

OFFICE OF THE AUDITOR GENERAL OF BERMUDA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015



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Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Committee on the Office of the Auditor

We have audited the Statement of Revenues and Expenses (the "Statement") of the Office of the Auditor General (the "OAG") for the year ended March 31, 2015 and a summary of significant accounting policies and other explanatory information.

Responsibility for the Financial Statements

The Office of the Auditor General is responsible for the preparation and fair presentation of the Statement in accordance with Canadian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the Statements that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the Canadian auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, 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 Statement in order to design audit procedures that are appropriate in the circumstance, 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement present fairly, in all material respects, the Revenues and Expenses of the Office of the Auditor General for the year ended March 31, 2015 in accordance with Canadian Accounting Standards.

Arthur Morris & Company Limited

**Hamilton, Bermuda
December 23, 2016**

OFFICE OF THE AUDITOR GENERAL OF BERMUDA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2015

(Expressed in Bermuda dollars)

	2015	2014 Unaudited (Note 5)
OPERATIONS		
OPERATING APPROPRIATION	\$ 3,760,496	\$ 3,846,170
OPERATING EXPENSES		
Salaries and employee benefits	2,515,258	2,706,187
Professional services	830,343	766,086
Rent	199,535	196,150
Repairs and maintenance	66,524	28,668
Communications	47,773	26,385
Electricity	33,914	30,594
Travel	26,697	39,282
Material and supplies	18,706	18,719
Advertising and promotion	13,898	6,537
Training	938	21,190
Other	<u>737</u>	<u>994</u>
	<u>3,754,323</u>	<u>3,840,792</u>
EXCESS OF OPERATING APPROPRIATION OVER EXPENSES	<u>6,173</u>	<u>5,378</u>
CAPITAL		
CAPITAL APPROPRIATION	23,382	36,528
CAPITAL EXPENSES	<u>28,220</u>	<u>35,850</u>
(DEFICIT) EXCESS OF CAPITAL APPROPRIATION OVER EXPENSES	<u>(4,838)</u>	<u>578</u>
REVENUE		
BUDGETED FEES	910,700	910,700
AUDIT FEES RECEIVED	580,550	682,508
OTHER REVENUE	183	958

OFFICE OF THE AUDITOR GENERAL OF BERMUDA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

(Expressed in Bermuda dollars)

1. AUTHORITY

The public office of the Auditor General (the “Auditor”) is established under the Constitution Order 1968. In accordance with the Constitution Order, the Auditor General shall audit the accounts of the Senate, the House of Assembly, all Government departments and offices and all courts, and for that purpose the Auditor General shall have access to all books, records, returns and other documents relating to such accounts. In the exercise of these responsibilities, the Auditor General shall not be subject to the direction or control of any other person or authority.

The Rules of the House of Assembly (the “Rules”) provide for the Speaker to appoint The Committee on the Office of the Auditor (the “Committee”). The Committee shall have the duties as specified in Rules.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Statement of Operations of the Office of the Auditor General has been prepared for the purpose reporting to the Committee pursuant to paragraph 50A of the Rules of the House of Assembly.

The accounting and practices adopted basically correspond to generally accepted accounting principles in Bermuda and Canada to the extent that they are relevant for the purposes of the Statement. The specific accounting policies adopted are described below.

Due to the limited purpose, form and content of the statement it is not intended to present the financial position and results of operations in conformity with generally accepted accounting principles in Bermuda and Canada and does not constitute full accounts or financial statements. The statement has not been prepared for general purposes and therefore some users may require further information.

(a) Revenue

Audit fee revenues for billable audits are recognized when the audit is finalized. Audit fees are accrued at year-end for audits in progress where fieldwork has been substantially completed.

(b) Expenses

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

The classification of expenses between capital expenses and operating expenses follows the classification used for approved budget estimates

(c) Use of estimates

The preparation of financial statements in accordance with PSAB requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

OFFICE OF THE AUDITOR GENERAL OF BERMUDA
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

(Expressed in Bermuda dollars)

3. **BALANCE SHEET AND STATEMENT OF CASH FLOWS**

A statement of assets and liabilities (balance sheet) and statement of cash flows have not been presented as they are not required for the purposes of reporting to the Committee. The Office of the Auditor General does not operate a bank account and capital assets are expensed in the year of acquisition.

4. **PROFESSIONAL FEES**

Professional fees comprise the cost of engaging certain Bermuda resident firms of Chartered Professional Accountants to conduct audit engagements of behalf of the Office of the Auditor General.

5. **BUDGET & ECONOMIC DEPENDENCE**

Funding for the Office of the Auditor General is included in the Government of Bermuda's estimates as voted through the annual Appropriation Act by the House of Assembly. The appropriation provides separately for operating expenses and capital acquisitions. Any unused appropriation cannot be carried forward for use in subsequent years. The Office is economically dependent on the Government of Bermuda.

5. **UNAUDITED COMPARATIVE FIGURES FOR THE PRIOR YEAR**

Figures for the 2013-14 fiscal year have not been audited.