

OFFICE OF OMBUDSMAN FOR BERMUDA

FINANCIAL STATEMENTS

MARCH 31, 2013



OMBUDSMAN FOR BERMUDA

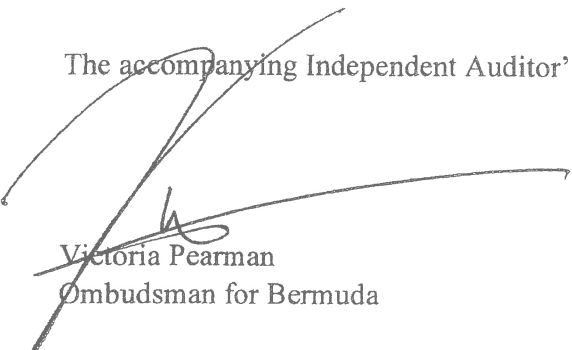
Management's Responsibility for the Financial Statements

These financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. The preparation of financial statements necessarily involves using management's best estimates and judgments, where appropriate.

Management is responsible for maintaining a comprehensive system of accounting records, internal controls, policies and management practices, designed to provide reasonable assurance that transactions are properly authorized and in compliance with legislation, assets are safeguarded, and reliable financial information is available on a timely basis.

The Ombudsman is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Ombudsman meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The financial statements have been approved by the Ombudsman and have been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.



Victoria Pearman
Ombudsman for Bermuda

November 21, 2016



Office of the Auditor General

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INDEPENDENT AUDITOR'S REPORT

To The Speaker of the House of Assembly

I have audited the accompanying financial statements of the Office of the Ombudsman for Bermuda, which comprise the statement of financial position as at March 31, 2013, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with public sector accounting standards generally accepted in Bermuda and Canada and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of Ombudsman for Bermuda as at March 31, 2013, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with public sector accounting standards generally accepted in Bermuda and Canada.

A handwritten signature in blue ink that reads "Heather T." with a stylized flourish at the end.

Hamilton, Bermuda
November 21, 2016

Heather Thomas, CPA, CFE, CGMA
Auditor General

OFFICE OF OMBUDSMAN FOR BERMUDA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2013

	2013	2012
	\$	\$
		Restated (Note 9)
FINANCIAL ASSETS		
Due from the Consolidated Fund (Note 4)	5,625	19,286
LIABILITIES		
Accounts payable and accrued liabilities	<u>29,182</u>	<u>38,208</u>
NET DEBT	<u>(23,557)</u>	<u>(18,922)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	16,868	15,668
Prepaid expenses	<u>6,689</u>	<u>3,254</u>
	<u>23,557</u>	<u>18,922</u>
ACCUMULATED SURPLUS	<u>-</u>	<u>-</u>
CONTRACTUAL OBLIGATIONS (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, 2013

	2013 \$ Budget (Note 7)	2013 \$ Actual	2012 \$ Actual Restated (Note 9)
REVENUES			
Operating Appropriation	819,302	801,475	837,485
Capital Appropriation	17,000	10,212	11,379
	<u>836,302</u>	<u>811,687</u>	<u>848,864</u>
EXPENSES			
Salaries and employee benefits	536,627	537,179	492,749
Rent	80,400	79,487	83,893
Professional services	124,625	74,595	141,532
Pension benefits	-	42,490	36,954
Material and supplies	34,050	23,849	31,637
Training and travel	19,700	12,642	22,355
Amortization of tangible capital assets	-	9,012	6,816
Communications	10,400	8,847	8,473
Repairs and maintenance	9,500	8,673	7,093
Office supplies	2,500	4,701	3,124
Advertising and promotion	1,500	-	2,859
	<u>819,302</u>	<u>801,475</u>	<u>837,485</u>
OPERATING SURPLUS	17,000	10,212	11,379
PURCHASE OF TANGIBLE CAPITAL ASSETS	17,000	10,212	11,379
ANNUAL SURPLUS	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

OFFICE OF OMBUDSMAN FOR BERMUDA
STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
	\$	\$
ANNUAL SURPLUS	-	-
Acquisition of tangible capital assets	(10,212)	(11,379)
Amortization of tangible capital assets	9,012	6,816
	<u>(1,200)</u>	<u>(4,563)</u>
Acquisition of prepaid expenses	(6,689)	(3,254)
Use of prepaid expenses	3,254	10,649
	<u>(3,435)</u>	<u>7,395</u>
(INCREASE) DECREASE IN NET DEBT	(4,635)	2,832
NET DEBT, BEGINNING OF YEAR	<u>(18,922)</u>	<u>(21,754)</u>
NET DEBT, END OF YEAR	<u><u>(23,557)</u></u>	<u><u>(18,922)</u></u>

The accompanying notes are an integral part of these financial statements

OFFICE OF OMBUDSMAN FOR BERMUDA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
	\$	\$
		Restated (Note 9)
OPERATING TRANSACTIONS		
Salaries and benefits paid	(587,074)	(515,060)
Supplies and other expenses paid	<u>(217,849)</u>	<u>(293,547)</u>
Cash used in operations	<u>(804,923)</u>	<u>(808,607)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(10,212)	(11,379)
Appropriation for tangible capital assets	<u>10,212</u>	<u>11,379</u>
	<u>-</u>	<u>-</u>
FINANCING ACTIVITIES		
Current year appropriation	<u>791,262</u>	<u>826,104</u>
(DECREASE) INCREASE IN DUE FROM CONSOLIDATED FUND	(13,661)	17,497
DUE FROM CONSOLIDATED FUND, BEGINNING OF YEAR	<u>19,286</u>	<u>1,789</u>
DUE FROM CONSOLIDATED FUND, END OF YEAR	<u><u>5,625</u></u>	<u><u>19,286</u></u>

The accompanying notes are an integral part of these financial statements

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

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 (the "Act") provides that the Ombudsman shall have no jurisdiction to inquire into any exercise of the power by the Governor of Bermuda 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 of 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

Pursuant to standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada, the Authority is classified as an other government organization. These financial statements have been prepared in accordance with public sector accounting standards generally accepted in Bermuda and Canada and the accounting policies considered particularly significant are as follows:

(a) Revenue

Appropriations from the Consolidated Fund are recorded when receivable.

(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, 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Tangible capital assets

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

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

(d) Measurement uncertainty

These financial statements are prepared in accordance with public sector accounting standards generally accepted in Bermuda and Canada. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of estimates include the estimated useful lives of capital assets. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

(e) Financial instruments

Financial instruments consist of due from the consolidated fund and accounts payable and accrued liabilities. These financial instruments are measured at cost or amortized cost. It is management's opinion that the Office is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

3. GOVERNMENT FUNDING

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

4. DUE FROM THE CONSOLIDATED FUND

The Office does not have its own bank account or hold cash or cash equivalents. All financial transactions of the Office are processed through the Consolidated Fund of the Government of Bermuda. The "Due from the Consolidated Fund" balance represents amounts that the Consolidated Fund will process in the future on behalf of the Office.

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

5. TANGIBLE CAPITAL ASSETS

	2013				2012
	Office Equipment \$	Computer Equipment \$	Furniture & Fixtures \$	Total \$	Total \$
Opening cost	31,571	12,984	18,524	63,079	51,700
Additions	1,980	8,232	-	10,212	11,379
Closing cost	33,551	21,216	18,524	73,291	63,079
Opening accumulated amortization	23,697	7,282	16,432	47,411	40,595
Annual amortization	1,958	5,268	1,786	9,012	6,816
Closing accumulated amortization	25,655	12,550	18,218	56,423	47,411
Net book value	7,896	8,666	306	16,868	15,668

	2012				2011
	Office Equipment \$	Computer Equipment \$	Furniture & Fixtures \$	Total \$	Total \$
Opening cost	24,176	9,000	18,524	51,700	51,700
Additions	7,395	3,984	-	11,379	-
Closing cost	31,571	12,984	18,524	63,079	51,700
Opening accumulated amortization	22,809	4,002	13,784	40,595	33,164
Annual amortization	888	3,280	2,648	6,816	7,431
Closing accumulated amortization	23,697	7,282	16,432	47,411	40,595
Net book value	7,874	5,702	2,092	15,668	11,105

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

6. EMPLOYEE BENEFITS

(a) Pension plan

The employees of the Office 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. The employer's portion of contributions for 2013 was \$42,490 (2012 - \$36,954). The Office is not required under present legislation to make contributions with respect to actuarial deficiencies of the Fund.

(b) Compensated absences

Compensated absences include maternity and paternity leave, sick leave and vacation days. All of these benefits are unfunded.

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

Sick leave does not accumulate or vest, and like maternity and paternity leave, an expense is recorded only when leave extended 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. The accrued vacation liability as of March 31, 2013 is \$20,535 (2012 - \$27,940) and is included in accounts payable and accrued liabilities.

7. BUDGET- UNUSED AND USED APPROPRIATION

The Office is funded by the House of Assembly through a voted appropriation. The vote provides separately for operating expenses and capital acquisitions. Any unused appropriation cannot be carried forward for use in subsequent years.

8. CONTRACTUAL OBLIGATIONS

Effective July 1, 2011, the Government of Bermuda entered into a three-year lease agreement with Sandypoint Ltd. for the Office at Dundonald Place at an annual rent of \$77,594. As of March 31, 2013, the total remaining obligation under the lease is \$96,993.

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

9. CORRECTION OF PRIOR PERIOD ERROR

The financial statements for March 31, 2012 have been restated to correct errors in the methodology for calculating and recording accrued vacation liability:

As a result, the 2012 balances have been restated.

Accounts payable and accrued liabilities

As previously stated (March 31, 2012)	\$67,926
As restated	\$38,208

Due from the consolidated fund

As previously stated (March 31, 2012)	\$49,004
As restated	\$19,286

Operating appropriation revenues

As previously stated (March 31, 2012)	\$809,370
As restated	\$837,485

Operating expenses

As previously stated (March 31, 2012)	\$809,370
As restated	\$837,485

10. COMPARATIVE FIGURES

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

11. SUBSEQUENT EVENT

Effective July 1, 2014, the Government of Bermuda entered into a new two-year lease agreement with Sandypoint Ltd. for the Office at Dundonald Place with an annual rent of \$64,368.

For the period beginning July 1, 2016, the Government of Bermuda is still in negotiation with Sandypoint Ltd to enter into a new lease agreement. Until a final agreement is reached, a monthly rent of \$4,041 is paid by the Office.