



**TRUMAN BODDEN LAW SCHOOL**  
**FINANCIAL MANAGEMENT AUDIT**

**Audit Report**

November 2015

**INTERNAL AUDIT UNIT**  
**CAYMAN ISLANDS GOVERNMENT**

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## I. EXECUTIVE SUMMARY

Under the Public Management and Finance Law, the Internal Audit Unit (IAU) is required to review the management systems of all ministries, portfolios, statutory authorities and government companies.

In accordance with the 2015-16 Audit Plan, we recently concluded a financial management audit at the Truman Bodden Law School ("TBLS" or "the Law School").

### **Audit Conclusion**

Based on the results of the audit procedures performed at the Truman Bodden Law School, we are pleased to report that there were no findings of deficiencies requiring corrective action. The Internal Audit Unit can therefore provide reasonable assurance that the financial management systems within the Law School are adequate to support the achievement of its objectives.

**Deloris E. Gordon**  
**Director, Internal Audit Unit**

**November 13, 2015**



## II. INTRODUCTION

### Background

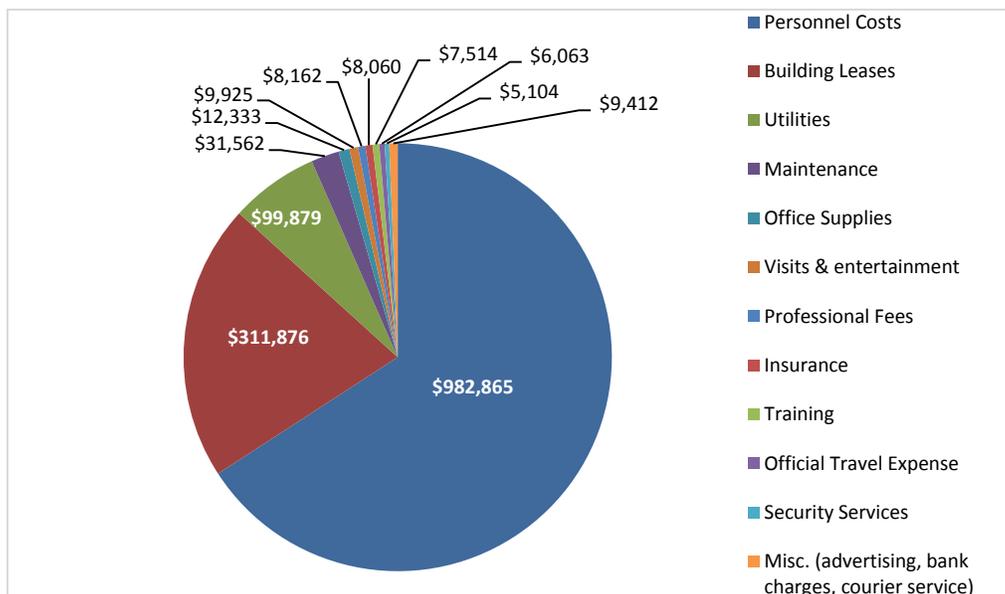
The Truman Bodden Law School, formerly known as the Cayman Islands Law School, falls under the remit of the Portfolio of Legal Affairs and is located in George Town. TBLS has been in operation since 1982 and is affiliated with the University of Liverpool in the United Kingdom. The relationship between the institutions was formalized in August 2002 through the signing of an Institutional Agreement by the Attorney General of the Cayman Islands and the Vice-Chancellor of the University of Liverpool.

TBLS offers both a Bachelor of Law (Honors) Degree and an Attorney-at-Law of the Cayman Islands certificate. Part-time and full-time study for both programs is facilitated and, at present, the Law School has a combined enrollment of 73 students between the two courses of study.

The Law School's operations are financed by the Cayman Islands Government; however, the entity also earns revenue from tuition fees and other miscellaneous revenues. For the financial year 2014/15, TBLS' trial balance disclosed total revenue of \$1,480,155.00, broken down as follows:

Revenue Source	Amount (CI\$)	%
Outputs Sold to EXCO	\$994,640.00	67.20%
Law School Fees	482,215.00	32.58%
Miscellaneous Receipts	3,300.00	0.22%
<b>Total:</b>	<b>\$1,480,155.00</b>	<b>100%</b>

During that same period, total operating expenses were \$1,492,755.00, with personnel and building lease costs accounting for 87%, or \$1,294,741.00 of that total. Following is a breakdown of TBLS' expenses for the fiscal year:





## **Accounting System**

TBLS utilizes IRIS to process and record its financial transactions.

## **Audit Objectives and Scope**

During this audit, we examined the financial management systems at the Law School. The specific objectives of the audit were to determine whether:

- The financial management systems were in compliance with laws, regulations, documented policies and procedures, and generally accepted accounting principles;
- The revenue systems in place accurately assessed, collected, safeguarded, deposited and recorded all revenue;
- Expenses incurred were for the purchase of goods and services for use in the normal course of business;
- There was adequate segregation of duties and monitoring over the operational processes; and
- Effective measures for safeguarding assets were in place.

The audit examined samples which were selected from an overall population of revenue and expenditure transactions that occurred between July 1, 2014 and June 30, 2015.

While our audit objectives included tests to determine that assets were adequately safeguarded, our audit program excluded procedures to ascertain the accuracy of asset carrying values.

## **Audit Methodology**

The audit methodology involved understanding and documenting the processes under review and the internal controls governing those processes, performing risk assessment to identify and evaluate potential risks and key controls, and developing an audit program to test whether those controls were operating as intended.

The audit conclusion is based on our overall assessment of the control procedures against the audit objectives.

## **Audit Criteria**

The management systems and internal controls in place were measured against the following:

- Public Management and Finance Law;
- Financial Regulations;
- Legal Practitioners (Students) Regulations (2015 Revision);
- Generally accepted accounting principles and business practices.



In addition to evaluating the internal control activities, other fundamentals of an effective internal control framework were also assessed as defined by the COSO Model, which identifies other elements of good internal control as:

- The **control environment**, which is the foundation for the effectiveness of all the other internal control components and reflects management's commitment and attitude towards the control structure;
- Ongoing **risk assessment**, which should be performed by management and involves identifying and analyzing the significance and likelihood of potential risks that may adversely affect the entity's ability to meet its objectives;
- **Information and communication** systems ensure that pertinent information is identified, captured and communicated in a form and within a timeframe that enable the achievement of objectives; and,
- Ongoing **monitoring and review** of activities and processes is necessary in order to assess their performance over time and against pre-determined requirements.