

MEDIA RELEASE – #1/2010

The Auditor General comments on the Qualified Audit Opinion on the Bermuda Government's 2008/09 Consolidated Fund Financial Statements

Auditor General Heather Jacobs Matthews today announced that the Bermuda Government's 2008/09 Consolidated Fund financial statements and her auditor's report thereon is now available on the Accountant-General's website at www.acg.gov.bm under Resources.

The Consolidated Fund is the general operating fund of the Bermuda Government through which the Government conducts the majority of its business. It is into this Fund that taxpayers pay license fees, customs duties, payroll tax, stamp duties, land tax and other remittances. The Government uses the taxpayers' money to fund its many programmes such as health, education, transportation, financial assistance and public works.

The Consolidated Fund financial statements show the results of the Fund's financial activities for the year (i.e., how much money was raised from taxpayers and how it was spent) and the Fund's financial position at the end of the year (i.e., what the Fund owns – its assets, less what it owes – its liabilities). The financial statements are prepared annually by the Accountant-General and audited by the Auditor General who is required to provide an opinion as to whether the financial statements are fairly presented.

For the financial year 2008/09, the Auditor General did not issue a clean opinion on the financial statements of the Consolidated Fund. She stated "My auditor's opinion was qualified due to serious internal control deficiencies identified in the management of various capital development projects which carried a book value of \$90 million at March 31, 2009." Mrs. Jacobs Matthews further stated "These deficiencies led me to question the appropriateness of certain transactions and the underlying value of the assets at March 31, 2009. As a result, I was unable to determine whether adjustments might be necessary to the reported value of tangible capital assets and assets under construction, and the reported amounts for capital development expenses, the deficit and the accumulated deficit."

The Auditor General explained that she and her staff are currently conducting audits of two of the three development projects commented on above – the 2nd Cruise Port (Dockyard) and the TCD Emissions and Safety Testing Facilities. "I will be issuing Special Reports on these projects to the House of Assembly as soon as our audit work is completed" said Mrs. Jacobs Matthews. The third project refers to the ongoing construction of the Hamilton Police Station /Magistrates Court Building, which was reported on by the former Auditor General in his February 2009 Special Report.