

OFFICE OF OMBUDSMAN FOR BERMUDA
FINANCIAL STATEMENTS
MARCH 31, 2019



Management's Responsibility for the Financial Statements

These financial statements have been prepared by management, who are 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

March 15, 2022



Office of the Auditor General

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INDEPENDENT AUDITOR'S REPORT

To The Speaker of the House of Assembly

Opinion

I have audited the statement of expenses of the Office of Ombudsman for Bermuda for the year ended March 31, 2019 and related note disclosures, including a summary of significant accounting policies (together "the financial statements").

In my opinion, the accompanying financial statements presents fairly, in all material respects, the results of operations of the Office of Ombudsman for Bermuda for the year ended March 31, 2019 in accordance public sector accounting standards generally accepted in Bermuda and Canada.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Office of Ombudsman for Bermuda in accordance with the ethical requirements that are relevant to my audit of the financial statements in Bermuda, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Office of Ombudsman for Bermuda's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Office of Ombudsman for Bermuda or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Office of Ombudsman for Bermuda's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Bermuda and Canada will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Bermuda and Canada, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Office of Ombudsman for Bermuda's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of Ombudsman for Bermuda's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Office of Ombudsman for Bermuda to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Office of the Auditor General website at: www.oagbermuda.bm. This description forms part of my auditor's report.

Hamilton, Bermuda
March 15, 2022

A handwritten signature in cursive script, appearing to read "Heather T.", written in black ink.

Heather Thomas, CPA, CFE, CGMA
Auditor General

OFFICE OF OMBUDSMAN FOR BERMUDA
STATEMENT OF EXPENSES
FOR THE YEAR ENDED MARCH 31

	2019 \$ Budget (Note 4)	2019 \$ Actual	2018 \$ Actual
CURRENT ACCOUNT			
Operating Appropriation	<u>923,697</u>	<u>923,697</u>	<u>875,676</u>
	<u>923,697</u>	<u>923,697</u>	<u>875,676</u>
EXPENSES			
Salaries and employee benefits	676,257	702,902	678,606
Professional services	77,700	67,459	46,492
Rent	68,390	65,767	65,714
Material and supplies	29,500	25,775	21,354
Training and travel	27,000	13,361	35,805
Communications	13,700	12,148	12,363
Repairs and maintenance	8,000	7,725	7,240
Office supplies	6,250	5,558	2,498
Advertising and promotion	6,500	5,165	-
Amortization of tangible capital assets (Note 3)	-	3,424	2,626
Miscellaneous	<u>10,400</u>	<u>11,637</u>	<u>2,978</u>
Total Expenses	<u>923,697</u>	<u>920,921</u>	<u>875,676</u>
UNSPENT OPERATING APPROPRIATION (Note 4)	<u>-</u>	<u>2,776</u>	<u>-</u>
CAPITAL ACCOUNT			
Capital Appropriation	<u>16,000</u>	<u>16,000</u>	<u>10,656</u>
	16,000	16,000	10,656
Acquisition of tangible capital assets (Note 3)	-	11,200	10,656
Acquisition of tangible capital assets (Note 3)	<u>-</u>	<u>3,485</u>	<u>-</u>
UNSPENT CAPITAL APPROPRIATION (Note 4)	<u>-</u>	<u>1,315</u>	<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, 2019

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 five years with a further extension of three years commencing March 17, 2014. 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

The statement of expenses of the Office for the year ended March 31, 2019 and related note disclosures, including a summary of significant accounting policies (together "the financial statements") have been prepared for the purpose of the annual audit of the Office of the Auditor General pursuant to section 23(4) of the Act. In agreement with the Accountant General, the Office is presenting the statement of expenses rather than continuing its prior presentation of its financial position, statements of operations and change in net debt. The presentation of the statement of expenses more accurately indicates that the Office manages and processes its money through the existing accounts of the Consolidated Fund of the Government of Bermuda (the “Consolidated Fund”).

Due to the limited purpose, form and content of the financial statements, it is not intended to present the financial position, results of operations and changes in net debt in conformity with public sector accounting standards generally accepted in Bermuda and Canada and it does not constitute a full set of accounts or financial statements. The financial statements have not been prepared for general purposes and therefore some users may require further information.

Pursuant to the standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, the Office is classified as an other government organization and the accounting policies considered particularly significant are as follows:

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Appropriations

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.

(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

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Office's ability to provide services, or the value of future economic benefits associated with the capital asset is less than its net book value. In either case, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value. The net write-down is accounted for as an expense in the statement of expenses.

(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 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) Translation of foreign currencies

Expenses are translated at the exchange rate in effect at the transaction date.

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

3. TANGIBLE CAPITAL ASSETS

	2019			
	Office Equipment \$	Computer Equipment \$	Furniture & Fixtures \$	Total \$
Opening Cost	26,916	23,541	25,449	75,906
Additions	-	-	11,200	11,200
Adjustments*	(1,980)	-	(18,524)	(20,504)
Closing Cost	24,936	23,541	18,125	66,602
Opening Accumulated Amortization	16,260	23,373	23,226	62,859
Annual Amortization	2,131	168	1,125	3,424
Adjustments*	(1,802)	-	(18,443)	(20,245)
Closing Accumulated Amortization	16,589	23,541	5,908	46,038
Net book value	8,347	-	12,217	20,564
	2018			
	Office Equipment \$	Computer Equipment \$	Furniture & Fixtures \$	Total \$
Opening Cost	16,260	23,541	25,449	65,250
Additions	10,656	-	-	10,656
Closing Cost	26,916	23,541	25,449	75,906
Opening Accumulated Amortization	15,864	22,133	22,236	60,233
Annual Amortization	396	1,240	990	2,626
Closing Accumulated Amortization	16,260	23,373	23,226	62,859
Net book value	10,656	168	2,223	13,047

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

3. TANGIBLE CAPITAL ASSETS (continued)

* The adjustments relate to tangible capital assets that did not meet the Financial Instructions capitalization threshold.

Furniture and fixtures totaling \$3,485 (2018 - \$Nil) were purchased using the capital appropriation. The per unit cost was below the Financial Instructions threshold of \$3,000 for furniture and equipment and was therefore not capitalized in the above schedule.

4. BUDGET AND ECONOMIC DEPENDENCE

All funding for the operations of the Office is payable out of money appropriated by the Legislature. The annual budget estimate for the Office is included in the Government of Bermuda's (the "Government") estimate as voted through the annual Appropriation Act by the House of Assembly. The appropriations provide separately for operating expenses and capital acquisitions. Any unused operating appropriation cannot be carried forward for use in subsequent years. Capital appropriations carried forward for use in subsequent years must be approved by the Minister of Finance. Accordingly, the Office is economically dependent on the Government to fund operations and capital acquisitions.

5. 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. Contributions to the Fund are 8% of gross salary and they are matched equally by the Government. 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 recorded in the statement of expenses.

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 recorded in the statement of expenses.

Employee benefits include vacation days, which accumulate and vest.

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

6. CONTRACTUAL OBLIGATIONS

The Office has entered into a number of multi-year contracts for the delivery of services. These contractual obligations will become liabilities in the future when the terms of the contract are met. Disclosure relates to the unperformed portion of the contracts.

	2020	Thereafter
	\$	\$
Rental of premises	48,496	36,372
Professional Analyst	24,000	48,000
Maintenance agreement	15,872	11,904
License fees	10,126	22,154
Cleaning services	7,550	20,425
Events Management	5,000	-
Security Services	480	960
	<u>111,524</u>	<u>139,815</u>

7. RELATED PARTY TRANSACTIONS

The Office has related party transactions for services of a non-material nature. The nature of these transactions are support services consistent with services typically provided to other Non-Ministry Offices which do not impede the Office's independence.

The related party transactions are with the following entities:

1. Accountant General's Department
2. Department of Employee & Organizational Development
3. Department of Public Lands & Building
4. Post Office
5. Information Commissioner's Office
6. Information & Digital Technology

8. COMPARATIVE FIGURES

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

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

9. SUBSEQUENT EVENTS

Subsequent to March 31, 2019, the office entered into a contractual obligation valued between \$90,000 and \$110,000.

There was a 10% government-wide reduction in salaries between August 2020 to July 2021 as a cost saving measure due to Covid-19. This amounted to \$30,193 reduction in salaries and employee benefits expenses.

In the year ending March 31, 2022, the Office was requested by the Government to give back a portion of its operational expenditure due to the COVID effect on the economy, totaling to \$19,283.

The term of the current Ombudsman for Bermuda expires on March 16, 2022. The Government House announced, on March 7, 2022, the appointment of the next Ombudsman for Bermuda.