# OFFICE OF OMBUDSMAN FOR BERMUDA FINANCIAL STATEMENTS MARCH 31, 2007



### Office of the Auditor General

Victoria Hall 11 Victoria Street Hamilton HM 11, Bermuda

> Tel: (441) 296-3148 Fax: (441) 295-3849

Email: auditbda@gov.bm Website: www.oagbermuda.gov.bm

#### **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, 2007 and the statement of operations for the year then ended. 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

Hamilton, Bermuda November 24, 2010 Heather A. Jacobs Matthews, JP, CA, CFE Auditor General

# OFFICE OF OMBUDSMAN FOR BERMUDA STATEMENT OF FINANCIAL POSITION MARCH 31, 2007

	2007	2006 (notes 9 & 10)		
	\$	\$		
ASSETS				
CURRENT ASSETS				
Accounts receivable Prepaid expenses Due from the Government of Bermuda (note 3)	918 4,337 31,310	2,000 8,641 3,971		
	36,565	14,612		
CAPITAL ASSETS (note 4)	34,124	37,690		
	70,689	52,302		
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	36,565	14,612		
DEFERRED CAPITAL CONTRIBUTIONS (note 5)	34,124	37,690		
	70,689	52,302		

#### STATEMENT OF OPERATIONS

### FOR THE YEAR ENDED MARCH 31, 2007

Amortization of deferred capital contributions       9,919       5,96         Donated audit services       9,000       9,00         EXPENSES       879,541       364,87         EXPENSES       372,233       172,24         Professional services       243,944       45,01         Rent       94,311       71,03         Training and travel       75,135       11,66         Material and supplies       38,041       19,57         Communications       13,542       5,04         Amortization of capital assets       9,919       5,96	2007 2006 (notes 9 & 10)
Government of Bermuda funding (note 3)       860,622       349,90         Amortization of deferred capital contributions       9,919       5,96         Donated audit services       9,000       9,00         EXPENSES         Salaries, wages and employee benefits       372,233       172,24         Professional services       243,944       45,01         Rent       94,311       71,03         Training and travel       75,135       11,66         Material and supplies       38,041       19,57         Communications       13,542       5,04         Amortization of capital assets       9,919       5,96	\$
Amortization of deferred capital contributions       9,919       5,96         Donated audit services       9,000       9,00         EXPENSES       879,541       364,87         EXPENSES       372,233       172,24         Professional services       243,944       45,01         Rent       94,311       71,03         Training and travel       75,135       11,66         Material and supplies       38,041       19,57         Communications       13,542       5,04         Amortization of capital assets       9,919       5,96	
Donated audit services       9,000       9,000         879,541       364,87         EXPENSES       372,233       172,24         Professional services       243,944       45,01         Rent       94,311       71,03         Training and travel       75,135       11,66         Material and supplies       38,041       19,57         Communications       13,542       5,04         Amortization of capital assets       9,919       5,96	860,622 349,907
3,000         879,541       364,87         EXPENSES       372,233       172,24         Professional services       243,944       45,01         Rent       94,311       71,03         Training and travel       75,135       11,66         Material and supplies       38,041       19,57         Communications       13,542       5,04         Amortization of capital assets       9,919       5,96	,
EXPENSES  Salaries, wages and employee benefits  Professional services  Rent  Training and travel  Material and supplies  Communications  Amortization of capital assets  372,233 172,24 45,01 71,03 71,03 75,135 11,66 38,041 19,57 09,919 5,96	9,000 9,000
Salaries, wages and employee benefits       372,233       172,24         Professional services       243,944       45,01         Rent       94,311       71,03         Training and travel       75,135       11,66         Material and supplies       38,041       19,57         Communications       13,542       5,04         Amortization of capital assets       9,919       5,96	879,541 364,874
Professional services       243,944       45,01         Rent       94,311       71,03         Training and travel       75,135       11,66         Material and supplies       38,041       19,57         Communications       13,542       5,04         Amortization of capital assets       9,919       5,96	
Professional services       243,944       45,01         Rent       94,311       71,03         Training and travel       75,135       11,66         Material and supplies       38,041       19,57         Communications       13,542       5,04         Amortization of capital assets       9,919       5,96	372,233 172,245
Training and travel       75,135       11,66         Material and supplies       38,041       19,57         Communications       13,542       5,04         Amortization of capital assets       9,919       5,96	
Material and supplies38,04119,57Communications13,5425,04Amortization of capital assets9,9195,96	94,311 71,030
Communications 13,542 5,04 Amortization of capital assets 9,919 5,96	
Amortization of capital assets 9,919 5,96	· · · · · · · · · · · · · · · · · · ·
• ,	
Advertising and promotion 0.006 12.05	,
	9,006 13,051
the state of the s	
	- 2,230
Miscellaneous 4,068 223	4,068 223
879,541 364,874	879,541 364,874
EXCESS OF REVENUES OVER EXPENSES 0 0	0 0

#### NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

#### 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 year.

Contributions used for purposes of purchasing capital assets are deferred and amortized to revenue on the same basis as the related capital assets are amortized.

#### NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

### 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:

Furniture	7 years
Office equipment	5 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 OF BERMUDA FUNDING/DUE FROM THE GOVERNMENT OF BERMUDA

The daily operations, cash flow, capital development and capital acquisitions of the Office of Ombudsman for Bermuda are funded by the Government of Bermuda. The Ombudsman does not maintain cash balances. The balance due from the Government of Bermuda represents the net of accounts payable and accrued liabilities, accounts receivable and prepaid expenses.

#### 4. CAPITAL ASSETS

	2007		2006
	Accumulated	Net Book	Net Book
Cost	Amortization	Value	Value
\$	\$	\$	\$
18,524	3,195	15,329	13,365
20,586	6,000	14,586	16,483
10,900	6,691	4,209	7,842
50,010	15,886	34,124	37,690
	\$ 18,524 20,586 10,900	Accumulated  Cost Amortization  \$ 3,195  20,586 6,000  10,900 6,691	Cost         Amortization         Value           \$         \$           18,524         3,195         15,329           20,586         6,000         14,586           10,900         6,691         4,209

# OFFICE OF OMBUDSMAN FOR BERMUDA NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

#### 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.

2007	2006
\$	\$
37,690	-
6,353	43,657
(9,919)	(5,967)
34,124	37,690
	\$ 37,690 6,353 (9,919)

#### 6. EMPLOYEE BENEFITS

#### a) Pension plan

The employees of the Office of the Ombudsman are included in the Public Service Superannuation Fund (the Fund), which is a defined benefit plan administered by the Government of Bermuda. Contributions to the Fund are required from both the employees and the employer. The employer portion of the contributions is paid directly to the Fund by the Government of Bermuda. No charge for contributions to the Fund is made to the Office of the Ombudsman's accounts.

The Office of the Ombudsman is not required under present legislation to make contributions with respect to actuarial deficiencies of the Fund.

#### b) Other benefits

Other employee benefits include maternity leave, sick leave and vacation days. All of these benefits are unfunded.

Maternity leave does not accumulate or vest and therefore an expense is only recognized when applied for and approved. There were no maternity benefits applied for or approved at year-end and therefore, no expense has been accrued in the accounts.

Sick leave accumulates but does not vest, and like maternity leave, an expense is recorded only when extended leave is applied for and approved. There was no extended sick leave applied for or approved at year-end and therefore, no expense has been accrued in the accounts.

#### NOTES TO THE FINANCIAL STATEMENTS

#### MARCH 31, 2007

#### 6. EMPLOYEE BENEFITS (cont'd)

#### b) Other Benefits (cont'd)

Vacation days accumulate and vest and therefore a liability is accrued each year. An actuarial study has not been performed for the vacation days benefit obligation as there were no factors used in the calculation that are materially different from the figures that would be estimated by an actuary. The accrued vacation liability as of March 31, 2007 is \$21,263 (2006 - \$13,696) and is included in accounts payable and accrued liabilities.

#### 7. 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 \$119,036.

#### 8. STATEMENT OF CASH FLOWS

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

#### 9. CORRECTION OF PRIOR PERIOD ERRORS

The financial statements for the year ended March 31, 2006 did not account for vacation accrual of \$13,696 and Due from the Government of Bermuda of \$3,971. As a result, the 2006 balances have been restated to reflect the correction of these errors, as shown below:

Due from the Government of Bermuda As previously stated (March 31, 2006) As restated	- \$3,971
Accounts payable and accrued liabilities As previously stated (March 31, 2006) As restated	\$916 \$14,612
Government of Bermuda funding As previously stated (March 31, 2006) As restated	\$359,632 \$349,907
Net Assets As previously stated (March 31, 2006) As restated	\$9,725

# OFFICE OF OMBUDSMAN FOR BERMUDA NOTES TO THE FINANCIAL STATEMENTS MARCH 31, 2007

## 10. COMPARATIVE FIGURES

The comparative figures for the 2006 fiscal year cover the period from August 1, 2005 (date of commencement of operations) to March 31, 2006.

Certain comparative figures have been reclassified to conform to the current year's presentation.