



GOVERNMENT OF BERMUDA
Department of Financial Assistance

2020/2021 ANNUAL REPORT



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Director's Report 2020/2021

Greetings,

As the Government of Bermuda closes another fiscal year, I am pleased to provide you with this Annual Report which covers the operations of the Department of Financial Assistance (DFA) for the period ending 2020/2021.

During the entire reporting period the department was responsive to the declaration of the public health emergency due to COVID-19. Health and safety was at the forefront of concern as the public health crisis progressed. There was limited 'in person' office access for scheduled appointments although the community had the ability to make enquiries using telephone or remote options. Emergency services were provided 'in person' whilst maintaining public health guidelines. Service delivery was never compromised nor negatively impacted at any time. We remained committed to maintaining the public's confidence, and strived to make a difference by demonstrating strong performance and maintaining exceptionally good service delivery levels.

In September 2020 the Supplementary Unemployment Benefit (SUB) fund was launched which added a layer of administrative tasks to the daily office regimen. This assisted program was funded by the Ministry of Finance, but administered by a temporary 'in house' team of individuals who ensured that the process of vetting applicants was thorough and seamless. The SUB fund was designed for individuals in the community who found that they were still in need of financial aid following the closure of the Unemployment Benefit Fund that was once accessed through the Department of Workforce Development. Individuals who qualified were placed on Financial Assistance to ensure support for the entire household.

The team at the Department of Financial Assistance showed innovation, resilience and a deep commitment to the public service values. It gives me great confidence that the dedicated, skilled and committed staff of the Department will now step up again to the challenge of helping people back to work in the year ahead by collaborating with the Department of Workforce Development.

Financial Assistance Reform will continue to be the focus for us during the next fiscal year. A comprehensive review of our legislation and policies and procedures will be carried out to ensure that vulnerable individuals and families of our community are supported when their environment presents constant change and challenges.

In closing, as you navigate through this report please reflect on the hard work and dedicated actions demonstrated by the Financial Assistance Team. The DFA has adopted a focused approach in driving performance to produce tangible results seen to date. We will continue to invest in, and support, improvements to our service delivery to ensure that any interaction with the department is positive and rewarding.

OVERVIEW OF SERVICES AND PROCESS

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

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

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

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

For the Financial Assistance Programme

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

For the Child Day Care Allowance Programme

- Child

DEPARTMENT PERFORMANCE MEASURES

The intent of the Department's performance measures is to demonstrate to stakeholders and the people of Bermuda on the achievement of public value to a vulnerable population group. Performance Measures for fiscal year 2020/2021 were as follows:

- Reducing recoverable debt from prior year – This allows the department to eliminate waste and control budgeted amounts by effectively dealing with financial assistance fraud, reduce abuse of the system and overpayment of funds.
- Reduce number of “able-bodied” and/or “earnings low” clients from prior year – Financial Assistance is committed to making work pay and its award structure provides a foundation for this, as persons do not lose all benefits if they find some form of employment. More work is being done

to advance this policy to help get more people back to work, discourage dependency and become financially independent.

- Reduce number of legitimate client complaints from prior year – This is aimed at improving service delivery. Customer service training was completed during fiscal year 2020/2021 as it is imperative to have a courteous, sensitive and professional approach towards clients and their needs. A new intake process was implemented which reduced interview times, whilst improving the Department’s response times to clients.
- Reduce number of Review Board appeals from prior year – This is aimed at improving the overall administration of the Financial Assistance Act, Regulations and Policies. Recommendations from the Department of Internal Audit, the Office of the Auditor General and the SAGE Commission, have allowed the Director to engage in a more focused and targeted approach toward achieving the most impactful financial assistance reforms within a finite budget.

DEPARTMENT LEGISLATION

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

Document	Amendment(s) 2020/2021	Last (effective) Amendment
1. Financial Assistance Act 2001	None	April 2015
2. Financial Assistance Regulations 2004	None	April 2014
3. Child Day Care Allowance Act 2008	None	July 2013
4. Child Day Care Allowance Regulations 2008	None	Sept 2012

FINANCIAL ASSISTANCE REVIEW BOARD

A Financial Assistance Review Board is appointed to hear appeals against decisions of the Director. During the period April 2020 to March 2021 there were no appeals by Financial Assistance clients.

DEPARTMENT STATISTICS (FINANCIAL ASSISTANCE PROGRAMME)

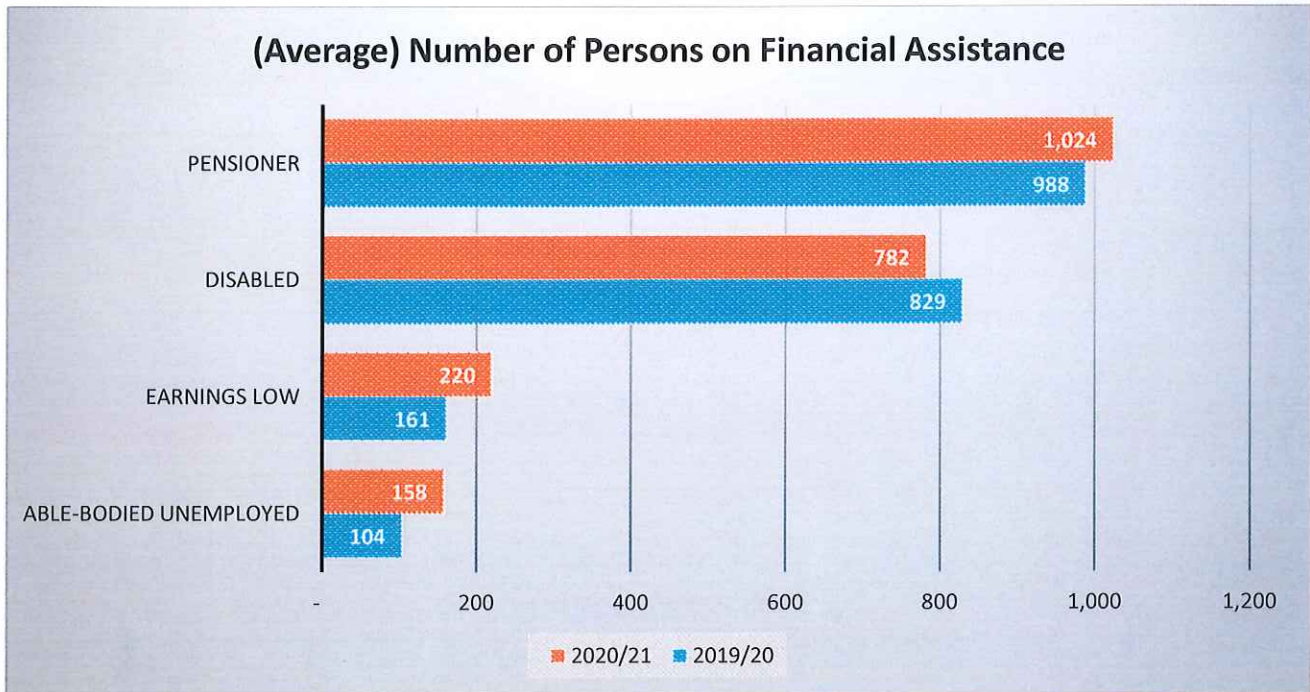
1st April 2019 – 31st March 2020 (“2019/20”)

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

Categories of Qualifying Recipients

During 2020/21, there was a monthly average of 2184 persons on financial assistance, compared to 2082 persons on financial assistance during 2019/20. This increase was mainly due increases in the number of eligible persons in the able-bodied unemployed and earnings low categories, as a direct result of the impact from COVID-19. For both reporting periods, the largest category of persons on financial assistance was pensioners. Bermuda has a large ageing population.

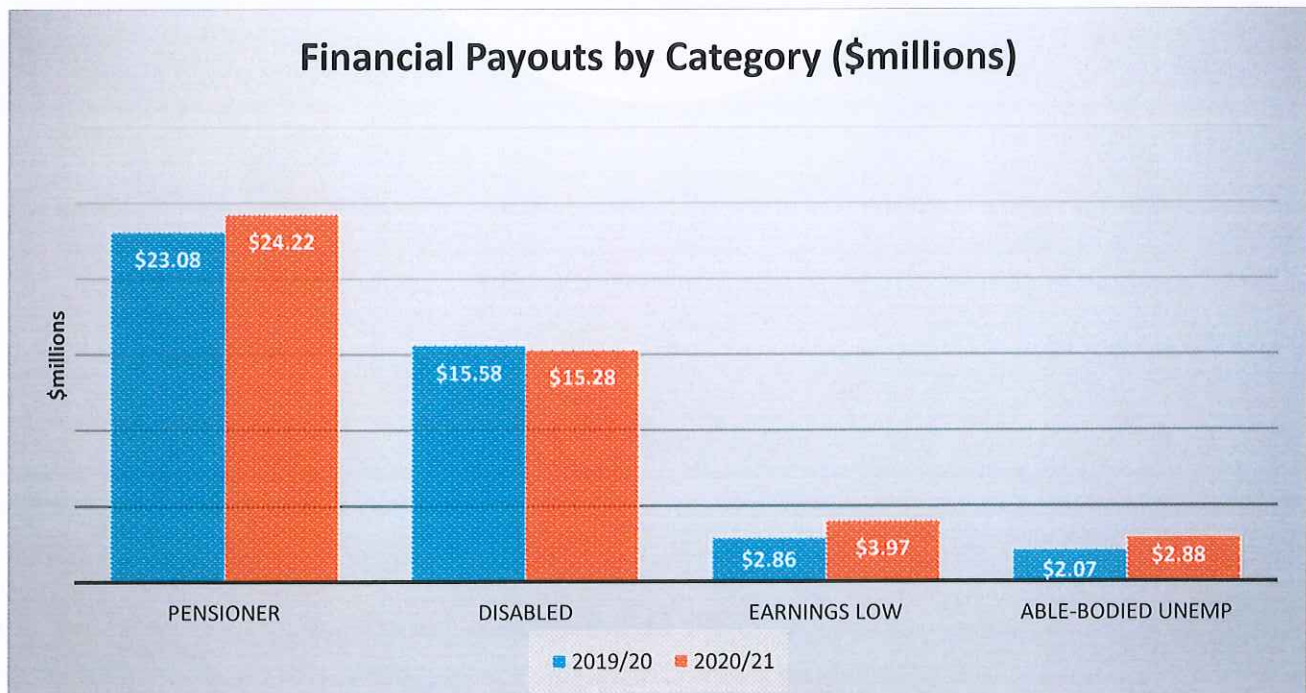
Chart 1



Financial Payouts for Categories of Qualifying Recipients

Total expenditure in financial payouts increased by approximately \$2.76 million in 2020/21 when compared to 2019/20. This increase was attributable to an increase in the number of qualifying persons on financial assistance in the able-bodied, earnings low and pensioner categories.

Chart 2



Expenditure Type

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

Chart 3

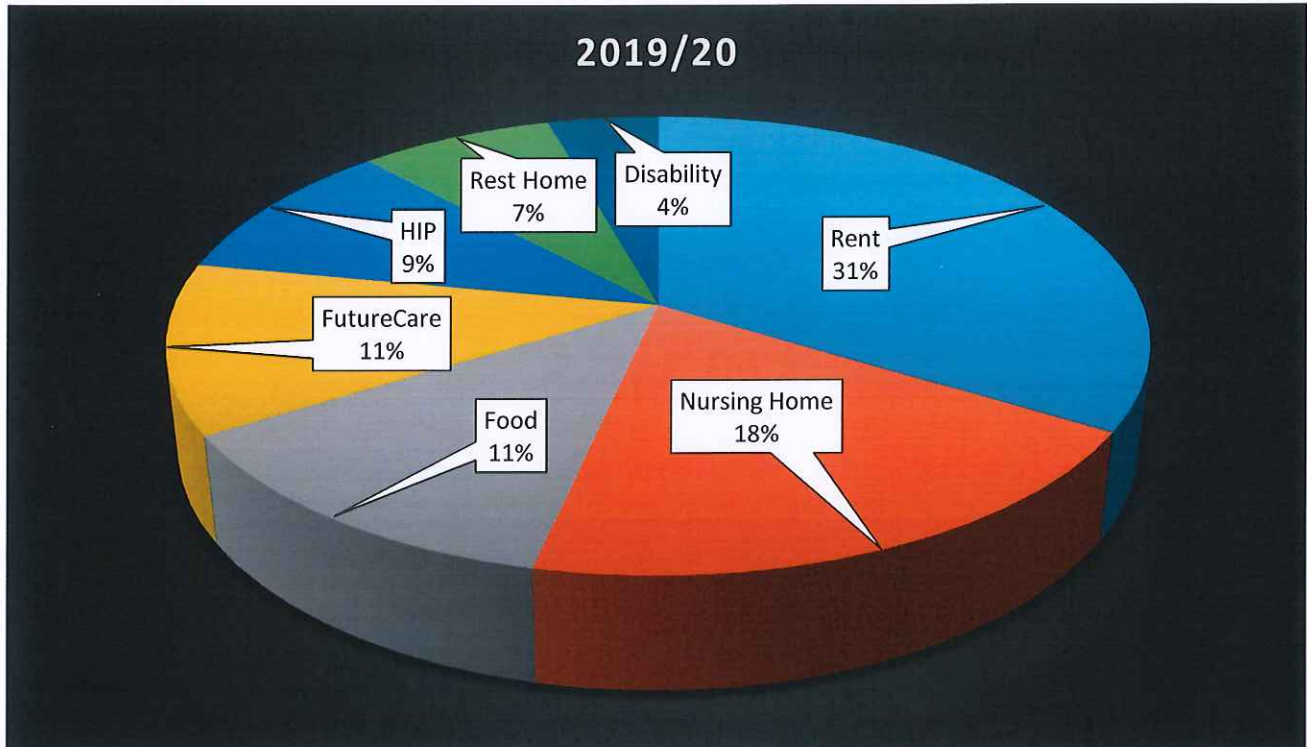
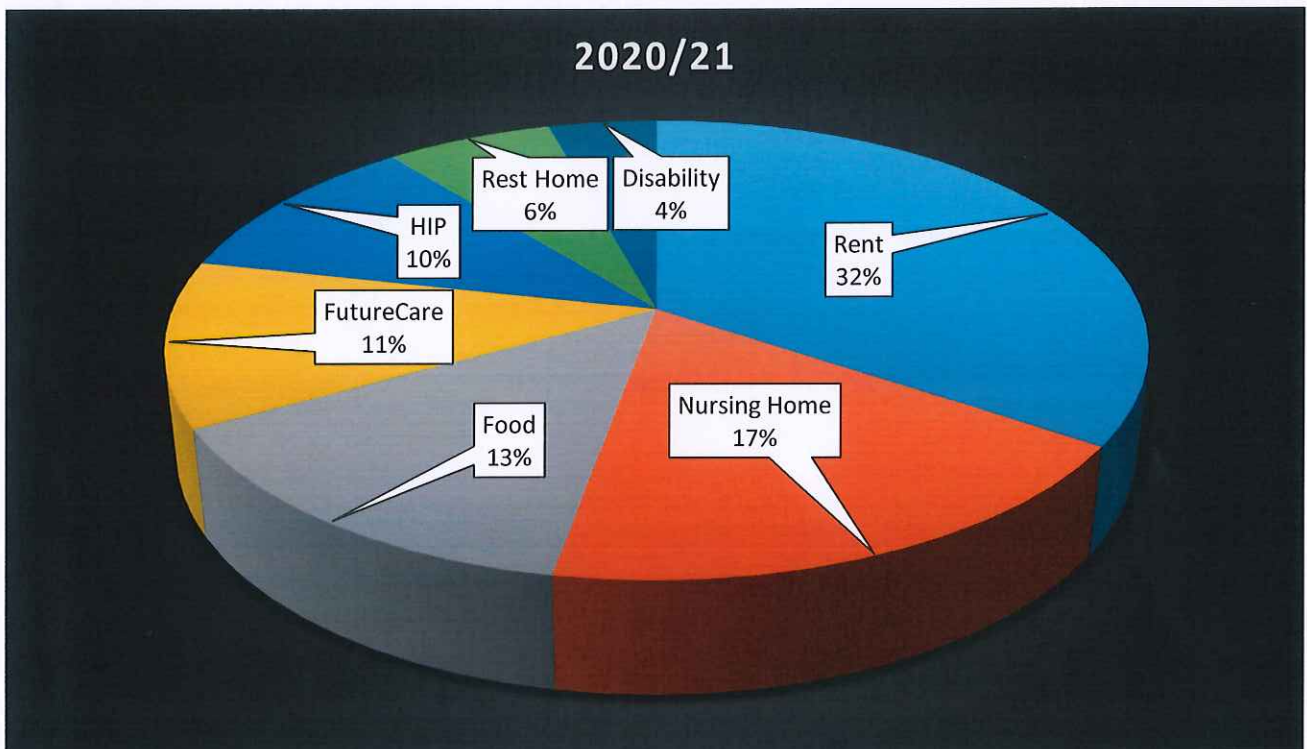
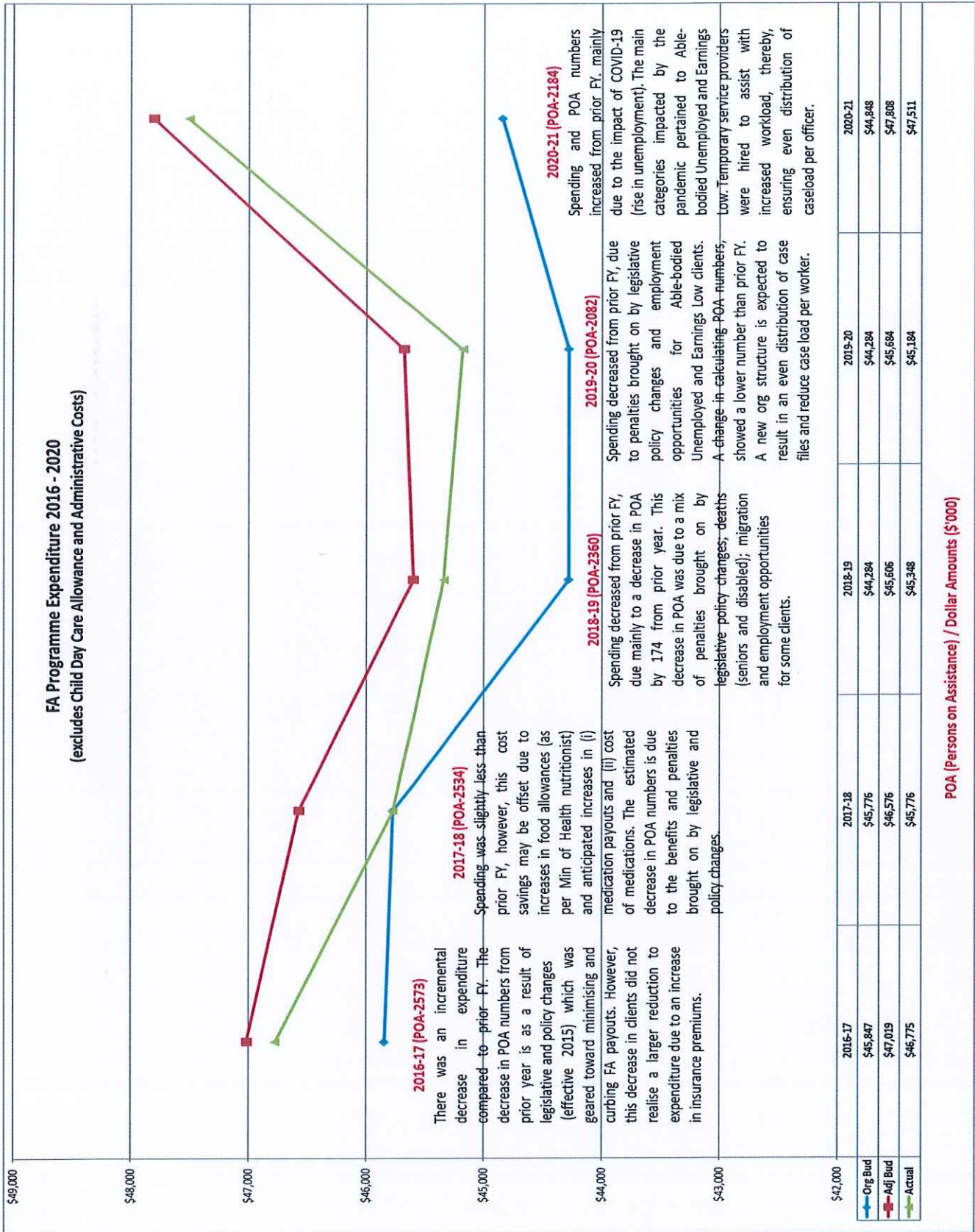


Chart 4



Financial Assistance Programme – 5 Year Trend / Timeline

Chart 5



2016-17 (POA-2573)
There was an incremental decrease in expenditure compared to prior FY. The decrease in POA numbers from prior year is as a result of legislative and policy changes (effective 2015) which was geared toward minimising and curbing FA payouts. However, this decrease in clients did not realise a larger reduction to expenditure due to an increase in insurance premiums.

2017-18 (POA-2534)
Spending was slightly less than prior FY, however, this cost savings may be offset due to increases in food allowances (as per Min of Health nutritionist) and anticipated increases in (i) medication payouts and (ii) cost of medications. The estimated decrease in POA numbers is due to the benefits and penalties brought on by legislative and policy changes.

2018-19 (POA-2360)
Spending decreased from prior FY, due mainly to a decrease in POA by 174 from prior year. This decrease in POA was due to a mix of penalties brought on by legislative policy changes; deaths (seniors and disabled); migration and employment opportunities for some clients.

2019-20 (POA-2082)
Spending decreased from prior FY, due to penalties brought on by legislative policy changes and employment opportunities for Able-bodied Unemployed and Earnings Low clients. A change in calculating POA numbers, showed a lower number than prior FY. A new org structure is expected to result in an even distribution of case files and reduce case load per worker.

2020-21 (POA-2184)
Spending and POA numbers increased from prior FY, mainly due to the impact of COVID-19 (rise in unemployment). The main categories impacted by the pandemic pertained to Able-bodied Unemployed and Earnings Low. Temporary service providers were hired to assist with increased workload, thereby, ensuring even distribution of caseload per officer.

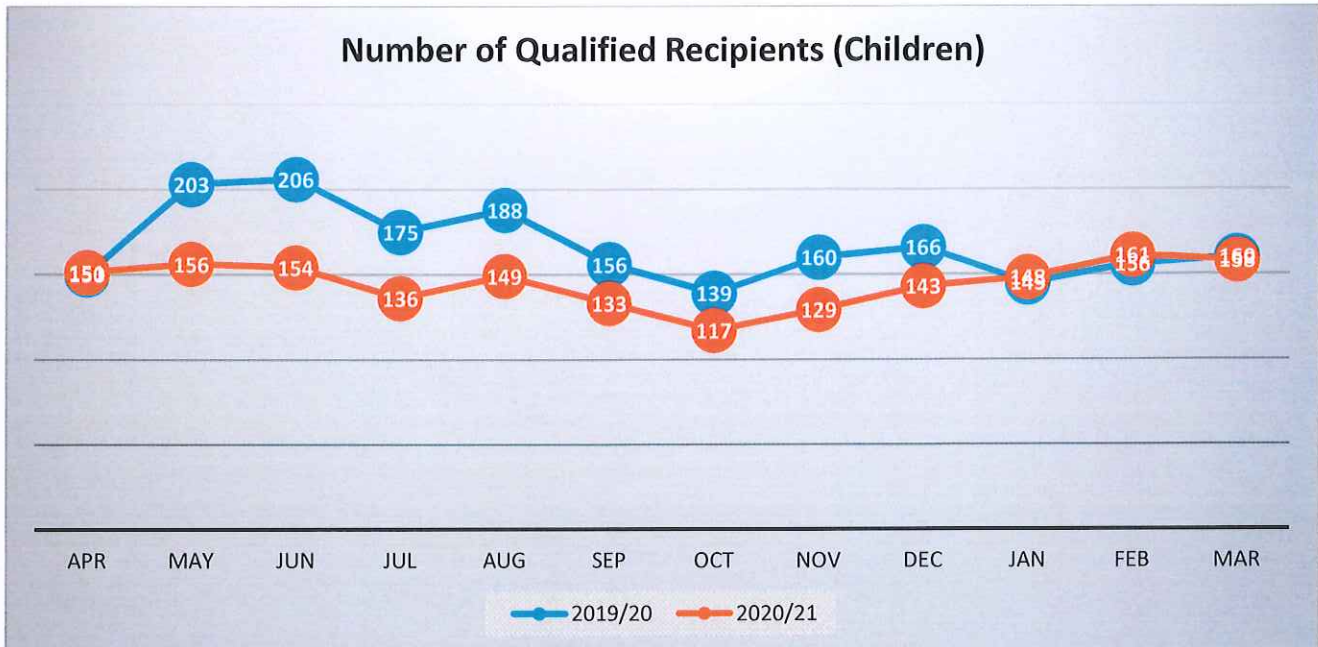
DEPARTMENT STATISTICS (CHILD DAY CARE ALLOWANCE PROGRAMME)

1st April 2019 – 31st March 2020 ("2019/20")

1st April 2020 – 31st March 2021 ("2020/21")

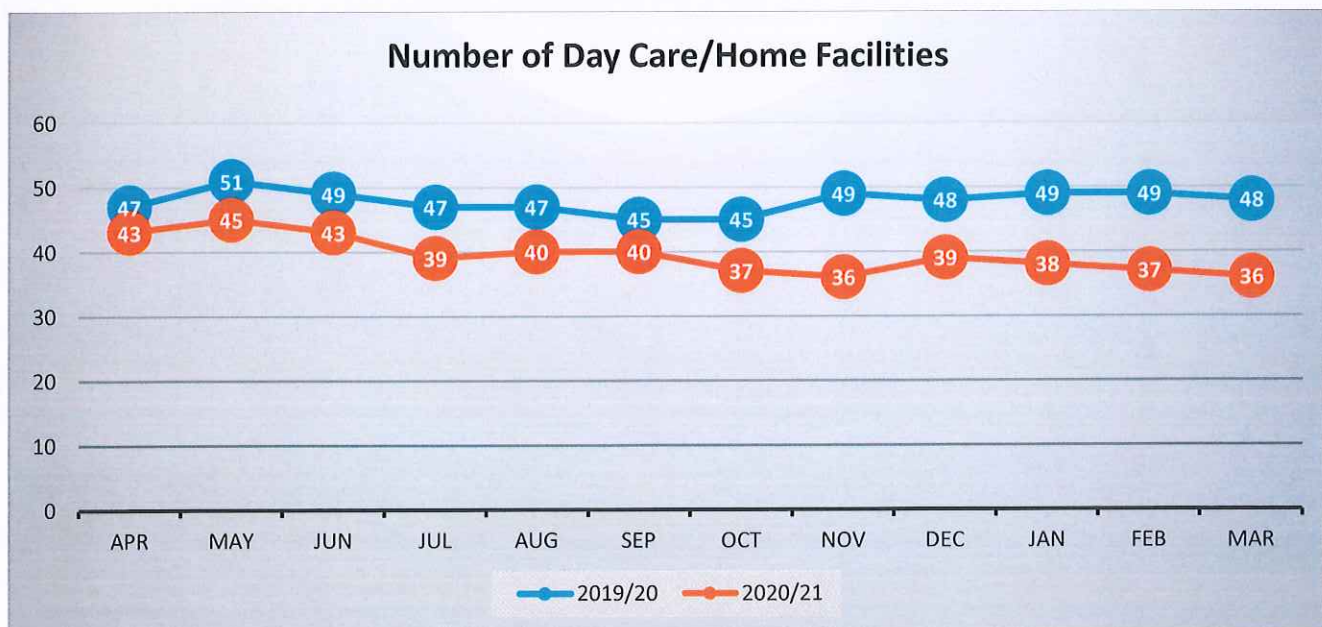
Qualifying Recipients (Children)

Chart 6



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

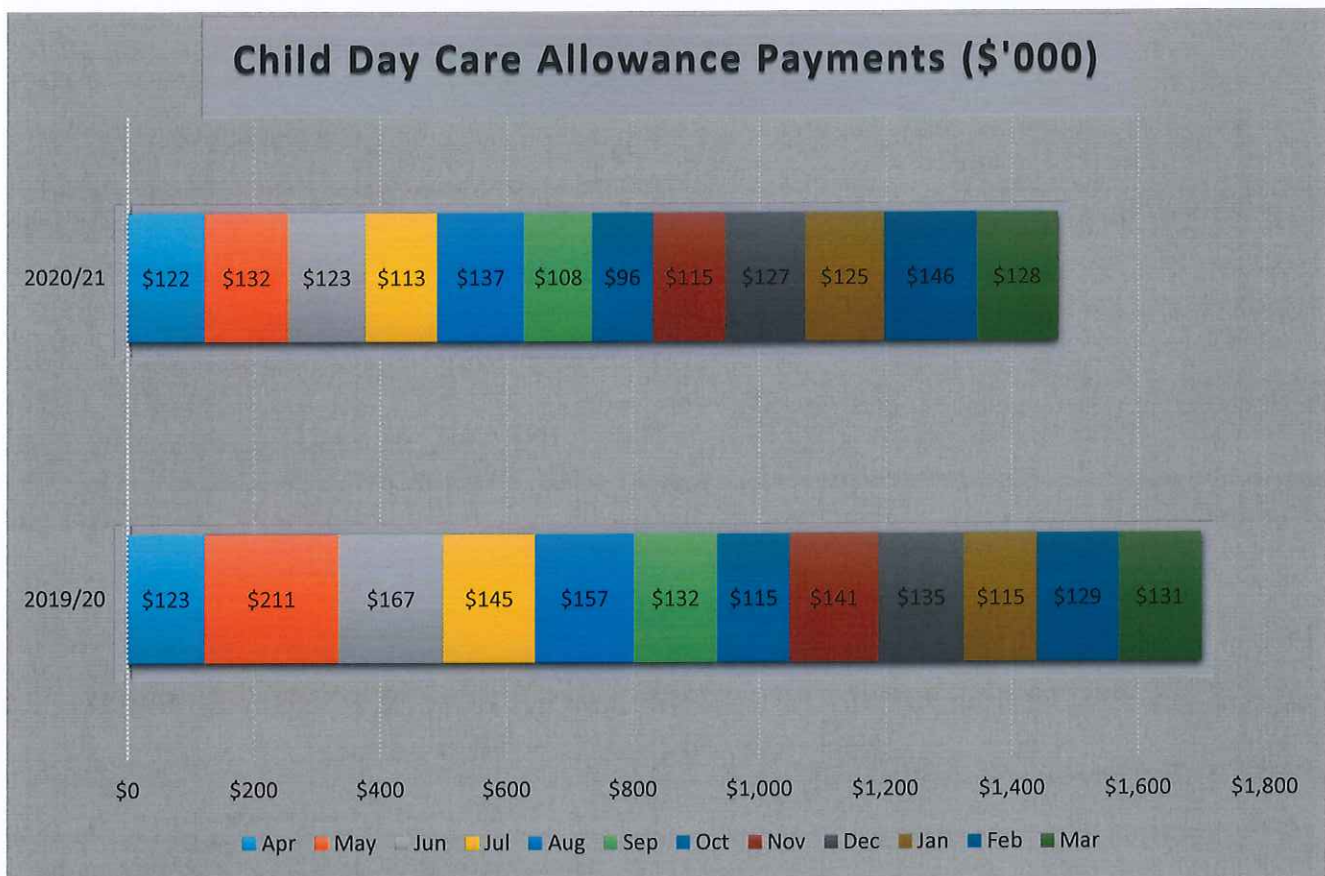
Chart 7



Child Day Care Allowance Expenditure

Total expenditure for the Child Day Care Allowance Programme was \$1,699,650 in 2019/20 and \$1,472,250 in 2020/21, which represents a 13% decrease or \$227,400 in 2020/21 compared to 2019/20. This decrease is attributable to a decline in the number of qualifying recipients (children) year on year. In 2019/20, the monthly average number of children that comprised child day allowance programme was 167, compared to 145 for 2020/21.

Chart 8



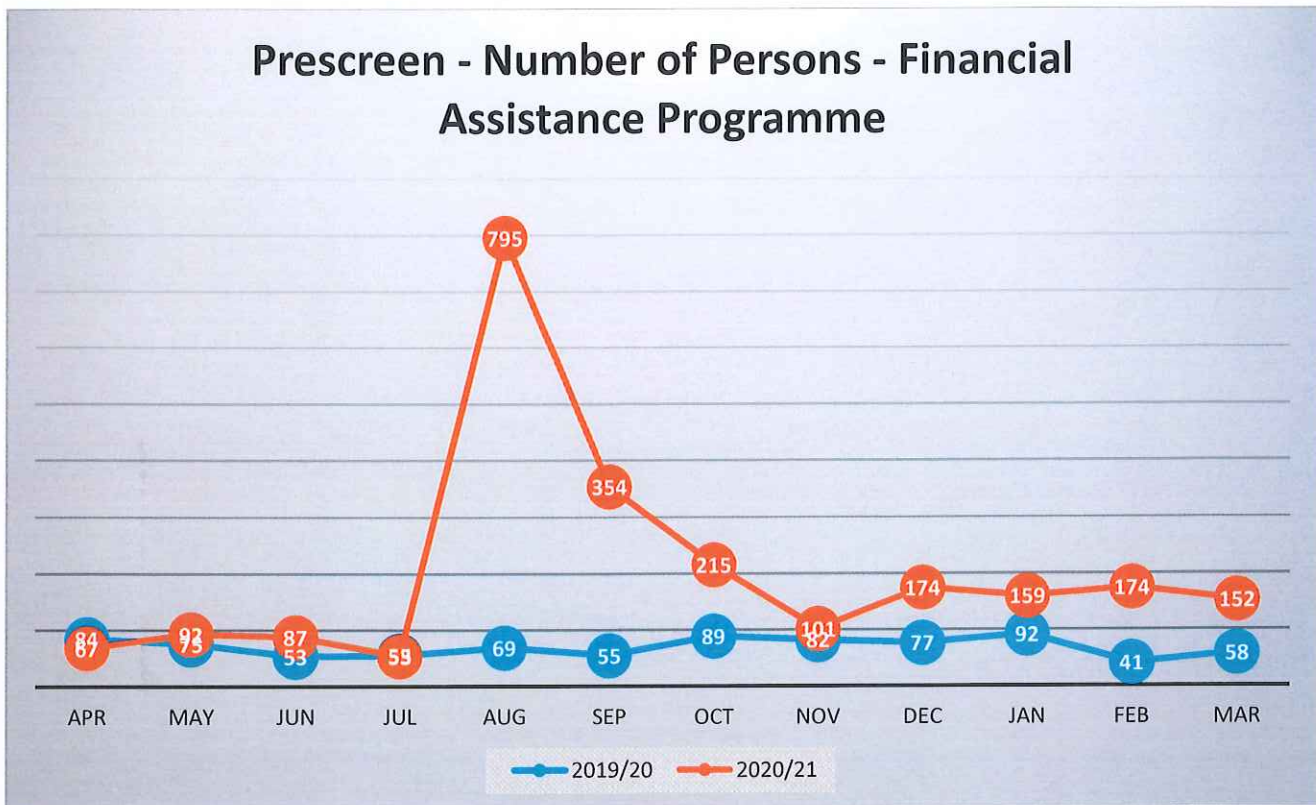
DEPARTMENT STATISTICS (PRESCREEN)

1st April 2019 – 31st March 2020 (“2019/20”)

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

The following data pertains to the number of persons that submitted applications for consideration of receipt of Financial Assistance and Child Day Care Allowance (Chart 9). This data reflects the number of persons that ‘walked through the doors’ seeking assistance ONLY and does not represent whether or not those persons eventually became eligible to receive Financial Assistance and/or Child Day Allowance. As a direct consequence of COVID-19, the Department experienced an increase in overall caseloads due to high unemployment levels, as depicted during the period August 2020 to March 2021 (Chart 9).

Chart 9



CASE MANAGEMENT

In the prior year’s Annual Report, it was stated that in preparation for the implementation of a new structure, financial assistance teams were switched and case files were evenly distributed amongst officers to promote an equitable working environment. As at March 2021, the distribution of case-loads among Financial Assistance Officers remain equitable and stood at 157 files per officer, within acceptable industry standards. This was achievable, mainly in part because of additional funding provided for temporary service providers due to the COVID-19 pandemic and the launch of the Supplementary Unemployment Benefit (SUB) Programme.

As the size of portfolio per Financial Assistance Officer continued to rise, the Department requested and received additional funding for temporary service providers, to ensure capacity can manage the demand for the service requested. This became crucial to avoid ‘burn out’ and also to ensure the Department continued to perform its fiduciary responsibilities in compliance with the law, its governance structure, risk management and internal control checks.

SUPPLEMENTARY UNEMPLOYMENT BENEFIT PROGRAMME

Faced with a public health pandemic globally, COVID-19 presented an unusual disruption to the Bermuda economy. As a result, the Government expressed its commitment to provide access to the Supplemental Unemployment Benefit Programme to individuals whose employment was directly

impacted by COVID-19. In September 2020, the Public Treasury Supplemental Unemployment Benefit Regulations 2020 became operative, and the Department of Financial Assistance was appointed to manage key functions as laid out in that document. To ensure business continuity in all other key activities and deliverables, the Department changed its operational strategy to facilitate this new legislation.

This involved re-allocating internal resources; shifting some resources into acting roles within the Department and; hiring temporary service providers, to manage efficiency and cover already stretched resources because of an increase in the volume of new applications. As at March 2021, one hundred and twenty-three persons (123) satisfied the criteria for receipt of the Supplemental Unemployment Benefit, with a total cost of approximately one million, six thousand, two hundred and ten dollars (\$1,006,210).

FRAUD AND INVESTIGATIONS

Investigations Conducted

As at the end of Reporting Period 2020/21, there were 53 active cases, with an equivalent value of \$382,761 under investigation as a result of non-disclosure of facts, misrepresentation of facts or willful abuse of the Financial Assistance Programme and the Child Day Care Allowance Programme.

Investigations Recommended for Prosecution

As at the end of Reporting Period 2020/21, 8 cases were recommended to the Attorney General's Chambers and the Director of Public Prosecution for legal restitution. These cases are on-going.

Money Laundering

During 2020/21, there were no instances of suspicion of money laundering reported by the Department's Investigative Officers to the Financial Crime Unit of the Bermuda Police Service (as committed by eligible clients of the Department).

Overpayments Due to Fraud and Abuse of the System

As at the end of Reporting Period 2020/21, cumulative total overpayments to eligible clients and vendors of the Department due to fraud and abuse of the system was \$469,627.

Overpayment Amounts Not Recoverable

As at the end of Reporting Period 2020/21, the Department recommended to the Ministry of Finance that \$86,866 be considered for 'Write-Off' on the (Government) Consolidated Fund.

Reasons for 'Write-Off' were:

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

COMPLIANCE

Operational

The Department is focused on the use of data analytics to aid with compliance with Financial Instructions, Financial Assistance Act and Regulations, Child Day Care Allowance Act and Regulations and the Public Treasury Supplemental Unemployment Benefit Regulations. A risk management framework that conforms to ISO 31000 is being researched for consideration and implementation. It is the intent that this risk management framework will provide value added capability to the current system and; aid with robust technical solutions when addressing audit exit point deficiencies. Internal policy writing to align with legislation continues to be a work in progress.

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

1. Department Policies, Procedures, Legislation
2. Government contract management practice
3. Compliance Officer
4. Audit (Office of the Auditor General, Department of Internal Audit)
5. Governance structure that reinforces management's message of honesty and integrity

Transaction Monitoring

During 2020/21, transaction monitoring was performed on 90,677 line transactions in the Financial Assistance System Software (FASS) and 78,828 line transactions in the Government JDE E1 System.

Transactions were verified for compliance with Department Legislation, as per Table 1.

Table 1

COMPLIANCE CHECK COMPLETED (Y/N)				
<i>The Schedule Table of Allowable Expenses (effective 1st April 2014)</i>				
Item of Expenditure	Description	Parameters	Maximum Rates \$	April 2020 to March 2021
Adult Day Care		Cost per month	\$1,500.00	Y
Auditory exam		At Cost		Y
Auditory equipment		At Cost		Y
Belco	1 - 2 persons	Cost per month	\$150.00	Y
Belco	3 - 4 persons	Cost per month	\$250.00	Y
Belco	5 or more persons	Cost per month	\$350.00	Y
Child Care	After school/ camps/transportation	Cost per month	At Cost	Y
Chiropody	See Podiatrist			Y
Clothing	under-garments/shoes	Cost per six months	\$100.00	Y
Dental Care		80% of Cost		Y
Disability allowance	Mental/Physical	Cost	\$650.00	Y
Disability equipment/services		At Cost	\$1,000.00	Y
Eye care	Eye care - exam	At Cost	\$100.00	Y
Eye care	Eye care - frames/lenses	At Cost	\$350.00	Y
Food		Cost at Gov. nutrition rates		Y
Food	Supplementary	Cost at Gov. nutrition rates		Y
Fuel	Cooking gas	Cost not exceeding the rate for one cylinder		Y
Funeral Expenses		At Cost	\$3,000.00	Y
FutureCare		At Cost		Y
Group Home Rates		To be determined by the Director		Y
Hearing Aids		At Cost		Y
HIP		At cost		Y
Home Care		Cost per month	\$2,000.00	Y
Laundry		Cost per person per month	\$80.00	Y
Medical Insurance		Cost not exceeding HIP rates		Y
Medical supplies		Cost per month	\$500.00	Y
Medical equipment		Cost per month	\$1,000.00	Y
Medical overseas travel (client only)		To be determined by the Director		Y
Medication		At cost per month		Y
Nursing Home		Cost per month	\$5,000.00	Y
Podiatry		Cost per year	\$500.00	Y
Public transportation	Adults	Cost per month based on PTB rates		Y
Public transportation	Students	Cost per month based on PTB rates		Y
Rent	Studio	Cost per month	\$1,150.00	Y
Rent	1 bedroom	Cost per month	\$1,450.00	Y
Rent	2 bedroom	Cost per month	\$1,900.00	Y
Rent	3 bedroom	Cost per month	\$2,400.00	Y
Rest Home Rates		Cost per month	\$4,000.00	Y
Room and board		Cost per month	\$650.00	Y
Room		Cost per month	\$550.00	Y
School supplies		Cost per child per academic year	\$100.00	Y
School clothing		Cost per child per academic year	\$700.00	Y
Telephone		Cost per month	\$40.00	Y
Water Supply		At cost		Y

EMPLOYEE TRAINING

2019/2020	2020/2021
<ul style="list-style-type: none"> ✓ Administrative Professionals – Succeeding Professionally, Growing Personally ✓ Bermuda Counsellors Association – Workshops ✓ Family Centre – ACE Conference and Understanding and Addressing Racial Trauma ✓ Bermuda Addiction Board – Basic Skills for Addiction Treatment Providers and Re-Tooling the Clinician Workshop ✓ Bermuda Addiction Board – Treating Substance use in the Context of Depression ✓ CURB – Restorative Conferences ✓ Management Solutions Ltd – Certificate in Leadership and Management (ILM Level 5) ✓ Government of Bermuda – Practical Guidance for Local Authority ✓ Government of Bermuda – Financial Instructions; Procurement Code of Practice for Project Management and Procurement ✓ Government of Bermuda – Windows 10 	<ul style="list-style-type: none"> ✓ Administrative Excellence – Certified Administrative Professional ✓ International Leadership Management (ILM) - Certificate in Leadership and Management (Level 5) ✓ International Leadership Management (ILM) - Customer Service Excellence ✓ Pilot Leadership Programme (PiLP)

FINANCIAL ASSISTANCE REFORM

The drafting process (Ministry of Labour/ Parliamentary Counsel) to enable recommendations toward Financial Assistance Reform commenced in March 2021. It is intended that over the course of the next eighteen (18) months the Department will primarily focus on Financial Assistance Reform. The reform initiative is designed to reduce the number of individuals and families currently dependent on government assistance to become self-sufficient through employment opportunities. The system has consistently prioritized punitive rules that ultimately created barriers - rather than create hope by 'building bridges' towards obtaining employment. Therefore, introducing reform with the current market conditions is a mammoth task and to ensure success, this initiative will be launched in a phased approach.

The first phase (6 months) will see amendments to the current legislation that will require:

- All abled-bodied persons to have Personal Employment Plans that will assist them to navigate the pathway to securing employment. This is a joint initiative with the Department of Workforce Development that is outcome-based which means that it focuses on an individual's success in securing employment. A proposed legislative amendment will also allow those successful in securing employment to retain their earnings for a specified period to build their assets, and be better positioned to maintain their livelihood. Stable employment is generally the best pathway to long-term financial security. This is a priority for the government and for recipients of financial assistance.

- Enable clients to retain gifts up to twenty-five hundred dollars (\$2,500) in a calendar year (not to exceed 5 years). This gives a household an opportunity to build up some savings before they leave the programme;
- Enable parents/Guardians to retain 50% of child support payments until child has reached the age of five (5) years or there is sufficient savings to equal six (6) months child care fees.

The second phase will be launched by end of fiscal year 2021/2022 and will involve changes in legislation to support the abled-bodied disabled persons. Better access to employment opportunities is required to assist these individuals to become self-sufficient and independent. Financial Assistance awards are intended to ensure that everyone has access to the standard necessities of life to improve their quality of life.

Currently, applicants and recipients of financial assistance spend a great deal of time completing application forms and documenting their continued eligibility, rather than focusing on activities that will assist them to become self-sufficient. The Department will streamline access to services and support by digitizing the application and re-assessment process. This will ease accessibility, reduce waste, improve efficiencies and enhances outcomes and reduces risk.

The Department of Financial Assistance continues to work hard to support Bermudians that have been disadvantaged as a result of an ever changing economy. The COVID 19 pandemic certainly provided some challenges for the team, however even during shelter in place the Department able to deliver essential services to the community, in accordance with its legislative mandate.