

**OFFICE OF THE OMBUDSMAN**

**FINANCIAL STATEMENTS**

**For the Year Ended March 31, 2016**



## 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, 2016, and the statements of operations and accumulated surplus, 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 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, 2016, and the results of its operations, changes in its 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 29, 2016

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

		<u>2016</u>		<u>2015</u> <u>(restated - Note 9)</u>
<b>ASSETS</b>				
<b>Financial assets</b>				
Due from the General Revenue Fund	\$	204,702	\$	197,694
Total financial assets		<u>204,702</u>		<u>197,694</u>
<b>Liabilities</b>				
Accounts payable		106,580		95,658
Salaries payable		3,238		8,766
Accrued leave entitlements		94,884		93,270
Total liabilities		<u>204,702</u>		<u>197,694</u>
<b>Net debt (Statement 3)</b>		<u>-</u>		<u>-</u>
<b>Non - financial assets</b>				
Tangible capital assets (Note 3)		147,565		179,222
Prepaid expenses		10,156		9,034
Total non-financial assets		<u>157,721</u>		<u>188,256</u>
<b>Accumulated surplus (Statement 2)</b>	\$	<u>157,721</u>	\$	<u>188,256</u>
<b>Contractual obligations (Note 10)</b>				

(See accompanying notes to the financial statements)

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

	2016 Budget (Note 4)	2016 Actual	2015 (restated - Note 9) Actual
<b>Revenue:</b>			
General Revenue Fund Appropriation	\$ 3,549,000	\$ 3,151,907	\$ 3,209,314
Miscellaneous	-	-	(2)
Total Revenue	<u>3,549,000</u>	<u>3,151,907</u>	<u>3,209,312</u>
<b>Expenses:</b>			
Salaries and benefits	2,571,000	2,437,205	2,514,749
Office space and equipment rental	313,700	310,243	312,826
Communication	65,000	51,529	54,142
Miscellaneous services	93,200	98,012	79,281
Office supplies and expenses	28,800	39,888	29,500
Advertising, promotion, and events	82,600	58,608	54,171
Travel	70,700	52,324	63,268
Amortization (Note 3)	120,000	73,779	65,356
Dues and fees	129,000	23,565	82,374
Repairs and maintenance	75,000	37,289	16,532
Loss on disposal of capital assets	-	-	2,762
Total Expenses	<u>3,549,000</u>	<u>3,182,442</u>	<u>3,274,961</u>
<b>Operating deficit</b>	<u>\$ -</u>	(30,535)	(65,649)
Accumulated surplus, beginning of year		<u>188,256</u>	<u>253,905</u>
<b>Accumulated surplus, end of year (Statement 1)</b>		<u>\$ 157,721</u>	<u>\$ 188,256</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>2016</u>	<u>2015</u> <u>(restated - Note 9)</u>
<b>Operating deficit</b>	\$ (30,535)	\$ (65,649)
Capital asset additions	(42,122)	(3,337)
Amortization of tangible capital assets (Note 3)	73,779	65,356
Loss on disposal of capital assets	-	2,762
	<u>31,657</u>	<u>64,781</u>
Acquisition of prepaid expenses	(10,156)	(9,034)
Use of prepaid expenses	9,034	9,902
	<u>(1,122)</u>	<u>868</u>
<b>Decrease (increase) in net debt</b>	-	-
<b>Net debt, beginning of the year</b>	<u>-</u>	<u>-</u>
<b>Net debt, end of the year (Statement 1)</b>	\$ <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**

<b>Cash from (used in) operating activities:</b>	<u>2016</u>	<u>2015</u>
General Revenue Fund appropriation received	\$ 3,144,899	\$ 3,406,060
Miscellaneous revenue received	-	(2)
Salaries and benefits paid	(2,441,119)	(2,524,065)
Supplies and other expenses paid	(661,658)	(878,656)
	<u>42,122</u>	<u>3,337</u>
<b>Cash provided by operations</b>		
 <b>Cash from (used in) capital activities:</b>		
Capital assets purchased (Note 3)	<u>(42,122)</u>	<u>(3,337)</u>
<b>Cash used in capital activities</b>	<u>(42,122)</u>	<u>(3,337)</u>
 <b>Increase (decrease) in cash and cash equivalents</b>	-	-
 Cash, beginning of the year	-	-
 <b>Cash, end of year</b>	<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, 2016**

**1. Authority and Description of Operations**

*The Ombudsman Act, 2012*, gives the Ombudsman the authority to investigate or informally address complaints of unfairness in provincial and municipal 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 provincial 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 and Losses as the Office of the Ombudsman (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 Office 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 the lesser of useful life or lease term agreement.

(c) Accrued employee costs

Accrued employee costs include the value of salary payable amounts and accrued leave entitlements (including estimated sick leave accrual), 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**

	2016				2015 (restated - Note 9)
	Hardware & Software	Equipment & Furniture	Leasehold Improvements	Total	Total
Cost, April 1	\$ 120,145	\$ 108,272	\$ 259,103	\$ 487,520	\$ 490,137
Additions	-	42,122	-	42,122	3,337
Disposals	-	-	-	-	(5,954)
Cost, March 31	<u>120,145</u>	<u>150,394</u>	<u>259,103</u>	<u>529,642</u>	<u>487,520</u>
Accumulated Amortization, April 1	109,111	95,695	103,492	308,298	246,135
Annual Amortization	9,292	12,617	51,870	73,779	65,356
Adjustment for disposals	-	-	-	-	(3,193)
Accumulated Amortization, March 31	<u>118,403</u>	<u>108,312</u>	<u>155,362</u>	<u>382,077</u>	<u>308,298</u>
Net Book Value, March 31	<u>\$ 1,742</u>	<u>\$ 42,082</u>	<u>\$ 103,741</u>	<u>\$ 147,565</u>	<u>\$ 179,222</u>

**OFFICE OF THE OMBUDSMAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2016**

**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 Office's expenditures are limited to the amount appropriated to it by the Legislative Assembly. The amount appropriated for the year was \$3,549,000.

**5. Lapsing of appropriation**

The Office follows *The Financial Administration Act, 1993* with regards to its spending. If the Office 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 Office 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 Office's Regina location. No fees are charged to the Conflict of Interest Commissioner for these services.

**7. Financial Instruments**

The Office'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. Tangible Capital Asset Restatement - Correction of Error in Prior Period**

Leasehold improvements are amortized over the term of the related operating lease. Subsequent to the year ended March 31, 2015, an error was identified in the calculation of amortization due to using an incorrect operating lease term. As a result, certain amounts have been adjusted in the financial statements as follows:

	<b>Increase (decrease)</b>
	<b>Year Ended March 31, 2015</b>
<u>Statement of Financial Position</u>	
Tangible capital assets	\$ 155,113
Accumulated surplus	155,113
<u>Statement of Operations and Accumulated Surplus</u>	
Amortization expense	\$ (77,681)
Accumulated surplus, beginning of year	77,432
Accumulated surplus, end of year	155,113
<u>Statement of Changes in Net Debt</u>	
Operating deficit	\$ 77,681
Amortization of tangible capital assets	(77,681)

**10. Contractual Obligations**

During the year ended March 31, 2014, the Office and its landlord entered into a new lease whereby the Office agreed to rent the premises for five years commencing June 15, 2013. Annual lease payments are \$128,510.