Annual Report

of

Portfolio of Legal Affairs

For the Year Ended 30 June 2010

Contents

Overview of Performance for the Year

Introduction

This annual report details the performance of the Portfolio of Legal Affairs for the fiscal year ending 30 June 2010

It includes information about outputs actually delivered during the year as compared to the planned performance documented in the Annual Budget Statement for the Portfolio of Legal Affairs for 2009/10, or as amended through the supplementary appropriation process.

It also reports those aspects of ownership performance that were contained in the Annual Budget Statement for 2009/10 or as amended through the supplementary appropriation process.

Summary of Performance

Output Performance

Funding appropriated was $7,710,000 the actual was $886,434 lower at $6,823,866
This decrease was achieved through certain permanent positions being frozen for the financial year 2009/10 in addition early action was taken to dramatically reduce travel and training expenses. In addition professional fees were lower than the budget. All outputs were below the appropriation with the exceptions of the PLG 24 Review and Modernization of Laws, this output was over by $10,997.

Summary of major items under budget:

Salaries 345K

C.I.N.I.C.O. 60K

Pension 50K

Professional fees 350K

Ownership Performance

Revenue from Cabinet was $886,434 below the authorized appropriation. Revenue from other Ministries was on budget at $200,000 & Law School Fees at $ 841,233 were $33,767 below budget.

STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF OUTPUTS DELIVERED

These statement of outputs delivered have been prepared by the Portfolio of Legal Affairs in accordance with the provisions of the *Public Management and Finance Law (2005 Revision)*.

We accept responsibility for the accuracy and integrity of the information in this statement of outputs delivered and their compliance with the *Public Management and Finance Law (2005 Revision)*.

As Chief Officer and Chief Financial Officer, we are responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded in the statement of outputs delivered are authorised by law, and properly record the output transactions of the Portfolio of Legal Affairs.

As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Portfolio of Legal Affairs statement of outputs delivered and for the judgements made in them.

It was agreed by Cabinet that outputs would not be audited for financial year 2009/10.

We however completed that section of the Annual Report. We represent that both the cost and quantity for each output is materially correct. With respect to quality and timeliness measures they are difficult to measure and can be subjective. As a result, we are unable to confirm the completeness and reliability of the quality and timeliness.

Cheryl Richards
Chief Officer
Date: 23/12/10

John Regan
Chief Financial Officer
Date: Dec. 23 2010.

Office of the Auditor General
Cayman Islands Government
3rd Floor, Anderson Square
64 Shedden Road, George Town
Grand Cayman KY1-9000
Cayman Islands

TEL: 345-244-3211
FAX: 345-945-7738

E-mail: auditorgeneral@gov.ky

Cayman Islands

AUDITOR GENERAL'S REPORT

To the Solicitor General and the Members of the Legislative Assembly of the Cayman Islands

I was engaged to audit the accompanying statement of outputs delivered of the Portfolio of Legal Affairs for the year ended 30 June 2010 as set out on pages 7 to 17 in accordance with the provisions of Section 44(3) of the *Public Management and Finance Law (2005 Revision).* The statement consists of the following outputs:

- PLG 2 – Drafting of Legislation and Regulations
- PLG 15 – Prosecution and Victim Support
- PLG 16 – Legal Advice and Representation
- PLG 19 – International Legal Cooperation Activities
- PLG 20 – Ministerial Servicing and Policy Advice for the Attorney General
- PLG 21 – Financial Intelligence Services
- PLG 24 – Review and Modernisation of Laws
- PLG 26 – Law Teaching and Publications

Management's Responsibility for the Statement of Outputs Delivered
Management is responsible for the preparation and fair representation of the statement of outputs delivered in accordance with section 44(2) of the *Public Management and Finance Law (2005 Revision).* This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the statement of outputs delivered that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria and measures to the outputs delivered. Management is required to present the following performance indicators for the Portfolio of Legal Affairs:

1) Description of outputs delivered for the year ended 30 June 2010.
2) Quantitative measures of the outputs delivered during the year ended 30 June 2010.
3) Qualitative measures of the outputs delivered during the year ended 30 June 2010.
4) Timeliness measure of the outputs delivered during the year ended 30 June 2010.
5) Location of delivery of outputs during the year ended 30 June 2010.

6) Financial measures of the actual costs incurred in respect of each output for the year ended 30 June 2010 compared to Budgeted Costs for each output as duly approved in the "Budget 2009/10".

Auditor's Responsibility for the Statement of Outputs Delivered
I was engaged to conduct my audit in accordance with International Standards on Auditing. Because of the matters described in the basis of disclaimer of opinion paragraph below, I do not express an opinion on the statement of outputs delivered.

Overall Scope Limitations
The parameters included for each of the output measures included in these statements have been provided to me by management of the Portfolio of Legal Affairs and are solely his responsibility. I do not review the basis of the determination of these parameters that measure each of the outputs, or for their appropriateness or relevance. Nor do I review the accuracy of the information contained in the "Description" field of each statement or the "Explanation of Variances" commentary following each Statement. The information as documented included therein has been determined by the management of the Portfolio of Legal Affairs in their best judgment and, as such, its accuracy and relevance are solely their responsibility.

Basis for Disclaimer for the Statement of Outputs Delivered:
I was not provided with sufficient information to conduct an audit and determine whether the statement of outputs delivered is fairly presented in all material respects.

Disclaimer of Opinion for the Statement of Outputs Delivered
Because of the significance of the matter discussed in the preceding paragraph, I do not express an opinion on the statement of outputs delivered.

Alastair Swarbrick, MA (Hons), CPFA
Auditor General

Cayman Islands
December 23, 2010

Part B

Statement of Outputs Delivered

Statement of Outputs Delivered

PLG 2	Drafting of Legislation and Regulations

Description

- Drafting of legislation and regulations for the Government

Measures	2009/10 Actual	2009/10 Budget	Annual Variance
Quantity			
• Number of drafting hours	7,910	7,000-8000	90
Quality			
• Work undertaken by qualified and experienced legal drafters	100%	100%	
• Law revisions accurately reflect amendment laws	100%	100%	
Timeliness			
• Laws drafted with the deadlines established by Cabinet	100%	100%	
Location			
Cayman	100%	100%	
Cost (of producing the output)	**808,962**	**910,700**	**101,738**
Price (paid by Cabinet for the output)	**808,962**		

Related Broad Outcome:

- Addressing the Economic Crisis in the Cayman Islands
- Restoring Prudent Fiscal Management
- Ensuring Success and Participation of
- Caymanians in the Financial Services Industry
- Setting the stage for success in the Tourism Industry
- Addressing Crime and Policing
- Education: The key to growth and development opportunities
- Improving the lives of the elderly and disabled
- Reducing substance abuse
- Development our Youth
- Addressing energy and the Environment

PLG 15	Prosecution and Victim Support

Description

Provision of prosecution services relating to criminal matters

Measures	2009/10 Actual	2009/10 Budget	Annual Variance
Quantity			
• Number of cases for which legal rulings provided	1,267	1,200-1,400	133
• Number of cases prosecuted	1,112	900-1,100	(12)
Quality			
• Availability of qualified Crown Counsel	100%	100%	
• Percentage of indictments that were drafted correctly and did not required revision	100%	100%	
• Percentage of indictments that were successfully lodged	100%	100%	
• Percentage of times that disclosures provided to the defense was satisfactory to the expectations of the end-user	95%	95%	
Timeliness			
• Percentage of rulings within specified time	100%	100%	
• Percentage of advice given within specified time	98%	98%	
• Percentage of indictments drafted within period prescribed by Grand Court practice direction one working day	100%	100%	
• Percentage of prosecution undertaken within a given period or as required	100%	100%	
• Percentage of disclosure provided within reasonable time to assist the defense in their preparation prior to trial/hearing	95%	95%	
• Percentage of Preliminary Bundles prepared within time specified the court	100%	100%	
• Percentage of times hearings are accomplished within time set for such hearings	95%	95%	
Location			
Grand Cayman	100%	100%	
Cost (of producing the output)	**2,214,427**	**2,501,656**	**287,229**
Price (paid by Cabinet for the output)	**2,214,427**		

Related Broad Outcome:

Addressing Crime and Policing

PLG 16	Legal Advice and Representation

Description

Provision of legal advice on civil matters to Cabinet Portfolios/Ministries and other government agencies.

Measures	2009/10 Actual	2009/10 Budget	Annual Variance
Quantity			
Number of hours of advice and representation	12,740	10,000-10,500	Budget figure low
Quality			
• Advice and representation provided by qualified Crown Counsel and Attorneys	100%	100%	
Timeliness			
• Opinions issued within.	2 weeks	2 weeks	
• Representations when proceedings occur	100%	100%	
Cost (of producing the output)	**769,326**	**1,023,857**	**254,531**
Price (paid by Cabinet for the output)			

PLG 19	International Legal Cooperation Activities

Description

Administer manage and implement the various forms of International Legal Assistance available through the Portfolio and conduct criminal prosecutions and make ancillary applications arising out of international requests for assistance

Measures	2009/10 Actual	2009/10 Budget	Annual Variance
Quantity			
• Number of request for assistance from Authority	31	40-50	9
Quality			
• Qualified Attorneys to provide requested assistance	100%	100%	
Timeliness			
• Assistance given within required time line	100%	100%	
Location			
Grand Cayman	100%	100%	
Cost (of producing the output)	489,643	517,187	27,544
Price (paid by Cabinet for the output)	489,643		

Related Broad

- Addressing Crime and Policing

PLG 20	Ministerial Servicing and Policy Advice for the Attorney General

Description

Provision of Ministerial Services to support the Attorney General including secretarial administrative, law revision and policy advice

Measures	2009/10 Actual	2009/10 Budget	Annual Variance
Quantity			
• Number of hours providing secretarial and administrative support and policy advice	7,345	7500-9000	155
Quality			
• Policy advice provided by competent experienced lawyers and other professionals	100%	100%	
• Work undertaken by qualified personnel	100%	100%	
Timeliness			
• Correspondence responded to within 1 week of receipt	100%	100%	
• Policy advice within the timeframe set by the Attorney General	100%	100%	
Location	100%	100%	
Cost (of producing the output)	671,100	807,500	136,400
Price (paid by Cabinet for the output)	671,100		

Related Broad Outcome:

- Addressing the Economic Crisis in the Cayman Islands
- Addressing Crime and Policing
- Improving the lives of the elderly and disabled
- Reducing substance abuse
- Empowering Women
- Development our Youth
- Addressing energy and the Environment

PLG 21	Financial Intelligence Services

Description

Provision of financial intelligence services to the Attorney General including:

- Receipt of financial intelligence [suspicious activity reports (SARs)] under the Proceeds of Criminal Conduct Law, the Misuse of Drugs Law and anti-terrorism legislation
- Produce complete and accurate intelligence that are useful to law enforcement
- Handling requests for financial intelligence from overseas counterparts
- Appropriately disseminate intelligence to those authorised by law to receive them in a timely manner
- Guidance to the industry on money laundering typologies
- Statistical reports to the Anti Money Laundering Steering Group (AMLSG) relating to financial intelligence services
- Representation of the Cayman Islands in the Egmont Group, CFATF and other international forums

Measures	2009/10 Actual	2009/10 Budget	Annual Variance
Quantity			
• Total number of cases (SARs' and Overseas Requests) received	358	300-350	(8)
Breakdown of cases as follows:			
Number of cases analyzed	317	280-320	(3)
Number of cases (SARs) received locally	296	250-300	4
Number of cases (Requests) for financial intelligence from Overseas Financial Intelligence Units (FIUs')	62	60-70	8
Number of requests answered within 30 days	46	50-65	4
Number of financial intelligence disclosures to local authorities	56	70-90	14
Number of cases voluntarily disclosed to overseas FIUs' and Law Enforcement Agencies	13	25-40	12
Number of cases (SARs) in progress at year end	39	30-50	11
Number of cases (Requests) in progress at year end	2	5-15	3
• Number of guidance pamphlets issued on money laundering typologies	0	1	1
• Annual Report produced as per the Proceeds of Criminal Conduct Law (PCCL)	1	1	
• Number of days spent on representation activities	21	25-40	4
Quality			
• Case information received , logged into database and kept secure from unauthorized use or disclosure	100%	100%	
• Thorough analysis of cases leading to closure by the Director within 90 days (accurate and useful financial intelligence)	91.9%	90%	(1.9%)
• Dealings with local authorities and overseas counterparts (including in Egmont Group context) conducted in accordance with the PCCL and operating policies	100%	100%	
• Annual Report approved by the AMLSG	100%	100%	

Timeliness			
• Cases entered into database and acknowledged within four days	94.4%	90%	(4.4%)
• Cases analysed within 18 days of receipt	76.5%	90%	13.5%
• Cases reviewed and closed by Director within 90 days of receipt	91.9%	90%	(1.9%)
• Respond to requests from overseas counterparts within 1 month	74.2%	90%	15.8%
• Turnaround time on financial intelligence to local authorities within one week of Director's approval being given	75%	90%	15%
• Annual Report produced on or before the 30th September as per the Proceeds of Crime Law (PoCL)	100%	100%	0%
Location			
• Grand Cayman	100%	95%	(5%)
Various overseas locations	0	5%	5%
Cost	696,358	762,000	65,642
Price (paid by Cabinet for the output)	696,358		

	Related Broad Outcome: 2: Address Crime and Improve Policing

LG 24	Review and Modernization of Laws

Description

The study and review of statutes and other laws comprising the law of the Cayman Islands with a view to its systematic development and reform, including in particular -

- the modification of any branch of the law as far as that is practicable;
- the elimination of anomalies in the law, the repeal of obsolete and unnecessary enactments and the simplification and modernization of the law;
- the development of new areas in the law with the aim of making them more responsive to the changing needs of Cayman Islands society;
- the adoption of new or more effective methods for the administration of the law and the dispensation of justice; and
- the codification of the unwritten laws of the Cayman Islands.

Measures	2009/10 Actual	2009/10 Budget	Annual Variance
Quantity			
• Number of review hours	3,531	3,400-3,700	169
Quality			
• Work undertaken by qualified and experienced lawyers	100%	100%	
Timeliness			
• Within the deadlines agreed by members of the Commission	100%	100%	
Location			
Grand Cayman	100%	100%	
Cost (of producing the output)	387,697	376,700	(10,997)
Price (paid by Cabinet for the output)	387,697		

Related Broad Outcome:

- Addressing Crime and Policing
- Education: The key to growth and development
- Improving the lives of the elderly and disabled
- Reducing substance abuse

The principle reason for the 10,997 increase in costs is that there was an increase in lease costs.

G 26	**Law Teaching and Publications**

Description

- Provision of law teaching relating to:
- 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

Measures	**2009/10 Actual**	**2009/10 Budget**	**Annual Variance**
Quantity			
• Number of student			
o Attorney of Law Certificate	13	12-15	2
o Full –Time LLB degree	77	70-75	(2
o Part-Time LLB degree	26	27-33	1)
o Individual courses	1	2	1
• Attorney of Law Certificate			
o Courses provided within academic year	8	7	(1)
o Hours of classroom lecturing per academic year	208	200	(8)
• 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	900	950	50
• Number of publications	5	2-4	(1)
Quality			
Attorney of Law Certificate			
• Percentage of courses taught by lecturers qualified to teach in the field	100%	100%	
• Percentage of courses taught in accordance with a curriculum approved by Legal .Advisory Council		100%	
• Peer review of assessment criteria (setting of examinations) by External examiners	90%	90%	
• Peer review of internal assessment of coursework by external examiners	90%	90%	
LLB Degree			
• Percentage of courses taught by lecturers qualified to teach in the field	100%	100%	
• Percentage of courses taught in accordance with a curriculum approved by the University of Liverpool	100%	100%	
• Peer review of assessment criteria (setting of examinations and coursework) by staff of the Faculty of Law, Liverpool University	90%	90%	
• Peer review of internal assessment of coursework by staff of Faculty of Law, Liverpool University	90%	90%	
Publications			
• Meet standards required for publication	90%	90%	
Timeliness			
• Courses offered during each academic year	100%	100%	
• Research papers are completed on an ongoing basis throughout the calendar year	100%	100%	

Location Grand Cayman ***Cost (of producing the output)*** ***Price (paid by Cabinet for the output)***	**786,373** **786,373**	**810,700**	**24,327**
Related Broad Outcome: • Education: The key to growth and development			

Part C

Ownership Performance Achieved During the Year

(UNAUDITED)

Nature and Scope of Activities

Approved Nature and Scope of Activities

General Nature of Activities

The provision of legal advice, prosecution and legal education services.

Scope of Activities

The Portfolio's scope of activities involves:

- The provision of legal services and legal advice to the Government, government agencies, and the Cayman Islands Mutual Legal Assistance Authority;
- The prosecution of criminal offences
- International legal cooperation activities
- Conducting Civil Litigations on behalf of Government
- Drafting of legislation
- The provision of legal education and training
- Provision of financial intelligence services to the Attorney General
- Law Revision services
- Law Reform Commission

Customers and Location of Activities

Customer for all activities is the Attorney General, Government agencies and general public. All services located in the Cayman Islands.

Compliance during the Year

During the year the Portfolio undertook the activities listed above.

Strategic Ownership Goals

Approved Strategic Ownership Goals

The key strategic ownership goals for the *Portfolio of Legal Affairs* in 2009/10 and the subsequent two years are as follows:

- Ensure optimum use of Government resources so that costs are reduced as much as possible.
- Development of Staff Retention Program to ensure that department continues to be adequately staffed.
- Provision of optimum legal services to the Government and Government entities.
- Complete the joint web-site for the Courts and the Portfolio.
- The diligent training of articled clerks.
- The continuing professional education of qualified attorneys in Government service.
- Training of administrative and support staff to paralegal standard.
- Comply with the performance appraisal system.
- Developing and maintaining legal research tools and data base.
- The maintenance of equipment conducive to the production of the Portfolio's outputs.

Achievement during Year

- Ensure optimum use of Government resources so that costs are reduced as much as possible.

  Because of the need for austerity the following actions were taken to reduce costs: the following budgeted posts were not filled; two traffic lawyers, one additional lawyer and the post of the Law Revision Commissioner remained vacant. In addition to the above a replacement drafter joined the Portfolio part way through the year and two support staff positions were vacant for some time. *The above resulted in savings of $345,000 with* C.I.N.I.C.O. and pension adding another $110,000. *Every effort was made to reduce operating expenses, most of which are fixed in nature*

  .

- Development of Staff Retention Program to ensure that department continues to be adequately staffed.

  While some contract officers have not sought to renew their contracts, the rate of staff turnover has slowed, somewhat in recent years.

- Provision of optimum legal services to the Government and Government entities.

  Staff continues to maximise resources in order to provide efficient and timely legal service

- Complete the joint web-site for the Courts and the Portfolio.

This is an ongoing project. The site is operational but some segments such as the legislation content have not been completed due to the quantity of material to be placed thereon.

- The diligent training of articled clerks.

  Due to budget constraints the number of articled clerks has been cut back from four to two. Every effort is being made to maintain our training standards.

- The continuing professional education of qualified attorneys in Government service.

  This was a central part of our strategic ownership goals. Because of budget constraints; The level of professional education has been reduced and there is now a greater focus on internet/on line and in house training.

- Training of administrative and support staff to paralegal standard.

  More members of the support staff are completing training with support from the Portfolio at the University College.

- Comply with the performance appraisal system.

  The Portfolio has implemented this system which is now a routine part of our HR policies and activities.

- Developing and maintaining legal research tools and data base.

  This is an ongoing project which is continually being reviewed with the object of increasing productivity.

- The maintenance of equipment conducive to the production of the Portfolio's outputs.

  At this time we believe we have the equipment to productively carry out our duties

Ownership Performance Targets

Financial Performance

Financial Performance Measures	2009/10 Actual	2009/10 Budget	Annual Variance
Revenue from Cabinet	6,823,866	7,710,300	886,434
Revenue from ministries, portfolios, statutory authorities, government companies	200,000	200,000	
Revenue from others	841,233	875,000	(33,767)
Surplus/deficit from outputs			
Ownership expenses	7,865,099	8,785,300	920,201
Operating Surplus/Deficit			
Net Worth	1,936,000	1,926,000	
Cash flows from operating activities	784,000	292,000	(492,000)
Cash flows from investing activities	(174,000)	(250,000)	(76,000)
Cash flows from financing activities	130,000	35,000	(95,000)
Change in cash balances	740.000	77,000	(663,000)

<u>Explanation of Variances:</u>

Financial Performance Ratios	2009/10 Actual	2009/10 Budget	Annual Variance
Current Assets: Current Liabilities (Working Capital)	1.32	2.41	1.09
Total Assets: Total Liabilities	1.7	4.1	2.4

Human Capital Measures	2009/10 Actual	2009/10 Budget	Annual Variance
Total full time equivalent staff employed	63	70	7
Staff turnover (%) Managers	0	0	
Professional and technical staff	10%	10%	
Clerical and labourer staff	10%	10%	
Average length of service (number of years in current position) Managers	7	7	
Professional and technical staff	4	4	
Clerical and labourer staff	4	4	
Changes to personnel management system:			

Physical Capital Measures	2009/10 Actual	2009/10 Budget	Annual Variance
Value of total assets	4,666,000	2,546,000	(2,120,000)
Asset replacements: total assets	3.7%	10%	6.3%
Book value of assets: initial cost of those assets	55.5%	60%	4.5%
Depreciation: cash flow on asset purchases	131.6%	86%	(45.6%)
Changes to asset management policies			

Major New Entity Capital Expenditures for the Year	**2009/10 Actual**	**2009/10 Budget**	**Annual Variance**
Library Books, Office Equipment, Furniture, Lab Equip	174,000	250,000	76,000,

Major Entity Capital Expenditures continuing from previous years	**2009/10 Actual**	**2009/10 Budget**	**Annual Variance**

Risk Management

Risk	Status of Risk	Action Taken During 2007/8 to Manage Risk	Financial Value of Risk
Loss Of Files	Reduced risk partially by implementing case file management system	Improved Alternative Storage Continue with implementation of case file management system	Unknown
Insufficient Administrative Support	Unchanged	Continue to add support staff.	Unknown
Loss of Staff	Unchanged	• Ensure that the compensation differential with the private sector is at an acceptable level. • Improve the physical working environment. • Ensure that departments are adequately staffed which will ensure an equitable distribution of workload. • Retention of staff continues to be an issue. Which needs to be addressed	Unknown

Equity Investments and Withdrawals

Equity Movement	2009/10 Actual	2009/10 Budget	Annual Variance
Equity Investment from Cabinet into the *Portfolio of Legal Affairs*	35,000	35,000	
Capital (Equity) Withdrawal by Cabinet from the Portfolio of Legal Affairs			

Appendix: Financial Statements for the year ended 30 June 2010

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STATEMENT OF RESPONSIBILITY FOR THE 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 (2008 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 (2008 Revision).

As Chief Officer I am responsible for establishing; and have established and maintain 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 Chief Officer and Chief Financial Officer we are responsible for the preparation of the Portfolio of Legal Affairs financial statements, representation and judgements made in these statements.

Subject to IPSAS 23 Revenue from Non-Exchange Transactions the financial statements fairly present the financial position, financial performance and cash flows of the Portfolio of Legal Affairs, for the financial year ended 30 June 2010. IPSAS 23 requires that the Portfolio report in the financial statements the fair value of services provided by other departments of the Cayman Island Government. For the 2009-10 budget the practice of inter departmental charges was abolished. As the amount appropriated did not include such charges; we have made no adjustment in the financial statements for such charges. Such charges for 2007-8, 2008-9 and 2009-10 were $469,000, $430,000 and $122,000, respectively.

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 2010;
(b) fairly reflect the financial position as at 30th June 2010 and performance for the Year ended 30th June 2010;
(c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.

Cheryl Richards
Chief Officer

Date- 23/12/10

John Regan
Chief Financial Officer

Date- Dec 23 2010.

Office of the Auditor General
Cayman Islands Government
3rd Floor, Anderson Square
64 Shedden Road, George Town
Grand Cayman KY1-9000
Cayman Islands

TEL: 345-244-3211
FAX: 345-945-7738

E-mail: auditorgeneral@gov.ky

Cayman Islands

AUDITOR GENERAL'S REPORT

To the Solicitor General and the Members of the Legislative Assembly of the Cayman Islands

I have audited the accompanying financial statements of the Portfolio of Legal Affairs, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 31 to 53 in accordance with the provisions of Section 44(3) of the *Public Management and Finance Law (2005 Revision)*.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair representation of these financial statements in accordance with International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 upon 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 and 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.

Basis for Qualified Opinion for the Financial Statements

Contributed Capital - Goods and Services

The Portfolio received goods and services from other core government entities during the current year for which no charge was levied. In accordance with IPSAS 23 – Revenue from non-exchange transactions (taxes and transfer) shall initially be measured at its fair value from the date of acquisition. The Portfolio, however, did not estimate the fair value of goods and services received as at 30 June 2010. As a result, I was unable to satisfy myself as to the completeness of supplies and consumables in the amount of $1.8M on the statement of financial performance and of contributed capital in the amount of $1.6M on the statement of financial position and statement of changes in net worth. I estimate that the fair value of these goods and services to the Portfolio would range from $308K to $347K based on amounts paid to those government entities in prior years for similar types of services received in the current fiscal year.

Qualified Opinion for the Financial Statements

In my opinion, except for the possible effects of the adjustments necessary for recording the fair value of goods and services received from non-exchange transactions, the financial statements present fairly, in all material respects, the financial position of the Portfolio of Legal Affairs as of 30 June 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Alastair Swarbrick, MA (Hons), CPFA
Auditor General

Cayman Islands
December 23, 2010

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010
(Expressed in Cayman Islands Dollars)

Prior Year Actual CI$000		Note	Current Year Actual CI$000	Final/Original Budget CI$000	Variance (Original vs. Actual) CI$000
	Current Assets				
2,415	Cash and cash equivalents	2	3,155	459	(2,696)
677	Trade receivables	3	181	677	496
6	Other receivables	3	12	6	(6)
17	Prepayments		92	17	(75)
3,115	**Total Current Assets**		**3,440**	**1,159**	**(2,281)**
	Non-Current Assets				
8	Accounts receivable	3	8	-	(8)
1,349	Property, plant and equipment	4	1,253	1,387	134
1,357	**Total Non-Current Assets**		**1,261**	**1,387**	**126**
4,472	**Total Assets**		**4,701**	**2,546**	**(2,155)**
	Current Liabilities				
42	Trade payables	5	43	-	(43)
2,170	Other payables and accruals	5	2,338	300	(2,038)
-	Bank Overdraft	2	-	-	-
235	Employee entitlements	6	235	180	(55)
2,447	**Total Current Liabilities**		**2,616**	**480**	**(2,136)**
	Non-Current Liabilities				
124	Employee entitlements	6	149	140	(9)
124	**Total Non-Current Liabilities**		**149**	**140**	**(9)**
2,571	**Total Liabilities**		**2,765**	**620**	**(2,145)**
1,901	**Net Assets**		**1,936**	**1,926**	**(10)**
	Net Worth				
1,646	Contributed capital		1,681	1,671	(10)
255	Accumulated surpluses		255	255	-
1,901	**Total Net Worth**		**1,936**	**1,926**	**(10)**

The accounting policies and notes on pages 35-53 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010
(Expressed in Cayman Islands Dollars)

Prior Year Actual CI$000		Note	Current Year Actual CI$000	Final /Original Budget CI$000	Variance (Original vs. Actual) CI$000
	Revenue				
8,964	Sale of goods and services	7	7,865	8,785	920
-	Investment revenue		-	-	-
-	Donations		-	-	-
-	Other revenue		-	-	-
8,964	**Total Revenue**		**7,865**	**8,785**	**920**
	Expenses				
5,662	Personnel costs	8	5,511	5,999	488
2,384	Supplies and consumables	9	1,835	2,140	305
213	Depreciation	4	229	215	(14)
600	Litigation costs	10	290	431	141
105	Other expenses (Capital charge)	11	-	-	-
8,964	**Total Expenses**		**7,865**	**8,785**	**920**
-	**Surplus or (Deficit) for the period**		**-**	**-**	**-**

The accounting policies and notes on pages 35-53 form part of these financial statements.

PLG 21	Financial Intelligence Services

Description

Provision of financial intelligence services to the Attorney General including:

- Receipt of financial intelligence [suspicious activity reports (SARs)] under the Proceeds of Criminal Conduct Law, the Misuse of Drugs Law and anti-terrorism legislation
- Produce complete and accurate intelligence that are useful to law enforcement
- Handling requests for financial intelligence from overseas counterparts
- Appropriately disseminate intelligence to those authorised by law to receive them in a timely manner
- Guidance to the industry on money laundering typologies
- Statistical reports to the Anti Money Laundering Steering Group (AMLSG) relating to financial intelligence services
- Representation of the Cayman Islands in the Egmont Group and other international forums

Measures	2008/9 Actual	2008/9 Budget	Annual Variance
Quantity			
• Number of cases received and analyzed	320	200-250	(70)
• Number of requests for finance intelligence from counterparts overseas analysed and answered	63	30-50	(13)
• Number of financial intelligence disclosures to local authorities and overseas counterparts	109	60-90	(19)
• Number of guidance pamphlets issued on money laundering typologies	1	1-2	-
• Annual Report produced as per the Proceeds of Criminal Conduct Law (PCCL)	1	1	-
• Number of days spent on representation activities	25	45-50	20
Quality			
• Case information received logged into database and kept secure from unauthorized use or disclosure	100%	100%	
• Thorough analysis leading to accurate and useful financial intelligence	100%	100%	
• Dealings with local authorities and overseas counterparts (including in Egmont Group context) conducted in accordance with the PCCL and operating policies	100%	100%	
• Annual Report approved by the AMLSG	100%	100%	
Timeliness			
• Cases entered into database and acknowledged within six days	94.3%	90%	(4.3%
• Cases analysed within 16 days of being acknowledged	78.7%	90%	11.3%
• Cases reviewed and closed by Director within 90 days of cases being entered into database	86.5%	90%	3.5%
• Respond to requests from overseas counterparts within 1 month	86%	90%	4%
• Turnaround time on financial intelligence to local authorities within one week	100%	100%	
• Annual Report produced on or before the 30th September as per the Proceeds of Criminal Conduct Law (PCCL)	100%	100%	
Location			
• ***Grand Cayman***	95%	95%	
• ***Various overseas locations***	5%	5%	
Cost (of producing the output)	**758,404**	**916,608**	**158,204**
Price (paid by Cabinet for the output)	**758,404**		

Related Broad Outcome: 2 Address Crime and Improve Policing

PLG 24	Review and Modernization of Laws

Description

The study and review of statutes and other laws comprising the law of the Cayman Islands with a view to its systematic development and reform, including in particular -

- the modification of any branch of the law as far as that is practicable;
- the elimination of anomalies in the law, the repeal of obsolete and unnecessary enactments and the simplification and modernization of the law;
- the development of new areas in the law with the aim of making them more responsive to the changing needs of Cayman Islands society;
- the adoption of new or more effective methods for the administration of the law and the dispensation of justice; and
- the codification of the unwritten laws of the Cayman Islands.

Measures	2008/9 Actual	2008/9 Budget	Annual Variance
Quantity			
• Number of review hours	3,544	4,500-5,500	956
Quality			
• Work undertaken by qualified and experienced lawyers	100%	100%	
Timeliness			
• Within the deadlines agreed by members of the Commission	100%	100%	
Location			
Grand Cayman	100%	100%	
Cost (of producing the output)	396,455	451,972	55,517
Price (paid by Cabinet for the output)			

Related Broad Outcome:

1 Deal with the Aftermath and Lessons from Hurricane Ivan
2.Address Crime and Improve Policing
3.Improve Education and Training
9.Support the Economy
10.Open, Transparent, Honest and Efficient Public Administration

PLG 26	Law Teaching and Publications

Description

- Provision of law teaching relating to:
- 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

Measures	2008/9 Actual	2008/9 Budget	Annual Variance
Quantity			
• Number of student			
o Attorney of Law Certificate	19	6-9	(10)
o Full –Time LLB degree	74	55-60	(14)
o Part-Time LLB degree	30	25-30	-
o Individual courses	1	2-4	1
• Attorney of Law Certificate			
o Courses provided within academic year	7	7	
o Hours of classroom lecturing per academic year	200	208	8
• LLB (Hons)			
o Modules taught over three academic years	19	12-19	
o Hours of classroom teaching per module	50	50	
o Hours of classroom lecturing per academic year	950	600-950	
• Number of publications	5	6	1
Quality			
Attorney of Law Certificate			
• Percentage of courses taught by lecturers qualified to teach in the field	100%	100%	
• Percentage of courses taught in accordance with a curriculum approved by Legal .Advisory Council	90%	90%	
• Peer review of assessment criteria (setting of examinations) by External examiners	90%	90%	
• Peer review of internal assessment of coursework by external examiners	100%	100%	
LLB Degree	100%	100%	
• Percentage of courses taught by lecturers qualified to teach in the field	90%	90%	
• Percentage of courses taught in accordance with a curriculum approved by the University of Liverpool	90%	90%	
• Peer review of assessment criteria (setting of examinations and coursework) by staff of the Faculty of Law, Liverpool University			
• Peer review of internal assessment of coursework by staff of Faculty of Law, Liverpool University	90%	90%	
Publications			
• Meet standards required for publication			
Timeliness			
• Courses offered during each academic year	100%	100%	
• Research papers are completed on an ongoing basis throughout the calendar year	100%	100%	

Location Grand Cayman			
Cost (of producing the output)	**882,334**	**984,613**	**102,279**
Price (paid by Cabinet for the output)	**882,334**		
Related Broad Outcome: 3 Improve Education and Training			

Part C

Ownership Performance Achieved During the Year

(UNAUDITED)

Nature and Scope of Activities

Approved Nature and Scope of Activities

General Nature of Activities

The provision of legal advice, prosecution and legal education services.

Scope of Activities

The Portfolio's scope of activities involves:

- The provision of legal services and legal advice to the Government, government agencies, and the Cayman Islands Mutual Legal Assistance Authority;
- The prosecution of criminal offences
- International legal cooperation activities
- Conducting Civil Litigations on behalf of Government
- Drafting of legislation
- The provision of legal education and training
- Provision of financial intelligence services to the Attorney General
- Law Revision services
- Law Reform Commission
- Forensic laboratory

Customers and Location of Activities

Customer for all activities is the Attorney General, Government agencies and general public. All services located in the Cayman Islands.

Compliance during the Year

During the year the Portfolio undertook the activities listed above.
The Forensic laboratory is a joint project with the Ministry of Health the DNA portion of which was in the process of being established and accredited. The Portfolio provided assistance with some items.

Strategic Ownership Goals

Approved Strategic Ownership Goals

The key strategic ownership goals for the *Portfolio of Legal Affairs* in 2008/9 and the subsequent two years are as follows:

- Development of Staff Retention Program to ensure that department continues to be adequately staffed.
- Provision of optimum legal services to the Government and Government entities.
- Complete the joint web-site for the Courts and the Portfolio.
- The diligent training of articled clerks.
- The continuing professional education of qualified attorneys in Government service.
- Training of administrative and support staff to paralegal standard.
- Comply with the performance appraisal system.
- Developing and maintaining legal research tools and data base.
- The maintenance of equipment conducive to the production of the Portfolio's outputs.

Achievement during Year

- Development of Staff Retention Program to ensure that department continues to be adequately staffed.

  While some contract officers have not sought to renew their contracts, the rate of staff turnover has slowed somewhat in recent years.

- Provision of optimum legal services to the Government and Government entities.
  Staff continue to maximise resources in order to provide efficient and timely legal service

- Complete the joint web-site for the Courts and the Portfolio.
  This is an ongoing project. The site is operational but some segments such as the legislation content have not been completed due to the quantity of material to be placed thereon.

- The diligent training of articled clerks.
  Due to budget constraints the number of articled clerks has been cut back from four to two. Every effort is being made to maintain our training standards.

- The continuing professional education of qualified attorneys in Government service.
  This was a central part of our strategic ownership goals. Because of budget constraints; The level of professional education has been reduced and there is now a greater focus on internet/on line and in house training.

- Training of administrative and support staff to paralegal standard.
  To date four Staff members have completed training with support from the Portfolio at the University College.

- Comply with the performance appraisal system.
The Portfolio has implemented this system which is now a routine part of our HR policies and activities.

- Developing and maintaining legal research tools and data base.
This is an ongoing project which is continually being reviewed with the object of increasing productivity.

- The maintenance of equipment conducive to the production of the Portfolio's outputs.
At this time we believe we have the equipment to productively carry out our duties

Ownership Performance Targets

Financial Performance

Financial Performance Measures	2008/9 Actual $	2008/9 Budget $	Annual Variance $
Revenue from Cabinet	7,138,359	7,629,000	490,641
Revenue from ministries, portfolios, statutory authorities, government companies	950,811	1,065,000	114,189
Revenue from others	875,123	846,000	(29,123)
Surplus/deficit from outputs			
Ownership expenses	8,964293	9,540,000	575,707
Operating Surplus/Deficit			
Net Worth			
Cash flows from operating activities	1,781,000	26,000	(1,755,000
Cash flows from investing activities	(258,000)	(240,000)	(18,000)
Cash flows from financing activities		120,000	120,000
Change in cash balances	1,523,000	(94,000)	(1,617,000)

<u>Explanation of Variances:</u>

Financial Performance Ratios	2008/9 Actual	2008/9 Budget	Annual Variance
Current Assets: Current Liabilities (Working Capital)	127	201	74
Total Assets: Total Liabilities	174	348	174

<u>Explanation of Variances:</u>

Maintenance of Capability

Human Capital Measures	2008/9 Actual	2008/9 Budget	Annual Variance
Total full time equivalent staff employed	66	74	8
Staff turnover (%) Managers	0	0	
Professional and technical staff	10%	10%	
Clerical and labourer staff	10%	10%	
Average length of service (number of years in current position) Managers	6	6	
Professional and technical staff	4	4	
Clerical and labourer staff	4	4	
Changes to personnel management system:			

Explanation of Variances:

Physical Capital Measures	2008/9 Actual $	2008/9 Budget $	Annual Variance $
Value of total assets	4,472,000	2,654,000	(1,818,000)
Asset replacements: total assets	6.6%	9%	2.4%
Book value of assets: initial cost of those assets	64%	67%	3%
Depreciation: cash flow on asset purchases	71%	50%	(21%)
Changes to asset management policies			

Explanation of Variances:

Major **New** Entity Capital Expenditures for the Year	2008/9 Actual $	2008/9 Budget $	Annual Variance $
Library Books, Office Equipment, Furniture, Lab Equip	298,437	240,000	(58,437)

Explanation of Variances:

Major Entity Capital Expenditures continuing from previous years	2008/9 Actual $	2008/9 Budget $	Annual Variance $

Explanation of Variances:

Risk Management

Risk	Status of Risk	Action Taken During 2007/8 to Manage Risk	Financial Value of Risk
Loss Of Files	Reduced risk partially by implementing case file management system	Improved Alternative Storage Continue with implementation of case file management system	Unknown
Insufficient Administrative Support	Unchanged	Continue to add support staff.	Unknown
Loss of Staff	Unchanged	• Ensure that the compensation differential with the private sector is at an acceptable level. • Improve the physical working environment. • Ensure that departments are adequately staffed which will ensure an equitable distribution of workload. • Retention of staff continues to be an issue. Which needs to be addressed	Unknown

<u>Explanation of Variances:</u>

Equity Investments and Withdrawals

Equity Movement	2008/9 Actual $	2008/9 Budget $	Annual Variance $
Equity Investment from Cabinet into the *Portfolio of Legal Affairs*	130,000	130,000	
Capital (Equity) Withdrawal by Cabinet from the Portfolio of Legal Affairs			

<u>Explanation of Variances:</u>

Part D

Financial Statements

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

These financial statements have been prepared by Portfolio of Legal Affairs in accordance with the provisions of the *Public Management and Finance Law (2005 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 (2005 Revision).*

As Chief Officer and Chief Financial Officer, we are responsible for establishing; and have established and maintain 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 Chief Officer and Chief Financial Officer, we are responsible for the preparation of the Portfolio of Legal Affairs financial statements and for the judgements made in them.

The financial statements fairly present the statement of financial performance, statement of changes in net worth, statement of financial position and cash flow statement for the financial year ended 30 June 2009.

These statements were prepared in accordance with the Public Management and Finance Law.

They are not in compliance with current International Public Sector Accounting Standards (IPSAS). Although the differences are minimal the Auditor General has correctly qualified the Statements. Statements for 2009/10 and future years will use a revised template we received in July 2010.

Cheryl Richards
Chief Officer
Portfolio of Legal Affairs

23/8/10

Regan.
John Regan
Chief Financial Officer
Portfolio of Legal Affairs

Aug 20 · 2010.

Office of the Auditor General
Cayman Islands Government
3rd Floor, Anderson Square
64 Shedden Road, George Town
Grand Cayman KY1-9000
Cayman Islands

TEL: 345-244-3211
FAX: 345-945-7738

E-mail: auditorgeneral@gov.ky

Cayman Islands

AUDITOR GENERAL'S REPORT

To the Solicitor General
and the Members of the Legislative Assembly of the Cayman Islands

I have audited the accompanying financial statements of the Portfolio of Legal Affairs, which comprise the statement of financial position as at 30 June 2009, and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 29 to 41 in accordance with the provisions of Section 44(3) of the *Public Management and Finance Law (2005 Revision)*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 upon 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 and 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.

Basis for Qualified Opinion for the Financial Statements

Pervasive non-compliance with significant presentation and disclosure requirements of IPSAS and other authoritative pronouncements

While the financial statements are required to be prepared under IPSAS, numerous significant requirements for presentation and disclosures have not been complied with. Therefore, I have concluded that the financial statements substantially lack critical information that would otherwise be presented if these statements had been prepared in accordance with IPSAS.

Opinion

In my opinion, except for the effects of non-compliance with significant presentation and disclosure requirements of the International Public Sector Accounting Standards, the financial statements present fairly, in all material respects, the financial position of the Portfolio of Legal Affairs as of 30 June 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Alastair Swarbrick, MA(Hons), CPFA
Auditor General

Cayman Islands
24 August 2010

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
Revenue				
Outputs to Cabinet		7,138	7,629	6,266
Outputs to other government agencies		951	1,065	1,067
Outputs to others		875	846	818
Interest Revenue		-	-	18
Total Operating Revenue		8,964	9,540	8,169
Operating Expenses				
Personnel costs	1	(5,662)	(6,104)	(5,417)
Supplies and consumables	2	(2,984)	(3,212)	(2,474)
Depreciation	3	(213)	(119)	(181)
Capital charge		(105)	(105)	(97)
Total Operating Expenses		(8,964)	(9,540)	(8,169)
Net Surplus		-	-	-

The accounting policies and notes on pages 33-38 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2009

	2008/9 Actual	2008/9 Budget	2007/8 Actual
Opening balance net worth	1,771	1,771	1,651
Equity investment from Cabinet	130	120	120
Closing balance net worth	1,901	1,891	1,771

The accounting policies and notes on pages 33-38 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2009

	Note	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
Current Assets				
Cash and cash equivalents	4	2,415	382	892
Accounts receivable	5	700	920	1,426
Total Current Assets		3,115	1,302	2,318
Non-Current Assets				
Property, plant and equipment	6	1,349	1,352	1,265
Other non-current assets		8	-	8
Total Non-Current Assets		1,357	1,352	1,273
Total Assets		4,472	2,654	3,591
Current Liabilities				
Accounts payable	7	2,017	350	1,248
Employee entitlements	8	235	177	235
Other current liabilities		195	120	237
Total Current Liabilities		2,447	647	1,720
Non-Current Liabilities				
Employee entitlements	9	124	116	100
Other non-current liabilities		-	-	-
Total Non-Current Liabilities		124	116	100
Total Liabilities		2,571	763	1,820
TOTAL ASSETS LESS TOTAL LIABILITIES		1,901	1,891	1,771
NET WORTH				
Contributed capital		1,901	1,891	1,771
Total Net Worth		1,901	1,891	1,771

The accounting policies and notes on pages 33-38 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Outputs to Cabinet		7,924	7,549	6,190
Outputs to other government agencies		1,132	1,035	687
Outputs to others		1,481	846	818
Interest received		-	-	18
Payments				
Personnel costs		(5,580)	(6,067)	(5,327)
Suppliers		(3,071)	(3,202)	(2,515)
Other payments		(105)	(135)	(97)
Net cash flows from operating activities	10	**1,781**	**26**	**(226)**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of non-current assets		(258)	(240)	(345)
Proceeds from sale of non-current assets		-	-	-
Net cash flows from investing activities		**(258)**	**(240)**	**(345)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity investment		-	120	120
Net cash flows from financing activities		**-**	**120**	**120)**
Net increase/(decrease) in cash and cash equivalents		**1,523**	**(94)**	**(451)**
Cash and cash equivalents at beginning of period		892	476	1,343
Cash and cash equivalents at end of period	4	**2,415**	**382**	**892**

The accounting policies and notes on pages 33-38 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

General Accounting Policies

Reporting entity
These financial statements are for the Portfolio of Legal Affairs.

Basis of preparation
The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently.

Reporting Period
The annual reporting period is for the twelve months ended 30 June 2009.

Specific Accounting Policies

Revenue
Output revenue
Output revenue, including entity revenue resulting from user charges or fees, is recognised when it is earned.

Interest revenue
Interest revenue is recognised in the period in which it is earned.

Expenses
General
Expenses are recognised when incurred.

Depreciation
Depreciation of non-financial physical assets is provided on a straight-line basis at rates based on the expected useful lives of those assets.

Assets
Cash and cash equivalents
Cash and cash equivalents include cash held in the Portfolio of Legal Affairs bank account and any money held on deposit with the Portfolio of Finance and Economics (Treasury).

Receivables and advances
Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

Inventory
Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

Property, Plant and Equipment (including Infrastructure Assets)
Buildings are recorded at historical cost (or fair value as at time of first recognition) or valuation.

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost less accumulated depreciation.

Computer Hardware and Software
Computer hardware and software are recorded at cost, and depreciated in accordance with the policy on depreciation.

Liabilities
Accounts Payable
Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

Provisions
(a) Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.

(b) *Pension Obligations*
Pension contributions for employees of the Portfolio are paid to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pensions Board and is operated as a multi-employer non-contributory Fund, whereby the employer pays both employer and employee contributions. Prior to 1 January 2000 the scheme underlying the Fund was a defined benefit scheme. With effect from 1 January 2000 the Fund had both a defined benefit and a defined contribution element. Participants joining after that date became members of the defined contribution element. Pension scheme contributions are included in personnel costs in the operating statement.

The Public Service Pension Liability for all civil servants (both current and past) is an executive liability managed by the Honourable Financial Secretary. This liability is reported on the Honourable Financial Secretary's executive financial statements and no such liabilities, whether current or due to contribution shortfalls have been recognized in these financial statements.

Employee entitlements
Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

Long service leave liabilities are measured as the present value of estimated leave service entitlements.

NOTE 1: PERSONNEL COSTS

	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
Salaries and wages (including employee pension contributions)	5,420	5,804	5,179
Employer pension expense	242	300	238
Other personnel costs	-	-	-
Total Personnel Costs	**5,662**	**6,104**	**5,417**

NOTE 2: SUPPLIES AND CONSUMABLES

	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
Supply of goods and services	2,190	2,398	1,674
Operating lease rentals	794	814	800
Other	-	-	-
Total Supplies and Consumables	**2,984**	**3,212**	**2,474**

NOTE 3: DEPRECIATION

	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
Buildings	-		-
Vehicles	3	-	3
Aeroplanes	-	-	-
Boats	-	-	-
Furniture and fittings	26	25	24
Computer hardware and software	5	-	5
Office equipment	31	-	25
Other plant and equipment	-	-	-
Other assets	148	94	124
Total Depreciation	**213**	**119**	**181**

Assets are depreciated on a straight-line basis as follows:

	Years
Buildings	
Vehicles	5
Furniture and fittings	10
Computer hardware and software	4
Office equipment	6
Other plant and equipment	
Other assets	10

NOTE 4: CASH AND CASH EQUIVALENTS

	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
Cash on hand	2,415	382	892
Bank accounts	-	-	-
Deposits with Portfolio Finance and Economic (Treasury)	-	-	-
Total Cash and Cash Equivalents	**2,415**	**382**	**892**

NOTE 5: ACCOUNTS RECEIVABLE

	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
Outputs to Cabinet	130	-	-
Outputs to other government agencies	519	685	1,279
Outputs to others	77	200	-
Interest receivable	-	-	-
Prepayments	17	-	19
Interest Receivable	-	-	-
Other Receivables	10	35	141
Total Gross Accounts Receivable	753	920	1,439
Less provision for doubtful debts	53	-	13
Total Net Accounts Receivable	**700**	**920**	**1,426**

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	Cost or Revalued Amount $000	Accumulated Depreciation $000	30 June 2009 Book Value Actual $000	30 June 2008 Book Value Actual $000
Buildings	-	-	-	-
Vehicles	15	(7)	8	10
Furniture and fittings	266	(106)	160	173
Computer hardware and software	20	(19)	1	6
Office equipment	183	(87)	96	126
Other plant and equipment	-	-	-	-
Other assets (list if material)	1,638	(554)	1,084	950
Total	**2,122**	**773**	**1,349**	**1,265**

NOTE 7: ACCOUNTS PAYABLE

	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
Outputs to Cabinet	1,535	-	749
Trade Creditors	42	20	5
Operating lease rental	-	-	-
Accruals	440	330	494
Total	**2,017**	**350**	**1,248**

NOTE 8: EMPLOYEE ENTITLEMENTS (CURRENT)

	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
Long service leave and other leave entitlements	235	177	235
Other salary related entitlements	-	-	-
Total Employee Entitlements	**235**	**177**	**235**

NOTE 9: EMPLOYEE ENTITLEMENTS (NON-CURRENT)

	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
Long service leave and other leave entitlements	124	116	100
Other salary related entitlements	-	-	-
Total	**124**	**116**	**100**

NOTE 10: RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	2008/9 Actual $000	2008/9 Budget $000	2007/8 Actual $000
Operating surplus/(deficit)			
Non-cash movements	213	119	181
Depreciation	-	-	-
Increase in provision for doubtful debts	-	-	-
(Decrease)/increase in payables/accruals	710	17	65
Net (gain)/loss from sale of fixed assets	-	-	-
Net gain/loss from sale of investments	-	-	-
Increase in other current assets	-	-	-
(Increase)/decrease in receivables	858	(110)	(472)
Net cash flows from operating activities	**1,781**	**26**	**(226)**

NOTE 11: COMMITMENTS

Type	One year or less	One to five years	Over five years	Total
	$000	$000	$000	$000
Capital Commitments				
Land and buildings	-	-	-	-
Other fixed assets	-	-	-	-
Other commitments [list separately if material]	-	-	-	-
Total Capital Commitments	-	-	-	-
Operating Commitments				
Non-cancellable accommodation leases	325	-	-	325
Other non-cancellable leases	-	-	-	-
Non-cancellable contracts for the supply of goods and services	-	-	-	-
Other operating commitments	-	-	-	-
Total Operating Commitments	325	-	-	325
Total Commitments	325	-	-	325

NOTE 12: RELATED PARTY DISCLOSURES

Key Management Personnel

There is 1 full-time equivalent personnel considered at the senior management level. The total remuneration includes: regular salary, allowances, pension contributions, health insurance contributions and COLA back pay. Total remuneration for senior management in 2008-2009 was $181K. There have been no loans made to key management personnel or close family members in 2008-09.

Annual Report

Of

Portfolio of Legal Affairs

For the 2007/8 Financial Year

Annual Report

of

Portfolio of Legal Affairs

For the 2007/8 Financial Year

Contents

1. Overview of Performance for the Year

Introduction

This annual report details the performance of the Portfolio of Legal Affairs for the fiscal year ending 30 June 2008.

It includes information about outputs actually delivered during the year as compared to the planned performance documented in the Annual Budget Statement for the Portfolio of Legal Affairs for 2007/8, or as amended through the supplementary appropriation process.

It also reports those aspects of ownership performance that were contained in the Annual Budget Statement for 2007/8 or as amended through the supplementary appropriation process.

Summary of Performance

Output Performance

Funding appropriated as per the 2nd supplemental was $6,472,906 the actual was $206,211 lower at $6,266,695. All outputs were below the appropriation with the exception of the FRA and Prosecution and Victim Support which were over by the nominal amounts of $5,325 and $23,118 respectively.
Retention of staff continues to be a major issue and is affecting the performance of the Portfolio.

Ownership Performance

Revenue from Cabinet was $206,211 below the authorized appropriation. Revenue from other Ministries was $2,254 higher than budget & Law School Fees were $32,044 below budget.

Cash flow from operating activities was off by $300,951 as receivables increased.

Cash flow from investing activities (capital additions) were $65,014 higher than budget. The principle contributor was library books for the Legal Department and the Law School which are purchased from the U.K., as the US $ weakened against the GBP the cost increased.

Cayman Islands

PORTFOLIO OF LEGAL AFFAIRS

CERTIFICATE OF THE AUDITOR GENERAL

To the Solicitor General of the Portfolio of Legal Affairs And to the Members of the Legislative Assembly of the Cayman Islands

Report on Statement of Outputs Delivered

I have audited the accompanying Statement of Outputs Delivered of the Portfolio of Legal Affairs for the year ended 30 June 2008 as set out on pages 9 to 19 in accordance with the provisions of Section 44(3) of the *Public Management and Finance Law (2005 Revision).* The Statements consist of the following outputs:

- PLG 2 – Drafting of Legislation and Regulations
- PLG 15 – Prosecution and Victim Support
- PLG 19 – International Legal Cooperation Activities
- PLG 20 – Ministerial Servicing and Policy Advice for the Attorney General
- PLG 21 – Financial Intelligence Services
- PLG 24 – Review and Modernisation of Laws
- PLG 25 – Forensic Investigations
- PLG 26 – Law Teaching and Publications

Management's Responsibility for the Statement of Outputs Delivered

Management is responsible for the preparation and fair representation of the Statement of Outputs Delivered in accordance with section 44(2) of the *Public Management and Finance Law (2005 Revision).* This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement of Outputs Delivered that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria and measures to the outputs delivered. Management is required to present the following performance indicators for the Portfolio of Legal Affairs:

1) Description of outputs delivered for the year ended 30 June 2008.
2) Quantitative measures of the outputs delivered during the year ended 30 June 2008.
3) Qualitative measures of the outputs delivered during the year ended 30 June 2008.
4) Timeliness measure of the outputs delivered during the year ended 30 June 2008.
5) Location of delivery of outputs during the year ended 30 June 2008.
6) Financial measures of the actual costs incurred in respect of each output for the year ended 30 June 2008 compared to Budgeted Costs for each output as duly approved in the "Budget 2007/8".

Auditor's Responsibility for the Statement of Outputs Delivered

My responsibility is to express an opinion on the Statement of Outputs Delivered based on our audit. We conducted our audit in accordance with International Standards on Assurance Engagements 3000: Assurance Engagements Other Than Audits of Historical Financial Information. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Statement of Outputs Delivered are free from material misstatement.

Our audit of the Statement of Outputs Delivered was planned and performed to obtain all information and explanations we considered necessary to form an opinion based on a reasonable level of assurance. Our audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures included in the Statements and making enquiries of key members of management and the staff of the Portfolio.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Overall Scope Limitations

The parameters included for each of the output measures included in these statements have been provided to me by Legal Affairs' management and are solely their responsibility. I do not accept responsibility for the determination of these parameters as the basis of measure for each of the outputs, or for their appropriateness or relevance.

Nor do I accept responsibility for the accuracy of the information contained in the "Description" field of each statement or the "Explanation of Variances" commentary following each Statement. The information as documented included there in has been determined by the Legal Affairs' management in their best judgement and as such its accuracy and relevance are solely their responsibility.

Qualified Opinion for the Statement of Outputs Delivered

PLG 15 – Prosecution and Victim Support

Quality – We are unable to determine if the actual percentages disclosed are accurately presented in the Statement as there are no adequate systems in place to track the "Percentage of indictments that were drafted correctly and did not require revision" and the "Percentage of times that disclosures provided to the defence was satisfactory to the expectations of the end-user".

Timeliness – We are unable to determine if the actual percentages are accurately presented in the Statement as there are no systems in place to track any of the Timeliness measures.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the accuracy of the quality, timeliness, the PLG 15 Statement of Outputs Delivered presents fairly, in all material respects, the outputs delivered for the Portfolio of Legal Affairs as of 30 June 2008.

PLG 19 – International Legal Cooperation Activities

Timeliness – There is no system in place to track the Timeliness measure as assistance within the required time line was not defined by Legal Affairs management and therefore we are not able to determine if 100% timely is accurate.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the accuracy of the timeliness, the PLG 19 Statement of Outputs Delivered presents fairly, in all material respects, the outputs delivered for the Portfolio of Legal Affairs as of 30 June 2008.

PLG 20 – Ministerial Servicing and Policy Advice for the Attorney General

Timeliness – There are no adequate systems in place to track the Timeliness measures and therefore we are not able to determine if the actual percentage of 100% is accurately presented in the Statement of outputs.

In my opinion, except for the effects of such adjustments, if any, as might have been determined necessary had we been able to satisfy ourselves as to the accuracy of the timeliness, the PLG 20 Statement of Outputs Delivered presents fairly, in all material respects, the outputs delivered for the Portfolio of Legal Affairs as of 30 June 2008.

PLG 21 – Financial Reporting Services

Quality – we are unable to determine if the actual amounts noted are accurately presented in the Statement as there are no systems in place to track two of the Quality measures, "Analysis thorough and leading to accurate and useful financial intelligence", and "Typology information locally relevant and of value to the industry".

Timeliness – There were no systems in place to adequately track 'Cases closed within three months from receipt' or 'Turnaround time on financial intelligence to local authorities within one week'.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the accuracy of the quality and timeliness of PLG 21 Statement of Outputs Delivered presents fairly, in all material respects, the outputs delivered for the Portfolio of Legal Affairs as of 30 June 2008.

PLG 24 – Review and Modernisation of Laws

Timeliness – There is no system in place to track the Timeliness measure as assistance within the required time line was not defined by Legal Affairs management and therefore we are not able to determine if 100% timely is accurate.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the accuracy of the timeliness, the PLG 24 Statement of Outputs Delivered presents fairly, in all material respects, the outputs delivered for the Portfolio of Legal Affairs as of 30 June 2008.

PLG 26 – Law Teaching and Publications

Quality - we are not able to assess whether there was a Peer review conducted 90% of the time as there were not adequate systems to measure this percentage.

Quantity- (Number of Publications), Quality- (Meet standards required for publication) and Timeliness –(Research papers are completed on an ongoing basis throughout the calendar year/Bulletins are normally issued twice annually) – we are unable to determine if the actuals are accurately presented in the Statement for as there are no adequate systems in place to track the Quantity, Quality and the Timeliness measures for Publications/Bulletins.

Costs – We are unable to determine whether or not costs were fairly allocated (re: Publications) as the Portfolio did not have an adequate system in place to measure this. Therefore, we are unable to conclude if costs have been allocated consistently or correctly.

Because of the significance of the matters discussed in the last two preceding paragraphs, I do not express an opinion on the PLG 26 Statement of Outputs Delivered for the year ending 30 June 2008.

Report on the Financial Statements:

I have audited the accompanying financial statements of the Portfolio of Legal Affairs, which comprise the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 29 to 41 in accordance with the provisions of Section 44(3) of the *Public Management and Finance Law (2005 Revision).*

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility for the Financial Statements

My responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 upon 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 and 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 we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion for the Financial Statements

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio of Legal Affairs as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Don Duguay

Dan Duguay, MBA, FCGA
Auditor General

Cayman Islands
29 June 2009

Part A

Outputs Delivered During the Year

2. Statement of Outputs Delivered

PLG 2	Drafting of Legislation and Regulations		
Description Drafting of legislation and regulations for the Government			
Measures	**2007/8 Actual**	**2007/8 Budget**	**Annual Variance**
Quantity			
• Number of drafting hours	6,900	7,500-8,500	600
Quality			
• Work undertaken by qualified and experienced legal drafters	100%	100%	
• Law revisions accurately reflect amendment laws	100%	100%	
Timeliness			
• Laws drafted with the deadlines established by Cabinet	100%	100%	
Location Grand Cayman	100%	100%	
Cost (of producing the output)	778,574	825,837	47,263
Price (paid by Cabinet for the output)	778,574		
Related Broad Outcome: 1. Deal with the Aftermath and Lessons from Hurricane Ivan 2. Address Crime and Improve Policing 3. Improve Education and Training 7. Conserve the Environment 8. Strengthen Family and Community 9. Support the Economy 11. Sound Fiscal Management			

Explanation of Annual Variances:

PLG 15	Prosecution and Victim Support

Description

Provision of prosecution services relating to criminal matters

Measures	2007/8 Actual	2007/8 Budget	Annual Variance
Quantity			
• Number of cases for which legal rulings provided	1,342	1,000-1,200	(142)
• Number of cases prosecuted	1,135	1,000-1,200	65
Quality			
• Availability of qualified Crown Counsel	100%	100%	
• Percentage of indictments that were drafted correctly and did not required revision	100%	100%	
• Percentage of indictments that were successfully lodged	100%	100%	
• Percentage of times that disclosures provided to the defense was satisfactory to the expectations of the end-user	95%	95%	
Timeliness			
• Percentage of rulings within specified time	100%	100%	
• Percentage of advice given within specified time	98%	98%	
• Percentage of indictments drafted within period prescribed by Grand Court practice direction one working day	100%	100%	
• Percentage of prosecution undertaken within a given period or as required	100%	100%	
• Percentage of disclosure provided within reasonable time to assist the defense in their preparation prior to trial/hearing	95%	95%	
• Percentage of Preliminary Bundles prepared within time specified the court	100%	100%	
• Percentage of times hearings are accomplished within time set for such hearings	95%	95%	
Location			
Grand Cayman	100%	100%	
Cost (of producing the output)	**2,159,636**	**2,136,518**	**(23,118)**
Price (paid by Cabinet for the output)	**2,159,636**		

Related Broad Outcome:

2. Address Crime and Improve Policing

PLG 19	International Legal Cooperation Activities

Description

Administer manage and implement the various forms of International Legal Assistance available through the Portfolio and conduct criminal prosecutions and make ancillary applications arising out of international requests for assistance

Measures	2007/8 Actual	2007/8 Budget	Annual Variance
Quantity			
• Number of request for assistance from Authority	31	40-50	9
Quality			
• Qualified Attorneys to provide requested assistance	100%	100%	
Timeliness			
• Assistance given within required time line	100%	100%	
Location			
Grand Cayman	100%	100%	
Cost (of producing the output)	403,518	405,807	2,289
Price (paid by Cabinet for the output)	403,518		

Related Broad Outcome:

2. Address Crime and Improve Policing

PLG 20	Ministerial Servicing and Policy Advice for the Attorney General

Description

Provision of Ministerial Services to support the Attorney General including secretarial administrative, law revision and policy advice

Measures	2007/8 Actual	2007/8 Budget	Annual Variance
Quantity			
• Number of hours providing secretarial and administrative support and policy advice	8,200	6,400-10,400	2,200
Quality			
• Policy advice provided by competent experienced lawyers and other professionals	100%	100%	
• Work undertaken by qualified personnel	100%	100%	
Timeliness			
• Correspondence responded to within 1 week of receipt	100%	100%	
• Policy advice within the timeframe set by the Attorney General	100%	100%	
Location	100%	100%	
Cost (of producing the output)	**931,094**	**966,279**	**35,185**
Price (paid by Cabinet for the output)	**931,094**		

Related Broad Outcome:

1. Deal with the Aftermath and Lessons from Hurricane Ivan
2. Address Crime and Improve Policing
3. Improve Education and Training
9. Support the Economy
10. Open, Transparent, Honest and Efficient Public Administration

PLG 21	Financial Intelligence Services

Description

Provision of financial intelligence services to the Attorney General including:

- Receipt of financial intelligence [suspicious activity reports (SARs)] under the Proceeds of Criminal Conduct Law, the Misuse of Drugs Law and anti-terrorism legislation
- Produce complete and accurate intelligence that are useful to law enforcement
- Handling requests for financial intelligence from overseas counterparts
- Appropriately disseminate intelligence to those authorised by law to receive them in a timely manner
- Guidance to the industry on money laundering typologies
- Statistical reports to the Anti Money Laundering Steering Group (AMLSG) relating to financial intelligence services
- Representation of the Cayman Islands in the Egmont Group and other International forums

Measures	2007/8 Actual	2007/8 Budget	Annual Variance
Quantity			
• Number of SARs processed and analyzed	247	250-300	3
• Number of requests for finance intelligence from counterparts overseas processed	44	30-50	6
• Number of financial intelligence disclosures to local authorities and overseas counterparts	76	90-120	14
• Number of guidance notes issued on money laundering typologies	0	1-2	1
• Statistical reports and/or graphs as required by the AMLSG	2	2	
• Number of days spent on representation activities	68	45-50	(18)
Quality			
• Information received logged into database and kept secure from unauthorized use or disclosure	100%	100%	
• Thorough analysis leading to accurate and useful financial intelligence	100%	100%	
• Dealings with local authorities and overseas counterparts (including in Egmont Group context) conducted in accordance with applicable law and operating policies	100%	100%	
• Typology information locally relevant and of value to the industry	100%	100%	
• Statistical reports accurate and comprehensive	100%	100%	
Timeliness			
• Cases in system and acknowledged within four working days	98%	90%	(8%)
• Cases analysed and reviewed by Director within three months of cases being entered into database system	92%	90%	(2%)
• Cases closed within three months from receipt	Note 1	90%	
• Respond to requests from overseas counterparts within 1 month	66%	90%	24
• Turnaround time on financial intelligence to local authorities within one week	Note 2	100%	
• Statistical reports produced for the AMLSG meetings	100%	100%	
Location			
• Grand Cayman	95%	95%	
• Various overseas locations	5%	5%	
Cost (of producing the output)	**802,734**	**797,409**	**(5,325)**
Price (paid by Cabinet for the output)	**802,734**		

Related Broad Outcome:
2. Address Crime and Improve Policing

Note 1: We are unable track this statistic at this time, but will adapt our database in February 2009 to be able to determine the correct percentage.

Note 2: In 2007-08 the relevant cases involved contacting some of our overseas counterparts and waiting for them to provide information, which always takes more than one week, and hence the result is 0%. A better measure would be "Turnaround time on financial intelligence contained in our database to local authorities within one week", in which case the result would be 100%.

PLG 24	Review and Modernization of Laws

Description

The study and review of statutes and other laws comprising the law of the Cayman Islands with a view to its systematic development and reform, including in particular -

- the modification of any branch of the law as far as that is practicable;
- the elimination of anomalies in the law, the repeal of obsolete and unnecessary enactments and the simplification and modernization of the law;
- the development of new areas in the law with the aim of making them more responsive to the changing needs of Cayman Islands society;
- the adoption of new or more effective methods for the administration of the law and the dispensation of justice; and
- the codification of the unwritten laws of the Cayman Islands.

Measures	2007/8 Actual	2007/8 Budget	Annual Variance
Quantity			
• Number of review hours	4,800	4,500-5,500	700
Quality			
• Work undertaken by qualified and experienced lawyers	100%	100%	
Timeliness			
• Within the deadlines agreed by members of the Commission	100%	100%	
Location			
Grand Cayman	100%	100%	
Cost (of producing the output)	402,010	459,760	57,750
Price (paid by Cabinet for the output)	402,010		

Related Broad Outcome:

1. Deal with the Aftermath and Lessons from Hurricane Ivan
2. Address Crime and Improve Policing
3. Improve Education and Training
9. Support the Economy
10. Open, Transparent, Honest and Efficient Public Administration

1. Second review of the law of corporate insolvency and recommendations for the amendment of Part V of the Companies Law (2004 Revision)- A supplemental report and an amended draft Companies (Amendment) Bill were submitted to the Attorney- General by the Commission on 20 July 2007

2. Review of the legal aid system- A discussion paper was prepared by the staff of the Commission on 18 October 2007 and considered by the Commission on 5 December 2007. Thereafter, a Discussion report was submitted by the Commission on 14 December 2007 to the Attorney-General and to the Chief Justice.

3. Continued review of landlord and tenant legislation in the Islands.

4. Continued reform of charities.

5. Commenced review of enduring powers of attorney.

PLG 25	Forensic Investigations		
Description Forensic investigations established over a period of time through ballistic and tool mark examinations			
Measures	**2007/8 Actual**	**2007/8 Budget**	**Annual Variance**
Quantity • Number of examinations		15-30	
Quality • Work undertaken by qualified and experienced staff		100%	
Timeliness • Within the deadlines established		100%	
Location Grand Cayman		100%	
Cost (of producing the output)			
Price (paid by Cabinet for the output)		**50,860**	
Related Broad Outcome: 2. Address Crime and Improve Policing			

No Actual Output data. Awaiting setting up of the DNA laboratory, therefore no examinations done.

PLG 26	Law Teaching and Publications

Description

- Provision of law teaching relating to:
- 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

Measures	2007/8 Actual	2007/8 Budget	Annual Variance
Quantity			
• Number of student			
o Attorney of Law Certificate	14	6-9	(5)
o Full –Time LLB degree	68	55-60	(8)
o Part-Time LLB degree	37	25-30	(7)
o Individual courses	3	2-4	1
• Attorney of Law Certificate			
o Courses provided within academic year	7	7	
o Hours of classroom lecturing per academic year	200	208	8
• LLB (Hons)			
o Modules taught over three academic years	19	12-19	
o Hours of classroom teaching per module	50	50	
o Hours of classroom lecturing per academic year	950	600-950	
• Number of publications	5	6	1
Quality			
Attorney of Law Certificate			
• Percentage of courses taught by lecturers qualified to teach in the field	100%	100%	
• Percentage of courses taught in accordance with a curriculum approved by Legal .Advisory Council	100%	100%	
• Peer review of assessment criteria (setting of examinations) by External examiners	90%	90%	
• Peer review of internal assessment of coursework by external examiners	90%	90%	
LLB Degree			
• Percentage of courses taught by lecturers qualified to teach in the field	100%	100%	
• Percentage of courses taught in accordance with a curriculum approved by the University of Liverpool	100%	100%	
• Peer review of assessment criteria (setting of examinations and coursework) by staff of the Faculty of Law, Liverpool University	90%	90%	
• Peer review of internal assessment of coursework by staff of Faculty of Law, Liverpool University	90%	90%	
Publications			
• Meet standards required for publication	90%	90%	
Timeliness			
• Courses offered during each academic year	100%	100%	
• Research papers are completed on an ongoing basis throughout the calendar year	100%	100%	

Location Grand Cayman		100%	
Cost (of producing the output)	**789,129**	**830,436**	**41,307**
Price (paid by Cabinet for the output)	**789,129**		

Related Broad Outcome: 3. Improve Education and Training

Part B

Ownership Performance Achieved During the Year

3. Nature and Scope of Activities

Approved Nature and Scope of Activities

General Nature of Activities

The provision of legal advice, prosecution and legal education services.

Scope of Activities

The Portfolio's scope of activities involves:

- The provision of legal services and legal advice to the Government, government agencies, and the Cayman Islands Mutual Legal Assistance Authority;
- The prosecution of criminal offences
- International legal cooperation activities
- Conducting Civil Litigations on behalf of Government
- Drafting of legislation
- The provision of legal education and training
- Provision of financial intelligence services to the Attorney General
- Law Revision services
- Law Reform Commission
- Forensic laboratory

Customers and Location of Activities

Customer for all activities is the Attorney General, Government agencies and general public. All services located in the Cayman Islands.

Compliance during the Year

During the year the Portfolio did comply with the activities listed above.
The Forensic laboratory is a joint project with the Ministry of Health the DNA portion of which is presently being established.

4. Strategic Ownership Goals

Approved Strategic Ownership Goals

The key strategic ownership goals for the *Portfolio of Legal Affairs* in 2007/8 and the subsequent two years are as follows:

- Set up and staff and bring into full operation the Forensic Laboratory.
- Complete the joint web-site for the Courts and the Portfolio.
- The diligent training of articled clerks in the Department.
- Dependant on available funds the continuing professional education of qualified attorneys in Government service.
- Training of administrative and support staff to paralegal standard.
- Fully implement the performance appraisal system.
- Developing and maintaining legal research tools and data base.
- Ensure the department is adequately staffed with the correct mix of lawyers who are capable of delivering the required outputs.
- The maintenance of equipment conducive to the production of department's outputs.

Achievement during Year

- Complete the joint web-site for the Courts, the Portfolio and the Legislative Assembly
  Staging site open to the general public.

- The diligent training of articled clerks in the Department.
  The year saw full implementation of a streamlined assessment system for articled clerks and provision of training for three articled clerks.

- Dependant on available funds the continuing professional education of qualified attorneys in Government service.
  Training opportunities were increased by the holding of the Attorney Generals retreat The provision of training in such areas as human rights procurement and tendering procedures, commercial law and economic crime.

- Training of administrative and support staff to paralegal standard.
  Three support staff were enrolled and successfully completed the legal secretarial programme at UCCI.

- Fully implement the performance appraisal system.
  The system was implemented across the Portfolio with the assistance of the Portfolio of the Civil Service.

- Developing and maintaining legal research tools and data base.
  Ongoing subscription to Westlaw and Lexis Nexis.

- Ensure the department is adequately staffed with the correct mix of lawyers who are capable of delivering the required outputs. Further recruitment took place to fill vacant posts.

5. Ownership Performance Targets

5.1 Financial Performance

Financial Performance Measures	2007/8 Actual $	2007/8 Budget $	Annual Variance $
Revenue from Cabinet	6,266,695	6,472,906	206,211
Revenue from ministries, portfolios, statutory authorities, government companies	1,066,844	1,064,590	(2,254)
Revenue from others	817,956	850,000	32,044
Surplus/deficit from outputs	18,495		(18,495)
Ownership expenses			
Operating Surplus/Deficit	8,169,990	8,387,496	217,506
Net Worth	1,771,000	1,771,000	
.			
Cash flows from operating activities	(225,951)	75,000	(300,951)
Cash flows from investing activities	(345,014)	(280,000)	(65,014)
Cash flows from financing activities	120,000	120,000	
Change in cash balances	(450,965)	(85,000)	(365,965)

Financial Performance Ratios	2007/8 Actual	2007/8 Budget	Annual Variance
Current Assets: Current Liabilities (Working Capital)	135	197	62
Total Assets: Total Liabilities	197	337	140

5.2 Maintenance of Capability

Human Capital Measures	2007/8 Actual	2007/8 Budget	Annual Variance
Total full time equivalent staff employed	69	74	5
Staff turnover (%) Managers	0	0	
Professional and technical staff	10%	10%	
Clerical and labourer staff	10%	10%	
Average length of service (number of years in current position) Managers	4	4	
Professional and technical staff	5	5	
Clerical and labourer staff	3	3	
Changes to personnel management system:			

Physical Capital Measures	2007/8 Actual $	2007/8 Budget $	Annual Variance $
Value of total assets	3,591,000	2,517,000	(1,074,000)
Asset replacements: total assets	12%	11%	(1%)
Book value of assets: initial cost of those assets	69%	69%	
Depreciation: cash flow on asset purchases	52%	59%	7%
Changes to asset management policies			

Major **New** Entity Capital Expenditures for the Year	2007/8 Actual $	2007/8 Budget $	Annual Variance $
Library Books, Office Equipment, Furniture, Lab Equip	345,014	280,000	(65,014)

Major Entity Capital Expenditures continuing from previous years	2007/8 Actual $	2007/8 Budget $	Annual Variance $

5.3 Risk Management

Risk	Status of Risk	Action Taken During 2007/8 to Manage Risk	Financial Value of Risk
Loss Of Files	Reduced risk partially by implementing case file management system	Improved Alternative Storage Continue with implementation of case file management system	Unknown
Insufficient Administrative Support	Unchanged	Continue to add support staff.	Unknown
Loss of Staff	Unchanged	• Ensure that the compensation differential with the private sector is at an acceptable level. • Improve the physical working environment. • Ensure that departments are adequately staffed which will ensure an equitable distribution of workload. • Retention of staff continues to be a major issue and is affecting the performance of the Portfolio.	Unknown

6. Equity Investments and Withdrawals

Equity Movement	2007/8 Actual $	2007/8 Budget $	Annual Variance $
Equity Investment from Cabinet into the *Portfolio of Legal Affairs*	120,000	120,000	
Capital (Equity) Withdrawal by Cabinet from the Portfolio of Legal Affairs			

Appendix: Financial Statements for the Year

CONTENTS

Portfolio of Legal Affairs
STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

These financial statements have been prepared by Portfolio of Legal Affairs in accordance with the provisions of the Public Management and Finance Law (2005 Revision)

I 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 (2005 Revision).

To the best of my knowledge the financial statements are:

(a) complete and reliable;
(b) fairly reflect the financial position as at 30 June 2008 and the performance for the financial year ended 30 June 2008 and
(c) comply with generally accepted accounting practice.

Cheryl Richards	*John Regan*
Chief Officer	CFO
Portfolio of Legal Affairs	Portfolio of Legal Affairs
29 June 2009	*29 June 2009*

PORTFOLIO OF LEGAL AFFAIRS
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Revenue				
Outputs to Cabinet		6,266	6,473	5,691
Outputs to other government agencies		1,067	1,064	892
Outputs to others		818	850	835
Interest Revenue		18		28
Total Operating Revenue		8,169	8,387	7,446
Operating Expenses				
Personnel costs	1	(5,417)	(5,289)	(4,808)
Supplies and consumables	2	(2,474)	(2,921)	(2,476)
Depreciation	3	(181)	(165)	(146)
Capital charge		(97)	(12)	(12)
Other operating expenses				(4)
Total Operating Expenses		(8,169)	(8,387)	(7,446)
Surplus from operating activities		0	0	0
Gains/losses on foreign exchange transactions				
Gains/losses on disposal or revaluation of non-current assets				
Surplus before extraordinary items				
Extraordinary items				
Net Surplus		0	0	0

The accounting policies and notes on pages 35-41 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2008

	2007/8 Actual	2007/8 Budget	2006/7 Actual
Opening balance net worth	**1,651**	**1,651**	**1,531**
Net surplus			
Property revaluations			
Investment revaluations			
Net revaluations during the period			
Total recognised revenues and expenses	**1,651**	**1,651**	**1,531**
Equity investment from Cabinet	120	120	120
Repayment of surplus to Cabinet			
Capital withdrawal by Cabinet			
Closing balance net worth	1,771	1,771	1,651

The accounting policies and notes on pages 35-41 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Current Assets				
Cash and cash equivalents	4	892	476	1,343
Accounts receivable	5	1,426	810	962
Inventories	6			
Total Current Assets		2,318	1,286	2,305
Non-Current Assets				
Property, plant and equipment	7	1,265	1,231	1,101
Other non-current assets		8		
Total Non-Current Assets		1,273	1,231	1,101
Total Assets		3,591	2,517	3,406
Current Liabilities				
Accounts payable	8	1,248	490	1,358
Unearned revenue				
Employee entitlements	9	235	162	160
Other current liabilities		237		161
Total Current Liabilities		1,720	652	1,679
Non-Current Liabilities				
Employee entitlements	10	100	94	76
Other non-current liabilities	11			
Total Non-Current Liabilities		100	94	76
Total Liabilities		1,820	746	1,755
TOTAL ASSETS LESS TOTAL LIABILITIES		1,771	1,771	1,651
NET WORTH				
Contributed capital		1,771	1,771	1,651
Asset revaluation reserve				
Accumulated surpluses				
Total Net Worth		1,771	1,771	1,651

The accounting policies and notes on pages 35-41 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Outputs to Cabinet		6,190	6,288	6,191
Outputs to other government agencies		687	1,105	781
Outputs to others		818	850	835
Interest received		18		28
Payments				
Personnel costs		(5,327)	(5,269)	(4,747)
Suppliers		(2,515)	(2,902)	(2,164)
Other payments		(97)	3	(16)
Net cash flows from operating activities	12	**(226)**	**75**	**908**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of non-current assets		(345)	(280)	(251)
Proceeds from sale of non-current assets				
Net cash flows from investing activities		**(345)**	**(280)**	**(251)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity investment		120	120	120
Repayment of surplus				
Capital withdrawal				
Net cash flows from financing activities		**120**	**120**	**120**
Net increase/(decrease) in cash and cash equivalents		(451)	(85)	777
Cash and cash equivalents at beginning of period		1,343	561	566
Cash and cash equivalents at end of period	4	**892**	**476**	**1,343**

The accounting policies and notes on pages 35-41 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF COMMITMENTS
AS AT 30 JUNE 2008

Type	**One year or less**	**One to five years**	**Over five years**	**Total**
	$000	**$000**	**$000**	**$000**
Capital Commitments				
Land and buildings				
Other fixed assets				
Other commitments [list separately if material]				
Total Capital Commitments				
Operating Commitments				
Non-cancellable accommodation leases	763	288		1,051
Other non-cancellable leases				
Non-cancellable contracts for the supply of goods and services				
Other operating commitments				
Total Operating Commitments	763	288		1,051
Total Commitments	763	288		1,051

The accounting policies and notes on pages 35-41 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF CONTINGENT LIABILITIES
AS AT 30 JUNE 2008

Summary of Quantifiable Contingent Liabilities

	$000
Legal Proceedings and Disputes	
Item 1 description	
Item 2 description	
Total Legal Proceedings and Disputes	
Other Contingent Liabilities	
Item 1 description	
Item 2 description	
Total Other Contingent Liabilities	

Summary of Non-Quantifiable Contingent Liabilities

Item 1 description
Item 2 description

The accounting policies and notes on pages 35-41 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2008

General Accounting Policies

Reporting entity
These financial statements are for the Portfolio of Legal Affairs

Basis of preparation
The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently.

Reporting Period
The annual reporting period is for the twelve months ended 30 June 2008.

Specific Accounting Policies

Revenue
Output revenue
Output revenue, including entity revenue resulting from user charges or fees, is recognised when it is earned.

Interest revenue
Interest revenue is recognised in the period in which it is earned.

Expenses
General
Expenses are recognised when incurred.

Depreciation
Depreciation of non-financial physical assets is provided on a straight-line basis at rates based on the expected useful lives of those assets.

Assets
Cash and cash equivalents
Cash and cash equivalents include cash held in the Portfolio of Legal Affairs bank account and any money held on deposit with the Portfolio of Finance and Economics (Treasury).

Receivables and advances
Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

Inventory
Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

Property, Plant and Equipment (including Infrastructure Assets)
Buildings are recorded at historical cost (or fair value as at time of first recognition) or valuation.

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost (or fair value if acquired prior to 2007) less accumulated depreciation.

Computer Hardware and Software
Computer hardware and software are recorded at cost, and depreciated in accordance with the policy on depreciation.

Liabilities
Accounts Payable
Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

Provisions
(a) Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets

(b) *Pension Obligations*
Pension contributions for employees of the Portfolio are paid to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pensions Board and is operated as a multi-employer non-contributory Fund, whereby the employer pays both employer and employee contributions. Prior to 1 January 2000 the scheme underlying the Fund was a defined benefit scheme. With effect from 1 January 2000 the Fund had both a defined benefit and a defined contribution element. Participants joining after that date became members of the defined contribution element. Pension scheme contributions are included in personnel costs in the operating statement.

The Public Service Pension Liability for all civil servants (both current and past) is an executive liability managed by the Honourable Financial Secretary. This liability is reported on the Honourable Financial Secretary's executive financial statements and no such liabilities, whether current or due to contribution shortfalls have been recognized in these financial statements.

Employee entitlements
Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

Long service leave liabilities are measured as the present value of estimated leave service entitlements.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: PERSONNEL COSTS

	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Salaries and wages (including employee pension contributions)	5,179	5,072	4,602
Employer pension expense	238	217	206
Other personnel costs			
Total Personnel Costs	**5,417**	**5,289**	**4,808**

NOTE 2: SUPPLIES AND CONSUMABLES

	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Supply of goods and services	1,674	1,657	1,723
Operating lease rentals	800	870	753
Other		394	
Total Supplies and Consumables	**2,474**	**2,921**	**2,476**

NOTE 3: DEPRECIATION

	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Buildings			
Vehicles	3		2
Aeroplanes			
Boats			
Furniture and fittings	24	41	22
Computer hardware and software	5		4
Office equipment	25		17
Other plant and equipment			
Other assets	124	124	101
Total Depreciation	**181**	**165**	**146**

Assets are depreciated on a straight-line basis as follows:

	Years
Buildings	
Vehicles	5
Aeroplanes	
Boats	
Furniture and fittings	10
Computer hardware and software	4
Office equipment	6
Other plant and equipment	
Other assets	10

NOTE 4: CASH AND CASH EQUIVALENTS

	2007/8 Actual $000	**2007/8 Budget $000**	**2006/7 Actual $000**
Cash on hand	892	476	1,343
Bank accounts			
Deposits with Portfolio Finance and Economic (Treasury)			
Total Cash and Cash Equivalents	**892**	**476**	**1,343**

NOTE 5: ACCOUNTS RECEIVABLE

	2007/8 Actual $000	**2007/8 Budget $000**	**2006/7 Actual $000**
Outputs to Cabinet		565	
Outputs to other government agencies	1,279	170	899
Outputs to others			
Interest receivable			
Prepayments	19		15
Interest Receivable			
Other Receivables	141	75	61
Total Gross Accounts Receivable	1,439	810	975
Less provision for doubtful debts	(13)		(13)
Total Net Accounts Receivable	**1,426**	**810**	**962**

NOTE 6: INVENTORIES

	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Raw Materials (including Consumable Stores)			
Work in Progress			
Finished Goods			
Total Inventories			

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Cost or Revalued Amount $000	Accumulated Depreciation $000	30 June 2008 Book Value Actual $000	30 June 2007 Book Value Actual $000
Buildings				
Vehicles	15	5	10	13
Aeroplanes				
Boats				
Furniture and fittings	253	80	173	179
Computer hardware and software	20	14	6	9
Office equipment	183	57	126	88
Other plant and equipment				
Construction in progress				
Other assets (list if material)	1,353	403	950	812
Total	**1,824**	**559**	**1,265**	**1,101**

NOTE 8: ACCOUNTS PAYABLE

	2007/8 Actual	2007/8 Budget	2006/7 Actual
	$000	$000	$000
Outputs to Cabinet	749		924
Trade Creditors	5	10	34
Operating lease rental			
Accruals	494	480	400
Total	**1,248**	**490**	**1,358**

NOTE 9: EMPLOYEE ENTITLEMENTS (CURRENT)

	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Long service leave and other leave entitlements	235	162	160
Other salary related entitlements			
Total Employee Entitlements	**235**	**162**	**160**

NOTE 10. EMPLOYEE ENTITLEMENTS (NON-CURRENT)

	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Long service leave and other leave entitlements	100	94	76
Other salary related entitlements			
Total	**100**	**94**	**76**

NOTE 11: OTHER NON-CURRENT LIABILITIES

	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Provision for agency revenue repayable			
Provision for restructuring			
Accounts payable			
Unearned revenue			
Other			
Total			

NOTE 12: RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	2007/8 Actual $000	2007/8 Budget $000	2006/7 Actual $000
Operating surplus/(deficit)			
Non-cash movements	181	165	146
Depreciation			
Increase in provision for doubtful debts			
(Decrease)/increase in payables/accruals	65	55	793
Net (gain)/loss from sale of fixed assets			
Net gain/loss from sale of investments			
Increase in other current assets			
(Increase)/decrease in receivables	(472)	(145)	(31)
Net cash flows from operating activities	**(226)**	**75**	**908**

NOTE 13: RELATED PARTY DISCLOSURES

Key Management Personnel

There is 1 full-time equivalent personnel considered at the senior management level. The total remuneration includes: regular salary, allowances, pension contributions, health insurance contributions and COLA back pay. Total remuneration for senior management in 2007-2008 was $160K. There have been no loans made to key management personnel or close family members in 2007-08.

Annual Report
Of
Portfolio of Legal Affairs
For the 2006/7 Financial Year

Annual Report

of

Portfolio of Legal Affairs

For the 2006/7 Financial Year

Contents

1. Overview of Performance for the Year

Introduction

This annual report details the performance of the Portfolio of Legal Affairs for the fiscal year ending 30 June 2007.

It includes information about outputs actually delivered during the year as compared to the planned performance documented in the Annual Budget Statement for the *Portfolio of Legal Affairs* for 2006/7, or as amended through the supplementary appropriation process.

It also reports those aspects of ownership performance that were contained in the Annual Budget Statement for 2006/7 or as amended through the supplementary appropriation process.

Summary of Performance

Output Performance

The Portfolio continues to rationalize the number of outputs and measures. In the 2003 budget there were 19 outputs in the 2003/4 budget they were rationalized to 13 in 2004/5 they were further rationalized to 10. In 2006/7 the above outputs were further rationalized to 8. We believe that this rationalization makes it easier for the reader to understand our activities. We have reviewed our measures and over time have ensured that methods are in place to collect the necessary data. We believe that our outputs reported in this report are materially correct.

With the exception of PLG 2 all outputs for the year were below budget. This output was above budget by $26K. The reason for this small variance was the COLA.

Ownership Performance

Outputs to Cabinet were lower than budget by $747K. The primary reasons being Law School fees increased by $205K to $835K.

Cayman Islands

PORTFOLIO OF LEGAL AFFAIRS

CERTIFICATE OF THE AUDITOR GENERAL

To the Solicitor General of the Portfolio of Legal Affairs And to the Members of the Legislative Assembly of the Cayman Islands

Report on Statement of Outputs Delivered

I have audited the accompanying Statement of Outputs Delivered of the Portfolio of Legal Affairs for the year ended 30 June 2007 as set out on pages 9 to 20 in accordance with the provisions of Section 44(3) of the *Public Management and Finance Law (2005 Revision).* The Statements consist of the following outputs:

- PLG 2 – Drafting of Legislation and Law Revision
- PLG 15 – Prosecution Services
- PLG 19 – International Cooperation
- PLG 20 – Ministerial Servicing and Policy Advice for the Attorney General
- PLG 21 – Financial Reporting Services
- PLG 24 – Review and Modernisation of Laws
- PLG 25 – Forensic Investigations
- PLG 26 – Law Teaching and Publications

Management's Responsibility for the Statement of Outputs Delivered

Management is responsible for the preparation and fair representation of the Statement of Outputs Delivered in accordance with section 44(2) of the *Public Management and Finance Law (2005 Revision).* This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement of Outputs Delivered that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria and measures to the outputs delivered. Management is required to present the following performance indicators for the Portfolio of Legal Affairs:

1) Description of outputs delivered for the year ended 30 June 2007.
2) Quantitative measures of the outputs delivered during the year ended 30 June 2007.
3) Qualitative measures of the outputs delivered during the year ended 30 June 2007.
4) Timeliness measure of the outputs delivered during the year ended 30 June 2007.
5) Location of delivery of outputs during the year ended 30 June 2007.
6) Financial measures of the actual costs incurred in respect of each output for the year ended 30 June 2007 compared to Budgeted Costs for each output as duly approved in the "Budget 2006/7".

Auditor's Responsibility for the Statement of Outputs Delivered

My responsibility is to express an opinion on the Statement of Outputs Delivered based on our audit. We conducted our audit in accordance with International Standards on Assurance Engagements 3000: Assurance Engagements Other Than Audits of Historical Financial Information. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Statement of Outputs Delivered are free from material misstatement.

Our audit of the Statement of Outputs Delivered was planned and performed to obtain all information and explanations we considered necessary to form an opinion based on a reasonable level of assurance. Our audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures included in the Statements and making enquiries of key members of management and the staff of the Portfolio.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Overall Scope Limitations

The parameters included for each of the output measures included in these statements have been provided to me by Legal Affairs' management and are solely their responsibility. I do not accept responsibility for the determination of these parameters as the basis of measure for each of the outputs, or for their appropriateness or relevance.

Nor do I accept responsibility for the accuracy of the information contained in the "Description" field of each statement or the "Explanation of Variances" commentary following each Statement. The information as documented included there in has been determined by the Legal Affairs' management in their best judgement and as such its accuracy and relevance are solely their responsibility.

Qualified Opinion for the Statement of Outputs Delivered

<u>PLG 2 – Drafting of Legislation and Law Revision</u>

Timeliness – from our sample we determined that not 100% of the laws were drafted within the deadlines established by Cabinet and therefore this measure is not accurately presented in the Statement.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the accuracy of the timeliness, the PLG 2 Statement of Outputs Delivered presents fairly, in all material respects, the outputs delivered for the Portfolio of Legal Affairs as of 30 June 2007.

<u>PLG 15 – Prosecution Services</u>

Quality – We are unable to determine if the actual percentages disclosed are accurately presented in the Statement as there are no systems in place to track the "Percentage of indictments that were drafted correctly and did not require revision" and the "Percentage of times that disclosures provided to the defense was satisfactory to the expectations of the end-user".

Timeliness – We are unable to determine if the actual percentages are accurately presented in the Statement as there are no systems in place to track any of the Timeliness measures.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the accuracy of the quality and timeliness, the PLG 15 Statement of Outputs Delivered presents fairly, in all material respects, the outputs delivered for the Portfolio of Legal Affairs as of 30 June 2007.

PLG 19 – International Cooperation

Timeliness – There is no system in place to track the Timeliness measure as "assistance within the required time line" was not defined by Legal Affairs management and therefore we are not able to determine if 100% is accurate or not.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the accuracy of the timeliness, the PLG 19 Statement of Outputs Delivered presents fairly, in all material respects, the outputs delivered for the Portfolio of Legal Affairs as of 30 June 2007.

PLG 20 – Ministerial Servicing and Policy Advice for the Attorney General

Quantity and Timeliness – There are no adequate systems in place to track the Quantity and Timeliness measures and therefore we are not able to determine if the actual amounts noted are accurately presented in the Statement.

Costs – We are unable to determine whether or not costs were fairly allocated as the Portfolio could not provide any amount of quantities produced related to the costs. Therefore, we are unable to conclude if costs have been allocated consistently or correctly.

Because of the significance of the matters discussed in the preceding two paragraphs, I do not express an opinion on the PLG 20 Statement of Outputs Delivered for the for the year ending 30 June 2007.

PLG 21 – Financial Reporting Services

Quality – we are unable to determine if the actual amounts noted are accurately presented in the Statement as there are no systems in place to track two of the Quality measures, "Analysis thorough and leading to accurate and useful financial intelligence", and "Typology information locally relevant and of value to the industry".

Timeliness – Due to the implementation of a system to track timeliness during the course of the year, percentages reflected in the statement of outputs are based on 6 months data rather than annual data i.e "cases analysed and reviewed by Director within two weeks of cases being entered into database system", "cases closed within three months from receipt", "respond to requests from overseas counterparts within 1 month" and "turnaround time on financial intelligence to local authorities within one week".

Location – It could not be determined how the location percentages were arrived at.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the accuracy of the quality, timeliness, location, the PLG 21 Statement of Outputs Delivered presents fairly, in all material respects, the outputs delivered for the Portfolio of Legal Affairs as of 30 June 2007.

PLG 24 – Review and Modernisation of Laws

Timeliness – There is no system in place to track the Timeliness measure as assistance within the required time line was not defined by Legal Affairs management and therefore we are not able to determine if 100% timely is accurate or not.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the accuracy of the timeliness, the PLG 24 Statement of Outputs Delivered presents fairly, in all material respects, the outputs delivered for the Portfolio of Legal Affairs as of 30 June 2007.

PLG 26 – Law Teaching and Publications

Quality - we are not able to assess whether there was a Peer Review conducted 90% of the time as there were not adequate systems to measure this percentage.

Quantity- (Number of Publications), Quality- (Meet standards required for publication) and Timeliness –(Research papers are completed on an ongoing basis throughout the calendar year/Bulletins are normally issued twice annually) – we are unable to determine if the actuals are accurately presented in the Statement for as there are no systems in place to track the Quantity, Quality and the Timeliness measures for Publications/Bulletins.

Costs – We are unable to determine whether or not costs were fairly allocated as the Portfolio could not provide any amount of quantities produced related to the costs. Therefore, we are unable to conclude if costs have been allocated consistently or correctly.

Because of the significance of the matters discussed in the last two preceding paragraphs, I do not express an opinion on the PLG 26 Statement of Outputs Delivered for the year ending 30 June 2007.

Report on the Financial Statements:

I have audited the accompanying financial statements of the Portfolio of Legal Affairs, which comprise the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 29 to 42 in accordance with the provisions of Section 44(3) of the *Public Management and Finance Law (2005 Revision)*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with International Public Sector Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility for the Financial Statements
My responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 upon 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 and 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 we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion for the Financial Statements
In my opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio of Legal Affairs as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Don Duguay

Dan Duguay, MBA, FCGA
Auditor General

Cayman Islands
12 May 2009

Part A

Outputs Delivered During the Year

2. Statement of Outputs Delivered

PLG 2	Drafting of Legislation and Revisions		
Description • Drafting of legislation and regulations for the Government • Preparation of Revisions of Laws			
Measures	**2006/7 Actual**	**2006/7 Budget**	**Annual Variance**
Quantity			
• Number of bills amending legislation	32	40-45	8
• Number of other bills drafted	13	10-15	2
Quality			
• Work undertaken by qualified and experienced legal drafters	100%	100%	
• Law revisions accurately reflect amendment laws	100%	100%	
Timeliness			
• Laws drafted with the deadlines established by Cabinet	100%	100%	
Location			
Grand Cayman	100%	100%	
Cost (of producing the output)	**754,331**	**780,091**	**(25,760)**
Price (paid by Cabinet for the output)	**754,331**		
Related Broad Outcome: 1. Deal with the Aftermath and Lessons from Hurricane Ivan 2. Address Crime and Improve Policing 3. Improve Education and Training 7. Conserve the Environment 8. Strengthen Family and Community 9. Support the Economy 11. Sound Fiscal Management			

This output is demand driven and is accordingly difficult to estimate accurately the number of Government Bills and Regulations that there will be in a year or the extent of the amendments required.

PLG 15	Prosecution and Victim Support		
Description Provision of prosecution services relating to criminal matters.			
Measures	**2006/7 Actual**	**2006/7 Budget**	**Annual Variance**
Quantity			
• Number of cases for which legal rulings provided	1,268	600-800	(468)
• Number of cases prosecuted	975	400-600	(375)
Quality			
• Availability of qualified Crown Counsel	100%	100%	
• Percentage of indictments that were drafted correctly and did not required revision	100%	100%	
• Percentage of indictments that were successfully lodged	100%	100%	
• Percentage of times that disclosures provided to the defense was satisfactory to the expectations of the end-user	95%	95%	
Timeliness			
• Percentage of rulings within specified time	100%	100%	
• Percentage of advice given within specified time	98%	98%	
• Percentage of indictments drafted within period prescribed by Grand Court practice direction one working day	100%	100%	
• Percentage of prosecution undertaken within a given period or as required	100%	100%	
• Percentage of disclosure provided within reasonable time to assist the defense in there preparation prior to trial/hearing	95%	95%	
• Percentage of Preliminary Bundles prepared within time specified the court	100%	100%	
• Percentage of times hearings are accomplished within time set for such hearings	95%	95%	
Location			
Grand Cayman			
Cost (of producing the output)	**2,011,307**	**2,458,462**	**447,155**
Price (paid by Cabinet for the output)	**2,011,307**		
Related Broad Outcome: 2. Address Crime and Improve Policing			

PLG 19	International Legal Cooperation Activities

Description

Administer manage and implement the various forms of International Legal Assistance available through the Portfolio and conduct criminal prosecutions and make ancillary applications arising out of international requests for assistance

Measures	2006/7 Actual	2006/7 Budget	Annual Variance
Quantity			
• Number of request for assistance from Authority	46	50-70	4
Quality			
• Qualified Attorneys to provide requested assistance	100%	100%	
Timeliness			
• Assistance given within required time line	100%	100%	
Location			
Grand Cayman	100%	100%	
Cost (of producing the output)	381,800	405,146	23,346
Price (paid by Cabinet for the output)	381,800		

Related Broad Outcome:

2. Address Crime and Improve Policing

PLG 20	Ministerial Servicing and Policy Advice for the Attorney General

Description

Provision of Ministerial Services to support the Attorney General including secretarial administrative and policy advice

Measures	2006/7 Actual	2006/7 Budget	Annual Variance
Quantity			
• Secretarial and administrative support: various correspondences, requests, faxes and emails. Logging corresponding and filing of the same approximate number of hours	3200-3400	3,200-3,400	
Quality			
• Policy advice provided by competent experienced lawyers and other professionals	100%	100%	
• Work undertaken by qualified personnel.	100%	100%	
Timeliness			
• Correspondence responded to within 1 week of receipt.	100%	100%	
• Policy advice within the timeframe set by the Attorney General	100%	100%	
Location			
Grand Cayman	100%	100%	
Cost (of producing the output)	**663,303**	**704,620**	**41,317**
Price (paid by Cabinet for the output)	**663,303**		

Related Broad Outcome:

1. Deal with the Aftermath and Lessons from Hurricane Ivan
2. Address Crime and Improve Policing
3. Improve Education and Training
9. Support the Economy

10. Open, Transparent, Honest and Efficient Public Administration

PLG 21	Financial Intelligence Services

Description

Provision of financial intelligence services to the Attorney General including:

- Receipt of financial intelligence [suspicious activity reports (SARs)] under the Proceeds of Criminal Conduct Law, the Misuse of Drugs Law and anti-terrorism legislation
- Analysis of financial intelligence
- Handling requests for financial intelligence from overseas counterparts
- Dissemination of financial intelligence in accordance with statutory parameters
- Guidance to the industry on money laundering typologies
- Statistical reports relating to financial intelligence services
- Representation of the Cayman Islands in the Egmont Group

Measures	2006/7 Actual	2006/7 Budget	Annual Variance
Quantity			
• Number of SARs processed and analyzed	219	250-300	31
• Number of requests for finance intelligence from counterparts overseas processed	35	30-50	15
• Number of financial intelligence disclosures to local authorities and overseas counterparts	64	90-120	26
• Number of guidance notes issued on money laundering typologies	1	1-2	
• Number of statistical reports relating to financial intelligence services	3	3-5	
• Number of days spent on representation activities	42	10-15	(27)
Quality			
• Information received logged into database and kept secure from unauthorized use or disclosure	100%	100%	
• Analysis thorough and leading to accurate and useful financial intelligence	100%	100%	
• Dealings with local authorities and overseas counterparts (including in Egmont Group context) conducted in accordance with applicable law and operating policies	100%	100%	
• Typology information locally relevant and of value to the industry	100%	100%	
• Statistical reports accurate and comprehensive	100%	100%	
Timeliness			
• Cases in system and acknowledged within four working days.	89%		
• Cases analyzed and reviewed by Director within two weeks of cases being entered into a data base system. (see **note 1**)	44%		
• Cases closed within three months from receipt..(see **note 2**)			
• Respond to requests from overseas counterparts within 1 month.			
• Turnaround time on financial intelligence to local authorities within one week.	66% 0%		
• Statistical reports produced for the AMLSG meetings.	100%		

Location Grand Cayman Various overseas locations	95% 5%		
Cost (of producing the output) ***Price (paid by Cabinet for the output)***	**719,336**	**737,748**	**18,412**
Related Broad Outcome: 2. Address Crime and Improve Policing.			

Note1 This measurement has been calculated as stated however, a more accurate measure would be "Cases analyzed and reviewed by Director within two weeks of cases being analyzed. "

Note 2 We do not have the reporting capabilities in place to be able to measure this item. We will create a new report to measure this in February 2009.

PLG 24	Review and Modernization of Laws

Description

The study and review of statutes and other laws comprising the law of the Cayman Islands with a view to its systematic development and reform, including in particular -

- the modification of any branch of the law as far as that is practicable;
- the elimination of anomalies in the law, the repeal of obsolete and unnecessary enactments and the simplification and modernization of the law;
- the development of new areas in the law with the aim of making them more responsive to the changing needs of Cayman Islands society;
- the adoption of new or more effective methods for the administration of the law and the dispensation of justice; and
- the codification of the unwritten laws of the Cayman Islands.

Measures	2006/7 Actual	2006/7 Budget	Annual Variance
Quantity			
• Reviews undertaken	See below	4-6	See below
Quality			
• Work undertaken by qualified and experienced lawyers	100%	100%	
Timeliness			
• Within the deadlines agreed by members of the Commission	100%	100%	
Location			
Grand Cayman	100%	100%	
Cost (of producing the output)	357,520	370,000	12,480
Price (paid by Cabinet for the output)	357,520		

Related Broad Outcome:

1. Deal with the Aftermath and Lessons from Hurricane Ivan.
2. Address Crime and Improve Policing.
3. Improve Education and Training..
9. Support the Economy.
10. Open, Transparent, Honest and Efficient Public Administration.

July 1, 2006 to June 30, 2007

1. Second review of the Corporate Insolvency Law and recommendations for the amendment of the Companies Law – a bill and supplementary report was submitted on July 2007. Passed by the L.A. 17 September 2007.

2. Review of Legal Aid – ongoing review; interim discussion paper submitted to Attorney General on December 14, 2007.

3. Review of Legal Practitioner Law – review concluded May 31, 2007- Report, Bill and Rules submitted to the Attorney General.

4. Review of Landlord and Tenant – ongoing review.

5. Charities Bill- Review commenced April 2006, discussion paper prepared October – ongoing review.

PLG 25	Forensic Investigations		
Description Forensic investigations through ballistic and tool mark examinations			
Measures	**2006/7 Actual**	**2006/7 Budget**	**Annual Variance**
Quantity Test will be established over a period of time • Number of examinations		15-30	
Quality • Work undertaken by qualified and experienced staff.		100%	
Timeliness • Within the deadlines established.		100%	
Location Grand Cayman		100%	
Cost (of producing the output)			
Price (paid by Cabinet for the output)		75,000	75,000
Related Broad Outcome: 2. Address Crime and Improve Policing.			

PLG 26	Law Teaching and Publications

Description

Provision of law teaching relating to:

- Attorney at Law Certificate of the Cayman Islands
- Individual courses with or without University of Liverpool certification
- Diploma in Legal Studies
- 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

Measures	**2006/7 Actual**	**2006/7 Budget**	**Annual Variance**
Quantity			
• Number of student			
o Attorney of Law Certificate	14	4-6	(8)
o Full –Time LLB degree	64	58-63	(1)
o Part –Time LLB degree	39	25-29	(10)
o Individual courses & Diploma of Legal Studies	5	5-10	
• Number of courses in the calendar year			
o Attorney of Law Certificate	7	7	
o Degree part time Diploma	16	16	
• Number of classroom hours lecturing per course per year			
o Attorney of Law Certificate	90	90	
o Degree part time Diploma	75	75	
• Number of publications	4-6	4-6	

Quality ***Attorney of Law Certificate***			
• Percentage of courses taught by lecturers qualified to teach in the field	100%	100%	
• Percentage of courses taught in accordance with a curriculum approved by Queen's University Belfast	100%	100%	
• Peer review of assessment criteria (setting of examinations) by staff of the faculty of Law, Queen's University of Belfast	90%	90%	
• Peer review of internal assessment of coursework by staff of Faculty of Law, Queen's University of Belfast	90%	90%	
LLB Degree			
• Percentage of courses taught by lecturers qualified to teach in the field	100%	100%	
• Percentage of courses taught in accordance with a curriculum approved by the University of Liverpool	100%	100%	
• Peer review of assessment criteria (setting of examinations and coursework) by staff of the Faculty of Law, Liverpool University	90%	90%	
• Peer review of internal assessment of coursework by staff of Faculty of Law, Liverpool University	90%	90%	
Publications and Bulletins			
• Meet standards required for publication	90%	90%	
Timeliness			
• Courses offered during each academic year	Yes	Yes	
• Research papers are completed on an ongoing basis throughout the calendar year	Yes	Yes	
• Bulletins are normally issued twice annually	100%	100%	
Location Grand Cayman	100%	100%	
Cost (of producing the output)	**803,084**	**906,952**	**103,868**
Price (paid by Cabinet for the output)	**803,084**		
Related Broad Outcome: 3. Improve Education and Training			

This output is partly subsidized by the general public in the amount of $835,000 the number of students above is the total number in attendance and is not pro-rated for fees paid by the general public.

The above reference to Queens University Belfast is an error as Queens University is no longer associated with the program.

Part B

Ownership Performance Achieved During the Year

3. Nature and Scope of Activities

General Nature of Activities

The provision of legal advice, prosecution and legal education services.

Scope of Activities

The Portfolio's scope of activities involves:

- The provision of legal services and legal advice to the Government, government agencies, and the Cayman Islands Mutual Legal Assistance;
- The prosecution of criminal offences;
- Conducting Civil Litigations on behalf of Government;
- Drafting of legislation;
- The provision of legal education and training;
- Provision of financial intelligence services to the Attorney General;
- Law Revision Commission; and
- Forensic laboratory (new 2005-6).

Customers and Location of Activities

Customer for all activities is the Attorney General, government agencies and general public. All services located in the Cayman Islands.

<u>Compliance during the Year</u>

During the year the Portfolio did comply with the activities listed above.
The Forensic laboratory is a joint project with the Ministry of Health the DNA portion of which is presently being established.

4. Strategic Ownership Goals

Approved Strategic Ownership Goals

The key strategic ownership goals for *the Portfolio of Legal Affairs* in 2006/7 and the subsequent two years are as follows:

- Set up and staff and bring into full operation the Forensic Laboratory.
- Complete the joint web-site for the Courts, the Portfolio and the Legislative Assembly.
- The diligent training of articled clerks in the Department.
- Dependant on available funds the continuing professional education of qualified attorneys in Government service.
- Training of administrative and support staff to paralegal standard.
- Fully implement the performance appraisal system.
- Developing and maintaining legal research tools and data base.
- Ensure the department is adequately staffed with the correct mix of lawyers who are capable of delivering the required outputs.
- The maintenance of equipment conducive to the production of department's outputs.

Achievement during Year

- Complete the joint web-site for the Courts, the Portfolio and the Legislative Assembly.
  Material was collated and testing conducted on the site.

- The diligent training of articled clerks in the Department.
  The year saw full implementation of a streamlined assessment system for articled clerks.

- Dependant on available funds the continuing professional education of qualified attorneys in Government service.
  Training opportunities were increased by the holding of the Attorney Generals retreat.

- Training of administrative and support staff to paralegal standard.
  Three support staff were enrolled in the legal secretarial programme at UCCI.

- Fully implement the performance appraisal system.
  The system was implemented across the Portfolio with the assistance of the Portfolio of the Civil Service.

- Developing and maintaining legal research tools and data base.
  Ongoing subscription to Westlaw and Lexis Nexis.

- Ensure the department is adequately staffed with the correct mix of lawyers who are capable of delivering the required outputs.
  Further recruitment took place to fill vacant posts

5. Ownership Performance Targets

5.1 Financial Performance

Financial Performance Measures	2006/7 Actual $	2006/7 Budget $	Annual Variance $
Revenue from Cabinet	5,690,701	6,438,019	747,318
Revenue from ministries, portfolios, statutory authorities, government companies	892,000	892,004	4
Revenue from others	863,230	630,000	(233,230)
Surplus/deficit from outputs			
Ownership expenses	7,445,931	7,960,019	514,088
Operating Surplus/Deficit			
Net Worth	1,651,000	1,730,000	79,000
Cash flows from operating activities	908,260	180,000	(728,260)
Cash flows from investing activities	(250,608)	(280,000)	(29,392)
Cash flows from financing activities	120,000	120,000	
Change in cash balances	777,652	20,000	(757,652)

Financial Performance Ratios	2006/7 Actual	2006/7 Budget	Annual Variance
Current Assets: Current Liabilities (Working Capital)	137%	284%	147%
Total Assets: Total Liabilities	194%	541%	347%

5.2 Maintenance of Capability

Human Capital Measures	2006/7 Actual	2006/7 Budget	Annual Variance
Total full time equivalent staff employed	58	65	7
Staff turnover (%)			
Managers	0	0	
Professional and technical staff	15%	15%	
Clerical and labourer staff	15%	15%	
Average length of service (number of years in current position)			
Managers	3	2	(1)
Professional and technical staff	2	4	2
Clerical and labourer staff	4	6	2
Changes to personnel management system:			

Physical Capital Measures	2006/7 Actual $	2006/7 Budget $	Annual Variance $
Value of total assets	3,406,000	2,122,000	1,284,000
Asset replacements: total assets	7.4%	13%	5.6%
Book value of assets: initial cost of those assets	74.%	74%	
Depreciation: cash flow on asset purchases	28%	57%	29%
Changes to asset management policies			

Major **New** Entity Capital Expenditures for the Year	2006/7 Actual $	2006/7 Budget $	Annual Variance $
	250,608	280,000	29,392

Explanation of Variances:

Major Entity Capital Expenditures continuing from previous years	2006/7 Actual $	2006/7 Budget $	Annual Variance $

5.3 Risk Management

Risk	Status of Risk	Action Taken During 2006/7 to Manage Risk	Financial Value of Risk
Loss of Files	Partially implemented case file management system	Improved Alternative Storage Continue with implementation of case file management system	Unknown
Insufficient Administrative Support	Additional support staff added	Continue to add and train support staff.	Unknown
Loss of Staff	unchanged	• Ensure that the compensation differential with the private sector is at an acceptable level. • Improve the physical working environment. • Ensure that departments are adequately staffed which will ensure an equitable distribution of workload.	Loss of professional staff is very expensive. Recruitment and relocation costs are very high.

6. Equity Investments and Withdrawals

Equity Movement	2006/7 Actual $	2006/7 Budget $	Annual Variance $
Equity Investment from Cabinet into the Portfolio of Legal Affairs	120,000	120,000	
Capital (Equity) Withdrawal by Cabinet from Portfolio of Legal Affairs			

Appendix: Financial Statements for the Year

CONTENTS

Portfolio of Legal Affairs
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 (2005 Revision)

I 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 (2005 Revision).

To the best of my knowledge the financial statements are:

(a) complete and reliable;
(b) fairly reflect the financial position as at 30 June 2007 and the financial performance for the 2006/7 financial year and
(c) comply with generally accepted accounting practice.

Cheryl Richards Chief Officer Portfolio of Legal Affairs 12/5/09	J Regan. May 12. 2009. *John Regan* Chief Financial Officer Portfolio of Legal Affairs

PORTFOLIO OF LEGAL AFFAIRS
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Revenue				
Outputs to Cabinet		5,691	6,438	4,937
Outputs to other government agencies		892	892	670
Outputs to others		835	630	556
Interest Revenue		28		18
Total Operating Revenue		7,446	7,960	6,181
Operating Expenses				
Personnel costs	1	4,808	5,023	3,713
Supplies and consumables	2	2,476	2,765	2,354
Depreciation	3	146	160	101
Capital charge	12	12	12	13
Other operating expenses		4		
Total Operating Expenses		7,446	7,960	6,181
Surplus from operating activities		0	0	0
Gains/losses on foreign exchange transactions				
Gains/losses on disposal or revaluation of non-current assets				
Surplus before extraordinary items		0	0	0
Extraordinary items				
Net Surplus		0	0	0

The accounting policies and notes on pages 37-42 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2007

	2006/7 Actual	2006/7 Budget	2005/6 Actual
Opening balance net worth	1,531	1,610	941
Net surplus			
Property revaluations			
Investment revaluations			
Net revaluations during the period			
Total recognised revenues and expenses	1,531	1,610	941
Equity investment from Cabinet	120	120	590
Repayment of surplus to Cabinet			
Capital withdrawal by Cabinet			
Closing balance net worth	1,651	1,730	1,531

The accounting policies and notes on pages 37-42 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
BALANCE SHEET
AS AT 30 JUNE 2007

	Note	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Current Assets				
Cash and cash equivalents	4	1,343	271	566
Accounts receivable	5	962	700	932
Inventories	6			
Total Current Assets		2,305	971	1,498
Non-Current Assets				
Property, plant and equipment	7	1,101	1,151	996
Other non-current assets				1
Total Non-Current Assets		1,101	1,151	997
Total Assets		3,406	2,122	2,495
Current Liabilities				
Accounts payable	8	1,358	220	647
Unearned revenue				
Employee entitlements	9	160	122	122
Other current liabilities		161		141
Total Current Liabilities		1,679	342	910
Non-Current Liabilities				
Employee entitlements	10	76	50	54
Other non-current liabilities	11			
Total Non-Current Liabilities		76	50	54
Total Liabilities		1,755	392	964
TOTAL ASSETS LESS TOTAL LIABILITIES		1,651	1,730	1,531
NET WORTH				
Contributed capital		1,651	1,730	1,274
Asset revaluation reserve				
Accumulated surpluses				257
Total Net Worth		1,651	1,730	1,531

The accounting policies and notes on pages 37-42 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Outputs to Cabinet		6,191	6,438	5,057
Outputs to other government agencies		781	892	689
Outputs to others		835	630	555
Interest received		28		18
Payments				
Personnel costs		(4,747)	(5,023)	(3,689)
Suppliers		(2,164)	(2,745)	(2,536)
Other payments		(16)	(12)	(27)
Net cash flows from operating activities	13	**908**	**180**	**67**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of non-current assets		(251)	(280)	(666)
Proceeds from insurance				383
Net cash flows from investing activities		**(251)**	**(280)**	**(283)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity investment		120	120	590
Repayment of surplus				
Capital withdrawal				
Net cash flows from financing activities		**120**	**120**	**590**
Net increase/(decrease) in cash and cash equivalents		777	20	374
Cash and cash equivalents at beginning of period		**566**	**251**	**192**
Cash and cash equivalents at end of period	4	**1,343**	**271**	**566**

The accounting policies and notes on pages 37-42 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF COMMITMENTS
AS AT 30 JUNE 2007

Type	One year or less	One to five years	Over five years	Total
	$000	$000	$000	$000
Capital Commitments				
Land and buildings				
Other fixed assets				
Other commitments [list separately if material]				
Total Capital Commitments				
Operating Commitments				
Non-cancellable accommodation leases	639	884		1,523
Other non-cancellable leases				
Non-cancellable contracts for the supply of goods and services				
Other operating commitments				
Total Operating Commitments	639	884		1,523
Total Commitments	639	884		1,523

The accounting policies and notes on pages 37-42 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF CONTINGENT LIABILITIES
AS AT 30 JUNE 2007

Summary of Quantifiable Contingent Liabilities

	$000
Legal Proceedings and Disputes	
Item 1 description	
Item 2 description	
Total Legal Proceedings and Disputes	
Other Contingent Liabilities	
Item 1 description	
Item 2 description	
Total Other Contingent Liabilities	

Summary of Non-Quantifiable Contingent Liabilities
Item 1 description
Item 2 description

The accounting policies and notes on pages 37-42 form part of these financial statements.

PORTFOLIO OF LEGAL AFFAIRS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2007

General Accounting Policies

Reporting entity
These financial statements are for the Portfolio of Legal Affairs

Basis of preparation
The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently.

Reporting Period
The annual reporting period is for the twelve months ended 30 June 2007.

Specific Accounting Policies

Revenue
Output revenue
Output revenue, including entity revenue resulting from user charges or fees, is recognised when it is earned.

Interest revenue
Interest revenue is recognised in the period in which it is earned.

Expenses
General
Expenses are recognised when incurred.

Depreciation
Depreciation of non-financial physical assets is provided on a straight-line basis at rates based on the expected useful lives of those assets.

Assets
Cash and cash equivalents
Cash and cash equivalents include cash held in the Portfolio of Legal Affairs bank account and any money held on deposit with the Portfolio of Finance and Economics (Treasury).

Receivables and advances
Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

Inventory
Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

Property, Plant and Equipment (including Infrastructure Assets)
Buildings are recorded at historical cost (or fair value as at time of first recognition) or valuation.

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost (or fair value if acquired prior to 2006) less accumulated depreciation.

Computer Hardware and Software
Computer hardware and software are recorded at cost, and depreciated in accordance with the policy on depreciation.

Liabilities
Accounts Payable
Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

Provisions
(a) Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.

(b) *Pension Obligations*
Pension contributions for employees of the Portfolio are paid to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pensions Board and is operated as a multi-employer non-contributory Fund, whereby the employer pays both employer and employee contributions. Prior to 1 January 2000 the scheme underlying the Fund was a defined benefit scheme. With effect from 1 January 2000 the Fund had both a defined benefit and a defined contribution element. Participants joining after that date became members of the defined contribution element. Pension scheme contributions are included in personnel costs in the operating statement.

The Public Service Pension Liability for all civil servants (both current and past) is an executive liability managed by the Honourable Financial Secretary. This liability is reported on the Honourable Financial Secretary's executive financial statements and no such liabilities, whether current or due to contribution shortfalls have been recognized in these financial statements.

Employee entitlements
Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

Long service leave liabilities are measured as the present value of estimated leave service entitlements.

PORTFOLIO OF LEGAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: PERSONNEL COSTS

	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Salaries and wages (including employee pension contributions)	4,602	4,800	3,556
Employer pension expense	206	223	157
Other personnel costs			
Total Personnel Costs	**4,808**	**5,023**	**3,713**

NOTE 2: SUPPLIES AND CONSUMABLES

	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Supply of goods and services	1,723	1,876	1,292
Operating lease rentals	753	889	778
Other			284
Total Supplies and Consumables	**2,476**	**2,765**	**2,354**

NOTE 3: DEPRECIATION

	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Buildings			
Vehicles	2		
Aeroplanes			
Boats			
Furniture and fittings	22	35	22
Computer hardware and software	4		3
Office equipment	17		8
Other plant and equipment			
Other assets	101	125	68
Total Depreciation	**146**	**160**	**101**

Assets are depreciated on a straight-line basis as follows:

	Years
Buildings	
Vehicles	5
Aeroplanes	
Boats	
Furniture and fittings	10
Computer hardware and software	4
Office equipment	6
Other plant and equipment	
Other assets	10

NOTE 4: CASH AND CASH EQUIVALENTS

	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Cash on hand			
Bank accounts	1,343	271	566
Deposits with Portfolio Finance and Economic (Treasury)			
Total Cash and Cash Equivalents	**1,343**	**271**	**566**

NOTE 5: ACCOUNTS RECEIVABLE

	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Outputs to Cabinet		460	
Outputs to other government agencies	869	240	210
Outputs to others			
Interest receivable			
Prepayments	15		94
Interest Receivable			
Other Receivables	91		641
Total Gross Accounts Receivable	975	700	945
Less provision for doubtful debts	(13)		(13)
Total Net Accounts Receivable	**962**	**700**	**932**

NOTE 6: INVENTORIES

	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Raw Materials (including Consumable Stores)			
Work in Progress			
Finished Goods			
Total Inventories			

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Cost or Revalued Amount $000	Accumulated Depreciation $000	30 June 2007 Book Value Actual $000	30 June 2006 Book Value Actual $000
Buildings	15	2	13	
Vehicles				
Aeroplanes				
Boats				
Furniture and fittings	234	55	179	181
Computer hardware and software	18	9	9	11
Office equipment	119	31	88	65
Other plant and equipment				
Construction in progress				
Other assets (list if material)	1,093	281	812	739
Total	**1,479**	**378**	**1,101**	**996**

NOTE 8: ACCOUNTS PAYABLE

	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Outputs to Cabinet	894	220	364
Trade Creditors	34		7
Operating lease rental			
Accruals	430		276
Total	**1,358**	**220**	**647**

NOTE 9: EMPLOYEE ENTITLEMENTS (CURRENT)

	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Long service leave and other leave entitlements	160	122	122
Other salary related entitlements			
Total Employee Entitlements	**160**	**122**	**122**

NOTE 10. EMPLOYEE ENTITLEMENTS (NON-CURRENT)

	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Long service leave and other leave entitlements	76	50	54
Other salary related entitlements			
Total	**76**	**50**	**54**

NOTE 11: OTHER NON-CURRENT LIABILITIES

	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Provision for agency revenue repayable			
Provision for restructuring			
Accounts payable			
Unearned revenue			
Other			
Total			

NOTE 12: CAPITAL CHARGE

The capital charge rate used by the Portfolio of Legal Affairs for the financial year ended June 30, 2007 was based on an exception granted by the financial secretary under Section 28 of the Financial Regulations (2008 Revision). This exception has resulted in the capital charge rate being varied from 5.95% of net worth ($110,040) to 0.73% ($12,000).

NOTE 13: RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	2006/7 Actual $000	2006/7 Budget $000	2005/6 Actual $000
Operating surplus/(deficit)			
Non-cash movements			
Depreciation	146	160	101
Increase in provision for doubtful debts			
(Decrease)/increase in payables/accruals	793	20	84
Net (gain)/loss from sale of fixed assets			
Net gain/loss from sale of investments			
Increase in other current assets			
(Increase)/decrease in receivables	(31)		(118)
Net cash flows from operating activities	**908**	**180**	**67**

NOTE 14: RELATED PARTY DISCLOSURES

Key Management Personnel

There is 1 full-time equivalent personnel considered at the senior management level. The total remuneration includes: regular salary, allowances, pension contributions, health insurance contributions and COLA back pay. Total remuneration for senior management in 2006-2007 was $157K. There have been no loans made to key management personnel or close family members in 2006-07.