

OFFICE OF OMBUDSMAN FOR BERMUDA

FINANCIAL STATEMENTS

MARCH 31, 2006



Office of the Auditor General

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AUDITOR'S REPORT

To The Speaker of the House of Assembly

I have audited the statement of financial position of the Office of Ombudsman for Bermuda as at March 31, 2006 and the statement of operations and changes in net assets for the period August 1, 2005, date of commencement of operations, to March 31, 2006. These financial statements are the responsibility of the Ombudsman's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of Ombudsman for Bermuda as at March 31, 2006 and the results of its operations and its cash flows for the eight month period then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

Hamilton, Bermuda
January 31, 2008

Larry T. Dennis, C.A.
Auditor General

OFFICE OF OMBUDSMAN FOR BERMUDA

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2006

	2006
	\$
ASSETS	
CURRENT ASSETS	
Accounts receivable	2,000
Prepaid expenses	<u>8,641</u>
	10,641
CAPITAL ASSETS (note 4)	<u>37,690</u>
	<u><u>48,331</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	916
DEFERRED CAPITAL CONTRIBUTIONS (note 5)	<u>37,690</u>
	38,606
NET ASSETS	
Unrestricted net assets	<u>9,725</u>
	<u><u>48,331</u></u>

The accompanying notes are an integral part of these financial statements.

OFFICE OF OMBUDSMAN FOR BERMUDA
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE PERIOD AUGUST 1, 2005 (DATE OF COMMENCEMENT OF
OPERATIONS) TO MARCH 31, 2006

	2006 \$
REVENUES	
Government funding (note 3)	359,632
Donated audit services	9,000
Amortization of deferred capital contributions	5,967
	374,599
EXPENSES	
Salaries	172,245
Rent	71,030
Professional services	45,016
Material and supplies	19,571
Advertising and promotion	13,051
Training	11,664
Audit	9,000
Office equipment	7,593
Amortization of capital assets	5,967
Communications	5,048
Official opening	2,230
Repairs and maintenance	1,186
Corporation of Hamilton tax	1,050
Miscellaneous	223
	364,874
EXCESS OF REVENUES OVER EXPENSES	9,725
NET ASSETS, BEGINNING OF PERIOD	-
NET ASSETS, END OF PERIOD	9,725

The accompanying notes are an integral part of these financial statements.

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2006

1. AUTHORITY

Section 93A(1) of the Bermuda Constitution Order 1968 by the Bermuda Constitution (Amendment) Order 2001 provides that "There shall be an Ombudsman for Bermuda".

The Constitution stipulates that the Office of Ombudsman for Bermuda is not a public office except as delineated in sections 103(1)(b) and 93(2)(a) of the Constitution which shall have the effect as if reference to the Ombudsman were inserted after the reference to a judge of the Supreme Court or the Court of Appeal.

The Constitution provides that in the exercise of her functions and jurisdiction, the Ombudsman shall not be subject to the direction or control of any other person or authority. Further, the Ombudsman Act 2004 ("Act") provides that the Ombudsman shall have no jurisdiction to inquire into any exercise of the power by the Governor to pardon persons convicted of criminal offences or commute their penalties.

The Ombudsman was appointed under Public Seal for a period of eight years commencing August 1, 2005. The Ombudsman shall have an official seal and her salary shall be charged on the Consolidated Fund.

The Act provides that the functions of the Ombudsman are to investigate any administrative action (actions, decisions, recommendations and failure to act, decide or recommend) of an authority for the purpose of deciding whether there is evidence of maladministration, notwithstanding any provision in any enactment that such action is final or not subject to appeal or review.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are expressed in Bermuda dollars and have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada and include the following significant accounting policies:

(a) Revenue recognition

Government funding revenues represent amounts paid on behalf of the Ombudsman from the Consolidated Fund of the Government of Bermuda to cover expenses incurred during the period.

Contributions for capital items are deferred and amortized to revenue on the same basis as the related capital assets are amortized.

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Capital assets

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Office equipment	5 years
Furniture	7 years
Computer equipment	3 years

(c) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues earned and expenses incurred during the year. Actual results could differ from these estimates.

3. GOVERNMENT FUNDING

The daily operations, cash flow and capital development of the Office of Ombudsman for Bermuda are funded by the Government of Bermuda.

4. CAPITAL ASSETS

	2006		
	Cost \$	Accumulated Amortization \$	Net Book Value \$
Office equipment	18,536	2,053	16,483
Furniture	14,221	856	13,365
Computer equipment	10,900	3,058	7,842
	<u>43,657</u>	<u>5,967</u>	<u>37,690</u>

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2006

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of government contributions received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

	2006
	\$
Capital contributions received	43,657
Less: amounts amortized to revenue	<u>5,967</u>
Balance, end of year	<u><u>37,690</u></u>

6. COMMITMENTS

The Ministry of Works and Engineering, on behalf of the Office of Ombudsman for Bermuda, has entered into a lease agreement for the rental of its Office. The lease expires on June 30, 2008 and the remaining obligation under the lease is \$214,266.

7. STATEMENT OF CASH FLOWS

A statement of cash flows has not been prepared as it would not provide any additional useful information.

8. COMPARATIVE FIGURES

There are no comparative figures as this is the first period of operations of the Office of Ombudsman for Bermuda.