

REPUBLIC OF KENYA



REPORT

OF



THE AUDITOR-GENERAL

ON

KENYA LAW REFORM COMMISSION

FOR THE YEAR ENDED
30 JUNE, 2021

OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
REGISTRY

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KENYA LAW REFORM COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2021

Prepared in accordance with the Accrual Basis of Accounting Method under the
International Public Sector Accounting Standards (IPSAS)

Kenya Law Reform Commission
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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Law Reform Commission (KLRC) is established by the Kenya Law Reform Commission Act, 2013 (No. 19 of 2013) as a successor to the Law Reform Commission, previously established under the repealed Law Reform Commission Act, Cap. 3. The Commission is a body corporate with perpetual succession, which serves both National and County governments in matters of law reform.

Mandate:

The functions of KLRC are set out in Section 6 of the Act. According to the provision, KLRC is required to, among other functions:

- a) Keep under review all the law and recommend its reform to ensure:
 - i. That the law conforms to the letter and spirit of the Constitution;
 - ii. That the law is, among others, consistent, harmonized, just, simple, accessible, modern and cost-effective in application; and
 - iii. The respect for and observance of treaty obligations in relation to international instruments that constitute part of the law of Kenya by virtue of Article 2 (5) and (6) of the Constitution;
- b) Work with the Attorney-General in preparing for tabling, in Parliament, the legislation and administrative procedures required to implement the Constitution;
- c) Provide advice, technical assistance and information to the National and County governments with regard to the reform or amendment of a branch of the law;
- d) Formulate, by means of draft Bills or otherwise, any proposals for reform of National or County government legislation; and
- e) Advise the National and County governments on the review and reform of their legislation.

Commissioners:

KLRC consists of a Chairperson and Seven Commissioners. This is the policy organ of the Commission. The KLRC Act, 2013 provides that at its first meeting, Commissioners are required to elect a Vice-Chairperson from amongst them and further, that the Vice-Chairperson must be of opposite gender to the Chairperson. The Commissioners shall meet as often as may be necessary for the dispatch of its business but there shall be at least four meetings in any given financial year to review projects and programmes of KLRC. When there is need, Commissioners may meet more frequently. The Chairperson, the Vice-Chairperson and the Commissioners provide policy guidance and general oversight on the operations of the KLRC. However, in the year 2020/2021, we did not have commissioners.

Secretariat:

The secretariat team is headed by the Secretary/Chief Executive Officer. The Secretary is the Accounting Officer, responsible for the day to day administration and management of the KLRC. Law reform, legal and policy research, review of legislation and legislative drafting work at KLRC is carried out by the Legal Officers. KLRC has other supporting cadres including Administrators, Librarians, Human Resource Officers, Auxiliary staff, Accountants, Finance Officers, Planning Officers, Procurement Officers, Secretarial and Clerical staff.

Vision:

“A vibrant agency for responsive law reform”

Mission

“To facilitate law reform conducive to social, economic and political development”

Core Values:

In carrying out its mandate, KLRC upholds the following core values: Professionalism, Integrity, Innovation, Networking, Accountability, Result Oriented, Equality, Rule of Law and Human Rights.

Value Proposition:

“KLRC firmly believes that a performance culture which sets standards for excellence and which constantly seeks to improve the way things are done should apply to all activities undertaken in pursuance of its mandate”

Philosophy:

“Responsive law reform”

Key Strategic Objectives:

- i. To implement the Constitution of Kenya, 2010; and enable implementation of the government’s big four agenda;
- ii. To enhance research and advisory functions in KLRC for informed law reform;
- iii. To enhance effective public education on law reform matters in Kenya;
- iv. To enhance the institutional capacity and profile of the Commission for strategic positioning in the country; and
- v. To build human resource capacity for quality service delivery

(b) Principal Activities

The principal activity of KLRC is to keep under review all the law and recommend its reform. The strategic thrust for KLRC is organized into five high level thematic areas namely: Law Reform; Knowledge Management; Services (Technical and Advisory); Institutional Capacity and Cross cutting issues.

(c) Key Management

The Kenya Law Reform Commission's day today management is under the following key organs:

- I. Board of Commissioners.
- II. The Secretary/Chief Executive Officer.
- III. Management.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

S/NO.	NAME	DESIGNATION
1.	Mr. Joash Dache, MBS	Sec/CEO.
2.	Hon. Josephine Sinyo, EBS	Director Legal Services
3.	Mr. Peter Musyimi, HSC	Ag. Director Finance & Admin.
4.	Dr. Felistus Kabiru	Head of Human Resource Mgt/Trustee-Pension Fund
5.	Ms. Susan Kuria	Head of Administration
6.	Mr. Reuben Mauki	Head of Supply Chain
7.	Mr. John Kariuki	Head of Accounts
8.	Mr. Cornelius Musangi	Head of Finance
9.	Mr. James Ruteere	Head of ICT/Pension Fund Trustee
10.	Mr. James Kahunyo	Head of Audit
11.	Ms. Winnie Shireku	Accountant 1
12.	Ms. Leilah Kulah	Trustee-Pension Fund

(e) Fiduciary Oversight Arrangements

The Secretary/CEO is managing KLRC operations assisted by various committees with specific terms and reference in carrying out their activities and include the following:

In discharging its duty, the Commission establishes such Commission committees as are necessary for the performance of its duties.

The key management personnel who held office during the 2020/2021 Financial year ended 30th June 2021 and who had direct fiduciary Oversight Arrangements were:

1) KLRC Staff Advisory (SAC), Training and Development Committee

This committee advises the Secretary/CEO on Human Resource issues including: investigation and making recommendations on staff disciplinary matters; making recommendations on existing Human Resource regulations and policies; and making recommendations on general staff welfare and motivation issues. This committee also advises the Secretary/CEO on staff training and development issues including: considering officers training requests and recommending those to be trained for the approved training programmes. During the 2020/2021 Financial year ended 30th June, 2021 the following were members of this committee:

S/NO.	NAME	ROLE
1.	Mr. Peter Musyimi, HSC	Chairperson
2.	Mrs. Susan Kuria	Alternate Chairperson
3.	Mr. Mathew Kimanzi	Member
4.	Mr. John Kariuki	Member
5.	Mr. James Ruteere	Member
6.	Mr. Nelson Chirchir	Secretariat
7.	Mr. Leonard Mutie	Secretariat
8.	Dr. Felistus Kabiru	Secretary
9.	Ms. Mercy Muthuri	Member
10.	Mr. Cornelius Musangi	Member

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2) Disposal Committee

The committee is constituted in accordance with the Public Procurement and Disposal Act, 2015, the Public Procurement and Disposal Regulations, 2020 and Public Procurement & Asset Disposal Act 2015.

S/NO.	NAME	DESIGNATION
1.	Ms. Annette Bosibori	Chairperson
2.	Mr. James Ruteere	Member
3.	Mrs. Susan Kuria	Member
4.	Mr. Cornelius Musangi	Member
5.	Ms. Winfred Shireku	Member
6.	Ms. Joyce Murage	Member
7.	Mr. Reuben Mauki	Secretary
8.	Mrs. Lucy Mutua	Secretariat

3) Budget Implementation Committee (BIC)

The committee oversees Budget Implementation comprising; review and consider cash flow plans, review utilization of donor funds voted by the commission, advise the accounting officer on any challenges relating to Budget implementation, review and recommend re-allocation of expenditures, review and approve the submission of the expenditure returns and prepare the Budget for the commission. During the Year under review, the following were the members of the committee.

S/NO.	NAME	DESIGNATION
1.	Mr. Peter Musyimi, HSC	Chairperson
2.	Mr. Cornelius Musangi	Member
3.	Mr. Kelvin Mwenda	Alternate Chairperson
4.	Ms. Susan Kuria	Member
5.	Dr. Felistus Kabiru	Member
6.	Ms. Mercy Muthuuri	Member
7.	Mr. John Kariuki	Secretary
8.	Ms. Lucy Mutua	Member

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The following committees were formed to help the commission in various functions as follows;

4) Principles and values committee.

S/NO.	NAME	DESIGNATION
1.	Mr. Peter Musyimi, HSC	Chairperson
2.	Dr. Felistus Kabiru	Secretary
3.	Mr. Cornelius Musangi	Member
4.	Dr. Jacob Otachi	Member
5.	Mr. Leonard Mutie	Member
6.	Ms. Susan Kuria	Member
7.	Mr. James Ruteere	Member
8.	Mr. James Nombi	Member

5) Welfare committee.

S/NO.	NAME	DESIGNATION
1.	Ms. Mercy Muthuuri	Chairperson
2.	Dr. Felistus Kabiru	Secretary
3.	Ms. Alice Wekesa	Member
4.	Ms. Josephine Muasya	Member
5.	Ms. Joyce Ndambuki	Member
6.	Mr. Mikedon Luke	Member
7.	Mr. James Ruteere	Member

6) HIV/AIDS & Drug Abuse Committee

S/NO.	NAME	DESIGNATION
1.	Ms. Susan Kuria	Chairperson
2.	Mr. Nelson Chirchir	Secretary
3.	Dr. Felistus Kabiru	Member
4.	Ms. Catherine Wahome	Member
5.	Mr. Benson Kioko	Member
6.	Ms. Catherine Gatetua	Member
7.	Ms. Jemimah Eliakim	Member

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7) Gender /Disability Mainstreaming Committee.

S/NO.	NAME	DESIGNATION
1.	Mr. Mathew Kimanzi	Chairperson
2.	Mr. Leonard Mutie	Secretary
3.	Dr. Felistus Kabiru	Member
4.	Mr. Joseph Kimani	Member
5.	Mr. Joseph Wachosi	Member
6.	Mr. David Munene	Member
7.	Ms. Joyce Murage	Member
8.	Mr. Luke Mikedon	Member

8) Health and Safety Committee

S/NO.	NAME	DESIGNATION
1.	Mr. Mathew Kimanzi	Chairperson
2.	Mr. David Munene	Secretary
3.	Ms. Sophie Mbulwa	Member
4.	Ms. Winnie Mugure	Member
5.	Ms. Susan Kuria	Member
6.	Mr. John Kariuki	Member
7.	Ms. Annette Bosibori	Member

9) Risk Compliance Committee.

S/NO.	NAME	DESIGNATION
1.	Ms. Josephine Sinyo, EBS	Chairperson
2.	Mr. Peter Musyimi, HSC	Member
3.	Dr. Felistus Kabiru	Member
4.	Ms. Susan Kuria	Vice Chairperson
5.	Mr. John Kariuki	Member
6.	Mr. Cornelius Musangi	Member
7.	Ms. Lucy Mutua	Member
8.	Mr. James Ruteere	Member
9.	Mr. James Kahunyo	Secretary
10.	Ms. Alice Wekesa	Member
11.	Ms. Mercy Muthuri	Member
12.	Ms. Leila Kulah	Member
13.	Ms. Annette Bosibori	Member
14.	Dr. Jacob Otachi	Member
15.	Mr. Mathew Kimanzi	Member

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10) Editorial/Website Committee.

1.	Dr. Jacob Otachi	Chairperson
2.	Ms. Susan Kamau	Secretary
3.	Ms. Rachel Osendo	Member
4.	Mr. James Ruteere	Member
5.	Mr. David Munene	Member
6.	Mr. John Kariuki	Member
7.	Ms. Mary Onyango	Member
8.	Mr. Cornelius Musangi	Member
9.	Mr. Kelvin Mwenda	Member

11) Online Presence committee.

1.	Ms. Susan Kamau	Chairperson
2.	Ms. Christabel Kaiwa	Member
3.	Ms. Damaris Mukala	Member
4.	Mr. Antony Otieno	Member
5.	Mr. Justice Thuraniira	Member
6.	Mr. Joseph Wachosi	Member
7.	Ms. Catherine Gatetua	Member
8.	Ms. Catherine Wahome	Member
9.	Mr. James Ruteere	Secretary

12) ISMIS and Knowledge Committee.

1.	Mr. James Nombi	Chairperson
2.	Dr. Jacob Otachi	Member
3.	Mr. Nelson Chirchir	Member
4.	Mr. Francisco Mbuvi	Member
5.	Mr. James Ruteere	Member
6.	Ms. Irene Kabua	Member
7.	Ms. Leila Kulah	Member
8.	Ms. Faith Ileri	Member
9.	Mr. Danstone Malava	Member

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13) Public Complaints Committee.

S/NO.	NAME	DESIGNATION
1.	Ms. Susan Kuria	Chairperson
2	Mr. James Ruteere	Secretary
3.	Ms. Lucy Mutua	Member
4.	Mr. Leonard Mutie	Member
5.	Mr. Cornelius Musangi	Member
6.	Ms. Catherine Kori	Member
7.	Ms. Mercy Muthuri	Member
8.	Dr. Jacob Otachi	Member

14) Roads Safety Committee.

S/NO.	NAME	DESIGNATION
1.	Mr. James Ruteere	Chairperson
2.	Ms. Joyce Murage	Secretary
3.	Mr. Joseph Wachosi	Member
4.	Mr. Abel Ndege	Member
5.	Mr. Samson Owino	Member
6.	Ms. Keziah Kariuki	Member
7.	Ms. Lucy Mutua	Member
8.	Mr. Kelvin Mwenda	Member
9.	Mr. James Kahunyo	Member

15) Automation Committee

S/NO.	NAME	DESIGNATION
1.	Mr. James Ruteere	Chairperson
2	Mr. David Munene	Secretary
3.	Ms. Alice Wekesa	Member
4.	Mr. Francisco Mbuvi	Member
5.	Dr. Felistus Kabiru	Member
6.	Mr. Nelson Chirchir	Member
7.	Ms. Susan Kuria	Member
8.	Ms. Lucy Mutua	Member
9.	Mr. Kelvin Mwenda	Member
10.	Mr. James Kahunyo	Member

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16) Corruption Prevention Committee.

S/NO.	NAME	DESIGNATION
1.	Hon. Josephine Sinyo, EBS	Chairperson
2.	Mr. Peter Musyimi, HSC	Vice-Chairperson
3.	Ms. Mercy Muthuri	Member
4.	Mr. Mathew Kimanzi	Member
5.	Mr. Kelvin Mwenda	Member
6.	Mr. Cornelius Musangi	Member
7.	Dr. Jacob Otachi	Member
8.	Ms. Lucy Mutua	Member
9.	Dr. Felistus Kabiru	Member
10.	Mr. James Ruteere	Member
11.	Mr. James Kahunyo	Member
12.	Ms. Alice Wekesa	Member
13.	Mr. John Kariuki	Member
14.	Ms. Susan Kuria	Secretary
15.	Ms. Jacinta Mecha	Secretariat
16.	Mr. Benson Kioko	Secretariat

17) Adhoc Committee on Inspection, Acceptance and Evaluation

There are no permanent Committee members, as members are appointed as need arises.

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Board Committees

i. Finance and Administrative Services Committee

This Committee is mandated to champion the Commission's participation in the development of policies with regard to public financial management. Of critical importance is the oversight role of ensuring prudent use of finances and reporting on the performance of the Commission. It is also mandated to provide best practice in the development, implementation and subsequent monitoring of Human Resource Management function of the Commission. In absence of the Commissioners for the period ended 30th June, 2021, the committee was not in place.

ii. Law Reform Policy Formulation and Legislative Services Committee

This Committee oversees the review and reform of the law. It is also responsible for the provision of technical and advisory services to both levels of government. During the financial year ended 30th June, 2021, the committee was not in place.

iii. Audit Compliance and Risk Management Committee

This Committee is responsible for monitoring the internal control and risk management systems of the Commission. The mandate includes providing oversight on auditing and financial reporting processes. In absence of the commissioners, the committee was not in place during the 2020/21 Financial Year under review.

iv. Research, Development and Regulatory Impact Assessment Committee

This Committee oversees the development and implementation of strategies and polices to guide the operations and functioning of law reform. During the financial year ended 30th June, 2021, the committee was not in place.

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(f) Entity Headquarter

Re-Insurance Plaza, 3rd Floor
P.O. Box 34999-00100
4 Taifa Road
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 20 2241201
Fax: (254) 20 2225786
E-mail: info@klrc.go.ke
Website: www.klrc.go.ke

(h) Entity Bankers

Co-operative Bank of Kenya
Aga Khan Walk Branch, Uchumi House
P.O Box 20818
GPO 00100
Nairobi, KENYA


(i) Independent Auditors

Auditor General,
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya


(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya




2. KENYA LAW REFORM COMMISSION-COMMISSIONERS

	COMMISSIONERS	N/A
	<p>Mr. Joash Dache, MBS Secretary/Chief Executive Officer.</p> 	<p>Mr. Joash Dache is the Secretary/Chief Executive Officer of the Kenya Law Reform Commission. He is a Certified Public Secretary CPS (K), an Advocate of the High Court of Kenya. Mr Dache holds: an LL.M. degree (Monash University, Australia), an LL.B. degree (University of Nairobi), a Diploma in Law (Kenya School of Law) and also has a Certificate in Legislative Drafting (University of London). Mr. Dache has undergone the Strategic Leadership and Development Programme (SLDP), Kenya School of Government and various other professional courses both locally and abroad. He participated in the development of the Guide to the Legislative Process in Kenya (published) and County Model Laws. He specializes in International and Comparative Law and has studied International Criminal Justice; International Aspects of Foreign Investment; World Trade Organization [WTO] Law and Policy; European Union [EU] Law and Policy; Intellectual Property; Regulatory Fundamentals; Privatization Law and Policy; Law of the Internet; and Legislative Drafting at post-graduate level. His core Expertise includes, Constitutional Development and Law Reform, Legislative Drafting, Legal and Policy Research; and Programme Coordination. He is a member of the Law Society of Kenya, Commonwealth Association of Legislative Counsel (CALC), Commonwealth Association of Law Reform Agencies (CALRAs) and the Association of Law Reform Agencies in Eastern and Southern Africa (ALRAESA). Mr. Dache has been with the commission since its inception. However he was officially away from the commission from 22nd October, 2019 and resumed his duties as the Accounting Officer on 16th of April, 2021.</p>




3. MANAGEMENT TEAM

S/NO.	NAME	PROFILE
1.	<p>Mr. Joash Dache, MBS Secretary/Chief Executive Officer.</p> 	<p>Mr. Joash Dache is the Secretary/Chief Executive Officer of the Kenya Law Reform Commission. He is a Certified Public Secretary CPS (K), an Advocate of the High Court of Kenya. Mr Dache holds: an LL.M. degree (Monash University, Australia), an LL.B. degree (University of Nairobi), a Diploma in Law (Kenya School of Law) and also has a Certificate in Legislative Drafting (University of London). Mr. Dache has undergone the Strategic Leadership and Development Programme (SLDP), Kenya School of Government and various other professional courses both locally and abroad. He participated in the development of the Guide to the Legislative Process in Kenya (published) and County Model Laws. He specializes in International and Comparative Law and has studied International Criminal Justice; International Aspects of Foreign Investment; World Trade Organization [WTO] Law and Policy; European Union [EU] Law and Policy; Intellectual Property; Regulatory Fundamentals; Privatization Law and Policy; Law of the Internet; and Legislative Drafting at post-graduate level. His core Expertise includes, Constitutional Development and Law Reform, Legislative Drafting, Legal and Policy Research; and Programme Coordination. He is a member of the Law Society of Kenya, Commonwealth Association of Legislative Counsel (CALC), Commonwealth Association of Law Reform Agencies (CALRAs) and the Association of Law Reform Agencies in Eastern and Southern Africa (ALRAESA). Mr. Dache has been with the commission since its inception. However he was officially away from the commission from 22nd October 2019 and resumed his duties as the Accounting Officer on 16th of April, 2021.</p>




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2.	<p>Hon. Josephine Sinyo, EBS Director, Legal services.</p> 	<p>Mrs. Josephine Sinyo is an Advocate of the High Court of Kenya with over thirty (30) years' working experience. She holds a Master's Degree in Law (United Kingdom); Bachelor of Laws Degree from University of Nairobi, a Post Graduate Diploma in Law (Kenya School of Law) and a diploma in legislative drafting (UK). She has undergone several other trainings including a Strategic Leadership Development Programme from the Kenya School of Government. She has vast experience in legal research, legislative drafting, policy development, legal aid assistance, and community engagement. Hon. Sinyo joined the management of the Commission on 1st January 2015 and was the Acting Chief Executive Officer from 22nd October, 2019 until 16th of April, 2021.</p>
3.	<p>Mr. Peter Musyimi, HSC Ag. Director Finance & Administration.</p> 	<p>Mr. Peter Musyimi is an Advocate of the High Court of Kenya with over twenty (20) years' working experience. He holds a Master's Degree in Law (Public Finance), Bachelor of Laws Degree from University of Nairobi, a Post Graduate Diploma from Kenya School of Law and a diploma in Legislative Drafting (ILI-Kampala). He has vast experience in legislative drafting, policy development, legal aid assistance and administration. He has undergone training in Strategic Leadership Programme from Kenya School of Government. Mr. Musyimi joined the management on 1st January 2015 and is currently the Acting Director Finance and Administration.</p>
4.	<p>Ms. Susan Kuria Head of Administration</p> 	<p>Ms. Susan Kuria has over 20 years' experience in public administration and has previously worked with National Treasury and DPM. She holds a Bachelor of Arts Degree in Economics/Commerce. Other trainings she has undergone include: Best Practices in Public Expenditure Management; Management and Administration of HIV/Aids programs; Governance, Performance Improvement; Ethics and Anti-Corruption</p>




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		Reforms and a Senior Management Course from the Kenya School of Government.
5.	<p>Dr. Felistus Kabiru Head of Human Resource Management</p> 	<p>Dr. Felistus Kabiru has over 20 years' experience in human resource management. She holds an MBA (HR) from Catholic University of Eastern Africa and holds several other trainings including: a higher diploma in HRM, Diploma in Counselling and a Strategic Leadership Development Programme Certificate from Kenya School of Government.</p>
6.	<p>CPA. John Kariuki Head of Accounting Unit</p> 	<p>CPA. John Kariuki is an Accountant by profession. He holds a Bachelor's degree in Business Administration (Accounts Option) and is a Certified Public Accountant of Kenya (CPAK) and a member of ICPAK. He has over 30 years working experience in Accounting matters. He has also undergone a Senior Management Course at the Kenya School of Government among other courses. Mr. Kariuki joined the commission on 11th May 2016 and retired from the service on 30th June 2021.</p>
7.	<p>CPA. Margaret W. Githae Head of Accounting Unit</p> 	<p>CPA. Margaret W. Githae is an Accountant by profession with over 28 years working experience in the public sector. She holds a Masters of Business Administration (Finance) & a Minor in Strategic Management , Bachelors Degree in Accounting and Finance both from Kenya Methodist University. She is a member of the Institute of Certified Public Accountants of Kenya(ICPAK) with good standing. Other trainings attended include the Senior Management Course from the Kenya School of Government. She was seconded to the Commission in March 2021 from the Attorney General's office .</p>



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<p>8.</p>	<p>Mr. James Ruteere Head of ICT</p> 	<p>Mr. James Ruteere is an ICT professional. He holds a Bachelor's degree in IT and a diploma in IT. He is further certified in: Cyberoam Certified Network Security (CCNSP) and Hardware Maintenance.</p>
<p>9.</p>	<p>CPA. Cornelius Musangi Head of Finance</p> 	<p>CPA. Musangi has over 10 years' experience in Financial management. He is a Certified Public Accountant of Kenya (CPAK) and holds Bachelor of commerce degree (Finance Option) and he is a member of ICPAK. He holds other trainings including: Financial statements and emerging issues in public sector reporting; Institutional risk management and quality management system awareness training.</p>
<p>10.</p>	<p>Dr. Jacob Otachi Head of Corporate Affairs and Communications</p> 	<p>Dr. Jacob Otachi is a governance, public policy communications practitioner. He holds a PhD in Governance, Master's degree in Communication (University of Nairobi) and a Bachelor's degree in Information Science (Moi University). He has undergone additional trainings including: Climate Finance Governance (Germany); Knowledge Management (Thailand); ICT and Data Governance in Anti- Corruption (Lithuania) among others. He supports KLRC in matters corporate communications and access to information.</p>

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<p>11.</p>	<p>Ms. Mercy Muthuuri, Ag. Director, Legislative Services.</p> 	<p>Ms. Mercy Muthuuri is an Advocate of the High Court of Kenya and a Certified Public Secretary with over twenty years' professional experience. She is the holder of a Master's Degree in Law, Bachelor of Laws Degree and a Postgraduate Diploma in Law. Her areas of expertise include policy formulation, legislative drafting, and legal research, areas in which she has undergone various trainings. Other trainings she has attended include the Strategic Leadership Development Programme, the Senior Management Course and the Women Capacity Building for Effective Management and Leadership Programme.</p>
<p>12.</p>	<p>Mr. Kelvin Mwenda Head of Planning Unit.</p> 	<p>Kelvin Mwenda, A Dynamic Economist, with experience in Banking and the Public service. His speciality is Performance and Strategic Leadership and Management. He is Certified in Monitoring and Evaluation and has undergone training in Senior Management Course.</p>
<p>13.</p>	<p>CPA. James Kahunyo Head of internal Audit.</p> 	<p>CPA. James Kahunyo has over 10 years of experience in Audit work. He has a Bachelor's of Commerce (Finance), Certified Public Accountant of Kenya (CPAK), A member of ICPAK as well as certified Internal Auditors (CIA). He has also undergone Senior Management Course from Kenya School of Government among other courses.</p>

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<p>14.</p>	<p>Mr. Reuben M. Mauki Head of Supply Chain Management</p> 	<p>Mr. Mauki is an enthusiastic licensed Supply Chain Management Practitioner with progressive experience in both public and private procurement. He holds Master of Business Administration (UoN), Bachelor of Commerce - Procurement and SCM option (UoN) and Professional Diploma in Procurement and Supply (CIPS). He is currently pursuing PhD in Supply Chain Management at the Jomo Kenyatta University of Agriculture and Technology. He is also a graduate of Strategic Leadership Development Programme (SLDP) and Senior Management Course (SMC) from Kenya School of Government.</p> <p>He is a member in good standing at the Kenya Institute of Supplies Management (KISM) where he currently serves as a Member of the Research and Consultancy Hub Taskforce and professional trainer. Previously worked with Judiciary in the Directorate of Supply Chain Management Services.</p>
<p>15.</p>	<p>Mr. Danstone K. Malava Principal Records Management Officer</p> 	<p>Mr. Malava is currently the Principal Records Management Officer at the KLRC. He holds a Master's of Science Degree in Information Science and a Bachelor of Science Degree in Information Science from Kenyatta University and Makerere University respectively. He has vast knowledge and experience in organization operations, quality management systems and information security. He has attained Strategic Leadership Development Course (SLDP) at the Kenya School of Government (KSG), Lead auditors' course in ISO/IEC/ 27001:2013 and ISO 9001:2015. Mr Malava has been in the forefront in offering Strategic Leadership and advisory services in the areas of Information Security, Records Management, Strategy and Knowledge Management.</p>

4. CHAIRMAN'S STATEMENT

During the Financial Year ended 30th June 2021, there was no Chairman's statement as the appointing authority had not replaced the position.

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



Mr. Joash Dache, MBS, Secretary/CEO

We are delighted at the publication of the KLRC's Annual Financial Report and Financial Statements for the Year ending 30th June 2021. The Statements are a reflection of the work done in the reporting period towards the realization of our mandate.

KLRC draws its mandate and functions from the Constitution of Kenya 2010; the Kenya Law Reform Commission Act 2013; the State Corporations Act (Cap 446) and the County Government's Act, 2012 among other instruments. These instruments of governance also inform its establishment, structure and operations. The Report details the activities of KLRC during the period under review, achievements, challenges and the options of addressing them. Further, the Report documents the progress made in law reform in Kenya generally.

In undertaking its mandate, KLRC has navigated a transition between two distinct regimes. The first regime relates to where KLRC existed under the former constitutional dispensation during which the system of governance was centralized. The second regime is the one in which KLRC has constitutional responsibilities defined by the Constitution and clear statutory role spelt out in the KLRC Act, 2013. Within the devolved system of government, the Commission is therefore the primary Law Reform agency in Kenya and part of its mandate is to offer technical assistance, advice and give information to Ministries, Departments and Agencies

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(MDAs) at both levels of government on review of laws in respect of which they superintend.

While the year was not without its challenges, the management team and staff of Kenya Law Reform Commission (KLRC) continued to successfully implement its mandate and to advance its goals and objectives set in the Strategic Plan. This was also made possible through the support of our stakeholders such as Parliament, the Judiciary, County Governments, Civil Society and development partners. KLRC received grants from Government totaling Kshs. 272,118,373 during the period under review.

During the year, KLRC focused primarily on implementing the key areas of focus as identified in the Strategic Plan, Work Plans and the Performance Contracts (PCs). The challenges for the year under review was that due to the Covid-19 pandemic which hindered the organizations' technical teams to travel much to the counties due to the movement restrictions imposed by the Government to curb the spread of the virus.

During the Year ending 30th June 2021, we did not have the Chairman and the commissioners in place; we are looking forward to the appointing authority to appoint these key positions for the check and balances of the commission's utilization of fund.

The Secretariat will continue to ensure the effective implementation of the programmes of the Commission including supporting the work of the various Commission Committees. We will remain dedicated and committed to achieving our vision "of being a vibrant agency for responsive law reform" and our mission "of facilitating law reform conducive to social, economic and political development".



Mr. Joash Dache, MBS
Secretary/ Chief Executive Officer

6. STATEMENT OF KLRC'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

Section 81 subsection 2 (f) of the Public Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

KLRC has an overall goal of Strengthening Law Reform Function in Kenya. This births five strategic objectives within its Strategic Plan for the FY 2018/2019-2022/2023. These strategic objectives are as follows:

Strategic Objective I: To implement the Constitution of Kenya, 2010 and enable implementation of the government's big four agenda;

Strategic Objective II: To enhance research and advisory functions in KLRC for informed law reform;

Strategic Objective III: To enhance effective public education on law reform matters in Kenya;

Strategic Objective IV: To enhance the institutional capacity and profile of the Commission for strategic positioning in the country; and

Strategic Objective V: To build human resource capacity for quality service delivery.

KLRC develops its annual work plans based on the above objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for the year ending 30th June 2021 period for its Strategic goal and objectives.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1 To Strengthen Law reform Function in Kenya	To implement the Constitution of Kenya, 2010 and enable implementation of the government's big four agenda	Draft Bills, Regulations, Legal Opinions	Review health related Legislation by making proposals for amendment	The NHIF (Amendment) Bill, 2020 and the Kenya Food and Blood transfusion Bill, 2020
			Review the Work Injury Act (No 13 of 2007	Review ongoing

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			Development Correctional Services Policy	Draft policy development ongoing
			Review the legislative & regulatory instruments establishing state corporations	Review ongoing
			Develop Constitution of Kenya (Amendment) Bill, 2020	Constitution of Kenya (Amendment) Bill, 2020
			Develop legislation required to implement the constitutional changes	Political Parties Act, 2020
			Review Elections Act	Review ongoing
	To enhance research and advisory functions in KLRC for informed law reform;	Draft Bills, Regulations, Legal Opinions	prepare draft regulation required to address post-Covid-19 challenges in Kenya	Draft regulation being developed
			legal research on covid-19 pandemic response and challenges	Legal Report being finalized
	To enhance effective public education on	County visit reports,	Disseminate the Guide of the Legislative Process	County visits made in Uasin Gishu, Elgeyo Marakwet, Nandi

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	law reform matters in Kenya	Report on protocol	in Kenya and sensitize on County Model Laws in the following counties (Mombasa, Kwale, Kilifi, Trans Nzoia, Uasin Gishu, Elgeyo Marakwet, Nandi, Baringo, Kitui, Machakos and Makueni) by 30th June 2021	
			Finalize protocol on publication of county legislation	Report on protocol
	To build human resource capacity for quality service Delivery in the commission.	Replacing the personnel who transferred or retired from the service.	Recruiting the suitable candidates.	Replaced thirteen (13) officers in the commission.

7. CORPORATE GOVERNANCE STATEMENT

Kenya Law Reform Commission (KLRC) recognizes its obligations to act responsibly, ethically and with integrity in its interactions with all stakeholders be they employees, customers, suppliers, neighbours and the environment as a whole.

To this end:

1. The Commission has in place policies that clarify its commitment to negating its impact on the environment;
2. The Commission carries out regular risk assessments to guarantee the wellbeing of employees and visitors, in accordance with Occupational Health and Safety regulations;
3. The Commission actively manages its reputation, and drives best practice, through the application of prudent public procurement practices as outlined in the Public Procurement and Disposal Act;
4. The Commission is an Equal Opportunities Employer which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, race, or physical ability;
5. The Commission actively contributes to social and environmental initiatives in the republic through donation of time;
6. The commission has in place systems that ensure Transparency and Accountability in its financial and other operations; and
7. The Commission commits to being open and transparent in the interests of promoting best practice.

It is important to our employees to work for a socially responsible organization and our approach therefore reflects our people. We recognize that our activities as a Commission have an impact on our communities and the general public. We are committed to not only managing that impact but also using the public resources we have been entrusted with in making a real and sustainable difference.

To this end:

1. The Commission is actively involved in supporting and developing the local Community to make a lasting positive impact.
2. The Commission works hard to ensure that the negative impact our work has on the Environment is minimized; and the Commission provides the tools to enable employee growth and fulfillment for Individuals and for the organization to work together to make a difference as a team.

8. MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Commission's strategies adopted during the financial year 2020/21 to realise its goals and objectives. Key among them include: Research and Development; Public Education; Review of Legislation; Public Participation; Stakeholder Mapping, Consultations and Collaborations, and; Capacity Building. It also captures best practices acquired from existing expertise and past experiences.

SECTION A.

The KLRC operational and financial performance.

The Kenya Law Reform Commission depends on the Government grants for operations. During the financial year 2020/21, the grants were reduced from kshs. 298,440,000 to 272,118,373. However, the Commission in the fourth quarter received approval to utilize Kshs. 15,440,244 from the previous year's surplus, making a total budget of Kshs. 287,558,617.

Research and Development

The Commission conducted various researches on constitutional and law reform matters and other emerging areas. Some of the research conducted in the reporting period included Desk Reviews; Focus Group Discussions; Bench Marking and Customer Satisfaction Surveys. The research outputs ensured that the Commission was kept on the cutting edge of legal, administrative and governance scholarly work. Research findings also augmented its advisory and capacity building role for its stakeholders and customers. In addition, the Commission re-invigorated its research database by upgrading the publications in its information resource centre. Further, the Commission subscribed to leading international law journals to access the latest research and publications on diverse areas of law reform and legislative development.

Review of Legislation

The Commission carried out comprehensive review of legislation upon receipt of legislative proposals/references from National and County Government MDAs. This was achieved by development of guidelines that guaranteed conciseness and proper definition of the legal problems. The Commission also prioritized the legislation targeted in the Performance Contract of the FY 2020/21 and the attendant work. Feedback mechanisms were established for information sharing and engagement especially by adopting project Committees, stakeholder mapping engagements and collaborations.

The Committees specifically addressed the issue under review by:

- a) Undertaking comprehensive research to determine the prevailing legal position and the deficiencies in the law that may require rectification;
- (b) Setting time-frames for the review;
- (c) Receiving, collating and analysing views, including peer review by other legal staff and Commissioners;
- (d) Organizing the requisite consultative fora;
- (e) Preparing the necessary reports and draft bills; and
- (f) Producing an Issues or Position (Discussion) Paper as a key product of its initial research. The Issues or Position (Discussion) Paper must generally include the background information and the specific issues identified for examination.

Stakeholder Mapping, Consultations and Collaboration

The Commission acknowledged that its major work of law reform and Constitutional Implementation is a dynamic milieu that is never time-bound. It is a product of lengthy processes that require in-depth engagements, research and consultation both locally and internationally. The Commission worked with relevant stakeholders to facilitate technically sound and practical solutions to meet the peoples' ever changing social-political and economic needs through the following approaches:

Stakeholder Mapping

The Commission identified and developed a database of all its stakeholders. These were further categorized under various broad themes upon which outreach interventions were proposed. Through identification and incorporation of different stakeholders, the Commission has been able to approach development partners who have supported programme planning, monitoring, review and implementation. Further mapping of stakeholders has enhanced service delivery in accordance with our mandate.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kenya Law Reform Commission has a mission of facilitating law reform conducive to Kenya's Social, Economic and Political development. This mission is the driving force of the work undertaken by KLRC. In the wider development context, the mission is anchored towards the realization of national development goals, Vision 2030 and the Sustainable Development Goals (SDGs). In its 2018-2022 Strategic Plan, the KLRC has outlined a number of initiatives that are geared towards meeting its vision, mission as well as the needs of stakeholders. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The KLRC Board and management have commissioned and initiated a number of sustainable efforts while taking cognisance of the best practices and emerging trends. Some of these include: functional independence, financial autonomy, professional staff and brand recognition. In this regard, KLRC has made efforts to maintain its independence and functional autonomy. Yielding efforts have been made to enhance independence of its structures and governance. In this regard, KLRC as a semi-autonomous governance agency has been declared a public service and has a professional board of Commissioners and secretariat. In addition, while the KLRC (as a public agency) relies on ex-chequer funding, KLRC continues to build partnerships with like-minded agencies and development partners.

ii) Environmental performance

KLRC takes cognisance of the need to safeguard the environment especially under the compelling publicly available evidence on environmental degradation and global warming. In this regard, KLRC has on its own motion initiated in-built policy and legislative interventions while undertaking its law reform work. KLRC has played a pivotal role in development and review of the environment and climate related laws in Kenya. A case in point is the Climate Change Act, 2016 which seeks to provide a regulatory framework to mitigate and avert adverse effects climate change effects in Kenya. KLRC has also assisted several county governments in developing their environment related bills, bylaws and policies. These instruments have aided to address a number of environmental concerns such as solid waste management, wildlife and marine ecosystems. Internally, KLRC has developed a number policies and protocols to enhance sustainable development.

iii) Employee welfare

KLRC has developed a number of human resource policies and manuals that have been adapted from the Public Service Commission (the Constitutional body that is charged with building human resource capacity). These policies mainstream gender, regional diversity, youth concerns while achieving competitiveness, meritocracy and participation. These policies continue to guide KLRC in the hiring process, skills development, appraisal, reward and general human resources practice

iv) Market place practices-

The Commission has made efforts to ensure:

a) Responsible competition practice.

During the financial year 2020 – 2021, the commission ensured that all the contracts were competitively awarded. At least three firms from the supplier register were invited for all the procurements under the request for quotation procurement method. Open tenders were advertised in newspapers of wide

circulation, KLRC website and the government tenders portal to ensure fair competition. Market surveys were carried out before award to ensure that the awarded prices are within the market range.

b) Responsible Supply chain and supplier relations

All the goods, services and works were delivered after a contract has been signed or Local Purchase Order issued. This was meant to ensure that there are legally binding documents before any procurement expense is incurred. All the suppliers and service providers were paid within 30 days after receipt of invoices.

c) Responsible marketing and advertisement

The commission has always ensured that the procurement expenditure is equitably distributed to interested bidders. At least three firms from the supplier register were invited for all the procurements under the request for quotation procurement method. Open tenders were advertised in newspapers of wide circulation, KLRC website and the government tenders portal to ensure wide coverage.

d) Product stewardship

The commission always safeguards consumer rights and interests. All specifications are obtained from the user departments to ensure that the correct product or service is delivered. Further, the users are involved in the inspection and acceptance once the product is delivered so as to ascertain that it meets the specifications provided. The commission also ensured that the suppliers of software were duly authorized by the producers to retail their software.

10. REPORT OF THE COMMISSIONERS

As the Commissioners had not occupied the office, The Secretary/Chief Executive Officer submits the report together with the audited financial statements for the year ended June 30, 2021 which show the state of the KLRC's affairs.

i) Principal activities

The mandate of the Commission as set out in section 3 of the said Act is to keep under review all the laws of Kenya to ensure its systematic development and reform.

ii) Results

The results of the Commission for the year ended June 30, 2021, are set out on pages 1 to 6

iii) Directors

The immediate former Chairman Mr. Mbage N. Nga'ng'a exited on 30th September 2019 while the six (6) Commissioners were appointed on 13th December 2019 for a period of five (5) years but the appointing authority has yet to release them to the Commission. However, the Chairperson and two members are yet to be appointed to these key positions for check and balances for the commission's grants.

iv) Auditors

The Auditor General is responsible for the statutory audit of the Kenya Law Reform Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 the Auditor General to carry out the audit of the Commission for the year ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Name: Joash Dache, MBS

Signature:



Date: 3rd February 2022

Secretary to the Board

11. STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (Section 14) of the State Corporations Act, - The Kenya Law Reform Commission Act of 2013 require the Commissioners to prepare Financial Statements in respect of Kenya Law Reform Commission, which give a true and fair view of the state of affairs of the Commission at the end of the Financial Year 2020/2021 and the operating results of the Commission for year 2020/2021. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission.

The Commissioners are responsible for the preparation and presentation of the Commission's Financial Statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the Financial Year 2020/2021 ended on June 30, 2021. This responsibility includes: (i) Maintaining adequate Financial Management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper Accounting Records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, Implementing and Maintaining internal controls relevant to the preparation and fair presentation of the Financial Statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the Assets of the Commission; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the Commission's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – The Kenya Law Reform Act 2013 (No. 19 of 2013) . The Commissioners are of the opinion that the Commission's Financial Statements give a true and fair view of the

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state of Commission's transactions during the financial year ended June 30, 2021, and of the Commission's financial position as at that date.

The Commissioner's further confirm the completeness of the Accounting Records maintained for the Commission, which have been relied upon in the preparation of the Commission's Financial Statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Commissioners to indicate that the Commission will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The Kenya Law Reform Commission Financial Statements were approved by the Board on 3rd February 2022 and signed on its behalf by:

Signature: 

Name :

Chairperson of the Board

Signature

Name: Joash Dache ,MBS

Accounting Officer

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

**REPORT OF THE AUDITOR-GENERAL ON KENYA LAW REFORM COMMISSION
FOR THE YEAR ENDED 30 JUNE, 2021**

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

Opinion

I have audited the accompanying financial statements of the Kenya Law Reform Commission set out on pages 1 to 32, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statements of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Law Reform Commission as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Law Reform Commission Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Law Reform Commission Management in accordance with ISSAIs 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Property, Plant and Equipment

As previously reported, the Commission's fleet of motor vehicles included two (2) motor vehicles with registration numbers GKA 139N and GKA 281G whose ownership documents remained in the name of the defunct Ministry of Justice and Constitutional Affairs. Although Management indicated that it was pursuing the formal transfer of the vehicles with the Office of the Attorney General and Department of Justice and the National Transport and Safety Authority, the process had not been concluded as at 30 June, 2021.

Under the circumstances, the legal ownership of the two motor vehicles by the Commission could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else, has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Functional Oversight Structures

As disclosed in the non-financial information of the financial statements, the Chairman exited the Commission on 30 September, 2019 after the expiry of his term while the rest of the Commissioners exited in the course of 2018/2019 financial year. The Commission, therefore, operated in the year under review without a functional oversight body and requisite Committees to provide oversight to the Management activities in line with good corporate governance practices.

2. Under-Staffing

A review of employee records and staff payroll for the year ended 30 June, 2021 revealed that the Commission had sixty-five (65) employees against the staff establishment of two hundred and forty (240) employees resulting in understaffing by one hundred and seventy-five (175). The under-staffing may hinder effective delivery of services by the Commission.

3. Assets Management

As disclosed in Note 15 to the financial statements, the statement of financial position reflects property, plant and equipment net balance of Kshs.14,357,304 as at 30 June, 2021. However, the assets register was not updated with pertinent details including clear description of the assets, date of acquisition, cost, location and unique identification numbers of the assets. Further, the assets were not tagged with unique identification numbers.

Consequently, the Commission's internal control and risk management on assets were weak during the year under review.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Commissioners

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Commission's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Commission or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Commissioners are responsible for overseeing the Commission's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Kenya Law Reform Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 April, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021 Kshs	2019-2020 Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	5	272,118,373	298,440,000
		272,118,373	298,440,000
Revenue from exchange transactions			
Rendering of services		-	-
Other Income	6	156,750	42,000
Total revenue		272,275,123	298,482,000
Expenses			
Use of goods and services	7	118,917,387	85,590,996
Employee costs	8	146,283,520	150,235,702
Remuneration of directors	9	-	2,018,728
Depreciation and amortization expense	10	4,744,178	5,989,195
Repairs and maintenance	11	3,258,887	3,709,304
Contracted services		-	2,487,326
Total expenses		273,203,972	250,031,251
Surplus/(deficit) for the period/year		(928,849)	48,450,750

The notes set out on pages 7 to 33 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



Secretary/CEO

Name: Joash Dache, MBS

Date: 3rd February 2022



Head of Accounts

Name: CPA. Margaret Githae

ICPAK No: 13051

Date: 3rd February 2022

Chairman of the Board

Name:

Date: 3rd February 2022

Kenya Law Reform Commission
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14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	51,963,282	50,384,524
Receivables from non-exchange transactions	17	10,274,971	8,551,412
Inventories	14	4,549,441	5,079,079
Total Current Assets		66,787,694	64,015,015
Non-Current Assets			
Property, plant and equipment	15	14,357,304	17,303,672
Intangible assets	16	1,762,040	2,517,200
Total Non- Current Assets		16,119,344	19,820,872
Total Assets		82,907,038	83,835,887
Liabilities			
Current Liabilities			
Trade and other payables		-	-
Total Current Liabilities		-	-
Non-Current Liabilities			
Total Non- Current Liabilities		-	-
Total Liabilities		-	-
Net assets			
Accumulated surplus		83,835,887	35,385,137
Surplus for the Year		(928,849)	48,450,750
Total Net Assets		82,907,038	83,835,887
Total Net Assets and Liabilities		82,907,038	83,835,887

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



Secretary/CEO

Name: Joash Dache, MBS

Date: 3rd February 2022



Head of Accounts

Name: CPA. Margaret Githae

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Date: 3rd February 2022

Chairman of the Board

Name:

Date: 3rd February 2022

15. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021

STATEMENT OF NET ASSETS	Note	Retained Earning
As at July 1,2015		16,436,037
Surplus for the year		7,577,781
Prior year Adjustment: Reinstatement of opening balance		(20,000,000)
As at June 30, 2016		4,013,818
Balance as at 1st July 2016		4,013,818
Surplus for the year		5,631,232
As at June 30, 2017		9,645,050
Balance as at 1st July 2017		9,645,050
Surplus for the year		22,341,406
As at June 30, 2018		31,986,456
Balance as at 1st July 2018		31,986,456
surplus for the year		3,398,681
As at June 30, 2019		35,385,137
Balance as at 1st July 2019		35,385,137
Surplus for the year 30.06.2020		48,450,750
As at June 30th 2020		83,835,887
Balance as at 1st July 2020		83,835,887
Surplus for the year 30.06.2021		(928,849)
As at Jun 30th 2021		82,907,038

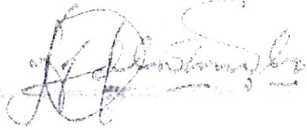
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	5	272,118,373	298,440,000
Rendering of services		-	-
Other Income	6	156,750	42,000
Total Receipts		272,275,123	298,482,000
Payments			
Use of goods and services	7	118,917,387	85,590,996
Employee costs	8	146,283,520	150,235,702
Remuneration of directors	9	-	2,018,728
Repairs and maintenance	11	3,258,887	3,709,304
Contracted services		-	2,487,326
Total Payments		268,459,794	244,042,056
Sub Totals		3,815,329	54,439,944
Decrease in inventory		529,638	(1,992,363)
Increase in Receivable		(1,723,559)	82,650
Increase/Decrease in payable		-	(593,360)
Sub totals		(1,193,921)	(2,503,073)
Net cash flows from/(used in) operating activities		2,621,408	51,936,871
Cash flows from investing activities			
Purchase of property, plant, equipment	15	(1,042,650)	(1,961,800)
Purchase of intangible Assets	16	-	-
Net cash flows from/(used in) investing activities		(1,042,650)	(1,961,800)
Net increase in cash and cash equivalents		1,578,758	49,975,071
Cash and cash equivalents at 1 JULY	13	50,384,524	409,453
Cash and cash equivalents at 30 JUNE	13	51,963,282	50,384,524

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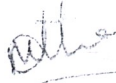
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Chairman of the Board

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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

ITEM DESCRIPTION	Approved Budget	Re-Allocation	Final Budget	Actual on Comparable Basis	Performance Difference	% of Utilization
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities	272,118,373	-	272,118,373	272,118,373	-	100%
Rendering of services	0	-	0	0	-	0%
Sale of goods	0	-	0	156,750	(156,750)	0%
Other income(Utilization of previous year's surplus)	0	15,440,244.00	15,440,244	15,440,244	-	100%
Total income	272,118,373	15,440,244.00	287,558,617	287,715,367	(156,750)	100%
Expenses						
Employee costs	149,983,763	3,444,000	153,427,763	146,283,520	7,144,243	95%
Board expenses	33,564,110	(28,768,029)	4,796,081	-	4,796,081	0%
Use of Goods and services	81,309,800	41,975,773	123,285,573	118,917,386	4,368,187	96%
Repair and maintenance	4,094,000	(834,900)	3,259,100	3,258,887	213	100%
Purchase of Office Furniture and Fittings	250,000	-	250,000	250,000	-	100%
Purchase of computers, printers	1,150,000	1,390,000	2,540,000	792,650	1,747,350	31%
Purchase of Software	1,766,700	(1,766,600)	100	-	100	0%
Depreciation & Amortization	-	-	-	4,744,178	(4,744,178)	0%
Total expenditure	272,118,373	15,440,244	287,558,617	274,246,621	13,311,996	95%
Surplus for the period	0	0	0	13,468,746	-	-

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Budget notes

- (i) The commission received approval to roll over un-utilized Kshs. 15,440,244 from the previous year's(FY 2019/2020) surplus. The approval was to utilize Kshs. 5.4M where Kshs. 4.9M to be reallocated to recurrent expenditures and Kshs. 0.5M to capital budget ,however this approval was received way late into the financial year and the commission was not able to fully utilize the funds.
- (ii) The deficit in the Statement of Financial performance was offset by the utilization of the previous year's surplus as per (i) above.
- (iii)The movement between the Original and Final Budget was due to re-allocations as implemented by the Budget Implementation Committee.
- (iv)There was no Budget allocation to depreciation and amortization
- (v) The variation of Kshs. 1,042,650 between the Total expenditures as reported in the Statement of Financial performance and the statement of Budget Comparison is due to difference in basis of accounting as the expenditure relates to purchase of capital items

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Kenya Law Reform Commission (KLRC) is established by the Kenya Law Reform Commission Act, 2013 (No. 19 of 2013) as a successor to the Law Reform Commission, previously established under the repealed Law Reform Commission Act, Cap. 3. The Commission is a body corporate with perpetual succession, which serves both National and County governments in matters of law reform.

2. Statement of Compliance and Basis of Preparation

The Financial Statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the KLRC's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The Financial Statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the KLRC.

The Financial Statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

- i. **New and amended standards and interpretations in issue effective in the year ended 30 June 2021.**

The Commission did not adopt Public sector combination as amalgamation.

- ii. **Early adoption of standards**

The Commission did not early – adopt any new or amended standards in year 2020/2021.

Summary of Significant Accounting Policies

- a) **Revenue recognition**

- i) **Revenue from non-exchange transactions**

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The commission recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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The Commission carries out Technical Assistance in reviewing, development & preparation of Draft Policies, Bills and Regulations for Ministries, Departments, Agencies and County Government. The Commission also carries out Capacity Building and sharing of information on matters relating to law reform.

In a number of these cases, County Governments may facilitate individual officers by way of compensation of allowances using the establishment GOK rates.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the commission.

b) Budget information

The original budget for the year 2020-21 was approved by the National assembly and subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the Board of commissioners. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Kenya Law Reform commission recorded an additional ksh. 15,440,244 appropriations on the 2020-2021 budget following the treasury's approval (REF NO: DGIPE/FB/340(14)).

The Kenya Law Reform Commission's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are

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recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is

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acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on a reducing balance basis over the useful life of the asset. Depreciation is charged at rates calculating the cost or valuation of the asset less any estimated residual value over its remaining useful life. Kenya Law Reform Commission has adopted a reducing balance method of depreciation whereby the asset is fully depreciated on applicable rates on the year of acquisition but not depreciated on the year of disposal.

• Computers and IT Equipment	30.0%
• Office Equipment	20.0%
• Motor Vehicles	25.0%
• Furniture and Fittings	12.5%

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

- Software 30.0%

f) Research and development costs

The commission expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the commission can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

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Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

g) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The commission determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the commission has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the

effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Commission assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The commission determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is

calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

The Kenya Law Reform Commission adopted The FIFO method which in that the first goods purchased are also the first goods to be used. This results in the remaining items in inventory being accounted for at the most recently incurred costs, so that the inventory asset recorded on the financial position contains costs quite close to the most recent costs that could be obtained in the market place.

i) Provisions

Provisions are recognized when the commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

j) Contingent liabilities

The commission does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

k) Contingent assets

The Commission does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more

**Kenya Law Reform Commission
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uncertain future events not wholly within the control of the Commission in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Nature and purpose of reserves

The commission creates and maintains reserves in terms of specific requirements.

m) Changes in accounting policies and estimates

The Commission recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

n) Employee benefits

Retirement benefit plans

Kenya Law Reform Commission provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Kenya Law Reform Commission pays fixed contributions into a separate Kenya Law Reform Commission Pension Fund (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation

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During the year 2020/21, the Commission continued with a pension scheme offered by Enweath Financial services limited which covers all the staff in the organisation.

o) Related parties

The Commission regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission, or vice versa. Members of key management are regarded as related parties and comprise the Secretary/CEO, Heads of Departments, Heads of Units and senior officers.

p) Service concession arrangements

The commission analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the commission recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Cooperative Bank of Kenya at the end of the financial year.

r) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

s) Subsequent events

- There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

4. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Kenya Law Reform Commission's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The commission based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the commission. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the commission.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

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Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

The Kenya Law Reform adopted The FIFO method which in that the first goods purchased are also the first goods to be used. This results in the remaining items in inventory being accounted for at the most recently incurred costs, so that the inventory asset recorded on the financial position contains costs quite close to the most recent costs that could be obtained in the market place.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Transfers from Other Government Entities

GOK Recurrent grant was operational grant from the Government through the AOG and DOJ disbursed as follows:

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total transfers 2020/21	Prior year 2019/2020
			KShs	KShs	KShs
Office of the Attorney General and Department of Justice	272,118,373	-	-	272,118,373	298,440,000
Total	272,118,373	-	-	272,118,373	298,440,000

Details:

Comparative Figures	2020/2021	2019/2020
First Quarter-24/08/2020	68,029,593	74,610,000
Second Quarter-06/11/2020	68,029,593	74,610,000
Third Quarter-24/03/2021	63,029,593	74,610,000
Fourth Quarter-24/06/2021	73,029,593	74,610,000
Total A.I.E	272,118,373	298,440,000

Comparative Figures		2020/2021
First Quarter-24/08/2020	B 043265	68,029,593
Second Quarter-06/11/2020	B 043313	68,029,593
Third Quarter-24/03/2021	B 043493	63,029,593
Fourth Quarter-24/06/2021	B 043463	73,029,593
Total A.I.E		272,118,373

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6. Other Income

	2020/2021	2019/2020
	Ksh.	Ksh.
Sale of Tender Documents	45,000	42,000
Receipts from Disposal	111,750	
Total	156,750	42,000

7. Use of Goods and Services

Description	2020-2021	2019-2020
	KShs	KShs
Contracted Guard and cleaning services	1,499,332	-
Professional services	242,110	200,000
Subscriptions	659,400	374,140
Advertising	555,663	878,680
Bank Charges	641,760	507,817
Newspaper and Journals	116,740	380,039
Conferences and delegations	22,464,824	9,688,574
Trade shows and Exhibitions	-	1,044,030
Purchase of Uniforms & Clothing	203,984	182,000
Fuel and oil	999,991	2,538,390
Supplies & Maintenance of Computers	3,208,284	3,131,207
Internet & Email	1,697,732	1,401,360
Postage	20,000	49,450
Education and Library	296,589	-
Printing and stationery	588,809	4,473,421
Rental	38,289,086	36,619,272
Sanitary & Cleaning Material Services	-	1,713,702
Telecommunication	4,408,846	3,312,529
Training	8,830,891	19,096,385
Office and general supplies	3,603,673	-
Travel, motor car, accommodation, subsistence, and other allowances	30,589,674	-
Total	118,917,387	85,590,996

- ✓ Travel, motor car, accommodation, subsistence and other allowances reclassified from Employee cost in the previous year to use of goods and services in the current period

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8. Employee Costs

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	116,445,957	105,520,075
Employer contribution to health insurance schemes	17,599,294	16,464,901
Employer contribution to pension schemes	9,004,553	9,897,856
Travel, motor car, accommodation, subsistence, and other allowances	-	20,840,196
Gratuity	3,233,716	-
Employee costs	146,283,520	152,723,028

- ✓ Previous Year's Balances have been re-adjusted to align with the New Template.
- ✓ Contractual Employee cost of Kshs. 2,487,326 combined with Employee Cost of Kshs. 150,235,702 to make up the total reported Employee cost of Kshs. 152,723,028

9. Board Expenses

Description	2020-2021	2019-2020
	KShs	KShs
Chairman/Directors' Honoraria	-	1,307,528
Sitting allowances	-	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	-	-
Other allowances	-	711,200
Total	-	2,018,728

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	3,989,018	4,910,395
Intangible assets	755,160	1,078,800
Investment property carried at cost	-	-
Total depreciation and amortization	4,744,178	5,989,195

11. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Property	980,850	494,280
Vehicles	2,278,037	2,877,234
Furniture and fittings	-	337,790
Others	-	-
Total repairs and maintenance	3,258,887	3,709,304

12. Impairment Loss

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	-	-
Intangible assets	-	-
Total impairment loss	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Current account	51,963,282	50,384,524
Total cash and cash equivalents	51,963,282	50,384,524

Detailed Analysis of the Cash and Cash Equivalents:

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
Current account			
Cooperative Bank	01141309236200	51,953,282	50,384,524
Cash in transit		-	-
cash in hand		10,000	-
Sub- total		51,963,282	50,384,524
Grand total		51,963,282	50,384,524

- Variation in Cash and cash equivalent was due to an amount of Kshs. 138,310 overcast in the cash book.

14. Inventories

Description	2020-2021	2019-2020
	KShs	KShs
store inventory	4,549,441	5,079,079
Total Store Inventory	4,549,441	5,079,079

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Property, Plant and Equipment

	Furniture and fittings	Motor vehicles	Computers	Total
Cost	Shs	Shs	Shs	Shs
As at 1 July 2019	9,830,197	26,119,067	10,168,550	46,117,814
Additions	506,300	-	1,455,500	1,961,800
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
As at 30th June 2020	10,336,497	26,119,067	11,624,050	48,079,614
Additions	250,000	-	792,650	1,042,650
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
As at 30th June 2021	10,586,497	26,119,067	12,416,700	49,122,264
Depreciation and impairment				
At 1 July 2019	3,216,054	15,964,117.06	6,685,377	25,865,547
Depreciation	890,055	2,538,737	1,481,602	4,910,395
Impairment	-	-	-	-
Transfers/ Adjustments	-	-	-	-
As at 30 June 2020	4,106,109	18,502,855	8,166,979	30,775,943
Depreciation	810,049	1,904,053	1,274,916	3,989,018
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
As at 30th June 2021	4,916,157	20,406,908	9,441,895	34,764,960
Net book values				
As at 30th June 2021	5,670,340	5,712,159	2,974,805	14,357,304
As at 30th June 2020	6,230,387	7,616,213	3,457,071	17,303,671

- Disposed items were not part of the Assets in the Asset register being depreciated and had NIL values as at disposal date

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Office equipment, furniture, and fittings	10,586,497	4,916,157	5,670,340
Computers and related equipment	12,416,700	9,441,895	2,974,805
Motor vehicles	26,119,067	20,406,908	5,712,159
	49,122,264	34,764,960	14,357,304

16. Intangible Assets

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year	3,596,000	3,002,640
Additions	-	593,360
At end of the year	3,596,000	3,596,000
Additions—internal development	-	-
At end of the year	3,596,000	3,596,000
Amortization and impairment		
At beginning of the year	1,078,800	-
Amortization	755,160	1,078,800
At end of the year	1,833,960	1,078,800
Impairment loss	-	-
At end of the year	1,833,960	1,078,800
NBV	1,762,040	2,517,200

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17. Receivables from Non-Exchange transactions

	2020/2021	2019/2020
	Kshs.	Kshs.
Prepayments (Insurance)	8,853,847	7,665,800
Salary Advance	1,151,124	605,612
Parking Deposit-Regent Management	270,000	270,000
Vending Machine Deposit	-	10,000
Total	10,274,971	8,551,412

1. Financial Risk Management

The commission's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The commission's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The commission does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

i) Credit risk

The commission has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the commission's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the commission's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

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	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2021				
Receivables from non-exchange transactions	10,274,971	10,274,971	-	-
Bank balances	51,963,282	51,963,282	-	-
Total	62,238,253	62,238,253	-	-
As at 30 June 2020				
Receivables from Non-exchange transactions	8,551,412	8,551,412	-	-
Bank balances	50,384,524	50,384,524	-	-
Total	58,935,936	58,935,936	-	-

ii) Price risk

- The Commission does not hold investments that would be subject to price risk; hence this risk is not relevant.
- Interest rate risk
The Commission does not hold any interest - bearing liabilities or assets; hence this risk is not relevant.
- Foreign currency risk

Foreign exchange risk arises from future fluctuation of foreign currencies and recognized liabilities.

iii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the commissioners, who have built an appropriate liquidity risk management framework for the management of the commission's short, medium and long-term funding and liquidity management requirements. The commission manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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iv) Capital risk management

The objective of the commission's capital risk management is to safeguard the commission's ability to continue as a going concern.

The primary objective of managing the Commission's capital is to ensure that there is sufficient cash available to support the Commission's funding requirements to ensure that the Commission remains financially sound. As at the end of the year, the authority had no debt.

2. Related Party Disclosures

- i) Key management;
- ii) Board of directors;

a) Key management remuneration	2020/2021	2019/2020
	Kshs.	Kshs.
Directors'	0	2,018,728
Key management compensation	22,533,696	9,925,952
Total	22,533,696	11,944,680
b) Due from related parties		
Due from Parent Ministry	0	0
Due from SC or SAGA	0	0
Total	0	0
c) Due to related parties		
Due to the parent Ministry	0	0
Due to SAGAs	0	0
Total	0	0

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3. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

4. Ultimate and Holding Entity

The commission is a Semi- Autonomous Government Agency under the Office of the Attorney General and Department of Justice. Its ultimate parent is the Government of Kenya.

5. Presentation currency and rounding off

The financial statements have been presented in Kenyan Shillings and rounded to the nearest Kenya Shilling.

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the issue as shown below with the associated time frame within which we expect the issue to be resolved. We can confirm that one of the two logbooks were issued in our names while the others are work in progress within the timeframe set.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Paragraph I	Property Plant & Equipment	Four (4) motor vehicles GKA139N, GKA281G, GKA430L & GKA506L ownership still with the Ministry of Justice and Constitutional Affairs.	Secretary /Chief Executive Officer, Kenya Law Reform Commission	Resolved; GKA 430L,GKA 137L,GKA 281G and GKA 506L are now registered under Kenya Law Reform Commission as per logbook Nos. K2945487M, K4300328V, K4300329U & K2945488L Not Resolved We are now pursuing the transfer for GKA 139N	Within 2021/2022 Financial Year

Secretary / C.E.O
(Kenya Law Reform Commission)

Signature.....

Date: 3rd February 2022

Chairman of the Board
(Kenya Law Reform Commission)

Signature

Date: 3rd February 2022

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the Attorney General & Department of Justice				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	B 043265	First Quarter- 24/08/2020	68,029,593	2020/21
	B 043313	Second Quarter- 06/11/2020	68,029,593	2020/21
	B 043493	Third Quarter- 24/03/2021	63,029,593	2020/21
	B 043463	Fourth Quarter- 24/06/2021	73,029,593	2020/21
		Total	272,118,373	

The above amounts have been communicated to and reconciled with the parent Ministry

Head of Finance
 Attorney General & Dept. of Justice

Head of Accounting Unit
 Attorney General & Dept. of Justice

Sign

Sign.....

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Donor Fund/Direct Payment/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
N/A	N/A	Recurrent	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Development	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Donor Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Direct Payment	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total			N/A	N/A	N/A	N/A	N/A	N/A	N/A