRAUD AND INVESTIGATIONS**

### **Investigations Conducted**

As at the end of reporting period 2021/22, there were 50 active cases under investigation, with a total value of \$353,000 as a result of non-disclosure of facts, misrepresentation of facts or willful abuse of the DFA Programme and the Child Day Care Allowance Programme. From this total, twenty-four cases (24) with a value of \$259,000 were referred to the Attorney General Chambers for legal restitution, whilst twenty-six cases (26) that totaled \$94,000 remained under the remit of the DFA Investigative Officers for repayment.

### **Amounts Not Recoverable**

As at the end of reporting period 2021/22, the DFA recommended to the Ministry of Finance that \$8,672 be considered for 'write-off' on the Government Consolidated Fund.

Reasons for 'write-off' were:

1. Passage of time;
2. Evidence to show that the amounts due are likely to be un-collectible;
3. Professional judgment by Investigative Officers as to the inability of Government to receive amounts due.

### **Money Laundering**

During 2021/22, there were no instances of suspicious money laundering activities reported by the DFA's Investigative Officers to the Financial Intelligence Agency of Bermuda.

## **COMPLIANCE**

### **Operational**

The DFA continues to focus on the use of data analytics to aid in compliance with Financial Instructions, Financial Assistance Act and Regulations, Child Day Care Allowance Act and Regulations and the Public Treasury (Supplemental Unemployment Benefit) Regulations. A risk management framework was developed to provide value added capability to the current system and; aid with robust technical



solutions when addressing audit exit point deficiencies. Internal policy writing to align with legislation continues to be a work in progress.

The DFA must ensure that all actions and transactions as performed by all its officers are in compliance with DFA (specific) and (any) other Legislation. As per prior year's Annual Report, based on the nature of the service delivered by the DFA, there are no known documented typologies or red flags that the Department can refer to in identifying corrupt practices, except for enhanced Know Your Customer. Therefore, to mitigate this risk, the DFA's compliance framework (listed below in no specific order) are used as indicators in identifying, understanding, assessing and monitoring potential risks:

1. Department policies, procedures, legislation
2. Government contract management practice
3. Investigations and legislative compliance
4. Audit (Office of the Auditor General, Department of Internal Audit)
5. Governance structure that reinforces management's message of honesty and integrity

### **Transaction Monitoring**

During 2021/22, transaction monitoring was performed on 88,933 line transactions in the Financial Assistance System Software (FASS) and 78,804 line transactions in the Government JDE E1 System. Transactions were scrutinized for compliance with Department legislation, as per Table 1.

Table 1

<b>COMPLIANCE CHECK COMPLETED (Y/N)</b>				
<b><i>The Schedule Table of Allowable Expenses (effective 1st April 2014)</i></b>				
<b>Item of Expenditure</b>	<b>Description</b>	<b>Parameters</b>	<b>Maximum Rates \$</b>	<b>April 2021 to March 2022</b>
Adult Day Care		Cost per month	\$1,500.00	Y
Auditory exam		At Cost		Y
Auditory equipment		At Cost		Y
Belco	1 - 2 persons	Cost per month	\$150.00	Y
Belco	3 - 4 persons	Cost per month	\$250.00	Y
Belco	5 or more persons	Cost per month	\$350.00	Y
Child Care	After school/ camps/transportation	Cost per month	At Cost	Y
Chiropody	See Podiatrist			Y
Clothing	under-garments/shoes	Cost per six months	\$100.00	Y
Dental Care		80% of Cost		Y
Disability allowance	Mental/Physical	Cost	\$650.00	Y
Disability equipment/services		At Cost	\$1,000.00	Y
Eye care	Eye care - exam	At Cost	\$100.00	Y
Eye care	Eye care - frames/lenses	At Cost	\$350.00	Y
Food		Cost at Gov. nutrition rates		Y
Food	Supplementary	Cost at Gov. nutrition rates		Y
Fuel	Cooking gas	Cost not exceeding the rate for one cylinder		Y
Funeral Expenses		At Cost	\$3,000.00	Y
FutureCare		At Cost		Y
Group Home Rates		To be determined by the Director		Y
Hearing Aids		At Cost		Y
HIP		At cost		Y
Home Care		Cost per month	\$2,000.00	Y
Laundry		Cost per person per month	\$80.00	Y
Medical Insurance		Cost not exceeding HIP rates		Y
Medical supplies		Cost per month	\$500.00	Y
Medical equipment		Cost per month	\$1,000.00	Y
Medical overseas travel (client only)		To be determined by the Director		Y
Medication		At cost per month		Y
Nursing Home		Cost per month	\$5,000.00	Y
Podiatry		Cost per year	\$500.00	Y
Public transportation	Adults	Cost per month based on PTB rates		Y
Public transportation	Students	Cost per month based on PTB rates		Y
Rent	Studio	Cost per month	\$1,150.00	Y
Rent	1 bedroom	Cost per month	\$1,450.00	Y
Rent	2 bedroom	Cost per month	\$1,900.00	Y
Rent	3 bedroom	Cost per month	\$2,400.00	Y
Rest Home Rates		Cost per month	\$4,000.00	Y
Room and board		Cost per month	\$650.00	Y
Room		Cost per month	\$550.00	Y
School supplies		Cost per child per academic year	\$100.00	Y
School clothing		Cost per child per academic year	\$700.00	Y
Telephone		Cost per month	\$40.00	Y
Water Supply		At cost		Y



## EMPLOYEE TRAINING

2020/2021	2021/2022
<ul style="list-style-type: none"> <li>✓ Administrative Excellence – Certified Administrative Professional</li> <li>✓ International Leadership Management (ILM) - Certificate in Leadership and Management (Level 5)</li> <li>✓ International Leadership Management (ILM) - Customer Service Excellence</li> <li>✓ Pilot Leadership Programme (PILP)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Talent Development &amp; Leadership Centre UK – Certified Privacy Officer (Foundation and Practitioner)</li> <li>✓ Ministry of Finance - Budget Training</li> <li>✓ Government of Bermuda – Service Standards</li> </ul>

## INTRAGOVERNMENT COLLABORATION

- In Q3 2021, a joint Ministerial initiative between the Department of Financial Assistance (DFA) (Ministry of Economy and Labour) and the Department of Education (Ministry of Education) was forged to facilitate the transfer of 3 year old children that were in receipt of financial assistance, into the Bright Start Programme. This Programme was intended to provide two (2) years of high quality learning experiences through a progressive 21<sup>st</sup> Century teaching and learning experience and address one of the 5 priority areas of Bermuda’s Strategic Plan for Public Education.
- The DFA Social Workers strengthened its collaboration with partnering departments/ agencies (Ageing and Disability Services, Bermuda Hospital Board). Areas of focus concentrated on case conferences and case discussions, individual counselling and medical transfers to ensure comprehensive service plans were developed and consistently executed.
- The DFA collaborated with the Department of Information and Digital Technologies to develop an online digital application form for the SUB Programme. This form became available to the public on May 3, 2021. In addition, collaborative discussions commenced in 2021 with regards the development of online digital application forms for the Financial Assistance Programme.
- Continuous dialogue and documented evidence between the DFA and the Department of Workforce Development (DWD) have ensured that financial assistance clients are being registered with the DWD for job seeking purposes and participated in workforce related assessments and development programs. This ensured that financial assistance clients are given opportunities to become financially independent and discourage dependency.
- The DFA has been collaborating with the Department of Parks since 2015 in providing health insurance coverage for participants in the Skills Development Program (SDP). The SDP is intended to provide hands-on skills so as to promote the enhancement of knowledge, skills and experience to facilitate the possibility of securing employment. To date, over 110 persons have graduated with approximately 60% securing partial or full employment. This initiative reduces the need for dependency on financial assistance.

## FINANCIAL ASSISTANCE REFORM

In the 2020/21 Annual Report there was mention that the drafting process to introduce reform had begun. The Financial Assistance Amendment Act 2021, was passed in the House of Assembly in September 2021. Amendments to the Regulations were to follow thereafter, however, after careful examination of some of the details contained in the legislation it was deemed necessary to slow the process to ensure issues raised by the Civil Advisory Section of the Attorney General's Chambers (AGC) were addressed. It is likely that further amendments will be tabled in the near future.

A highlight of the Financial Assistance Amendment Act 2021 referenced the introduction of the Personal Employment Plans (PEP). The idea here was to direct individuals to the Department of Workforce Development (DWD) to seek employment opportunities with the assistance of a Career Development Officer who would conduct various levels of assessments and based on the results would then design a PEP that could be used to assist the person to navigate a pathway to success in obtaining long-term work placements. The request to attend the DWD was expected to be a mandatory requirement before persons could receive a financial assistance award. The DFA Director has the power to make certain mandatory stipulations/criteria for eligibility for financial assistance awards. It was intended that the statutory policy would ensure that the powers of the Director are clear and broad enough to allow for these directives to be unchallenged when there is non-compliance and would allow for the Director to implement clear penalties for those that remain non-compliant for a period of time.

Other amendments made to the Act during this reporting period:

- i) Improved application process for persons with disabilities. Each disabled applicant must provide the department with details of their disability and the reasons they may not be able to participate in the workforce as a result of an impairment. This must be documented and signed off by an approved licenced practitioner;
- ii) Reference the above (i) – the Director now has the power to request a second opinion if there is any suspicion of misrepresentation;

The reform initiative is designed to reduce a dependency on government assistance particularly as relates to persons that otherwise appear capable to contribute to the society of which we live. Introducing reform with the current market conditions is a mammoth task and to ensure success, there is a need for everyone to participate in 'good faith'. Persons are required to genuinely participate in the workforce if they are 'able' – this is how our economy can gain momentum of growth and prosperity.

The next phase of reform will be launched by end of fiscal year 2022/2023 and will involve changes in legislation to support persons in the community that are participating in the workforce, but continue to experience challenges coping with the changes in economic activities.