



**PORTFOLIO
OF LEGAL AFFAIRS**

**ANNUAL REPORT
2015-2016**

www.gov.ky



Governance and Risk Management

The Portfolio of Legal Affairs is subject to normal risks associated with most public agencies. For 2015-16 those risks include:

Human Capital Risks

- Loss or absence of key staff along with their expertise and experience;
- Insufficient Administrative Support; and
- Performance risks.

Infrastructure Risks

- Physical and electronic/cyber security;
- Natural disasters including hurricanes, fires and other perils; and
- File storage and retrieval.

Business Specific Risks

- Loss of records;
- Failure to provide accurate or timely advice; and
- Conflicts of interest.

The Portfolio effectively managed these risks during the 2015-16 fiscal year without material interruption to operations. Appropriate strategies will be developed to manage future risks as part of an overall risk management framework.

Internal and External Audit Updates

The Audit for the Portfolio of Legal Affairs was completed by the Office of the Auditor General on 30th October 2015. The Portfolio received an Unqualified Opinion. That means the Information presented in the Financial Statements for the 2014-15 Fiscal Year, fairly represented the operating results for the period and the financial position as at 30th June 2016 and can therefore be relied upon.



Notes to the Financial Statements

For the year ended 30 June 2016

(Expressed in Cayman Islands Dollars)

Note 19: Segment reporting (continued)

5. **Law School:** The Truman Bodden Law School falls under the remit of the Portfolio. The Law School offers the LL.B degree programme, and the Professional Practice Course. The Law School is affiliated with the University of Liverpool, a leading government funded, but independent institution of Higher Education in the UK, and the LLB degrees are from the University of Liverpool. There are approximately 41 full time students and 22 part time students in the LLB programme and approximately 6 students in the Professional Practice Course.

Note 20: Subsequent events

In preparing these financial statements management has evaluated and disclosed all material subsequent events up to 31 October, 2016 which is the date that the financial statements were available to be issued.



PORTFOLIO OF LEGAL AFFAIRS

Notes to the Financial Statements

For the year ended 30 June 2016

(Expressed in Cayman Islands Dollars)

Note 18: Financial instruments – fair values

As at 30 June 2016 and 30 June 2015, the carrying values of cash and cash equivalents, receivables from exchange transactions, other receivables, payables under exchange transactions, other payables and employee entitlements approximate their fair values due to their relative short-term maturities.

Fair values are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions, economic conditions and other factors could cause significant changes in fair value estimates.

Note 19: Segment reporting

For the year ended 30 June 2016:

	Legal Drafting & Review & Modernization of Laws	Prosecution Advice & International	Ministerial Advice to the Attorney General	Financial Intelligence Services	Law School	Total
Revenue						
Sale of outputs to Cabinet	1,360	1,937	1,041	772	1,306	6,416
Sale of outputs to other Government Agencies	-	100	-	-	-	100
Sale of outputs to others	-	7	7	-	614	628
Total Revenue	1,360	2,044	1,048	772	1,920	7,144
Expenses						
Personnel costs	1,062	1,063	470	623	1,033	4,251
Other Expenses	130	412	352	55	648	1,597
Total Expenses	1,192	1,475	822	678	1,681	5,848
Surplus/ (Deficit) for the period	168	569	226	94	239	1,296



Notes to the Financial Statements

For the year ended 30 June 2016

(Expressed in Cayman Islands Dollars)

Statement of Financial Performance (continued)

Litigation fees

Professional fees are budgeted as contingencies for the defense of all government departments and vary from year to year depending on the number and complexity of cases. This expense was \$9 thousand lower than budgeted.

Note 16: Related party and key management personnel disclosures

Related party disclosure

The Portfolio is a wholly-owned entity of the Government from which it derives a major source of its revenue. The Portfolio transacts with other government entities on a regular basis. These transactions were provided free of cost during the financial year ended 30 June 2016, and were consistent with normal operating relationships between entities.

Statement of Financial Position	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)	2014/15 Actual
Receivables from exchange transactions	711	703	(8)	511
Surplus payable	1,296	122	(1,174)	868
Surplus paid during the period	868	-	(868)	147
Payables under exchange transactions	1	5	4	5
Statement of Financial Performance				
Sale of goods and services	6,416	6,416	-	5,894
Sale of outputs to other government agencies	100	60	(40)	105
Insurance expense	15	25	10	18

Key management personnel

Key management personnel are also considered to be related parties.

For the year ended 30 June 2016, there are six (2015: 6) full-time and one part-time equivalent personnel considered at the senior management level. The total remuneration includes: regular salary, allowances, pension contributions and health insurance contributions. Total remuneration for the members of senior management for the year ended 30 June 2016 was \$827 thousand (2015: \$815 thousand). There were no loans made to key management personnel or their close family members for the year ended 30 June 2016 (2015: \$0).



Notes to the Financial Statements

For the year ended 30 June 2016

(Expressed in Cayman Islands Dollars)

Note 15: Explanation of major variances against original budget

Explanations for major variances for the Portfolio performance against the original budget are as follows:

Statement of Financial Position

Cash and cash equivalents

The \$1,166 increase in year-end cash and cash equivalents in comparison to the budgeted amount can be attributable to the fact that an unbudgeted surplus was achieved of \$1,296 thousand.

Prepayments

The increase of \$53 thousand from the budget is primarily due to an under estimation of the budgeted year end prepayments as the actual amount is in line with the prior year actual.

Property and equipment

The increase \$144 thousand in property and equipment is primarily due to the acquisition of non-budgeted purchases of \$176 thousand during the year.

Other payables and accruals

The increase of \$170 thousand from the budget is due mainly to the conduct of complex litigation in May 2016 in respect of which invoices for legal costs were submitted in June and settled after the end of the financial year. The year-end actual includes an amount of \$158 thousand for legal costs in settlement of the said litigation.

Surplus payable

The Entity had a significant surplus in the current year as there were favorable variances noted for personnel costs and supplies and consumables as discussed below.

Statement of Financial Performance

Revenue

The increase in revenue of \$189 thousand is due to \$129 thousand in the Truman Bodden Law School revenue, \$40 thousand for services provided to HSA and \$20 thousand in miscellaneous revenues. The increase in the Truman Bodden Law School revenue is a direct result of the increased intake in students. Towards the end of last financial year the Portfolio reached an agreement with HSA to provide legal counsel for a fixed amount of \$100 thousand as opposed to the previously agreed time billing which was budgeted at \$60 thousand. Miscellaneous revenues are ad hoc and can vary each year. These include application fees for recognition as Legal Practitioners, invigilation etc.



Notes to the Financial Statements

For the year ended 30 June 2016

(Expressed in Cayman Islands Dollars)

Note 11: Supplies and consumables

Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)	2014/15 Actual
Lease of Property and Equipment	340	314	(26)	458
Purchase of services	173	231	58	250
Utilities	108	123	15	158
Reference materials	79	75	(4)	85
Recruitment and training	69	112	43	66
Supplies and Materials	57	81	24	48
Travel and subsistence	47	139	92	58
Audit and inspection fees	36	29	(7)	31
Repairs and maintenance	18	-	(18)	17
General Insurance	15	25	10	18
Total Supplies & Consumables	942	1,129	187	1,189

Note 12: Litigation costs

The Attorney General's Office provides litigation services to the Government and its ministries, portfolios and other offices. During the year ended 30 June 2016, the use of legal services from outside of the Government was authorized by the Attorney General's Office to augment in such litigation services. The costs of these services were \$468 thousand (2015: \$564 thousand).



Notes to the Financial Statements

For the year ended 30 June 2016

(Expressed in Cayman Islands Dollars)

Note 5: Payables under exchange transactions, other payables and accruals

	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)	2014/15 Actual
Creditors	2	2	-	4
Creditors other government agencies	10	5	(5)	5
Unearned revenue	-	-	-	-
Accrued Expenses	339	174	(165)	162
Total payables under exchange transactions, other payables and accruals	351	181	(170)	171

Payables under exchange transactions and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 6: Surplus payable

Surplus payable represents surplus of \$1,296 thousand as at 30 June 2016 (2015: \$868 thousand). Under the *Public Management & Finance Law (2013 Revision)* section 39 (3)(f), the Portfolio may "retain such part of its net operating surplus as is determined by the Financial Secretary". Therefore, the Portfolio has recorded a surplus payable to Government in the amount of \$1,296 thousand as at 30 June 2016 as the Financial Secretary has not confirmed whether the Portfolio can retain the surplus achieved during this year and the prior year. During the year the Portfolio paid to Cabinet surplus payable in the amount of \$868 thousand (2015: \$147 thousand).

Note 7: Employee entitlements

<i>expressed in Cayman Islands Dollars and in thousands</i>				
Description	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)	2014/15 Actual
<i>Current employee entitlements are represented by:</i>	193	122	(71)	183
Total current portion	193	122	(71)	183
Total employee entitlements	193	122	(71)	183

The leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit.



Notes to the Financial Statements

For the year ended 30 June 2016
(Expressed in Cayman Islands Dollars)

Note 3: Receivables from exchange transactions and other receivables (continued)

Changes in the provision for doubtful debts, in total for receivables from exchange transactions and other receivables, during the year ended 30 June 2016 and 30 June 2015 are as follows:

Description	Current Year Actual	2014/15 Actual
Balance at 1st July	28	28
Provision for bad debts	12	12
Receivables written off during the period	(8)	(12)
Balance at 30 June	32	28

As of 30 June 2016, receivables from exchange transactions are all due within one year (2015: all due within one year) from the financial position date.

Note 4: Property and equipment

	Vehicles	Furniture and Fittings	Computer Hardware & Software	Office Equipment	Other Fixed Assets	Total
Cost						
At 1 July 2015	15	7	15	32	2,067	2,136
Additions	14	-	3	-	159	176
Disposals	(15)	-	-	-	-	(15)
At 30 June 2016	14	7	18	32	2,226	2,297
Accumulated Depreciation						
At 1 July 2015	15	2	4	11	1,300	1,332
Depreciation charge for the year	1	1	4	5	174	185
Disposals	(15)	-	-	-	-	(15)
At 30 June 2016	1	3	8	16	1,474	1,502
Carrying value 30 June 2016	13	4	10	16	752	795



Notes to the Financial Statements

For the year ended 30 June 2016

(Expressed in Cayman Islands Dollars)

Note 1: Significant accounting policies (continued)

(p) Revenue from non-exchange transactions

The Portfolio receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to accommodation in the central government building, computer repairs and software maintenance by the Computer Services Department and human resources management by the Portfolio of the Civil Service. The Portfolio has designated these non-exchange transactions as Services in-Kind as defined under IPSAS 23- Revenue from non-exchange Transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of a fixed asset, such service in-kind is recognised in the cost of the fixed asset.

(q) Impairment

An asset is impaired when its carrying amount exceeds its recoverable amount. If there is any indication of impairment present, the Portfolio is required to make a formal estimate of recoverable amount.

Note 2: Cash and cash equivalents

As at 30 June 2016 the Portfolio held no restricted cash balances (30 June 2015: \$0). No interest was earned during the year on the amounts held in these bank accounts (30 June 2015: \$0).

Description	Amount in Actual Currency	Exchange Rate	Current Year Actual	Approved Budget	Variance (Budget vs. Actual)	2014/15 Actual
CI\$ Operational Current Account	1,574	1.00	1,574	942	(632)	1,175
US\$ Operational Current Account	1052	0.83	873	311	(562)	744
CI\$ Payroll Current Account	21	1.00	21	49	28	50
Total cash and cash equivalents			2,468	1,302	(1,166)	1,969



Notes to the Financial Statements

For the year ended 30 June 2016

(Expressed in Cayman Islands Dollars)

Note 1: Significant accounting policies (continued)

(l) Financial instruments (continued)

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

De-recognition

A financial asset is derecognised when the Portfolio realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or has expired.

(m) Provisions and contingencies

Provisions are recognised when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognised but are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but are disclosed in the financial statements when an inflow of economic benefits is probable.



Notes to the Financial Statements

For the year ended 30 June 2016

(Expressed in Cayman Islands Dollars)

Note 1: Significant accounting policies (continued)

(j) Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation. Items of property and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognised initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

Depreciation is expensed on a straight-line basis at rates stipulated below to allocate the cost or valuation of an item of property and equipment; less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

Asset type

Estimated useful life

• Computer equipment	3 – 10 years
• Office equipment and furniture	3 – 25 years
• Motor vehicles	3 – 20 years
• Other equipment	5 – 20 years
• Leasehold improvements	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at year end. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use in service.

Disposals

Gains and losses on disposals of property and equipment are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.



Notes to the Financial Statements

For the year ended 30 June 2016

(Expressed in Cayman Islands Dollars)

Description and principal activities

The Portfolio of Legal Affairs (the "Portfolio") is a Government-owned entity as defined by section 2 of the *Public Management and Finance Law (2013 Revision)* and is domiciled in the Cayman Islands.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Cabinet as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ended 30 June 2016.

The principal address of the Portfolio is located on the 4th Floor of the Government Administration Building, 133 Elgin Avenue, George Town, Grand Cayman. As of 30 June 2016, the Portfolio had 53 employees (2015: 43).

Note 1: Significant accounting policies

These financial statements have been prepared in accordance with International Public Sector Accounting Standards ("IPSAS") issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board are used.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. There have been no significant changes to the accounting policies during the year ended 30 June 2016.

(a) Basis of preparation

These financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in Cayman Islands dollars and the measurement base applied to these financial statements is the historical cost basis.

(b) Reporting Period

The reporting period is the year ended 30 June 2016.

(c) Budget amounts

The 2015/16 budget amounts were prepared using the accrual basis of accounting and the accounting policies have been consistently applied with the actual financial statement presentation. The 2015/16 budget was presented in the 2015/2016 Annual Budget Statement of the Government of the Cayman Islands and approved by the Legislative Assembly on 19 June 2015.



Statement of Changes in Net Assets/ Equity

PORTFOLIO OF LEGAL AFFAIRS

STATEMENT OF CHANGES IN NET ASSETS/ EQUITY

AS AT 30 JUNE 2016

	Fiscal Year Ended 30th June, 2016				
	Contributed Capital	Accumulated Surpluses	Total Net Assets/ Equity	Approved Budget (Note 1(c))	Variance (Budget vs. Actual)
Balance at 30 June 2014	2,217	-	2,217	2,217	-
Equity Investment from Cabinet	-	-	-	-	-
Surplus for the year 2014/15	-	868	868	-	(868)
Surplus repayment for the year 2014/15	-	(868)	(868)	-	868
Balance at 30th June 2015	2,217	-	2,217	2,217	-
Equity Investment from Cabinet	-	-	-	-	-
Surplus for the year 2015/16	-	1,296	1,296	-	1,296
Surplus repayment for the year 2015/16	-	(1,296)	(1,296)	-	(1,296)
Balance at 30th June 2016	2,217	-	2,217	2,217	-

The accounting policies and notes on pages 46-66 form part of these financial statements.



Statement of Financial Position

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

Fiscal Year Ended 30th June, 2016					2014/15 Actual
Note	Current Year Actual	Approved Budget (Note 1(c))	Variance (Budget vs. Actual)		
expressed in Cayman Islands Dollars and in thousands					
Current Assets					
Cash and cash equivalents	2,15	2,468	1,302	(1,166)	1,969
Receivables from exchange transactions	3,16	711	703	(8)	553
Other Receivables	3	5	6	1	35
Prepayments	15	78	25	(53)	78
Total Current Assets		3,262	2,036	(1,226)	2,635
Non-Current Assets					
Property and Equipment	4,15	795	651	(144)	804
Total Non-Current Assets		795	651	(144)	804
Total Assets		4,057	2,687	(1,370)	3,439
Current Liabilities					
Payables under exchange transactions	5,16	2	5	3	4
Other payables and accruals	5,15	349	176	(173)	167
Employee entitlements	7	193	167	(26)	183
Surplus payable	6,16,15	1,296	122	(1,174)	868
Total Current Liabilities		1,840	470	(1,370)	1,222
Total Liabilities		1,840	470	(1,370)	1,222
Net Assets		2,217	2,217	-	2,217
Net Assets/ Equity					
Contributed capital		2,217	2,217	-	2,217
Total Net Assets/ Equity		2,217	2,217	-	2,217

The accounting policies and notes on pages 46- 66 form part of these financial statements.

Attorney General's Chambers



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Statement of Responsibility for Financial Statements

These financial statements have been prepared by the Portfolio of Legal Affairs in accordance with the provisions of the *Public Management and Finance Law (2013 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2013 Revision)*.

As Solicitor General I am responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Portfolio of Legal Affairs.

As Solicitor General and Chief Financial Officer we are responsible for the preparation of the Portfolio of Legal Affairs financial statements, representation and judgments made in these statements.

The financial statements fairly present the financial position, financial performance and statement of cash flows for the financial year ended 30th June 2016.

To the best of our knowledge we represent that these financial statements:

- (a) Completely and reliably reflect the financial transactions of Portfolio of Legal Affairs for the year ended 30 June 2016;
- (b) fairly reflect the financial position as at 30 June 2016 and performance for the year ended 30 June 2016;
- (c) comply with International Public Sector Accounting Standards as set out by the International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements which is carried out by its agent. The Office of the Auditor General and its agent have been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

Solicitor General

Date: 31 October 2016

Chief Financial Officer

Date: 31 October 2016



PORTFOLIO OF LEGAL AFFAIRS

Expressed in Cayman Islands Dollars and in thousands



The Portfolio continues to receive strong support from the Government for the services it delivers. **Revenue** has increased year on year over the past 4 fiscal years due to increased demands mainly for Legislative drafting and advisory services.

The Portfolio's **working capital** has remained steady at approximately \$1.4 million since 2013-14. This provides the ability to make timely settlement of financial obligation and allows for fiscal planning.

As the chart above shows, the value of our **property plant and equipment** has been declining in recent years. This is primarily due to annual depreciation and efforts to conserve capital spending in line with Government's overall fiscal strategy to improve its cash reserves.

2015-16 produced the best **financial results** for the past 4 fiscal years. As a result of constrained recruitment and careful management of supplies and consumables, the Portfolio was able to realize a surplus of \$1.3 million. This surplus will be returned to Cabinet in line with Government's policy.

Other fiscal ratios tracked are all showing positive indicators. Cash flow from operations were recorded at \$1.5 million for the year, while our total assets increased from \$3.4 million at the close of 2014-15 to \$4.1 million at the close of the current financial year. The increased Liability is primarily in relation to surplus to be repaid to the Cabinet. This surplus is typically not paid until the completion of the annual audit process by the Auditor General's Office.

Four-year financial summary	2015-16	2014-15	2013-14	2012-13
Total Revenue	7,144	6,858	6,665	6,023
Total Expenses	5,848	5,990	6,543	5,998
Net results	1,296	868	122	25
Cash Flow from Operations	1,537	1,063	447	928
Total Assets	4,057	3,439	2,961	5,497
Total Liabilities	1,840	1,222	744	3,412

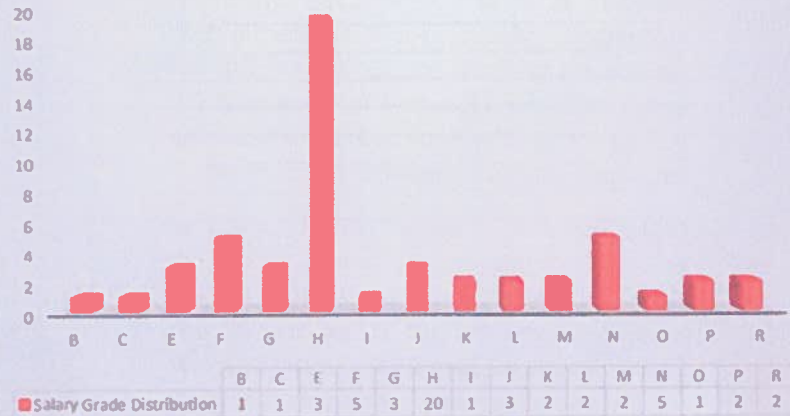


Employment Statistics continued

The "H" Grade on the Government's salary scale ranges from \$6,020 to \$8,098 per month. 38 percent (20) of the total staff in the Portfolio were on salary grade "H" as at 30th June 2016.

Staff paid on Grade "N" (\$2,993 - \$4,023) accounted for 9 percent (5). The Portfolio also had five individuals (9 percent) who were compensated on the "F" Grade which attracts a monthly salary ranging from \$7,666 - \$9,575.

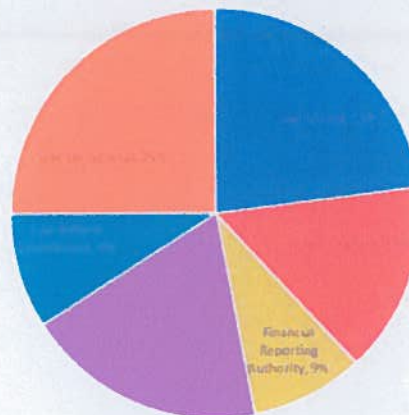
Salary Grade Distribution



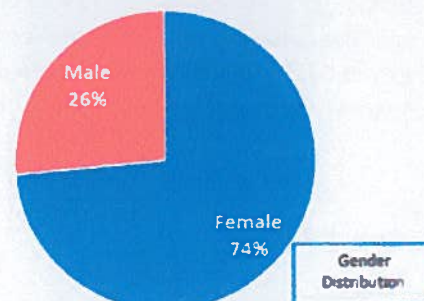
A quarter of the staff (13) employed as at 30th June 2016 worked in the Solicitor General's Office. A further 23 percent (12) worked at the Truman Bodden Law School while 19 percent (10) worked in the Attorney General's Office. The Legal Drafting Department had eight members of staff (15 percent) while the Financial Reporting Authority and the Law Reform Commission both employed five people each representing 9 percent of the total staffing complement.

38 Percent of staff are compensated on Grade "H"

Cost Centre Distribution



Females outnumbered males almost 3 to 1 as at 30th June 2016 and accounted for some 74 percent (39). This gender distribution was spread fairly consistently among all areas of the Portfolio.





Overview on Human Resource Achievements

Truman Bodden Law School Lecturer, Leyla Jackson, becomes a Senior Fellow of the Higher Education Academy.

Leyla is the first member of staff at TBLS to be ascribed this recognition which confirms that she has met the requirements of the UK Professional Standards Framework for Teaching and Learning Support in Higher Education. It is understood that only two members of the Liverpool Law School teaching staff have thus far been ascribed this status. We congratulate Leyla on this landmark achievement.



Staff Changes

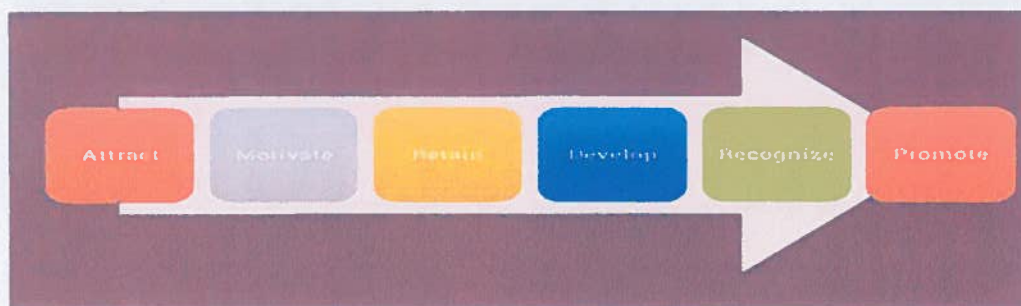
As part of a restructuring arrangement, the Portfolio appointed a Deputy Solicitor General in June 2016.

Financial Reporting Authority - Mr. Lindsey Cacho retired in December 2015 after eleven years (11) as Director of the FRA. Mr. Adam Roberts acted as Director for the remainder of the Financial Year.

Truman Bodden Law School - Following the creation of the new post of Assistant Director of Legal Studies, the incumbent, Matt Rollinson, was appointed to this position in September 2015 following the holding of interviews earlier in the year.

As a consequence of this appointment, a vacancy (for the post of Senior Lecturer) was brought about and following a successful interview in May 2016, Leyla Jackson was promoted to this position (from August 2016). An additional lecturer (whose role is to oversee the introduction and teaching of the LL.M programme) was also recruited this fiscal year and assumed her post at the end of June 2016.

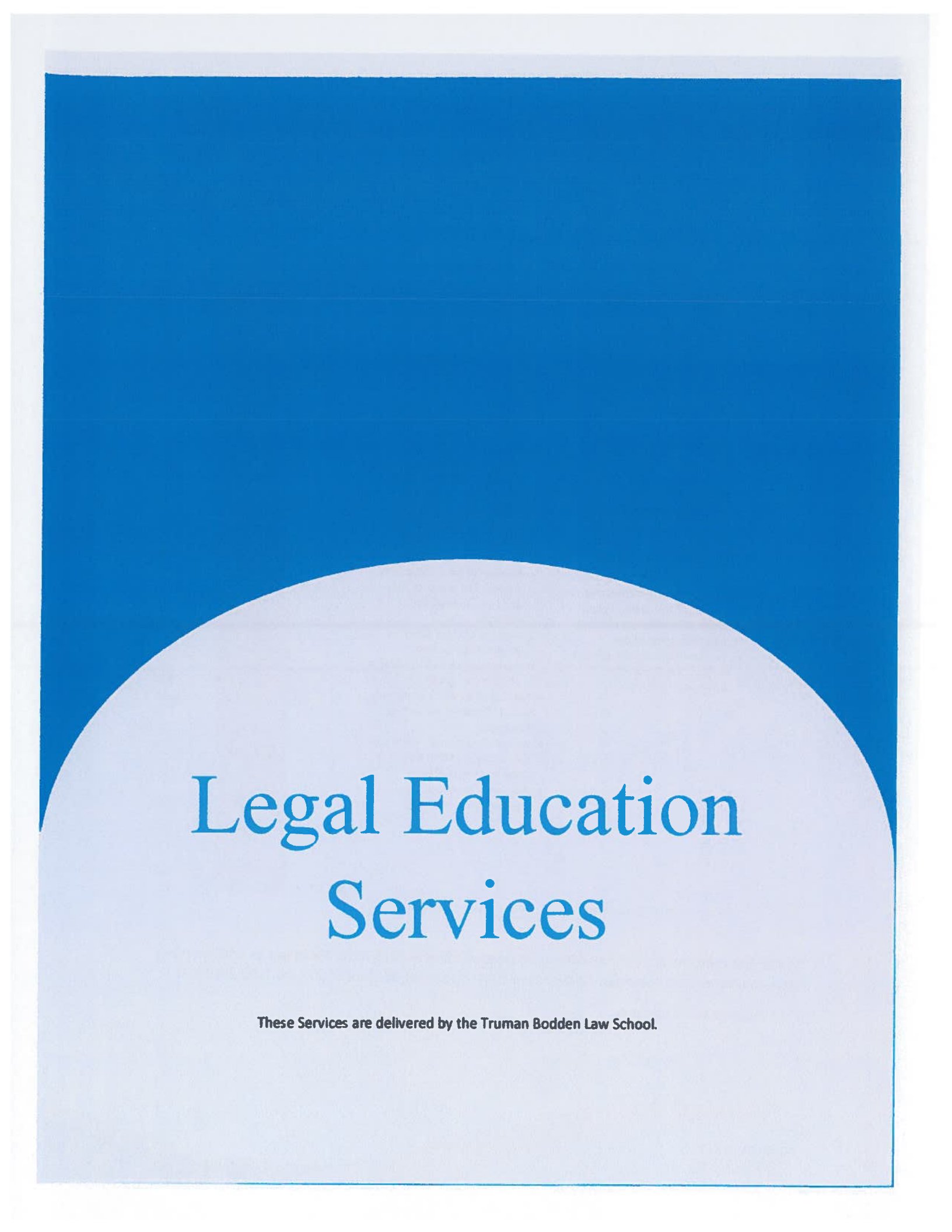
Anti-Money Laundering Unit - An Administrative Manager was recruited in September 2015, and a Senior Legal & Policy Analyst was hired in March 2016.





**PORTFOLIO
OF LEGAL AFFAIRS**

Output Code	Description	Quantity	2015/16		
			Budget	Actual	Variance
PLG 26	Law Teaching and Publications Provision of law teaching relating to: • PPC Completion Certificate leading to the Attorney at Law Certificate of the Cayman Islands • Individual courses with or without University of Liverpool certification • LLB (Hons) degree from the University of Liverpool • Continuing education, professional development seminars and short courses for Magistrates, Justices of the Peace and local interest groups • General advice and training for various government agencies • Publication of legal research in various local, regional and international law journals	• Number of students			
		o PPC Completion Certificate	6-8	5	(1)
		o Full –Time LLB degree	45-55	42	(3)
					Student withdrawals
		o Part-Time LLB degree	25-30	20	(5)
		o Individual courses	2	1	(1)
					Smaller intake
		Courses provided within academic year	8	8	-
		o Hours of classroom lecturing per academic year	200	200	-
		• LLB (Hons)			
		o Modules taught over three academic years	19	19	-
		o Hours of classroom teaching per module	50	50	-
		o Hours of classroom lecturing per academic year	950	950	-
		• Number of publications	2-4	5	3
	Total Cost	1,306,372	\$1,306,372	\$-	
	Related Broad Outcomes	3. A more Secure Community			



Legal Education Services

These Services are delivered by the Truman Bodden Law School.



PORTFOLIO OF LEGAL AFFAIRS



Financial Reporting Authority

Analysis and Dissemination of SARs

The FRA completed the analysis of 304 of the 620 new cases received during the Financial Year, leaving 316 in progress at year-end. Of the 304 new cases that were completed, 134 resulted in a disclosure, 119 were deemed to require no further immediate action, 48 were replies to requests from FIUs and 3 were replies to requests from local agencies.

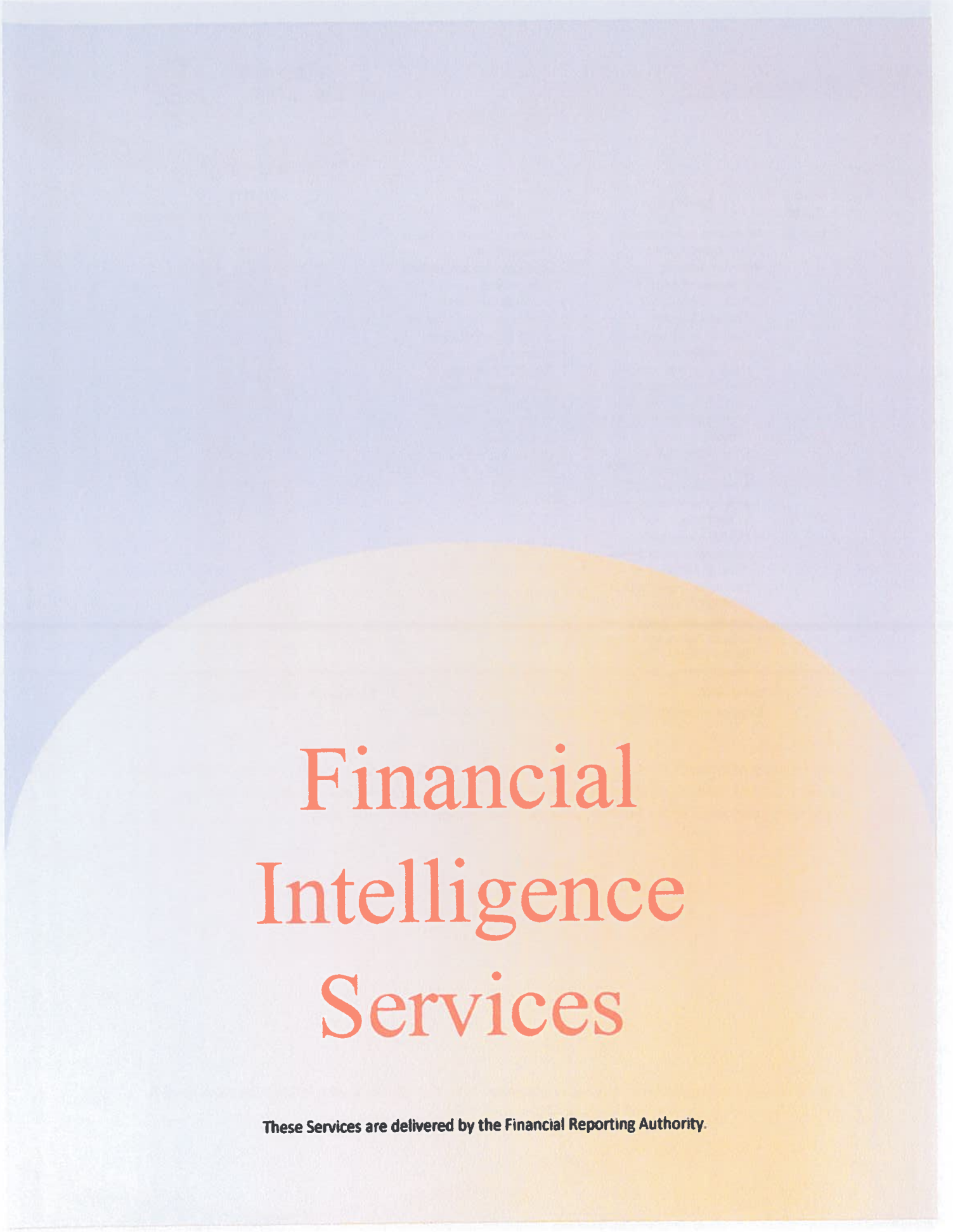
The FRA also completed the analysis on 134 of 268 cases carried over from 2014-2015, 77 of 89 cases carried over from 2013-2014 and 32 of 33 cases carried over from 2012-2013, a total of 243 cases. Of the 243 previous cases that were completed, 155 were deemed to require no further immediate action, 75 resulted in a disclosure², 12 were replies to requests from FIUs and 1 was a reply to a request from a local agency.



Other Key Initiatives

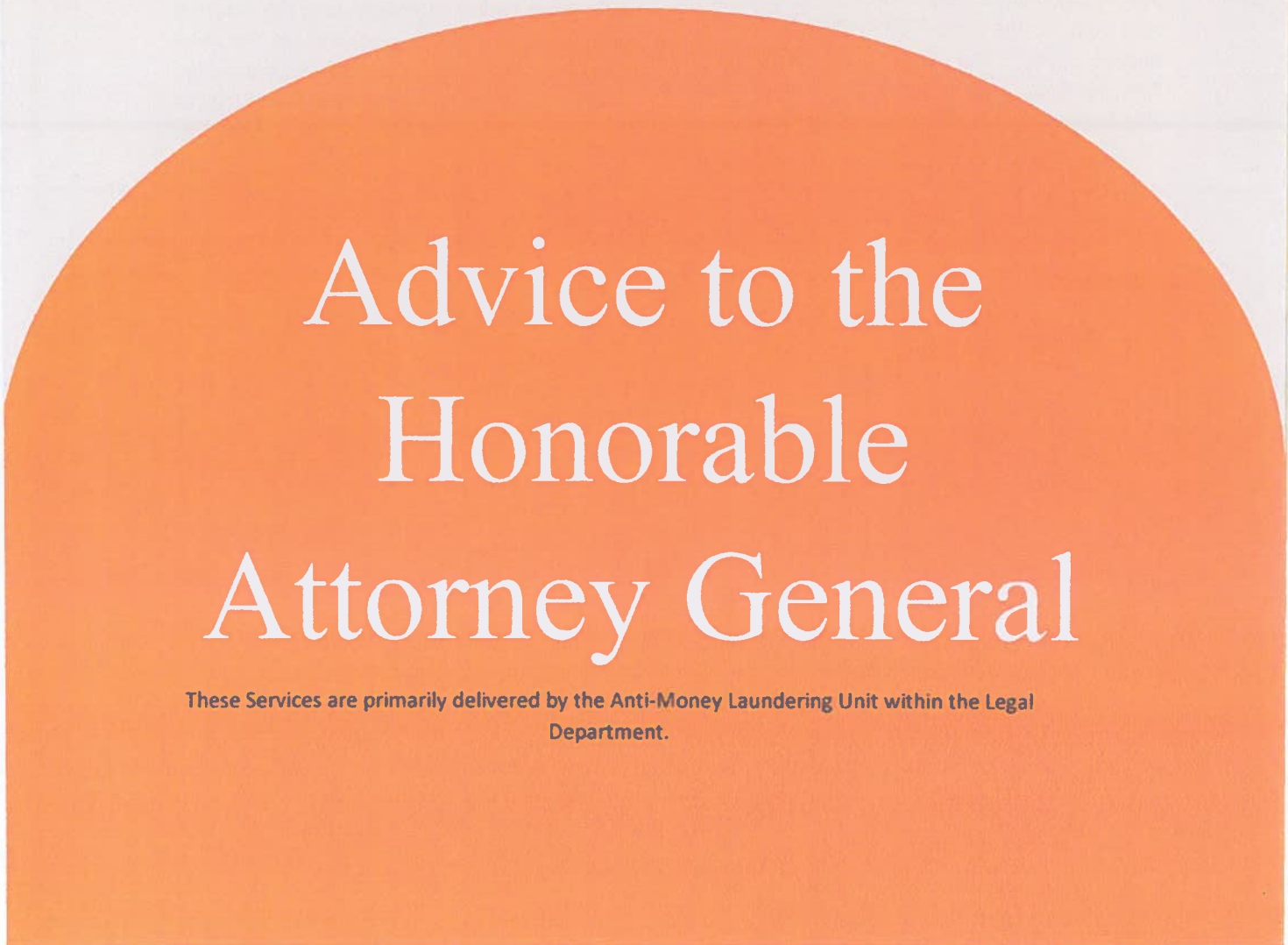
During the Financial Year FRA staff participated in a number of local training and outreach sessions with entities conducting relevant financial business. FRA staff were also involved with ongoing activities in support of the jurisdiction's National Risk Assessment process and preparation for the 2017 Mutual Evaluation by the Caribbean Financial Action Task Force.

² Total number of disclosures to local law enforcement agencies, the Cayman Islands Monetary Authority and overseas financial intelligence units.



Financial Intelligence Services

These Services are delivered by the Financial Reporting Authority.

A large orange semi-circle graphic that serves as a background for the title text.

Advice to the Honorable Attorney General

**These Services are primarily delivered by the Anti-Money Laundering Unit within the Legal
Department.**



Legal Advice & International Legal Assistance

**These Services are delivered by the Legal Department which includes the Anti-Money
Laundering Unit.**



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27. Whistleblower Protection Law, 2015 - passed by the Legislative Assembly; published
28. Anti-Corruption (Amendment) Law, 2016 passed by the Legislative Assembly; published
29. Public Authorities Bill- pending
30. Legal Aid Bill, 2015 - passed by the Legislative Assembly
31. Legal Aid Regulations 2015 - sent to the Attorney General
32. Law Reform Commission (Amendment) Bill sent to the Attorney General

Current research

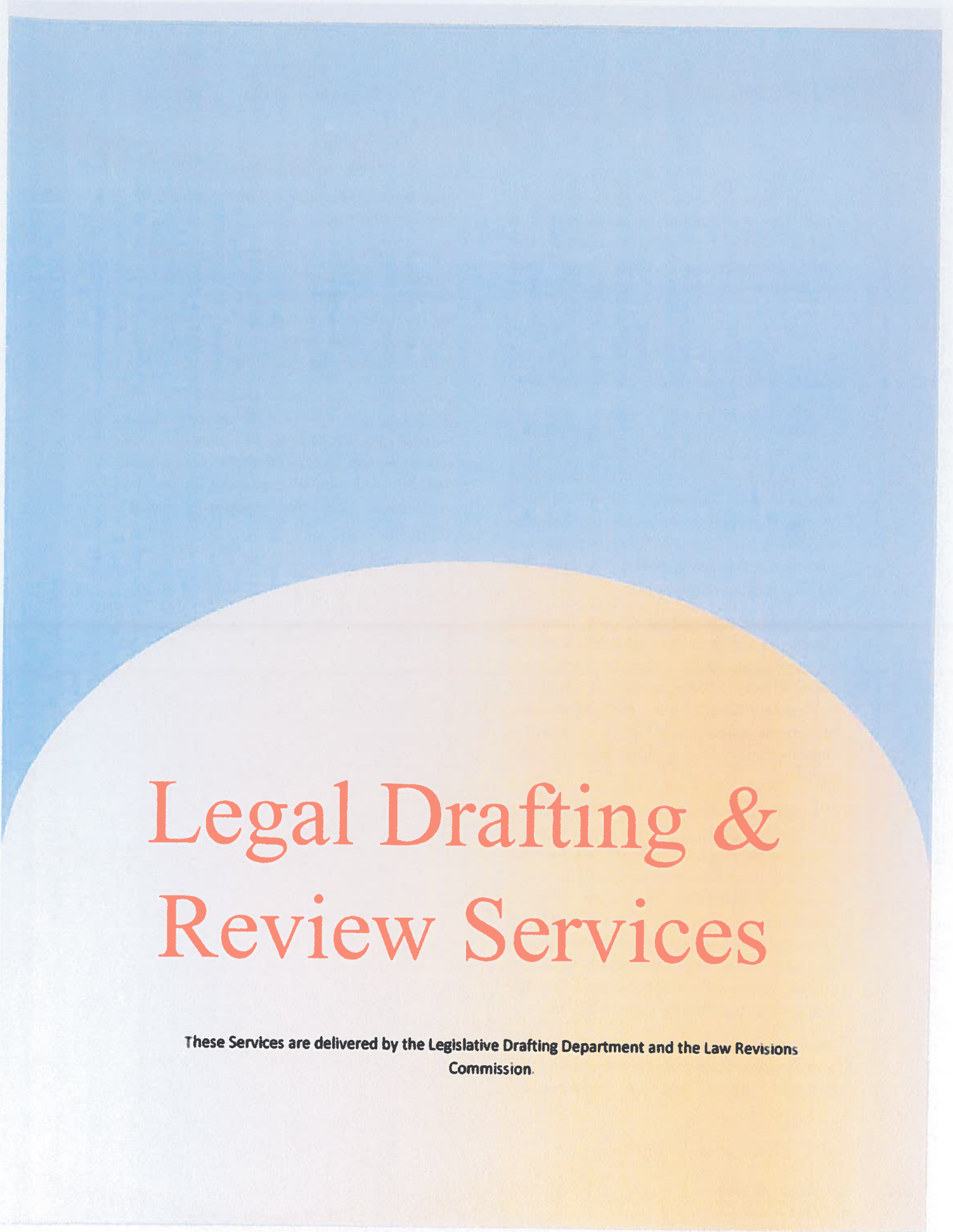
- Accomplice evidence/plea deals
- Criminal defamation
- Directors' duties
- Cyber-security
- Modernisation of the Interpretation law

Other areas of work

- Analysis of family law cases for the Truman Bodden Law School Journal

The Following Outputs were delivered in accordance with the 2015-16 Annual Budget Statement

Output Code	Description	Quantity	2015/16		
			Budget	Actual	Variance
PLG 2	Drafting of Legislation and Regulations	• Number of legislative proposals received by the Legislative Drafting Department	230-259	235	-
	• Drafting of legislation and regulations for the Government • Preparation of Law revisions	• Law revisions	25-30	22	(3)
Total Cost			\$971,068	\$971,068	-
Related Broad Outcomes		3. A more Secure Community 12. Equity and Justice in a Society that Values the Contributions of All			



Legal Drafting & Review Services

These Services are delivered by the Legislative Drafting Department and the Law Revisions Commission.



The Legal Aid Bill seeks to clarify the scope of legal aid provision for criminal proceedings as well as civil and family law cases, such as adoption access rights.

The Bill also creates a dedicated Director of Legal Aid services which will be based at the courts. The Director will make decisions regarding legal aid applications and manage the list of local duty lawyers ready and available to undertake legal work at the police station.

The legislation seeks to ensure the long-term financial stability and affordability of legal aid while making access more efficient.

4.3 Consumer Protection Legislation

The Law Reform Commission also gathered stakeholder and public comment on a Discussion Paper entitled "Consumer Protection: Entrenching Consumer Supremacy in Cayman Islands Legislation."

In the Paper, several issues are examined and proposals made in relation to the introduction of consumer protection legislation. These proposals aim to safeguard the interests of the consumers in matters relating to the supply of goods and services while seeking to avoid the imposition of additional burdens on reputable business enterprises.

Table 4 - How we measured success (PLG 2)

Description	Target	Actual
Number of Legislative Proposals received	230	235
Law Revisions	25	22

Operational Challenges

Restructuring Proposals

In order to discharge its functions efficiently the Portfolio needs to maintain an appropriate level of staff (both in terms of numbers and seniority) to meet the demands of Government and service its needs effectively.

The recent implementation of the Bill of Rights provisions in the Cayman Islands Constitution in November 2012 has placed increased demands on the work of the Portfolio as it has resulted in an increased need for legal advice regarding the compatibility of existing legislation, policies and procedures with the Bill and Rights and for legal representation in proceedings where the infringement of human rights is alleged.

The enactment of the Children Law (2012 Revision) has also resulted in the need for the Portfolio to provide increased support and legal representation to the Department of Children and Family Services. The Portfolio has taken steps to recruit/appoint additional staff to meet the requirements of its increasing workload and obligations.

In 2016 the Portfolio of Legal Affairs (POLA) continued to implement a comprehensive restructuring exercise with the objective of streamlining its existing professional and administrative responsibilities to facilitate the discharge of its functions in a timely and efficient manner.

One of the key features of the restructuring proposal was the creation of the posts of Deputy Solicitor General (Advisory and Administration) DSG (A&A) and Deputy Solicitor General (Litigation and Administration) (DSG (L&A), with the objective of providing high-level legal, managerial and administrative support to the



PORTFOLIO OF LEGAL AFFAIRS

Outcome Goal Two - A Culture of Good Governance

2.1 Whistleblower Protection Law, 2015

The objectives of this new Law are to:

(a) encourage all employees to report improper conduct and wrongdoing;

(b) designate a public authority to facilitate the receiving of reports and to ensure a proper investigation is carried out by the most appropriate agency; and

(c) ensure that the whistleblower is protected from detrimental action and to compensate whistleblowers who have suffered damage from making disclosures of improper conduct and wrong-doing.

The passage of the law allows an employee to make a protected disclosure of wrongdoing to the designated authority, or to an attorney-at-law in writing. This means the employee who has made the disclosure would be protected and not be liable to criminal, civil or disciplinary proceedings.

The law also protects the whistleblower from any detrimental action that may ensue from the disclosure of wrongdoing.

2.2 Public Authorities Bill

The Public Authorities Bill will deal with issues of accountability and promote standardization across the Government's Statutory Authorities and Government Owned Companies.

It will afford the central Government new powers to prescribe policies to ensure value for money and overall good governance.

2.3 Anti-Corruption (Amendment) Law, 2016

Key Amendments to the Law allow the Anti-Corruption Commission to hire its own investigators to investigate possible corruption related crimes and make arrests. These investigators will not be subject to direction or control by the police commissioner or be governed under the Police Law.

Table 2 - How we measured success (PLG 2 & PLG 24)

Description	Target	Actual
Number of Legislative Proposals received	230	235
Law Revisions	25	22
Hours to review and modernize laws	3,700	3,700

Outcome Goal Three – A Centre of Excellence in Education

The Truman Bodden Law School is the key policy instrument for achieving this outcome goal.

3.1 Truman Bodden Law School records best ever LL.B (Honours) Results

Assessment results released by examiners of the University of Liverpool's Law School, revealed the best set of graduating results to date in the 34 year history of the Law school. The 2016 LL.B Degree results revealed that two thirds of the full and part time LL.B graduating classes received Upper Second Class Honours Degrees or better.

Valedictorian graduate from the full time LL.B degree programme, John David Lim, received a First Class LL.B Honours Degree of the University for which he was awarded the following Prizes: The Deans' Prize of the Liverpool Law School; the Cayman Islands Law Society's Tim Shea Memorial Prize and the Cayman Islands Chamber of Commerce Prize. The Dillon Eustace Travel Bursary was awarded to Kerseanna Ewers.

Results in years one and two of the full time LL.B Honours programme were also pleasing with top



PORTFOLIO OF LEGAL AFFAIRS

concerned, advice, information and proposals for reform or amendment of any branch of the law; and

- with the approval of the Attorney-General, appoint or empanel committees, whether from among members of the Commission or from among persons outside the Commission or both, to study and make recommendations to the Commission on any aspect of the law referred to it by the Commission.

The staff of the Commission (Director and Senior Legislative Counsel) also pursuant to the instructions of the Attorney General assist the Legislative Drafting Department with urgent work or in circumstances where staff of the Legislative Drafting Department are not available to assist in a matter.

Law Revision Commission

The operational role of the Law Revision Commission is to produce an annual revision and consolidation of all the laws of the Cayman Islands that have been amended during the previous 12 months. In addition, the Law Revision Commission produces annually, a consolidated index of laws and regulations containing additional legal measures, including United Kingdom statutory instruments. The revisions and Index referred to above are published as Supplements to the Official Gazette and are intended to supply information to the public in general and to the legal profession in particular.

Truman Bodden Law School

The Law School exists pursuant to Section 20 Legal Practitioners Law (2012R) which makes provision for the establishment by the Governor (in consultation with the Legal Advisory Council) of a local system of legal education. The establishment of the law school followed a feasibility study (The Fairest Report) which had been commissioned in order to facilitate the legal training of Caymanian individuals interested in pursuing a career in legal practice. As the Law School was therefore originally established as a vocational school for the training of lawyers, it made sense for it to form part of the Attorney General's Chambers where it has remained ever since.

The Law School's clients are its students, both local and international. Approximately 25% of the law school's students are now international students who possess a student visa for this purpose. The Law School also provides legal advice, as requested, to other Ministries and Departments. The Law School is also called upon not infrequently to provide legal training to other departments, notably the police and the judiciary.

Financial Reporting Authority (FRA)

The FRA's role is to receive, (and, as far as permitted, requesting) analyzing and disseminating disclosures of financial information concerning proceeds of criminal conduct, suspected proceeds of criminal conduct money laundering, suspected money laundering, or the financing of terrorism. It serves as the financial intelligence unit of these islands with membership in the EGMONT Group. It is the contact point for international exchanges of financial intelligence to both local law enforcement agencies and our overseas counterparts. It has also been designated to



PORTFOLIO OF LEGAL AFFAIRS

Strategic Overview

The Portfolio of Legal Affairs is the Government's principal legal adviser. It provides services to central Government Agencies, Statutory Authorities, Statutory Boards, and Government Owned Companies. The Portfolio also provides Legislative Drafting, Law Revision, Law Reform and local legal education through the Truman Bodden Law School.

The key strategic ownership goals for the Portfolio in 2015-16 were as follows:

- Ensure optimum use of Government resources so that the delivery of services is effective and efficient
- Development of staff retention and training programmes to ensure that the Portfolio continues to be adequately staffed
- Provision of optimum legal services to the Government and Government entities
- Ongoing training of articulated clerks
- The continuing professional education of all staff
- Training of administrative and support staff to paralegal standard
- Development and maintenance of appropriate legal research tools and databases
- The maintenance of equipment conducive to the production of the Portfolio's outputs

Entities under the Portfolio and their respective responsibilities are:

Solicitor General's Office

The Solicitor General's Office provides legal advice and representation to Government Departments and statutory Boards and authorities. The legal advice spans the full spectrum of the exercise of the duties and responsibilities of Government Departments and statutory boards and public authorities, including guidance on the exercise of statutory powers and the interpretation of statutory provisions. The Solicitor General's Office also represents Government Departments and statutory boards/ authorities in proceedings before the Grand Court and the Court of Appeal when the decisions of the Government are subject to any form of legal challenge. The Solicitor General's Office also represents Government Departments in proceedings before statutory tribunals such as the Planning Appeal Tribunal and the Immigration Appeal Tribunal.

Legislative Drafting

The Constitution empowers the Legislature to make laws for the peace, order and good governance of the Cayman Islands. The Legislative Drafting Department is responsible to the Attorney General and, through him to the Governor, for the provision of an effective legislative drafting service. The Legislative Drafting Department has the following main categories of work:

- Drafting primary legislation (laws)
- Drafting subordinate legislation – regulations, Orders, directions, Rules, etc and



Who we are and what we do

Nature and Scope of Activities

General Nature of Activities

The provision of legal advice and legal education services.

Scope of Activities

The Portfolio's scope of activities involves:

- The provision of legal advice and legal representation to the Government, government agencies and statutory authorities;
- Conducting civil litigation for and on behalf of Government;
- Drafting of legislation;
- The provision of legal education and training;
- Provision of financial intelligence services to the Hon. Attorney General;
- Law revision services; and
- Law reform services

For reporting purposes, the Portfolio is divided into five key sections:

- Legal Drafting & Review Services;
- Legal Advice & International Legal Assistance;
- Advice to the Hon. Attorney General;
- Financial Intelligence Services; and
- Legal Education Services.

The Portfolio of Legal Affairs advises the Government and its affiliated bodies, statutory boards and corporations, on all legal matters, and is responsible for legislative drafting, law revision, law reform and legal education through the Cayman Islands Law School.

The Portfolio includes the following Entities:

1. Legal Department
2. Legislative Drafting Department
3. Law Revision
4. Law Reform Commission
5. Truman Bodden Law School
6. Financial Reporting Authority

Customers for all activities are the Attorney General, Government agencies and the general public.



Message from the Solicitor General

I am pleased to provide the annual report for the Portfolio of Legal Affairs for the fiscal year ended 30th June 2016.

The report provides key insights into the areas of service delivery, financial management and Governance of the Portfolio. It details the strategies we deployed in 2015-16 and the outcomes that were achieved with the resources provided.

The Portfolio of Legal Affairs made several contributions to assist the Government in ensuring that the people and residents of the Cayman Islands can continue to live, work and enjoy a safe and secure community in a society that is equitable, just, and values the contributions of all.

The provision of timely and appropriate legal advice to our public agencies allows for informed decisions and prevents the infringement of citizens' rights and freedoms.

In 2015-16, the Portfolio dealt with several key pieces of Legislation, processed 45 overseas Financial Intelligence Units' reports, produced the first draft of the National Risk Assessment Report on Money Laundering and Terrorist Financing, and spent over 4,000 hours providing secretarial, administrative and advisory services for and on behalf of the Hon. Attorney General.

The hours provided were principally in dealing with 43 litigation matters and over 300 requests for advice on various legal matters.

The Law School delivered the best graduating results to date in its 34-year history with two



thirds of the full and part time LL.B graduating classes receiving Upper Second Class Honours Degrees or better.

The results achieved and the services delivered are the result of hard work by my dedicated team of staff who tirelessly served our customers and delivered the policy outcomes of the Government.

I am proud of the Portfolio's accomplishments this year. We remain committed to excellence and pledge to continue doing our part to ensure a culture of good governance and a Cayman Islands that is fair, just and equitable.

Yours sincerely,

Jacqueline Wilson
Solicitor General and Chief Officer

Portfolio of Legal Affairs



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Portfolio of Legal Affairs

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