



Government of Bermuda

Ministerial Statement

To The House of Assembly

By

Dr. The Hon. E. Grant Gibbons, MP, JP

Minister of Education and Economic Development

The Bermuda College

Audited Financial Statements 2006-2009

Friday July 11th, 2014

Mr. Speaker,

This morning, I have tabled the 2006 to 2009 Audited Financial Statements for the Bermuda College, as stipulated by the Bermuda College Act 1974.

Mr. Speaker,

Honourable Members of the House will note that the Audited Financial Statements for the years ending March 31st, 2006 and 2007 were qualified by the Auditor General. They are directed to the Auditors' Opinions as outlined under the heading, *Basis for Qualified Opinion*, in both the 2006 and 2007 audited reports. However, the Audited Financial Statements for the years ending March 31st, 2008 and 2009 did not have any qualifying statements.

Mr. Speaker,

For the audited year ending the 31st of March 2009, the Financial Statements indicate that the Bermuda College had total assets worth \$32,387,627 and total liabilities of \$27,314,672. However, a decrease in student fees in 2009 resulted in a deficiency of revenues over expenses by some \$566,339, which was a result of free tuition being offered at the Bermuda College commencing during the fall 2008 academic session.

Mr. Speaker,

Honourable Members will be aware that the Bermuda College leased property to Coco Reef Resorts Limited. Part of the lease agreement requires Coco Reef Resorts Limited to pay to the Bermuda College a yearly turnover rent equivalent to 20 percent of its gross annual profits, commencing May 2003, in addition to a yearly base rent. It is worth noting that the statements show that no monies have been paid under this gross profit arrangement, as the resort has reported gross operating losses during the period up to 2009.

Mr. Speaker,

During the past year, the Bermuda College and the Office of the Auditor General [OAG] have been working assiduously to ensure that the annual Financial Statements for the years 2006 to 2014 are completed by March 2015, in preparation for its re-accreditation. Honourable Members are reminded that the Bermuda College is accredited by the New England Association of Schools and Colleges, Inc. [NEASC], through its Commission on Institutions of Higher Education. The next re-accreditation site visit to the Bermuda College is scheduled for March 22nd to 25th, 2015.

In preparation for this site visit, a temporary accountant was hired in June 2013 to work exclusively on the audits with the Office of the Auditor General to ensure all audits of the financial statements are achieved. To date, the 2006 to 2009 Annual Financial Statements have been completed. Outstanding audits for the years 2010, 2011 and 2012 have all started and are either in the fieldwork, initial review or final stage.

Mr. Speaker,

It should be noted that the computer information system at the Bermuda College only allows two fiscal year accounts to be open and worked on simultaneously. Therefore, once the audits for the years 2010 and 2011 are completed, the audit for fiscal year 2013 can commence.

Nonetheless, apart from this limitation, the reasons for the outstanding audits pertain to the 2003 lease between the college and the Coco Reef Hotel, when the former Auditor General decided to suspend audits on the Bermuda College's books until an investigation of the lease was conducted. Some Honourable Members of the House may recall that the report on the lease was

tabled in the House of Assembly in 2008, and consequently, no audits were completed during that four-year period.

Mr. Speaker,

The reasons for the lateness of these financial statements continue, as once the investigation of the lease was completed, the Bermuda College Board of Governors requested that the audits be outsourced, as the Office of the Auditor General was not in a position to prioritise completing the audits. This request was denied by the previous Auditor General, and it was not until a new Auditor General was appointed when the Board of Governors re-submitted its request, which was then approved.

Subsequently, in 2010, a private accounting firm was contracted that successfully completed the 2006 and 2007 audits and partially completed the 2008 and 2009 audits before its contract was terminated. The auditing of the financial accounts was brought back in-house by the Auditor General, and the 2008 and 2009 were finally completed.

Mr. Speaker,

The Office of the Auditor General has been very supportive to the Bermuda College, recognising the position it was placed in of having to play catch-up to have all audits completed by March 2015. We certainly note and thank the Office of the Auditor General for the commitment given in this regard.

Mr. Speaker,

In closing, the vision of the Bermuda College is to be recognised locally and internationally as a centre for educational excellence as it responds to the diverse learning needs of the community. It continues to provide solid tertiary education, and we commend the staff at the Bermuda College, under the leadership of President, Dr. Duranda Greene, for their continued commitment to deliver high-quality learning programmes with excellence.

Thank you, Mr. Speaker.