

OFFICE OF THE OMBUDSMAN

FINANCIAL STATEMENTS

For the Year Ended March 31, 2015



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Office of the Ombudsman, which comprise the statement of financial position as at March 31, 2015, and the statements of operation and accumulated surplus, changes 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 Canadian public sector accounting standards, 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 Canadian generally accepted auditing standards. 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 the Ombudsman as at March 31, 2015, and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards

Judy Ferguson, FCPA, FCA
Provincial Auditor

Regina, Saskatchewan
June 25, 2015

OFFICE OF THE OMBUDSMAN
Statement of Financial Position
As at March 31

ASSETS	<u>2015</u>	<u>2014</u>
Financial assets		
Due from the General Revenue Fund	\$ 197,694	\$ 394,440
Total financial assets	<u>197,694</u>	<u>394,440</u>
Liabilities		
Accounts payable	95,658	283,088
Salaries payable	8,766	410
Accrued leave entitlements	<u>93,270</u>	<u>110,942</u>
Total liabilities	<u>197,694</u>	<u>394,440</u>
Net debt (Statement 3)	<u>-</u>	<u>-</u>
Non - financial assets		
Tangible capital assets (Note 3)	24,109	166,571
Prepaid expenses	<u>9,034</u>	<u>9,902</u>
Total non-financial assets	<u>33,143</u>	<u>176,473</u>
Accumulated surplus (Statement 2)	\$ <u>33,143</u>	\$ <u>176,473</u>

(See accompanying notes to the financial statements)

OFFICE OF THE OMBUDSMAN
Statement of Operations and Accumulated Surplus
For the Year Ended March 31

	<u>2015</u> Budget (Note 4)	<u>2015</u> Actual	<u>2014</u> Actual
Revenue:			
General Revenue Fund Appropriation	\$ 3,530,000	3,209,314	\$ 3,512,849
Miscellaneous	<u>-</u>	<u>(2)</u>	<u>28</u>
Total Revenue	<u>3,530,000</u>	<u>3,209,312</u>	<u>3,512,877</u>
Expenses:			
Salaries and benefits	2,570,000	2,514,749	2,418,772
Office space and equipment rental	343,700	312,826	301,375
Communication	44,400	54,142	35,800
Miscellaneous services	84,700	79,281	78,364
Office supplies and expenses	22,100	29,500	29,266
Advertising, promotion, and events	95,100	54,171	133,436
Travel	76,100	63,268	102,828
Amortization (Note 3)	120,000	143,037	154,912
Dues and fees	138,900	82,374	78,914
Repairs and maintenance	35,000	16,532	61,685
Loss on disposal of capital assets	<u>-</u>	<u>2,762</u>	<u>-</u>
Total Expenses	<u>3,530,000</u>	<u>3,352,642</u>	<u>3,395,352</u>
Operating (deficit) surplus	\$ <u>-</u>	(143,330)	117,525
Accumulated surplus, beginning of year		176,473	68,094
Adjustment for sick leave benefit obligation		<u>-</u>	<u>(9,146)</u>
Accumulated surplus, end of year (Statement 1)		\$ <u>33,143</u>	\$ <u>176,473</u>

(See accompanying notes to the financial statements)

OFFICE OF THE OMBUDSMAN
Statement of Change in Net Debt
For the Year Ended March 31

	<u>2015</u>	<u>2014</u>
Operating (deficit) surplus	\$ (143,330)	\$ 117,525
Capital asset additions	(3,337)	(262,284)
Amortization of tangible capital assets	143,037	154,912
Loss on disposal of capital assets	2,762	-
	<u>142,462</u>	<u>(107,372)</u>
Acquisition of prepaid expenses	(9,034)	(9,902)
Use of prepaid expenses	9,902	8,895
	868	(1,007)
Decrease (increase) in net debt	-	9,146
Net debt, beginning of the year	-	-
Adjustment for sick leave benefit obligation	-	(9,146)
	<u>-</u>	<u>(9,146)</u>
Net debt, end of the year (Statement 1)	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

(See accompanying notes to the financial statements)

OFFICE OF THE OMBUDSMAN
Statement of Cash Flow
For the Year Ended March 31

Cash from (used in) operating activities:	<u>2015</u>	<u>2014</u>
General Revenue Fund appropriation received	\$ 3,406,060	\$ 3,283,269
Miscellaneous Revenue received	(2)	28
Salaries and benefits paid	(2,524,065)	(2,395,006)
Supplies and other expenses paid	(878,656)	(626,007)
 Cash provided by operations	 <u>3,337</u>	 <u>262,284</u>
 Cash from (used in) capital activities:		
Capital assets purchased	<u>(3,337)</u>	<u>(262,284)</u>
Cash used in capital activities	<u>(3,337)</u>	<u>(262,284)</u>
 Increase (decrease) in cash and cash equivalents	 -	 -
Cash, beginning of the year	-	-
 Cash, end of year	 \$ <u><u>-</u></u>	 \$ <u><u>-</u></u>

(See accompanying notes to the financial statements)

**OFFICE OF THE OMBUDSMAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

1. Authority and Description of Operations

The Ombudsman Act, 2012, gives the Ombudsman the authority to investigate or informally address complaints of unfairness in government actions. *The Public Interest Disclosure Act* appoints the Ombudsman as the Public Interest Disclosure Commissioner, with the authority to provide advice to and investigate disclosures from public servants with allegations of wrongdoing or reprisal within their government institutions.

The Ombudsman's Budget and Financial Statements encompass all financial aspects associated with the roles of the Ombudsman and Public Interest Disclosure Commissioner.

2. Significant Accounting Policies

These financial statements are prepared using Canadian public sector accounting standards. These statements do not include a Statement of Remeasurement gains or losses as the Office has no activities that give rise to remeasurement gains or losses. As a result, its accumulated surplus is the same as its accumulated operating surplus. The following accounting policies are considered to be significant.

(a) Revenue

The Ombudsman receives an appropriation from the General Revenue Fund to carry out its work. General Revenue Fund appropriations are included in revenue when amounts are spent or committed.

(b) Tangible capital assets

Tangible capital assets are reported at cost less accumulated amortization. The threshold for capitalization of assets is \$2,500. Tangible capital assets are amortized on a straight-line basis over a life of five years, except leasehold improvements which are amortized over two years.

(c) Accrued employee costs

Accrued employee costs include the value of salary payable amounts, estimated sick leave accrual and accrued leave entitlements, which are recorded as a liability owed to staff at year end.

The Office estimates its sick leave benefit obligation based on accumulated employee sick leave entitlements. A liability for vesting or accumulating sick leave is recorded in the year the employee provides services in return for the sick leave benefits. This liability is only recorded if it is expected to be significant to the organization.

3. Tangible Capital Assets

	2015				2014 Restated (Note 9)
	Hardware & Software	Equipment & Furniture	Leasehold Improvements	Total	Total
Cost, April 1	\$ 123,757	\$ 108,272	\$ 258,108	\$ 490,137	\$ 235,176
Additions	2,342	-	995	3,337	262,284
Disposals	(5,954)	-	-	(5,954)	(7,323)
Cost, March 31	<u>120,145</u>	<u>108,272</u>	<u>259,103</u>	<u>487,520</u>	<u>490,137</u>
Accumulated Amortization, April 1	103,011	91,502	129,054	323,567	175,978
Annual Amortization	9,293	4,193	129,551	143,037	154,912
Adjustment for disposals	(3,193)	-	-	(3,193)	(7,323)
Accumulated Amortization, March 31	<u>109,111</u>	<u>95,695</u>	<u>258,605</u>	<u>463,411</u>	<u>323,567</u>
Net Book Value, March 31	<u>\$ 11,034</u>	<u>\$ 12,577</u>	<u>\$ 498</u>	<u>\$ 24,109</u>	<u>\$ 166,570</u>

**OFFICE OF THE OMBUDSMAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

4. Budget

These amounts reflected on an expense basis represent funds appropriated by the Legislative Assembly to enable the Ombudsman to carry out the Office's duties under *The Ombudsman Act, 2012*. The Ombudsman's expenditures are limited to the amount appropriated to it by the Legislative Assembly. The amount appropriated for the year was \$3,530,000.

5. Lapsing of appropriation

The Ombudsman follows *The Financial Administration Act, 1993* with regards to its spending. If the Ombudsman spends less than its appropriation by March 31, the difference is not available to acquire the goods and services in the next fiscal year.

6. Costs borne and services provided to other agencies

The Ombudsman has not been charged with certain administrative costs and employee benefit costs. These costs are borne by the Legislative Assembly and the Ministry of Finance. No provision for these costs is reflected in these financial statements.

The Conflict of Interest Commissioner utilizes office space and receives certain administrative services at the Ombudsman's Regina location. No fees are charged to the Conflict of Interest Commissioner for these services.

7. Financial Instruments

The Ombudsman's financial instruments include Due from the General Revenue Fund, accounts payable and accrued employee payables. The carrying amount of these instruments approximates fair value due to their immediate or short-term maturity. These instruments have no significant interest rate and credit risk.

8. Pension Plan

The Office participates in a defined contribution pension plan for the benefit of its employees. The Office's financial obligation of the plan is limited to making payments of 5% of employees' salaries for current service.

9. Adjustment to Tangible Capital Asset Note

During 2014-15, an adjustment was made to note 3 of the financial statements as a result of unrecorded disposals related to fully amortized tangible capital assets relevant to prior fiscal years. This adjustment was recorded retroactively with restatement of prior periods resulting in a decrease to cost and accumulated amortization of tangible capital assets at April 1, 2014 of \$57,181.