

# Department of Financial Assistance

ANNUAL  
REPORT  
2023/2024

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## OVERVIEW

Bermuda has made good advances in establishing a robust social protection system for its vulnerable population groups. Both the Financial Assistance Programme and the Child Day Care Allowance Programme offered through the Department of Financial Assistance are key elements of Bermuda's social protection system that have helped many Bermudians and families maintain a minimum standard of living during challenging economic times.

The Director of the Department of Financial Assistance is charged with administering and controlling the budget of the Department 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, aligned with the Regulations, for such items as:

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

Qualifying for financial assistance is based on a means test. This means test used by the Department of Financial Assistance assesses the applicant's 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.

Once an applicant qualifies for receiving Financial Assistance or Child Day Care Allowance, they are categorized into one of the following groups:

### ***For the Financial Assistance Programme***

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

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

- Child

***The mission of the Department of Financial Assistance is to assist vulnerable Bermudians to maintain a minimum standard of living during challenging economic times.***

## FINANCIAL ASSISTANCE LEGISLATION

During the 2023/24 Financial Year, key amendments were made to the Department's legislation, including the Financial Assistance Act 2001, Financial Assistance Regulations 2004, Child Day Care Allowance Act 2008 and Child Day Care Allowance Regulations 2008. These amendments supported Financial Assistance Reform and aimed to achieve the following outcomes:

- Removing barriers, developing the capabilities of those who are most vulnerable, and increasing opportunities for people to work.
- Mitigating the impact of inflation which can alter the standard of living for many individuals in Bermuda.
- Increasing the pool of individuals who can qualify for the Child Day Care Allowance.

This 2023/24 Annual Report highlights the financial activities of the Department of Financial Assistance and graphically shows the financial support provided to its clients during the past financial year. It should be noted that in each instance where the financial year is referenced, the period extends from April 1<sup>st</sup> to March 31<sup>st</sup>.

## DEPARTMENT OBJECTIVES AND PERFORMANCE MEASURES

The Department's objectives and performance measures were aligned and focused on measuring specific outcomes and other business improvements.

This approach enabled the Department to better articulate its ability to achieve effectiveness and service delivery, and also demonstrate to stakeholders and the people of Bermuda the achievement of public value to a vulnerable population.



**Objective:** To improve operational, financial, and legal compliance functions aimed at enhancing efficiencies and detecting financial assistance fraud.

**Measure:** Reduce recoverable debt from the prior year – This controls budgeted amounts by effectively dealing with financial assistance fraud, reducing abuse of the system and overpayment of funds.



**Objective:** To sustainably manage operating cost of awards to financial assistance clients.

**Measure:** Reduce the number of “able-bodied” and/or “earnings low” clients from the prior year – The Department is committed to helping get more people back to work, discourage dependency and become financially independent.



**Objective:** To apply internationally recognised standard of care when managing relationships with financial assistance clients.

**Measure:** Reduce the number of legitimate client complaints from the prior year – The Department aims to improve the delivery of service to all clients each year.

**Measure:** Reduce the number of appeals from the prior year – This is aimed at improving the overall administration of the Financial Assistance Act, Regulations and Policies and provides clients with the tool to appeal decisions taken by the Director when awards are revoked or suspended.



**Objective:** To leverage collaboration with other government departments in achieving digitization.

**Measure:** The Department will continue to collaborate with the Department of Information and Digital Technology on the introduction of digital forms for persons making an application for financial assistance. The intent is to connect the Public Service with the people of Bermuda through comprehensive, secure, and accessible digital forms. This will improve the Department's data analytics function and risk management.

## 2023/24 FISCAL YEAR (FY) HIGHLIGHTS

### TOTAL PAYMENTS – FINANCIAL ASSISTANCE & CHILD DAY CARE ALLOWANCE PROGRAMMES

- Total payments to the Financial Assistance and Child Day Care Allowance clients increased by 2% in FY 2023/24 to \$49.26 million as compared to \$48.10 million paid out in FY 2022/23.
- The seven (7) highest items of expenditure represented approximately 85% of total Financial Assistance client expenditure (\$42 million) in FY 2023/24. These expenditure items comprised Rent, Nursing Home Fees, Food Allowance, Future Care Health Insurance, Health Insurance Plan, Rest Home Fees and Disability allowance.

### NUMBER OF QUALIFYING RECIPIENTS

#### Child Day Care Allowance

- The average number of children on Child Day Care Allowance increased by 32% from 120 per month in FY 2022/23 to 158 per month in FY 2023/24.

#### Financial Assistance

- The average number of persons on Financial Assistance decreased by 5% from 2,095 persons per month in FY 2022/23 to 1,991 persons per month in FY 2023/24.

### TRANSACTION MONITORING & INVESTIGATIONS

- The Department of Financial Assistance (DFA) conducted 75,444 Financial Assistance & Child Day Care Allowance transactions and monitored 100% of these for compliance with legislation. No exceptions were noted.
- Outstanding debts owed to DFA increased by 12% from \$328,000 in FY 2022/23 to \$366,407 in FY 2023/24. This is attributed to overpayments made as a result of fraud and abuse of the financial assistance system.
- As of March 2024, thirty-one (31) cases were referred to the Attorney General's Chambers for legal restitution and eight (8) cases were under review by the Department's Investigative Officers.

## CHILD DAY CARE ALLOWANCE PROGRAMME

### Child Day Care Allowance Expenditure

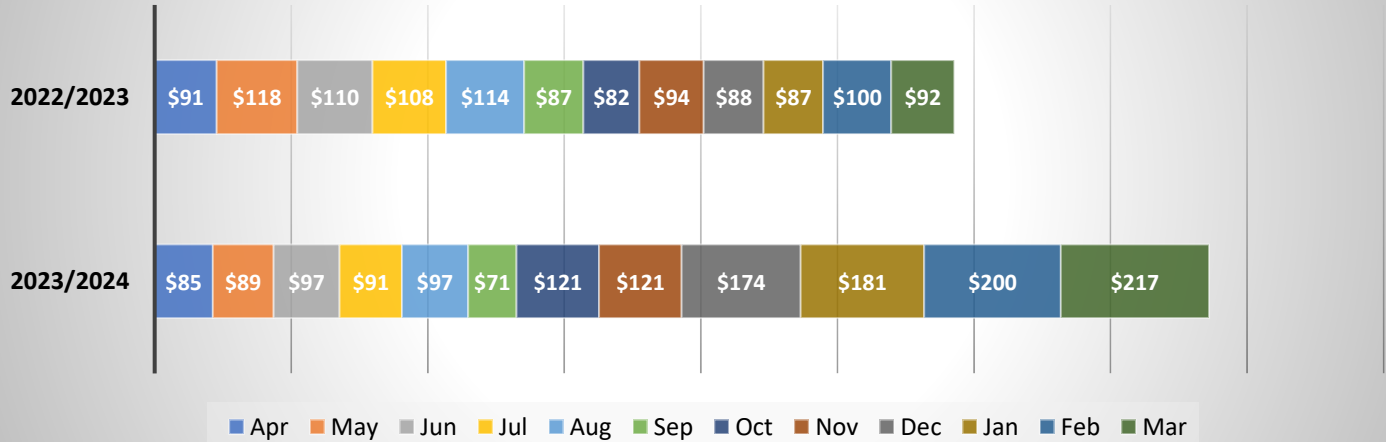
Total expenditure for the Child Day Care Allowance Programme in FY 2023/24 was \$1.544 million, compared to \$1.171 million in the prior FY 2022/23 as shown in Graph 1. This represented an increase of 36% or \$0.37 million and is largely attributable to the following:

- Implementation of Financial Assistance Reform measures in October 2023, which allowed for easier eligibility of persons applying for the Child Day Care Allowance Programme.
- An increase in the number of children covered by the Child Day Care Allowance from 120 children per month in FY 2022/23 to 158 children per month in FY 2023/24 due to the Financial Assistance Reform measures.

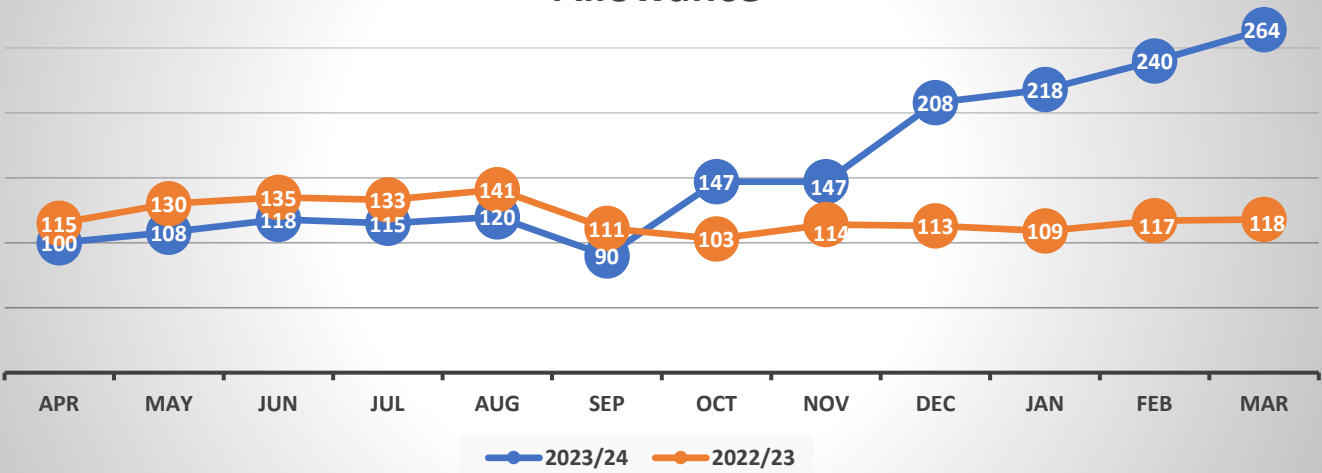
In October 2022, DFA paid out \$82,000 in Child Day Care payments compared to \$121,000 in October 2023 when the amendment to the Child Day Care Act became effective.

Additionally, during the last six months of FY 2023/24, Child Day Care payments nearly doubled to \$1.014 million compared to \$0.543 million in the previous FY 2022/23.

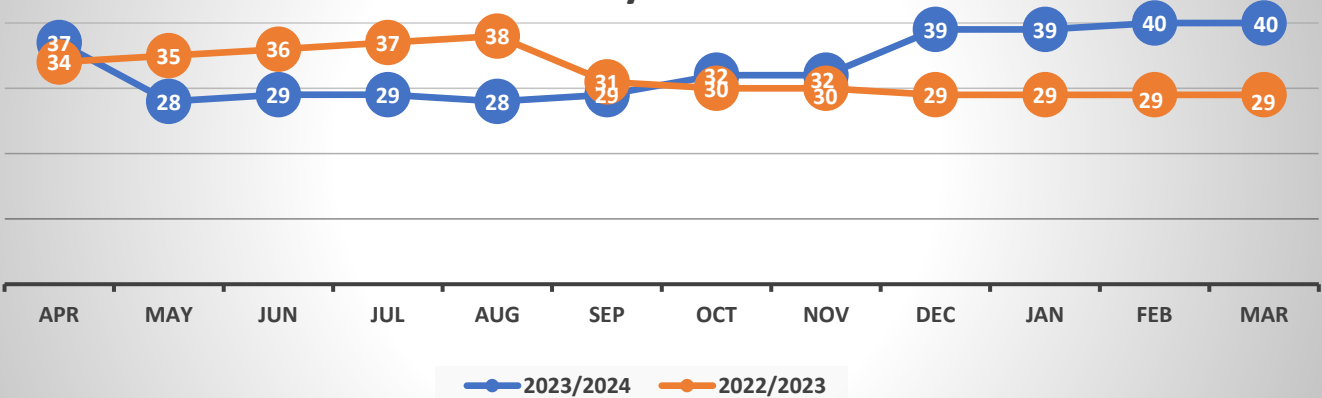
### Graph 1 - Child Day Care Allowance Payments (\$000)



### Graph 2 - Number of Children on Child Day Care Allowance



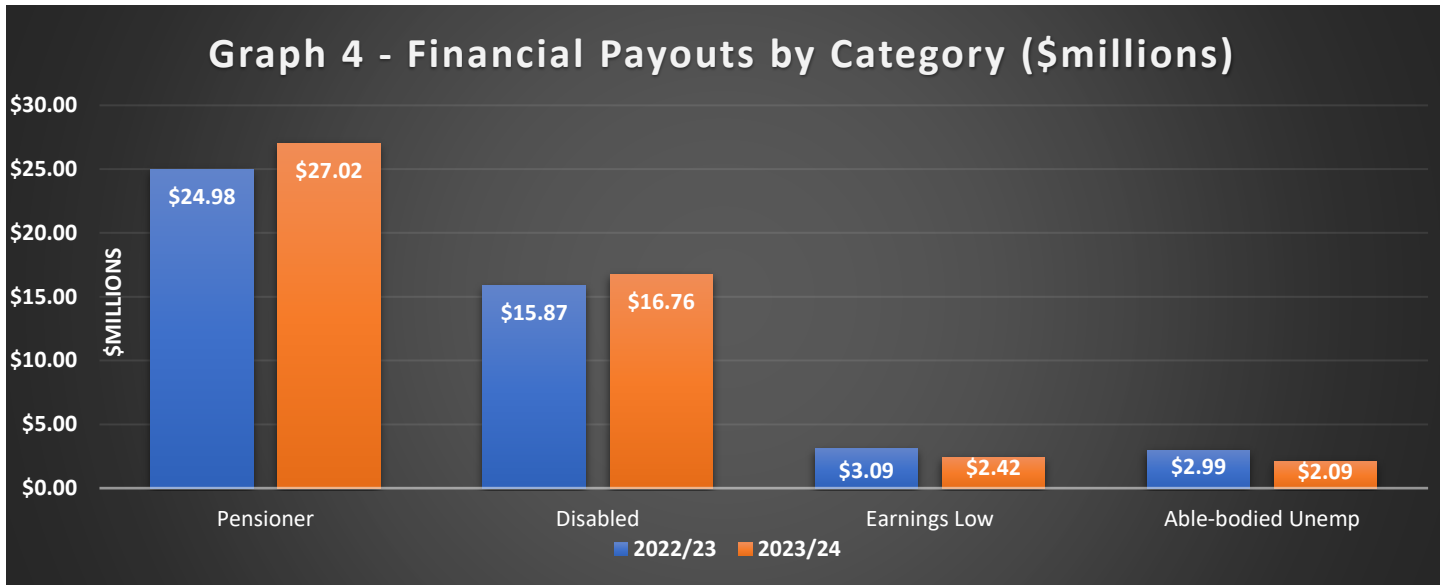
### Graph 3 - Number of Licensed Day Care/Home Facilities Used by Clients



# FINANCIAL ASSISTANCE PROGRAMME

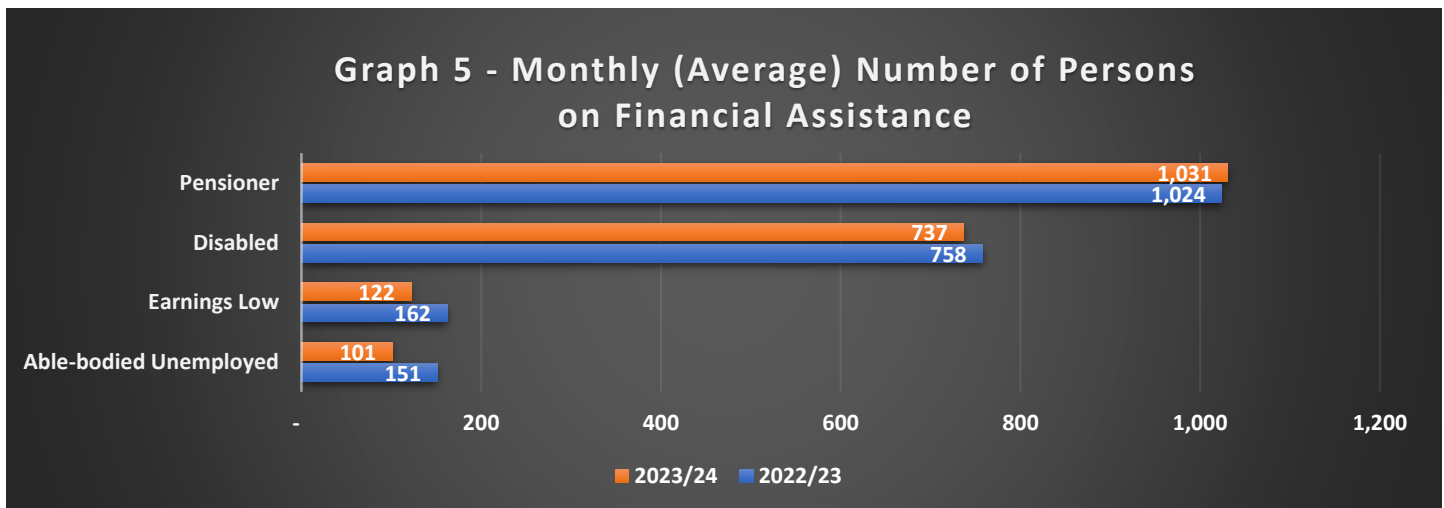
## Financial Assistance Payouts to Categories of Qualifying Recipients

Total expenditure for the Financial Assistance Programme was \$47.67 million in FY 2023/24. This represented an increase of 2% or \$0.74 million from the prior FY 2022/23 when the expenditure was \$46.93 million. The year-on-year increase was mainly attributable to the Financial Assistance Reform measures implemented that resulted in cost increases to the list of expenditures in the legislated Schedule - Table of Allowable Expenses, as shown on page 10.



## Categories of Qualifying Recipients

During FY 2023/24 the monthly average number of persons receiving financial assistance was 1,991 compared to 2,095 persons during FY 2022/23. The 5% reduction is mainly attributed to the decrease in the number of eligible persons under the categories, “persons with insufficient earnings” (- 40 persons), “persons with disability” (- 21 persons) and “able-bodied unemployed” (-50 persons). There was an increase in the number of able-bodied unemployed clients who secured employment opportunities. The total reduction of 111 persons in the disabled, earnings low and able-bodied unemployed categories exceeded the increase in eligible persons in the “pensioners” category by 7 persons reflecting a net decrease of 104 clients on financial assistance.

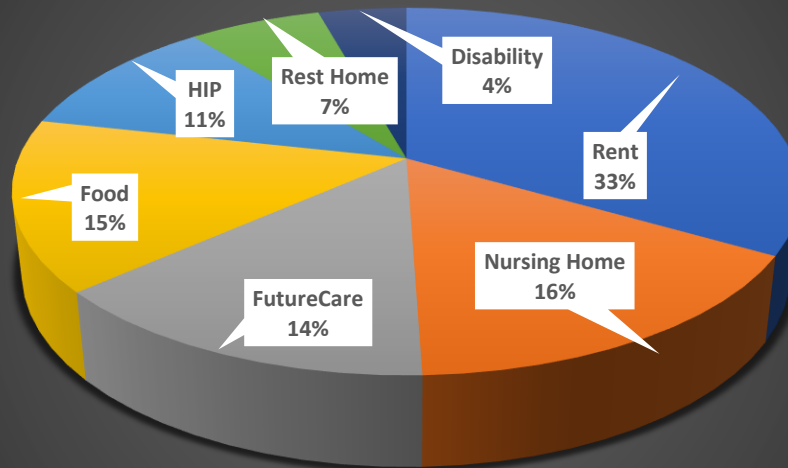


## Expenditure Type

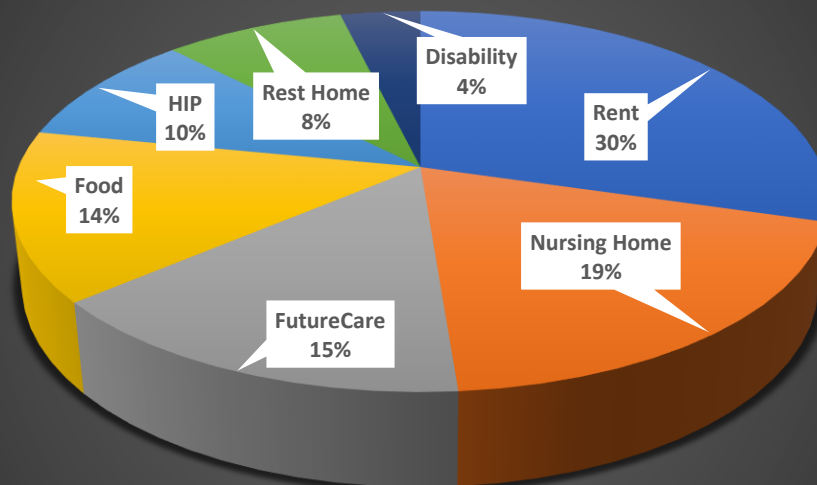
The top seven (7) expenditure categories for financial assistance payments remained consistent across both years, ranging from the lowest per cent expenditure of 4% on Disability to the highest per cent expenditure of 33% on Rent during FY 2023/24.

The Department of Financial Assistance identifies drivers of expenditure such as these, primarily to trigger and facilitate innovation. The top seven (7) expenditure groups also enable robust decision-making concerning Financial Assistance Reform.

Graph 6 - Top 7 Expenditures 2022/23



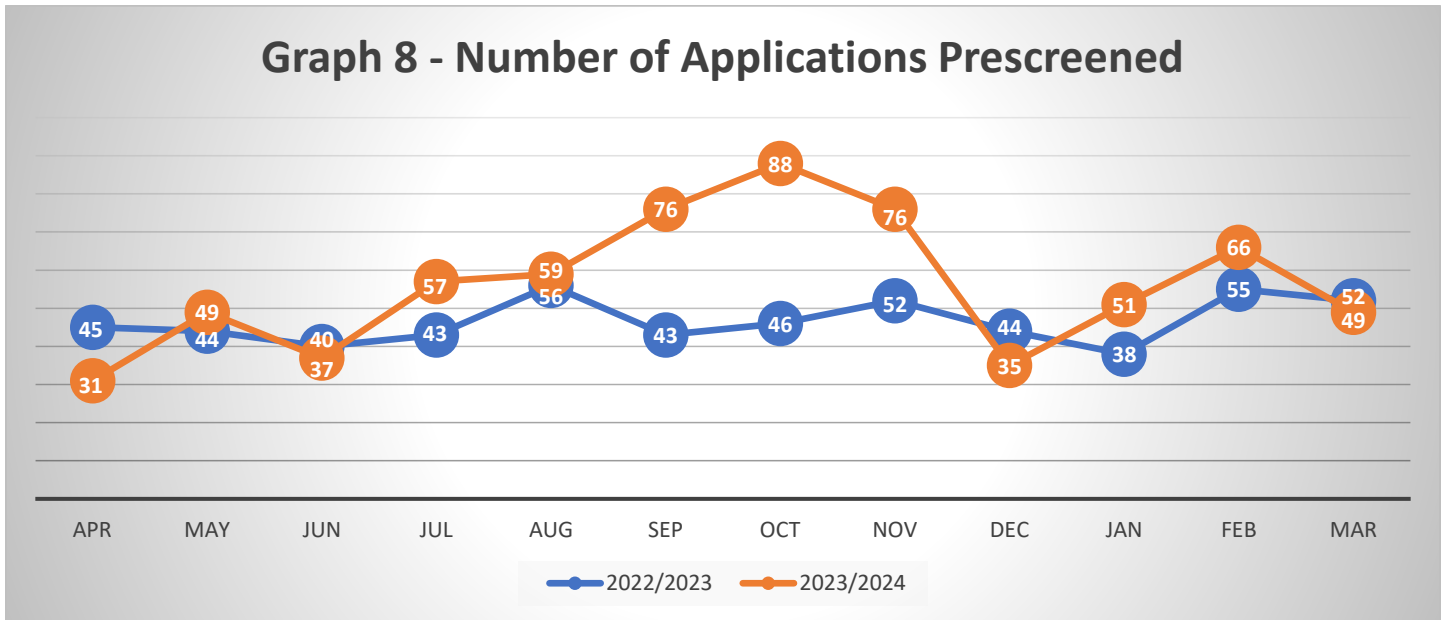
Graph 7 - Top 7 Expenditures 2023/24





## NUMBER OF APPLICATIONS PRESCREENED

The following data pertains to the number of persons who submitted Financial Assistance and Child Day Care Allowance applications for consideration for the two years 2022/23 and 2023/24.



## TRANSACTION MONITORING, COMPLIANCE, FRAUD & INVESTIGATIONS

### Transaction Monitoring and Compliance

During FY 2023/24, transaction monitoring was performed on 75,444-line transactions in the Financial Assistance System Software (FASS) and the Government JDE E1 System. Transactions were scrutinized for compliance with Department Legislation (Table of Allowable Expenses), as per Table 1 on Page 10.

The Department of Financial Assistance continued the following activities during FY 2023/2024:

- Improve and re-engineer existing systems to facilitate operational and performance enhancements when conducting investigations, compliance, transaction monitoring and evaluation.
- Conduct and regularize 'personal information protection' impact assessments, to ensure compliance with the Personal Information Protection Act 2016.
- Review, revise and train officers on existing policies, procedures and process maps, to ensure alignment with legislation and consistency in functions performed.

### Fraud and Investigations

At the end of FY 2023/24, there were 39 active client cases under investigation, compared to 41 cases in FY 2022/23. The reason client cases are investigated is mainly due to non-disclosure or misrepresentation of facts, or willful abuse of the Financial Assistance Programme and the Child Day Care Allowance Programme.

At the end of FY 2023/24, the total amount of monies owed to the Department of Financial Assistance (DFA) because of investigations was \$366,407, reflecting a 12% increase when compared to \$328,000 owed to DFA at the end of FY 2022/23.

Of the 39 active cases under investigation, 31 cases with a value of \$337,160 were referred to the Attorney General Chambers for legal restitution, whilst 8 cases with a total value of \$29,247 remained under the remit of Financial Assistance Investigative Officers to investigate for repayment. One case was referred to Bermuda’s law enforcement authority for suspicion of micro-structuring (money laundering).

At the end of FY 2023/24, the Department did not recommend any cases to the Ministry of Finance to be considered for ‘Write-Off’ on the Government’s Consolidated Fund.

The Department’s investigative officers received on average, seven (7) tips per month during FY 2023/24. Suspicious activities are brought to the Department’s attention via certain channels, such as field investigations, officers’ observations and internal findings, together with tips from the public. Primary and secondary data research is conducted within a compliance framework, to assist with evidence gathering. The compliance framework is guided by legislation, policies and procedures and the Criminal Code.

The Department has commenced documentation of “department-specific fraud typologies”, which will enable officers to have a point of reference in identifying patterns, trends, and red flags, of fraud and abuse of the system. This is expected to reduce the number of overpayments and promote a culture of compliance.

## **FINANCIAL ASSISTANCE SOCIAL WORK**

Throughout FY 2023/24, the Financial Assistance Social Workers continued to streamline internal processes. Particularly the process for the submission of client progress reports by residential mental health treatment facilities was addressed, to ensure continuity of care for clients served, and that the process for a client’s “step down” to a lesser level of care was efficiently facilitated.

Workflow trends for the Department’s social workers continue to be highly concentrated on case conferences, case discussions, and individual Counseling. Overseas Medical Transfers averaged between 5 to 8 per month, with longer stays due to more acute medical conditions and subsequent care being required. The Social Workers pre-screen support serves as a mechanism to facilitate the application process, specifically for pensioners and individuals with disabilities.

The upward trend in ongoing crisis intervention counselling continued. This crisis counselling provided interim psychological support following an acute or traumatic event. This support aided in stabilizing the client’s symptoms and facilitated the coordination of long-term care, based on the assessed need. Case conferences and case discussions continued to be utilized as an effective tool to ensure that comprehensive service/care plans were developed and executed.

The Social Workers continued to participate in multidisciplinary complex case conferences with the Health Insurance Department, the Community Social Worker team, Prison Services, Bermuda Health Council and other relevant stakeholders, to establish comprehensive strategies to address complex, multifaceted issues, including clients with chronic mental health disorders.

**Table 1 – Table of Allowable Expenses**

COMPLIANCE CHECK COMPLETED (Y/N)				
<i>The Schedule Table of Allowable Expenses (effective 1st October 2023)</i>				
Item of Expenditure	Description	Parameters	Maximum Rates \$	April 2023 to March 2024
Adult Day Care		Cost per month	\$1,500.00	Y
Auditory exam	Hearing Testing	Cost per year	\$500.00	Y
Auditory equipment	Hearing aids	Once every 5 years based on 2 stnd aids	\$5,000.00	Y
Belco	1 - 2 persons	Cost per month	\$175.00	Y
Belco	3 - 4 persons	Cost per month	\$275.00	Y
Belco	5 or more persons	Cost per month	\$380.00	Y
Child Care	After school/camps/ transportation.	Cost per month	\$500.00	Y
Clothing	under-garments/shoes	Cost per year	\$100.00	Y
Dental Care		80% of cost	\$1,500.00	Y
Disability allowance	Mental/Physical	Cost	\$750.00	Y
Disability equipment	As prescribed by a registered practitioner	Cost per year	\$1,000.00	Y
Disability services		Cost per month	\$1,000.00	Y
Eye care exam	As prescribed by a registered practitioner	Cost per year	\$200.00	Y
Eye care supplies	Frames/lenses	Cost per year	\$350.00	Y
Food	As prescribed in accordance with the Ministry of Health	Cost at Gov. nutrition rates		Y
Food (Supplementary)	As prescribed by a registered medical practioner	Cost at Gov. nutrition rates - per department policy		Y
Fuel	Cooking gas only	Cost not exceeding the rate for one cylinder		Y
Funeral Expenses	General fees for services rendered	At cost - must be an active receipt at the time of death	\$4,000.00	Y
Group Home Rates	Special needs care for adults (18 years or older)	Cost per month for residential care	\$3,000.00	Y
Health Insurance Plan (HIP)	Persons under the age of 65	At cost		Y
Health Insurance (Future C)	Persons aged 65 or older	At cost		Y
Home Care	Only registered practioners	Cost per month	\$2,000.00	Y
Internet		Cost per month	\$110.00	Y
Laundry		Cost per individual in the household per month	\$80.00	Y
Medical equipment		Cost per year	\$6,000.00	Y
Medical supplies		Cost per month	\$500.00	Y
Medical overseas travel (client only)		To be determined by the Director	\$4,000.00	Y
Medication		At cost per month	\$8,000.00	Y
Mental Health Outpatient Treatment	For up to 6 sessions /yr	Cost per year or maximum 6 sessions per year	\$840.00	Y
Nursing Home	Approved by the Health Insurance Department	Cost per month	\$6,000.00	Y
Podiatry	Treatment of the foot, ankle and some parts of the leg	Cost per year or maximum of 12 visits per a year.	\$600.00	Y
Public transportation - Adults	Includes bus, ferry or as prescribed by government	Cost per month based on government rates		Y
Public transportation - Students/Children	Includes bus, ferry or as prescribed by government	Cost per month based on government rates		Y
Rent - 1 Bedroom	Safe long-term accomodation	Cost per month	\$1,800.00	Y
Rent - 2 Bedroom	Safe long-term accomodation	Cost per month	\$2,200.00	Y
Rent - 3 Bedroom	Safe long-term accomodation	Cost per month	\$2,800.00	Y
Rent-Studio	Safe long-term accomodation	Cost per month	\$1,400.00	Y
Residential Mental Health Treatment Facility	For 3 months with option to extend based on re-evaluation	Cost per month	\$3,000.00	Y
Rest Home	Approved by Health Insurance Department	Cost per month	\$5,000.00	Y
Room	Safe long-term accomodation	Cost per month	\$550.00	Y
Room and board	Safe long-term accomodation	Cost per month	\$650.00	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	\$50.00	Y
Transitional Living Facilities		Cost per month	\$250.00 (if shared); \$550.00	Y
Water Supply	For household use only	At cost	\$480 per year	Y

## INTRA-GOVERNMENT COLLABORATIONS

