

OFFICE OF OMBUDSMAN FOR BERMUDA

FINANCIAL STATEMENTS

MARCH 31, 2009



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, 2009 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, 2009 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, 2009

	2009	2008
	\$	\$
ASSETS		
CURRENT ASSETS		
Prepaid expenses	3,678	299
Due from the Government of Bermuda (note 3)	<u>28,455</u>	<u>40,166</u>
	32,133	40,465
CAPITAL ASSETS (note 4)	<u>19,020</u>	<u>27,078</u>
	<u><u>51,153</u></u>	<u><u>67,543</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	32,133	40,465
DEFERRED CAPITAL CONTRIBUTIONS (note 5)	<u>19,020</u>	<u>27,078</u>
	<u><u>51,153</u></u>	<u><u>67,543</u></u>
COMMITMENTS (note 8)		

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, 2009

	2009	2008
	\$	\$
REVENUES		
Government of Bermuda funding (note 3)	690,589	643,563
Donations - CAROA Conference (note 6)	62,484	-
Donated audit services	9,000	9,000
Amortization of deferred capital contributions	8,058	10,636
	<u>770,131</u>	<u>663,199</u>
EXPENSES		
Salaries, wages and employee benefits	418,333	406,298
Rent	101,181	94,311
Professional services	77,051	61,936
CAROA Conference (note 6)	62,484	-
Training and travel	27,007	32,473
Material and supplies	27,202	22,953
Communications	9,023	11,888
Audit -	9,000	9,000
Rentals	8,359	-
Amortization of capital assets	8,058	10,636
Office equipment	7,475	2,781
Repairs and maintenance	5,318	7,297
Corporation of Hamilton tax	1,092	1,432
Advertising and promotion	354	580
Miscellaneous	8,194	1,614
	<u>770,131</u>	<u>663,199</u>
EXCESS OF REVENUES OVER EXPENSES	<u>0</u>	<u>0</u>

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

OFFICE OF OMBUDSMAN FOR BERMUDA
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2009

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.

OFFICE OF OMBUDSMAN FOR BERMUDA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

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

	2009		2008	
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Net Book Value \$
Furniture	18,524	8,489	10,035	12,683
Office equipment	24,176	15,191	8,985	13,820
Computer equipment	10,900	10,900	-	575
	53,600	34,580	19,020	27,078
	53,600	34,580	19,020	27,078

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2009

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.

	2009	2008
	\$	\$
Balance, beginning of year	27,078	34,124
Add: capital contributions received	-	3,590
Less: amounts amortized to revenue	(8,058)	(10,636)
	<u>19,020</u>	<u>27,078</u>

6. CAROA DONATIONS AND EXPENSES

Since 2002, the Commonwealth Secretariat has donated approximately \$30,000 to the CAROA Biennial Conference in order to ensure participation of member countries. As the expenses of presenting the conference in Bermuda far exceeded the usual Caribbean costs (i.e. higher airfare, hotel and facilities costs), the Ombudsman for Bermuda solicited corporate funding to enable CAROA to hold the 2008 Biennial Conference in Bermuda.

	\$
<u>Revenues</u>	
Commonwealth Secretariat	29,984
Corporate donors	21,000
Registration fees	11,500
	<u>62,484</u>
<u>Expenses</u>	
Travel and accommodation	27,796
Food and beverages	28,061
Conference facilities rental	1,500
Professional fees	884
Miscellaneous	4,243
	<u>62,484</u>

OFFICE OF OMBUDSMAN FOR BERMUDA
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2009

7. 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.

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, 2009 is \$27,028 (2008 - \$26,953) and is included in accounts payable and accrued liabilities.

8. 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, 2011 and the remaining obligation under the lease is \$232,123.

9. STATEMENT OF CASH FLOWS

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