Effectiveness of the Government of Bermuda Receivables and Debt Management Process

Report of the Auditor General

Bermuda


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August 2026

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Office of the Auditor General
Reid Hall, Penthouse
3 Reid Street
Hamilton HM 11, Bermuda

Tel: (441) 296-3148
Fax: (441) 295-3849
Email: oag@oagbermuda.bm
Website: www.oagbermuda.bm

The Honourable Dennis P. Lister, JP, MP
Speaker of the House of Assembly
Sessions House
21 Parliament Street
Hamilton HM 12

Honourable Speaker:

Pursuant to Section 13 of the Audit Act 1990, I have the honour to submit herewith my audit report on Effectiveness of the Government of Bermuda Receivables and Debt Management Process.

Respectfully submitted,

Heather Thomas CPA, CFE, CGMA
Auditor General

Hamilton, Bermuda
August 31, 2026

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1. Overview

What we found

Report's Key Message

- Management must move beyond reporting and into action
- Outstanding accounts receivables equate to roughly $7,531 per resident of Bermuda

1.1 The Departments in Scope have a debt management framework in place, however, additional measures are needed to ensure adherence and delivery of measurable results. This includes (a) greater collaboration within the department and among departments and ministries enabled by a formal framework, (b) going back to basics of maintaining accurate, timely and complete records, aged and reconciled accounts, (c) relevant tools and training to use them properly and effectively, and (d) prioritization of allocated resources if management intends to seek tangible results in terms of realized monetary values from receivables.

Although consensus on the root causes presented in Figure 2 was not reached across all departments, section 3 outlines activities contributing to resolution of the underlying issues.

1.2 We reviewed the top five departments with the highest accounts receivable (Departments in Scope) for three fiscal years 2023, 2024, and 2025.

Figure 1 – Summary of Departments in Scope, performance indicator and conclusion

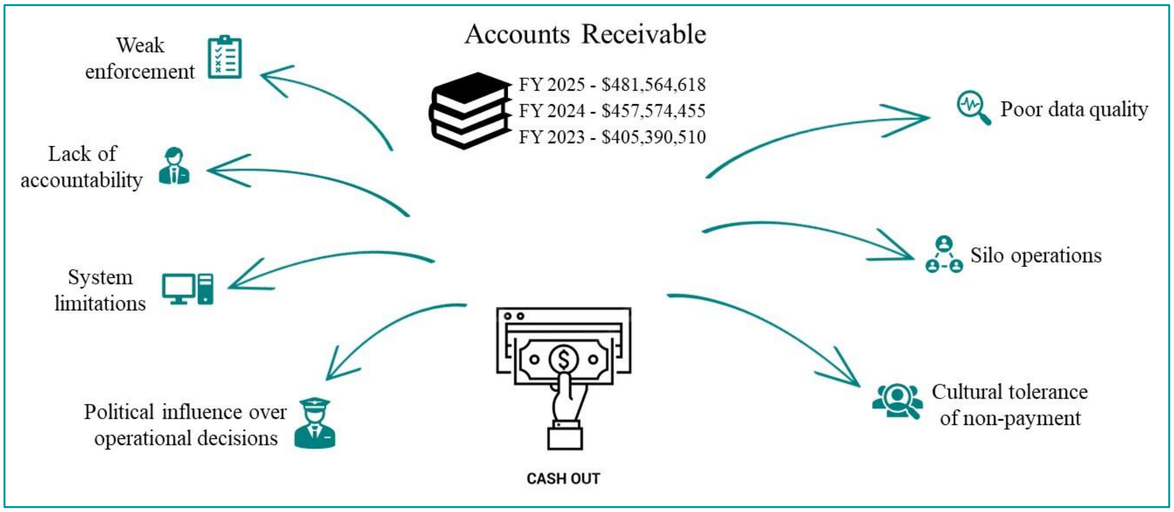
Department [1a]	Judicial Department	Customs Department	Office of the Tax Commissioner	Registrar of Companies	Works & Engineering Department
Average Accounts Receivables	$5 million	$7 million	$372 million	$20 million	$19 million
Average Receivable Turnover in Days [1b]	488 days	10 days	183 days	111 days	695 days
Audit Conclusion	Immediate actions needed	Actions needed in long term	Actions needed in short term	Immediate actions needed	Immediate actions needed

1a] The departments are arranged in order of their head number, as used in Government of Bermuda budget book, see section 2.2 in this report.
1b] Average receivable turnover in days- this is the number of days it takes for the department to receive payment after it has issued an invoice or bill. For example, it takes the Judicial Department an average of 488 days to receive payment for an invoice it has issued.

1.3 Results at a Glance

This section highlights key factors affecting the timely collection of amounts owed to the government.

Figure 2 – Identified root causes



1.3.1 The Government of Bermuda Consolidated Fund[1] recorded $482 million accounts receivable for the financial year ended March 31, 2025. As shown in Figure 2 – accounts receivables generally increased from year to year. Bermuda's population estimated at approximately 64,000[2] in 2025, the outstanding accounts receivables equate to roughly $7,531 per resident.

1.3.2 Below are the root causes observed from reviews of the top five departments (Figure 1) that make up 95% of the total receivable (subset of the numbers in Figure 2):

1.3.2.1 Weak enforcement

Accounts receivable from the Departments in Scope have grown, from $380 million in 2023 to $456 million in 2025; however, management's estimate of doubtful accounts (uncollectible allowance) is also growing, from 162 million in 2023 to $179 million in 2025.

[1] The Consolidated Fund financial statements are not prepared on a consolidated basis, which means that they do not include Quangos, boards, and other entities owned or controlled by the Government but include the financial information of the departments and public service units of government. (Source: Financial Statement Discussion and Analysis for the fiscal year ended March 31, 2025, page 4 (of 118)).

[2] 2016 Population and Housing Census Report, Government of Bermuda, Department of Statistics. The 2016 de jure (or resident) population was 63,917, rounded to 64,000.

Departments have explained that much of these balances are due to restrictions in section 22 of the *Public Treasury (Administration and Payments) Act 1969*. The legislation limits the Minister's authority to approve the waiver or deferral of public money payments, and waivers can only be granted within the same financial year in which the public money is waived or deferred (see Appendix III).

The legislation is based on the Government making every effort to collect accounts receivable within one year of earning the revenue and recording the debt. However, a significant amount of time has passed, and the accounts receivable balances have continued to grow, and departments may now have valid reasons to incur a bad debt as some of the indebted companies are no longer operating.

Question - You may wish to ask
Why is the one-year collection target not being met, and what accountability measures are in place?

1.3.2.2 Lack of accountability

As management usually makes an estimate of doubtful accounts (or uncollectible allowance) for financial reporting purposes, this may have affected the extent of effort given to collect receivables.

Departments face constraints in addressing these circumstances (a) resource limitations, (b) organization structure, (c) cost-benefit ratio, (d) self-reporting[3], (e) leverage.

Question- You may wish to ask
To what extent are doubtful accounts estimates masking a lack of collection effort, and what is being done to address resource limitations or organization structure?

1.3.2.3 System limitations

The accounting systems used by departments reviewed did not have adequate receivables management and reporting application. Receivables management and reporting were not key factors in system design and specifications. Departments not having the right system need to step back further to examine their objectives for the systems they have or systems they are planning to have.

[3] Self-reporting means similar in nature to self-reporting tax systems which require individuals and businesses to declare their own income, expenses, and tax owed to the government.

Question- You may wish to ask
What steps are being taken to upgrade or replace systems to improve debt collection and reporting? Are the right people involved to determine system requirements and to perform user acceptance test[4] adequately?

1.3.2.4 Poor data quality

In some of the cases, a department was unable to accurately determine the validity and accuracy of the outstanding receivables due to inaccurate or incomplete information captured at the time the transactions were initiated. This was attributed to insufficient staff training, lack of standardized identification, terms, and descriptions (i.e., users have their own terms and descriptions leading to data and information being difficult to systematically summarize and report in the government), and outdated or incomplete customer contact information.

1.3.2.5 Cultural tolerance of non-payment

Government is engaged in providing public services, not primarily based on people's capacity or non-capacity to pay. However, there is cost to providing public services. Government is effectively financing businesses or individuals by allowing supply of goods and services to continue despite outstanding balances.

1.3.2.6 Silo operation

There is no formal or structured collaboration among the departments to share information to facilitate debt collection.

Functions are typically reliant on one key person without proper succession planning or knowledge transfer. Day-to-day operational procedures are either not documented accurately, or there is insufficient documentation to enable another person to understand and follow through.

1.3.2.7 Political influence over operational decisions

Departments may receive recommendations from their ministries, to defer collection on account, and other solutions.

[4] User acceptance testing (UAT) is an important part of project management. It is the final stage of software development, in which end users and clients test the software in real-world conditions to assess its functionality and usability. Unlike other tests performed within the development cycle, UAT verifies whether the software works as intended, rather than facilitating feedback on its appearance or features.
(Source: https://www.coursera.org/articles/what-is-user-acceptance-testing)

1.4 Management of accounts receivable is essential as receivables represent a source of cash flow once collected. These amounts are owed to the Government for goods or services already delivered and earned. In the private sector, receivable accounts are managed stringently, for example services may be suspended, or receivables pursued through collection, when payment is not received. The Government mandate and mission may justify a less stringent approach in some circumstances; however, this should not become the reason to forgo the need to define and enforce sound debt management strategies.

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2. About the audit

Introduction

2.1 The audit objective was to assess the Government of Bermuda's management of accounts receivable ('receivables' or 'accounts receivables') and outstanding debts, and to evaluate whether the framework, processes, procedures and controls in place are operating as intended. Accounts receivable represents amounts owed to the Government of Bermuda ("Government") by customers for goods or services provided. When these amounts remain unpaid, they become debts that are owed to the Government.

These monies owed to the Government reduce funds available for delivering public goods and services.

2.2 We selected the top five (5) government departments with the highest dollar value of total monies that is owed to the Government as at financial reporting year-end:

- Judicial Department (under the Ministry of Justice)
- Customs Department (under the Ministry of National Security)
- Office of the Tax Commissioner (under the Ministry of Finance)
- Registrar of Companies (under the Ministry of Finance)
- Works and Engineering Department (under the Ministry of Public Works and Environment)

* These departments are not listed in order of importance or preference. They are presented according to the department head numbering used in the Government of Bermuda's Approved Estimates of Revenue and Expenditure.

2.3 The audit covered the debt management framework and the processes to manage accounts receivables and debt for 3 fiscal years, 2023, 2024 and 2025:

- April 1, 2022 to March 31, 2023
- April 1, 2023 to March 31, 2024
- April 1, 2024 to March 31, 2025

2.4 The audit approach included a review of the Accountant General's Department – Financial Instructions, relevant documents and records, interviews with key personnel, analysis of performance data and information, and observation of processes and procedures.

2.5 The audit criterion was developed specifically for this audit and was discussed with and accepted as appropriate by the accounting officers for the above-named departments.

Criterion

2.6 We examined whether these in-scoped departments have clear policies and effective processes and plans in place for collecting money owed to the Government.

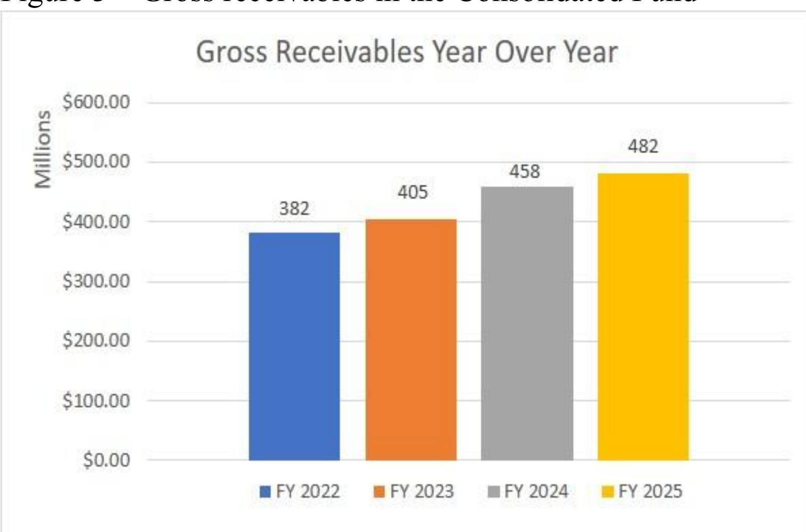
2.7 We reviewed performance measures relevant to receivable management as well as industry-standard benchmarks to evaluate performance, accountability, and the extent to which expected results were achieved against those established measures.

Why we chose this subject matter

2.8 Receivables of the Government are reported annually in the audited financial statements of the Consolidated Fund of the Government of Bermuda.[5]

During our review of the Consolidated Fund financial statements, we observed year-on-year increases in the Government's receivable balance. See Figure 3.

Figure 3 – Gross receivables in the Consolidated Fund



2.9 A growing or ageing receivables balances increases the risk of bad debt. Receivables that remain uncollected become bad debts and mean that funds are not being added to the government coffers and therefore not available to finance government initiatives and programs.

2.10 Year-over-year increases in receivables, especially in the aging of receivables balances may point to systemic issues: outdated systems, insufficient staff for collections, lack of follow-up procedures, current legislative frameworks lack the necessary enforcement powers to effectively pursue the matter, or a lack of political will to pursue outstanding debt.

[5] www.gov.bm/audited-financial-statements-consolidated-fund

What we examined

2.11 We examined the effectiveness of receivable and debt management processes using eight performance indicators. For each indicator, we calculated the yearly performance or result and calculated the average performance or result over the three-year period.

2.12 A rating of 1 to 5 was then assigned, where 1 represented the least desirable situation and 5 represented the most desirable situation.

2.13 The formula for computation of the performance indicators is detailed in Appendix II.

Table 1 –Industry-standard performance indicators and rating reference applied

Accounts receivable turnover measures the Government's effectiveness in managing and collecting money owed by its customers. It simply indicates how many times in a year the Government converts its outstanding receivables into cash.

I. Accounts Receivable (A/R) Turnover

Description	Rate
>= 12.00 times	5
6 to 11.99 times	4
4 to 5.99 times	3
2 to 3.99 times	2
< 2 times	1

A receivable cleared and collected every month (12 times in year) would be desirable.

II. Accounts Receivable Turnover in days

Description	Rate
<= 30 days	5
> 30 days but <= 60 days	4
> 60 days but <= 90 days	3
> 90 days but <= 365 days	2
> 365 days	1

The range above is based on the Government's year-end instruction (para 5.7) receivable aging table.

III. Accounts Receivable Growth versus Revenue Growth

Description	Rate
A/R growth < Revenue growth	5
A/R growth = Revenue growth	4
A/R growth is slightly above revenue growth (e.g., <=5%)	3
A/R growth is significantly above revenue growth (e.g., >5% but <=10%)	2
A/R growth increases (e.g., >10%); Revenue growth decreases. Relationship is inversely proportional.	1

The relationship of receivable and revenue is directly proportional (i.e., goes in the same direction).

IV. Ratio of Long Outstanding Receivable

Description	Rate
<= 10%	5
> 10% but <= 15%	4
> 15% but <= 30%	3
> 30% but <= 50%	2
> 50%	1

The range above is based on the Government's year-end instruction (para 5.7) receivable aging table.

V. Uncollectible Allowance Ratio (Allowance over A/R)

Description	Rate
<= 10%	5
> 10% but <= 15%	4
> 15% but <= 30%	3
> 30% but <= 50%	2
> 50%	1

VI. Uncollectible Allowance Growth Trend

Description	Rate
<= 10%	5
> 10% but <= 15%	4
> 15% but <= 30%	3
> 30% but <= 50%	2
> 50%	1

The uncollectible allowance or allowance for doubtful accounts reflects management's best estimate of the amount of accounts receivable that customers will be unable to pay. Allowance for doubtful accounts is used in our analysis because there is no Government administration policy that allows write-off of receivable unless authorized by the Minister of Finance "within the financial year in which the public money is waived or deferred" (Appendix III - *Public Treasury (Administration and Payments) Act 1969*).

In the absence of actual historical percentage of written-off accounts, 10%[6] or less uncollectible allowance is reasonable in the current circumstances.

VII. With identified performance measures

Description	Rate
Most adequate measures identified	5
	4
	3
	2
Least adequate measures identified	1

Whether Department has identified their own performance measure(s) relevant to management of receivables.

VIII. Substantiated performance measures

Description	Rate
Fully substantiated	5
	4
	3
	2
Unsubstantiated	1

Whether Department has actual performance evidence to support their identified performance measures.

[6] *Dun & Bradstreet Q3 2025 Report: U.S. Accounts Receivable Industry Report* showed that 15 of 202 industry segments report 10% or more of the aging dollars are 91+ days past due. These results are similar to Q2 2025 when 15 industry segments reported more than 10% of their aging dollars were severely delinquent (91+ days late). https://www.dnb.com/content/dam/web/risk/finance/content/ar-report/2025/DNB_AR-Report_Q3-2025.pdf

2.14 To aggregate the above indicators and arrive at a score for each department, weights were assigned as shown in Table 2.

Table 2 – Weight assigned to the performance indicator results

Indicators	Weight
Accounts Receivable Turnover	20%
Accounts Receivable Turnover in Days	20%
A/R Growth versus Revenue Growth	5%
Ratio of Long Outstanding Receivable	20%
Uncollectible Allowance Ratio	15%
Uncollectible Allowance Growth Trend	5%
With identified performance measures	5%
Substantiated performance measures	10%
Total	100%

2.15 To summarize the rated results of performance indicators (Table 1) and their corresponding weights (Table 2) and arrive at an overall rate/conclusion for each department, see Table 3

Table 3 – Conclusion according to rate range

Rate range	Conclusion
4.00 to 5.00	Minimal actions needed
3.00 to 3.99	Actions needed in the long term
2.00 to 2.99	Actions needed in the short term
less than 2.00	Immediate actions needed

2.16 Here is an illustration of how we apply the elements in Tables 1 to 3 together in a department, in Table 4.

Table 4 – Sample illustration for "Department Z"

Performance Indicators	FY 2023 Rate	FY 2024 Rate	FY 2025 Rate	Average Rate [a]		Weight [b]		Score [a] x [b]
Accounts Receivable Turnover	3	4	4	4	x	20%	=	0.80
Accounts Receivable Turnover in Days	4	4	3	4	x	20%	=	0.80
A/R Growth vs Revenue Growth	4	2	3	3	x	10%	=	0.30
Ratio of Long Outstanding Receivable	2	1	1	1	x	15%	=	0.15
Uncollectible Allowance Ratio	3	2	1	2	x	15%	=	0.30
Uncollectible Allowance Growth Trend	5	5	4	5	x	5%	=	0.25
With identified performance measures	2	3	4	3	x	5%	=	0.15
Substantiated performance measures	3	1	1	2	x	10%	=	0.20
Total						100%		2.95

The conclusion is "Actions needed in the short term."

2.17 The account receivables balances for each in-scope department are detailed below:

2.17.1 Accounts receivable are recorded when taxes are owed but unpaid, and when the Government has provided goods or services, issued an invoice and the customer receives the rights or benefits of the goods or services, but has not paid for them.

Account receivables are financial assets because they are usually converted to cash within (30) thirty days to support the delivery of public services. Monitoring the age of receivables is important, as the likelihood of collection decreases the longer they remain unpaid. Receivables outstanding for more than 365 days (one year) are considered long overdue. Ideally, all receivables should be collected within one year – but this has not been achieved.

2.17.2 Comprehensive ageing information is not available for all receivables across all Department in Scope. The available ageing data is primarily that used for the financial statement disclosures, which categorizes receivables as within 30 days, 31–90 days, and over 90 days.

2.17.3 **Figures 4 to 6** provide a summary of all money owed to the Government and management's estimate of how much money may be uncollectible (known as uncollectible allowance or allowance for doubtful accounts).

Figure 4 – Amounts owed and management's uncollectible allowance at year end March 31, 2025

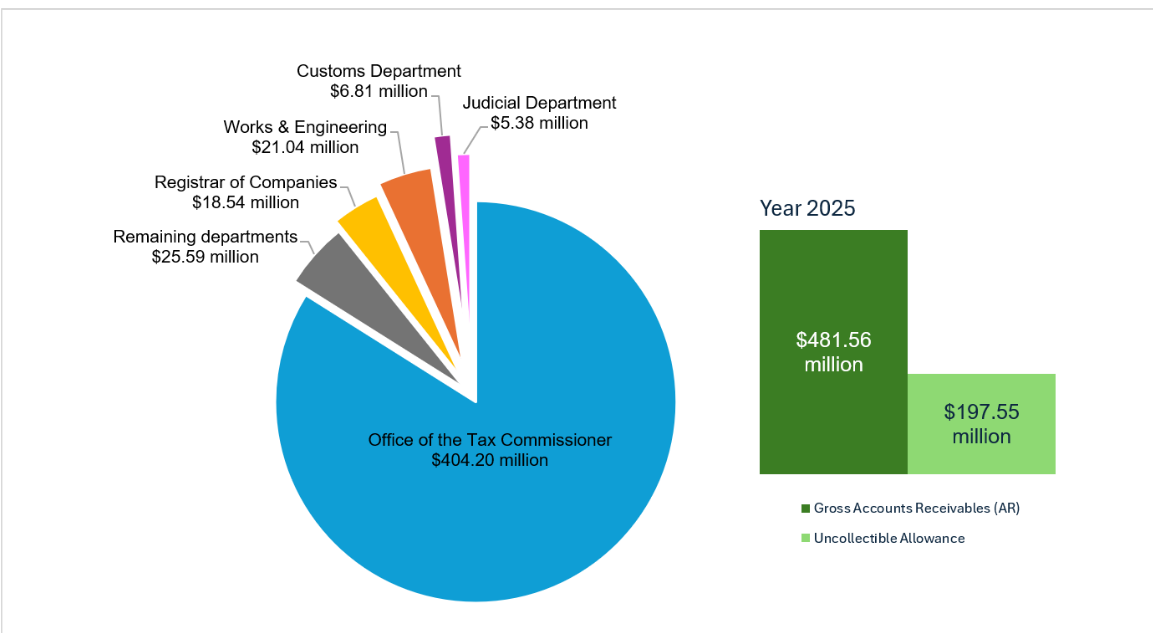


Figure 5 – Amounts owed and management's uncollectible allowance at year end March 31, 2024

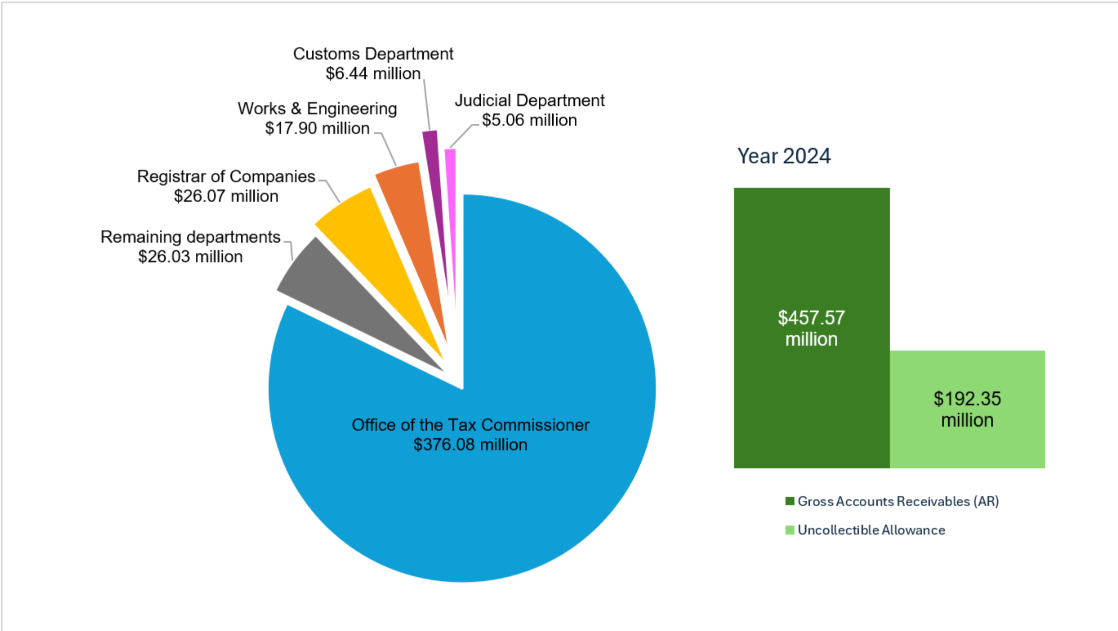
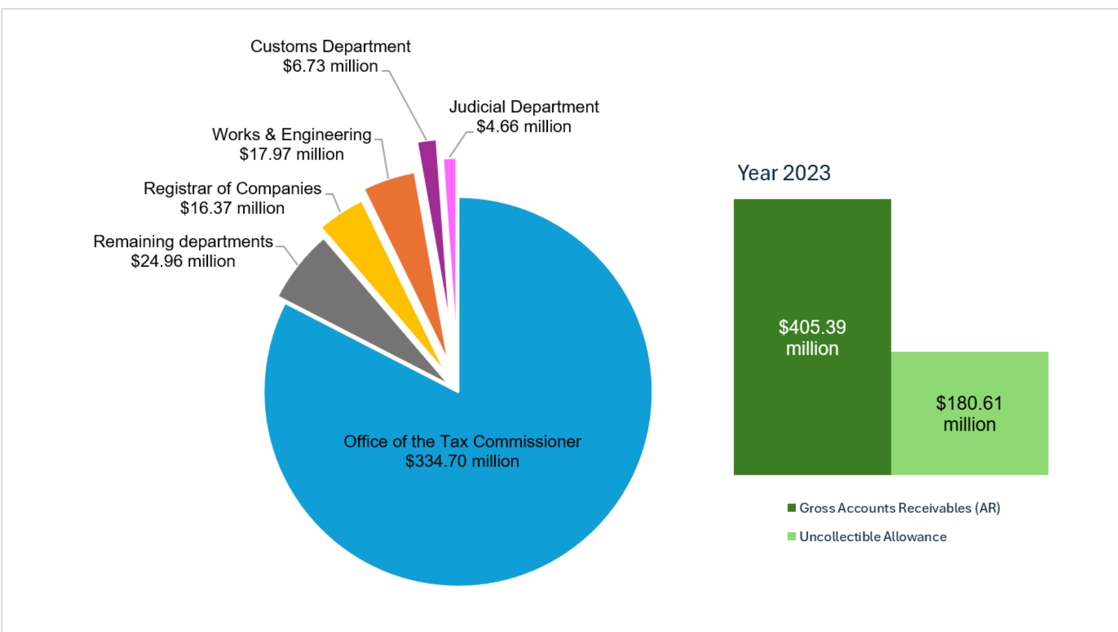


Figure 6 – Amounts owed and management's uncollectible allowance at year end March 31, 2023



Judicial Department

2.18.1 The Judicial Department receives revenue from several sources, including fees for court services and processing. These fees apply to civil cases, commercial cases, trust and probate matters (which involve managing a deceased person's estate or trust assets), criminal cases, and fines imposed by the Courts. See Appendix VI for other relevant information.

Other sources of revenue include:

- Processing and collection of stamp duty on the net value of a deceased's net estate value under the Stamp Duties Act.
- Fees charged to law firms for processing overseas registered associate applications.
- Bailiff fees for serving legal documents, such as civil court documents, Supreme Court documents, and domestic violence orders.

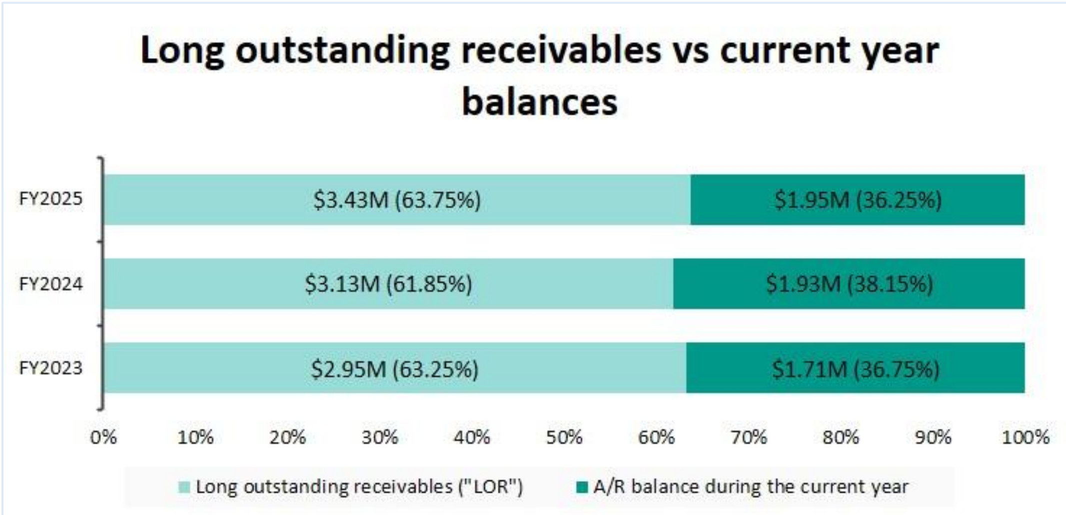
2.18.2 Performance indicators based on the department-recorded receivables

Figure A.1 -Accounts receivable (AR) turnover and AR turnover in days

FY2023	FY2024	FY2025	Average	Description
0.98 times	0.64 times	0.70 times	0.77 times	**Accounts Receivables Turnover** Number of times over a period the average accounts receivable is collected.
372 days	571 days	521 days	488 days	**Accounts Receivables Turnover in Days** Number of days the average accounts receivable is converted into cash throughout the billing cycle.

It takes 488 days (on average) to collect payment on Judicial Department's invoices.

Figure A.2 -Ratio of long outstanding receivables



Management's estimate of doubtful accounts (uncollectible allowance) is 67% (rounded) on average over total receivables.

Figure A.3 -Accounts receivable growth trend

The Justice Department's account receivable balance increased by an average of 3% during the reporting period.

Figure A.4 -Uncollectible allowance growth trend

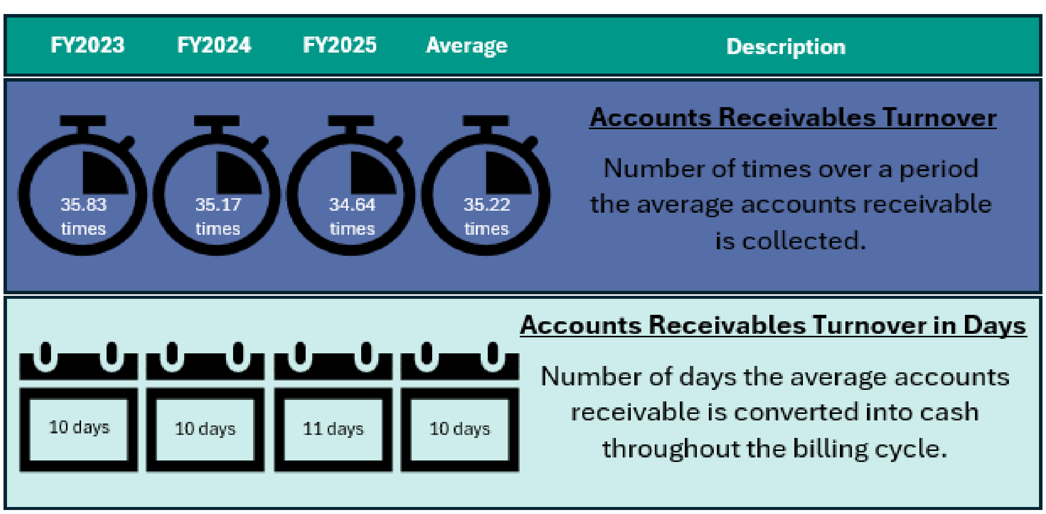
The Justice Department's recorded an average of 4% increase in its allowance for uncollectible accounts.

Customs Department

2.19.1 The Customs Department collects revenue mainly from customs duties charged on imported goods, as set out in the Customs Tariff Act 1970. These duties apply to cargo shipments and items brought in through the airport. In addition to customs duties, the Department also earns revenue from incidental fees and penalties. See Appendix VI for other relevant information.

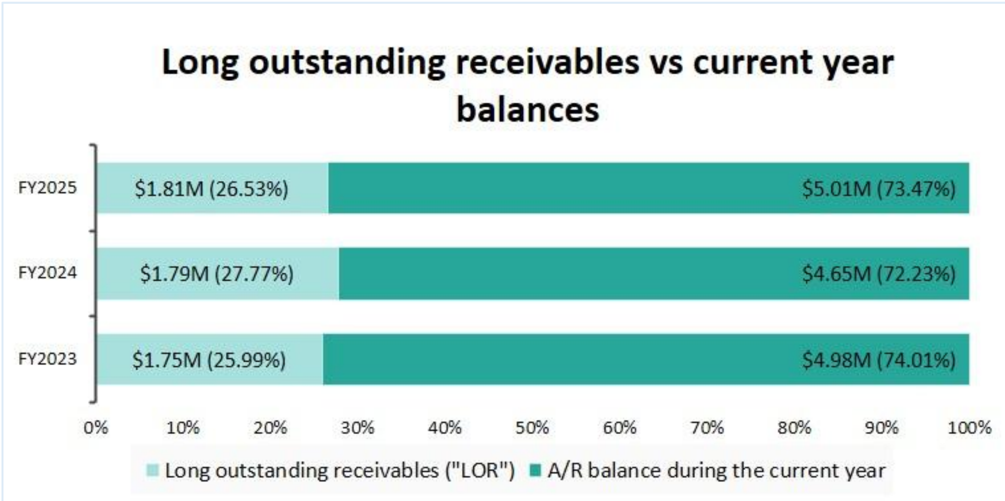
2.19.2 Performance indicators based on the department-recorded receivables

Figure B.1 -Accounts receivable (AR) turnover and AR turnover in days



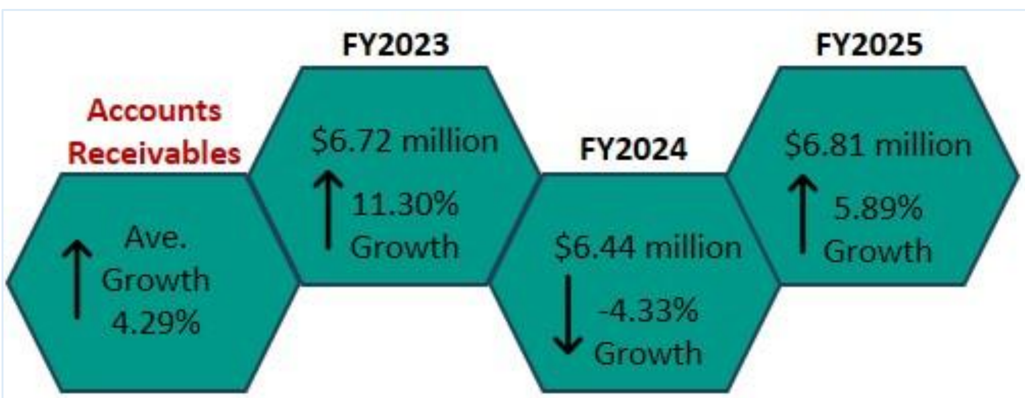
It takes 10 days (on average) to collect payment on Customs' invoices.

Figure B.2 -Ratio of long outstanding receivables



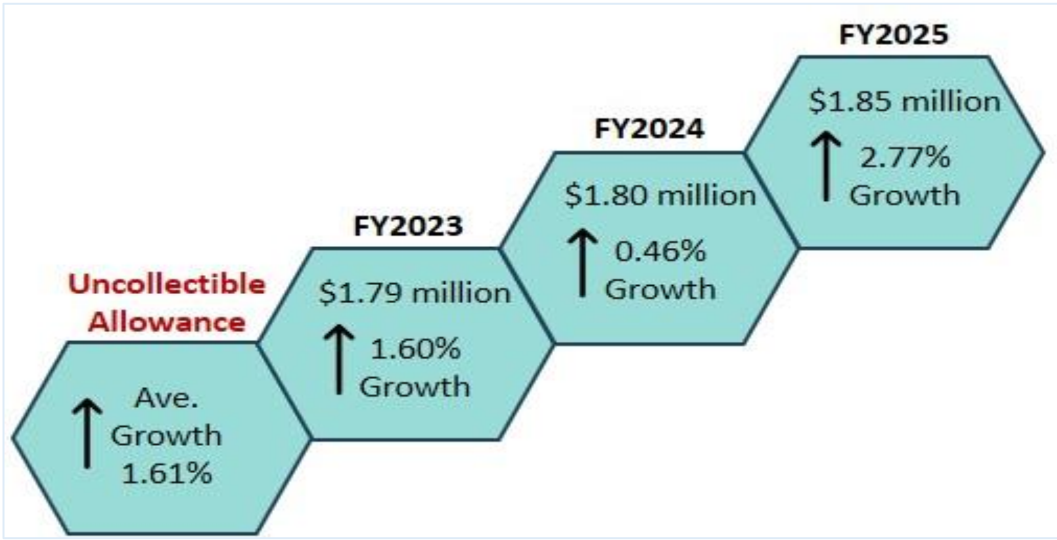
Management's estimate of doubtful accounts (uncollectible allowance) is 27% (rounded) on average over total receivables.

Figure B.3 -Accounts receivable growth trend



Customs' account receivable balance increased by an average of 4% during the reporting period.

Figure B.4 -Uncollectible allowance growth trend



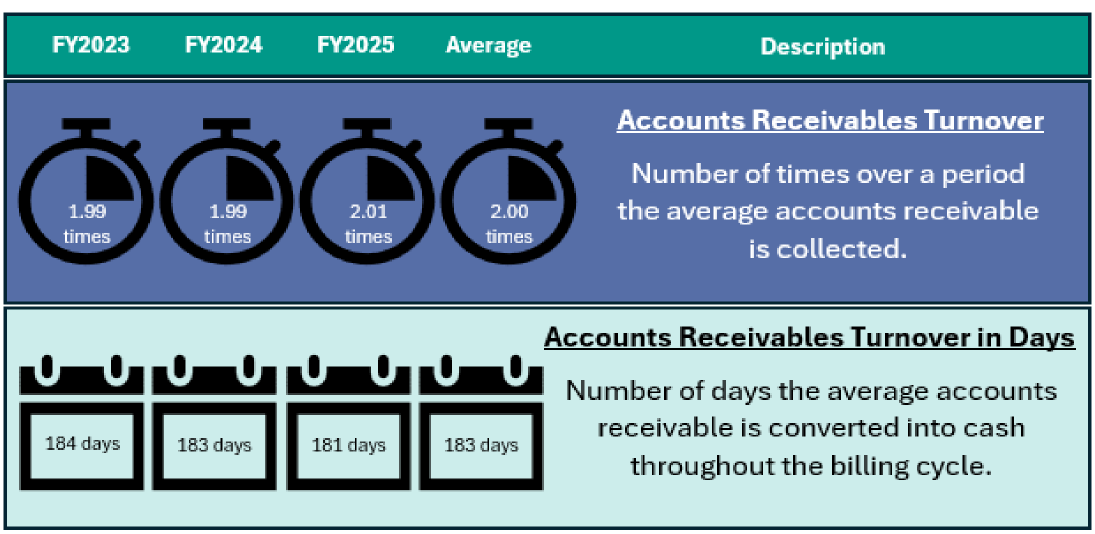
Customs Department recorded an average of 2% increase in its allowance for uncollectible accounts.

Office of the Tax Commissioner (OTC)

2.20.1 The Office of the Tax Commissioner collects revenue from a variety of taxes and duties, including payroll tax, taxes on corporate and financial services, betting tax, land tax, foreign currency purchases tax, hotel occupancy tax, cruise ship departure tax, yacht arrival fees, passenger cabin tax, time-sharing services and occupancy taxes, and stamp duties. See Appendix VI for other relevant information.

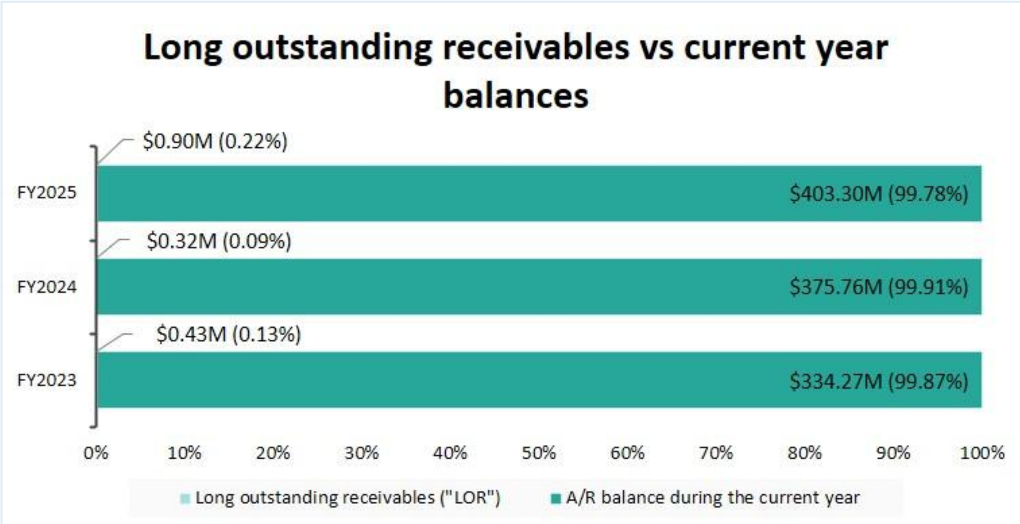
2.20.2 Performance indicators based on the department-recorded receivables.

Figure C.1 -Accounts receivable (AR) turnover and AR turnover in days



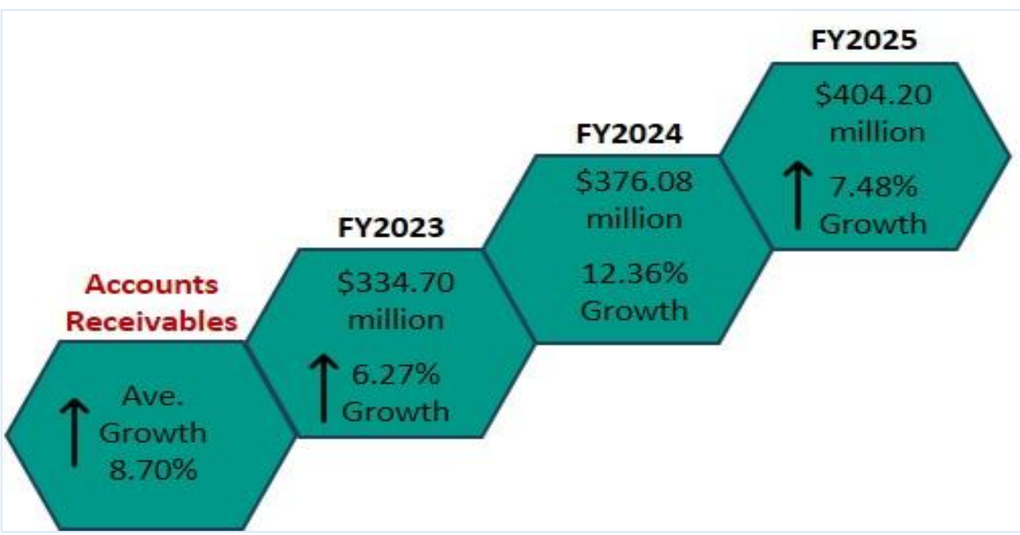
It takes 183 days (on average) to collect payment on OTC's invoices.

Figure C.2 -Ratio of long outstanding receivables



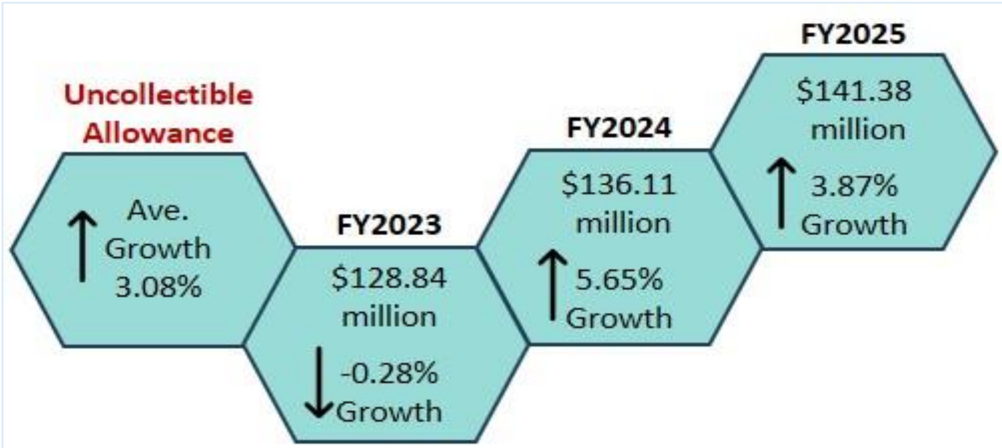
Management's estimate of doubtful accounts (uncollectible allowance) is 37% (rounded) on average over total receivables.

Figure C.3 -Accounts receivable growth trend



OTC's account receivable balance increased by an average of 9% during the reporting period.

Figure C.4 -Uncollectible allowance growth trend



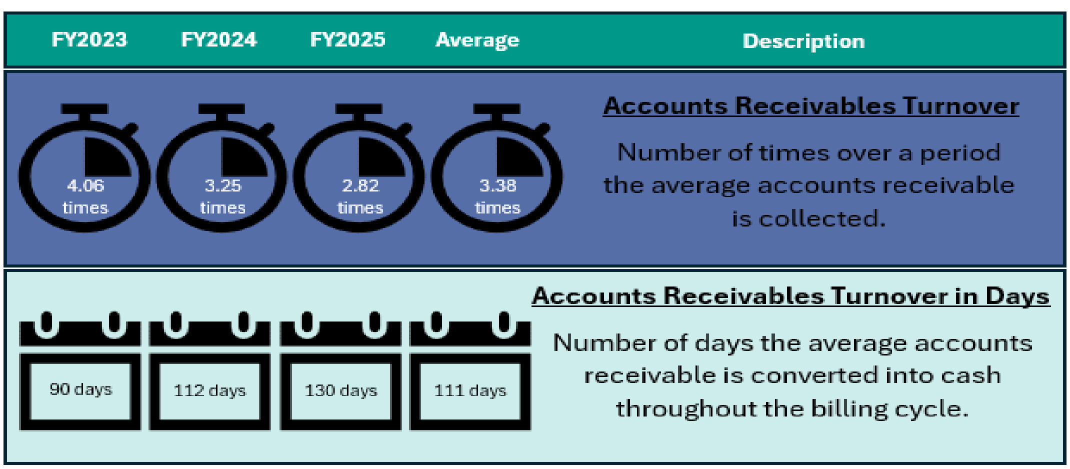
OTC recorded an average of 3% increase in its allowance for uncollectible accounts.

Registrar of Companies (ROC)

2.21.1 The Registrar of Companies earns revenue from business registration taxes and fees, as well as licensing fees. These charges are collected under the Government Fees Regulations 1976 and various laws that govern the administration of companies such as the Companies Act 1981. See Appendix VI for other relevant information.

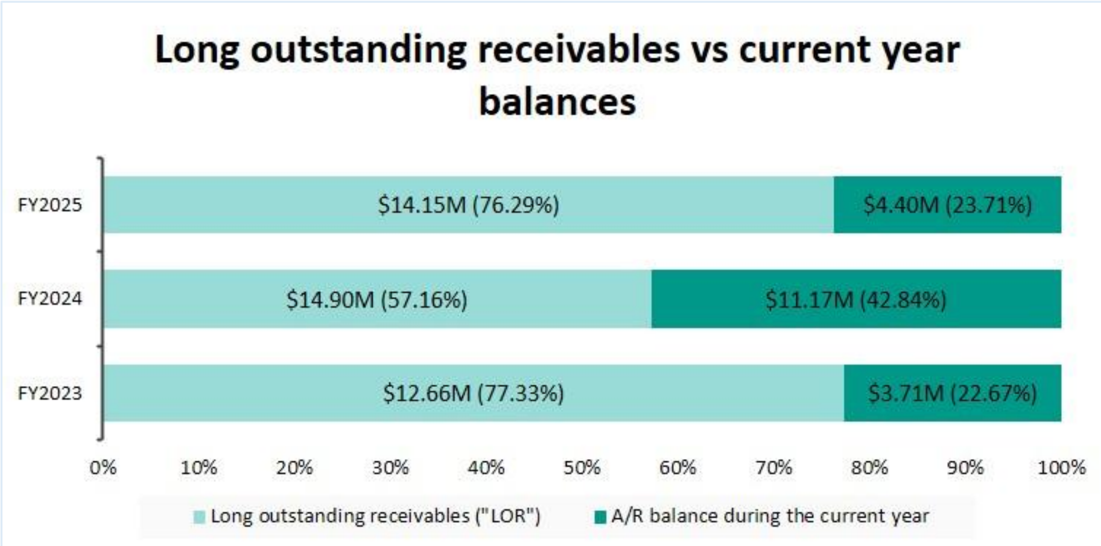
2.21.2 Performance indicators based on the department-recorded receivables

Figure D.1 -Accounts receivable (AR) turnover and AR turnover in days



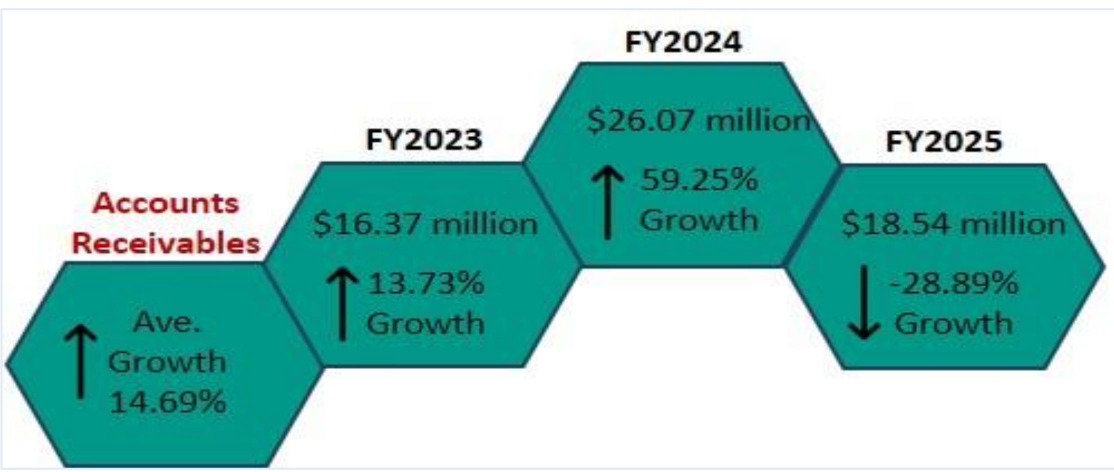
It takes 111 days (on average) to collect payment on ROC's invoices.

Figure D.2 -Ratio of long outstanding receivables



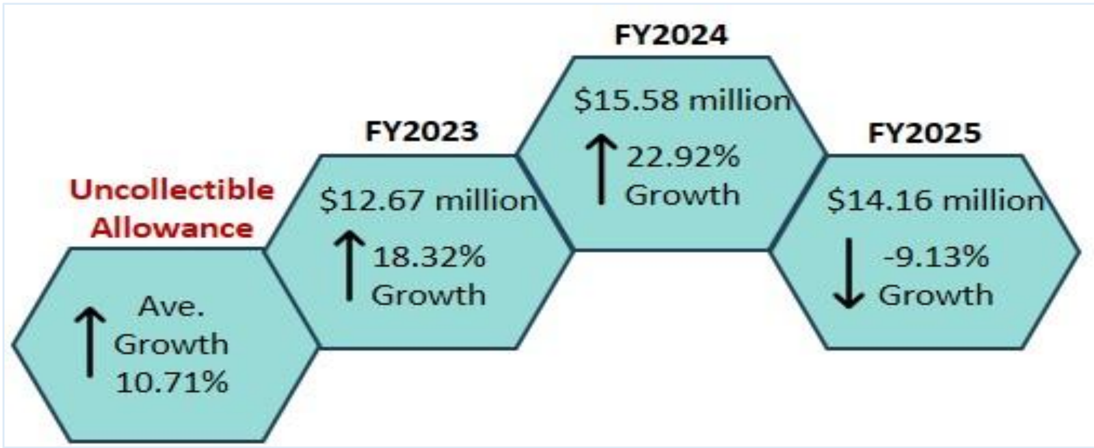
Management's estimate of doubtful accounts (uncollectible allowance) is 71% (rounded) on average over total receivables.

Figure D.3 -Accounts receivable growth trend



ROC's account receivable balance increased by an average of 15% during the reporting period.

Figure D.4 -Uncollectible allowance growth trend



ROC recorded an average of 11% increase in its allowance for uncollectible accounts.

Works and Engineering Department (W&E)

2.22.1 The Works and Engineering Department earns revenue from three main sources:

(1) Fees charged for the use of waste disposal facilities where refuse is deposited. These fees are set up under the Government Fees Regulations 1976 and the Public Lands Act 1984,

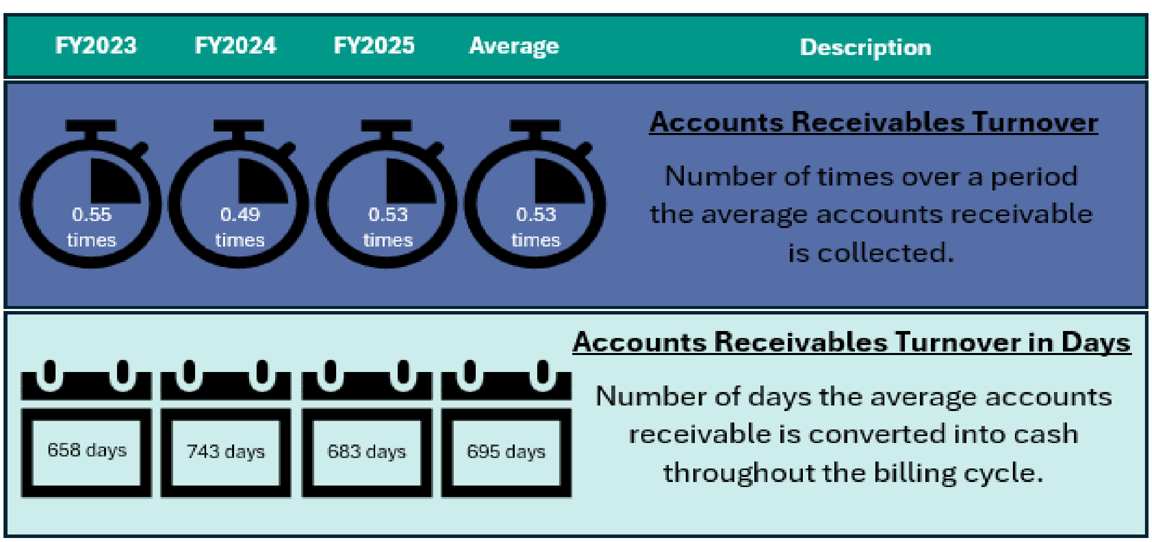
(2) Charges for water supply services provided undersigned agreements, and

(3) Revenue generated at the Tynes Bay facility and sold to Bermuda's sole supplier of electricity.

There are also other minor revenue sources such as trench permits and recycling fees. See Appendix VI for other relevant information.

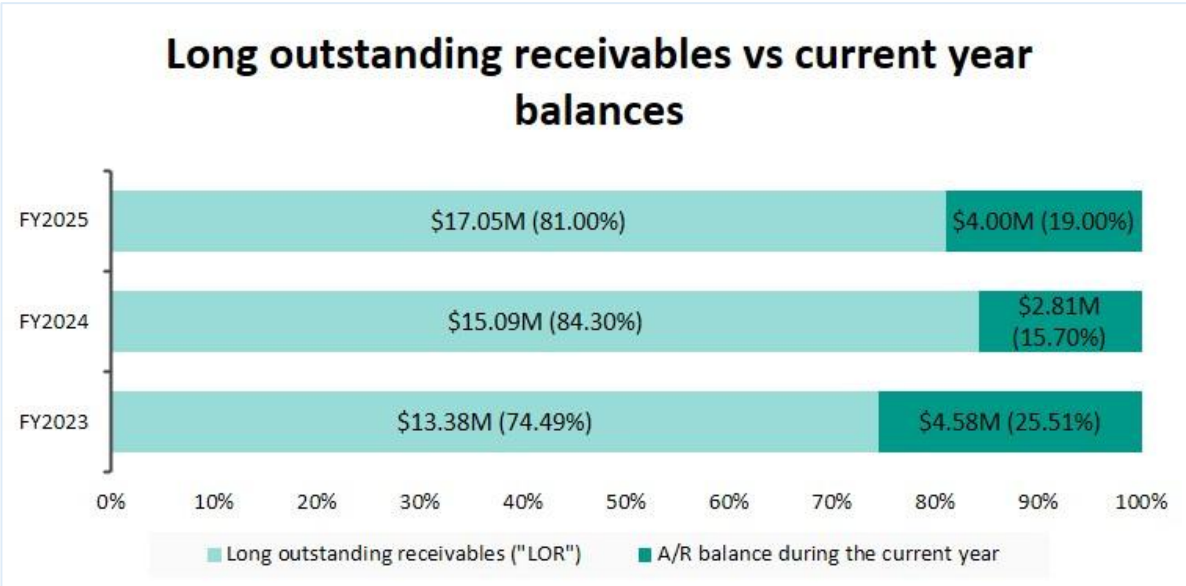
2.22.2 Performance indicators based on the department-recorded receivables.

Figure E.1 -Accounts receivable (AR) turnover and AR turnover in days



It takes 695 days (on average) to collect payment on Works and Engineering's invoices.

Figure E.2 -Ratio of long outstanding receivables

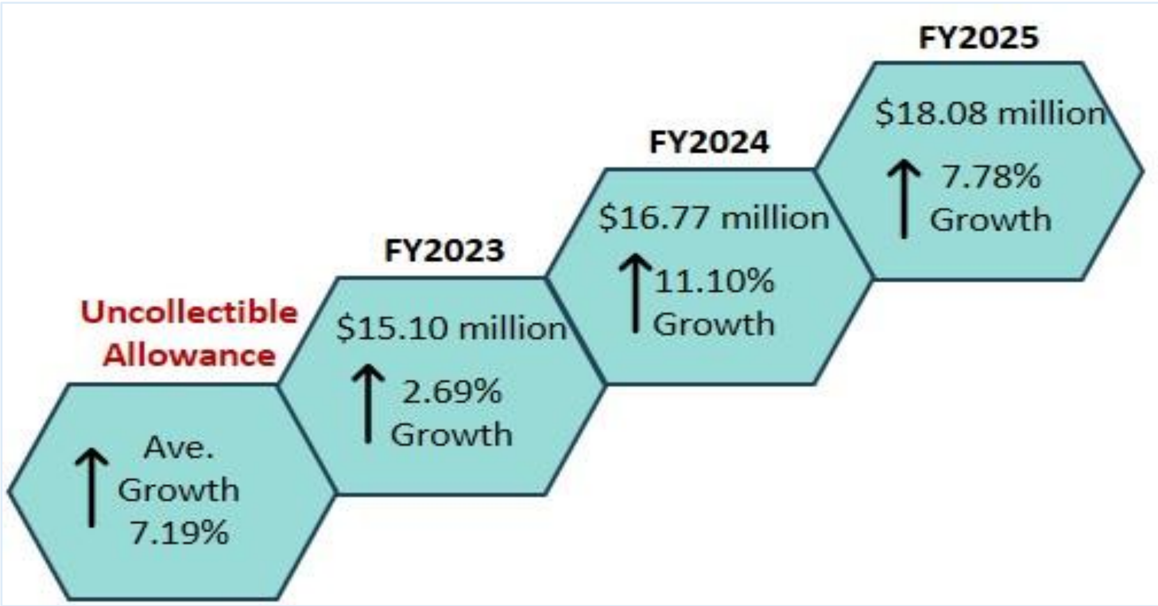


Management's estimate of doubtful accounts (uncollectible allowance) is 88% (rounded) on average over total receivables.

Figure E.3 -Accounts receivable growth trend

W&E's account receivable balance increased by an average of 6% during the reporting period.

Figure E.4 -Uncollectible allowance growth trend



W&E recorded an average of 7% increase in its allowance for uncollectible accounts.

3. Findings and observations

We examined performance measurements of each Department in Scope.

Performance measurement turns the Ministry's or Department's mission and objectives into trackable actions that connect what the Ministry or Department says it wants to achieve with what it actually achieved. Performance measurement involves regularly collecting and reviewing information on results, efficiency and cost, to determine whether government services and programs are delivering the intended outcomes in an effective and economical manner. We examined Departments in Scope by applying industry-standard performance indicators as well as the performance measures the Departments in Scope identified for themselves in the Approved Estimates of Revenue and Expenditure for the Year (if any) that is relevant to this subject matter. Refer to sections 2.13 to 2.16 to understand the mechanics of the summaries presented below.

3.1 Here are our detailed observations and recommendations:

3.1.1 Judicial Department

Figure A.5 – Summary of indicators and overall score

Indicators	Weight Allocation	Result	Rate	Weight
Accounts Receivable Turnover in Days	20%	488	1	0.20
Accounts Receivable Turnover	20%	0.77	1	0.20
A/R vs Revenue Year-Over-Year	10%	10.79%	1	0.10
A/R Year-Over-Year	(+ Increase)	3.30%		
Revenue Year-Over-Year	(- decrease)	-14.08%		
Ratio of Long outstanding receivables	15%	62.95%	1	0.15
Uncollectible Allowance Ratio	15%	66.91%	1	0.15
Uncollectible Allowance Yr-Ovr-Yr	5%	3.81%	5	0.25
With identified performance measures	5%		2	0.10
Substantiated performance measures	10%		5	0.50
OAG Performance rating	100%			1.65
Department's own qualitative assessment				2.50
Audit conclusion				Immediate actions needed

The following are observations in reference to Figure A.5:

3.1.1.1 It takes 488 days for Judicial Department to collect payments on invoices on average. Alternatively, collection takes place approximately 0.77 times annually (on average).

3.1.1.2 Accounts receivable increased by 3% (rounded) on average while revenue headed in the opposite direction at a decrease of 14% (rounded) on average. The Department's revenue-to-receipt process needs to be investigated more closely as there may be a misalignment between the process, the records, or among the people involved.

3.1.1.3 Long outstanding receivables (age over 365 days) make up 63% (rounded) on average of all receivables on record for the Department. That component is substantial and unhealthy because the older the receivable the less likely to see the event of collection.

3.1.1.4 Uncollectible allowance (estimated portion that may not be collected) is 67% (rounded) on average. As the estimated amount is within close range to the long outstanding receivables component, age is the primary factor in making the estimate/uncollectible allowance. Increase in uncollectible allowance is only 4% (rounded) on average, close to increase in receivables which may indicate that current receivables tend to be likely uncollectible in management's expectation.

3.1.1.5 The Department's identified performance measures involve 1 area which is collection. We give this a rating of 2.

There is no distinction between collections which are cash-based revenue transactions and collections associated with receivables. The "targets" are amounts recorded at the time when information was requested. The Department noted that they are unable to make reasonable estimates for their performance measure because the factors driving their fees are inherent (e.g., stamp duty on deceased estates are based on the number of deceased individuals which is unpredictable and furthermore involving estates with sizes and values that vary as well; amounts in each year can vary without any relationship to the preceding year or the succeeding year).

3.1.1.6 The Department's identified performance measures were fully substantiated. We give this a rate of 5.

3.1.1.7 The following root causes were observed, and the Department provided comments.

OAG's observation	Department's comments
Weak enforcement	The difficulty lies in determining what portion of receivables is collectible. Many receivables are not true revenue sources, but funds held or passed through. These are misclassified (e.g., child support, civil payments, restitution). It should be noted that there are fines attached to these transactions which are true revenue sources and there is a need to split the fines for proper recording and reporting.
Lack of accountability	Debts are not actively pursued, because in some cases pursuing debts may cost more than the recovery of the actual amount.
System limitations	The existing system which is a legacy case management system was not designed to manage receivables, leading to manual workarounds. There is no integration with the accounting and reporting needs of the Department.
Poor data quality	Poor data quality results from inconsistent data entries, limited training, and lack of documented comprehensive policies and procedures including accounting procedures. Reporting and analysis are difficult and time consuming.
Cultural tolerance for non-payment	The nature of the Department's receivables is highly variable, such as fines that can be paid in cash or served in time e.g., reduced or converted to jail time or community service (subject to a means test), and court decisions can also subsequently eliminate fines or create them. The current system does not track these changes clearly.
Silo operation	The Department operates independently with limited coordination, especially between operations managers (Supreme Court and Magistrate Court) and ministry controller. The operations managers are unable to answer questions about how the information and reports they provide are helping or not helping the accounting process, or whether additional information should be provided. Limited inter-department information-sharing (e.g., addresses, employment date) also affects the collection efforts.

OAG's observation	Department's comments
Political influence over operational decisions	There is no direct political influence over the Department's operational decisions. The influence may be indirect through the budget process. The budget and performance measures attributed to the Department are often misaligned with its realities, e.g., unpredictable fines and fees, values of estates, or incidents that would be subject to judicial process.

3.1.1.8 Observations

The Department should take immediate action in managing their accounts receivable to improve their receivable turnover:

a) Review and consolidate policies and procedures (both accounting and operation) and communicate them regularly.
b) Resourcing strategy should be evaluated.
c) System structures to be aligned and to integrate the objective of receivable management in the design of the upcoming new system that will replace Judicial Enforcement Management System (JEMS).
d) Collections which are cash-based revenue transactions should be clearly distinguishable from collections associated with receivables.
e) Work out better ways to capture transactions for timely recording with the appropriate trails needed to support the various forms of account settlement it deals with in collaboration with the Ministry of Finance and the Internal Audit Department, as well as to identify adequate performance measure(s) that would be more suitable for tracking performance in receivable management.

3.1.1.9 Judicial Department's management response:

The Department is undergoing the process of procurement of a new system to replace the JEMS, which has been in use since 2010, adapted to meet the specific needs of each court (Magistrates' Court and Supreme Court). There is need for dedicated qualified staff to address collection (regardless of residence within the Department or somewhere in Government i.e., the Accountant General's Department).

3.1.2 Customs Department

Figure B.5 – Summary of indicators and overall score

Indicators	Weight Allocation	Result	Rate	Weight
Accounts Receivable Turnover in Days	20%	10	5	1.00
Accounts Receivable Turnover	20%	35.22	5	1.00
A/R vs Revenue Year-Over-Year	10%	-4.51%	3	0.30
A/R Year-Over-Year	(+ Increase)	4.29%		
Revenue Year-Over-Year	(- decrease)	0.23%		
Ratio of Long outstanding receivables	15%	26.76%	3	0.45
Uncollectible Allowance Ratio	15%	27.29%	3	0.45
Uncollectible Allowance Yr-Ovr-Yr	5%	1.61%	5	0.25
With identified performance measures	5%		1	0.05
Substantiated performance measures	10%		1	0.10
OAG Performance rating	100%			3.60
Department's own qualitative assessment				2.67
Audit conclusion				Actions needed in the long term

The following are observations in reference to Figure B.5:

3.1.2.1 It takes 10 days for Customs to collect payment on invoices on average. Alternatively, collection takes place approximately 35 times annually. This is not surprising because of the nature of Customs activities; goods are held until paid for the most part.

3.1.2.2 Receivables increased by 4% (rounded) on average, higher than revenue, which increased by 0.23% on average. Since revenue is almost static while receivable increased, customers are delaying on settlement of their invoices. Customs is not getting as much cash collection as it should.

3.1.2.3 Long outstanding receivables (age over 365 days) make up 27% on average of all receivables on record for the Department. However, we did not see aging of receivables with more informative age categories other than 'over 1 year.'

3.1.2.4 Uncollectible allowance (estimated portion that may be uncollected) is 27% (rounded) on average over total receivables. As the estimated amount is the same as the long outstanding receivables component, age is the primary factor in making the estimate/uncollectible allowance. Increase in uncollectible allowance is only 2% (rounded) on average. This may indicate that about half of the increase in receivables is likely to become uncollectible in management's estimate.

3.1 .2.5 Customs has not identified performance measures relevant to management of receivables. We give this a rate of 1.

3.1.2.6 No support reviewed because the Department has no identified performance measure. We give this a rate of 1.

3.1.2.7 The following root causes were observed, and the Department provided comments.

OAG's observation	Department's comments
Weak enforcement	Customs believe this does not apply because the Department withholds goods until payment is made.
Lack of accountability	Customs believe this does not apply because the Department withholds goods until payment is made.
System limitations	Systems or tools are not integrated and do not work to serve the process. (Department has its own system to manage customer accounts apart from the Government's accounting system).
Poor data quality	Reasons are (1) human resource limitation at the Department for the function of collection. No one who can actively make telephone calls, correspond and prepare for legal proceedings. (2) legislative limitation of the Public Treasury (Administration and Payments) Act 1969 section 22, the Department has no authority to write off bad debts. Receivables are overstated because it includes accounts that are long outstanding and determined to be uncollectible but could not be removed from receivables.
Cultural tolerance for non-payment	Customs believe this does not apply because the Department withholds goods until payment is made.
Silo operation	Legislation does not support collaboration among departments. Collaboration with other departments would be beneficial but may require legislation amendment, to provide legal authority or a more structured method of sharing information and collaboration among departments. There was a working group intended to improve receivable management arranged by the Ministry of Finance with participants from Customs, Office of the Tax Commissioner, Registrar of Companies, Social Insurance and other departments. However, the weekly meetings ceased after about 4-5 meetings.

OAG's observation	Department's comments
Political influence over operational decisions	None directly. The Department may receive a recommendation from the Ministry of Finance to assist a local business by granting a deferment of duty. In those circumstances, the Department follows the direction of the Ministry with a 6.5% surcharge (or interest) to cover the time cost of what is effectively financing. The Department is managing this risk through its own issuance of monthly statement of accounts. Additionally, if there are monthly installment payments, these are reflected in the duty account. This set-up enables the Department to see unpaid balances and hold future importations until amount due is fully paid.

3.1.2.8 Observations

The Department should take actions in the long term toward managing their accounts receivable to monitor customers who are delaying settlement of their invoices.

Perform systematic review of long outstanding receivables, whether they are still collectible or not and make decisions timely.

3.1.2.9 Customs Department's management response:

Customs' performance on receivables management was significantly affected by the impact of the cyber-attack[7] in September 2023 (reported under financial year 2024). Access to online bank statements was blocked for security reasons while investigations were carried out. Customs allowed credit on customer accounts on the basis that customers reported the payments were made. Many accounts had a receivable balance which was not merited. However, when business is normal, receivable management is effective. Many receivables pertain to importation of goods, and the release of those goods are contingent upon the debt being paid. Most importers pay in advance to ensure the prompt release of their imported items.

For improvements, the Department needs the following (a) a dedicated, qualified staff to address collection which can reside within itself or somewhere in Government, like the Accountant General's Department; (b) a clear understanding of steps to go about taking people to court for unpaid debts; (c) a system update or have a proper system in place because the current Government accounting system (E1) is not up to the task; (d) legislation amendment to provide departmental authority to write-off accounts and to enable sharing of information across departments.

[7] https://www.gov.bm/articles/cyber-attack-update-premier-david-burt-jp-mp

3.1.3 Office of the Tax Commissioner

Figure C.5 – Summary of indicators and overall score

Indicators	Weight Allocation	Result	Rate	Weight
Accounts Receivable Turnover in Days	20%	183	2	0.40
Accounts Receivable Turnover	20%	2.00	1	0.20
A/R vs Revenue Year-Over-Year	10%	0.0%	5	0.50
A/R Year-Over-Year	(+ Increase)	8.70%		
Revenue Year-Over-Year	(- decrease)	9.67%		
Ratio of Long outstanding receivables	15%	0.36%	5	0.75
Uncollectible Allowance Ratio	15%	36.55%	2	0.30
Uncollectible Allowance Yr-Ovr-Yr	5%	3.08%	5	0.25
With identified performance measures	5%		3	0.15
Substantiated performance measures	10%		2	0.17
OAG Performance rating	100%			2.72
Department's own qualitative assessment				2.50
Audit conclusion				Actions needed in the short term

The following are observations in reference to Figure C.5:

3.1.3.1 It takes 183 days for OTC to collect payment on invoices on average. Alternatively, collection takes place approximately 2 times annually. Given that tax payments are due quarterly, the maximum accounts receivable turnover is 4 times a year.

3.1.3.2 Receivables increased by 9% (rounded) on average, to a slightly lesser degree but in the same direction as revenue, which increased by 10% (rounded) on average. This is a desirable situation indicating the increase in receivables is attributed to current revenue-generating activity.

3.1.3.3 Long outstanding receivables (age over 365 days) make up 0.36% on average of all receivables on record for the Department. However, we did not see comprehensive aging of receivables across all taxes, because some were merely aged as ‘greater than 90 days.’ There is a significant gap with uncollectible allowance.

3.1.3.4 Uncollectible allowance (estimated portion that may be uncollected) is 37% (rounded) on average over total receivables. OTC identifies accounts with uncollectible potential in a specific-account circumstances apart from age. Increase in uncollectible allowance is only 3% (rounded) on average. This may indicate that current increase in receivables is less likely to become uncollectible in management’s estimate.

3.1.3.5 In 2025, OTC identified performance measures that covered 3 relevant areas to management of receivables: debt payment plans, reduction in accounts due to collection, and enforcement actions. In 2024, OTC identified 1 relevant area: debt payment plans. In 2023, OTC identified 2 relevant areas: debt payment plans and reduction in debt. We observed the effort to determine more adequate performance measures through the 3 years. We give this area a rate of 3.

3.1.3.6 The performance measures were poorly substantiated. In 2025, reduction in debt was calculated from uncollectible allowance (or debt provision), not from reduction due to collection. If net receivables decreased because uncollectible allowance increased[8], then receivables were not collected. Additionally, there is no electronic monitoring of the payment plan as originally anticipated by the Department. We give this area a rate of 2.

3.1.3.7 OTC noted that their receivables are collected around 80% by April, following the year-end report date. Actual debt may come from (a) returns if no cash payment followed the filing, and (b) assessment.

3.1.3.8 The following root causes were observed, and the Department provided comments.

OAG's observation	Department's comments
Weak enforcement	OTC believes this does not apply because (a) the Department staff are highly focused on collection; (b) payment controls where payments are made via prescribed methods, i.e., E-Tax; cashier with tax ID number, prevents errors in matching payments, payee to accounts receivable; (c) multiple staff would have made exhaustive efforts to collect; Department is working to segregate balances deemed uncollectible to prevent staff from further wasting time on them.
Lack of accountability	OTC believes this does not apply because the Department's receivables are self-reported. Business entities or individuals register to be a taxpayer. Taxpayer sets up an account but does not formally close it even if their business does not proceed. OTC is often unable to get written deletion notice. Assessments may accumulate on inactive taxpayer accounts. Follow up on accounts are addressed through statements, tax inspection and debt collection. The Department rather needs better tools to manage taxpayer accounts.

[8] Net receivables are the difference between gross receivables and uncollectible allowance (estimate); to illustrate
gross receivables of $100 less uncollectible allowance of $20 = net receivable of $80; compare to
gross receivables of $100 less uncollectible allowance of $40 = net receivable of $60; decrease of $20

OAG's observation	Department's comments
System limitations	The taxpayer information management system is over 30 years old. It is obsolete and lacks modern efficiencies like user-driven capabilities in reporting and certain system changes.
Poor data quality	The Department's challenge lies with outdated taxpayer contact information. OTC conducts research to find new addresses, but information is most effectively updated when the taxpayer initiates contact for a reason (e.g., amending a return).
Cultural tolerance for non-payment	This is historically present, but efforts are underway to strengthen enforcement and compliance at the Department. OTC is looking toward criminal prosecution for non-payment. This is reliant on a new tax information management system being progressed for procurement.
Silo operation	The Department is actively working to change this. Increased efforts are underway to improve enforcement through cross department collaboration to manage debts before entities are dissolved (e.g., Registrar of Companies to provide update on companies that are being struck off from the register). Internally, OTC relies heavily on a single IT service provider who knows its business activities and legacy system, including generating age debt report for year-end.
Political influence over operational decisions	None directly. OTC has autonomy to manage its business. However, there may be instances where alignment with other ministries is required, particularly when broader perspective on an issue is called for, e.g., a taxpayer may go to the Ministry of Finance and seek a solution that extend beyond settlement of tax due. The Department can receive advice not to proceed on contemplated actions.

3.1.3.9 Observations

The Department should take actions in the short term to manage their accounts receivable through:

- Comprehensive and effective account monitoring and ageing, which includes all taxes (under the Department's mandate).
- Step up collection efforts with smart and coordinated approaches to improve receivable turnover.
- Adopt flexibility in age categories to reflect what is effective in the nature of the business.
- Address any key-person dependency risk.
- Establish a robust and timely receivables management reporting process.
- Enhance follow-up process with evidence that can stand to support court proceedings (should that recourse be taken).

3.1.3.10 Office of the Tax Commissioner's management response:

The Department has plans to

(a) See the completion of recruitment of additional manpower resource,
(b) Address and prioritize current balances first, balances in arrears second, so no penalties are incurred on the current balances,
(c) Manage debt growth by encouraging taxpayers to make arrangements for a payment plan,
(d) Identify and clean up accounts solely created to obtain unemployment benefits from Government,
(e) Implement a comprehensive taxpayer information management system that would consolidate all revenue streams (taxes) in one management system and enable performance measurement, because the current systems are dependent on a service provider who is nearing retirement,
(f) Investigate long outstanding balances and determine collection solutions or to segregate as accounts for write-off preparation (with sufficient and appropriate evidence).

3.1.4 Registrar of Companies (ROC)

Figure D.5 – Summary of indicators and overall score

Indicators	Weight Allocation	Result	Rate	Weight
Accounts Receivable Turnover in Days	20%	111	2	0.40
Accounts Receivable Turnover	20%	3.38	2	0.40
A/R vs Revenue Year-Over-Year	10%	14.23%	1	0.10
A/R Year-Over-Year	(+ Increase)	14.69%		
Revenue Year-Over-Year	(- decrease)	0.46%		
Ratio of Long outstanding receivables	15%	70.26%	1	0.15
Uncollectible Allowance Ratio	15%	71.17%	1	0.15
Uncollectible Allowance Yr-Ovr-Yr	5%	10.71%	4	0.20
With identified performance measures	5%		1	0.05
Substantiated performance measures	10%		1	0.10
OAG Performance rating	100%			1.55
Department's own qualitative assessment				1
Audit conclusion				Immediate actions needed

The following are observations in reference to Figure D.5:

3.1.4.1 It takes 111 days for ROC to collect payment on invoices on average. Alternatively, collection takes place approximately 3 times annually.

3.1.4.2 Receivables increased by 15% (rounded) on average, to a significant degree while revenue is almost flat, which increased only by 0.5% (rounded) on average. This is indicative of weak collection or aggressive revenue recognition. Revenue is not being converted into actual cash.

3.1.4.3 Long outstanding receivables (age over 365 days) make up 70% (rounded) of all receivables on record for the Department on average over 3 years. That component is substantial and unhealthy because the older the receivable the less likely to see the event of collection.

3.1.4.4 Uncollectible allowance (estimated portion that may not be collected) is 71% (rounded) on average over total receivables. As the estimated amount is within very close range to the long outstanding receivables component, age is the primary factor in making the estimate/uncollectible allowance. Increase in uncollectible allowance is 11% (rounded) on average, close to increase in receivables which may indicate that current receivables tend to be likely uncollectible in management's expectation.

3.1.4.5 ROC has not identified performance measures relevant to management of receivables. We give this a rate of 1.

3.1.4.6 No support reviewed because the Department has no identified performance measure. We give this a rate of 1.

3.1.4.7 The following root causes were observed, and the Department provided comments.

OAG's observation	Department's comments
Weak enforcement	Fee structures and processes are subject to complex legislation that a customer may misunderstand, leading to over and underpayment. The Registrar of Companies uses the annual strike-off process as an opportunity to contact companies with outstanding balances and confirm whether they are still operating. This has been an effective tool in encouraging companies to make outstanding payments and bring their entities into compliance with the relevant Act. However, some companies use non-payment as an indicator that they have ceased operating and allow the company to be struck from the Register. As a result of resource constraints, this annual process was not conducted in a timely manner, resulting in defunct companies still being shown on the Register as 'Active' and an overstatement of the department's receivables. This has since been updated, with only striking of defunct companies for 2025 currently outstanding. The result is a reduction in total receivables at March 31, 2025 and a further reduction at March 31, 2026. Of note is that the percentage of total revenue due from struck companies stood at 25% in March 2025 but increased to 42% in March 2026. While 2026 is outside of the review period, it is used as an indicator of the impact of conducting the annual strike-off process.
Lack of accountability	ROC believes this does not apply because the Department's current structure is not designed to address receivables management including active debt collection (2 revenue staff responsible for collection and recording of $76M in revenue). Receivables can remain outstanding due to companies with no intention to pay and who allow their companies to be struck off from the register without paying.

OAG's observation	Department's comments
System limitations	The limitation is partly due to design i.e., using a registration system which does not lend easily to accounting for and management of receivables. The complexity lies in the legislative framework; fees are legislated and the legislations governing those fees are complex. The Department maintains two systems to manage registration because the legacy system maintains historical records and registrants who have not created accounts with the 'new' online system.
Poor data quality	Data quality issues stem from complexity in the legislative framework; maintaining receivable records is a highly manual effort. Government-wide issue of missing one of two addresses, namely a company's trading address and registered address. The latter is usually a law firm's address. On the contrary, banks have this information. ROC has no requirement to maintain information on trading names and specific activity. This may require legislative amendment if it is deemed to be needed.
Cultural tolerance for non-payment	Entities who have no intention to pay exists, and the strike-off process is the enforcement mechanism available to the Department. Companies may not update contact details and notifications may not reach the intended recipients because the Official Gazette is not widely accessed by the public. 'Bounced cheques' are typically referred to the Accountant General's Department for collection. Department has no formal authority to establish payment plans. However, there can be flexibility to delay strike-off if payment efforts are observed.

OAG's observation	Department's comments
Silo operation	A notice is sent to some departments when a company is being struck off (i.e., Office of the Tax Commissioner, Social Insurance, Bermuda Monetary Authority, Financial Intelligence Agency). No centralized or standardized account identifiers across the departments. Different customer ID numbers in use at each Department and varying instances of using registered name or trading name. The term 'silo' may be inappropriate. The same objectives for revenue collection are shared but the inconsistencies in unique identifiers and a lack of shared database pose a challenge in fostering efficient collaboration.
Political influence over operational decisions	This is inherent in the form of (a) fee structure and suggesting other ways of applying them; (b) allowing time or holding back companies from being struck off; (c) ministerial consent to allow registration.

3.1.4.8 Observations

The Department should take immediate action in managing their accounts receivable to improve their receivable turnover. The administrative and accounting activities currently rely heavily on manual effort.

The Department should
- evaluate its resource strategy,
- establish policies and procedures to manage receivables, and
- incorporate receivable management objectives into one consolidated system.

3.1.4.9 Registrar of Companies' management response:

There are two main elements contributing to the continued increase in the accounts receivable balances annually:

1) The recording of accrued fees annually as due from entities that may be no longer active but remain on the Register.

The annual strike off process[9] helps identify companies that are no longer active. This process does not impact permit companies[10] and partnerships where the legislation does not include provision for the entities to be struck from the Register. Legislative amendment may be necessary to allow for cancellation of permits and removal of partnerships from the Register. This will result in a reduction of accrued revenues due only from entities that are actually still operating.

2) The accrual of fees due from companies that have been struck from the Register.

By definition, a company that is struck from the Register ceases to exist. It seems reasonable to assume that these debts are no longer collectible and should not be accrued. A change in the accounting treatment may be required to eliminate those balances from the accounting records. It is notable that if a struck company wants to be restored, it must first pay all outstanding fees and associated penalties that would have been due if it remained in continuous operation.

3.1.5 Works and Engineering Department

Figure E.5 – Summary of indicators and overall score

Indicators	Weight Allocation	Result	Rate	Weight
Accounts Receivable Turnover in Days	20%	695	1	0.20
Accounts Receivable Turnover	20%	0.53	1	0.20
A/R vs Revenue Year-Over-Year	10%	5.30%	2	0.20
A/R Year-Over-Year	(+ Increase)	6.22%		
Revenue Year-Over-Year	(- decrease)	0.92%		
Ratio of Long outstanding receivables	15%	83.10%	1	0.15
Uncollectible Allowance Ratio	15%	87.88%	1	0.15
Uncollectible Allowance Yr-Ovr-Yr	5%	7.19%	5	0.25
With identified performance measures	5%		1	0.05
Substantiated performance measures	10%		1	0.10
OAG Performance rating	100%			1.30
Department's own qualitative assessment				2
Audit conclusion				Immediate actions needed

[9] Entities that changed status from active, to 'struck off' following a striking-off process. See section 261 Registrar may strike defunct company off register, section 261A Striking off an application by a company, *Companies Act 1981*.
[10] Permit companies are entities incorporated outside Bermuda that have received a permit to conduct business within or from Bermuda.

The following are observations in reference to Figure E.5:

3.1.5.1 It takes 695 days for W&E to collect payment on invoices on average. Alternatively, collection takes place approximately 0.53 times annually.

3.1.5.2 Receivables increased by 6% (rounded) on average, to a significant degree while revenue is almost flat, which increased only by 1% (rounded) on average. This is indicative of poor collection or aggressive revenue recognition. Revenue is not being converted into actual cash.

3.1.5.3 Long outstanding receivables (age over 365 days) make up 83% (rounded) of all receivables on record for the Department on average over 3 years. That component is substantial and unhealthy because the older the receivable the less likely to see the event of collection.

3.1.5.4 Uncollectible allowance (estimated portion that may not be collected) is 88% (rounded) on average over total receivables. As the estimated amount is within very close range to the long outstanding receivables component, age is the primary factor in making the estimate/uncollectible allowance. Increase in uncollectible allowance is 7% (rounded) on average, almost the same rate of increase in receivables which may indicate that current receivables tend to be likely uncollectible in management's expectation.

3.1.5.5 W&E has not identified performance measures relevant to management of receivables. We give this a rate of 1.

During review of the draft report, W&E noted that accounts receivable procedures and measures are found in Ministry of Public Works and Environment (Head 36, where the accounting and collection activity is taking place) and not in W&E (Head 82). One of the Ministry of Public Works and Environment's performance measures was "Reduction of Water Aged Debt." However, water-related receivables belong to both Head 36 and Head 82 W&E. We are unable to distinguish what part of the performance measure pertains to W&E.

3.1.5.6 No support reviewed because the Department has no identified performance measure. We give this a rate of 1.

3.1.5.7 The following root causes were observed, and the Department provided comments.

OAG's observation	Department's comments
Weak enforcement	There is weak enforcement but not due to significant effect of delays in matching payments and posting receipts. Billing statement content cannot be improved (to present clearly to the customer the transaction history, corresponding charges incurred, and paid balances, not just outstanding balance at statement date) due to the Department not having the authority or capability to change Government accounting system (E1) reports.
Lack of accountability	The uncollectible allowance that is reported for audit purposes is formulaic for all of government based on the age of the receivable. This is directed by the Accountant General's Department. It in no way reflects W&E's actual estimation of uncollectible amounts and does not impact collection procedures. It is NOT "Management's best estimate of the amount of accounts receivable that customers will be unable to pay". The uncollectible allowance should address the uncollectible balance however the reason for poor collection of receivables is due to the short staff. The presence of uncollectible allowance does not discourage collection effort. The issues stem more from operational gaps than accounting treatment. Procedures have not been updated (to current practices, post COVID pandemic period), processes have a lot of duplication that a streamlining is called for and the collaboration needed on the specific activity of collection that is not really addressed.
System limitations	Some data and process issues exist, but less severe in standardized areas (e.g., water billing), and lack of integration between operational and accounting systems. Training on the system and processes is rather needed.
Poor data quality	This is a concern but less driven by inaccuracy or incompleteness at the transaction initiation or by accounting or recording issues, rather on the lack of coordination within the Department and its ministry, insufficient staff training, and lack of staff adherence to procedures. Two or more identification numbers may exist in the Government accounting system for one customer (e.g. variation formats in the name, use of individual name apart from their company name).

OAG's observation	Department's comments
Cultural tolerance for non-payment	During the COVID pandemic period, the Government made active decision to downplay chasing collection. Since then, the Department has been given authority to resume pursuit of debtors and collect what is due to Government. The approach adopted is to identify opportunities for offset arrangement work or garnishment.
Silo operation	Lack of coordination exists within the Ministry but not terrible as outside the Ministry (Government-wide), where it is an issue. Lack of communication across departments is a challenge. Only the Registrar of Companies sends notification when preparing to strike off companies from its register. To illustrate, a water trucking operator is licensed through Transport Control Department ("TCD") but not at the Registrar of Companies. When the original customer sells the truck, the next person continues to obtain the water, but the billing gets to the original customer. The original customer refuses to pay, and the debt accumulates and never gets collected. Current customer addresses need to be obtained through proper liaison with other departments. It should be noted that Departments have been informed that there are legal restrictions placed on the sharing of financial information on customers among Government Departments.
Political influence over operational decisions	This is a key risk. The Government generally does not cut off services to defaulting debtors unlike in private business environment. This presents an issue, i.e., the department is effectively financing individuals and business entities.

3.1.5.8 Observations

The Department should take immediate action in managing their accounts receivable to improve their receivable turnover. A review of existing policies and procedures is needed not only to update the descriptions in a document but to determine the substance of activities that are duplicating, not value-adding and to modify them, or remove and set up new ones. Review and enforce terms of service contracts. Look for various ways to improve customer services (i.e., through better billing statements, and other ways that would prompt incentive to settle accounts), review resource priorities, define and implement a structured debt management strategy with specific targets, as well as how to achieve such targets.

3.1.5.9 Works and Engineering Department's management response:

The Ministry of Public Works and Environment (wherein W&E belongs) has secured the services of an accountant to assist with reviewing and updating the Ministry's accounts receivable processes and procedures to strengthen billing, monitoring, and collection activities. The accountant will also review and update the existing debt collection procedures and assist the Ministry of Public Works and Environment in determining an appropriate debt collection method, system and resource requirements. Staff training will also be provided to support the effective implementation and consistent application of the revised processes and procedures.

3.1.6 Accountant-General's Department

3.1.6.1 The Accountant-General's Department (AcG) is the administrator of the Consolidated Fund. The Accountant-General has the powers and discharges the duties conferred or imposed upon by or under the *Public Treasury (Administration and Payments) Act 1969* or any other provision of law.

> Section 4 (3) of the *Public Treasury (Administration and Payments) Act 1969*:
>
> The Accountant-General shall exercise a general supervision in respect of the arrangements under which payments out of or into public funds are made by or to Government Departments; and the Accountant-General, subject to such general or special directions as may be given by the Minister in that behalf, may, subject as hereinafter provided, from time to time issue such instructions to Government Departments as he thinks expedient—
>
> (a) with respect generally to the control and management of public funds by Government Departments and for carrying any provision of this Act into effect;
> (b) with respect to the method by which payments are to be made into or out of public funds by Government Departments, and with respect to the conditions subject to which such payments are to be made;
> (c) with respect to the payment of public funds into the Consolidated Fund by Government Departments; and
> (d) with respect to accounting for public funds by Government Departments:
>
> Provided that instructions issued as aforesaid shall not be inconsistent with any Act.

3.1.6.2 The AcG is not part of this audit's scope. However, because of the powers and duties conferred by provision of law as mentioned above, the Accountant-General was consulted about the presence of activities that relate to accounts receivable management for the departments on a central administration basis.

3.1.6.3 There are no formal policies and procedures in the management of receivables, other than Financial Instructions (FI) and the *Public Treasury (Administration and Payments) Act 1969* (the Act), see Appendix IV and III respectively. Government departments can implement their own policies and procedures relevant to their operation in managing receivables, provided they do not violate or contradict the FI and the Act. According to the FI, the departments are required to refer to AcG receivable balances beyond 90 days in age[11]. However, the Accountant-General confirmed that the AcG debt collection office is currently not staffed. Staff for debt collection has been a constant challenge at AcG.

3.1.6.4 Departments with significant account receivables have been asked to do their own debt collection activities. Since they are familiar with their clients and have relationships with them, they can continue to follow up on those receivable balances. In FI 13.11.5 "Except where otherwise legislated, all departments should appoint a designated debt collection officer within their departments."

3.1.6.5 Government performs financial checks of money owed by a vendor (to Public Works, Office of the Tax Commissioner, Registrar of Companies, Social Insurance) as part of the contract-award process. There is a right to set off balances in the Act (sections 22A in Appendix III).

3.1.6.6 Political interference in a small society presents challenges to collect because there may be a need for the Government to engage the vendor to deliver goods and services for other Government businesses.

3.1.6.7 While there is a right to set off balances, ministers or Cabinet may approve contracts to advance the Government's priorities despite owing payroll tax and social insurance contributions. Furthermore, the vendor may claim to be faulted by hardship because money is needed to obtain materials for the project to be worked on.

3.1.6.8 The AcG is not aware of information or report requirements on receivable other than at the year-end, in preparation for year-end audit (i.e., receivables details, aged reports, adjusted journal entries). Neither review of receivable management performance in a holistic government-wide approach nor review of each department against the department's key performance measures is carried out.

[11] Financial Instruction section 13.11.5, see Appendix IV

3.1.6.9 Planned activities of the AcG

- Reference to the debt collection section in AcG in the FI will be fully revised.
- Decision to be made on the formal creation of dedicated resources for receivables management at relevant departments or AcG.
- Conversation to be held with the entire accounts receivable management teams, to identify amounts that can reasonably be collected. Management is aware that some of the amounts are owed by companies who are no longer in operation.
- Amendment of the Public Treasury (Administration and Payments) Act 1969 section 22 (see Appendix III) to allow departments to write off long outstanding accounts receivable once due diligence confirms the balance is uncollectible (spanning several years). Currently, legislation supports waiver of payment for accounts in the financial year in which waiver is applied for (subject to conditions).

3.2 Conclusion: Here are our general observations and recommendations

3.2.1 Opportunities exist to improve the management of receivables across Government based on discussions:

- Management must move beyond reporting and into action; receivables have no value until collected and the ability to convert them into cash should be a key performance measure for every revenue-generating department.
- Knowledge transfer needs to be integrated into the regular processes and across departments.
- Continuous training and guidance are fundamental in maintaining timely, complete and reliable records and facilitating timely collection efforts.
- Departments must have relevant systems and procedures in place (either manual, automated or a combination) for the process to be effective.
- Cross-sharing information may be enabled among interrelated departments and other government entities.

3.2.2 Departments in Scope should take up their receivable management processes with more rigor and effort, to see improvement in the performance indicators. Those departments that were not scoped-in, to review their processes and the findings within this report.

END of Report

4. Appendix I

Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of Bermuda on the Effectiveness of the Government's Receivables and Debt Management Process. Our responsibility is to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of receivables and debt.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance generally accepted in Bermuda. The Office of the Auditor General applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of Bermuda and the Code of Professional Conduct of the Office of the Auditor General of Bermuda. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In accordance with our regular audit process, we obtained the following from management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the findings in this report are factually based

PERIOD COVERED BY THE AUDIT: The audit covered the period April 2022 to March 2025. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters outside of this period as deemed necessary.

DATE OF THE REPORT: We obtained sufficient and appropriate audit evidence on which to base our conclusion on August 31, 2026.

5. Appendix II

Details on formula of performance indicators used in this report

I. **Accounts receivable turnover** - Measures the collection efficiency or the number of times over a year (or another period) that the government collects its average accounts receivable.
Formula: [Revenue / Average AR]

Average accounts receivable – Calculates the mean amount of money owed by customers during the year. This is used to smooth out fluctuations in accounts receivable.
Formula: [(Beginning AR + Ending AR) / 2]

II. **Accounts receivable turnover in days** - Measures the number of days the government converts its accounts receivable into cash throughout the billing cycle or fiscal year, directly impacting working capital.
Formula: [365 days / Accounts receivable turnover]

III. **Revenue growth** - Movement of revenue during the year compared to the prior year.
Formula: [(CY revenue – PY revenue) / PY revenue]

Accounts receivable growth - Movement of accounts receivable during the year compared to the prior year.
Formula: [(CY AR – PY AR) / PY AR]

IV. **Ratio of long outstanding accounts receivable over total accounts receivable** - Measures the proportion of long-outstanding accounts receivable over total accounts receivable during the year.
Formula: [Long outstanding AR / Total AR during the year]

V. **Uncollectible allowance ratio (allowance over accounts receivable)** - Measures the proportion of allowance for doubtful accounts against the total accounts receivable during the year.
Formula: [Uncollectible Allowance / Total AR during the year]

VI. **Uncollectible allowance growth trend**- Movement of uncollectible allowance during the year compared to the prior year.
Formula: [(CY Uncollectible Allowance – PY Uncollectible Allowance) / PY Uncollectible Allowance]

Legends:
AR - Accounts receivable
CY – Current Year
PY – Prior Year
Note: The revenue, accounts receivable, and allowance for doubtful accounts (or uncollectible allowance) are based on the audited financial statements of the Government of Bermuda Consolidated Fund.

6. Appendix III

Excerpts from the Public Treasury (Administration and Payments) Act 1969

Section 22 Minister may approve waiver or deferment of public money payments

1. The Minister may, on application in writing by a public authority setting out the exceptional circumstances necessitating the request, waive or defer the payment of public money—
   a) in whole or in part;
   b) for a specified period, subject to subsection (5);
   c) with respect to a specified person or class of persons.

2. No such waiver or deferment of payment of public money shall be granted unless the Minister—
   a) has consulted the Minister responsible for the enactment under which the public money is prescribed;
   b) is satisfied that there are exceptional circumstances justifying the waiver or deferment of payment in that particular case; and
   c) has notified the Accountant-General in writing.

3. The Minister may provide for the waiver or deferment of payment of public money—
   a) in accordance with any or all of the provisions of paragraphs (a) to (c) of subsection (1);
   b) with retrospective effect, subject to subsection (5); and
   c) subject to such conditions as the Minister may deem appropriate to impose on the person benefitting from the waiver or deferment of payment granted.

4. A public authority whose application for the waiver or deferment of payment of public money has been granted shall—
   a) maintain proper books or records with respect to the waiver or deferment of payment of public money and provide such details of the value of the public money waived or deferred as the Accountant-General may direct; and
   b) provide such other information relating to the public money waived or deferred as the Accountant-General may request.

5. No application to waive or defer payment of public money shall be granted under this section for a period going beyond the financial year in which the public money is waived or deferred.

6. Where a person benefitting from a waiver or deferment of payment of public money granted by the Minister under this section, which is subject to any condition and such person fails to comply with such condition, the Minister may—
   a) determine to cancel the waiver or deferment of payment of public money granted for the entire period for which it was granted or for a portion of such period; and
   b) require the public money due to have been paid during the period of the cancelled waiver or deferment of payment to be paid and, where necessary, be recovered before a court of summary jurisdiction in the manner provided by the Magistrates Act 1948 for the recovery of a debt or liquidated demand.

7. In this section, "exceptional circumstances" include—
   a) a Proclamation of a State of Emergency under section 14 of the Bermuda Constitution Order 1968;
   b) a declaration of a public health emergency by the Minister of Health under section 107A of the Public Health Act 1949;
   c) hurricanes and other major adverse natural or weather-related events significantly impacting Bermuda negatively, whether directly or indirectly;
   d) an event or occurrence significantly impacting a sector of the economy or community in Bermuda negatively, whether directly or indirectly, that could not reasonably have been foreseen;
   e) a situation where a person has been selected to participate on behalf of Bermuda, or is required to represent Bermuda, at an international event;
   f) such other event or circumstance that the Minister may deem, by notice published in the Gazette, to be an exceptional circumstance with respect to a particular case, after consulting the Minister and public officers connected with the case.

8. The Minister shall, when tabling the financial statements of the Consolidated Fund at the end of the financial year, lay before each House of the Legislature a report on the public money waived or deferred under this section during that financial year.

[Section 22 repealed and replaced by 1999:24 s.2 effective 23 July 1999; Section 22 repealed and replaced by 2020: 31 s. 3 effective 15 July 2020]

Section 22A Right to set off

1. Where any public money is recoverable from any person and—
   (a) the Minister is satisfied that that person is entitled to recover moneys from a Government Department in respect of goods or services provided to that Department by or on his behalf; or
   (b) the Minister is satisfied that the person is entitled to receive a benefit from the Unemployment Insurance Fund for the purpose of assisting unemployed persons,

   the Minister may, not earlier than sixty days after the date on which such public money first becomes recoverable, authorise the Accountant General to set-off so much of the money as the person is entitled to recover against the public money which is recoverable from him, as the Minister considers appropriate, in full or part settlement of the public money that is recoverable.

2. Where pursuant to subsection (1), the Minister authorises a set-off in part settlement of any public money, nothing contained in that subsection shall be construed as prohibiting the recovery, as authorised by any law, of so much of the public money as remains recoverable.

[*Section 22A inserted by 2001: 8 s.2 effective 19 March 2001; Section 22A subsection (1) amended by 2021: 34 s. 2 effective 2 August 2021*]

7. Appendix IV

Excerpts from the Financial Instructions (dated October 1, 2018)

In-scope departments are using separate systems to manage receivables.

13.10.3 Non-E1[12] Accounts Receivable System Requirements

All accounts receivable systems should include:
- (1) a billing for all services or goods supplied,
- (2) an accounts receivable record showing the amounts due, inclusive of an ageing analysis,
- (3) an accounts receivable control account showing the total receivables, and
- (4) prompt and vigorous action to collect all claims.

All departments having accounts receivable should maintain proper accounting records and files to document the history of the account. Each department should ensure that adequate controls are incorporated into their accounts receivable system, particularly in respect to:
- (1) billing procedures,
- (2) accounting records,
- (3) segregation of duties,
- (4) balancing and reporting, and
- (5) collection activity.

13.11 Overdue Accounts

13.11.1 Responsibility

All departments are responsible for developing and implementing effective collection procedures for their accounts receivable in accordance with FI. Every effort should be made to maximise Government cash flows by minimising the incidence of uncollectible accounts.

13.11.2 Approval to Use Alternative Procedures

Any exceptions to these collection procedures must be approved in writing by the Accountant-General.

13.11.3 Ageing and Follow-Up

An aged analysis of accounts receivable should be generated monthly (government accounting system) and reviewed by the 10th working day of the following month.

Departments using other approved accounting systems for accounts receivable must record all debt over 90 days in Enterprise One with the appropriate supporting documentation.

There should be an on-going system of review of accounts receivable to ensure that **all unpaid accounts are vigorously pursued for collection** prior to referral to the Accountant-General's Debt Collection Section.

[12] The Government's accounting system, Oracle's JD Edwards Enterprise One ("E1")

13.11.4 Procedures for Follow Up

(1) The following action must be taken by the revenue generating department (source department) no later than 30 days after payment due date:

1. The debtor must be personally contacted to be reminded of the outstanding debt and to determine if there are any unresolved issues relating to the debt,
2. Written notification (e.g. statement/reminder) must be sent to the debtor. The notification must contain details of the debt and the following sentence: "Failure to receive payment immediately could result in legal proceedings to recover the debt without further notice." (see Exhibit 8),
3. Services to debtor should be discontinued.

The above procedures serve as the minimum requirement for departmental collection efforts and must be documented.

13.11.5 Referral to the Accountant-General after Ninety Days

Except where otherwise legislated, **all departments should appoint a designated debt collection officer within their departments.** The person is responsible for managing the collection of debts and reports to the Accountant-General's Debt Collection Management Accountant.

The designated debt collection officer must continue to liaise with debtors, for collection of debts outstanding above 90 days. **The designated debt collection officer(s) together with the Accountant-General's debt collection officer will be responsible for initiating legal actions geared towards collection of debt outstanding over 90 days.**

The Accountant-General's Department can assign aged accounts receivables to a debt collection agency under mutually agreed upon terms and conditions. The debt collection agreement between the Accountant-General's Department and the debt collection agency must be in writing, approved by the Attorney-General's Chambers and signed by the Accountant-General and debt collection agency approved representatives.

13.11.6 Approval for Write-Offs

If it is not possible to recover the debt by legal process, the Accountant-General will request approval from the Minister of Finance to write off the debt. Under the Act, no recoverable public monies are to be written off without the prior written approval of the Minister of Finance.

8. Appendix V

Excerpts from the Audited Consolidated Fund Financial Statements, Schedule 1

Government of Bermuda - Consolidated Fund
Schedule 1: Accounts Receivable
As at March 31

	2025 Actual [1]	2024 Actual [1]
	$	$
Office of the Tax Commissioner	404,202,160	376,081,499
Works & Engineering	21,042,411	17,899,464
Registrar of Companies	18,542,413	26,074,902
Customs	6,814,883	6,435,519
Judicial Department	5,377,169	5,056,123
Accountant General	4,363,121	4,339,108
Public Lands & Buildings	4,243,444	4,712,986
Ministry of Public Works HQ	2,922,570	-
Airport Operations	2,921,565	2,921,565
Department of Health	2,019,133	1,915,899
Ministry of Finance HQ	1,999,879	3,703,421
Environment & Natural Resources	1,334,299	1,308,157
Department of Education	1,200,571	1,203,681
Post Office	1,193,355	1,820,999
Ministry of Transport HQ	778,204	778,204
Public Transportation	748,168	324,783
Financial Assistance	517,241	545,243
Other Departments	344,496	346,772
Energy	195,880	202,741
Office of the Auditor General	165,600	195,632
Immigration	138,625	133,625
Police	136,410	144,022
Defence	129,066	129,066
Ministry of Health HQ	80,083	238,756
Marine & Ports	76,297	985,398
Department of Human Resources	70,018	70,018
Registry General	6,572	6,872
Public Service Commission	985	-
	481,564,618	457,574,455
Less: Provision for Doubtful Accounts	197,550,609	192,351,217
	284,014,009	265,223,238

The age of a receivable is an indicator of its collectability. The aging of these receivables is as follows:

	0-30 days	>30-90 days	> 90 days	Total
Accounts Receivable	211,616,121	61,073,012	208,875,485	481,564,617

[1] Totals may not add due to rounding.

Note: These age categories do not align with the statutory filing and payment timelines applicable to various taxes and fees and therefore may not be meaningful age categories to use in operation at the in-scoped departments.

9. Appendix VI

Other relevant details about the departments

The following pages present information for each in-scoped department, in the order listed in section 2.2 of this report:

(1) revenues associated with receivables,
(2) receivables,
(3) aged receivables at March 31, 2025,
(4) aged receivables at March 31, 2024,
(5) aged receivables at March 31, 2023
(6) performance indicators (based on industry standards) – see Section 2.18.2 to 2.22.2
(7) department-identified performance measures relevant to the subject matter
(8) performance or results achieved

There is distinction between all revenues and those revenues associated with receivables as some departments may also have cash-based revenue transactions, i.e., cash payment is received immediately at the point of exchange of goods or services such that the transaction is closed and there is no need to record accounts receivable.

Judicial Department

Table AA.1 – Judicial Department Revenues associated with receivables

Description	2022	2023	2024	2025
Deceased Estates	-4,767,240	-2,140,146	-1,182,710	-1,644,098
Moving Traffic Fines	-1,416,211	-2,492,380	-1,849,936	-1,917,723
Criminal Fines	-179,877	-62,544	-72,130	-96,718
	-6,363,328	-4,695,070	-3,104,777	-3,658,539

Table AA.2 – Judicial Department Receivables

From Trial Balance	2025	2024	2023	2022
Gross Receivables*	**5,379,199**	**5,058,153**	**4,663,419**	**4,904,505**
Uncollectible allowance (estimated)	-3,598,141	-3,266,771	-3,229,438	-3,224,976
Net receivables	1,781,057	1,791,381	1,433,981	1,679,529

* *There's a consistent difference of $2,030 between the Trial balance and Audited Financial Statement balances per year.*

Table AA.3 – Judicial Department 2025 Aged receivables

Age	Age Subtotal	Criminal fines	Moving traffic fines	Stamp duty on deceased estates*	Court fees	Civil fees	Civil payments - Attachment of Earnings
Older than 9 years	1,974,295	471,162	1,120,776		8,296	495,439	-121,377
Betw 7 to 9 years old	-130	160,390	231,604			-325,738	-66,386
Betw 5 to 7 years old	708,670	135,891	445,414			187,572	-60,206
Betw 3 to 5 years old	58,702	125,517	275,395			-293,496	-48,713
About 3 years old	345,692	43,684	250,439			51,483	86
About 2 years old	342,158	48,509	348,368			-88,330	33,610
1 year old or less	1,949,812	37,863	426,912	1,544,745		-35,241	-24,468
	5,379,199	1,023,015	3,098,907	1,544,745	8,296	-8,311	-287,454
				*No age information			

Table AA.4 – Judicial Department 2024 Aged receivables

Age	Age Subtotal	Criminal fines	Moving traffic fines	Stamp duty on deceased estates	Court fees	Civil fees	Civil payments - Attachment of Earnings
Older than 9 years	1,704,446	426,424	1,049,225		8,296	341,844	-121,342
Betw 7 to 9 years old	9,671	151,604	175,231			-277,779	-39,384
Betw 5 to 7 years old	451,102	156,813	165,330			186,419	-57,460
Betw 3 to 5 years old	381,012	155,502	399,648			-81,514	-92,624
About 3 years old	128,599	40,575	179,090			-105,193	14,128
About 2 years old	453,712	50,254	351,889			51,483	86
1 year old or less	1,929,610	41,929	512,268	1,430,132		-88,330	33,610
	5,058,153	1,023,100	2,832,681	1,430,132	8,296	26,930	-262,986

Table AA.5 – Judicial Department 2023 Aged receivables

Age	Age Subtotal	Criminal fines	Moving traffic fines	Stamp duty on deceased estates	Court fees	Civil fees	Civil payments - Attachment of Earnings
Older than 9 years	1,621,218	410,856	981,565		8,296	341,844	-121,342
Betw 7 to 9 years old	-27,646	106,897	182,621			-277,779	-39,384
Betw 5 to 7 years old	482,788	163,009	190,820			186,419	-57,460
Betw 3 to 5 years old	383,182	147,942	409,378			-81,514	-92,624
Betw 1 to 3 years old	489,947	138,908	442,105			-105,193	14,128
1 year old or less	1,713,930	79,552	587,835	994,974		51,483	86
	4,663,419	1,047,162	2,794,324	994,974	8,296	115,260	-296,596

Table AA.6 – performance indicators based on industry standards are in section 2.18.2, except for

Figure A.6 – Revenue growth trend

Justice Department's revenue declined by 14% on average.

Table AA.7 – Judicial Department-identified performance measures

2025 (April 1, 2024 to March 31, 2025)	**2024** (April 1, 2023 to March 31, 2024)	**2023** (April 1, 2022 to March 31, 2023)
Family and Child Support Total dollar amount for child support collected • Revised forecast $2,761,458	Family and Child Support Total dollar amount for child support collected • Actual outcome $2,790,050	Family and Child Support Total dollar amount for child support collected • Actual outcome $2,059,334
Total amount of payments processed for child support • Revised forecast 10,619	Total amount of payments processed for child support • Actual outcome 10,178	Total amount of payments processed for child support • Actual outcome 7,685
Administration Total amount collected by the cashiers • Revised forecast $5,914,190	Administration Total amount collected by the cashiers • Revised forecast $6,115,605	Administration Total amount collected by the cashiers • Actual outcome $4,722,661
Total amount of payments processed in total by the cashiers • Revised forecast 19,617	Total amount of payments processed in total by the cashiers • Revised forecast 22,009	Total amount of payments processed in total by the cashiers • Actual outcome 17,262
Criminal and Traffic Total amount collected from Criminal Fines • Revised forecast $142,682	Criminal and Traffic Total amount collected from Criminal Fines • Revised forecast $15,623	Criminal and Traffic Total amount collected from Criminal Fines • Actual outcome $88,862
Total amount collected from Traffic Fines • Revised forecast $1,796,923	Total amount collected from Traffic Fines • Revised forecast $702,335	Total amount collected from Traffic Fines • Actual outcome $1,467,256

This information is published in the Government's Approved Estimates of Revenue and Expenditure for each year indicated.

Table AA.8 – Judicial Department performance measures against the actual results

Approved Estimates of Revenue and Expenditure		FY2025		FY2024		FY2023	
Performance Measure		Declared Target Outcome	Substantiated Actual	Declared Target Outcome	Substantiated Actual	Declared Target Outcome	Substantiated Actual
Family and Child Support	Total dollar amount for child support collected	$2,761,458	$2,690,249	$2,790,050	$2,790,050	$2,059,334	$3,171,733
	Total amount of payments processed for child support	10,619	10,419	10,178	10,350	7,685	11,830
Administration	Total amount collected by the cashiers	$5,914,190	$5,794,130	$6,115,605	$6,262,600	$4,722,661	$7,397,041
	Total amount of payments processed in total by the cashiers	19,617	30,909	22,009	32,976	17,262	37,362
Criminal and Traffic	Total amount collected from Criminal Fines	$142,682	$137,684	$15,623	$115,623	$88,862	$142,847
	Total amount collected from Traffic Fines	$1,796,923	$1,646,772	$702,335	$1,814,078	$1,467,256	$2,379,121

Customs Department

Table BB.1 – Customs Department Revenues associated with receivables

Description	2022	2023	2024	2025
Customs Duty	-224,010,433	-224,325,392	-226,858,954	-225,074,180
Yacht Arrival	-63,583	-78,435	-70,457	-75,935
Srvs to Ships (Customs)	-489,933	-369,792	-414,406	-382,924
Wharfage	-835,033	-921,065	-929,391	-960,444
Container Fees	-733,866	-961,776	-1,026,020	-977,358
Customs Service Charges	-415,400	-707,494	-726,718	-572,296
Courier Package Fees	-1,089,541	-972,066	-967,289	-927,589
Light Dues	-69,461	-179,963	-236,721	-199,640
Licence General	-138,093	-164,360	-159,056	-204,166
Penalties	-49,810	-34,286	-27,160	-76,211
Sundry Receipts	-80,438	-78,142	-72,677	-70,853
	-227,975,590	-228,792,771	-231,488,849	-229,521,596

Table BB.2 – Customs Department Receivables

From Trial Balance	2025	2024	2023	2022
Gross Receivables	6,814,883	6,435,519	6,727,024	6,044,275
Uncollectible allowance (estimated)	-1,852,741	-1,802,878	-1,794,538	-1,766,305
Net receivables	4,962,143	4,632,641	4,932,486	4,277,970

The age information presented in the next three tables does not categorize further than ‘over 1 year.’ It is noted that uncollectible allowance amounts (Table BB.2 above) and the ‘over 1 year’ amounts (Tables BB.3, BB.4, BB.5) are within close range.

Table BB.3 – Customs Department 2025 Aged receivables

Age	Age Subtotal	Sum By CAPS ID
Over 1 year	1,808,216	1,808,216
1 year old or less	5,006,667	5,006,667
	6,814,883	6,814,883

Table BB.4 – Customs Department 2024 Aged receivables

Age	Age Subtotal	Sum By CAPS ID
Over 1 year	1,786,844	1,786,844
1 year old or less	4,648,675	4,648,675
	6,435,519	6,435,519

Table BB.5 – Customs Department 2023 Aged receivables

Age	Age Subtotal	Sum By CAPS ID
Over 1 year	1,748,664	1,748,664
1 year old or less	4,978,360	4,978,360
	6,727,024	6,727,024

Table BB.6 – performance indicators based on industry standards are in section 2.19.2, except for

Figure B.6 -Revenue growth trend

Customs' revenue increased to just under 1% on average.

Table BB.7 – Customs Department-identified performance measures

None.

Table BB.8 – Customs Department performance measures against the actual results

None.

Office of the Tax Commissioner (OTC)

Table CC.1 – OTC Revenues associated with receivables

Description	2022	2023	2024	2025
Hospital Levy	-336	0	0	0
Payroll Tax	-460,145,707	-488,142,501	-537,005,313	-612,605,771
Banks Services Tax	-8,218,712	-7,471,919	-6,991,956	-7,171,126
Corporate Services Tax	-5,062,898	-5,057,774	-5,315,052	-5,388,440
Insurance Services Tax	-5,732,276	-6,141,096	-6,340,174	-6,722,420
Money Services Business Tax	-275,555	-311,249	-252,994	-414,019
Betting Tax-Turf	-203,861	0	0	0
Betting Tax-Pools	-57,960	-1,500	0	0
Land Tax	-84,664,472	-85,877,910	-88,728,988	-89,753,958
Foreign Curr.Purchase	-26,696,374	-30,217,353	-31,352,160	-32,373,638
Employment Tax	336	0	0	0
Hotel Occupancy Tax	-2,719,319	-2,779,489	-7,146,271	-5,011,901
Cruise Ship Departure	-780,930	-18,754,455	-22,780,350	-24,952,330
Revenue Stamps	-1,476,411	-1,266,635	-1,618,034	-1,656,531
Timeshare Services	0	-23,740	-2,080	-10,394
Timeshare Occupancy	0	-6,347	-30,490	-19,118
	-596,034,474	-646,051,969	-707,563,863	-786,079,646

Table CC.2 – OTC Receivables

From Trial Balance	2025	2024	2023	2022
Gross Receivables	404,202,160	376,081,499	334,696,867	314,957,319
Uncollectible allowance (estimated)	-141,380,833	-136,111,952	-128,838,709	-129,203,325
Net receivables	262,821,327	239,969,547	205,858,159	185,753,994

The age information presented in the next three tables does not categorize further than 'over 1 year.' It does not include all tax accounts receivable because of significant gaps between uncollectible allowance amounts (Table CC.2 above) and the 'over 1 year' amounts (Tables CC.3, CC.4, CC.5). It is noted that some amounts are static across the three years.

Table CC.3 – OTC 2025 Aged receivables

Age	Age Subtotal	Payroll tax	Employment tax	Hospital levy tax	Hotel occupancy tax	Corporate service tax	Financial services	Time-sharing tax-service	Land tax	Stamp duty	Betting tax	Cruise ship tax	Foreign currency purchase tax
Over 1 year	1,709,778	48,794	495,003	446,515				719,466					
1 year old or less	402,492,381	280,538,091			2,469,043	1,530,626	3,642,425	15,551	100,370,619	4,773,565	1,185,211	113,570	7,853,681
	404,202,160	280,586,885	495,003	446,515	2,469,043	1,530,626	3,642,425	735,017	100,370,619	4,773,565	1,185,211	113,570	7,853,681

Table CC.4 – OTC 2024 Aged receivables

Age	Age Subtotal	Payroll tax	Employment tax	Hospital levy tax	Hotel occupancy tax	Corporate service tax	Financial services	Time-sharing tax-service	Land tax	Stamp duty	Betting tax	Cruise ship tax	Foreign currency purchase tax
Over 1 year	1,134,387	-526,598	495,003	446,515				719,466					
1 year old or less	374,947,113	259,116,727			2,817,938	1,565,799	3,743,156	15,035	94,839,041	3,902,267	1,185,211	113,570	7,648,369
	376,081,499	258,590,129	495,003	446,515	2,817,938	1,565,799	3,743,156	734,501	94,839,041	3,902,267	1,185,211	113,570	7,648,369

Table CC.5 – OTC 2023 Aged receivables

Age	Age Subtotal	Payroll tax	Employment tax	Hospital levy tax	Hotel occupancy tax	Corporate service tax	Financial services	Time-sharing tax-service	Land tax	Stamp duty	Betting tax	Cruise ship tax	Foreign currency purchase tax
Over 1 year	1,236,867	-424,117	495,003	446,515				719,466					
1 year old or less	333,460,000	225,058,119			2,265,754	1,569,739	3,545,443	15,506	88,550,759	3,899,529	1,185,211	113,570	7,256,371
	334,696,868	224,634,002	495,003	446,515	2,265,754	1,569,739	3,545,443	734,972	88,550,759	3,899,529	1,185,211	113,570	7,256,371

Table CC.6 – performance indicators based on industry standards are in section 2.20.2, except for

Figure C.6 -Revenue growth trend

OTC's revenue increased by 10% on average.

Table CC.7 – OTC-identified performance measures

[2025] Collection	[2024] Collection	[2023] Collection
1. 100% of debt payment plans electronically monitored monthly - Target 100% to revised forecast 0% 2. Reduction of accounts receivable for the fiscal year 2024-2025 - Target and revised forecast $10M 3. Number of debt payment plans - Target (blank) and revised forecast 40 4. To increase the number of accounts forwarded to DPP for non-compliance to tax legislation by developing the methodology/process to enact the summary offences in legislation - Forecast 10 accounts	1. 100% of debt payment plans electronically monitored monthly - Target 100% to revised forecast 50% 2. Number of debt payment plans - Target and revised forecast 40	1. Reduction in total tax debt percentage - Target 0% to revised forecast of 5% 2. 100% of debt payment plans electronically monitored monthly - Target 100% to revised forecast 50%

This information is published in the Government's Approved Estimates of Revenue and Expenditure for each year indicated.

Table CC.8 – OTC performance measures against the actual results

There is no electronic monitoring of performance measures in the current systems. Reduction in debt was calculated from uncollectible allowance (or debt provision), not from collection.

Registrar of Companies (ROC)

Table DD.1 – Registrar of Companies Revenues associated with receivables

Description	2022	2023	2024	2025
Exempted Companies Tax	-53,637,283	-53,043,973	-52,746,101	-49,008,070
Overseas Partnerships	-74,025	-66,975	-59,925	-61,700
Local Companies Tax	-2,635,173	-2,876,366	-2,886,023	-2,417,645
Non Resident Company Tax	-1,752,013	-1,442,640	-1,315,553	-1,308,440
Non Resident Inc.Company Tax	-60,000	-72,713	-80,665	-71,330
Regulatory Fees-Other	0	0	-6,644,350	-5,588,815
Exempted Partnership Fees	-3,656,485	-3,389,849	-3,626,628	-3,441,575
Exempted LLC - Annual Fees	-189,450	-209,263	-296,365	-266,850
Local LLC - Annual Fees	-24,370	-22,345	-10,998	-463
Penalties	-528,391	-1,342,123	-1,402,352	-663,704
	-62,557,190	-62,466,246	-69,068,958	-62,828,591

Table DD.2 – Registrar of Companies Receivables

From Trial Balance	2025	2024	2023	2022
Gross Receivables	18,542,413	26,074,902	16,373,878	14,397,744
Uncollectible allowance (estimated)	-14,157,944	-15,579,741	-12,674,525	-10,711,761
Net receivables	4,384,469	10,495,162	3,699,353	3,685,984

Table DD.3 – Registrar of Companies 2025 Aged receivables

Age	Age Subtotal	Gold Eagle	Exempted company tax (EXM)	Overseas partnership tax (OVP)	Local company tax (LCL)	Non resident company tax (OVR)	Non resident incorporated company tax (NRI)	Exempted partnership fee (EXP)	Exempted LLC fee (LLE)	Local LLC fee (LLL)	Regulatory fees -Other	Penalties
Older than 9 years	5,643,228	-12,033	3,791,533	45,818	289,291	255,360	45,000	651,503	0	0		576,758
Betw 7 to 9 years old	1,262,389		713,355	17,880	88,057	103,740	10,000	212,640	0	0		116,718
Betw 5 to 7 years old	1,675,618		955,089	28,200	130,992	153,520	25,000	272,653	4,725	2,638		102,803
Betw 3 to 5 years old	2,155,110		1,189,011	48,175	151,810	231,668	32,833	323,125	5,400	4,975		168,115
About 3 years old	1,445,039		853,564	23,500	112,975	124,655	15,000	177,425	2,250	3,600		132,070
About 2 years old	1,964,528		1,194,975	23,500	181,200	126,750	15,000	191,525	3,150	6,300		222,129
1 year old or less	4,396,502		2,425,239	28,200	394,178	199,798	15,000	247,925	7,200	13,050	797,225	268,688
	18,542,413	-12,033	11,122,764	215,273	1,348,501	1,195,490	157,833	2,076,795	22,725	30,563	797,225	1,587,279

Table DD.4 – Registrar of Companies 2024 Aged receivables

Age	Age Subtotal	Gold Eagle	Exempted company tax (EXM)	Overseas partnership tax (OVP)	Local company tax (LCL)	Non resident company tax (OVR)	Non resident incorporated company tax (NRI)	Exempted partnership fee (EXP)	Exempted LLC fee (LLE)	Local LLC fee (LLL)	Regulatory fees -Other	Penalties
Older than 9 years	4,995,212	-12,033	3,393,220	37,995	258,215	211,470	40,000	558,750	0	0		507,595
Betw 7 to 9 years old	1,319,635		811,518	15,645	60,245	91,770	10,000	193,643	0	0		136,815
Betw 5 to 7 years old	1,447,993		829,520	20,633	108,432	117,913	15,000	244,525	1,575	1,288		109,110
Betw 3 to 5 years old	2,504,994		1,493,470	42,300	250,481	204,765	32,833	304,378	14,400	6,775		155,593
About 3 years old	1,923,634		1,197,467	23,500	181,948	166,345	15,000	165,675	8,100	7,200		158,400
About 2 years old	2,711,806		1,789,166	24,675	271,475	174,725	15,000	186,825	9,450	8,100		232,390
1 year old or less	11,171,630		3,132,946	24,675	492,533	207,130	20,000	231,475	11,700	8,550	6,644,350	398,271
	26,074,902	-12,033	12,647,305	189,423	1,623,327	1,174,117	147,833	1,885,270	45,225	31,913	6,644,350	1,698,174

Table DD.5 – Registrar of Companies 2023 Aged receivables

Age	Age Subtotal	Gold Eagle	Exempted company tax (EXM)	Overseas partnership tax (OVP)	Local company tax (LCL)	Non resident company tax (OVR)	Non resident incorporated company tax (NRI)	Exempted partnership fee (EXP)	Exempted LLC fee (LLE)	Local LLC fee (LLL)	Regulatory fees -Other	Penalties
Older than 9 years	3,764,472	-12,033	2,621,215	24,585	187,120	143,640	30,000	391,125	0	0		378,820
Betw 7 to 9 years old	1,878,756		1,170,318	21,233	102,171	111,720	15,000	260,378	0	0		197,938
Betw 5 to 7 years old	1,263,275		713,400	17,880	88,648	103,740	10,000	212,640	0	0		116,968
Betw 3 to 5 years old	1,735,435		977,796	28,200	142,894	166,020	25,000	276,235	6,975	4,438		107,878
Betw 1 to 3 years old	4,020,555		2,563,979	49,350	380,305	279,643	37,833	344,275	18,450	13,525		333,196
1 year old or less	3,711,386		2,488,037	28,200	338,328	244,463	15,000	223,250	17,550	13,158		343,401
	16,373,878	-12,033	10,534,745	169,448	1,239,464	1,049,225	132,833	1,707,903	42,975	31,120	0	1,478,200

Table DD.6 – performance indicators based on industry standards are in section 2.21.2, except for

Figure D.6 -Revenue growth trend

ROC's revenue increased to just under 1% on average.

Table DD.7 – Registrar of Companies-identified performance measures

None available or not measured by ROC.

Table DD.8 – Registrar of Companies performance measures against the actual results

None available or not measured by ROC.

Works and Engineering Department (W&E)

Revenue from ‘recharges-other’ still pertain to water supply service (error in code used); and ‘general’ revenue came from adjustments to tie the receivables balance in the general ledger and the sum of open customer accounts in the subsidiary ledger for the last three fiscal years which was adjusted in 2025 (Table EE.4 and EE.5 below present details from the subsidiary ledger and both show these existing differences at the time).

Table EE.1 – W&E Department Revenues

Description	2022	2023	2024	2025
Waste Collection & Disposal	-4,314,848	-4,345,672	-5,081,240	-5,133,472
Electricity	-2,433,039	-2,745,730	-2,324,185	-3,218,435
Water Sales	-1,196,015	-781,764	-123,461	-106,435
Recharges - other	-2,246,103	-1,837,799	-1,217,275	-1,768,596
Standing Charge Water	-156,444	-181,071	-61,935	-175,103
	-10,346,448	-9,892,036	-8,808,097	-10,402,041

Table EE.2 – W&E Department Receivables

From Trial Balance	2025	2024	2023	2022
Gross Receivables	21,042,411	17,899,464	17,968,002	17,707,157
Uncollectible allowance (estimated)	-18,077,215	-16,772,241	-15,097,168	-14,701,455
Net receivables	2,965,195	1,127,224	2,870,833	3,005,702

Table EE.3 – W&E Department 2025 Aged receivables

		X4	X3	RI	RU	RM
Age	Age Subtotal	Waste collection and disposal	Water sales	Electricity sales and other recharges	Receipts (unapplied)	Credit memos
Over 2 years old	16,044,643	10,813,791	2,946,419	2,334,220	-49,452	-335
About 2 years old	1,000,680	1,140,204	707,311	96,285	-943,120	
1 year old or less	3,997,087	2,621,344	1,528,627	60,802	-213,686	
	21,042,411	14,575,339	5,182,357	2,491,307	-1,206,258	-335

Table EE.4 – W&E Department 2024 Aged receivables

		X4	X3	RI	RU	RM	
Age	Age Subtotal	Waste collection and disposal	Water sales	Electricity sales and other recharges	Receipts (unapplied)	Credit memos	Difference between sub-ledger and General Ledger
Over 2 years old	12,834,649	9,973,088	2,717,866	1,438,786	-604	-27,738	1,266,749
About 2 years old	2,254,377	1,035,150	533,764	950,440	1,070	-43,544	222,502
1 year old or less	2,810,438	2,309,734	1,201,816	356,550	-25	-1,057,637	
	17,899,464	13,317,972	4,453,445	2,745,777	441	-1,128,919	1,489,251

Table EE.5 – W&E Department 2023 Aged receivables

		X4	X3	RI	RU	RM	
Age	Age Subtotal	Waste collection and disposal	Water sales	Electricity sales and other recharges	Receipts (unapplied)	Credit memos	Difference between sub-ledger and General Ledger
Over 3 years old	11,436,459	7,925,118	3,047,152	690,786	-22,058	-20,631	183,908
Abt 2 to 3 years old	1,947,048	622,418	575,334	884,153	-90,049	-13,499	31,310
One year or less	4,584,495	1,280,147	1,499,480	1,931,767	-115,227	-11,672	
	17,968,002	9,827,683	5,121,966	3,506,707	-227,334	-45,802	215,219

Table EE.6 – performance indicators based on industry standards are in section 2.22.2 except for

Figure E.6 -Revenue growth trend

W&E's revenue increased to almost 1% on average.

Table EE.7 – W&E Department-identified performance measures

None.

Table EE.8 – W&E Department performance measures against the actual results

None.