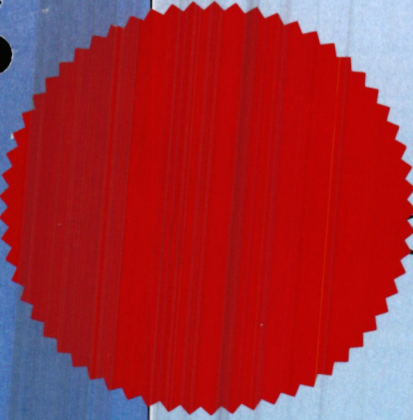


REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
COUNCIL FOR LEGAL EDUCATION**

**FOR THE YEAR ENDED
30 JUNE 2016**





ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

REPORT OF THE COUNCIL MEMBERS

The Council submit this report together with the financial statements for the year ended June 30, 2016 which show the state of the Council of Legal Education affairs.

Principal activities

Council of Legal Education was established by Legal Education Act No 27, of 2012. The function of the Council as per Legal Education Act No. 27 of 2012 section 6 are:

- viii) Regulate legal education and training in Kenya;
- ix) Accredite and licence legal education providers
- x) Supervise legal education providers
- xi) Harmonisation of legal education programmes
- xii) Advice Government on Legal Education and Training
- xiii) Recognize and approve qualifications obtained outside Kenya for purpose of admission to the roll
- xiv) Administer professional examination prescribed under section 13 of Advocates Act

Results

The Financial statements of the Council of Legal Education for the year ended June 30, 2016 are set out on page 1 to 38

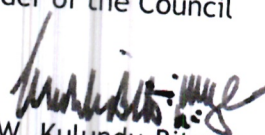
Directors

The members of the Board of Directors who served during the year are shown on page iv to vii are in accordance with Legal Education Act No. 27 of 2012.

Auditors

The Auditor General is responsible for the statutory audit of the Council of Legal Education in accordance with the Section 81 of the Public Finance Management (PFM) Act, 2012 and Section 28 of the Legal Education Act No. 27 of 2012, which empowers the Auditor General to audit Council of Legal Education's Financial Statements.

By Order of the Council


Prof. W. Kulundu-Bitonye, EBS
SECRETARY/CHIEF EXECUTIVE OFFICER
COUNCIL OF LEGAL EDUCATION
NAIROBI

Date..... 25 January, 2017



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

STATEMENT OF COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 28 of the Legal Education Act, 2012 requires Council to prepare financial statements in respect of the Council of Legal Education, which give a true and fair view of the state of affairs of the Council of Legal Education at the end of the financial year and the operating results of the Council of Legal Education for that year. The Council is also required to ensure that the Council of Legal Education keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council of Legal Education. The Council is also responsible for safeguarding the assets of the Council of Legal Education.

The Council is responsible for the preparation and presentation of the Council of Legal Education's financial statements, which give a true and fair view of the state of affairs of the Council of Legal Education for year ended on June 30th, 2016. 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 Council of Legal Education;
- (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)
- (iv) Safeguarding the assets of the Council of Legal Education;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the Council of Legal Education 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, the State Corporations Act and Legal Education Act, 2012. The Council is of the opinion that the Council of Legal Education's financial statements give a true and fair view of the state of Council's transactions during the financial year ended June 30, 2016, and of the Council of Legal Education's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the Council of Legal Education, which have been relied upon in the preparation of the Council of Legal Education's financial statements as well as the adequacy of the systems of internal financial control.

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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

KEY COUNCIL OF LEGAL EDUCATION INFORMATION AND MANAGEMENT

(a) Background information

The Council of Legal Education is established by Legal Education Act No. 27 of 2012 and it is governed by the Council which is responsible for the general policy and strategic direction.

(b) Principal Activities

Council of Legal Education was established by Legal Education Act No 27, of 2012. The function of the Council as per Legal Education Act No. 27 of 2012 Section 6 are:

- i) Regulate Legal Education and Training in Kenya;
- ii) Accredite and licence legal education providers
- iii) Supervise Legal Education providers
- iv) Harmonisation of Legal Education programmes
- v) Advice Government on Legal Education and Training
- vi) Recognize and Approve Qualifications obtained outside Kenya for purpose of admission to the roll
- vii) Administer professional examination prescribed under section 13 of Advocates Act

Vision of CLE

Assure quality and globally competitive legal education and training in Kenya

CLE Mission

To promote quality legal education and training in Kenya through licensing, equation of legal foreign qualifications and harmonization of law programmes.

Core functions of the Council of Legal Education

- a) Regulate Legal Education and Training in Kenya;
- b) Accredite and License Legal Education providers
- c) Supervise Legal Education providers
- d) Harmonisation of Legal Education programmes
- e) Advice Government on Legal Education and Training
- f) Recognize and Approve Qualifications obtained outside Kenya for purpose of admission to the roll
- g) Administer professional examination prescribed under section 13 of Advocates Act



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

(c) Key Management

The Council's day-to-day management is under the Secretary / Chief Executive Officer Council of Legal Education.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Secretary/Chief Executive Officer	Prof. W. Kulundu-Bitonye, EBS
2.	Director Quality Assurance Compliance and Accreditation	Dr. Jacob K. Gakeri
3.	Director Examination	Dr. Freda Githiru
4.	Assistant Director Finance, Planning and Administration	Mr. Jones Otuke
5.	Office Manager/ P/A to CEO	Mrs. Phoebe W. Kariuki
6.	Internal Auditor	Mrs. Ignazia K. Kaimba

(e) Fiduciary Oversight Arrangements

The Audit, governance and risk management committee is responsible for evaluating the adequacy of management procedures with regard to risk management, control and governance. The committee reviews and approves the audit charter and internal audit work plans. It reviews the internal and external audit findings and recommendations and proposing the preventive actions necessary. The committee meets at least quarterly in scheduled meetings.

(f) Council of Legal Education Headquarters

P.O. Box 829-00502
Karen Office Park Acacia Block 2nd Floor
Langata Road
Nairobi, KENYA

(g) Council of Legal Education Contacts

Telephone: (254) 20 6980100, 20 2011290



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

**(h) Council of Legal Education
Bankers**

National Bank of Kenya
Hill Branch
P.O. Box 45219 - 00100
NAIROBI, KENYA

**(i) Council of Legal Education
Independent Auditors**

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

**(j) Council of Legal Education
Principal Legal Adviser**



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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

THE COUNCIL OF LEGAL EDUCATION MEMBERS

BOARD MEMBER	PARTICULARS
 <p data-bbox="172 902 635 1032">Mr. Fred O.O.N. Ojiambo, MBS, SC - Chairman LL.B. (UON) Dip. (KSL)</p>	<p data-bbox="786 577 1433 972">Mr. Fred Ojiambo, SC is an Advocate of the High Court of Kenya and the Managing Partner in Kaplan & Stratton Advocates. He is also the Chairman of Board of Directors of CFC Stanbic PLC Ltd. He has over 35 years' experience having been admitted to the Bar in 1975. His main areas of practice are: Arbitration & Mediation, Banking, Insurance & Telecommunications, Employment & Retirement Benefits and Litigation. He holds an LL.B. Degree from the University of Nairobi and a Diploma in Law from the Kenya School of Law. He is a Member of:</p> <ul data-bbox="831 1043 1251 1128" style="list-style-type: none">• Law Society of Kenya• International Bar Association <p data-bbox="786 1151 1238 1182">International Commission of Jurists</p>
 <p data-bbox="172 1512 751 1603">Prof. W. Kulundu-Bitonye, EBS - Secretary & Chief Executive Officer LL.M. (UON), LL.B (Dar-es-Salaam)</p>	<p data-bbox="786 1187 1433 1279">Professor Wanyama Kulundu-Bitonye, EBS is the Secretary/Chief Executive of the Council of Legal Education.</p> <p data-bbox="786 1319 1433 1809">He holds a LL.M. from the University of Nairobi and an LL.B. from the University of Dar-es-Salaam. He has over 25 years' experience in Management and training in law in Kenya, Lesotho and South Africa. Prof. Kulundu-Bitonye previously worked as the Director/Chief Executive Officer of the Council of Legal Education/Kenya School of Law from May, 2004 to January, 2014. Prior to taking his assignment in Kenya, he was professor of Law at Rhodes University, South Africa and National University of Lesotho in Maseru. Professor Kulundu-Bitonye has a long track-record in training in law, Management and has written several books and articles in International and Referred Journals.</p>



COUNCIL OF LEGAL EDUCATION


ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

 <p>Ms Judy Thongori LL.B (UON), Dip. (KSL) Member & Chairperson, Finance Committee</p>	<p>Ms Thongori is an Advocate of the High Court of Kenya. She holds an LL.B from the University of Nairobi. She is the Managing Partner in the firm of Judy Thongori & Company Advocates with extensive experience in Litigation handling largely Family Law, Commercial and Civil related matters. She has 25 years' experience.</p> <p>She is a member of:</p> <ul style="list-style-type: none">• Law society of Kenya• Federation of Women Lawyers in Kenya
 <p>Mr. Eric K. Mutua LL.M., LL.B (UON), Dip. (KSL) Member & Chairman, Audit & Risk Management Committee</p>	<p>Mr. Mutua is an Advocate of the High Court of Kenya. He is the Managing Partner in the firm of E.K. Mutua & Company Advocates. He is the current chairman of the Law Society of Kenya. He holds an LL.B and LL.M. from the University of Nairobi. He has over 15 years' experience.</p> <p>He is a member of:</p> <ul style="list-style-type: none">• Law society of Kenya• Institute of Certified Public Secretaries of Kenya• East African Law Society• Chartered Institute of Arbitrators• Legal Associate Kituo Cha Sheria (pro-bono basis)
 <p>Mr. Kenneth W. Akide, SC LL.B. (UON), Dip.(KSL) Member & Chairman, Quality Assurance & Compliance Committee</p>	<p>Kenneth Wabwile Akide, SC is an Advocate of the High Court of Kenya. He holds an LL.B from the University of Nairobi, a Post Graduate Diploma in Law from the Kenya School of Law, is a Certified Public Secretary (K), an Associate of the Chartered Institute of Insurance and an Associate of the Chartered Institute of Arbitrators. He is the immediate former chairperson of Law Society of Kenya. He is the Managing Partner in Akide & Company Advocates.</p> <p>He is a member of:</p> <ul style="list-style-type: none">• Law society of Kenya



COUNCIL OF LEGAL EDUCATION




ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

	<ul style="list-style-type: none">• Institute of Certified Public Secretaries of Kenya• East African Law Society• Chartered Institute of Arbitrators• International Commission of Jurists
 <p>Hon. Justice Prof. Joel Ngugi, LL.M.,JSD (Harvard), LL.B (UON),Dip. (KSL) Member</p>	<p>Justice Joel Ngugi is a Judge of the High Court of Kenya and heads the Judiciary Transformation Secretariat. He is also the Director of the Judiciary Training Institute.</p> <p>Prior to joining the Judiciary, Justice Ngugi was an Associate Professor of Law at the University of Washington (Seattle, Washington). His teaching and research interests are in the area of Law and Development; International Law; Human Rights; and Contracts Law. He had previously practiced law with the Boston law firm of Foley Hoag, LLP, as a corporate and international litigation associate. He also practiced law with the Kenyan firm Kariuki Muigua & Company Advocates before moving to the United States.</p> <p>Professor Ngugi has worked with the United Nations Mission in Kosovo (UNMIK) and conducted research work for the Global Coalition for Africa/World Bank, Program on Humanitarian Policy and Conflict Research (HPCR) at Harvard University and at the Global Trade Watch Division of the Public Citizens, Inc. in Washington, DC. He holds an LL.B from the University of Nairobi and a Masters in Law and Doctoral degree in Law from Harvard Law School in Cambridge, Massachusetts. Justice Ngugi represents the Chief Justice in the Kenya Council for Legal Education (CLE) and the Kenya School of Law Board.</p>



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

 <p>Ms Christine Agimba LL.M. (Warwick), LL.B (UON), Dip. (KSL) Member</p>	<p>Ms Christine Agimba is an Advocate of the High Court of Kenya. She holds an LL.B from the University of Nairobi and a Master's degree in Law (LL.M.) from the University of Warwick, England. Ms Agimba is Deputy Solicitor General in the Office of the Attorney General and Department of Justice. She has extensive professional experience from both the private and public sectors in diverse capacities. She has been a Project Manager/Legal Sector Specialist for the Financial and Legal Sector Technical Assistance Project of the Ministry of Finance, Government of Kenya and has also been a partner with the law firm of Hamilton, Harrison and Mathews.</p>
 <p>Mr. John K. Chebii LL.M. (UON), LL.B (UON), Dip. (KSL) Member</p>	<p>Mr. John Kipkoech Chebii is an Advocate of the High Court of Kenya and is currently a Senior Lecturer at Moi University School of Law. He holds an LL.B and an LL.M from the University of Nairobi. He is a Certified Public Secretary. He has over 20 years' experience in practising and teaching law at University level.</p> <p>He is a member of:</p> <ul style="list-style-type: none">• Law society of Kenya• Institute of Certified Public Secretaries of Kenya <p>East African Law Society</p>
 <p>Ms. Gertrude Nyausi Angote, LL.B. (UON) Member</p>	<p>Angote Nyausi Gertrude is an advocate of the High Court of Kenya. She is currently the Executive Director, Kituo Cha Sheria. She holds an LL.B from the University of Nairobi and is currently pursuing an LL.M at the University of Nairobi. She is a trained trial advocacy teacher from the University of Washington, and has previously engaged as faculty member at the Kenya School of Law. She specializes in the area of Human Rights, by choice and believes in equal access to justice and upholding of human dignity. She is a member of:</p> <ul style="list-style-type: none">• Law Society of Kenya



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016



Mr. Tom Khakame
Member

Mr. Tom Khakame is the Ag. Director- Accounting Services at the National Treasury. He holds a Degree in Finance and Strategic Management he is also a CPA III finalist.

He is currently pursuing his Ph.D in Finance.

MANAGEMENT TEAM



Professor Wanyama Kulundu-Bitonye, EBS
Secretary/Chief Executive Officer
Council of Legal Education
LL.M. (UON), LL.B. (Dar-es-Salaam)

Prof. Kulundu, holds a LL.M. from the University of Nairobi and an LL.B. from the University of Dar-es-Salaam. He has over 20 years of experience in Management and training of law in Kenya, Lesotho and South Africa. Prof. Kulundu-Bitonye previously worked as the Director/Chief Executive Officer of the Council of Legal Education/Kenya School of Law from May, 2004 to January, 2014.

Prior to taking his assignment in Kenya, he was professor of Law at Rhodes University, South Africa and National University of Lesotho in Maseru. Professor Kulundu-Bitonye has a long track-record in training in law, Management and has written several books and articles in International and Referred Journals.



Dr. Jacob Gakeri
Director Quality Assurance,
Compliance and Accreditation Department

Dr. Gakeri is an Advocate of the High Court and a Certified Public Secretary. He holds the LLB and LLM degrees from the University of Nairobi. LLM from the University of Houston, Texas and the SJD from Indiana University, Bloomington, U.S.A. Dr. Gakeri previously worked as a Senior Lecturer at the Department of Private Law, University of Nairobi, School of Law, Parklands Campus. He has previously served as a Part-time lecturer in Law at the Strathmore University School of

Accountancy and an Examiner for KASNEB



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016



Dr. Freda Mugambi-Githiru
Director Examinations

Dr Githiru holds an LL.B degree from Moi University, an LL.M degree in Commercial Law from the University of Birmingham and an LL.D degree from the University of Pretoria (South Africa). She is also an Advocate of the High Court of Kenya. Prior to joining the Council of Legal Education she was a Lecturer at Moi University School of Law where she had been teaching for ten (10) years.



Mr Jones Otuke
Assistant Director, Finance Planning & Administration

Mr Otuke holds an MBA (Finance) from University of Nairobi, Bachelors in Business Management from Moi University and he is a Certified Public Accountant of Kenya (CPA-K). He is a member of Institute of Certified Public Accountants Kenya (ICPAK). He has over 10 years of experience in the field of Finance. He previously worked for the Kenya School of Law and Ministry of Finance.



Mrs. Phoebe W. Kariuki
Office Manager /PA to the CEO

Mrs. Kariuki holds a Master of Business Administration (Strategic Management), a Bachelors Degree in Management & Office Administration, a Professional Diploma in Law from the Institute of Legal Executives (UK) and a Diploma in Secretarial Studies. She has attended various administration and management skills training both locally and abroad specializing in Minutes & Report writing, Performance contracting, Strategic Management, Balanced Score Card, Leadership, Managing Change among others. She has over 20 years work experience. She has previously worked with Kenya School of Law and various Government Ministries in the Republic of Kenya.

CHAIRMAN'S STATEMENT



On behalf of Council Members I am delighted to present the Annual Report and Financial Statements for the Council of Legal Education (CLE) for the year ended June 30, 2016. During the period under review CLE registered significant growth in its operation with the expanded mandate. Council established structures to deliver the mandates and am happy to note that we successfully conducted Bar Examination in the year 2015/2016.

CLE is mandated to regulate licence and supervise legal education in Kenya, we have taken this responsibility with utmost seriousness, giving our best to achieve set targets. Our hope, vision and purpose is to ensure that the quality of legal education in country is at par with, if not, the best in the world. In this regard Council licenced 2 legal education providers in the period under review bringing to a total of 9 licenced legal providers in the country.


Council continues to monitor the quality of Legal education in the country through quality audits. This program ensures that Licenced legal education providers comply with the conditions of the licence hence protecting the public and consumers of legal education. During the Financial Year Council conducted 17 legal audits in licenced legal educations providers and prospective legal education providers.

Under the expanded mandate of the Council established a department to deal with Bar examination. During the year Council conducted Bar examination, where 2,681 candidates were examined. In the same period 1,287 candidates qualified and were gazetted for admission to the Bar.

At a policy level, the Council continues to engage legal education stakeholders with a view of enhancing quality of legal education which aligned to the country's Vision 2030. The Council remains focused on its mandate, in particular on the role it plays in promoting quality of legal education

I take this opportunity to thank all our stakeholders for your continued support throughout the year. The Government particularly Office of attorney General and Department of Justice, The National Treasury, Council members, Management, staff who have played crucial roles in enabling CLE to achieve what it did in the year under review.

As we embark on a new year we are eager to continue collaborating with each of you towards making ours a success story of professionalism and great achievements.


Mr. Fred O. O. N. Ojiambo, MBS, SC
CHAIRMAN



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

COUNCIL OF LEGAL EDUCATION

REPORT OF THE SECRETARY/CHIEF EXECUTIVE OFFICER



Since the inception under the new regulatory framework Council of Legal Education has made concerted efforts in promoting and enhancing quality of legal education in the country. Council continues to play its transformative role in the legal education sector as mandated by the Government of Kenya. It is now with a lot of pleasure that I take this opportunity to present an overview of Council of Legal Education performance for the financial year ending June 30, 2016.

During the year, two (2) Institutions were audited, inspected and subsequently licensed to provide LL.B Degree programmes in the country. This raised licenced legal education providers in the country from 8 (Eight) to 10 (ten) while one (1) institution is licensed to provide the Diploma in Law programme.

Since enactment of the Legal Education Act, 2012 Council has conducted (33) quality audits and participated in 15 on-the-site inspections. In the year 2015/2016 Council conducted 10 quality audits and 7 onsite inspections.

Council continues to receive and process applications for recognition and approval of foreign qualifications. During the year Council developed criteria to equate foreign law qualifications, in this line Council received and processed application 435.

In the year 2015/2016, Council successfully conducted Bar examination in July and November 2015 under the expanded mandate of CLE. In two the examination series 2,681 candidates were examined and 1,287 qualified candidates were gazetted for admission into the Roll of Advocates.

Council also made tremendous improvements in several other areas which include reviewing of service delivery systems, risk management, enhancing the capacity of human resources, providing conducive working environment, strengthening ICT infrastructure, review of institutional, legal and regulatory framework.

Financial performance

In the period under review, the Council's revenue increased from **Kshs. 90.3 Million** in 2014/15 to **294.6 million** in 2015/16. This is attributed to the Bar examination fees introduced in 2015/16 financial year when council started conducting bar examination.

Total recurrent expenditure rose from **Kshs. 95.6 million** in 2014/15 to **220.6 Million** in 2015/16. The increase is due to the bar examination cost, staff cost and increase in operation cost. The Council's total asset base increased from **83.5 Million** to **166.6 Million** in 2015/16 financial year. Non-current assets went up by 20.6% to **Kshs. 47.3million** to **Kshs. 57.1** Current assets went up from **Kshs. 36.1 Million** to **Kshs. 109.4 Million**.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

On behalf of Council let me appreciate the support I have received from both the National Government, legal education sector players and stakeholders. Finally let me take this opportunity to commend the Council, management and staff, for the conclusion of yet another successful year.

Prof. W. Kulundu-Bitonye, FBS
SECRETARY/CHIEF EXECUTIVE OFFICER
COUNCIL OF LEGAL EDUCATION



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the manner in which corporations are directed and controlled with the objective of increasing and sustaining shareholders value while satisfying the needs of stakeholders. This is achieved by establishing a system of clearly defined authorities and responsibilities.

At the Council of Legal Education, the Council places a high degree of importance on maintaining a sound control environment and applying the highest standards of business integrity and professionalism in all areas of the Councils activities.

The Council is responsible for the governance of the Council Legal Education and conducts the business and operations of the Council with integrity and in accordance with the generally accepted corporate practices based on transparency, accountability and responsibility.

The Council has appointed various standing Committees to which it has delegated responsibilities with the Chairmen of the committees reporting to it. The composition of the standing committees are as follows;

Finance and General Purpose Committee

The committee is charged with the responsibility of ensuring that Council funds are prudently utilized and in line with the core functions and council's strategic plan. The committee also considers staff administrative matters to ensure they are within the law. It develops and reviews policies that will help the Council attract and retain highly qualified competent staff.

The members of Finance and General Purpose Committee are;

- | | | | |
|----|-------------------------------|---|--|
| 1. | Ms Judy Thongori | - | Chairperson |
| 2. | Hon. Justice Prof. Joel Ngugi | - | Member |
| 3. | Ms Christine Agimba | - | Member |
| 4. | Mr. John K. Chebii | - | Member |
| 5. | Dr. Indeje Wanyama | - | Member (Ceased being a member on October 14, 2015. |
| 6. | Mr. Tom Khakame | - | Member (appointed on October 14, 2015) |
| 7. | Ms Gertrude Nyausi Angote | - | Member |
| 8. | Prof. W. Kulundu-Bitonye, EBS | - | Secretary |



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Accreditation and Compliance Committee

The core mandate of the Council is to regulate, licence and supervise legal education providers. This is the committee responsible for assuring and maintenance of quality in legal education and training. The committee evaluates legal education programmes, assess capacities of Legal Education providers, and inspect the legal education providers to ascertain capacity and compliance to the set standards.

The committee members are:

- | | | |
|-------------------------------------|---|---------------|
| 1. Mr. Kenneth W. Akide, SC | - | Chairman |
| 2. Hon. Justice Prof. Joel Ngugi | - | Member |
| 3. Ms Christine Agimba | - | Member |
| 4. Mr. Eric K. Mutua | - | Member |
| 5. Ms Judy Thongori | - | Member |
| 6. Mr. Fred O.O.N. Ojiambo, MBS, SC | - | on invitation |
| 7. Prof. W. Kulundu-Bitonye, EBS | - | Secretary |

Examination Committee

The Examination Committee was established in 2015/16 Financial Year to administer the policy and procedures established by Council for the Bar Examination. The Committee ensures that Bar Examination Candidates are examined in accordance with the regulations, consider examination results and authorize gazetement of candidates who have met the requirements to be admitted to the Roll of Advocates.

The Committee members are:

- | | | |
|----------------------------------|---|-----------|
| 1. Hon. Justice Prof. Joel Ngugi | - | Chairman |
| 2. Ms Christine Agimba | - | Member |
| 3. Mr. Eric K. Mutua | - | Member |
| 4. Mr. John K. Chebii | - | Member |
| 5. Ms Gertrude Nyausi Angote | - | Member |
| 6. Prof. W. Kulundu-Bitonye, EBS | - | Secretary |

Audit, Governance and Risk Management.

The Committee is mandated to review all matters related to audit, quality assurance of systems and processes at the Council and risk management. The committee gives guidance on internal audit queries raised with management and external auditors of the Council. The Committee reviews established system to ensure that there is adequate internal controls, as well as compliance with the law and approved policies.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

The members of the committee are:

- | | | |
|----------------------------------|---|--|
| 1. Mr. Eric K. Mutua | - | Chairman |
| 2. Dr. Indeje Wanyama | - | Member (Ceased being a member on October 14, 2015. |
| 3. Mr. Tom Kahkame | - | Member (appointed on October 14, 2015. |
| 4. Mr. John K. Chebii | - | Member |
| 5. Mr. Kenneth W. Akide | - | Member |
| 6. Ms Gertrude Nyausi Angote | - | Member |
| 7. Prof. W. Kulundu-Bitonye, EBS | - | on invitation |
| 8. Internal Auditor | - | Secretary |



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Council of Legal Education recognises its obligations to act responsibly, ethically and with integrity in its interactions with all stakeholders be they, staff, and customers, suppliers, Government and the public as a whole.

To this end:

1. The Council is an Equal Opportunities Employer, which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, sexual orientation or physical ability.
2. The Council is committed to providing a safe, fair and stimulating work environment that empowers employees to make a meaningful contribution to the organisations performance development, and offers challenging and rewarding opportunities for personal and professional growth. The council recognizes the importance of attracting and retaining the best staff.
3. The Council is committed to achieving service levels that meet the expectations of our client. The council undertakes to institute programmes that will ensure that clients receive quality consistent and reliable services. Council will implement processes to manage client complaints and provide feedback promptly and sensitively.
4. The Council commits to being open and transparent in the interests of promoting best practice in the financial resources for the public good.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Approval of the financial statements

The Council of Legal Education's Financial Statements were approved by the Board on September 16, 2016 and signed on its behalf by:

Mr. Fred Ojiambo, MBS, SC
CHAIRMAN
COUNCIL OF LEGAL EDUCATION

Prof. W. Kulundu-Bitonye, EBS
SECRETARY/CHIEF EXECUTIVE OFFICER
COUNCIL OF LEGAL EDUCATION

FINANCIAL STATEMENTS

COUNCIL OF LEGAL EDUCATION STATEMENT OF FINANCIAL PERFORMANCE For the year ended 30 June 2016

	Notes	2015/2016 Kshs.	2014/2015 Kshs.
Revenue from non-exchange transactions			
Transfers from governments	3	168,849,738	88,400,000
		168,849,738	88,400,000
Revenue from exchange transactions			
Rendering of services	4	125,761,204	1,861,673
		125,761,204	-
Total revenue		294,610,942	90,261,673
Expenses			
Employee costs	5	86,677,805	38,706,244
Repairs and maintenance	6	421,689	369,955
Depreciation and amortization expense	14	17,151,347	11,206,666
General Expenses	7	60,029,142	38,230,477
Council Allowances and expenses	8	15,771,129	5,721,172
ICT related costs	9	692,496	1,378,794
Examination Related Costs	10	39,947,513	-
		220,691,121	95,613,308
Total expenses		220,691,121	95,613,308
Surplus before tax		73,919,821	(5,351,635)
Surplus/(Deficit) for the period		73,919,821	(5,351,635)
Attributable to:			
Surplus/(deficit) attributable to owners of the controlling entity		73,919,821	(5,351,635)

The notes set out on pages 19 to 35 form an integral part of the Financial Statements



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON COUNCIL FOR LEGAL EDUCATION FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of the Council for Legal Education set out on pages 1 to 24, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of cash flows and statement of changes in net assets, and statement 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.

Management's Responsibility for the Financial Statements

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 such 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.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

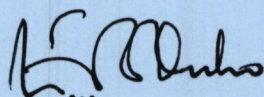
I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council for Legal Education as at 30 June 2016, 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 Council for Legal Education Act, 2012.

Other Matter

It was observed that various institutions and individuals had taken the Council to the High Court challenging some of the decisions of the Council. The intent of the Council of Legal Education Act 2002, was that such cases would be initially determined by the Tribunal established under the Act after which a dissatisfied party could seek redress from the High Court. It has been revealed further that members and chairperson of the Tribunal were interviewed and appointed by the Judicial Service Commission vide letters dated 21 May 2013 and 10 June 2014 respectively but the Tribunal has not been operationalized. No reason has been given for failure to operationalize the Tribunal.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 May 2017



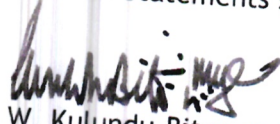
COUNCIL OF LEGAL EDUCATION


ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

COUNCIL OF LEGAL EDUCATION
STATEMENT OF FINANCIAL POSITION
As at 30th June 2016

Assets	Notes	2015/2016 Kshs.	2014/2015 Kshs.
Current assets			
Cash and cash equivalents	11	102,204,868	34,071,379
Receivables from non-exchange transactions	12	1,586,126	969,102
Inventories	13	5,570,456	1,047,307
Total Current Assets		109,361,450	36,087,788
Non-current assets			
Property, plant and equipment	14	57,153,932	47,385,469
Total Non-Current Assets		57,153,932	47,385,469
Total assets		166,515,381	83,473,257
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	15	6,822,962	4,330,654
Employee benefit obligation	16	963,074	222,304
Deferred Income	17	31,275,000	25,385,775
Total Current Liabilities		39,061,036	29,938,733
Non-current liabilities			
Total liabilities		-	-
Net assets		39,061,036	29,938,733
Revenue Reserves		127,454,345	53,534,524
Surplus/(deficit) for the year		53,534,524	58,886,159
Accumulated funds		73,919,821	(5,351,635)
		127,454,345	53,534,524

The Financial Statements set out on pages 1 to 25 were signed on behalf of the Council by:


Prof. W. Kulundu-Bitonye, EBS
Secretary/Chief Executive Officer
Council of Legal Education
Date... 25th January, 2017


Mr. Fred Ojiambo, MBS, SC
Chairman of Council
Council of Legal Education
Date... 27.10.17



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

COUNCIL OF LEGAL EDUCATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2015

	Capital reserve Kshs	Accumulated surplus Kshs	Total Kshs
Changes in Equity for the year 2014/15	-	58,886,159	58,886,159
Balance as at 1 st July 2014	-	(5,351,635)	(5,351,635)
Surplus/(deficit) for the period	-	-	-
Transfers to/from accumulated surplus	-	-	-
Balance as at 30th June, 2015	-	53,534,524	53,534,524
Changes in Equity for the year 2015/16	-	53,534,524	53,534,524
Balance as at 1 st July 2015	-	73,919,821	73,919,821
Surplus/(deficit) for the period	-	-	-
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 JUNE 2016	-	127,454,345	127,454,345



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

COUNCIL OF LEGAL EDUCATION

STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Notes	2015/2016 Kshs.	2014/2015 Kshs.
Cash generated from operations			
Surplus for the year before tax		73,919,821	(5,351,635)
Adjusted for:			
Depreciation		17,151,347	11,206,666
Contributed assets		-	-
Working capital adjustments:			
Increase in inventory		(4,523,149)	(311,747)
(Increase)/Decrease in receivables		(617,024)	(367,742)
Increase/(Decrease) in payables		9,122,304	25,746,485
Net cash flows from operating activities		95,053,299	30,922,027
Cash flow from investment activities			
Purchase of Property Plant and Equipment		(26,919,810)	(28,355,420)
Net Cash flow used in investment activities		(26,919,810)	(28,355,420)
Net cash flows used in financing activities		-	-
Net increase in Cash and Cash Equivalents		68,133,490	2,566,608
Cash and Cash Equivalent as at 1st July 2014		34,071,378	31,504,771
Cash and Cash Equivalent as at 30th June 2016	11	102,204,868	34,071,378



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

COUNCIL OF LEGAL EDUCATION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT 2015/2016

Income	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance
	2015-2016	2015-2016	2015-2016	2015-2016	2015-2016	
	Kshs	Kshs	Kshs	Kshs	Kshs	
GoK Grants - Recurrent	196,642,041	-	196,642,041	168,849,738	27,792,303	14%
Accreditation Fees	1,600,000	-	1,600,000	6,802,704	-5,202,704	-325%
Examination Fees	35,550,000	69,450,000	105,000,000	116,958,500	-11,958,500	-11%
Foreign Qualification Equation	200,000	1,800,000	2,000,000	2,000,000	-	0%
Total Income	233,992,041	71,250,000	305,242,041	294,610,942	10,631,099	3%
RECURRENT EXPENDITURE						
CLE Board Expenses	10,000,000	3,000,000	13,000,000	15,771,129	-2,771,129	-21%
Sub Total	10,000,000	3,000,000	13,000,000	15,771,129	-2,771,129	-21%
STAFF COSTS						
Basic Salaries	77,572,797	1,989,728	79,562,525	59,138,461	20,424,064	26%
House Allowance	14,472,000	1,032,000	15,504,000	10,049,334	5,454,666	35%
Leave Allowance	1,883,508	132,340	2,015,848	1,555,548	460,300	23%
Commuter Allowance	4,008,000	300,000	4,308,000	2,928,599	1,379,401	32%
Club Membership Subscription	100,000	-	100,000	150,084	-50,084	-50%
Medical Employer Contributions	4,068,377	258,746	4,327,123	3,010,989	1,316,134	30%
NSSF Employer Contributions	93,6000	7,200	100,800	71,400	29,400	29%
Pension Employer Contributions	13,561,255	862,490	14,423,745	9,773,390	4,650,355	32%
Sub Total	116,601,937	4,582,504	120,342,041	86,677,805	33,664,236	28%



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Income	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance
Repair and maintenance						
Repair & Maintenance	1,000,000	-	1,000,000	421,689	578,311	58%
Sub Total	1,000,000	-	1,000,000	421,689	578,311	58%
Administrative Costs						
Training & Development	5,000,000	-	5,000,000	3,883,361	1,111,731	22%
Official Entertainment	-	1,500,000	1,500,000	879,385	620,615	41%
Conference & Workshops	10,000,000	-	10,000,000	193,024	9,806,976	98%
Office Rent	15,000,000	-	15,000,000	15,966,672	-966,672	-6%
Cleaning Services	1,000,000	-	1,000,000	437,790	562,210	56%
Security Services	1,500,000	-	1,500,000	1,370,704	129,296	9%
Postage & Courier Services	200,000	200,000	400,000	81,879	318,121	80%
Electricity and electrical consumables	100,000	-	100,000	7,400	92,600	93%
Printing & Stationery	5,000,000	1,000,000	6,000,000	2,492,032	3,507,968	58%
Newspapers & Periodicals	1,200,000	300,000	1,500,000	471,957	1,028,044	69%
Telephone Services	1,700,000	300,000	2,000,000	1,445,716	554,284	28%
Vehicle Fuel	1,500,000	-	1,500,000	704,732	795,268	53%
General Insurance	1,000,000	-	1,000,000	547,165	452,835	45%
Travel and accommodation	6,000,000	2,000,000	8,000,000	10,807,797	-2,807,797	-35%
Meal Allowance	1,382,459	1,417,541	2,800,000	3,938,500	-1,138,500	-41%
Tribunal Expenses	-	-	-	-	-	-
Bank service charge	-	-	-	261,735	-261,735	-100%
Other Taxes, Levies & Penalties	-	-	-	428,727	-428,727	-100%



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Income	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance
Audit Fees	600,000	-	600,000	-	600,000	100%
Professional Fees	6,000,000	-	6,000,000	9,718,502	-3,718,502	-62%
Publicity/Publication & Adverts	6,000,000	-	6,000,000	5,344,223	655,777	11%
Staff Welfare	2,000,000	-	2,000,000	1,047,842	952,158	48%
Sub Total	65,182,459	6,717,541	71,900,000	60,029,142	11,865,150	20%
Depreciation Expense						
Depreciation	-	-	-	17,151,347	-17,151,347	-100%
Sub Total	-	-	-	17,151,347	-17,151,347	-100%
ICT Related Costs						
Web Design, hosting & Maintenance	500,000	500,000	1,000,000	170,727	829,273	83%
Software Hardware maintenance	1,000,000	-	1,000,000	191,769	808,231	81%
Software Licencing Compliance	2,000,000	-	2,000,000	-	2,000,000	100%
Internet & E-mails	1,500,000	500,000	2,000,000	329,999	1,670,001	84%
Sub Total	5,000,000	1,000,000	6,000,000	692,496	5,307,504	88%
Bar Examination Costs						
Hire of Examination Centres	7,000,000	2,000,000	9,000,000	7,857,075	1,142,925	13%
Examination Setting and Moderation	2,000,000	-1,000,000	1,000,000	1,291,330	-291,330	-29%
Examination Marking, Moderation & Checking	8,000,000	13,000,000	21,000,000	14,187,306	6,812,694	32%
Hire of Examination Marking Centres	7,000,000	1,000,000	8,000,000	8,908,105	-908,105	-11%
Examination Invigilation	2,000,000	-	2,000,000	2,780,233	-780,233	-39%
Examination Printing	2,000,000	2,000,000	4,000,000	4,390,485	-390,485	-10%
Examination Answer Booklets	2,500,000	1,500,000	4,000,000	532,980	3,467,020	87%
Sub-total	30,500,000	18,500,000	49,000,000	39,947,514	9,052,486	18%



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Income	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance
Total Recurrent Budget	227,441,996	33,800,045	261,242,041	220,691,121		
Surplus (Deficit)	6,550,045	37,449,955	44,000,000	73,919,821		
DEVELOPMENT BUDGET	2015-2016	2015-2016	2015-2016	2015-2016		
Sources of funds	Kshs	Kshs	Kshs	Kshs		
GOK Grant - Development	6,074,250	-	6,074,250	6,074,250	-	0%
Internally generated income	20,845,560	23,154,440	44,000,000	20,845,560	23,154,440	53%
Accumulated surplus	-	-	-	-	-	0%
Total Development Income	26,919,810	23,154,440	50,074,250	26,919,810	23,154,440	0%
Development Expenditure						
Furniture & Equipment	2,000,000	-	2,000,000	2,109,735	-109,735	5%
Purchase of Motor Vehicle	20,000,000	-	20,000,000	19,584,048	415,952	2%
Computer Equipment	4,000,000	-	4,000,000	5,226,027	-1,226,027	-31%
Data back-up implementation	2,000,000	-	2,000,000	-	2,000,000	100%
Integrated Information System	-	18,000,000	18,000,000	-	18,000,000	100%
Telecommunication / Security Facility	-	4,074,250	4,074,250	-	4,074,250	100%
Office Partition	-	-	-	-	-	0%
Total Development Expenditure	28,000,000	22,074,250	50,074,250	26,919,810	23,154,440	46%
Surplus (Deficit)	-1,080,190	1,080,190	-	-	-	0



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Compliance and Basis of Preparation - IPSAS 1

The Council of Legal Education's Financial Statements have been prepared in accordance with and in compliance to International Public Sector Accounting Standards (IPSAS) which was adopted in the year 2013/2014 following the gazette of the Public Sector Accounting Standards Board (PSASB), which was established by the Public Financial Management Act (PFM) No.18 of 24th July 2012. PSASB issued Financial Reporting Standards and Guidelines to be adopted by all state organs and Public Sector Entities, which Council complies with. The Financial Statements have been prepared in accordance to PFM Act and State Corporations Act and International Public Sector Accounting Standards (IPSAS). The Financial Statements are presented in Kenya shillings, which is the functional and reporting currency of the Council. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The Financial Statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue from Non-Exchange Transactions - IPSAS 23

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 Council and can be measured reliably.

b) Revenue from Exchange Transactions - IPSAS 9

i) Rendering of Services

The Council recognizes revenue from rendering of services like Licencing fee, bar examination fees and foreign qualification fees when the event occurs or 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.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Revenue from Students for examination is recognized when the Examination takes place. The fee is allocated to each examination series on a basis which reflects the extent to which services rendered.

c) Related Parties- IPSAS 20

The Council 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 Council. Council considers the Government (Disclosure in note 3) and Council members and senior management as related parties. The Chairman of the Council receives a monthly Honorarium payment. (Disclosure in note 18)

d) 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 Council. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

e) 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 Council 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 on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life. Full depreciation is charged on the year of acquisition.

The annual depreciation rates in use are:

Computer Equipment and software	33.3%
Office Equipment	20.0%
Motor Vehicles	20.0%
Furniture and Fittings	12.5%



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Council derecognizes items of property, plant and equipment and /or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de recognition of the asset is included in the surplus or deficit when the asset is derecognized.

f) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Council as the lessee. All other leases are classified as operating leases.

Total payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the expiry of the lease period, any payment required to be made to the lessor by way of penalty is recognized as expense in the year in which termination takes place.

Rentals payable under operating leases are amortized on the straight-line basis over the term of the relevant lease. (Further disclosure note 19)

g) Inventories - IPSAS 12

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.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Council.

Consumable stock is valued at cost using weighted average method.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

h) Contingent Liabilities

The Council does not recognize 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.

The Council has 9 (nine) pending cases in the court. Council does not foresee any outflow of economic resources on the cases in court. (Further disclosure note number 20)

i) Changes in Accounting Policies and Estimates - IPSAS 3

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

j) Employee Benefits - IPSAS 25

i) Retirement benefit Plans

The Council operates a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the commission at 20% and employees at 10% of basic salary. The scheme is managed by Alexander Forbes Pension Fund. The Council's contribution is charged as expenses in the year to which they relate.

The Council and its employees also contribute to the National Social Security Fund, a statutory defined contribution pension scheme. The Council's contributions in respect of retirement benefit are charged as expenses in the year to which they relate.

ii) Short Term Employee Benefits

The cost of short term employee benefits, such as leave pay, is recognized during the period in which the employee renders related services.

k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and 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-term cash imprests, petty cash balance and advances to authorised public officers and/or institutions, which were not surrendered or accounted for at the end of the financial year.



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l) Comparative Figures

Council of Legal Education was established by the Legal Education Act 2012. It became fully operational as from June 1, 2013, this being the 3rd year of operations, comparative figures are for 2014/2015 financial year.

m) Significant Judgments and Sources of Estimation Uncertainty - IPSAS 1

The preparation of the Council'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.

i) 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 Council 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 Council. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

ii) 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:

- The condition of the asset based on the assessment of experts employed by the Council
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

iii) Provisions

Provisions are 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.



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n) Risks Management

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises from bank balances, trade receivables and amounts due from related parties. The Council's management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors.

Interest rate risk

The Council's interest rate risk arises from investments in short term deposits and Government securities. Council has not invested in short term deposits or Government securities hence this risk is irrelevant.

Foreign currency risk

The council does not hold any foreign currency denominated assets or liabilities and hence there is no exposure to foreign currency risk.

Price risk

The Council does not hold investments that would be subject to price risk; hence this risk is not relevant

Liquidity risk

Liquidity risk is the risk that the Council will not be able to meet its financial obligations when they fall due. The Council's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of damaging reputation.

The Council ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.



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	2015/2016 Kshs.	2014/2015 Kshs.
3. Revenue from non-exchange transactions		
Transfer from Government		
GOK Recurrent grant	168,849,738	88,400,000
	168,849,738	88,400,000

GOK recurrent and development grants were operational grants from the Government through the Office of Attorney General and Department of Justice disbursed as follows;

	<i>Recurrent</i>	<i>Development</i>	<i>Total</i>
<i>1st quarter</i>	49,160,510	3,037,125	52,197,635
<i>2nd quarter</i>	49,160,510	-	49,160,510
<i>3rd quarter</i>	49,160,510	3,037,125	52,197,635
<i>4th quarter</i>	15,293,958	-	15,293,958
Total	162,775,488	6,074,250	168,849,738

4. Revenue from exchange transactions

Rendering of services

Accreditation fees	6,802,704	1,681,673
Equating Foreign qualification	2,000,000	180,000
Examination	70,548,500	-
Resits	28,925,000	-
Remarks	17,485,000	-
	125,761,204	1,861,673

Council of legal education levies fees for services rendered as per legal education Act, 2012.

Accreditation fees

During 2015/16 financial year Council charged accreditation fees to 6 legal education providers @ Kshs. 800,000 and 3 legal education providers @ kshs. 450,000.

Equation of foreign qualification

Revenue generated from equating 200 foreign qualifications @ Kshs. 10,000

Examination fees

Revenue from exchange transactions was fees levied for Bar examinations, re-sits and re-remarks which



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	2015/2016 Kshs.	2014/2015 Kshs.
generated a total of kshs.116, 958,500		
5. Employee Costs		
Basic Salaries	59,138,461	24,147,674
House Allowance	10,049,334	5,820,667
Leave allowance	1,555,548	1,023,878
Medical employers contribution	3,010,989	1,639,589
NSSF Employer contribution	71,400	38,000
Pension employer contribution	9,773,390	4,486,394
Other Staff benefits	150,084	75,042
Commuter Allowances	2,928,599	1,475,000
	<u>86,677,805</u>	<u>38,706,244</u>
6. Repairs and Maintenance		
Building repair & Maintenance	27,880	124,610
Plant & equipment maintenance	14,999	117,025
Motor vehicle repair and maintenance	378,810	128,320
	<u>421,689</u>	<u>369,955</u>
7. General Expenses		
Advertising and publicity	5,344,223	2,851,309
Office rent	15,966,672	12,453,555
Newspapers and Journals	471,956	376,715
Printing and Stationery	2,492,032	1,788,397
Cleaning materials and materials	437,790	474,759
Security services	1,370,704	1,041,216
Travel and accommodation	10,807,797	4,066,239
Meal Allowance	3,938,500	885,500
Fuel	704,732	380,173
Insurance expenses	547,165	309,420
Postage and delivery	81,879	79,156
Telephone and Faxes	1,445,716	911,766
Electrical consumables	7,400	-



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	2015/2016	2014/2015
	Kshs.	Kshs.
Professional fees	9,718,502	4,216,361
Official entertainment	879,385	847,479
Staff welfare	1,047,842	-
Training and Development	3,883,361	1,265,914
Conferences and workshops	193,024	6,109,417
Other Taxes, Levies & Penalties	428,727	-
Bank Service charges	261,735	173,001
	<u>60,029,142</u>	<u>38,230,477</u>
8. Council expenses		
Council Allowances and expenses	11,639,844	4,478,172
Finance and General Purpose Committee	260,000	410,000
Quality Assurance and Accreditation Committee	3,761,285	833,000
Risk and Audit Committee	110,000	-
	<u>15,771,129</u>	<u>5,721,172</u>
9. ICT related costs		
Web Hosting	170,727	781,897
Internet and E-mail	329,999	528,397
Software and hardware maintenance	-	-
Computer Repairs and maintenance	191,769	68,500
	<u>692,496</u>	<u>1,378,794</u>
10. Exam Related Costs		
Hire of Examination Centre	7,857,075	-
Exam Setting & Moderation	1,291,330	-
Exam marking, moderation & Checking	14,187,306	-
Exam Marking Centres	8,908,105	-
Examination Invigilation	2,780,233	-
Examination Printing	4,390,485	-



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	2015/2016 Kshs.	2014/2015 Kshs.
Exam Answer Booklets	532,980	-
	<u>39,947,513</u>	<u>-</u>
11. Cash and Cash equivalent		
Bank account No. 01023033161101	92,862,624	26,987,554
Bank account No. 01023033161100	9,249,052	6,871,571
Petty cash	93,191	-
Un-deposited funds	-	212,254
	<u>102,204,868</u>	<u>34,071,379</u>
12. Receivable from non-exchange transactions		
Accounts receivable	-	81,673
Prepayments	1,024,743	350,107
Staff Advances	76,279	266,080
PAYE Receivable	234,000	234,000
VAT Withheld	-	37,242
Medical Expense Payable	251,104	-
	<u>1,586,126</u>	<u>969,102</u>
<i>PAYE Receivable include PAYE remitted to Kenya revenue Authority inadvertently for members of Council who did not attend meetings</i>		
<i>VAT withheld include VAT remitted to Kenya Revenue Authority erroneously.</i>		
13. Inventories		
Consumable stores	5,570,456	1,047,307
	<u>5,570,456</u>	<u>1,047,307</u>

Inventories is valued at cost and it is made up of consumable stock in the general operation of the Council.



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	2015/2016					2014/2015
	Kshs.					Kshs.
14. Property, Plant and Equipment						
	Furniture, Fittings & fixture	Motor Vehicle	Plant and equipment	Computer Software	Computer equipment	Total
Depreciation rate	12.5%	20%	20%	33.3%	33.3%	
Cost	Kshs	Kshs.	Kshs.	Kshs.		Kshs.
At 1 July 2014	21,977,211	7,908,801	3,772,570		2,491,093	36,149,675
Additions	15,136,436	-	7,520,819		5,698,162	28,355,420
Disposal	-	-	-	-	-	-
Transfer/ adjustment	-	-	-	-	-	-
At 1 July 2015	37,113,650	7,908,801	11,293,389	-	8,189,255	64,505,095
Additions	1,791,240	19,584,048	318,495	791,920	4,434,107	26,919,810
Disposal	-	-	-	-	-	-
Transfer/ adjustment	-	-	-	-	-	-
At 30th June 2016	38,904,890	27,492,849	11,611,884	791,920	12,623,362	91,424,905
Depreciation and impairment						
At 1 July 2015	7,386,358	3,163,520	3,013,192	-	3,556,556	17,119,626
Depreciation	4,863,111	5,498,570	2,322,377	263,709	4,203,580	17,151,347
Impairment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfer/ adjustment	-	-	-	-	-	-
At 30 th June 2016	12,249,469	8,662,090	5,335,569	263,709	7,760,136	34,270,973
Net book values						
At 30th June 2016	26,655,421	18,830,759	6,276,315	528,211	4,863,226	57,153,932
At 30th June 2015	29,772,292	4,745,281	8,280,197	-	4,632,699	47,385,469



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	2015/2016 Kshs.	2014/2015 Kshs.
15. Payables from Non- exchange transactions		
Pension Payable	9	3
PAYE Payable	1,732,871	1,324,872
Withholding tax payable	921,633	183,180
VAT With holding Payable	1,242,119	-
Contract retention	-	412,695
Insurance recoveries payable	3,975	3,975
Trade payables	2,387,886	2,238,409
Net Pay payable	3,376	3,376
Income tax payable	531,093	164,144
	<u>6,822,962</u>	<u>4,330,654</u>
16. Employee Benefit		
Leave allowance	<u>963,074</u>	<u>222,304</u>
	<u>963,074</u>	<u>222,304</u>

Annual leave accrues to employees on a monthly basis, the provision is an estimate of the amounts due to staff at the end of 2015/2016 Financial Year based on the terms of employment and Staff Manual. The salary scale used in the estimate are those payable at the end of financial year.

17. Deferred income		
Examination fee received in advance	<u>31,275,000</u>	<u>25,385,775</u>
	<u>31,275,000</u>	<u>25,385,775</u>

Deferred income related to bar examination fee for July 2016 examination.

18. Related parties transactions

The following transactions were carried out with related parties

Council members allowances	<u>15,771,129</u>	<u>5,721,172</u>
	<u>15,771,129</u>	<u>5,721,172</u>



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19. Operating lease

The Council has leased office premises under an operating lease. The two leases typically runs for 6 years with an option for renewal. Lease payments are increased accordingly to reflect market rentals. The Council does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognized in the Statement of Financial Performance

ii) The first lease commencement date is 1/7/2013 and is to run for 6 years while second lease commenced on 1/7/2014 and is to run for 6 years.

20. Contingent Liabilities

Though the Council is involved in some legal proceedings, the Council members believe, based on the information currently available, that the Council does not have any contingent liabilities which are likely to have a material effect on the results of the Councils' operations, financial position or liquidity. Therefore, no provision has been made in the financial statements.

21. Retirement Benefit obligation

The Council operates a defined contribution retirement benefit plan for eligible employees. The assets of the plan are held separately from those of the Council in funds under the control of trustees. The scheme is administered by an independent administration company and is funded by contributions from the Council and employees. The Councils' obligations to the staff retirement benefits plan are charged to the Statement of Financial Position as they fall due or, in the case of service gratuity, as they accrue to each employee.

The Council also makes contributions to the statutory defined contribution scheme, National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The Councils' obligations under the Scheme are limited to specific contributions legislated from time to time, which are currently at KShs. 200 per employee per month.

The total pension expense recognized in the income statement of KShs. 9.8 million (FY 2014/15: KShs. 4.5 million) represents contributions payable to the plan by the Council at rates specified in the rules of the plan. The expense has been included within the employee costs.

22. Statement of Comparison of Budget and Actual

a) Changes from Original Budget

Council of Legal education budget changed from the original budget through budget reallocation.



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b) Gok Grant- Recurrent

The budget item reported a variance of 14%, this is because Council did not receive full subvention from Government as per the appropriation bill.

c) Accreditation fee

Statement of Comparison of Budget and Actual shows -325% variance on Appropriation in Aid from accreditation fees paid by institutions licensed to teach legal studies. During 2015/2016 financial year Council collected **Kshs. 6.8 million** against a target of **Kshs. 1.6 million** due to enhanced compliance to CLE regulations.

The Council collected **Kshs. 2Million** against a target of **Kshs. 2Million** in Foreign Qualification Equation leading to a 0% variance.

d) Examination fees

Council realised a variance of -11% on examination fees. The variance is due to the high numbers of candidates who registered for the Bar examination than projected,

e) CLE Board Expenses

CLE board expenses have a variance percentage of -21%. Council and its committees had increased activities due to involvements of inspection of legal education institutions, recruitment of staff and bench marking against other legal regulators.

f) Staff Costs

Council of Legal education spent Kshs. 96.6 million on staff costs against a budget of Kshs. 123.1million in 2015/2016. This lead to a variance of 26%. All budget items in staff cost category have a favourable budget variance except Club Membership Subscription. The budget for staff cost was not full spent are the newly recruited staff did not report as planned since the recruitment process was protracted and in a few position Council did not get suitable candidates.

g) Repair and Maintenance

Repair and maintenance category has a favourable variance of 58%. The repairs and maintenance were mostly done to the Council Motor vehicles, mainly on normal servicing.



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h) General Administrative Costs

During the 2015/16 Financial Year, Budget items under the General administration category have a favourable variance of 20%. Council did not have full staff to complement projected budget hence lack of capacity to fully utilize the budget allocations. The budget items affected include; Training and development, Official entertainment, Conference and workshops, Cleaning services, Security services, Postage and courier, Telephone services, Electricity and electrical consumables, Printing and stationery, Newspaper and periodicals, Fuel, General insurance, Publicity/Publications & Adverts and audit fees.

Within the General Administration, some budget items have an adverse variance of more than 10%. Meal allowance has a variance of -41% and Travel and Accommodation a variance of -35% which is explained by the increased travelling hence increase in the facilitative allowance. Professional fees has an adverse variance of -62%, this is due to additional cost in litigation that the Council faced in the financial year. Bank Charges and Other Taxes, Levies & Penalties have an adverse variance of -100%, as they were not budgeted for.

i) ICT related costs

Council realised a variance of 88% on ICT, this is occasioned by the fact that the web hosting contract was not awarded and software and hardware maintenance was not utilized as the ICT equipment and software are fairly new had licenced were still valid during the year.

j) Bar examination costs

Council was conducting bar examination for the first time as a new mandate, the variance reported is 18%. Council could not accurately budget for this function since it was new hence the reason why some budget lines have favourable variance and others adverse variance.

k) Depreciation expenses

During the budgeting process depreciation is not included as it is a non-cash transaction hence the -100% variance.

l) Development Budget

Council did not implement the project of integrated information system since the procurement process was protracted hence the variance of 100% on 3 items that supported the project.

Computer equipment reported an adverse variance of 31% due to the acquisition of equipment to print Bar examination.



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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 various issues as shown below with the associated time frame within which we expect the issues to be resolved.

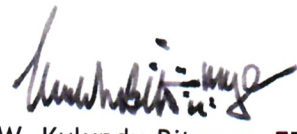
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Other Matter	Although the Council recently recruited an internal auditor, necessary structures and management policies to enhance internal controls have not been put in place such as internal Audit unit and risk management policy.	Internal Auditor has been appointed as the head of Internal Audit unit and spear head development of risk management policy	MS. Ignazia Kaimba	Resolved	December 2016

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.


Mr. Fred Ojiambo, MBS, SC
CHAIRMAN
COUNCIL OF LEGAL EDUCATION

Date..... 27/01/17


Prof. W. Kulundu-Bitonye, EBS
SECRETARY/CHIEF EXECUTIVE OFFICER
COUNCIL OF LEGAL EDUCATION

Date..... 25th January, 2017

