

OFFICE OF OMBUDSMAN FOR BERMUDA

FINANCIAL STATEMENTS

MARCH 31, 2021



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, 2021 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, 2021 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 black ink, appearing to read "Heather T.", written in a cursive style.

Heather Thomas, CPA, CFE, CGMA
Auditor General

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

	2021 \$ Budget (Note 4)	2021 \$ Actual	2020 \$ Actual
CURRENT ACCOUNT			
Operating Appropriation	1,079,435	1,079,435	1,079,436
Budget virement (Note 4)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
	<u>1,129,435</u>	<u>1,129,435</u>	<u>1,079,436</u>
EXPENSES			
Salaries and employee benefits	639,740	551,205	614,692
Professional services	360,752	355,928	237,646
Rent	64,182	63,948	83,625
Material and supplies	26,402	21,766	25,682
Repairs and maintenance	10,826	12,299	7,550
Communications	12,701	11,081	14,871
Amortization of tangible capital assets (Note 3)	-	6,265	5,446
Office supplies	8,413	3,238	2,673
Advertising and promotion	1,373	1,764	24,906
Miscellaneous	<u>5,046</u>	<u>2,346</u>	<u>51,490</u>
Total Expenses	<u>1,129,435</u>	<u>1,029,840</u>	<u>1,068,581</u>
UNSPENT OPERATING APPROPRIATION (Note 4)	<u>-</u>	<u>99,595</u>	<u>10,855</u>
CAPITAL ACCOUNT			
Capital Appropriation	<u>9,250</u>	<u>9,250</u>	<u>5,600</u>
	9,250	9,250	5,600
Acquisition of tangible capital assets (Note 3)	<u>-</u>	<u>8,720</u>	<u>5,459</u>
UNSPENT CAPITAL APPROPRIATION (Note 4)	<u>-</u>	<u>530</u>	<u>141</u>

The accompanying notes are an integral part of these financial statements

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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, 2021 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 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, 2021

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, 2021

3. TANGIBLE CAPITAL ASSETS

	2021			
	Office Equipment \$	Computer Equipment \$	Furniture & Fixtures \$	Total \$
Opening Cost	29,040	24,896	18,125	72,061
Additions	5,426	3,294	-	8,720
Disposals	(7,395)	(5,352)	-	(12,747)
Closing Cost	27,071	22,838	18,125	68,034
Opening Accumulated Amortization	18,994	23,993	8,497	51,484
Annual Amortization	3,044	1,458	1,763	6,265
Disposals	(7,395)	(5,352)	-	(12,747)
Closing Accumulated Amortization	14,643	20,099	10,260	45,002
Net book value	12,428	2,739	7,865	23,032
	2020			
	Office Equipment \$	Computer Equipment \$	Furniture & Fixtures \$	Total \$
Opening Cost	24,936	23,541	18,125	66,602
Additions	4,104	1,355	-	5,459
Closing Cost	29,040	24,896	18,125	72,061
Opening Accumulated Amortization	16,589	23,541	5,908	46,038
Annual Amortization	2,405	452	2,589	5,446
Closing Accumulated Amortization	18,994	23,993	8,497	51,484
Net book value	10,046	903	9,628	20,577

OFFICE OF OMBUDSMAN FOR BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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. In addition to the original operating appropriation of \$1,079,435 (2020–\$1,079,436) and capital appropriation of \$9,250 (2019– \$5,600), budget virements were approved yielding an additional \$50,000 (2020–\$Nil) for operating. 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, 2021

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.

	2022	Thereafter
	\$	\$
Rental of premises	46,817	81,930
Professional Analyst	24,000	-
Consultancy Services	23,894	-
Maintenance agreement	15,872	27,775
License Fees	12,400	-
Cleaning services	10,575	-
Ongoing Legal matters	6,896	-
Security Services	480	480
	<u>140,934</u>	<u>110,185</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 Public Lands & Building
3. Registry General
4. Information Commissioner's Office
5. Information & Digital Technology
6. Department of Employee & Organizational Development
7. Office of the Privacy Commissioner

8. CAROA CONFERENCE AND TRAINING

During 2020 Fiscal Year, the Office held the 10th Biennial Caribbean Ombudsman Association (CAROA) Conference & Training in Bermuda. This was facilitated by the Ombudsman in her capacity as President of CAROA and as the International Ombudsman Institute's Regional President for the Caribbean and Latin American region. The theme of the conference was 'Strengthening the Role and Performance of the Ombudsman and Human Rights Institutions in the Caribbean and Latin America' with presentations by Bermudian and international colleagues. The conference expenses were included in the statement of expenses.

OFFICE OF OMBUDSMAN FOR BERMUDA
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

9. COMPARATIVE FIGURES

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

10. SUBSEQUENT EVENTS

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 \$10,064.49 reduction in salaries and employee benefits expenses for the period April 1, 2021 to July 31, 2022.

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.