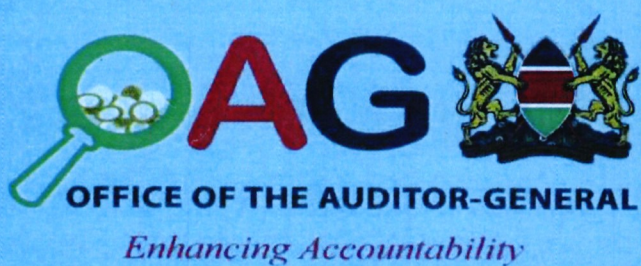


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA LAW REFORM COMMISSION

**FOR THE YEAR ENDED
30 JUNE, 2020**

**KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**



A vibrant agency for responsive law reform

**KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Table of Contents

KEY ENTITY INFORMATION AND MANAGEMENT	iii
KENYA LAW REFORM COMMISSION COMMISSIONERS	x
MANAGEMENT TEAM	xi
CHAIRMAN'S STATEMENT	xv
PREFACE BY THE SECRETARY/CHIEF EXECUTIVE OFFICER	xvi
REVIEW OF KENYA LAW REFORM COMMISSION'S PERFORMANCE FOR THE FINANCIAL YEAR 2019/2020.	xviii
CORPORATE GOVERNANCE STATEMENT	xxii
MANAGEMENT DISCUSSION AND ANALYSIS	xxiii
CORPORATE SOCIAL RESPONSIBILITY STATEMENT	xxiv
REPORT OF THE COMMISSIONERS	xxv
STATEMENT OF COMMISSIONERS RESPONSIBILITIES	xxvi
REPORT OF THE INDEPENDENT AUDITORS ON THE KENYA LAW REFORM COMMISSION.	xxvii
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30th JUNE 2020	3
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2020.	5
NOTES TO THE FINANCIAL STATEMENTS	8
APPENDIX 1: Progress on follow up of Auditor Recommendations	24
APPENDIX 2: TRIAL BALANCE AS AT 30th JUNE 2020	25

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

KEY ENTITY INFORMATION AND MANAGEMENT

1. 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Commission Act, 2013 (No. 19 of 2013) as a successor to the Law Reform Commission, previously established under the repealed Law Reform Commission Act, Cap. 3.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 former 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.

Commissioners:

KLRC consists of a Chairperson and Six Commissioners. This is the policy organ of the Commission. The KLRC Act, 2013 provides that at its first meeting, Commissioners are required to elect a Vice-Chairperson from amongst themselves and further, that the Vice-Chairperson must be of opposite gender to the Chairperson. The Commissioners shall meet as often as may be necessary for the dispatch of its business but there shall be at least four meetings in any given financial year to review projects and programmes of KLRC. When there is need, Commissioners may meet more frequently. The Chairperson, the Vice-Chairperson and the Commissioners provide policy guidance and general oversight on the operations of the KLRC. However, in the year 2019/2020 we did not have commissioners except the former chairman Mr. Mbage N. Nga'ng'a who exited on 30th September 2019 upon expiry of his term.

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Secretariat:

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

Vision:

"A vibrant agency for responsive law reform"

Mission

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

Core Values:

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

Value Proposition:

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

Philosophy:

"Responsive law reform"

Key Strategic Objectives:

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

(b) Principal Activities

The principal activity of KLRC is to keep under review all the law of Kenya to ensure its systematic development and reform, including in particular the

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

S/NO.	NAME	DESIGNATION
1.	Ms. Josephine Sinyo	Ag. Sec/CEO.
2.	Mr. Peter Musyimi	Ag. Director Finance & Admin.
3.	Ms. Felistus Kabiru	Head of Human Resource Mgt.
4.	Ms. Susan Kuria	Head of Administration
5.	Mr. John Kariuki	Head of Accounts
6.	Mr. Cornelius Musangi	Head of Finance
7.	Ms. Julita Onyango	Head of Procurement
8.	Mr. Jacob Otachi	Head of Corporate Communication
9.	Mr. James Ruteere	Head of ICT
10.	Mr. James Kahunyo	Head of Audit
11.	Mr. Kelvin Mwenda	Head of Planning
12.	Ms. Mercy Muthuri	Ag. Director, Legislative services.

(e) Fiduciary Oversight Arrangements

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

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

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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

1) KLRC Staff 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 30th June, 2020 the following were members of this committee:

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

2) Training and Development Committee

This committee advises the Ag. 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 30th June, 2020 the following were members of this committee:

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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

3) Disposal Committee

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

S/NO.	NAME	DESIGNATION
1.	Ms. Mercy Muthuuri	Chairperson
2.	Ms. Susan Kuria	Member
3.	Dr..Felistus Kabiru	Member
4.	Mr. Luke Mikedon	Member
5.	Mr. John Kariuki	Member
6.	Mr. James Ruteere	Member
7.	Mrs. Julita Onyango	Secretary
8.	Mr. Cornelius Musangi	Alternate Chairperson
9.	Ms. Lucy Mutua	Secretariat
10.	Ms. Catherine Kori	Secretariat

4) Budget Implementation Committee

The committee looks into the preparation, re-allocation of the budget and advise the Ag. Sec/CEO of the needs of itemised budget. During the year under review, the following were the members of the committee.

S/NO.	NAME	DESIGNATION
1.	Mr. Cornelius Musangi	Chairperson
2	Mr. Kelvin Mwenda	Alternate Chairperson
3.	Mr. Peter Musyimi	Member
4.	Ms. Susan Kuria	Member
5.	Dr.Felistus Kabiru	Member
6.	Ms. Mercy Muthuuri	Member
7.	Mr. John Kariuki	Secretary
8.	Mr. James Ruteere	Member
9.	Mrs. Julita Onyango	Member

5) Adhoc Committee on Inspection, Acceptance and Evaluation

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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Board Committees.

i. Finance and Administrative Services Committee

This Committee is mandated to champion the Commission's participation in the development of policies with regard to public financial management. Of critical importance is the oversight role of ensuring prudent use of finances and reporting on the performance of the Commission. It is also mandated to provide best practice in the development, implementation and subsequent monitoring of Human Resource Management function of the Commission. In absence of the Commissioners for the period ended 30th June, 2020, the committee was not in place

ii. Law Reform Policy Formulation and Legislative Services Committee

This Committee oversees the review and reform of the law. It is also responsible for the provision of technical and advisory services to both levels of government. During the financial year ended 30th June, 2020, there was no Committee since the commissioners were not in place.

iii. Audit Compliance and Risk Management Committee

This Committee is responsible for monitoring the internal control and risk management systems of the Commission. The mandate includes providing oversight on auditing and financial reporting processes. In absence of the commissioners, the committees were not in place during the year under review.

iv. Research, Development and Regulatory Impact Assessment Committee

This Committee oversees the development and implementation of strategies and polices to guide the operations and functioning of law reform. During the financial year ended 30th June, 2020, there were no commissioner and therefore there were no meeting.

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020


Entity Headquarters

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

- (f) **Entity Contacts**
Telephone: (254) 20 2241201
Fax: (254) 20 2225786
E-mail: info@klrc.go.ke
Website: www.klrc.go.ke
- (g) **Entity Bankers**
Co-operative Bank of Kenya
Aga Khan Walk Branch
P.O. Box 34999-00100
Nairobi, KENYA
- (h) **Independent Auditors**
Auditor General,
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084 - 00100
Nairobi, Kenya
- (i) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
Nairobi, Kenya

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

KENYA LAW REFORM COMMISSION COMMISSIONERS

	THERE WERE NO COMMISSIONERS IN PLACE
 <p data-bbox="177 860 443 994">M/S. Josephine Sinyo, EBS. Ag. Secretary/CEO, KLRC</p>	<p data-bbox="496 591 1394 869">M/s. Josephine Sinyo is an Advocate of the High Court of Kenya with over thirty (30) years' working experience. She holds a Master's Degree in Law (United Kingdom); Bachelor of Laws Degree from University of Nairobi, a Post Graduate Diploma in Law (Kenya School of Law) and a diploma in legislative drafting (UK). She has undergone several other trainings including a Strategic Leadership Development Programme from the Kenya School of Government. She has vast experience in legal research, legislative drafting, policy development, legal aid assistance, and community engagement.</p>

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020




MANAGEMENT TEAM

S/NO.	NAME	PROFILE
1.	<p>M/s. Josephine Sinyo Ag. Secretary/Chief Executive Officer.</p> 	<p>Mrs. Josephine Sinyo is an Advocate of the High Court of Kenya with over thirty (30) years' working experience. She holds a Master's Degree in Law (United Kingdom); Bachelor of Laws Degree from University of Nairobi, a Post Graduate Diploma in Law (Kenya School of Law) and a diploma in legislative drafting (UK). She has undergone several other trainings including a Strategic Leadership Development Programme from the Kenya School of Government. She has vast experience in legal research, legislative drafting, policy development, legal aid assistance, and community engagement.</p>
2.	<p>Mr. Peter Musyimi Ag. Director Finance & Administration.</p> 	<p>Mr. Peter Musyimi is an Advocate of the High Court of Kenya with over twenty (20) years' working experience. He holds a Master's Degree in Law, Bachelor of Laws Degree from University of Nairobi, a Post Graduate Diploma from Kenya School of Law and a diploma in Diplomacy. He has vast experience in legislative drafting, policy development, legal aid assistance and administration. He has undergone a training in Strategic Leadership Programme from Kenya School of Government.</p>
3.	<p>Ms. Susan Kuria Head of Administration</p> 	<p>Ms. Susan Kuria has over 20 years' experience in public administration and has previously worked with National Treasury and DPM. She holds a Bachelor of Arts Degree in Economics/Commerce. Other trainings she has undergone include: Best Practices in Public Expenditure Management; Management and Administration of HIV/Aids programs; Governance, Performance Improvement; Ethics and Anti-Corruption Reforms and a Senior Management Course from the Kenya School of Government.</p>



KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

4.	<p>Dr. Felistus Kabiru Head of Human Resource Management</p> 	<p>Dr. Felistus Kabiru has over 20 years' experience in human resource management. She holds an MBA (HR) from Catholic University of Eastern Africa and holds several other trainings including: a higher diploma in HRM, Diploma in Counselling and a Strategic Leadership Development Programme Certificate from Kenya School of Government.</p>
5.	<p>CPA. John Kariuki Head of Accounting Unit</p> 	<p>CPA. John Kariuki is an Accountant by profession. He holds a Bachelor's degree in Business Administration (Accounts Option) and is a Certified Public Accountant of Kenya (CPAK) and a member of ICPAK. He has over 30 years working experience in Accounting matters. He has also undergone a Senior Management Course at the Kenya School of Government among other courses.</p>
6.	<p>Mr. James Ruteere Head of ICT</p> 	<p>Mr. James Ruteere is an ICT professional. He holds a Bachelor's degree in IT and a diploma in IT. He is further certified in: Cyberoam Certified Network Security (CCNSP) and Hardware Maintenance.</p>
7.	<p>Mrs. Julita Onyango Head of Supply Chain Management</p> 	<p>Mrs. Julita Onyango is a Supply Chain Management Practitioner. She holds a Master's degree in Business (MBA) (Daystar University) and a Bachelor's degree in Commerce (Catholic University of Eastern Africa). She has undergone additional trainings including: Professional course in Supplies management, Diploma in Supplies management, Senior management course, Project formulation and feasibility studies, Project management (prince2) and Certificate in IT.</p>

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

<p>8.</p>	<p>CPA. Cornelius Musangi Head of Finance</p> 	<p>CPA. Musangi has over 10 years' experience in Financial management. He is a Certified Public Accountant of Kenya (CPAK) and holds Bachelor of commerce degree (Finance Option) and he is a member of ICPAK. He holds other trainings including: Financial statements and emerging issues in public sector reporting; Institutional risk management and quality management system awareness training.</p>
<p>9.</p>	<p>Dr. Jacob Otachi Head of Corporate Affairs and Communications</p> 	<p>Dr. Jacob Otachi is a governance, public policy communications practitioner. He holds a PhD in Governance, Master's degree in Communication (University of Nairobi) and a Bachelor's degree in Information Science (Moi University). He has undergone additional trainings including: Climate Finance Governance (Germany); Knowledge Management (Thailand); ICT and Data Governance in Anti-Corruption (Lithuania) among others. He supports KLRC in matters corporate communications and access to information.</p>
<p>10.</p>	<p>Ms. Mercy Muthuri, Ag. Director, Legislative Services.</p> 	<p>Ms. Mercy Muthuri is an Advocate of the High Court of Kenya and a Certified Public Secretary with over twenty years' professional experience. She is the holder of a Master's Degree in Law, Bachelor of Laws Degree and a Postgraduate Diploma in Law. Her areas of expertise include policy formulation, legislative drafting, and legal research, areas in which she has undergone various trainings. Other trainings she has attended include the Strategic Leadership Development Programme, the Senior Management Course and the Women Capacity Building for Effective Management and Leadership Programme.</p>

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

11.	<p>Mr. Kelvin Mwenda Head of Planning Unit.</p> 	<p>Kelvin Mwenda, A Dynamic Economist, with experience in Banking and the Public service. His speciality is Performance and Strategic Leadership and Management. He is Certified in Monitoring and Evaluation and has undergone training in Senior Management Course.</p>
12.	<p>CPA. James Kahunyo Head of internal Audit.</p> 	<p>CPA. James kahunyo has over 10 years of experience in Audit work. He has a Bachelor's of Commerce (Finance), Certified Public Accountant of Kenya (CPAK), A member of ICPAK as well as certified Internal Auditors (CIA). He has also undergone Senior Management Course from Kenya School of Government among other courses.</p>

**KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

CHAIRMAN'S STATEMENT

Mr. Mbage N. Ng'ang'a who was the past Chairman of the commission exited by the 30th September 2019. Up to the year ending 30th June 2020, the appointing authority had not replaced the position.

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

PREFACE BY THE SECRETARY/CHIEF EXECUTIVE OFFICER



Ag. Secretary/ CEO: M/s. Josephine O. Sinyo, EBS

I am delighted at the publication of the Commission's Annual Report and Financial Statements for the financial year 2019/2020.

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

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

While the year 2019/2020 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 set in the Strategic Plan. To

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

meet this enormous task, the Commission received grants from Government totaling Ksh. 298.440 Million during the period under review.

During the year under review, the contracts of the Chairman came to an end on 30th September 2019 and now we are waiting the appointing authority to appoint both the Chairperson as well as the Commissioners.

In the coming year, KLRC will focus primarily on implementing the key areas of focus as identified in the Strategic Plan, Work Plans and the Performance Contracts (PCs).

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

As we do not have the chairman and the Commissioners in place, we are looking forward for the appointing authority to appoint these key positions for the check and balances of the commission's utilization of funds which indeed was the outstanding challenges so far. Additionally, the outbreak of COVID-19 pandemic affected the administration and operation at the commission.

The KLRC Management Team is grateful for the continued support of those who supported us in one way or another towards the accomplishment of our goals this financial year 2019/2020.



Hon. Josephine Sinyo, EBS.
Ag. Secretary/ Chief Executive Officer

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

REVIEW OF KENYA LAW REFORM COMMISSION'S PERFORMANCE FOR THE FINANCIAL YEAR 2019/2020.

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

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

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

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

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

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

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

KLRC develops its annual work plans based on the above objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for the FY 2019/2020 period for its Strategic goal and objectives.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1 To Strengthen Law reform Function in Kenya	To implement the Constitution of Kenya, 2010 and enable implementation of the government's big four agenda	Draft Bills, Regulations, Legal Opinions	Review health related Legislation by making proposals for amendment	The NHIF (Amendment) Bill, 2020 and the Kenya Food and Drug Authority Bill, 2020
			Facilitate the development policy on universal	Instructions received, draft policy Sessional Paper on Social

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

			healthcare	Health Insurance, 2019 prepared, consultations held, Draft policy submitted to Ministry
			Review and make proposals for amendment to law relating to Nutrition	Draft BMS Regulations, 2020
			Finalize the <i>Slum Upgrading and Prevention Bill</i> 2019 upon receipt of stakeholder feedback	Slum Upgrading and Prevention Bill, 2020
			Review and make proposals for amendment to the <i>Employment Act 2007</i>	The Employment (Amendment) Bill, 2019
			Develop legislation related to conflict of interest	Conflict of Interest Bill, 2020
			Development of the <i>Turkana County Monitoring & Evaluation Bill</i>	Turkana County M&E Bill, 2020
			Develop Regulations under the <i>Inter-governmental Relations Act</i>	Draft Inter-governmental Relations Act (IGRA) Regulations

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

			Develop legislation on bail and bond	Draft Bail and Bond Bill, 2020
			Develop <i>Regulations</i> to operationalize the <i>Access to Information Act</i>	Develop <i>Regulations</i> to operationalize the <i>Access to Information Act</i>
			Develop the <i>County Public Service Board Bill</i>	County Public Service Board Bill, 2019
	To enhance research and advisory functions in KLRC for informed law reform;	Draft Bills, Regulations, Legal Opinions	Undertake research on <i>access to Justice in Magistrate courts on civil and criminal cases</i>	Monthly progress reports from six court stations
			Undertake research on the <i>legal and institutional framework of County partnerships in Kenya</i>	Identification of the research design Development of the first draft of the report on the legal and institutional framework of county partnerships in Kenya Presentation of the first draft of the report on the legal and institutional framework of county partnerships in Kenya
	To enhance effective public	County visit	Disseminate the Guide of the Legislative	County visits made in Uasin Gishu, Elgeyo

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

	education on law reform matters in Kenya	reports, Report on protocol	Process in Kenya and sensitize on County Model Laws in the following counties (Mombasa, Kwale, Kilifi, Trans Nzoia, Uasin Gishu, Elgeyo Marakwet, Nandi, Baringo, Kitui, Machakos and Makueni) by 30 th June 2020	Marakwet, Nandi
			Finalize <i>protocol on publication of county legislation</i>	Report on protocol
	To enhance the institutional capacity and profile of the Commission for strategic positioning in the country		Participated in the annual Nairobi Show	Enhanced Institution awareness

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 Commissioners. 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 Governance seeks to promote: Corporate

- 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, behaviour and ethics in dealing with all its stakeholders. The Commission adheres 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 the Commission, Management, Employees and Stakeholders on acceptable behaviour 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 Commission 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 that the internal control activities are performed and documented, and is required to report to the Audit Committee on compliance on quarterly basis.

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Commission's strategies adopted during the financial year 2019/20 to realise its goals and objectives. Key among them include: Research and Development; Public Education; Review of Legislation; Public Participation; Stakeholder Mapping, Consultations and Collaborations, and; Capacity Building. It also captures best practices acquired from existing expertise and past experiences.

SECTION A

The Kenya Law Reform Commission's operational and financial performance.

The Kenya Law Reform Commission depends on the Government grants for operations. During the financial year 2019/2020, the grants were reduced from ksh. 305,460,200 to 298,440,000 thus rendering our operations in line with the Government agenda four where we mainly offer legislative services to both National and County Government which greatly impacted.

Research and Development

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

Review of Legislation

The Commission carried out comprehensive review of legislation upon receipt of legislative proposals/references from National and County Government MDAs. This was achieved by development of guidelines that guaranteed conciseness and proper definition of the legal problems. The Commission also prioritized the legislation targeted in the Performance Contract of the FY 2019/20 and the attendant work. Feedback mechanisms were established for information sharing and engagement especially by adopting project Committees, stakeholder mapping engagements and collaborations.

The Committees specifically addressed the issue under review by:

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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Stakeholder Mapping, Consultations and Collaboration

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

Stakeholder Mapping

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

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 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 working with the county Government at a local level.

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

2. The Commission works hard to ensure that the negative impact our work has on The Environment is minimized; and the Commission provides the tools to enable employee growth and fulfillment for Individuals and for the organization to work together to make a difference as a team.

REPORT OF THE COMMISSIONERS

As the Commissioners had not occupied the office, The Ag. Secretary/Chief Executive Officer submits the report together with the audited financial statements for the year ended June 30, 2020 which show the state of the KLRC's affairs.

Principal Activities

The mandate of the Commission as set out in section 3 of the said Act 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

Results

The results of the entity for the year ended June 30, 2020 are set out on pages 1-24.

Commissioners

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

AUDITORS

The Auditor General is responsible for the statutory Audit of Kenya Law Reform Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. No other Auditors were nominated by the Auditor General to carry out Audit of the Commission for the year ended June 30th 2020 in accordance to Section 23 of the Public Audit Act, 2015 which empowered the Auditor General to appoint an Auditor to Audit on his behalf.

By Order of the Board.



Josephine O. Sinyo, EBS

Ag. Secretary/CEO

Nairobi.

Date: 30th September 2020

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

STATEMENT OF COMMISSIONERS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - The Kenya Law Reform Commission Act require the Commissioners to prepare financial statements in respect of the Kenya Law Reform Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year 2019/2020 and the operating results of the Commission for the year 2019/2020. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission.

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2020. 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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and The Kenya Law Reform Act 2013 (No. 19 of 2013). The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2020, and of the Commission's financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

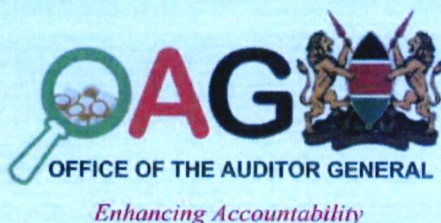
The Kenya Law Reform Commission's financial statements were approved by the Board on _____ 2020 and signed on its behalf by:

Commissioner

Commissioner

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA LAW REFORM COMMISSION FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Kenya Law Reform Commission set out on pages 1 to 24, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statements of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Law Reform Commission as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Law Reform Commission Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

1. Property, Plant and Equipment

As previously reported, the Commission's fleet of motor vehicles included two (2) motor vehicles registration GKA 139N and GKA 281G whose ownership documents have

remained under the Ministry of Justice and Constitutional Affairs. Management has indicated that it is pursuing the formal transfer of the vehicles with the Office of the Attorney General and Department of Justice and the National Transport and Safety Authority but the process had not been completed as at 30 June, 2020.

2. Budgetary Control and Performance

During the year under review, the Commission's actual expenditure net of depreciation and amortization amounted to Kshs.244,042,055 against budgeted expenditure of Kshs.293,524,960 resulting in an overall under absorption of Kshs.49,482,905 or 17%. The under absorption affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Functional Oversight Structures

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

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

Responsibilities of Management and Commissioners

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

22 November, 2021



KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

STATEMENT OF FINANCIAL POSITION AS AT 30th JUNE 2020

	<u>Note</u>	<u>2019-2020</u>	<u>2018-2019</u>
ASSETS		Kshs.	Kshs.
Non-Current Assets			
Property, Plant & Equipment	13	17,303,672	20,252,266
Intangible Asset	14	2,517,200	3,596,000
Total Non-Current Assets		19,820,872	23,848,266
Current Assets			
Cash and Cash Equivalents	15	50,384,524	409,453
Inventory	16	5,079,079	3,086,716
Receivables from Exchange Transactions.	18	8,551,412	8,634,062
Total Current Assets		64,015,015	12,130,231
Total Assets		83,835,887	35,978,497
LIABILITIES			
Current Liabilities			
Trade & Other Payables from Exchange Transactions	17	-	593,360
Total Liabilities		-	593,360
Net Assets			
Accumulated Surplus		35,385,137	31,986,456
Surplus for the year		48,450,750	3,398,681
Total Net Assets & Liabilities		83,835,887	35,978,497

Approval of the Financial Statements

The Kenya Law Reform Commission's Financial Statements were approved by the Commission on 30th September 2020 and signed on its behalf by:



CPA. John Kariuki
ICPAK No.21633
HEAD OF ACCOUNTS.



Hon. Josephine Sinyo, EBS
Ag. SECRETARY/CEO.

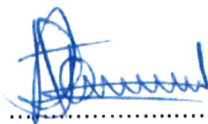
KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th June 2020

	Note	2019-2020	2018-2019
		Kshs.	Kshs.
Government Grants –	6	298,440,000	305,460,200
Revenue from Exchange Transactions			
Other Income	7	42,000	-
Total Revenue		<u>298,482,000</u>	<u>305,460,200</u>
Expenses			
Employee Costs (Secretariat)	8	150,235,702	193,135,924
Remuneration of Commissioners	9	2,018,728	15,553,292
Contractual Employees	10	2,487,326	2,038,679
General Expenses	11	85,590,996	80,816,741
Repair and Maintenance	12	3,709,304	4,694,234
Depreciation Expenses	13	4,910,395	5,822,649
Amortization Expenses	14	1,078,800	-
Total Expenditure		<u>250,031,250</u>	<u>302,061,519</u>
Surplus/deficit		<u>48,450,750</u>	<u>3,398,681</u>

Approval of the Financial Statements

The Kenya Law Reform Commission's Financial Statements were approved by the Commission on **30th September 2020** and signed on its behalf by:



CPA. John Kariuki
ICPAK No.21633
HEAD OF ACCOUNTING UNIT



Hon. Josephine Sinyo, EBS
Ag. SECRETARY/CEO.

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30th JUNE 2020

STATEMENT OF CHANGES IN NET ASSETS		
FOR THE YEAR ENDED 30th June 2020		
	Accumulated Surplus	TOTAL
As at 1st July 2017	9,645,050	9,645,050
Surplus for the year	22,341,406	22,341,406
As at June 30, 2018	31,986,456	31,986,456
As at 1st July 2018	31,986,456	31,986,456
Surplus for the year	3,398,681	3,398,681
As at June 30, 2019	35,385,137	35,385,137
As at 1st July 2019	35,385,137	35,385,137
Surplus for the Year	48,450,750	48,215,704
As at June 30, 2020	83,835,887	83,600,841

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2020

	Note	2019- 2020	2018-2019
Cash flow from Operating activities			
Receipts			
Government Grants	6	298,440,000	305,460,200
Sale of tender documents	7	42,000	-
Total Receipts		298,482,000	305,460,200
Payments			
Compensation of employees	8-10	154,741,756	210,727,895
Rent Paid	11	36,619,272	33,827,814
Finance Cost	11	507,817	144,449
Other Payments	11-12	52,173,210	51,538,712
Total Payments		244,042,055	296,238,870
Net cash flow from operating activities		54,439,945	9,221,330
Cash flows from investing activities			
Purchase of Property, Plant and Equipment	13	(1,961,800)	(8,982,689)
Increase in Receivables	18	82,650	(1,039,922)
Decrease in Inventory	16	(1,992,364)	(1,540,014)
Decrease in Payables	17	(593,360)	-
Net Cash Flows used in investing Activities		(4,464,874)	(11,562,625)
Net Increase/Decrease in Cash and Cash Equivalent		49,975,071	(2,341,295)
Cash & Cash Equivalent as at 1 st July 2019	15	409,453	2,750,748
Cash and Cash Equivalents as at 30 th June 2020		50,384,524	409,453

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2020.

Income	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Performance
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	
	Kshs	Kshs	Kshs	Kshs	Kshs	
GOK Grants – Recurrent	298,440,000	0	298,440,000	298,440,000	0	0%
Appropriation in Aid	50,000	0	50,000	42,000	-8,000	-19%
Total Income	298,490,000	0	298,490,000	298,482,000	-8,000	
	-	-	-	-	-	
RECURRENT EXPENDITURE						
STAFF COSTS						
Basic Salaries	141,589,507	-4,506,054	137,083,453	103,032,749	34,050,704	33%
Insurance Expenses	17,000,000	0	17,000,000	16,464,901	535,099	3%
Staff Pension & Retirement benefit	9,191,335	416,017	9,607,352	8,691,507	915,845	11%
Staff Gratuity	628,680	577,714	1,206,394	1,206,349	45	0%
Travel Cost-Domestic	1,707,400	442,634	2,150,034	2,150,034	0	0%
Accommodation-Domestic	156,000	0	156,000	154,900	1,100	1%
Daily Subsistence-Domestic	15,763,400	1,000,000	16,763,400	16,770,852	-7,452	0%
Taxi Domestic	142,000	281,250	423,250	423,250	0	0%
Foreign Travel	782,000	0	782,000	647,075	134,925	21%
Foreign Subsistence Allowance	1,263,200	-661,815	601,385	601,385	0	0%
Taxi Foreign	100,000	0	100,000	92,700	7,300	8%
Sub-Total	188,323,522	-2,450,254	185,873,268	150,235,702	35,637,566	24%
Commissioners Salaries & Allowances						
Commissioner's Salaries	0	2,018,728	2,018,728	2,018,728	0	0%
Commissioners Allowance (Part-time)	1,600,000	-1,080,000	520,000	0	520,000	100%
Sub-Total	1,600,000	938,728	2,538,728	2,018,728	520,000	26%
Contractual Staff						

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Salaries & Allowances	0	2,487,326	2,487,326	2,487,326	0	0%
Other Allowances	0	0	0	0	0	0%
Sub-Totals	0	2,487,326	2,487,326	2,487,326	0	0%
Repairs and Maintenance						
Building Repairs & Maintenance	660,000	-165,720	494,280	494,280	0	0%
Motor Vehicles Repairs & Maintenance	4,590,000	-1,499,880	3,090,120	2,877,234	212,886	7%
Maintenance of Office Furniture & Equipment	400,000	-62,210	337,790	337,790	0	0%
Sub-Totals	5,650,000	-1,727,810	3,922,190	3,709,304	212,886	6%
General Expenses						
Advertising and Publicity	601,000	561,420	1,162,420	878,680	283,740	32%
Office Rent	34,800,000	1,988,600	36,788,600	36,619,272	169,328	0%
Newspapers and Journal	1,646,720	-300,000	1,346,720	380,039	966,681	28%
Publishing, Printing and GOS	4,230,000	379,171	4,609,171	4,473,421	135,750	3%
Fuel & Lubricant for Transport	3,012,885	-401,299	2,611,586	2,538,390	73,196	3%
Postage and Delivery	214,000	-50,000	164,000	49,450	114,550	30%
Telephone and Faxes	4,038,000	-672,297	3,365,703	3,312,529	53,174	2%
Education and Library	75,000	0	75,000	0	75,000	100%
Training and Development	26,454,220	1,245,307	27,699,527	19,096,385	8,603,142	45%
Hospitality, Board & Committees	8,722,000	1,778,663	10,500,663	9,688,574	812,089	8%
Trade Show & Exhibitions	1,090,000	-45,970	1,044,030	1,044,030	0	0%
Bank Charges	240,000	271,511	511,511	507,817	3,694	1%
Purchase of Uniforms and Clothing	368,000	0	368,000	182,000	186,000	49%
Internet Connections	1,232,556	168,804	1,401,360	1,401,360	0	0%
Supplies of Accessories & Computers Maintenance	4,253,157	-301,900	3,951,257	3,131,207	820,050	26%
Cleaning Services & Materials	350,000	0	350,000	93,924	256,076	27%
Contracted Guard Services	1,620,000	0	1,620,000	1,619,778	222	0%

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Contracted Professional Services	1,030,000	-500,000	530,000	200,000	330,000	38%
Membership to Professional bodies	803,900	-200,000	603,900	374,140	229,760	61%
Sub-Total	94,781,438	3,922,010	98,703,448	85,590,995	13,112,453	15%
Purchase of office Furniture & Fittings	5,170,000	-3,170,000	2,000,000	506,300	1,493,700	25%
Purchase of Computers, Printers	1,855,000	0	1,855,000	1,200,500	654,500	65%
Purchase of Software	1,060,040	0	1,060,040	848,360	211,680	25%
Sub-Total	8,085,040	-3,170,000	4,915,040	2,555,160	2,359,880	52%
GRAND-TOTAL	<u>298,440,000</u>	<u>0</u>	<u>298,440,000</u>	<u>246,597,215</u>	<u>51,842,785</u>	

Budget Notes:

- ✓ The underutilization of funds in all items with over/under 10% was due to COVID-19 pandemic which led to activities not to be carried out and these led to non-performance of activities which were due to be carried out.
- ✓ We under collected A.i.A since we only sold tender document on the Staff insurance & cleaning services.
- ✓ There was a restriction in travel during this period which needed us to offer advice to the National & County Government on legislative drafting, Public Education on Law reform, Research and advisory in Laws Reforms.
- ✓ In addition, the absence of the Executive Commissioners who are catered for in our Personal Emolument item resulted to underutilization of funds.
- ✓ On the purchase of the office Equipment, there was austerity measure by the Government on purchasing these items.
- ✓ As a whole, the whole board of commissioners' absence led to no Board activities which would have consumed the funds.

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30th June 2020.

Employee Benefit:

The Commission contributes to defined contribution plans are post-employment benefit plans under which an entity pays pension scheme for its employees and commissioners. During the year 2019/20, the Commission continued with a pension scheme offered by Enwealth Financial services limited which covers all the staff in the organisation.

There were no pension liabilities towards the contribution since the Kenya Law Reform Commission had paid all the dues for the period.

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

ii. New and amended standards and interpretations in issue but not yet effective in year ended 30th June 2020.

The commission did not adopt Public sector combination as amalgamation.

iii. Early adoption of standards.

The commission did not early-adopt any new or amended standards in year 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 exchange transactions.

Rendering of services

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

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

Sale of tender document and disposal of absolute stock.

Appropriation in Aid from the sale of tender document and disposal of absolute stock is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of A.I.A can be measured reliably and it is probable that the economic benefits or

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

service potential associated with the transaction will flow to the Kenya Law Reform Commission.

b) Budget Information

The original budget for the year 2019-20 was approved by the National assembly and subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the Board of commissioners. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Kenya Law Reform commission recorded no additional appropriations on the 2019-2020 budget following the Commissioner's approval.

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

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

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

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Commission operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

d) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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 reducing balance basis over the useful life of the asset. Depreciation is charged at rates calculating the cost or valuation of the asset less any estimated residual value over its remaining useful life. Kenya Law Reform Commission has adopted a reducing balance method of depreciation whereby the asset is fully depreciated on applicable rates on the year of acquisition but not depreciated on the year of disposal.

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

e) Intangible Assets

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

• Software	30.0%
------------	-------

f) Inventories

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

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

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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

g) Provisions

Provisions are recognized when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

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.

h) Nature and Purpose of Reserves

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

i) Changes in Accounting Policies and Estimates

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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

j) Employee Benefits

Retirement Benefit Plans

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

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

During the year 2019/20, the Commission continued with a pension scheme offered by Enwealth Financial services limited which covers all the staff in the organisation.

k) Related Parties

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

l) Service Concession Arrangements

The Commission analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Commission recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Commission also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

m) 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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

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 Co-operative Bank of Kenya, Aga- khan Walk Branch at the end of the financial year.

n) Comparative figures

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

o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Provisions

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

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

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

6. Government Grants

GOK Recurrent grant was operational grant from the Government through the disbursed as follows;

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			Kshs	Kshs	Kshs
Office of the Attorney General and Department of Justice	298,440,000	-	-	298,440,000	298,440,000
Total	298,440,000	-	-	298,440,000	298,440,000

Details;

Comparative Figures	2019/2020	2018/2019
First-26 TH August 2019	74,610,000	76,510,000
Second- 18 TH October 2019	74,610,000	70,389,200
Third- 5 TH February 2020	74,610,000	76,510,000
Fourth- 21 ST April 2020	74,610,000	82,051,000
Total A.I.E 298,440,000		305,460,200

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

2019/2020 Receipts	AIE Number	Amount
First- 26 th August 2019	B033482	74,610,000
Second- 18 th October 2019	B043003	74,610,000
Third- 5 th February 2020	B043114	74,610,000
Fourth- 21 st April 2020	B043245	74,610,000
Total A.I.E		298,440,000

7. Other Income:

	2019/2020	2018/2019
	Ksh.	Ksh.
Sale of Tender Documents	42,000	-
Receipts from Disposal	-	-
Receipts from Consultancy	-	-
Total	42,000	-

8. Salaries paid to Commission's Staff (Secretariat-Employee Cost)

	2019/2020	2018/2019
	Ksh.	Ksh.
Basic Salaries	52,947,261	62,293,225
House Allowance	19,984,733	19,362,321
Acting Allowance	364,132	-
Responsibility Allowance	761,600	793,600
Entertainment Allowance	1,168,800	1,168,800
Commuter Allowances	5,198,727	5,104,790
Extraneous Allowance	10,976,914	11,552,248
Non-Practicing Allowance	4,535,000	5,099,999
Domestic Servant Allowance	187,200	187,200
Special Legal Allowance	6,070,000	6,000,000
Leave Allowance/ Commutation	402,382	346,000
Disability Allowance	340,000	-

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Transport Allowance	96,000	288,000
Insurance Expenses	16,464,901	15,219,814
Staff Pension, Retirement & Gratuity	9,897,856	19,791,431
Travel & Accommodation	20,840,196	45,928,496
Total	150,235,702	193,135,924

Note: There was decrease in commuter Allowance of Ksh. 160,000 and ksh. 151,545 recovered as leave commutation from one of the officer.

9. Remuneration of Commissioners

	2019/2020	2018/2019
	Ksh.	Ksh.
Basic Salary	1,307,528	9,182,460
House Allowance	200,000	1,546,667
Entertainment Allowance	200,000	1,546,667
Extraneous Duty Allowance	200,000	1,525,000
Domestic Servant Allowance	31,200	254,800
Non-Practicing Allowance	80,000	566,667
Transport Allowance	-	104,000
Leave Travel Allowance	-	50,000
commutation of Leave	-	657,031
Commissioner's Allowances-Part time	-	120,000
Total	2,018,728	15,553,292

10. Contractual Employees:

	2019/2020	2018/2019
	Ksh.	Ksh.
Gross Salary	2,487,326	2,038,679
House Allowance	-	-
Commuter Allowance	-	-
Total	2,487,326	2,038,679

11. General Expenses

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

	2019/2020 Kshs	2018/2019 Kshs
Advertising and publicity	878,680	800,000
Office Rent	36,619,272	33,827,814
Newspapers and journals	380,039	290,435
Printing and stationery	4,473,421	5,069,451
Cleaning services and materials	1,713,702	1,623,912
Fuel & Lubricants for Transport	2,538,390	2,629,098
Postage and delivery	49,450	272,573
Telephone and Faxes	3,312,529	2,809,977
Education and Library	-	11,574
Training and Development	19,096,385	17,849,961
Conferences and Workshops	9,688,574	9,320,665
Membership fees due & subscriptions	374,140	852,394
Trade Shows and Exhibitions	1,044,030	1,555,050
Contracted Professional & Technical Services	200,000	690,400
Purchases of Uniforms & Clothing	182,000	235,677
Internet & Email	1,401,360	1,204,111
Software & Hardware Maintenance	3,131,207	1,629,200
Bank Charges	507,817	144,449
Total	85,590,996	80,816,741

12. Repair and Maintenance

	2019/2020	2018/2019
	Ksh.	Ksh.
Building repair & Maintenance	494,280	1,417,000
Motor Vehicle repair and maintenance	2,877,234	1,868,546
Maintenance of office Equipment	337,790	1,408,688
Total	3,709,304	4,694,234

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

13. Property, Plant and Equipment & Depreciation Expense

	Furniture, fittings & fixtures	Motor vehicles	Computers	Total
Cost	Shs.	Shs.	Shs.	Shs.
Depreciation rate	12.5%	25%	30%	
At 1 July 2018	7,532,445	19,434,130	10,168,550	37,135,125
Additions	2,297,752	6,684,937	-	8,982,689
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
At 30th June 2019	9,830,197	26,119,067	10,168,550	46,117,814
Additions	506,300	-	1,455,500	1,961,800
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
At 30th June 2020	10,336,497	26,119,067	11,624,050	48,079,614
Depreciation and impairment				
At 1 July 2018	2,271,176	12,579,134	5,192,588	20,042,898
Depreciation	944,878	3,384,983	1,492,789	5,822,650
Impairment	-	-	-	-
At 30th June 2019	3,216,054	15,964,117	6,685,377	25,865,548
Depreciation	890,055	2,538,738	1,481,602	4,910,394
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
At 30th June 2020	4,106,109	18,502,855	8,166,979	30,775,942
Net book values				
At 30th June 2020	6,230,387	7,616,213	3,457,071	17,303,672
At 30th June 2019	6,614,143	10,154,950	3,483,173	20,252,266

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

14. Intangible Asset-Software

Description	2019-2020	2018-2019
	30%	30%
	KShs	KShs
Cost		
At 1 st July 2019	3,596,000	3,596,000
Additions	-	-
At 30 th June 2020	3,596,000	3,596,000
Additions-internal development	-	-
At 30 th June 2020	3,596,000	3,596,000
Amortization and impairment		
At 1 st July 2019	-	-
Amortization	1,078,800	-
At 30 th June 2020	1,078,800	-
Impairment loss	-	-
At 30 th June 2020	1,078,800	-
NBV	2,517,200	3,596,000

15. Cash and Cash Equivalents:

This represents closing cash at hand and cash at bank (Cooperative Bank Account Number 01141309236200) as follows:

	2019/2020	2018/2019
	Ksh.	Ksh.
Cash at Hand	-	-
Cash at Bank	50,384,524	409,453
Total	50,384,524	409,453

Note: There was an increase in cash & cash Equivalent due to an officer refunding Ksh. 160,000 as a commuter allowance from Nov 2019 to June 2020 at a rate of ksh. 20,000. There was also a refund of ksh. 151,545 as leave commutation.

16. Store Inventory

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

	2019/2020	2018/2019
	Ksh.	Ksh.
Stores Inventory	5,079,079	3,086,716
Total Inventory	5,079,079	3,086,716

17. Payable from Exchange Transactions:

Trade and Other Payables from Exchange Transactions are comprised of:

	2019/2020	2018/2019
	Ksh.	Ksh.
Total Trade and Other Payables from Exchange Transactions	-	593,360

18. Receivable from Exchange Transactions:

Receivable from Exchange Transactions are comprised of:

	2019/2020	2018/2019
	Ksh.	Ksh.
Prepayments & Deposits (Insurance)	7,665,800	7,419,807
Salary Advance	605,612	944,255
Parking Deposit-Regent Management	270,000	270,000
Vending Machine Deposit	10,000	-
Total	8,551,412	8,634,062

19. Financial Risk Management

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

i. Credit risk

The entity has exposure to credit risk, which is the risk that a counter-party will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Commission. The amounts

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Commission's management based on prior experience and their assessment of the current economic environment.

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

	Total Amount	Performing	Past due	Impaired
At 30 June 2020				
	Kshs	Kshs	Kshs	Kshs
Receivables from exchange transactions	8,551,412	8,551,412	-	-
Receivables from Non exchange transactions	-	-	-	-
Bank balances	50,824,524	50,524,524	-	-
Total	59,375,936	59,075,936	-	-
At 30 June 2019				
Receivables from exchange transactions	8,634,062	8,634,062	-	-
Receivables from Non exchange transactions	-	-	-	-
Bank balances	409,453	409,453	-	-
Total	9,043,515	9,043,515	-	-

ii. Liquidity risk management

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

iii. 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
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

- Foreign currency risk

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

iv. 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 to ensure that the Commission remains financially sound. As at the end of the year, the authority had no debt.

20. Related Party Balances

a) Key management remuneration	2019/2020	2018/2019
	Kshs.	Kshs.
Directors'	2,018,728	14,776,261
Key management compensation	9,925,952	9,925,952
Total	11,944,680	24,702,213
b) Due from related parties		
Due from Parent Ministry	0	0
Due from SC or SAGA	0	0
Total	0	0
c) Due to related parties		
Due to the parent Ministry	0	0
Due to SAGAs	0	0
Total	0	0

21. Events after the reporting period

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

22. Ultimate and Holding Entity

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

23. Presentation currency and rounding off

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

24. Taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that enacted or substantively enacted, at the reporting date in the area where the commission operates and generates taxable income. The commission is exempt from paying income taxes under the provisions in income tax Act (2012).

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

APPENDIX 1: Progress on follow up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Paragraph 1	Property Plant & Equipment	Four (4) motor vehicles GKA139N, GKA281G, GKA430L & GKA506L ownership still with the Ministry of Justice and Constitutional Affairs.	Secretary /Chief Executive Officer, Kenya Law Reform Commission	Resolved; GKA 430L and GKA 506L are now registered under Kenya Law Reform Commission as per logbook Nos. K2945487M & K2945488L. Not Resolved We are now pursuing the transfer for GKA 139N, 137N and GKA 281G.	Within 2020/2021 Financial Year

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

Chairman of the Board
(Kenya Law Reform Commission)



Signature.....

Signature

Date: 30th September 2020

Date: 30th September 2020

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

APPENDIX 2: TRIAL BALANCE AS AT 30th JUNE 2020

Account	Debit 'Kshs"	Credit 'Kshs"
Cash and Cash Equivalents	50,524,524	
Prepayments Salary Advance	605,612	
Prepayment Insurance	7,665,800	
Parking Deposit	270,000	
Vending Machine Deposit	10,000	
Inventory or Stock	5,079,079	
Intangible Assets (Current Year)	255,000	
Intangible Assets (Previous Year)	3,596,000	
Property, Plant and Equipment (Current Year)	1,961,800	
Property, Plant and Equipment(Previous Years)	46,117,814	
Revenue		
Government Grant		298,440,000
Sale of tenders		42,000
Accounts Payable		-
Provision for accumulated Amortization		1,078,800
Provision for accumulated Depreciation		30,775,942
Accumulated Surplus - Opening		35,385,137
Depreciation Expenses	4,910,395	
Amortization Expense	1,078,800	
Employees cost	150,095,702	
Salaries to Commissioners	2,018,728	
Contractual employees	2,487,326	
Repair and maintenance	3,709,304	
Internet & Email	1,401,360	
Software , License & Maintenance	3,131,207	
Advertising and publicity	878,680	
Office Rent	36,619,272	
Newspapers and journals	380,039	
Printing and stationery	4,473,421	
Cleaning services	1,713,702	
Fuel & Lubricant for Transport	2,538,390	

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

postage and delivery	49,450	
Telephone and faxes	3,312,529	
Education & Library	-	
Training and Development	19,096,385	
Conferences and workshops	9,688,574	
Professional Services, Fees & Subscriptions to Prof. bodies	374,140	
Trade shows and exhibitions	1,044,030	
Purchases of Uniforms & Clothing	182,000	
Bank charges	507,817	
Contracted Professional & Technical Services	200,000	
Total	365,721,879	365,721,879