

OFFICE OF OMBUDSMAN FOR BERMUDA

FINANCIAL STATEMENTS

MARCH 31, 2010



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, 2010 and the statement of operations for the year then ended. These financial statements are the responsibility of the Ombudsman. 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, 2010 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

Hamilton, Bermuda
March 6, 2012


Heather A. Jacobs Matthews, JP, FCA, CFE
Auditor General

OFFICE OF OMBUDSMAN FOR BERMUDA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2010

	2010	2009
	\$	\$ Restated (Note 9)
ASSETS		
Prepaid expenses	3,199	3,678
Due from the Consolidated Fund of the Government of Bermuda (note 3)	17,539	28,455
Tangible capital assets (note 4)	<u>18,536</u>	<u>19,020</u>
	<u>39,274</u>	<u>51,153</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>20,738</u>	<u>32,133</u>
NET ASSETS		
Net assets, beginning of year	19,020	27,078
Net operating results	(703,535)	(698,647)
Net transfer from the Consolidated Fund	<u>703,051</u>	<u>690,589</u>
Net assets, end of year	<u>18,536</u>	<u>19,020</u>
	<u>39,274</u>	<u>51,153</u>
COMMITMENTS (note 7)		

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

OFFICE OF OMBUDSMAN FOR BERMUDA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2010

	2010	2010	2009
	\$	\$	\$
	Budget (Note 6)	Actual	Restated (Note 9)
REVENUES			
Donated audit services	-	9,000	9,000
Donations - CAROA Conference	-	-	62,484
	<u>-</u>	<u>9,000</u>	<u>71,484</u>
EXPENSES			
Salaries and employee benefits	447,105	377,905	418,333
Professional services	74,400	137,099	77,051
Rent	110,500	97,463	110,632
Material and supplies	28,580	36,474	27,202
Training and travel	13,200	22,426	27,007
Amortization of capital assets	-	9,483	8,058
Communications	11,100	9,383	9,023
Audit	-	9,000	9,000
Repairs and maintenance	7,700	8,292	5,318
Office supplies	2,500	3,704	7,475
Advertising and promotion	2,000	318	354
CAROA Conference	-	-	62,484
Miscellaneous	750	988	8,194
	<u>697,835</u>	<u>712,535</u>	<u>770,131</u>
NET OPERATING RESULTS	<u>(697,835)</u>	<u>(703,535)</u>	<u>(698,647)</u>

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

OFFICE OF OMBUDSMAN FOR BERMUDA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2010

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 (the "Office") is not a public office except as delineated in sections 103(1)(b) and Section 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 of the Government Bermuda.

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

These financial statements are prepared in accordance with accounting principles generally accepted in Bermuda and Canada as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The accounting policies considered particularly significant are as follows:

(a) Revenue recognition

All revenues are reported on the accrual basis of accounting.

Transfers from the Consolidated Fund of the Government of Bermuda represent amounts paid on behalf of the Office of the Ombudsman from the Consolidated Fund of the Government of Bermuda to cover expenses incurred during the year.

Since the establishment of the Office of the Ombudsman, the Office of the Auditor General has donated the audit services.

(b) Expenses

All expenses are reported on the accrual basis of accounting. Expenses represent the costs of resources consumed during the year on the Office's operations.

OFFICE OF OMBUDSMAN FOR BERMUDA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Tangible capital assets

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

Furniture and fixture	-	7 years
Office equipment	-	5 years
Computer equipment	-	3 years

(d) Use of estimates

The preparation of financial statements in accordance with PSAB 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 and expenses during the year. Actual results could differ from these estimates.

(e) Net assets

Net assets represent the difference between the carrying value of the assets of the Office and its liabilities.

(f) Valuation of financial assets and liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of due from the Consolidated Fund of the Government of Bermuda and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

3. DUE FROM THE CONSOLIDATED FUND OF THE GOVERNMENT OF BERMUDA

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

OFFICE OF OMBUDSMAN FOR BERMUDA
 NOTES TO THE FINANCIAL STATEMENTS
 MARCH 31, 2010

4. TANGIBLE CAPITAL ASSETS

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Furniture and fixtures	18,524	11,137	7,387	10,035
Computer equipment	9,000	2,001	6,999	-
Office equipment	24,176	20,026	4,150	8,985
	<u>51,700</u>	<u>33,164</u>	<u>18,536</u>	<u>19,020</u>

5. 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 8% of gross salary and they are matched equally by the Government of Bermuda. Both the employer's and employee's 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.

OFFICE OF OMBUDSMAN FOR BERMUDA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2010

5. EMPLOYEE BENEFITS (continued)

b) Other benefits (continued)

Vacation days accumulate and vest and therefore a liability is accrued each year. The accrued vacation liability as of March 31, 2010 is \$13,346 (2009 - \$27,028) and is included in accounts payable and accrued liabilities.

6. BUDGET

These amounts represent the operating budget approved by the House of Assembly.

7. COMMITMENTS

The Ministry of Public Works, 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, 2014 and the remaining obligation under the lease is \$361,739 (2009: - \$232,123).

8. STATEMENT OF CASH FLOWS

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

9. COMPARATIVE FIGURES

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