



# REPORT ON THE IMPLEMENTATION OF RECOMMENDATIONS FROM SELECTED GOVERNMENT-RELATED ENTITIES



Image credit: NASA/METI/AIST/Japan Space  
Systems, and U.S./Japan ASTER Science Team

**JUNE 2023**

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Speaker of the House of Assembly  
Sessions House  
21 Parliament Street  
Hamilton HM 12

Honourable Speaker:

In accordance with Section 101(3) of the Bermuda Constitution Order 1968 and Section 10 of the Audit Act 1990, I have the honour to submit herewith my Report on the Status of the Implementation of Recommendations from Selected Government-related Entities.

Respectfully submitted

Heather Thomas, CPA, CFE, CGMA  
Auditor General

Hamilton, Bermuda  
June 2023

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## BACKGROUND ON THE OFFICE OF THE AUDITOR GENERAL

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The Auditor General and her staff (the ‘Office’) serve as the Legislative Auditor for the Government of Bermuda (the “Government”) under the Audit Act 1990.

To fulfill its legislative duties, the Office must:

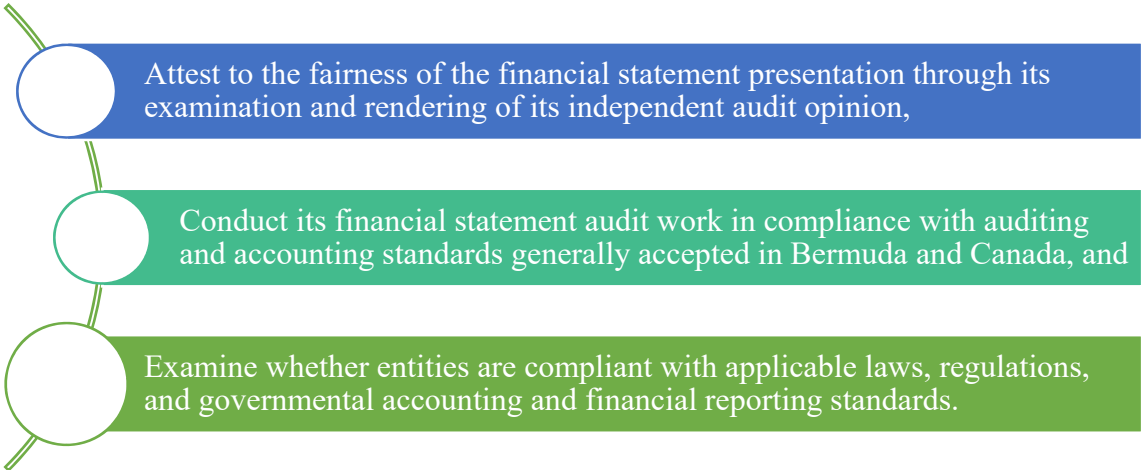


Figure 1 Main functions of the office

The Office has audit responsibility for 55 Government-controlled organizations & other entities, Public Funds, and Parish Councils – see [Office of the Auditor General - Bermuda \(www.oagbermuda.bm\)](http://www.oagbermuda.bm). The Office support Parliament in holding Government to account and providing practical recommendations that lead to better outcomes that promote improvement in financial administration and helps to improve the availability of resources for public services. We are accountable to the following stakeholders (see Figure 2).



Figure 2 Who the Office of the Auditor General are accountable to

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## BACKGROUND ON A FINANCIAL STATEMENT AUDIT

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In conducting a financial statement audit, the overall objective is to obtain *reasonable assurance* about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.

The audit process (see Figure 3):



Figure 3 Activities in the audit process

Our financial statement audit work:

- adds credibility to the Government’s financial reporting by providing assurance that financial statements are presented fairly and accurately, and
- promotes improvement in the financial administration by providing guidance in the form of recommendations, when implemented, will strengthen the management and conduct of financial activities of the Government or entities related to the Government.

Financial statement audits include *recommendations* that entities are expected to implement or otherwise resolve, generally within a year.

The benefit of the audit work is not in the recommendations made, but the effective implementation of the recommendations.

As the watchdog of Government spending, the primary responsibility of the Office is to assist the Parliament in holding the Government to account for how it manages and utilizes public assets and safeguards the scarce resources at its disposal.

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## Why We Did This Report

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Our audit report package includes recommendations to address a risk or close a gap or deficiency identified through the audit.

Following up on previous audit recommendations closes the loop on our reports, and is a critical accountability step. Recommendations are intended to work as a guide to the actions needed to address the matters in the findings. It is the responsibility of the respective ministries, departments, or quasi-autonomous non-government organizations to decide what actions to take for closing the deficiency or gap identified by the audit and to follow through on their commitments, as public stewards.

This report contains a compilation of management self-assessment questionnaires that were sent out to twenty (20) entities (Table 1) *whose last audit was in 2020 or earlier and who are not scheduled for an audit in the fiscal year 2023/24. Of the twenty (20) entities that received the questionnaire - there are six (6) entities listed under Appendix III, whose financial statement audits are in progress. Although we have read the responses and in some cases discussed responses with the respective authors, these are management's representations. We offer no assurance concerning their fairness, completeness or accuracy.*

Quite a few of the entities have reported that they have fully implemented our recommendations. Most of the fully implemented recommendations appear to be satisfactory and will likely result in the recommendations being fully remediated. In a few instances, alternative approaches were adopted which is more than fair due to the passage of time or change in the entity environment and it no longer makes sense to implement the recommendations as originally presented. There are a few recommendations that were not implemented.

Those charged with governance of the Sandys Secondary Middle School Capitation Grant Account did not provide management self-assessments by the specified dates.

The entities included in this report purported to hold \$2.4 billion of assets entrusted to them (which can be in the form of cash, property and equipment, rights to collect cash, or rights to receive benefit or service in the future) and \$0.2 billion in liabilities or debts, or obligations owed, and cover audited financial statement accounts for years ended 2012 to 2019, with different types of audit opinions (see Appendix I and II). There were a total of 126 recommendations (see Table 1).

I offer my thanks to all that provided updates timely to our Office and all those responsible for implementing the recommendations.

I invite you to provide feedback regarding this report or any other areas of work via email to [oagbermuda@oagbermuda.bm](mailto:oagbermuda@oagbermuda.bm).

Heather Thomas  
Auditor General

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**You may want to ask the following questions:**

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1. For those recommendations with “no action taken,” why no action has been taken to date?
2. When will the accounts in arrears be presented to the Office of the Auditor General for audit?
3. What are the consequences to entities entrusted with public funds and resources with financial statement audits in arrears?



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## Summary of the Status of the Implementation of Recommendations from selected Entities

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**Table 1**  
**Summary of the Status of the Implementation of Recommendations from selected Entities**

Entity	Release	Audit Opinion	Number of Recommendations	Fully implemented	Partially implemented	Alternative action taken	No action taken
Bermuda Gaming Commission	March 2019	Unqualified	17	9	4	3	1
Bermuda Economic Development Corporation	March 2018	Unqualified	13	5	8	0	0
Berkeley Institute Capitation Grant Account	March 2014	Unqualified	12	7	2	0	3
Bermuda Educators Council	March 2014	Disclaimer	1	0	0	0	1
Board of Trustees of the Golf Courses	March 2016	Qualified	6	2	4	0	0
CedarBridge Academy	March 2016	Disclaimer	1	0	1	0	0
Confiscated Assets Fund	March 2010	Qualified	3	2	0	0	1
Contributory Pension Fund	March 2012	Disclaimer	1	0	1	0	0
FutureCare Fund	March 2017	Unqualified	13	4	7	2	0
Health Insurance Fund		Unqualified					
Mutual Re-Insurance Fund		Qualified					
Government Borrowing Sinking Fund	March 2016	Qualified	6	0	5	1	0
Government Employees Health Insurance Fund	March 2012	Disclaimer	1	0	0	0	1
Ministers and Members of the Legislature Pensions Fund	March 2015	Unqualified	3	0	0	0	3
Pension Commission	December 2018	Unqualified	6	2	1	2	1
Public Service Superannuation Fund	March 2012	Disclaimer	1	0	1	0	0
Sandys Secondary Middle School Capitation Grant Account	March 2015	Qualified	7	0	0	0	7
Trustees of the National Sports Centre	March 2016	Disclaimer	8	3	5	0	0
Warwick Parish Council	March 2014	Disclaimer	12	9	2	1	0
Whitney Institute Middle School Capitation Grant Account	March 2014	Qualified	15	7	7	1	0
<b>[Total count]</b>			126	50	48	10	18

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### Bermuda Gaming Commission (formerly Bermuda Casino Gaming Commission)

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Bermuda Casino Gaming Commission	2019	Unqualified	326,224.00	-3,186,273.00	-2,789,652.00	-2,150,395.00
Bermuda Casino Gaming Commission was established under the <i>Casino Gaming Act 2014</i> , to maintain and administer licensing, supervision and control of casinos		N/A				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
(a) Dependence on the Government of Bermuda amid increasing level of indebtedness to commercial bank and increasing level of deficit (b) Ability to generate revenue is affected by: lack of correspondent bank to process casino proceeds and delays in drafting of regulations.	#1 - Take action to address negative working capital, lack of independent funding and sources of revenue	Partially implemented	BGC are currently exploring opportunities to grow alternative revenue sources. Our current workplan (2023/24) evidences our commitment to exploring online gaming and a national lottery as future alternative revenue sources. In addition, we are currently collect revenues from cruise ship casinos and gaming vendors/suppliers.
Commissioners' over-riding of Employee Handbook resulted in overpayment of redundancy pay	#2 - Comply with its Employee Handbook	No action taken	The employee handbook will be updated to allow the Board to amend the terms of redundancy payouts above the employment act suggested minimum in extenuating circumstances.
Non-compliance with the terms of the overdraft facility agreement which requires provision of audited year-end financial statements within 180 days of fiscal year-end.	#3 - Comply with the terms and conditions of its overdraft facility agreement	Partially implemented	Recent year-end audits have not commenced early enough in order to allow for the timely completion of audited financial statements. This is a joint observation for BGC and OAG. BGC are currently focused on bringing our financials up to date.
Delay in preparation and lack of adequate review of the accrual for vacation	#4 - Perform adequate and timely review of vacation accrual	Fully implemented	BGC is now utilizing an electronic vacation recording system which facilitates a more timely and accurate reporting

## Questionnaire for Management

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Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Lack of management review for completeness on relevant discussions and decisions and for sign-off by appropriate authority of the minutes of Commissioners' meeting	#5 - Implement control for audit trail on discussions and decisions made in meeting minutes, e.g., signed off meeting minutes	Partially implemented	This recommendation will be followed with more consistency going forward
Management did not keep up with requirements of public sector accounting standards, resulting in non-compliance of PSAS 1201 Financial Statement Presentation and PSAS 3230 Long-term Debt	#6 - Adhere to disclosure requirements of Public Sector Accounting Standards, e.g., long-term debt, financial statement presentation	Fully implemented	Going forward BGC will confirm required and new PSAS standards relevant to the organization during the planning meeting stage
No evidence of bank reconciliations being reviewed for accuracy and completeness by a person independent of the preparer	#7 - Perform regular review of bank reconciliations with sign-off	Alternative action taken	We agree that a manual signature should accompany monthly bank reconciliations. This will be implemented for the upcoming financial year
Required details were missing on the Vendor Payment Audit Form (VPAF) including signature of person responsible for the entry.	#8 - Ensure completion of its Vendor Payment Audit Form properly for all transactions	Alternative action taken	Currently payments are entered in Clarien by one person and approved by separate single person. Likewise payment requests cannot be processed without permission of the relevant line manager
Failure to deliver audited consolidated accounts to lender (Government of Bermuda), within 90 days after the end of financial year; and monthly management accounts, within 30 days after the end of each month as per Section 12.1 of the Facility Agreement	#9 - Comply with the terms and conditions of its Facility Agreement with the Government	Alternative action taken	BGC provide MOF a workplan annually for their review and approval. This workplan details projects to be undertaken for the year as well as staffing and budget numbers. We will provide monthly management accounts and audited accounts as requested
No evidence that accrued liabilities (e.g., accrued pension liability and accrued payroll tax) are reviewed on a regular basis for appropriate accounting and financial reporting	#10 - Perform regular review of the propriety of recorded accrued liabilities	Fully implemented	Accrued liabilities are reviewed

## Questionnaire for Management

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Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Members travel on a regular basis on BCGC's business however there is no travel policy to regulate travel expenses incurred by the Members	#11 - Update travel policy to include travel expenses incurred by Members of BCGC	Fully implemented	A travel policy has been implemented to address this observation
Non-compliance with legislation, Casino Gaming Act 2014 section 18A workplan and budget (2), (3), (5), (6), (8), (9), section 26 (1) for submission of annual report to the Minister within 6 months after financial year end, section 8 (2) to address written directions from the Minister	#12 - Comply with its legislation, e.g., section 18A (2), (3), (5), (6), (8), (9), section 26 (1), section 8 (2)	Partially implemented	The annual workplan has been presented to the minister on time but this has not been the case for the annual report. This has been due to the fact that BGC is not up to date with its audits.
No policy or procedures for identifying related party transactions.	#13 - Develop and implement policies and procedures to track related party transactions for appropriate disclosures in the financial statements	Fully implemented	A related party policy has been completed
No policies and procedures for the preparation and review of journal entries	#14 - Update policies and procedures to include preparation and review of journal entries	Fully implemented	This policy has been updated
No policies and procedures for determining useful lives and thresholds for capitalization of tangible capital assets	#15 - Update its tangible capital assets policy to reflect threshold for capitalization and guidelines for determining useful life	Fully implemented	This policy has been updated
No policies or procedures for identifying subsequent events	#16 - Develop and implement policies and procedures to track subsequent events for appropriate disclosures in the financial statements	Fully implemented	This policy has been updated

## Questionnaire for Management

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Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
BCGC commenced operations on September 1, 2015, however, as of December 2018 some regulations are not yet finalized.	#17 - Provide collaborative response on timeline of drafting the regulations	Fully implemented	The Minister approved the regulations

## Questionnaire for Management

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### Bermuda Economic Development Corporation

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Bermuda Economic Development Corporation	2018	Unqualified	1,831,354.00	-259,255.00	1,572,099.00	140,263.00
Bermuda Economic Development Corporation was incorporated under the <i>Bermuda Economic Development Corporation Act 1980</i> to (a) grant loans and give other forms of financial assistance, including loan guarantees to assist residents in establishing, carrying on, or expanding small businesses, mid-sized businesses and entities within economic empowerment zones; (b) provide technical advice; (c) operate and manage markets and economic empowerment zones		N/A				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
(a) 2017 comparative year's balances in the financial statements differs with prior year's audited balances. (b) Various account balances do not reflect the updated balance. (c) Account titles in the financial statements are not updated. (d) No statement of remeasurement gains and losses. (e) Inaccuracies in the Notes to financial statements	#1 - Perform quality review of the preparation of the financial statements and notes	Partially implemented	<p>Management agrees with the recommendation.</p> <p>The Finance Director will meet with the Board's Finance Sub-committee to agree that they can provide a review of the draft statements before being submitted to the Auditor General.</p> <p><b>We look to incorporate this process for the next fiscal year's (2019/2020) accounts to be audited.</b></p>

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
(f) Incomplete Note disclosures (per standards).			
Presence of unusual balances attributable to posting receipts to the incorrect subsidiary ledger account resulting in negative balances of \$69,000 in the accounts receivable	#2 - Review unusual balances and adjust accordingly in a timely manner to facilitate preparation of reliable financial statements	Fully implemented	<p>Management agrees with the recommendation. The Finance Director will conduct a review of all subledger balances going forward.</p> <p><b>This recommendation has been put in place.</b></p>
Improper accounting of leased tangible capital assets, using sum of minimum lease payments instead of the present value of the minimum lease payment.	#3 - Account leased property according to the definition of a leased tangible capital asset and comply with applicable accounting framework	Fully implemented	<p>Managements notes the OAG's recommendation and agree. Going forward, the Corporation will account for leased property as per the OAG's recommendation.</p> <p><b>This recommendation has been put in place.</b></p>
Lack of established policy and procedures on fund receipts relating to sponsorship revenue	#4 - Establish and implement policies and procedures on sponsorship revenue to be completed for September 2020	Partially implemented	<p>Management will establish a formal written policy which outlines how the organization manages sponsorship. Will be done by September 2020</p> <p><b>This recommendation is still outstanding.</b></p> <p><b>Unfortunately, the Finance Director leading this left BEDC in October 2020 and it took 7 months to fill the post. In addition, this was delayed due to Covid and BEDC's immediate priority was assisting small businesses to navigate the crisis. Finally, the current Finance Director is on Maternity Leave for an extended period.</b></p> <p><b>BEDC is currently working with a consultant accountant firm to assist in drafting the policy.</b></p>
No formal written policy, which sets out the requirements for an annual declaration of interest among those charged with governance and	#5 - Establish and implement policy on annual declaration of interest by its board and key management to be completed for September 2020	Fully implemented	<p>Management will establish a formal written policy on annual declaration of interest by September 2020.</p> <p><b>This recommendation has been put in place.</b></p>



Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
members of senior management.			BEDC established a policy and it is in place with the Board. This policy has been provided to the OAG. For returning Board members, if there is no change in the interest of a Board member from the declaration made in the previous year, no new declaration is required.
Non-compliance with policies: (a) Alcoholic beverages were charged to expenses for the internal holiday party (FI 10.2); (b) Lack of verification procedures and tagging of tangible capital assets (FI 16.3.3, 16.3.2); (c) No separate record of disposals/sales of assets (FI 16.4.2) and presence of assets that could not be traced to the asset listing	#6, #9, #10 - Comply with its own Financial Instructions (e.g., FI 10.2, 16.3.3, 16.3.2, 16.4.2)	Partially implemented	<p>Official Entertainment - Management will further refine what is official entertainment in Financial Instructions to define.</p> <p>Financial Instructions currently includes a provision for this and the Executive Director has discretion for approval. Given the recommendations from the OAG, BEDC will look to further refine FI 10.2 and what constitutes official entertainment.</p> <p>BEDC is currently working with a consultant accountant firm to assist in updating its Financial Instructions.</p> <p>Tagging Tangible Assets - Management acknowledges this observation and agrees.</p> <p>The Asset List and Tagging of assets is ongoing. The process has started for tagging capital assets but has not been completed.</p> <p>Tangible Assets - BEDC has produced a policy around tangible assets subsequent to the 2018 year-end. This policy has been forwarded to OAG.</p> <p>This recommendation has been completed and provided to OAG.</p> <p>Record of Disposal/Sales - This is still outstanding. Looking to continue progressing the process as part of the tagging of assets.</p> <p>Unfortunately, the Finance Director leading this left BEDC in October 2020 and it took 7 months to fill the post. In addition, this was delayed due to</p>

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
			Covid and BEDC's immediate priority was assisting small businesses to navigate the crisis. Finally, the current Finance Director is on Maternity Leave for an extended period.
Undisclosed contractual obligation for contract on which payments were made subsequent to year-end	#7 - Ensure all contractual obligations are disclosed in the notes to the financial statements	Partially implemented	Management will review all contracts effective immediately to disclose contractual payments.  This is still ongoing and should be included in the current 2018/19 audit review.
Non-compliance with legislation on submission of annual reports after the end of each financial year	#8 – Comply with its legislation (e.g., Section 18 (5))	Partially implemented	Management agrees wholeheartedly and is actively working to bring the outstanding annual reports up to date.  This is still a work in progress as we are still working on bringing these up to date.  Final Annual Reports up to 13/14 have been approved by BEDC's Board. Draft Annual Reports from 14/15 to 19/20 have been written and are being reviewed, edited, and formatted. This was delayed further due to Covid-19 and BEDC's immediate priority was assisting small businesses to navigate the crisis. Work has commenced on writing 20/21 and 21/22 Annual Reports.
The chart of accounts has numerous general ledger accounts that are neither in use nor have been used for several years	#11 - Update the general ledger and eliminate unused accounts	Fully implemented	Management agrees with the recommendations, and this has been done.  Updating the COA is an ongoing continual process as some programmes have not continued. This is being reviewed annually.
No documented policy to track related party transactions and identify subsequent events.	#12 - Develop and implement policies and procedures to track related party transactions and identify subsequent events for appropriate disclosures in the financial statements	Partially implemented	Management will establish a written policy for related party and subsequent events disclosure by September 2020.  This recommendation is still outstanding.  Unfortunately, the Finance Director leading this left BEDC in October 2020 and it took 7 months to fill the post.

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
			<p>In addition, this was delayed due to Covid and BEDC's immediate priority was assisting small businesses to navigate the crisis. Finally, the current Finance Director is on Maternity Leave for an extended period.</p> <p>BEDC is currently working with a consultant accountant firm to assist in drafting the policies.</p>
No policies and procedures in place for estimating and recording provision for doubtful accounts	#13 - Develop and implement policies and procedures to estimate and record provision for doubtful accounts	Fully implemented	<p>Management agrees and as such has developed a policy subsequent the 2018-year end. This policy has been forwarded to OAG.</p> <p>This recommendation has been put in place.</p>

# Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

## The Berkeley Institute Capitation Grant Account

Audited entity	Last audited	Audit opinion	Assets	Liabilities	Accumulated	Annual Surplus
Berkeley Institute Capitation	reporting year 2014	Unqualified	2,324,263.00	-599,249.00	Surplus (Deficit) 1,725,014.00	(Deficit) 613,234.00
Grant Account Berkeley Institute Capitation		N/A				
Grant Account is used to finance the operations and delivery of education at the Berkeley Institute, which was established by the <i>Berkeley Institute Act 1933</i> and subsequent amendments. Its board of governors have a management agreement with the Government to manage delivery of education as an aided school						

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation	Describe actions plan and timing; actions taken; results; reasons for status
		in management's opinion	
Absence of financial instructions and a written policies and procedures manual	#1 - Develop financial instructions, policies and procedures for consistency and standardization of practices	No action taken	We considered putting together the formal financial instructions, policies, and procedures ourselves but that has been difficult due to resources. We will engage a consultant in current fiscal year to assist with drafting policies. A further update will be provided during our audit.
No formal requirement for bidding and/or tendering process particularly for significant acquisitions of tangible capital assets, e.g., significant IT infrastructure project was acquired without bidding and tendering process	#2 - Implement procurement controls and adopt formal policy on bidding and tendering process for transparency and value-for-money	Partial implementation	Current procedures to be updated and codified as a policy. Draft policy to be placed before Board of Governors at May 2023 meeting for ratification.
Minutes of meetings of the Board of Governors encompass matters relating to both The Berkeley Institute and the Capitation Grant Account. However, there is no clear	#3 - Consider tightening documentation of meeting minutes by identifying matters relating to the school or the Capitation Grant Account	Fully implemented	Matters related purely to the Governors are now omitted from minutes.

## Questionnaire for Management

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Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
distinction between matters relating to The Berkeley Institute and the Capitation Grant Account			
No evidence or formal resolution to approve the budget in the Board's minutes of meetings	#4 - The budget approval record in the meeting minutes.	Fully implemented	
Duplicate insurance coverage was obtained and significant payments made because of missed enforcement of the Berkeley Institute License Agreement between the Ministry of Public Works, Ministry of Education and Workforce Development and the Governors of Berkeley which included a clause, stating that the Government of Bermuda shall be responsible for the buildings and Government-owned contents insurance.	#5 - Implement required processes to ensure spending activities are economical and cognizant of expenses liable of the Government of Bermuda	Fully implemented	Insurance no longer covers items insured by Government
Expiration of the management agreement between the Board of Governors and the Ministry of Education exposes the Capitation Grant Account to risk of losing funding	#6 - Continue discussions necessary to obtain updated management agreement with the Ministry of Education	No action taken	Still awaiting response from the Ministry
Tangible capital assets were recognized based on the date of proposal/project quotation, without evidence that the assets recorded were available for its intended use in those dates	#7 - Implement required controls for compliance with Public Sector Accounting Standards (e.g., PS 3150)	Fully implemented	Assets are recorded in ledger when deployed for use.
Incomplete and inaccurate monitoring of contractual obligations	#8 - Ensure Management has valid contracts with all service providers	Fully implemented	All contracts reviewed annually to ensure billings and payments are consistent with terms of agreement

## Questionnaire for Management

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Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Non-compliance with the Usage of Aided Schools Grants policy which required preparation for audit of the Capitation Grant Account no later than June 30th each year	#9 - Comply with its legislation and Usage of Aided Schools Grants policy	Fully implemented	Draft accounts up to the 2022-year end have been submitted. Draft accounts for 2023-year end to be filed with OAG before June 30 2023
Deficiencies in tangible capital assets schedules: no proper presentation of asset register, absence of details such as asset name, asset class, description, location, etc., absence of proper auditable summaries from lapsing, additions, amortization	#10 - Ensure that schedules relating to tangible capital assets are prepared properly and reviewed by a person other than the preparer	Partially implemented	Process of specific identification and tagging of assets to be completed by August 30, 2023. Reconciliation with year-end accounts for Mar 31 2023 to be part of process.
All assets included in the TCA register were neither labelled nor tagged	#11 - Assign unique asset identifiers and label all assets for identification and safeguarding of property	No action taken	Process started. Completion deadline is August 30 2023
Inconsistencies between the accrual schedule and vacation forms, on vacation days taken	#12 -Reconcile vacation accrual schedule with applicable supporting documentation	Fully implemented	Business Manager will review underlying payroll documents to confirm accuracy of schedule provided by Office Manager at March 31 each year.

## Questionnaire for Management

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### Bermuda Educators Council

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Bermuda Educators Council	2014	Disclaimer	162,246.00	-158,468.00	3,778.00	-33,885.00
Bermuda Educators Council was established under the <i>Bermuda Educators Council Act 2002</i> to improve standards of teaching, to maintain and improve standards of professional conduct of educators in the public interest		Serious deficiencies in the accounting records and in the system of internal controls; unable to determine whether adjustments were required in respect of recorded or unrecorded transactions				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Serious deficiencies in the accounting records and in the system of internal controls; indicators that entrusted property have not been properly managed and/or that accountability has not been maintained	#1 - Immediate action should be taken to address the deficiencies in the accounting records and controls of the Bermuda Educators Council due to disclaimers of audit opinion reported from 2009 to 2014	No action taken	The deficiencies cited above have not been to our satisfaction remedied in a meaningful way for subsequent years 2015 to 2019. Partly because of the lack of manpower and the challenge of a volunteer board having the commensurate time and talent to progress the recommendations. However with a new board's demonstrated commitment to fiscal prudence by way of sourcing new accounting systems and structures, we look forward to fulfilling our financial accounting responsibilities in moving forward.

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### Board of Trustees of the Golf Courses

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Board of Trustees of the Golf Courses	2016	Qualified	1,452,160.00	-1,263,539.00	188,621.00	238,616.00
Board of Trustees of the Golf Courses was established under the <i>Golf Courses (Consolidation) Act 1998</i> , to have general control, management, and administration over Port Royal and Ocean View Golf Courses, and to maintain the golf courses in good and proper condition.		Unable to obtain sufficient appropriate audit evidence to support validity and accuracy of green fees, golf cart hires and memberships, an extrapolated error of \$311,175; and unable to substantiate rental revenue transactions amounting to \$67,093				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Lack of sufficient and appropriate audit evidence to support: a. Green fees, golf cart hires and memberships b. Rental revenues Serious deficiencies in the accounting records	#1 - Implement required control processes to ensure supporting documentation to substantiate transactions is maintained	Fully implemented	The Bermuda Golf Course Accountant is provided all supporting documentation for green fees, golf cart hires and memberships by the pro shop staff daily, these documents are used to update the financial system, reducing the risk.
1 - No evidence that financial policies and procedures were reviewed and approved 2 - No policy and procedures to estimate and record provision for doubtful accounts and write-offs 3 - Inadequate financial policy for tangible capital assets e.g., valuation, unique identification, capitalization threshold and criteria 4 - No declaration of interests from Board members and key management	#2 - Define, implement and monitor required structure, processes and controls to strengthen the Board's corporate governance practices	Partially implemented	Many of the financial policies and procedures listed in the observation have been reviewed and will be presented to the Golf Course Financial subcommittee for approval. Preparation of the policies and procedures is one of the priorities on the Golf Courses Business strategy and any outstanding policies identified will be addressed within the next two years.  The declaration of interest from board members and key management remains outstanding and will be addressed within the next two months.  The budget for 2022/23 was presented and approved by the board and this practice will continue for 2022/23 budgeting process.



## Questionnaire for Management

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Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
<p>5 - Budget approval not formally documented in minutes of Board meeting</p> <p>6 - Lack of updated contracts for ongoing transactions</p> <p>7 - Lack of supporting documentation for audit trail</p> <p>8 - No standard policy for special golf rates, discounts and binding agreements with client groups</p> <p>9 - Complimentary golf fees for government officials are recorded without monetary value</p>			<p>The service contracts (janitorial, security) are currently being addressed for the 2023/24 financial year.</p> <p>The review of processes and procedures will assist with improving the documentation required for the audit trail, this process has started and will continue in a systemic manner.</p> <p>The policy for special golf rates agreements remains outstanding and is currently being addressed. The goal is to have a standard agreement for special golf rates by the end of June 2023.</p>
<p>1 - Incorrect valuation of inventory held for use</p> <p>2 - No evidence of review and approval of manual journal entries</p> <p>3 - No unique control number over manual journal entries</p> <p>4 - No reconciliation of inventory from physical count with inventory in records</p> <p>5 - Inadequate inventory count procedures to address accuracy and completeness</p> <p>6 - No evidence of bank reconciliations being reviewed regularly by someone other than preparer</p>	<p>#3 - Define, implement and monitor required structure, processes and controls to strengthen the Board's financial reporting management practices</p>	<p>Partially implemented</p>	<p>There have been improvements and controls put in place for the ground's maintenance inventory system and getting the inventory to standard is a work in progress. The team have completed the written year-end procedure, and they are currently working on the daily procedures for managing inventory transactions. A new computer application has also been implemented in 2022 to assist with managing the inventory, included in the work completed is a new store location. The valuation of inventory at the maintenance shed remains an issue due to absent unit cost for several parts. We are currently working on gathering unit cost information from the vendors and will update the system with this data. This project will take a few months to complete.</p> <p>The practice of reviewing reconciliations by a second person will be implemented in the next 3 months.</p>
<p>Reference used in determining the leave entitlement days per year were not up-to-date. The BIU and</p>	<p>#4 - Use updated agreements in determination of vacation leave accrual balances</p>	<p>Fully implemented</p>	<p>Most of the vacation confirmation for BIU and BPSU for December 31, 2022, have been signed off by the employees. The current union</p>

## Questionnaire for Management

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Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
BPSU agreements were used for periods January 1, 2011 to December 31, 2012 and October 1, 2008 to September 30, 2011, respectively.			agreements will be used to prepare the accrual balances.
Incomplete and inaccurate disclosure of (a) contractual obligations, (b) subsequent events	#5 - Define, implement and monitor required structure, processes and controls to strengthen the Board's adherence to Public Sector Accounting Standards	Partially implemented	The Board of Trustee government golf courses currently are made aware contractual obligations using a board action memorandum, the manager prepare a memo, the memo informs the board of the purpose, background and the manager recommendation and budget requirement. The management team are also currently reviewing standard services (janitorial, security etc) and will ensure the contracts are updated.
Non-compliance with legislation. No evidence 2016 golf rates were approved by the Board, Section 7 (1). Inadequate revenues have placed the Golf Courses in a deficit position for the last few years, Section 8. Delayed audits. No evidence annual reports were submitted for fiscal year ends before or after March 2016, Sections 12 (1) (4), Section 13 (1)	#6 - Comply with its legislation (e.g., Sections 12 (1), 12 (4), 13 (1))	Partially implemented	<p>The practice of approval of the Golf Course rates by the Board Trustees and the Minister of Public Works is currently being practiced, the Port Royal rates for 2023/4 have been approved by the board and the Minister of Public Works. The Ocean View rates 2023/24 are in draft and will be present to the Board and the Ministry of Public Works by the end of April 2023 as per the Act.</p> <p>The Board of Trustees has approved the hiring of an accounting firm to complete the financial statement for outstanding years and they will be starting the process May 2023.</p>

# Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

## CedarBridge Academy

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
CedarBridge Academy	2016	Disclaimer	38,627,759.00	-37,616,869.00	633,928.00	-393,772.00
CedarBridge Academy is a public school, providing education under the <i>Education Act 1996</i> and subsequent amendments		Serious deficiencies in the accounting records and in the system of internal controls; unable to determine whether adjustments were required in respect of recorded or unrecorded transactions				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Serious deficiencies in the financial reporting process. Challenges in obtaining sufficient and appropriate audit evidence	#1 - Immediate action should be taken to address the deficiencies in the financial reporting process of the Academy due to disclaimers of audit opinion reported in 2015, 2016	Partially implemented	<p>Since the 2016 audit opinion, CedarBridge Academy have taken steps to remediate their financial reporting process. This process has entailed that our consultants focus on putting together audit files from FY 2017 for submission to the Auditor General.</p> <p>Unfortunately, during the period of the Auditor General's review of the FY 2017 audit file submission, the BOG's was faced with two resignations, both of which supported the BOG's Finance Committee.</p> <p>This void has only just been remediated (April 10, 2023), with the Minister of Education appointing a qualified accountant to the BOG to support this committee.</p> <p>The CedarBridge Academy BOG is requesting a period of four months for the new finance committee to assimilate and begin the overall review process of the FY2017, 2018 &amp; 2019 files for submission to the Auditor General in July 2023. This timeframe will enable</p>

## Questionnaire for Management

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			<p>preparation and submission of the FY 2020 &amp; 2021 files by October 2023.</p> <p>The BOG is committed to ensuring that the deficiencies noted from the 2016 audit opinion are resolved and that the Auditor General is confident that there is sufficient and appropriate evidence with our submissions.</p>
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## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### Confiscated Assets Fund

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Confiscated assets fund (CAF)	2010	Qualified	26,294,472.00	-13,082,744.00	13,211,727.00	-9,972,900.00
Confiscated assets fund (CAF) was established by subsequent amendments to the <i>Proceeds of Crime Act 1997</i> for proceeds of criminal conduct recovered under a confiscation order and money paid to the Government of Bermuda by foreign jurisdiction in respect of confiscated assets		Unable to obtain sufficient appropriate audit evidence with respect to completeness of revenue \$127,591 and unable to determine adjustments necessary to revenue, accounts receivable, net financial assets, annual deficit and accumulated surplus				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
(a) Confiscation and forfeitures orders are not recorded in the correct fiscal year. (b) No standardized process for complete and relevant financial information to properly account for transactions.	#1 – Define a standardized process or guidelines that meets stakeholder needs and aids in ensuring proper accounts and record-keeping in relation to the accounts of CAF	No action taken	Discussions had begun with the relevant parties but with the staff changes this was never completed.
Multiple instances of cash deposited into the Consolidated Fund during fiscal year with delayed transfer to the CAF bank account in the following fiscal year	#2 – Make timely transfers to the CAF's bank account to ensure proper records	Fully implemented	Detained and forfeited funds are deposited directly into the CAF bank accounts. Where funds are to be returned the transfer from the CAF is done and recorded at the same time that the payment is being made from the CF.
(a) No evidence of approval from the Ministers for the grants and expenditures from CAF. (b) A contract was not available for review.	#3 – Ensure all disbursements or expenditures are properly authorized in accordance with <i>Proceeds of Crime Amendment Act 2000</i> with supporting documents for the approval in file	Fully implemented	All disbursements now are done only under the approval of the Minister of Finance and the Attorney General

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### Contributory Pension Fund

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Contributory Pension Fund	2012	Disclaimer (since 2005)	1,591,905,299.00	-66,040,440.00	1,525,864,859.00	-6,890,471.00
Contributory Pension Fund was established under the <i>Contributory Pensions Act 1970</i> and subsequent amendments to provide old-age pension, disability and death benefits for persons meeting contribution, citizenship and/or residency requirements		Serious deficiencies in the accounting records and in the system of internal controls; unable to determine whether adjustments were required in respect of recorded or unrecorded transactions				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Serious deficiencies in the accounting records and in the system of internal controls, resulting in disclaimers of audit opinion reported from 2005 to 2012	#1 - Immediate action should be taken to address the deficiencies	Partially implemented	The custody agreement with Bank of New York was revised to provide better reporting on the investments for the CPF. In addition the ACG now does independent pricing on the listed securities to confirm the pricing reported by the custodian as well as do a review of available audited statements for investment managers

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### FutureCare Fund

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
FutureCare Fund	2017	Unqualified	3,755,029.00	-4,705,382.00	-950,353.00	660,917.00
FutureCare Fund was set up to provide hospital and medical insurance for all residents of Bermuda, over the age of 65 years; it is administered and managed by the Health Insurance Committee under the provisions of <i>Health Insurance Act 1970</i> and subsequent amendments		N/A				

### Health Insurance Fund

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Health Insurance Fund	2017	Unqualified	4,945,563.00	-4,348,182.00	597,381.00	2,255,021.00
Health Insurance Fund was set up to provide hospital and medical insurance for all residents of Bermuda; it is administered and managed by the Health Insurance Committee under the provisions of <i>Health Insurance Act 1970</i> and subsequent amendments		N/A				

### Mutual Re-Insurance Fund

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Mutual Re-Insurance Fund	2017	Qualified	15,919,985.00	-9,735,696.00	6,184,289.00	2,961,092.00
Mutual Re-Insurance Fund was established under the <i>Health Insurance Act 1970</i> to spread the cost of certain claims among licensed insurers and approved schemes; a prescribed sum is allocated per the <i>Health Insurance (Mutual Re-insurance Fund) (Prescribed Sum) Order 2014</i> ; it is administered and managed by the Health Insurance Committee under the provisions of <i>Health Insurance Amendment (No. 2) Act 2009</i>		Unable to obtain sufficient appropriate audit evidence with respect to completeness of re-insurance fees from Government Employees Health Insurance Fund amounting to \$6,476,538 and related receivable amounting to \$2,150,312				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

## Questionnaire for Management

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Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
No population information maintained at individual claim level for statistical sampling at individual level.	#1 - Provide complete and accurate claims populations at the individual claim level	Partially implemented	99% of the portability claims are automated. There is 1% of all oversea claims, for which the process remains manual. HID hopes to further implement a process for this very small percentage.
No checks or reviews are done by the Health Insurance Department (HID) to verify the accuracy, completeness and eligibility of the claims adjudicated by third parties. No independent opinion obtained on the system of controls at third parties involved in the adjudication process.	#2 - Perform review on work performed by third parties and obtain regular attestation report on system and organization controls at third parties	Partially implemented	HID continues to work on a retrospective process that will be implemented in fiscal year 23-24.
No evidence that all claim and revenue reports generated were reviewed for completeness and accuracy by a person independent of the preparer on a regular basis.	#3 - Perform regular review of claims and system-generated revenue reports, investigate and resolve differences	Partially implemented	With effect from April 1, 2018, the general ledger is being used in the system. Monthly expense and revenue reporting and reconciliations will be prepared and reviewed and signed off by management.
No controls in place to ensure that all submitted claims were properly uploaded.	#4 - Implement policies and procedures to review claims submitted and uploaded into the system	Fully implemented	HID has put a process in place where all claims received by fax, mail and email are saved in a compressed folder and sent to the ftp site. The ftp site generates a file number which is sent to Sutherland to confirm receipt. The claims are then loaded into the system.
No assessment of reasonability of the allocation of administrative expenses especially for the Mutual Re-insurance Fund whose operations and functions are different from those of the Health Insurance Fund and the FutureCare Fund.	#5 - Design and implement policies for determining a reasonable allocation of expenses across FutureCare Fund, Health Insurance Fund and Mutual Re-Insurance Fund	Fully implemented	The administration expenses will continue to be shared evenly across HIF, FCF & MRF until 2018-2019 when the allocation will be 2/3 to HIF & FCF under One Fund & 1/3 to MRF.



## Questionnaire for Management

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Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Adjusting entries pertaining to long outstanding bank reconciling items were not posted to the specific medical provider or policyholder sub-ledgers for accurate tracking.	#6 - Complete timely bank reconciliations with review and disposition of reconciling items, including outstanding items owed between FutureCare Fund, Health Insurance Fund and Mututal Re-insurance Fund	Partially implemented	HID is clearing outstanding items on the bank reconciliations for 2017-2018 and future years. HID will seek permission from the Ministry of Finance to write off unresolved items within the next 3-6 months.
Management accounts are not prepared on a monthly basis because the financial reporting is only performed annually as part of the year-end process.	#7 - Complete financial reporting regularly	Partially implemented	HID will soon be preparing the 2017-2018 financial statements and will continue to work on subsequent years to become current. Reporting will be performed regularly.
Budget amounts are not reported in the financial statements.	#8 - Comply with accounting standards (of financial statement presentation of actual results and budget)	Fully implemented	HID did not include a budget in the 2016-2017 financial statements but will be including one in the 2017-2018 fiscal year.
The Mutual Re-insurance Fund trial balance is prepared manually without evidence of review.	#9 - Implement use of accounting system for the Mutual Re-insurance Fund	Partially implemented	The MRF financial statements will continue to be prepared in excel until the financial year 2018-2019, and for future periods, HID will be utilizing the general ledger in Luminx.
No strategic plan to manage inter-fund balances; their recoverability is uncertain with 100% provision	#10 - Design and implement a strategic plan to manage inter-fund balances	Alternative action taken	As of April 1, 2018, HIF & FCF are administered under One Fund. At this time, the HIF & FCF inter-fund balances will net to zero and the MRF inter-fund balances will be satisfied.
Clearing accounts used in initial set-up of new individuals and groups are not reconciled regularly leaving unknown balances.	#11 - Perform regular reconciliation of clearing accounts	Fully implemented	In 2018-2019 a process was developed that better identifies payments made on new enrolments that are credited to the clearing account so that they may be more easily reconciled.
No policy on review and monitoring of terms of contracts with third parties	#12 - Implement policies and procedures for contract review and monitoring	Partially implemented	HID is implementing a formal policy to ensure timely contract review and monitoring. Implementation will be completed within this quarter.

# Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
No policy on the process to be followed in allocating grant funding received from the Government of Bermuda	#13 - Design and implement policies for grant allocation across FutureCare Fund, Health Insurance Fund and Mutual Re-insurance Fund	Alternative action taken	As of April 1, 2018, HIF & FCF are administered under One Fund, so this is no longer a challenge.

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### Government Borrowing Sinking Fund

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Government Borrowing Sinking Fund (GBSF)	2016	Qualified (since 2014)	117,274,389.00	0.00	117,274,389.00	-18,073,169.00
Government Borrowing Sinking Fund (GBSF) was established as a separate legal entity for the repayment of Government borrowing under the provisions of the <i>Government Loans Act 1978</i>		Included in Cash and Cash equivalents and Temporary Investments shown on the Statement of Financial Position is an amount of \$114,943,791 which is not readily convertible to cash				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Management had not applied the correct accounting treatment in recording financial assets as per PS 1200 <i>Financial Statement Presentation</i> , PS 3030 <i>Temporary Investments</i> , PS 3040 <i>Portfolio Investments</i> .	#1 - Implement control measures for compliance with public sector accounting standards (e.g., temporary investments, portfolio investments, financial statement presentation of financial assets)	Partially implemented	As is practical the ACG continues to make best effort to improve the recording and presentation of the financial statements and have these be in line with the applicable standards.
No evidence that management performed due diligence on the appropriate recognition of portfolio investments as reflected in the financial statements. No record trail of the transactions (purchases, sales, amortization of premiums/discounts, interest income, etc.) that had taken place throughout the year related to portfolio of investments.	#2 - Implement control measures to account for investments as required by accounting standards	Partially implemented	The ACG does a review of the reports provided by the custodian – Bank of New York against the reports provided by the Manager – Payden & Rygel to confirm purchases, sales etc. throughout the year for recording in the financial statements.

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
The sale of investment was not recognized in a timely manner resulting in an overstatement in investment and understatement in the receivables for investment sold.	#3 - Review internal control activities over financial statement preparation addressing completeness of recorded transactions	Partially implemented	The ACG does a review of transactions based on the available information from both manager and custodian to mitigate against cut off issues such as the one noted.
(a) No evidence of Ministerial approval, as required by legislation in the annual statutory contribution being deemed paid from the excess borrowing funds invested during the financial year (b) No evidence of Ministerial approval in the transfer of excess funds to the Consolidated Fund (c) Substantial delay in the tabling of the annual report in the Legislature	#4 - Review internal control activities to address compliance with relevant legislations to GBSF	Partially implemented	The ACG makes the statutory contributions in line with legislation.  The tabling of the statements has unfortunately not progressed. The Ministry of Finance will seek to remediate during the 2023/ 24 fiscal year.
Lack of review and incomplete disclosure of material subsequent events that had occurred, e.g., credit facility agreement, bond issuance, repurchase of senior notes	#5 - Strengthen review of financial statements, including completeness and accuracy of disclosures, e.g., subsequent events and transactions	Alternative action taken	Credit facilities, bonds, etc. are correctly recorded and disclosed in the annual statements of the Consolidated Fund
Management had not reflected the investment hierarchy for disclosure related to its financial instruments as required by PS 1201 <i>Financial Statement Presentation</i>	#6 - Implement controls for compliance with Public Sector Accounting Standards, e.g., investment hierarchy on financial instruments	Partially implemented	As noted previously the ACG continues to make best effort to improve the recording and presentation of the financial statements and have these be in line with the applicable standards.

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### Government Employee Health Insurance Fund

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Government Employees Health Insurance Fund (GEHI)	2012	Disclaimer (since 2006)	10,552,306.00	-22,679,047.00	-12,126,741.00	1,869,301.00
Government Employees Health Insurance Fund (GEHI) was established under the <i>Government Employee (Health Insurance) Act 1986</i> and subsequent amendments to provide health insurance benefits for government employees, ministers and members of the Legislature, their enrolled dependents. It is administered and managed by the Accountant General		Serious deficiencies in the accounting records and in the system of internal controls; unable to determine whether adjustments were required in respect of recorded or unrecorded transactions				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Serious deficiencies in the accounting records and in the system of internal controls resulting in disclaimers of audit opinion reported from 2006 to 2012	#1 - Immediate action should be taken to address the deficiencies in the accounting records and controls of GEHI	No action taken	It is my understanding that the recommendation given was accepted and that work had begun in strengthening the system of internal controls for the GEHI Fund. However due to severe staffing constraints within the ACG Financial Reporting section this was not completed. I was made aware that one of the issues was the lack of support for claims and that steps were taken to address this in terms of proper filing and archiving of claims and related documents.

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### Ministers and Members of the Legislature Pensions Fund

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Ministers and Members of the Legislature Pensions Fund (MMLPF)	2015	Unqualified	11,620,394.00	-94,646.00	11,525,748.00	196,303.00
Ministers and Members of the Legislature Pensions Fund (MMLPF) was established by the <i>Ministers and Members of the Legislature (Salaries and Pensions) Act 1975</i> and subsequent amendments, to provide retirement pensions for the ministers, members and officers of the Legislature. It is administered and managed by the Accountant General		N/A				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Required change to legislation, Section 8 (7) of the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975	#1 - Follow up the Ministry of Finance on proposed wording changes in Section 8 (7) of the Ministers and Members of the Legislature (Salaries and Pensions) Act 1975, i.e., Auditor General to prepare an auditor's report instead of annual report	No action taken	Suggested wording for the change in legislation was provided to the former Financial Secretary but this was not progressed. The ACG's Department will work with the Ministry of Finance with the aim of having the required changes during the 2023-2024 fiscal year.
Unfunded liability, resulting from net of accrued pension obligation and net assets available	#2 - Provide a sustainable long-term comprehensive plan to address the unfunded liability of MMLPF	No action taken	The Ministry of Finance has advised that this will be addressed once the work currently underway with respect to the Pension Reform is completed.
No functioning board in absence of minutes of meetings of Ministers and Members of the Legislature Salaries Review Board since last meeting in April 2011	#3 - Prioritize establishment of an oversight board	No action taken	This was previously discussed with the Ministry of Finance. The ACG department will follow up with the Ministry to have this progressed during the 2023/24 Fiscal year.

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### Pension Commission

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Pension Commission	2018	Unqualified	1,119,648.00	-101,859.00	1,017,789.00	-26,082.00
Pension Commission operates under the <i>National Pension Scheme (Occupational Pensions) Act 1998</i> and its related regulations, to promote and administer compliance thereof, to consider and determine applications for registration of pension plans		N/A				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
No policy regarding the commencement of the amortization of newly purchased tangible capital assets. There were inconsistency in instances of recognizing a full month of amortization regardless of when the asset was purchased during the month, and in instance of a new asset without applying the same approach	#1 - Establish and implement a formal policy for amortizing newly acquired tangible capital assets	Fully implemented	Amortization policy approved in March/23.
Lack of review for prepayments, debit balances in accounts payable and long outstanding checks under bank reconciling items	#2 - Implement procedure to identify outstanding balances for reclassification or write-off	No action taken	Agreed to research how best to satisfy the requirement.
Absence of requirement for annual declarations of interest from those charged with governance and key management, to identify related party and potential conflicts of interest situations	#3 - Establish a formal policy on annual declaration of interests among those charged with governance and key management	Fully implemented	Board Members are required to submit an Annual Declaration of Interest Form each year.

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
<p>a) Financial hardship withdrawal fees - no evidence of periodic reviews and reconciliations of financial hardship logs, to the application forms received, to the deposit logs.</p> <p>b) Amendment fees - no evidence of periodic reviews and reconciliations of staff transaction logs, to the application forms received and the deposit logs.</p>	<p>#4 - Perform regular reconciliation and review of deposit logs, financial hardship logs, staff transaction logs</p>	<p>Alternative action taken</p>	<p>Management recognizes the observation but advises that the hardship log was never intended to be used for financial reconciliation purposes. In addition, due to a lack of human resources, the ability to conduct such reviews is not possible. The Commission no longer accepts cash, and debit/credit cards are now utilized instead. The fees are normally processed daily, and its bank account is credited with the respective payment. The CEO reviews the card transactions and confirms the receipt of the applicable fees in its bank account.</p>
<p>Receivables on Annual Information Report ("AIR") fees from 2000 to 2017 were long overdue. Allowance for doubtful accounts of \$1,000 provided but there is no clear and quantifiable method of determining such provision.</p>	<p>#5 - Establish and implement a clear and quantifiable policy for recording provision for doubtful receivables</p>	<p>Alternative action taken</p>	<p>Management believes that the current allowance for doubtful accounts is reasonable. However, it is willing to review the amount.</p>
<p>Non-compliance with legislation requiring the submission of annual report within 6 months after the end of financial year, to be laid before both Houses of Legislature</p>	<p>#6 - Comply with its legislation (e.g., Sections 64 (1), 64 (2))</p>	<p>Partially implemented</p>	<p>Steps are being taken to have the outstanding audits completed to enable the submission of the required annual reports.</p>



# Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

## Public Service Superannuation Fund

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Public Service Superannuation Fund (PSSF)	2012	Disclaimer	515,071,309.00	-11,406,832.00	503,664,477.00	16,658,791.00
Public Service Superannuation Fund (PSSF) was established by the <i>Public Service Superannuation Act 1981</i> and subsequent amendments, to provide retirement pensions for retired employees of the Government, and various quasi autonomous non-governmental organizations; it is administered and managed by the Accountant General						

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Lack of fund accounting and inability to provide documentation to support the account balances and transactions	#1 - Implement control activities to address the deficiencies in accounting of PSSF due to disclaimers of audit opinion reported from last audit	Partially implemented	The custody agreement with Bank of New York was revised to provide better reporting on the investments for the PSSF. In addition the ACG now does independent pricing on the listed securities to confirm the pricing reported by the custodian as well as do a review of available audited statements for investment managers.

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### Sandys Secondary Middle School Capitation Grant Account

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Sandys Secondary Middle School Capitation Grant Account	2015	Qualified	343,978.00	-51,510.00	292,468.00	-29,489.00
Sandys Secondary Middle School Capitation Grant Account is used to finance the operations and delivery of education at the Sandys Secondary Middle School, which was established by the <i>Sandys Secondary School Act 1950</i> . It is an aided school by the Government under the <i>Education Act 1996</i> .		Unable to obtain sufficient appropriate audit evidence to support accuracy and completeness of tangible capital assets with net book value of \$80,381 and related amortization expense of \$112,214; current liabilities of \$19,942; revenues from donations				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
(a) No updated asset register and lapsing schedule to support the net book value of the opening balance of tangible capital assets and related amortization expense; (b) Absence of supporting documents for accounts payable and accrued liabilities	#1 -Maintain an updated asset register and retain all schedules, source documents to be available for review; agree all sub-ledgers to the general ledger	Choose an item.	
Lack of timely responses to auditor queries and information requests. Only one response received; the remainder queries were unanswered after numerous follow-ups and meeting.	#2 -Ensure Management fulfills responsibility for financial reporting and agreed timelines	Choose an item.	
(a) Use of generic, varying naming conventions for general ledger accounts, neither providing appropriate logical structure, nor account distinction (b) Lack of regular quarterly board meetings as required by	#3 -Implement clearly written, approved policies and procedures regarding accounting operations and oversight	Choose an item.	

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
<p>the school's bye-laws, only 3 occasions of Board meeting in the fiscal year</p> <p>(c) Lack of review of the subsidiary ledgers</p> <p>(d) No formal declaration of interest documentation from board members and key management</p> <p>(e) Inadequate monitoring of contractual obligations and corresponding disclosure in the financial statements</p>			
<p>No support beyond bank statements showing the receipt of the donations was available for review</p>	<p>#4 -Retain sufficient appropriate supporting documentation for donated revenues</p>	<p>Choose an item.</p>	
<p>(a) Recorded expenses and capital assets based on the Purchase Order (PO) date without regard to when the actual transaction was incurred.</p> <p>(b) Journal entries relating to rental of the cafeteria posted without adequate evidence of review, approval and supporting documentation</p> <p>(c) No signed employment contracts</p> <p>(d) No tangible capital assets policy which establishes thresholds for items to be capitalized or expensed</p>	<p>#5 -Establish, implement and monitor cut-off policies and procedures</p>	<p>Choose an item.</p>	
<p>Non-compliance with the Usage of Aided Schools Grants policy and The Education Act 1996, section 21 which required preparation for audit of the Capitation Grant Account no later than June 30th each year; and section 20 (1)</p>	<p>#6 -Comply with policy governing use of aided school grants</p>	<p>Choose an item.</p>	

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
for budget submission not later than August 31st for the coming year			
<p>(a) No supporting documents for a wire payment and no PO approval for operating expenses.</p> <p>(b) No evidence of approval of payments to be made in the Board meeting minutes</p> <p>(c) No policy governing provision or write-off of long outstanding or uncollectible accounts receivable.</p>	#7 -Ensure all payments are supported, approved and related to operations of the School; implement written approved policies and procedures for provision of doubtful accounts	Choose an item.	

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### Trustees of the National Sports Centre

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Trustees of the National Sports Centre	2016	Disclaimer	51,573,525.00	-450,748.00	51,122,777.00	-1,281,909.00
Trustees of the National Sports Centre (the Centre) was established by the <i>National Sports Centre Trustees Act 1988</i> and subsequent amendments to administer the Centre in an efficient manner; to maintain the facilities and make such facilities available for sports and other events						
Serious deficiencies in the accounting records and in the system of internal controls; unable to determine whether adjustments were required in respect of recorded or unrecorded transactions						

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Supporting documents for material balances and transactions were either not available, or were deemed incomplete/insufficient	#1 - Immediate action should be taken to strengthen financial reporting process, specifically those internal controls over record-keeping and retention due to disclaimers of audit opinion reported from 2012 to 2015	Partially implemented	<ul style="list-style-type: none"> <li>In 2019, we engaged the services of a professional firm to strengthen the financial reporting and put in place internal controls over the record keeping and retentions. The firm has been contracted to prepare accounts for Audit purposes for the years ending 31 March 2013 – 31 March 2021</li> <li>The firm has also been contracted to provide financial management support going forward.</li> <li>Subject to budget restrictions, we will be progressing the implementation of documented procedures and controls to address the observations and recommendation noted from this audit.</li> <li>Drafted financial instructions and policies are in place; For Board approval; Partially being implemented to strengthen the internal controls over financial processes.</li> </ul>

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

<p>Expense with no service contract related to service but timesheet provided; expenses without support; and expense recorded with cut-off issue</p>	<p>#2 - Ensure sufficient appropriate supports are maintained for all expenses</p>	<p>Partially implemented</p>	<ul style="list-style-type: none"> <li>• Drafted NSC Purchasing Tendering Vendor Procedures is in place subject for Board review and approval.</li> </ul>
<p>(a) No evidence of review of timesheet summaries prepared by department heads; (b) Timesheet recorded in the wrong period; (c) No sufficient appropriate evidence to support basis of the various rates and salaries paid</p>	<p>#3 - Review and reconcile time sheet summaries in a timely manner; ensure all hours worked are recorded in the correct accounting period; ensure that all rates (salaries and wages) used are approved and appropriately documented, either by formal policy or employment contract; ensure all employees have fully executed contracts</p>	<p>Fully implemented</p>	<ul style="list-style-type: none"> <li>• Drafted NSC Payroll Process is in place subject for Board review and approval.</li> </ul>
<p>(a) No contracts to support the amounts invoiced and no review of membership revenue. (b) Government grant recorded in wrong year end</p>	<p>#4 - Maintain appropriate documentation for all revenue items and adhere to recording amounts in the correct period(s)</p>	<p>Partially implemented</p>	<ul style="list-style-type: none"> <li>• In 2021, we started RecDesk, a recreation management software, that will enable us to better track and manage our memberships.</li> <li>• To retain duly accomplished and signed membership forms on file.</li> <li>• To ensure all revenues relating to rentals must be supported by contracts. No event shall take place without a final and signed contract.</li> <li>• In case of valid exemption, an email approval from the chairman of the board or the directors should be sufficient, but the contract must follow as soon as possible.</li> <li>• If support cannot be obtained or provided at the time of recording, and payment such as contract or invoices, an email approval from the chairman of the board or the directors shall be obtained, (subject to materiality-management should</li> </ul>

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

			<p>define) but we will make sure to obtain the relevant supporting document.</p> <ul style="list-style-type: none"> <li>• Draft POS Transaction Posting procedure is in place, subject for Board review and approval.</li> <li>• Financial management support reviews the membership revenue Excel spreadsheet monthly. After following the POS transaction posting workflow, the membership summary spreadsheet is updated with information from Rec Desk and QuickBooks. Cells are formula driven to ensure the information from Rec Desk and QuickBooks are reconciled. Ensure to stamp REVIEWED once reconciled. <i>(implement the stamping in FY 2024).</i></li> </ul>
No management policy on provision for doubtful accounts; management did not perform an assessment of receivable collectability	#5 - Develop and implement a policy on accounts receivable and/or provision for doubtful accounts	Partially implemented	<ul style="list-style-type: none"> <li>• Drafted Provision for Doubtful Accounts policy. Subject for review by the SVP Operations Manager before presenting to the board for approval.</li> </ul>
(a) No testing of opening balances of tangible capital assets and related accumulated amortization due to the prior years' disclaimers. (b) Inadequate supports for tangible capital assets and unexplained variance between tangible capital assets schedule and the financial statements.	#6 - Ensure all tangible capital assets are supported with sufficient and appropriate documentation; reconcile recorded amounts to the financial statements and investigate variances in a timely manner	Fully implemented	<ul style="list-style-type: none"> <li>• Strictly following the NSC Capitalization policy.</li> <li>• Financial management support maintains lapsing schedule and records appropriate amortization.</li> </ul>

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

<p>Management posted adjustments and reclassified certain amounts to the prior year 2015 balances. These adjustments and reclassifications were posted on multiple accounts on both the statement of financial position and statement of operations and accumulated surplus. The journal entries lacked appropriate support.</p>	<p>#7 – Communicate and agree financial statement adjustments for prior period balances with auditors before adjusting prior year values; post those adjustments through accumulated surplus</p>	<p>Fully implemented</p>	<ul style="list-style-type: none"> <li>• Close QuickBooks database once audit opinion and financial statements are issued. Any prior year adjustments should be discussed with the auditor and post against retained earnings.</li> <li>• Currently, 2016 is now closed.</li> </ul>
<p>Non-compliance with legislation: Section 7 (2B) from the date of works commenced, submit quarterly reports on current capital operations and proposed capital works within 30 days of quarter-end to Minister of Finance and the Accountant-General; Section 12 proper accounts to be kept relating to operations; Section 13 annual report on performance and on policy and programme after the end of financial year, including audited reports and statement of salaries and wages paid</p>	<p>#8 - Comply with its legislation (e.g., Sections 7 (2B), 12 (1), 13)</p>	<p>Partially implemented</p>	<ul style="list-style-type: none"> <li>• Project updates on capital works are shared with the Ministry of Culture &amp; Sport monthly.</li> <li>• All legislated requirements are met and proof provided to Ministry of Culture &amp; Sport at the end of each fiscal year in accordance with Section 12 and 13. Draft financials for years 2017 – 2022 have been previously submitted.</li> <li>• Audited financials cannot be attached as the most recent Audited financials are for the year ending 31 March 2016.</li> </ul>



# Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

## Warwick Parish Council

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Warwick Parish Council	2014	Disclaimer	1,083,493.00	-505,896.00	577,597.00	200,902.00
Warwick Parish Council was established under the <i>Parish Councils Act 1971</i> , to oversee the operations of Lorraine Rest Home, to provide and maintain recreational places and facilities, to preserve and improve general amenities of the parish, to promote well-being of parish residents		Serious deficiencies in the accounting records and in the system of internal controls; unable to determine whether adjustments were required in respect of recorded or unrecorded transactions				
<b>Status of implementation in management's opinion</b>	<b>Definition</b>					
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available					
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available					
No action taken	Recommendation was not adopted, with specific reason					
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available					
Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status			
Serious deficiencies in the accounting records, the system of internal controls and the financial reporting process due to lack of sufficient and appropriate evidences, i.e., allowance for doubtful accounts, tangible capital assets, accounts payable, donated income, other donations, amortization expense, repairs and maintenance	#1 - Immediate action should be taken to address the deficiencies in the accounting records and controls of the Council due to disclaimers of audit opinion reported in 2014	Fully implemented	<p>As laid out in the 2017 / 2018 internal Audit analysis, the WPC, took immediate action, and follows established accounting standards and procedures. Windcrest Management was contracted on October 1st , 2017 to provide accounting services and prepare Financials Statements for WPC/LNH. The Accounting Policies and Procedures were approved by the Warwick Parish Council at the Meeting held on October 23, 2017.</p> <p>The Chairman met with the LRH Administrator &amp; the Administrative assistant. To discuss every procedures with them and provided them with a hard copy and an electronic copy of Accounting Policies and Procedures. The Accounting policies and Procedures were implemented</p>			

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
No appropriate policies and procedures to: (a) identify related party transactions and their measurement and disclosure in the financial statements appropriately; (b) identify and track significant events occurring after the financial statement date that may require adjustment or disclosure in the financial statements; (c) estimate and record provision for doubtful accounts and address write-offs.	#2 - Document, issue and implement policies and procedures to strengthen financial reporting process	Fully implemented	See above
No formal declarations of interest documentation for Council members and its key employees to identify related party and potential conflicts of interest situations	#3 - Establish written policies to ensure declaration of interest forms are completed annually by all Council members, employees; maintain files of completed forms	Fully implemented	See above
No evidence in the minutes of meetings that budget (for 2014 fiscal year) was approved by the Council.	#4 - Approve annual budget and formally document approval by the Council in meeting minutes	Partially implemented	In the process of being accomplished. (2021-2022 was first, and 2023-2024 is in final stages)
19 unsigned Council meeting minutes between June 2015 to December 2017	#5 - Implement controls to ensure all meeting minutes are signed by appropriate authority level	Fully implemented	Done

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Unable to provide (a) monthly management reports;(b) explanations of significant variances between the actuals and the approved budget; (c) contracts/ agreements supporting bathroom renovations project in FY 2014; (d) supporting approval for vacation leave carry-forwards; (e) updated system narratives for these processes: financial statements preparation, payroll, revenue, receipts and receivables, purchases, payments and payables	#6 - Implement controls to ensure sufficient and appropriate evidence is available to support recorded transactions; maintain and secure written policies for all significant processes	Fully implemented	Done
Cash donations collected by the Council from employees to be donated to various charitable organizations has not been remitted by the Council; this was recorded under accrued charity account from March 31, 2012 to March 31, 2014.	#7 - Implement controls to ensure donations are promptly remitted to selected charitable organizations	Fully implemented	Done
Wage rates from weekly payroll report do not agree with collective agreement attributed to lack of updated and signed collective agreement applicable for FY 2014 and signed copy of updated schedule to the collective agreement	#8 - Obtain and maintain copy of updated collective agreement between the Council and Bermuda Industrial Union	Fully implemented	Done
The collective agreement provides for employees who retire on or after the age of 60 years to receive paid pre-retirement leave in accordance with their length of service. No assessment for accrued liabilities.	#9 - Assess accrued benefit obligations annually	Partially implemented	Policy is being reviewed during 2023/2024 CBA.

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Current capitalization policy lacks guidelines on lower dollar thresholds for capitalization	#10 - Set dollar thresholds for capitalization of all assets	Alternative action taken	Being reviewed.(To utilize the charity committee to work on capital products for the home.)
No formally completed and signed agreements: (a) with residents of the Rest Home, (b) with day care individuals, (c) with service provider for bookkeeping and accounting and for clerk services	#11 - Establish formal signed agreements with tenants and service providers	Fully implemented	Done
No annual report made to the Minister for the year ended March 31, 2014 and has not been produced as of March 2020.	#12 - Comply with its legislation, e.g., section 12 (1)	Fully implemented	Done (The council produces quarterly reports for the Ministry)

## Questionnaire for Management

Please note the definition of status and address the sections with yellow-shaded header

### Whitney Institute Middle School Capitation Grant Account

Audited entity	Last audited reporting year	Audit opinion	Assets	Liabilities	Accumulated Surplus (Deficit)	Annual Surplus (Deficit)
Whitney Institute Middle School Capitation Grant Account	2014	Qualified	28,759.00	-383,054.00	-354,295.00	-92,816.00
Whitney Institute Middle School Capitation Grant Account is used to finance the operations and delivery of education at the Whitney Institute Middle School, which was established by the <i>Whitney Educational Trust Act 1974</i> . It is an aided school by the Government under the <i>Education Act 1996</i> .		Unable to obtain sufficient appropriate audit evidence to support accuracy and validity of amount due to the Whitney Educational Trust of \$171,120; current liabilities of \$18,134; operating expenses with extrapolated error of \$100,165				

Status of implementation in management's opinion	Definition
Fully implemented	Recommendation was adopted, imbedded in management process, with evidences/audit trail available
Partially implemented	Recommendation was partly adopted, imbedded in management process, with evidences/audit trail available
No action taken	Recommendation was not adopted, with specific reason
Alternative action taken	Recommendation was not adopted, however alternative action was implemented, with evidences/audit trail available

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
No sufficient and appropriate audit evidence to verify operating expenses, accounts payable and accrued liabilities, due to the Whitney Educational Trust	#1 -Take action to strengthen financial reporting process to address deficiencies in accounting records and controls of the Capitation Grant Account	Partially implemented	Lead Schedules with Supporting invoices
No documents to support validity and authorization of funds received and recorded as Due to the Whitney Institute Middle School Trust	#2 -Establish formal policy to prescribe controls and accounting procedures over funds received via direct deposit or electronic transfers	Alternative action taken	Ensure financial matters are part of minutes of Board meetings.
No capital asset policy setting out criteria, threshold and useful life of the capital assets to be capitalized. Expense testing showed transactions that should have been capitalized based on the nature and amount of the transaction	#3 -Establish, implement and monitor tangible capital asset capitalization policies and procedures; review repairs and maintenance transactions for items that are capitalizable in nature	Partially implemented	Capital funds have been apportioned. Expenditure can be classified appropriately.

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
No invoices and other supporting documentation on expenses, pension liability, bank debit charge, Due to the Whitney Educational Trust account	#4 -Ensure sufficient and appropriate evidence is available to support expenses and payments made	Partially implemented	Supporting docs safeguarded. Bursar's office moved to a more secure area.
No formal policy, which sets out the requirements for an annual declaration of interest among those charged with governance and key management	#5 -Establish formal policy on completion of annual declaration of interests by those charged with governance and key management	Fully implemented	Policy established and form signed regarding declaration of interest.
No proper procedures to ensure the transactions are reported in the correct period	#6 -Establish, implement and monitor cut-off policies and procedures	Fully implemented	Internal cut off testing conducted.
No policy or procedures for identifying subsequent events to form basis for appropriate disclosures in the financial statements	#7 -Develop and implement policies and procedures to track subsequent events for appropriate disclosure in the financial statements	Fully implemented	Internal subsequent events testing implemented.
Inadequate details on bank reconciliations (relevant date and details of payee) and no evidence of timely review	#8 -Review bank reconciliations in a timely manner; research and resolve discrepancies timely	Fully implemented	Preparation of more detailed bank reconciliations
(a) Financial statements for the fiscal year were not submitted for audit within the timeline set out in the policy governing use of aided school grants ("...prepared for audit no later than June 30th each year), and in the Education Act 1996 section 21 (b) Budget was not submitted to the Minister not later than August 31th for the coming year as required in the Education Act 1996 section 20 (1)	#9 -Comply with policy governing use of aided school grants  #12 -Comply with its legislation, Education Act 1996 (sections 20 (1) and 21)	Partially implemented	The Bursar and outside sourced Accountant have been tasked to follow the deadline of June 30 to be in accordance with the Government Regulations.

Observation	Recommendation	Status of implementation in management's opinion	Describe actions plan and timing; actions taken; results; reasons for status
Lack of documented financial policies and procedures, e.g., overtime work and payments thereof	#10 -Document and disseminate accounting policies and internal controls to all relevant parties	Partially implemented	Leave vacation etc. forms approved by School Principal signed off by Bursar
No signed contracts/agreements available and no monitoring of contractual obligations	#11 -Ensure presence of signed contracts/agreements with all vendors and employees; maintain complete listing of contractual obligations and disclose those significant in the financial statements	Partially implemented	Signed contracts/Agreements drafted when necessary.
No evidence of vacation days tracking and no corresponding accrual for unused vacation	#13 -Maintain leave tracking schedule; set up and review vacation accrual regularly	Fully implemented	Vacation forms used to track vacation leave.
No policy on how to allocate common costs and record income generated from other school activities between the Capitation Grant Account and The Whitney Educational Trust	#14 -Develop and implement policy on allocation of common costs and recording of other income	Fully implemented	Revenue outside of the Government Grant accounted for through another Account.
In the financial statements: (a) No disclosure on maturity analysis for non-derivative financial liabilities that shows the remaining contractual liabilities; (b) No comparison of actual and budgeted financial results	#15 -Adhere to disclosure requirements of Public Sector Accounting Standards	Fully implemented	(a) Schedule produced to show remaining liabilities (if any) with Vendors. (b) Comparatives of budget to actual produced

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## **APPENDIX I - Summary of Audit Opinions (Continued)**

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### **3. Adverse Opinion**

The auditor shall express an adverse opinion when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

### **4. Disclaimer of Opinion**

The auditor shall disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive. In addition, the auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.



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## APPENDIX I - Summary of Audit Opinions

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The entities in this report had the following audit opinions (see Figure 5)

**Audit Opinion across the Entities in Scope  
of this Report**

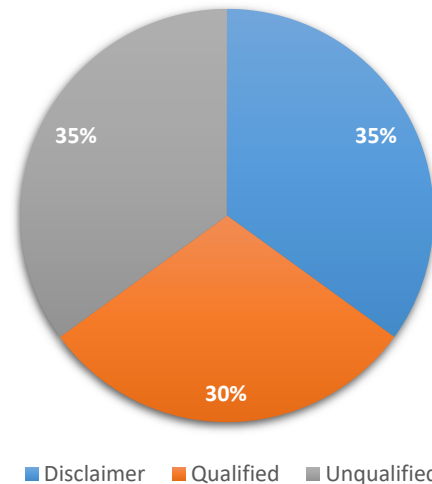


Figure 5 Audit Opinion

### TYPES OF AUDIT OPINIONS:

#### 1. Unqualified / Unmodified (Clean) Opinion

The auditor shall express an unmodified opinion when the auditor concludes that the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

#### 2. Qualified Opinion

The auditor shall express a qualified opinion when:

- (a) The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial statements; or
- (b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

**APPENDIX II – Assets Entrusted and Liabilities Owed**

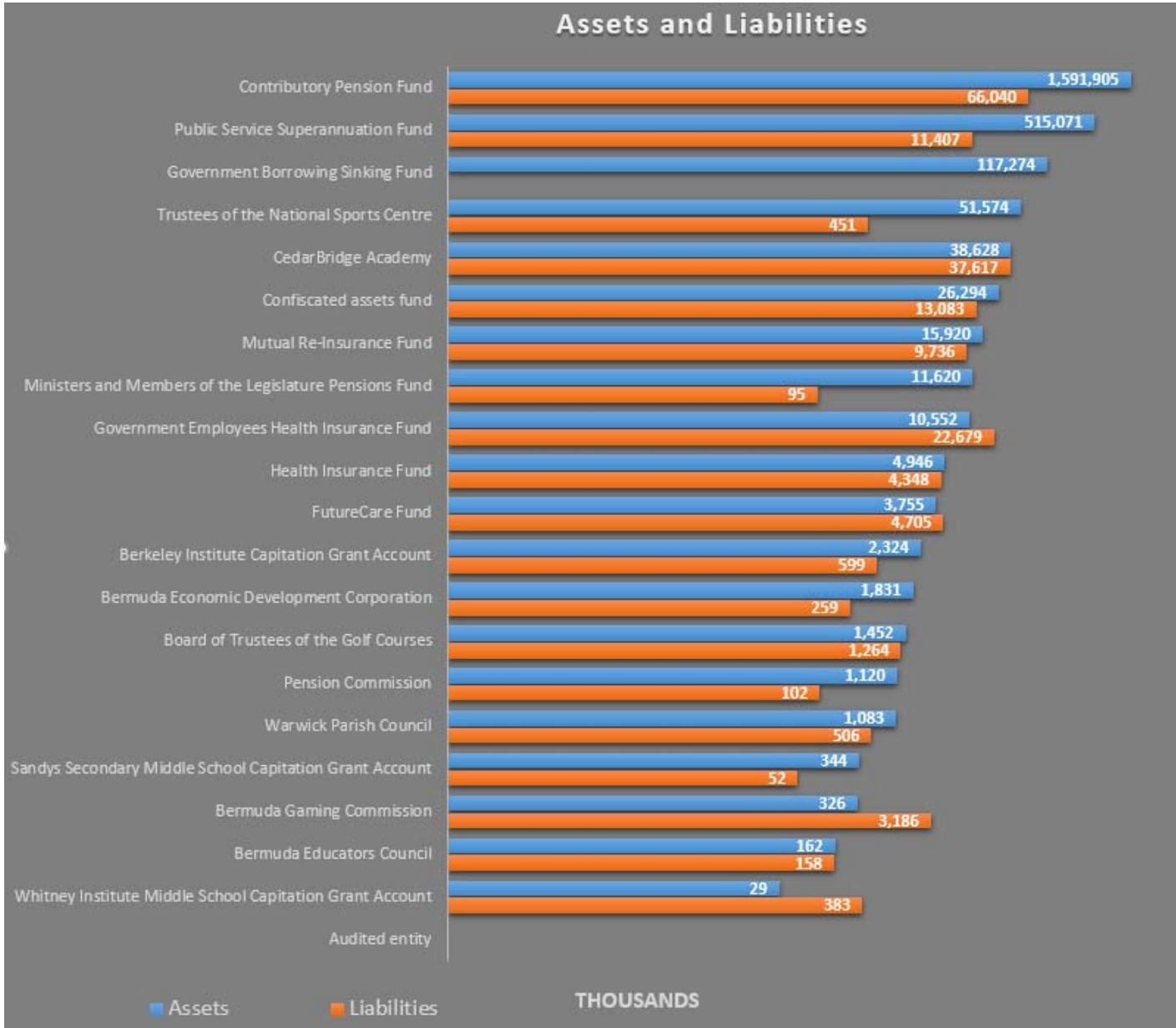


Figure 6 Assets and liabilities component within entities in scope

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## APPENDIX III - Audits In Progress:

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1. 2015 The Berkeley Institute Capitation Grant Account
2. 2016 - 2019 Bermuda Educators Council
3. 2016 Sandys Secondary Middle School Capitation Grant Account
4. 2017 Trustees of the National Sports Centre
5. 2019 Bermuda Economic Development Corporation
6. 2020 Bermuda Gaming Commission (formerly known as Bermuda Casino Gaming Commission)

*\*Accounts received not yet scheduled*

- ❖ 2016-2022 The Berkeley Institute Capitation Grant Account
- ❖ 2017-2018 Sandys Secondary Middle School Capitation Grant Account
- ❖ 2018-2021 Trustees of the National Sports Centre
- ❖ 2021 Bermuda Gaming Commission