



OFFICE OF THE AUDITOR-GENERAL

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*MW*

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REPORT

OF



THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
KENYA LAW REFORM COMMISSION

FOR THE YEAR ENDED  
30 JUNE 2015





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KENYA LAW REFORM COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2015

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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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# KENYA LAW REFORM COMMISSION

## ANNUAL REPORT & FINANCE STATEMENT FINANCIAL YEAR ENDED JUNE 30<sup>TH</sup> 2015

### I. KEY KENYA LAW REFORM COMMISSION 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Commission Act, 2013 (No. 19 of 2013) as a successor to the Law Reform Commission, previously established under the repealed Law Reform Commission Act, Cap 3.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 and the Commission for the Implementation of the Constitution (CIC) 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.

The Sixth Schedule to the Constitution requires CIC to coordinate with the KLRC and the Attorney-General to prepare for tabling in Parliament legislation required to implement the Constitution. The implication here is that, other than its statutory and ongoing role of keeping under review all the law of Kenya, KLRC also has an enormous constitutional mandate of not only preparing the new legislation required to give effect to the Constitution within specified timelines, but also to undertake a detailed audit and review of all the existing over 800 pieces of

## KENYA LAW REFORM COMMISSION

national and county legislation and harmonize them with the Constitution. Other outstanding responsibilities of KLRC include

- a. Draw the attention of the respective Ministry, Department or Agency (MDA) to any proposal for reform if, in the opinion of the KLRC, such proposal has or is likely to have an adverse effect on the country as a whole or on any community or section of the country in particular.
- b. Provide advice and information to national and county governments ministries, departments and agencies or any other person or authority with regard to the reform or amendment of a branch of the law appropriate to the ministry, department and agency or person or authority;
- c. Solicit for funds for participation by the public in the performance of the functions of the KLRC.
- d. Encourage international co-operation in the performance of its functions;
- e. Encourage and promote public participation in the process of law-making and educate and sensitize the public on the content of the law through seminars, workshops, conferences and other public meetings; and

### **Commissioners:**

KLRC consists of a Chairperson and Six Commissioners. This is the policy organ of KLRC. The KLRC Act, 2013 provides that at its first meeting, the Commission is required to elect a Vice-Chairperson from amongst themselves and further, that the Vice-Chairperson must be of opposite gender to the Chairperson. The Commissioners meet at least once a month 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.

### **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 the KLRC is carried out by the Legal Officers. The KLRC has other supporting cadres including Administrators, Librarians, Human Resource Officers, Accountants, Procurement Officers, Secretarial and Clerical staff.

### **Vision:**

"A vibrant agency for responsive law reform"

# KENYA LAW REFORM COMMISSION

## Mission

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

## Core Values:

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

## Value Proposition:

“The 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:

**Strategic Objective 1:** To facilitate quality development and preparation of legislation required to implement the Constitution

**Strategic Objective 2:** To facilitate the review of all laws required for the successful implementation of the Medium Term Plan.

**Strategic Objective 3:** To facilitate the increase of law reform activities required for conformity to Constitution and the Medium Term Plan.

**Strategic Objective 4:** To contribute to the legislative and law reform knowledge in Kenya

**Strategic Objective 5:** To increase the accessibility of legislative and law reform services to Kenyans.

**Strategic Objective 6:** To enhance the requisite institutional capacities for legislation and law reform over the Medium Term Plan

**Strategic Objective 7:** To improve the mainstreaming of cross-cutting issues into the legislation and law reform in Kenya

# KENYA LAW REFORM COMMISSION

## (b) Principal Activities

The principal activity of KLRC is to keep under review all the law of Kenya to ensure its systematic development and reform, including in particular the integration, unification and codification of the law, the elimination of anomalies, the repeal of obsolete and unnecessary enactments and generally its simplification and modernization. The strategic thrust for KLRC is organized into six high level thematic areas namely: Legislation, Law Reform, Knowledge Management, Services (Technical and Advisory), Institutional Capacity and Cross cutting issues.

## (c) Key Management

The KLRC's day-to-day management is under the following persons:

S/NO.	NAME	DESIGNATION
1.	Mr. Joash Dache, MBS	Secretary/ CEO
2.	Mrs. Josephine Sinyo	Deputy Chief State Counsel
3.	Mr. Peter Musyimi	Senior Principal State Counsel
4.	Ms. Susan Kuria	Senior Assistant Secretary
5.	Ms. Felistus Kabiru	Human Resource Management Officer
6.	Mr. Moses Oyolla	Senior Records Management Officer
7.	Ms. Winnie Mutiso	Telephone Supervisor
8.	Ms. Winfred Shireku	Accountant
9.	Mr. James Ruteere	ICT Officer
10.	Mrs. Alice Githuka	Executive Secretary

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:

### 1. Human Resource Management Advisory 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. During the financial year ended 30<sup>th</sup> June, 2015 the following were members of this committee:

## KENYA LAW REFORM COMMISSION

S/NO.	NAME	ROLE
1	Mrs Josephine Sinyo	Chairperson
2	Mr. Matthew Kimanzi	Alternate Chairperson
3	Ms. Susan Kuria	Member
4	Mrs Julita Onyango	Member
5	Mr Moses Oyolla	Member
6	Mr Abel Ndege	Member
7	Mr. James Ruteere	Member
8	Mr. Nelson Chirchir	Secretary
9	Mr. Leonard Mutie	Alternate Secretary

### 2. Training and Development Committee

This committee 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 financial year ended 30<sup>th</sup> June, 2015 the following were members of this committee:

S/NO.	NAME	ROLE
1.	Ms. Catherine Munyao	Chairperson
2.	Mr. Matthew Kimanzi	Alternate Chairperson
3.	Ms. Winfred Shireku	Member
4.	Ms. Virginia Arina	Member
5.	Ms. Susan Kuria	Member
6.	Mrs. Julita Onyango	Member
7.	Mr. James Ruteere	Member
8.	Mr. Nelson Chirchir	Secretary
9.	Mr. Leonard Mutie	Alternate Secretary

### 3. Tender Committee

This committee is constituted in accordance with the Public Procurement and Disposal Act, 2005 and the Public Procurement and Disposal Regulations, 2006. The main function is to adjudicate on tender transactions to facilitate the Commission and advise the Secretary/CEO on tender related issues. During the financial year ended 30<sup>th</sup> June, 2015 the following were members of this committee:

## KENYA LAW REFORM COMMISSION

S/NO.	NAME	ROLE
1	Mr Peter Musyimi	Chairperson
2	Mrs Catherine Munyao	Alternate Chairperson
3	Mrs Felistus Kabiru	Member
4	Ms Susan Kuria	Member
5	Mr James Ruteere	Member
6	Ms Winfred Shireku	Member
7	Mr Moses Oyolla	Member
8	Mrs. Julita Onyango	Secretary

### 4. Procurement Committee

This committee is constituted in accordance with the Public Procurement and Disposal Act, 2005 and the Public Procurement and Disposal Regulations, 2006. The main function is to adjudicate on procurement transactions to facilitate the Commission and advise the Secretary/CEO on procurement related issues. During the financial year ended 30<sup>th</sup> June, 2015 the following were members of this committee:

S/NO.	NAME	ROLE
1.	Ms. Annette Bosibori	Chairperson
2.	Mr. Leonard Mutie	Alternate Chairperson
3.	Mr. Francisco Mbuvi	Member
4.	Mrs. Alice Githuka	Member
5.	Mrs. Florence Simiyu	Member
6.	Mrs. Josephine Mwongeli	Member
7	Ms Lucy Mutua	Secretary

### 5. Inspection and Acceptance Committee

This committee is constituted in accordance with the Public Procurement and Disposal Act, 2005 and the Public Procurement and Disposal Regulations, 2006. The main function is to facilitate the Commission by ensuring goods and services supplied are as per specifications and there is value for money. During the financial year ended 30<sup>th</sup> June, 2015 the following were members of this committee:

S/NO.	NAME	ROLE
1	Ms Mercy Muthuuri	Chairperson
2	Mr Luke Mikedon	Alternate Chairperson
3	Mr David Munene	Member
4	Mrs Leila Kulah	Member
5	Mr Abel Ndege	Member
6	Ms Lucy Mutua	Secretary

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## d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2015 and who had direct fiduciary responsibility were:

S/NO.	NAME	DESIGNATION
1.	Mr. Joash Dache, MBS	Secretary/ CEO
2.	Mr. Peter Musyimi	Senior Principal State Counsel
3.	Ms. Susan Kuria	Senior Assistant Secretary
4.	Ms. Winfred Shireku	Accountant

## e) Fiduciary Oversight Arrangements

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

### 1. 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. During the financial year ended 30<sup>th</sup> June, 2015 the Committee was headed by Commissioner Njoki Kahiga.

### 2. 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 30<sup>th</sup> June, 2015 the Committee was headed by the Vice Chairperson, Commissioner Doreen Muthaura.

### 3. 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. During the financial year ended 30<sup>th</sup> June, 2015 the Committee was headed by Commissioner Apollo Mboya.

### 4. Research, Development and Regulatory Impact Assessment Committee

This Committee oversees the development and implementation of strategies and policies to guide the operations and functioning of law reform. During the

## KENYA LAW REFORM COMMISSION

financial year ended 30<sup>th</sup> June, 2015 the Committee was headed by Commissioner Mary Wairagu

### **f) Entity Headquarters**

P.O. Box 34999-00100  
Re-Insurance Plaza, 2<sup>nd</sup> Floor  
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](http://www.klrc.go.ke)

### **h) Entity Bankers**

Co-operative Bank of Kenya  
Aga Khan Walk Branch  
P.O. Box 34999-00100  
Nairobi, KENYA

### **i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

### **j) Principal Legal Adviser**

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

# KENYA LAW REFORM COMMISSION

## II. KENYA LAW REFORM COMMISSION COMMISSIONERS



**Mr. Mbage N. Ng'ang'a**  
Chairman, KLRC

Mr. Mbage N. Ng'ang'a is the Chairman, Kenya Law Reform Commission. He is an Advocate of the High Court of Kenya and a CPS (K). He is a former Chairman of the Energy Tribunal, Kenya. He holds a Master of Law degree in International Business Law from the University of London. He also has Masters of Science in Agricultural Development from the same University. Mr. Mbage Ng'ang'a holds a Bachelor of Laws from the University of Nairobi. He was until his appointment to the Commission a Senior Partner, Waruhiu and K'owade and Ng'ang'a Advocates, Nairobi in Kenya. Being a member of Law society of Kenya, he has served in various Committees of the Law Society of Kenya including being a Convener of the Property Law, Conveyance and Land Reform Committee.



**Ms. Doreen Muthaura**  
Vice-Chairperson, KLRC

Ms. Doreen Muthaura is the Vice-Chairperson, Kenya Law Reform Commission. She holds a Master of Laws (LL.M) in Advanced Legislative Studies, Bachelors of Laws (LLB), a Postgraduate Diploma in Legal Studies, and a Certificate in Legislative Drafting. She worked as a Principal Program Officer – Legislative Drafting, Commission for the Implementation of the Constitution. A Senior Program Officer – Legislative Drafting, Commission for the Implementation of the Constitution, a Researcher at the Commission for the Implementation of the Constitution and as a Parliamentary Counsel and a State Law Officer, Government of Kenya. Ms. Doreen Muthaura is a member of the Commonwealth Association of Legislative Counsel (CALC); the Law Society of Kenya; and a Chevening Scholar Alumni.



**Ms. Njoki Kahiga,**  
HSC,OGW  
Commissioner, KLRC

Ms. Njoki Kahiga is a Commissioner at the Kenya Law Reform Commission. She holds a Master of Science in Human Resource Management degree from Salford University, UK. She also has a Bachelor of Education (B.ed) degree from the University of Nairobi. She has been trained on: Advanced Management Programme – IESE Business School, University of Navarra. Corporate Governance Course – Institute of Corporate Governance, Advanced Training of Trainers - USAID and Strategic Negotiations in the Public Sector - Jamaica. Ms. Njoki Kahiga has worked as an Ag. Permanent Secretary - Ministry of State for Public Service and Secretary Human Resource Development. She was also a Director, Human Resource Development, a Deputy Director Human Resource Development and a Senior Assistant Director Human Resource. She is a member of Kenya Institute of Management Treasurer of Kenya Association of Public Administration and Management (KAPAM) and Member of African Association of Public Administration Management (AAPAM).

## KENYA LAW REFORM COMMISSION



**Ms. Ruth Kirwa**  
Commissioner, KLRC

Mrs. Ruth Kirwa is a Commissioner of Kenya Law Reform Commission. She holds a Masters of Law (LLM) (Corporate Law and Finance) She holds a Bachelor of Law (LLB) Upper Second Class) from the University of Nairobi. She is also Legal Officer at the Technical University (Kenya). Mrs. Ruth Kirwa is a volunteer lawyer for the Child Welfare of Kenya, Research fellow at the University, and an Advocate at the law firm of Kimani Kairu & Co. Advocates. She is a Member, ICPS.



**Mr. Apollo Mboya, HSC**  
Commissioner, KLRC

Mr. Apollo Mboya, HSC who is a Commissioner of Kenya Law Reform Commission. He holds a Bachelor of Arts (Political Science & History), LLB, Masters of Arts degrees in International Studies (Diplomacy & International Relations) He is a holder of a Diploma in Law from Kenya School of Law, Post Graduate Diploma in Human Rights from the Institute of Social Studies (The Hague) Security Studies from the National Defence College, Nairobi. He worked as a specialist with the United Nations Development Programme. He also worked as a State Counsel in the Department of Treaties and Agreements, Office of the Attorney-General. He is the Secretary/CEO, Law Society of Kenya. He is a member of the Institute of Certified Public Secretaries of Kenya, International Commission of Jurists, East African Law Society, Commonwealth Lawyers Association and Outreach Official of the International Bar Association (Africa Region) and a Certified Professional Mediator, Mediation Training Institute.



**Mary M. Wairagu**  
Commissioner, KLRC

Mrs. Mary Wairagu is an Advocate of the High Court of Kenya and a Commissioner for Oaths and a Notary Public having been admitted to the Bar on 19<sup>th</sup> December 1991. She has an LLB degree Second Class Honours Upper Division from the University of Nairobi (1990), and also a Post graduate Diploma in Law, Kenya School of Law, (1991). Mary Wairagu has Post graduate Diplomas in Gender and Human Rights, Legislative Drafting (Parliament of India, 2012) and Strategic Leadership Development Programme, (SLDP), Kenya School of Government, (2011), Governance, Ethics and Anticorruption Reforms, ESAMI, (2009) Corporate Governance and Ethical Strategies (Commonwealth Training) (2009) Uppsala University, Sweden (2008).



**Ms. Linda Murila**  
Commissioner (Ex-Officio)

Ms. Linda Musilivi Murila is a Commissioner (Ex-Officio) of the Kenya Law Reform Commission. She holds an LLB (Hons) degree from the University of Nairobi, Faculty of Law. She has a Diploma (Law) from the Kenya School of Law, Advanced Diploma in Legislative Drafting from the University of West Indies, Barbados. She was a member of the drafting team for the Proposed Constitution of Kenya, Multi Sectoral Constitutional Review Committee Member of the Technical Team to Review laws relating to elections member of the Mental Health Board and member of the Task Force on the review of Health and Health Related Acts.

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**Mr. Joash Dache, MBS  
Secretary/CEO, KLRC**

Mr. Joash Dache is the Secretary/Chief Executive Officer of the Kenya Law Reform Commission. He is a holder of LL.M. degree: (Monash University, Australia), has a Certificate in Legislative Drafting (University of London), a Diploma in Law (Kenya School of Law) and LL.B. degree (University of Nairobi). He is a Certified Public Secretary CPS (K), an Advocate of the High Court of Kenya. 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 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; Overview of 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).

# KENYA LAW REFORM COMMISSION

## CHAIRMAN'S STATEMENT



**Chairman:** Mr. Mbage N. Ng'anga

It is with great pleasure that the Kenya Law Reform Commission presents the first Annual Report on its performance and financial statement for the financial year 2014/2015. As you may be aware, the Constitution of Kenya, 2010 and the Kenya Law Reform Commission Act, 2013 expanded the mandate of the Commission to be among the organs of the implementation of the Constitution, review all the law of Kenya and also give technical support to both National and County Governments in matters relating to law reform.

We are pleased to report that the year 2014/2015 was a period the Commission witnessed enormous achievements amid some challenges. The milestones were made possible by strengthening our institutional framework, capacity building of staff and commissioners and strategic leadership by the Commission. In particular, the Commission developed its first Strategic Plan covering the period 2013-2017 which serves as a benchmark and guide in realizing our vision of being *a vibrant agency for responsive law reform*.

In the reporting period 2014/2015, the Commission in line with its mission, mandate and strategic objectives; initiated various reform and realignment measures to accelerate and meet the demand for quality legislation at both levels of government. In this respect, we strengthened collaboration frameworks with the Executive and legislative authorities at each level of government towards a fully participatory and consultative process of policy formulation, legislative development and reform of the law. The Commission also developed and published a *Guide to the Legislative Process in Kenya* which we hope will come in handy as a key reference tool for amongst others policy makers, drafters, legislators and the public at large. Further, the Commission prepared and disseminated over 50 pieces of Model Laws for customization by County Governments.

On Constitutional Implementation; the Commission participated in the development and review of the Bills required for its implementation (5<sup>th</sup> year). This was achieved through collaboration with diverse stakeholders who comprised of: Ministries, Departments and Agencies (MDAs) drawn from both National and County Governments, Development Partners, Civil Society Organizations, Private Sector, Professional Associations, the media and the people of Kenya.

## KENYA LAW REFORM COMMISSION

To effectively deliver on its constitutional and statutory mandate, the Commission equally undertook deliberate and systematic internal measures to meet the stakeholder and public demands for services. During the period under review, the Commission conducted a comprehensive Staff Evaluation exercise which recommended the training and hiring of additional staff and development of clear Career Progression Guidelines. These recommendations are being implemented and are geared towards attracting the relevant skills for optimum performance and execution of the Commission's mandate.

To enhance our public and stakeholder engagement work, the Commission during the reporting period, established the Corporate Communications Department that will be working with the Legal and Research departments and responding on key public issues. Further, in line with the government's ICT policy and strategy, the Commission also installed additional information communication technology facilities and partitioned additional office space to meet the staff growth needs.

Indeed, the achievements outlined above would not have been possible without the innovation, resourcefulness, commitment and hard work of the Commission members, staff, partners, and other stakeholders. In this regard, the Commission expresses gratitude to the KLRC Secretary/CEO, Mr. Joash Dache and the entire staff for work well done. The Commission also acknowledges the relentless efforts of the Vice-Chairperson, Ms. Doreen Muthaura, all Commissioners and indeed our partners for their support in the 2014/2015 financial year.

In conclusion, we express our gratitude for the honour granted to us in service to the people of the great Nation of Kenya in various capacities at Kenya Law Reform Commission (KLRC). We are confident that the Commission, its partners and the people of Kenya will continue working closely in all areas in strengthening issue based, citizen centered, accountable and result-oriented law reform towards realizing the constitutional aspirations and Kenya Vision 2030's Social, Economic and Political development goals.

  
Mr. Mbage Ng'ang'a  
Chairman

# KENYA LAW REFORM COMMISSION

## REPORT OF THE SECRETARY/CHIEF EXECUTIVE OFFICER



Secretary/ CEO: Mr. Joshua Dacko MBS

I am delighted to present this First Annual Report and Financial Statements of the Commission as a new institution. The Report details the activities of the Commission during the year 2014/2015, achievements, challenges and the way forward. Further, the Report documents the progress made in law reform in Kenya.

Following the promulgation of the Constitution of Kenya, 2010 and the enactment of the KLRC, 2013, Act the Commission was given additional mandate to coordinate with the Commission for the Implementation of The Constitution and the Attorney-General to prepare legislation required to implement the Constitution and provide technical assistance to both levels of Government as well as its traditional role of keeping under review all the laws of Kenya to ensure its systematic development and reform.

While the year 2014/2015 was not without its challenges, the management team of Kenya Law Reform Commission (KLRC) continued to successfully implement its mandate and to advance its goals and objectives as outlined in the Strategic Plan. The KLRC Management Team is grateful for the continued support of the Chairperson, the Vice Chairperson and the Commissioners which has enabled us to accomplish our mission during the year under review.

In undertaking its mandate, KLRC is moving between two distinct regimes. First regime is where KLRC existed under a very narrowly construed Act, a past constitutional dispensation which was restrictive and in whose regime the KLRC role was basically traditional law reform. The second regime is one where KLRC has constitutional responsibilities defined by the Constitution, Kenya Law Reform Commission Act, 2013 and the County Governments Act, 2012. Previously, the focus has been on keeping all Kenyan laws under review to ensure their systematic development and reform, including, in particular their integration, unification and codification. The reform involves the elimination of anomalies, the repeal of obsolete and unnecessary enactments and general simplification and modernization of the law. The Commission is therefore the primary Law Reform agency in Kenya and part of its mandate is to offer technical legal assistance to government agencies on the review of laws for which they take responsibility.

As already alluded to, KLRC has a direct responsibility in coordinating with the Commission for the Implementation of the Constitution and the Attorney General in the preparation and tabling in Parliament legislation required to implement the Constitution.

## KENYA LAW REFORM COMMISSION

The demand for KLRC to deliver on the above mandates compelled it to formulate and vigorously pursue a new strategic direction. The ultimate result was the KLRC Strategic Plan 2013-2017 with built in interventions to meet the legal challenges anticipated under the new constitutional dispensation, and more particularly to implement the relevant government priorities. The Strategic Plan outlines the strategic concerns that need to be addressed in order to overcome constraints that continue to limit law reform and focuses interventions around seven strategic objectives needed to revive, revitalize and guide law reform in Kenya. In the first two years of the Strategic Plan, focus will be strengthening the Commission's institutional and infrastructural capacity necessary to enable it effectively and efficiently carry out its mandate.

In subsequent years, gains will be consolidated to ensure continuous and rapid response to law reform needs because the Commission 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.

During the 2014/2015 financial year, the Commission received grants from Government totaling Kshs 208 Million and raised Kshs.1.3 Million from other sources. In the coming year, the Management Team of KLRC will focus primarily on implementing the key areas of focus as identified in the Strategic Plan. We will remain dedicated and committed in achieving our vision "*to be vibrant agency for responsive law reform*" and our mission "*to facilitate law reform conducive to social, economic and political development*".

The progress outlined above would not have been possible without the unrelenting support of the Commission members who provided strategic direction, leadership and oversight to the Secretariat in the execution of the programmes and activities.

The Secretariat will continue to ensure the effective implementation of the programmes of the Commission including supporting the work of the Commissioners and the various Commission committees.



Mr. Joash Dache, MBS

**Secretary/ Chief Executive Officer**

# KENYA LAW REFORM COMMISSION

## III. CORPORATE GOVERNANCE STATEMENT

Sound corporate governance is critical to achievement of our mandate and ensuring prudent use of public resources entrusted to the Commission. Responsibility for good governance lies with the Commissioner. Governance, the manner in which power is exercised in the management and control of organizations has assumed critical importance in these days of political pluralism. Kenya Law Reform Commission (KLRC) recognizes that governance is a vital ingredient in the maintenance of a dynamic balance between the need for order and equality in society, protection of public interest, efficiency in service delivery to the public and maintenance of organized corporate framework within which each citizen can contribute fully towards finding innovative solutions to common problems.

Good Corporate Governance seeks to promote

- An efficient, effective and sustainable Commission that contributes to the welfare of society by creating wealth, employment and solutions to emerging challenges;
- A responsive and accountable Commission;
- A legitimate Commission that is managed with integrity, probity and transparency;
- Recognition and protection of stakeholder rights, and
- An inclusive approach based on democratic ideals, legitimate representation and participation.

KLRC is committed to the highest standards of integrity, behavior and ethics in dealing with all its stakeholders. The Commissioners adhere to the code of corporate governance (Mwongozo Code of Conduct) as well as its own stringent standards of governance and control. A formal Code of Ethics is available and is fully implemented to guide Commissioners, Management, Employees and Stakeholders on acceptable behavior in conducting our operations. These include among others requirement to act honestly, in good faith and in the best interest of the Commission, exercise duty of care and diligence; avoidance and disclosure of conflict of interest and maintenance of confidentiality of information about the Commission.

The Commissioners have a collective responsibility for establishing and management of appropriate systems on internal control and for reviewing their effectiveness. KLRC has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information and safeguarding public resources. Internal control and risk management systems are designed to mitigate rather than eliminate the risks identified in the financial reporting process. The Management is responsible for ensuring

## KENYA LAW REFORM COMMISSION

that the internal control activities are performed and documented, and is required to report to the Audit Committee on compliance on quarterly basis

### IV. CORPORATE SOCIAL RESPONSIBILITY 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 and funds; and
6. 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

## KENYA LAW REFORM COMMISSION

- 3 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

### V. STATEMENT OF COMMISSIONERS RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 and section 31 (2) of the Kenya Law Reform Commission Act, 2012, require the Commission to prepare financial statements in respect of the KLRC, which give a true and fair view of the state of affairs of the Commission at the end of the financial year and the operating results of the Commission for that year. 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. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time. 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 ended on June 30, 2015. 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, selecting and applying appropriate accounting policies; and
- (v) 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 judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the KLRC Act. The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2015, and of the Commission's financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for

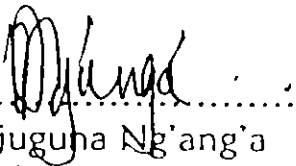
## KENYA LAW REFORM COMMISSION

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.

The Commissioners confirm that the Commission has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable) and that the Commission's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. 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 Commission's financial statements were approved by the Commissioners on 25/9 2015 and signed on its behalf by.



.....  
Mbage Njuguna Ng'ang'a  
**CHAIRMAN,**  
**KENYA LAW REFORM COMMISSION**



.....  
Joash Odhiambo Dache, MBS  
**SECRETARY/CEO,**  
**KENYA LAW REFORM COMMISSION**

## KENYA LAW REFORM COMMISSION

### I STATEMENT OF FINANCIAL PERFORMANCE For the Year Ended 30<sup>th</sup> June 2015

	Note	2014-2015	2013-2014
Government Grants –	3	208,000,000	-
Revenue from Exchange Transactions			-
Other Income	4	1,329,172	-
<b>Total Revenue</b>		<b><u>209,329,172</u></b>	
<b>Expenses</b>			
Employee Costs (secretariat)	5	28,395,642	-
Commissioners Salaries	6	21,575,804	-
Contractual Employees	7	3,071,849	-
General Expenses	8	115,134,811	-
Repair and Maintenance	9	12,838,064	-
ICT related cost	10	2,955,948	-
Commissioners Allowances	11	4,969,535	-
Depreciation Expenses	12	3,951,481	-
<b>Total Expenditure</b>		<b>192,893,134</b>	
<b>Surplus</b>		<b>16,436,037</b>	

KENYA LAW REFORM COMMISSION

**II. STATEMENT OF FINANCIAL POSITION**  
For the Year Ended 30 June 2015

	Note	2014-2015	2013-2014
<b>ASSETS</b>		<b>Kshs.</b>	<b>Kshs.</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	12	13,327,622	-
Inventory	16	3,052,345	-
<b>Sub-total</b>		<b>16,379,967</b>	-
<b>Current Assets</b>			
Cash and Cash Equivalents	13	4,272	-
Receivables from Non-Exchange	14	3,734,037	-
<b>Sub-total</b>		<b>3,738,309</b>	-
<b>Grand-total</b>		<b>20,118,276</b>	-
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			-
Trade & Other Payables from Exchange Transactions	15	3,682,239	-
Surplus		16,436,037	-
<b>Total Liabilities</b>		<b><u>20,118,276</u></b>	-

KENYA LAW REFORM COMMISSION

**III. STATEMENT OF CASHFLOWS**  
For the Year Ended 30 June 2015

	Note	2014-2015 Kshs	2013-2014 Kshs.
Cash flow From Operating		16,436,037	-
Surplus for the year before tax			
Adjusted for Depreciation	12	3,951,481	-
Contributed assets		0	-
Working capita adjustments			-
Increase in inventory	16	(3,052,345)	-
Increase in receivable	14	(3,734,037)	-
Increase in Payables	15	3,682,239	-
<b>Net cash flows from operating actives</b>		<b>847,337</b>	-
Cash flow from investment activities			-
Purchase of property,plant and equipment	12	(17,279,102)	-
<b>Net cash flow from investment activities</b>		<b>(17,279,102)</b>	-
Cash flow from financing activities		0	-
Cash and cash equivalent as at 1 <sup>st</sup> July 2014		0	
<b>Cash and cash equivalent as at 1<sup>st</sup> July 2015</b>	<b>13</b>	<b>4,272</b>	

## KENYA LAW REFORM COMMISSION

### STATEMENT OF CHANGES IN NET ASSETS For the year ended 30<sup>th</sup> June 2015

	Capital reserve Kshs	Accumulated Surplus Kshs.	Total Kshs
Balances as at 1 <sup>st</sup> July 2013	-	-	-
Surplus/(deficit) for the period	-	-	-
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 <sup>th</sup> June, 2014	-	-	-
<b>Changes in Equity for the year 2014/15</b>			
Balance as at 1 <sup>st</sup> July 2015		-	-
Surplus for the year	-	<b>16,436,037</b>	<b>16,436,037</b>
Transfers to/from accumulated surplus	-	<b>16,436,037</b>	<b>16,436,037</b>

## KENYA LAW REFORM COMMISSION

### TRIAL BALANCE As at 30<sup>th</sup> June 2015

Account	Debit 'Kshs'	Credit 'Kshs'
Cash and Cash Equivalents	4,272	
Prepayments Salary Advance	498,240	
Prepayment Insurance	3,235,797	
Inventory or Stock	3,052,345	
Receivables from Non Exchange Transactions		
Property Plant and Equipment	17,279,102	
Accounts Payable		3,682,238
Revenue		1,329,172
Government Grant		208,000,000
Provision for accumulated Depreciation		3,951,481
Depreciation Expenses	3,951,481	
Employees cost	28,395,642	
salaries to Commissioners	21,575,804	
Contractual employees	3,071,845	
Repair and maintenance	12,838,064	
Commissioners Allowances	4,969,535	
ICT related costs	2,955,948	
Advertising and publicity	3,576,431	
Office Rent	26,596,855	
Newspapers and journals	499,180	
Printing and stationery	2,636,000	
Cleaning services	1,171,162	
Remunerations to instructors	499,961	
Travel and accommodation	33,975,255	
Fuel	1,502,040	
Insurance expenses	4,530,117	
postage and delivery	518,220	
Telephone and faxes	3,436,996	
Education & Library	1,100,720	
Training and Development	6,035,589	
Conferences and workshops	28,496,284	
Professional Services	560,000	
<b>Total</b>	<b>216,962,891</b>	<b>216,962,891</b>

# KENYA LAW REFORM COMMISSION

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR 2014/2015 FINANCIAL YEAR

Income	Original budget	Adjustments	Final	Actual on comparable basis	Performance difference	Variance
	2014-2015	2014-2015	2014-2015	2014-2015	2014-2015	
	Kshs	Kshs	Kshs	Kshs	Kshs	
GOK Grants – Recurrent	208,000,000	-	208,000,000	208,000,000	-	0%
Appropriation in Aid	-	1,329,172	1,329,172	1,329,172	1,329,172	0%
<b>Total Income</b>	<b>208,000,000</b>	<b>1,329,172.00</b>	<b>209,139,172</b>	<b>209,139,172</b>	<b>1,329,172</b>	<b>0%</b>
<b>RECURRENT EXPENDITURE</b>						
<b>STAFF COSTS</b>						
Basic Salaries	28,000,000	-	28,000,000	14,595,090	13,404,910	48%
House Allowance	10,000,000	-	10,000,000	4,509,232	5,490,768	55%
Responsibility Allowance	500,000	-	500,000	172,000	328,000	66%
Entertainment Allowance	1,200,000	-	1,200,000	470,400	729,600	61%
Commuter Allowance	4,000,000	-	4,000,000	1,902,320	2,097,680	52%
Extraneous Allowance	6,000,000	-	6,000,000	3,552,500	2,447,500	41%
Non Practising Allowance	2,500,000	-	2,500,000	1,293,500	1,206,500	48%
Domestic Servant Allowance	500,000	-	500,000	93,600	406,400	81%
Special Legal Allowance	5,000,000	-	5,000,000	1,807,000	3,193,000	64%
<b>Sub-Total</b>	<b>57,700,000</b>	<b>-</b>	<b>57,700,000</b>	<b>28,395,642</b>	<b>29,304,358</b>	<b>51%</b>
<b>Contractual employees</b>						
Gross Salary	3,000,000	-	3,000,000	2,813,000	187,000	6%
Service Gratuity	474,000	-	474,000	258,845	215,155	45%
<b>Sub-Total</b>	<b>3,474,000</b>	<b>-</b>	<b>3,474,000</b>	<b>3,071,845</b>	<b>402,155</b>	<b>12%</b>
<b>Commissioners</b>						
Basic salary	11,500,000	-	11,500,000	11,153,204	346,796	3%
House Allowance	3,150,000	-	3,150,000	2,880,000	270,000	9%
Entertainment Allowance	3,100,000	-	3,100,000	2,745,000	355,000	11%
Commuter Allowance	650,000	-	650,000	576,000	74,000	11%
Domestic Servant Allowance	699,000	-	699,000	561,600	137,400	20%
Non-practising allowances	1,000,000	-	1,000,000	960,000	40,000	4%
Extraneous Allowance	2,500,000	-	2,500,000	2,700,000	-200,000	-8%
<b>Sub-Total</b>	<b>22,599,000</b>	<b>-</b>	<b>22,599,000</b>	<b>21,575,804</b>	<b>1,023,196</b>	<b>5%</b>
<b>Repair and Maintenance</b>						
Building Repair & Maintenance	12,000,000	-	12,000,000	9,654,085	2,345,914	27 19%


## KENYA LAW REFORM COMMISSION

Plant & Equipment Maintenance	1,500,000		1,500,000	1,420,000	50%	0%
Motor Vehicle Repairs and maintenance	1,750,000		1,750,000	1,763,478	100%	0%
<b>Sub-Total</b>	<b>15,250,000</b>		<b>15,250,000</b>	<b>12,838,064</b>		<b>60%</b>
<b>General Expenses</b>						
Advertising and Publicity	4,000,000		4,000,000	3,576,431	90%	0%
Office Rent	21,000,000		21,000,000	26,596,855	127%	26%
Newspapers and Journals	500,000		500,000	499,160	100%	2%
Printing and Stationery	2,000,000		2,000,000	2,636,000	132%	32%
Cleaning Services	1,000,000		1,000,000	1,171,162	117%	17%
Remuneration to Instructors	500,000		500,000	499,461	100%	0%
Travel and Accommodation	25,800,000		25,800,000	33,975,255	132%	32%
Fuel	1,500,000		1,500,000	1,502,040	100%	0%
Insurance Expenses	10,000,000		10,000,000	4,530,117	45%	55%
Postage and Delivery	500,000		500,000	518,220	104%	4%
Telephone and Fax	3,000,000		3,000,000	3,436,996	115%	15%
Education and Library	1,500,000		1,500,000	1,100,720	73%	27%
Training and Development	7,500,000		7,500,000	6,035,589	81%	20%
Conference and Workshops	25,000,000		25,000,000	28,496,284	114%	12%
Professional Services	540,000		540,000	560,000	104%	4%
<b>Sub-Total</b>	<b>98,566,261</b>		<b>38,540,000</b>	<b>115,134,811</b>		<b>17%</b>
<b>Commissioners Allowances</b>						
Commission Allowance (Part time)	6,500,000		6,500,000	4,969,535	76%	24%
<b>Sub-Total</b>	<b>6,500,000</b>		<b>6,500,000</b>	<b>4,969,535</b>		<b>24%</b>
<b>ICT related Costs</b>						
Internet and E Mail	1,100,000		1,100,000	1,400,000	127%	27%
Software and Hardware	1,500,000		1,500,000	1,055,948	70%	50%
Computer Repairs and Maintenance	550,000		550,000	500,000	91%	9%
<b>Sub-Total</b>	<b>3,150,000</b>		<b>3,150,000</b>	<b>2,955,948</b>		<b>6%</b>
<b>Depreciation Expenses</b>						
Depreciation	0		0	3,396,840		0%
<b>Sub-Total</b>	<b>0</b>		<b>0</b>	<b>3,396,840</b>		<b>0%</b>
<b>GRAND-TOTAL</b>	<b>208,000,000</b>		<b>208,000,000</b>	<b>192,893,134</b>		<b>90%</b>

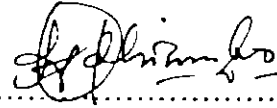
# KENYA LAW REFORM COMMISSION

## Approval of the Financial Statements

The Kenya Law Reform Commission's Financial Statements were approved by the Commission 20/9/2014 and signed on its behalf by



.....  
Mbage Njuguna Ng'ang'a  
**CHAIRMAN,**  
**KENYA LAW REFORM COMMISSION**



.....  
Joash Odhiambo Dache MBS  
**SECRETARY/CEO,**  
**KENYA LAW REFORM COMMISSION**

# KENYA LAW REFORM COMMISSION

## Notes to the Financial Statements for the Year - Ended 30<sup>th</sup> June, 2015

### 1. Statement of Compliance and Basis of Preparation – IPSAS I

#### a) Statement of Compliance

The Kenya Law Reform Commission's Financial Statements have been prepared in accordance with and complied with International Public Sector Accounting Standards (IPSAS). The Financial Statements are presented in Kenya Shillings, which is functional and reporting currency of the Commission. The Accounting Policies have been consistently applied to the Year Presented.

#### b) Basis of Preparation

The Financial Statements have been prepared on the basis of historical costs unless stated otherwise. The cash flow statements is prepared using the in-direct method. The financial statements are prepared on accrual basis.

#### c) Revenue Recognition

Revenue from non-exchange transactions – (IPSAS 23) is recognized in the period in which it accrues. A Government grant is recognized when it is received.

#### d) Accounts Payables

Payables are stated at nominal value, less amounts not expected to be payable.

#### e) Reporting Currency

These financial statements are presented in Kenya Shillings (Ksh ) as the reporting currency.

#### f) Income Tax

The Commission being a non-trading entity is not subject to taxation.

### 2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

## KENYA LAW REFORM COMMISSION

### Notes to the Financial Statements for the Year - Ended 30<sup>th</sup> June, 2015 - Continuation

#### a. Revenue Recognition

##### i. Revenue from Non-Exchange Transactions

###### **Government Grants**

The Commission recognizes revenues from the National Treasury when they are received and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

###### **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 Commission and can be measured reliably.

##### ii. Revenue from Non-Exchange Transactions

###### **Rendering of services – IPSAS 9**

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.

#### b. Budget Information – IPSAS 24

The annual budget is prepared on the accrual basis, that is all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate

## KENYA LAW REFORM COMMISSION

### Notes to the Financial Statements for the Year Ended 30<sup>th</sup> June, 2015 - Continuation

additional financial statement in the statement of comparison of budget and actual amounts

#### c. Property, Plant and Equipment - IPSAS 17

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 Commission 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 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 straight-line 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 balancing method of depreciation on applicable rates on the Assets in question. The Organisation charges full depreciation in the year when the asset was acquired regardless of the month of purchase

- Computers and IT Equipment 30%
- Motor Vehicles 25.0%
- Office Equipment , Furniture, Fittings and Fixtures 12.5%

#### d. Intangible Assets – IPSAS 31

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.

#### e. Provisions IPSAS 19

## KENYA LAW REFORM COMMISSION

### Notes to the Financial Statements for the Year - Ended 30<sup>th</sup> June, 2015 - Continuation

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.

#### ***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.

#### ***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 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.

#### **f. Nature and Purpose of Reserves**

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

#### **g. Changes in Accounting Policies and Estimates IPSAS 3**

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.

# KENYA LAW REFORM COMMISSION

## Notes to the Financial Statements for the Year - Ended 30<sup>th</sup> June, 2015 - Continuation

### **h. Employee Benefits IPSAS 25**

#### **Retirement Benefit Plans**

The Commission contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). The contributions are determined by Kenyan statutes.

### **i. Related Parties – IPSAS 20**

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.

### **j. Service Concession Arrangements – IPSAS 32**

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 Commission also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

### **k. 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 various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-

# KENYA LAW REFORM COMMISSION

## Notes to the Financial Statements for the Year - Ended 30<sup>th</sup> June, 2015 - Continuation

term cash imprests and advances to 35 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

### **l. Comparative Figures**

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

**This being the first year of operations, the Commission has not indicated comparative figures for the Year 2013/2014 Financial Year.**

### **m. Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1**

The preparation of the 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

### **n. Subsequent Events – IPSAS 14**

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, 2015

## **3. Government Grants**

GOK Recurrent grant was operational grant from the Government through the Office of the Attorney General and Department of Justice disbursed as follows.

1 <sup>st</sup> Quarter	52,000,000
2 <sup>nd</sup> Quarter	52,000,000
3 <sup>rd</sup> Quarter	52,000,000
4 <sup>th</sup> Quarter	52,000,000
<b>Total</b>	<b><u>208,000,000</u></b>

## KENYA LAW REFORM COMMISSION

### Notes to the Financial Statements for the Year - Ended 30<sup>th</sup> June, 2015- Continuation

#### 4. Other Income:

Other income is comprised of

	2014/2015	2013/2014
	Ksh.	Ksh.
Sale of Tender Documents	47,000	-
Receipts from Disposal	2,000	-
Receipts from Consultancy	1,280,172	-
<b>Total</b>	<b>1,329,172</b>	<b>-</b>

#### 5. Salaries paid to Commission's Staff (Secretariat)

	2014/2015	2013/2014
	Ksh.	Ksh.
Basic Salaries	14,595,091	-
House Allowance	4,509,232	-
Responsibility Allowance	172,000	-
Entertainment Allowance	470,400	-
Commuter Allowances	1,902,320	-
Extraneous Allowance	3,552,500	-
Non-Practicing Allowance	1,293,500	-
Domestic Servant Allowance	93,600	-
Special Legal Allowance	1,807,000	-
<b>Total</b>	<b>28,395,643</b>	<b>-</b>

#### 6. Commissioners Salaries

	2014/2015	2013/2014
	Ksh.	Ksh.
Basic Salary	11,153,204	-
House Allowance	2,880,000	-
Entertainment Allowance	2,745,000	-
Commuter Allowance	576,000	-
Extraneous Duty Allowance	2,700,000	-
Domestic Servant Allowance	561,600	-
Non-Practising Allowance	960,000	-
<b>Total</b>	<b>21,575,804</b>	<b>-</b>

## KENYA LAW REFORM COMMISSION

### Notes to the Financial Statements for the Year Ended 30<sup>th</sup> June, 2015- Continuation

#### 7. Contractual Employees:

	2014/2015	2013/2014
	Ksh.	Ksh.
Gross Salary	2,813,000	-
Service Gratuity	258,845	-
<b>Total</b>	<b>3,071,845</b>	

#### 8. General Expenses

	2014/2015 Kshs	2013/2014 Kshs
Advertising and publicity	3,576,431	-
Office Rent	26,596,855	-
Newspapers and journals	499,180	-
Printing and stationery	2,636,000	-
Cleaning services and materials	1,171,162	-
Remuneration to Instructors	499,961	-
Travel and Accommodation	33,975,255	-
Fuel	1,502,040	-
Insurance expenses	4,530,117	-
Postage and delivery	518,220	-
Telephone and Faxes	3,436,996	-
Education and Library	1,100,720	-
Training and Development	6,035,589	-
Conferences and Workshops	28,496,283	-
Professional Services	560,000	-
<b>Total</b>	<b>115,134,811</b>	

#### 9. Repair and Maintenance

	2014/2015	2013/2014
	Ksh.	Ksh.
Building repair * Maintenance	9,654,085	-
Plant & Equipment maintenance	1,420,000	-
Motor Vehicle repair and maintenance	1,763,978	-
<b>Total</b>	<b>12,838,064</b>	-

## KENYA LAW REFORM COMMISSION

### Notes to the Financial Statements for the Year Ended 30<sup>th</sup> June, 2015 - Continuation

#### 10. ICT Related Costs

	2014/2015	2013/2014
	Kshs	Ksh.
Internet and Email	1,400,000	-
Software and Hardware maintenance	1,055,948	-
Computer Repairs and maintenance	500,000	-
<b>Total</b>	<b>2,955,948</b>	<b>-</b>

#### 11. Commissioner's Allowances (Part-time)

	2014/2015	2013/2014
	Ksh	Ksh
Commissioners Allowances (part time)	4,969,535	-
<b>Total</b>	<b>4,969,535</b>	<b>-</b>

#### 12. Property, Plant and Equipment & Depreciation

	Office Equipment, Furniture, fittings & fixtures	Motor Vehicles	Computer equipment	Total
Depreciation rate	12.5%	25%	30%	
<b>Details</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
As at 1st July 2014	0	0	0	0
Additions	3,401,150	12,741,000	1,136,952	17,279,102
Disposals	0	0	0	
Transfers/Adjustments	0	0	0	
<b>As at 30th June 2015</b>	<b>3,401,150</b>	<b>12,741,000</b>	<b>1,136,952</b>	<b>17,279,102</b>
<b>Depreciation and impairment</b>				
As at 1st July 2014	0	0	0	0
Depreciation for the year	425,144	3,185,250	341,086	3,951,480
Impairment	0	0	0	0
Disposals	0	0	0	0
Transfers/Adjustments	0	0	0	0
As at 30th June 2015	425,144	3,185,250	341,086	3,951,480
<b>Net Book values</b>				
As at 30th June 2015	2,976,006.25	9,555,750	795,867	13,327,623
As at 30th June 2014	0	0.00		

## KENYA LAW REFORM COMMISSION

### Notes to the Financial Statements for the Year - Ended 30<sup>th</sup> June, 2015- Continuation

#### 13 Cash and Cash Equivalents:

This represents cash at hand and cash at bank as follows

	2014/2015	2013/2014
	Ksh.	Ksh
Cash at Bank	4,272	
<b>Total</b>	<b>4,272</b>	

#### 14 Receivable from Exchange Transactions:

Receivable from Exchange Transactions are comprised of.

	2014/2015	2013/2014
	Ksh.	Ksh
Prepayments & Deposits (Insurance)	3,235,797	
Salary Advance	498,240	
<b>Total</b>	<b>3,734,037.98</b>	

#### 15. Payable from Non-Exchange Transactions:

Trade and Other Payables from Exchange Transactions are comprised of:

	2014/2015	2013/2014
	Ksh.	Ksh
Kenyatta University	82,440	
Telkom Kenya	13,190	
Tin Tin Restaurant	47,000	
24 Interactive	210,000	
Kimya Agencies	76,000	
Edoo Enterprises	165,000	
Sophytech Systems	190,240	
Brimid Services	327,600	
Lakeside Tourist Lodge Limited	230,000	
Technology Analysts Limited	530,124	
African Braille Centre	10,069	
Rommy Enterprises	11,900	
The Scott Travel Group Limited	386,530	
Telkom Kenya	49,135	
Kenya Pipeline Co Ltd	255,000	
Advance beyond Technologies	301,600	
Fine Tops (Retention money)	796,410	
<b>Total Trade and Other Payables from Exchange Transactions</b>	<b>3,682,238</b>	

## KENYA LAW REFORM COMMISSION

### Notes to the Financial Statements for the Year - Ended 30<sup>th</sup> June, 2015- Continuation

#### 16 Store Inventory

	2014/2015	2013/2014
	Ksh.	Ksh.
Stores Inventory	3,052,345	-
<b>Total (Kshs.)</b>	<b>3,052,345</b>	<b>-</b>

#### 17. Financial Risk Management

Exposure to currency, commodity, interest rate, liquidity and credit risk arises in the normal course of the Commission's operations. Measures are taken by the management to ensure prudent financial risk mechanisms are put in place to mitigate against financial loss.

##### ***Credit risk***

Credit risk is the risk of financial loss to the Commission if customers or counterparties to financial instruments fail to meet their contractual obligations. The Commission's credit risk is primarily attributable to its receivables and cash and cash equivalents. The Commission's management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors before extending credit. The carrying amount of financial assets represents the maximum credit exposure. The credit risk on liquid funds with financial institutions is low, because the counter parties are banks with high credit-ratings.

##### ***Credit quality***

Credit quality is assessed risk of default attached to counterparties to which the authority extends credit and also those parties with whom the authority invests. As such, the credit quality assessed extends to the customers, donors and banks of the Commission. For financial statement purposes, the investments and balances with banks are limited to the receivable and cash and cash equivalents line items in the statement of financial position. The authority determines credit quality of the banks from past dealings with them and from information readily available from the regulatory authority, the Central Bank of Kenya. The client base of the Commission is diverse and consists mainly of companies and government entities. For the purpose of determining the credit quality of clients, the Commission applies its past experience with them in determining the risk of default they pose.

Notes to the Financial Statements for the Year - Ended 30<sup>th</sup> June, 2015-  
Continuation

***Receivables***

Receivable amounts are owed by clients and the government of Kenya and are presented net of any impairment losses. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The Commission's exposure to credit risk is monitored on an ongoing basis. The Commission's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance.

***Cash and cash equivalents***

The Commission limits its exposure to credit risk by investing cash and cash equivalents with only reputable financial institutions that have a sound credit rating. Consequently, the Commission does not consider there to be any significant exposure to credit risk.

***Liquidity risk***

Liquidity risk is the risk of the Commission not being able to meet its obligations as they fall due. The Commission's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Commission's reputation. Prudent liquidity risk management includes maintaining sufficient cash to meet the Commission's obligations.

***Market risk***

Market risk is the risk of changes in market prices, such as foreign-exchange rates and interest rates, affecting the Commission's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on the risk.

▪ **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.

# KENYA LAW REFORM COMMISSION

## Notes to the Financial Statements for the Year - Ended 30<sup>th</sup> June, 2015- Continuation

- **Foreign currency risk**

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities

### ***Capital risk management policies***

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, including capital expenditure, to ensure that the Commission remains financially sound. The Commission monitors capital using a gearing ratio, which is net debt, divided by total capital, plus net debt. As at the end of the year, the authority had no debt.

### **18. Taxation**

The Commission is exempt from paying income taxes under the provisions of the Income tax Act (2012).

### **19. Statement of Comparison of budget**

#### **a) Changes from original final Budget.**

Kenya Law Reform Commission budget changed from the original budget on variation of expenses on various items of expenditure.

#### **b) Appropriation-In-Aid.**

Statement of Comparison of budget and actual show 100% variance In Appropriations in Aid. This was not in the original budget but was raise through payment of consultancy fees

#### **b) Staff Costs**

Secretariat expenses have high percentage variances on most items due to the fact that the employee received their Personal Emoluments payment from Office of the Attorney General and Department of Justice for the 1<sup>st</sup> and 2<sup>nd</sup> Quarter of the 2014/2015 Financial Year. This was because the Directorate of Personnel Management had not transferred the IPPD System to the Commission to enable process payments of salaries.

# KENYA LAW REFORM COMMISSION

## Notes to the Financial Statements for the Year - Ended 30<sup>th</sup> June, 2015- Continuation

### d) General Expenses

Kenya Law Reform Commission had a variance of 26% in pay of rent. This change on original budget was due to acquisition of an extra floor of office space for Commissioners and a new parking lot from Regent Management.

### e) General Administration Costs.

During the 2014/2015 Financial Year, Budget items under General Administration category have a variance of more than 10%. The budgets affected include Training & Development, Conference and Workshops, Travelling and Accommodation, Printing and Stationary, Internet and related expenses. This variance was due to lack of donor funding which catered for various expenditures on Travels, Conferences and Workshops.

During the year under review Commissioners came on board with three (3) full time Commissioners. This meant representation of the Commission in various policy fora including Workshops, Retreats, Seminars and International Conferences. This consequently increased the General Administrative Costs.

The year also coincided with the implementation of the Constitution which included complying with the strict time lines and stakeholder's engagements, (giving practical effect to the principle of public participation) and comparative studies in form of Seminars, Workshops Task Forces and Inter-Ministerial Committees all of which had significant financial implications.

Further, the year also coincided with the onset of County Government's wherein the Commission provided technical assistance and capacity building to budding county entities including Executive Committees, County Assemblies and County Public Service Boards. This was mainly in areas of policy formulation, legislative drafting and review of Bills and Legislation. These also had financial implication as the Commission had no specific budget for programmatic work.

## 20. Events after the reporting period

There are no material non-adjusting events after the reporting date

*Paper Laid  
By Hon. A. Duka, MP (KCMR)  
On March 10, 2016 (pm)  
MMW*



**REPUBLIC OF KENYA  
THE NATIONAL TREASURY**

**SESSIONAL PAPER NO. 1 OF 2016**

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**GOVERNMENT GUARANTEE ON BORROWING FOR THE  
CONSTRUCTION OF THE 2<sup>ND</sup> CONTAINER TERMINAL PHASE II  
JPY 32.116 BILLION – KES 27.3 BILLION**

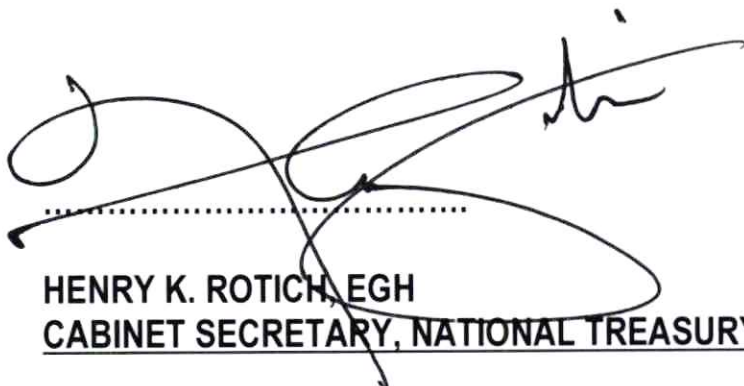
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1. In accordance with the provisions of the Public Financial Management Act 2012, section 58 (1) of the laws of Kenya, the following information is laid before the National Assembly for consideration and approval.
2. The Kenya Ports Authority is 100 percent Government owned, established under the KPA Act (CAP 391 of the laws of Kenya) and therefore is a state corporation under the Ministry of Transport and Infrastructure.
3. The Port of Mombasa, which is the gateway to East and Central Africa is also the principal seaport for the region. As gazetted under schedule (ii) of the KPA Act, the primary function of the Kenya Ports Authority is management of sea ports in Kenya, which includes Mombasa, Vanga, Shimoni, Mtwapa, Kilifi, Funzi, Malindi, Kiunga and Lamu. Cargo handling as specified in KPA Tariff constitutes its core activity.
4. With full support and indulgence of the Government, the Kenya Ports Authority has successfully negotiated for a loan of **¥ 32,116,000,000.00** equivalent to Kshs **27,300,000,000.00** from the Japanese International Cooperation Agency (JICA) to the Kenya Ports Authority for the Phase II of the Development of the 2<sup>nd</sup> Container Terminal Mombasa Port Development Project.
5. The project aims at expanding the container handling capacity to match current and expected growth of container traffic through the Port of

Mombasa. Container traffic is expected to grow from the current level of 1 million Twenty Feet Equivalent Units (TEUs) per year to over 1.5 million in 2017, 2.0 million in 2021 and 3 million TEUs by 2030. The 1<sup>st</sup> phase will avail a capacity of 470,000 TEUs per year while the combined phase I and II will provide a total capacity of 1 million TEUs. The Phase I is at an advanced stage with targeted completion of 28<sup>th</sup> February 2016. Phase II is targeted to start as soon as the loan approval procedures are completed and will take the next four years and to be operational in the year 2020.

6. The scope of the project will include limited dredging of the quayside and turning basin, civil works for berth No. 22 (construction of the Wharf; -15m, length: 250m) related building facilities, reclamation of the sea to create the container stacking yard including the roads behind the berths,, truck road at the back of the container terminal, construction of utilities for supply of water and electricity, communication, sewerage and security; purchase of equipment (Ship to Shore Gantry crane: 4 nos and Rubber Tyred Gantry cranes: 12 nos), integrated port security system for the new container terminal and consulting services (design/construction supervision and assistance for operator selection). The first phase of the project is expected to be ready by end of Feb. 2016 while this second phase by May 2020.
7. The loan bears an interest rate of 0.11% per annum, carries a 6 year moratorium (grace period) and has a repayment period of thirty four (34) years. Based on Kenya Ports Authority performance, the Authority will be able to meet its debt service obligations.
8. The National Assembly is requested to approve the Kenya Government Guarantee for the loan of **¥ 32.116 billion** equivalent to **Kshs 27.30 billion** at the current exchange rate from the Japan International Cooperation Agency (JICA), a 100 % Japanese Government owned overseas development assistance bank, to the Kenya Ports Authority.
9. The current total contingent liabilities of the Government of Kenya in respect to the Public Financial Management Act, 2012 section 58 (2) (f) other than those specified in the schedule to the Act amount to **Kshs 47.96 billion** and with the guarantee of a sum equivalent to **Kshs 27.3**

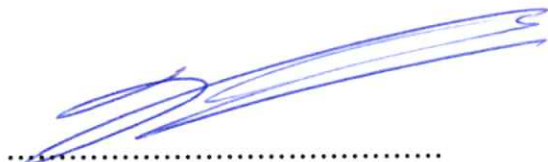
**billion** the aggregate amount will be **Kshs 75.26 billion** which will fall within the ceiling of the guarantee debt amounting to **Kshs 200 billion** in accordance with the certificate of the National Assembly Resolution dated 17<sup>th</sup> June 2011 approving the total contingent liability of the government for the time being outstanding in respect to principal amount to **Kshs 200 billion**.



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**HENRY K. ROTICH, EGH**  
**CABINET SECRETARY, NATIONAL TREASURY**

DATE.....1/3/2016.



.....

**JAMES WAINAINA MACHARIA, EGH**  
**CABINET SECRETARY, MINISTRY OF TRANSPORT AND**  
**INFRASTRUCTURE**

DATE.....26.02.2016