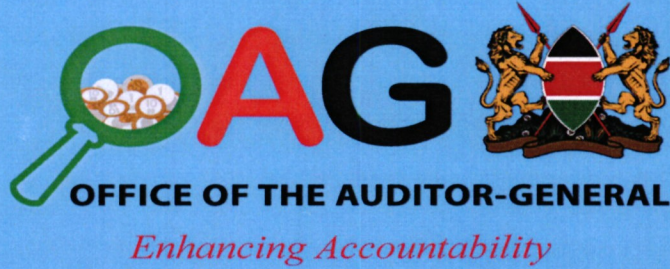


REPUBLIC OF KENYA



**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

THE NATIONAL ASSEMBLY

DATE: 20 JUN 2023

Tabled BY: Hon Owen Benjamin  
Deputy leader, majority

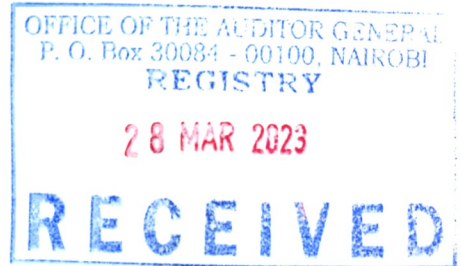
CLERK AT THE TABLE: Inzofu Mwale

**THE AUDITOR-GENERAL**

**ON**

**COUNCIL OF LEGAL EDUCATION**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



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## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE, 2022

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

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**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022**  
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RECEIVED  
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COUNCIL OF LEGAL EDUCATION



**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**COUNCIL OF LEGAL EDUCATION**  
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## **1. Key Council Information and Management**

### **(a) Background information**

The Council of Legal Education is established by Legal Education Act No. 27 of 2012. It is governed by the Council which is responsible for the general policy and strategic direction. Council of Legal Education is domiciled in the Republic of Kenya.

### **(b) Principal Activities**

The principal activities of the Council as per Legal Education Act No. 27 of 2012 Section 6 is to:

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

### **Vision of CLE**

Globally competitive and transformative legal education and training in Kenya.

### **CLE Mission**

To assure quality legal education and training through licensing and supervision of legal education providers; Administration of the Advocates Training Programme examination and advising the Government on legal education.

### **(c) Key Management**

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



**COUNCIL OF LEGAL EDUCATION**  
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**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Secretary/Chief Executive Officer	Dr. Wambua Kituku, Phd
2.	Director Directorate of Quality Assurance	Ms. Mutugi Mary Mugure
3.	Director Directorate of Examination	Mr. George W. Wafula
4.	Manager Internal Audit	Ms. Ignazia K. Kaimba
5.	Manager Finance & Accounts	CPA Ednah Kerubo Oyori
6.	Principal Accountant	*CPA Purity Kimathi
7.	Principal Human Resource and Administration Officer	Ms. Faith Mwangi
8.	Principal Supply Chain and Management Officer	Mr. Jairus Kirande
9.	Principal Information and communication technology Officer	Mr. Teddy Inzahuri

**(e) Fiduciary Oversight Arrangements**

The Council has put in place measures and structures to enforce fiduciary and oversight arrangements and ensure compliance. The Council's Board, which is the overall governance organ, comprises four key committees namely the Examination Committee; the quality assurance committee; the Finance and general-purpose Committee and the Audit Committee and governance Committee. Ad hoc committees are formed on need basis.

These committees provide policy direction and oversight to the council Management while advising the Board on various policy matters relating to its mandate. The main objective of the Finance and general-purpose Committee is to assist the Board in discharging its duties in relation to safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

Further, the Council submits its quarterly and annual financial statements and accounts to Parliament for scrutiny and oversight, while the Office of the Auditor-General audits its accounts annually. In addition, the Council has developed Financial Regulations and Procedures.



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

#### (f) Council of Legal Education Headquarters

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

#### (g) Council Contacts

Telephone: (254) 20 6980100  
E: mail: [info@cle.or.ke](mailto:info@cle.or.ke)  
Website: [www.cle.or.ke](http://www.cle.or.ke)

#### (h) Council Bankers

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
NAIROBI, KENYA

#### 2. Other Banks

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

#### (i) Independent Auditors

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

#### (j) Principal Legal Adviser

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



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## 2. The Board of Directors

### Prof. Githu Muigai, Sc, Egh



**LLB HONS, LLM (COL.) PHD, FCIARB**

Prof. Githu Muigai has over 35 years' experience in the practice of law in Kenya and in East Africa. Prof. Muigai holds LLB and Ph.D. degrees from the University of Nairobi and an LLM Degree from Columbia University School of Law, New York. He was called to the Bar in 1985. In addition to the practice of law he is an Associate Professor of Public law in the School of Law of the University of Nairobi (currently on leave of absence). He has also published extensively in the areas of international law, and human rights and has previously worked as a consultant to various international organizations, including the African Union, United Nations Development Programme, the World Bank and the

International Committee of the Red Cross.

Born on 31<sup>st</sup> January 1960, Professor Githu has a wide range of areas of practice which include Commercial Litigation and Arbitration, Constitutional and Administrative Law, Information and Communications Technology Law, Insurance and Banking Law, Investments Law, Mergers & Acquisitions Law, Public and Private International Law, Public Procurement Law. From August 2008 - September 2011 Prof. Githu Muigai was the UN Special Rapporteur on Contemporary Forms of Racism, Racial Discrimination, Xenophobia and Related Intolerance.

He is a Fellow of the Chartered Institute of Arbitrators (UK) and a member of the American Association of Trial Lawyers, Institute of Public Secretaries, Law Society of Kenya, East African Law Society, Council of Legal Education, International Commission of Jurists, International Bar Association and the Commonwealth Lawyers Association. He has also been a Judge of the African Court of Human & Peoples Right between 2008 - 2010.

Prof. Muigai has recognized expertise in the areas of justice sector reform generally and Constitutional reform specifically. From the year 2000 to 2005, he was a commissioner to the Constitutional Review Commission where he was specially charged with the legal drafting of the Draft Constitution of the Republic of Kenya. He was a legal adviser and draftsman to the Somali peace process and was involved in the drafting the Somali Federal Transitional charter.

Prof. Githu Muigai served as Attorney General of the Republic of Kenya from the 29<sup>th</sup> August, 2011 to March 2018.

Prof. Githu Muigai is the Chairman of the Council.

**Date of appointment: 18<sup>th</sup> April, 2018**

**Date of retirement: 6<sup>th</sup> April, 2021**

**Date of reappointment: 5<sup>th</sup> October 2021**



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

**Hon. Justice (Dr.) Smokin C. Wanjala**  
PhD, SCJ, CBS



Justice Wanjala was born on 22<sup>nd</sup> June, 1960. He is a Judge of the Supreme Court of Kenya since 2011. Between 2011 and 2016, he was a member of the Judicial Service Commission and Chairman of the Commission's Human Resources and Administration Committee.

Justice Wanjala is a holder of a Bachelor of Laws (LL.B, Hons.) from the University of Nairobi, a Diploma in Law from the Kenya School of Law, a Master of Laws (LL.M) from Columbia University, New York and a Doctorate in Law (PhD) from the University of Ghent, Belgium.

Before his appointment to the Supreme Court of Kenya, Justice Wanjala served as a Law Lecturer and later, Senior Lecturer at the University of Nairobi for twenty (20) years (1986-2004). While still lecturing at the University of Nairobi, he served as the **Joint Secretary to the Commission on Illegally and Irregularly Acquired Public Land** (the Ndung'u Commission) in 2003. He is credited with having overseen the compilation and writing of what has become popularly known as the **Ndung'u Report**. Justice Wanjala was the first **Chairman of the Public Complaints Committee on the Environment (PCC)** which is one of the Compliance Committees of the National Environment and Management Authority-NEMA (2002-2004).

He was appointed as **Assistant Director of the Kenya Anti-Corruption Commission (KACC)** in October 2004, where he served in that capacity until 2009.

He has many publications to his credit including books and articles in the fields of Law, Human Rights and Governance. He has published locally and internationally. Apart from his accomplishments in academia as a Law Teacher and Author, Justice Wanjala has participated in major research projects leading to the compilation and production of seminal reports.

Justice Wanjala is one of the four founder members of the **Centre for Law and Research International (CLARION)** where they pioneered Civic Education in the Country. He is a member of the **International Commission of Jurists, ICJ-Kenya Chapter** and the **Kenya National Academy of Sciences**. He has recently delivered lectures at the **International Anti-Corruption Academy (IACA)** during the Institution's Summer Lecture Series.

In 2008, Justice Wanjala became a subject of Biographical Record in *Marquis "Who is Who" in the World, 25<sup>th</sup> Edition*. Inclusion in this Biography is limited to individuals who have contributed significantly to the betterment of society.

In 2012, Justice Wanjala received the Presidential Award of the **Chief of the Order of the Burning Spear (CBS) [First Class]**, the 4<sup>th</sup> Highest Civilian Award in Kenya for his distinguished service rendered to the Nation.

In 2018, Justice Wanjala was selected for the **2018 Albert Nelson Marquis (Who is Who) Lifetime Achievement Award** as a result of his hard work and dedication to his profession. Hon. Justice (Dr.) Smokin C. Wanjala is a member of the Quality Assurance & Compliance Committee and the Examinations Committee.

**Date of appointment: 23<sup>rd</sup> January, 2020**



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022



**Mr. Eric Gumbo**  
LL.B

Born on 23<sup>rd</sup> March 1978, Mr. Eric Gumbo was admitted as an Advocate of the High Court of Kenya in 2004. He is the Founder and current Managing Partner of G&A Advocates LLP, (Formerly Gumbo & Associates Advocates) a law firm ranked by IFLR 1000 and recognised as leading Law Firm by the East Africa Law Society.

As an Advocate in Private Practice, Mr Gumbo has been involved in both Public and Private sector assignments specifically in the areas of Dispute Resolution, Corporate

Commercial, Intellectual Property, Technology and Innovation and recently completed a course and training in Financial Markets from Yale University.

Based on his extensive experience with various public sector institutions, Mr. Gumbo has recently been appointed to serve as a Director in the Kenya Reinsurance Corporation (Kenya Re) and as a member of the recruitment panel for the Office of the Auditor General for the Republic of Kenya.

Within the private sector, Mr. Gumbo represents the interests of lawyers as a Member of the Industrialization and Enterprise Development Board under the auspices of the Kenya Private Sector Alliance.

Mr. Gumbo has over the years represented a wide range of clients in the resolution of many landmark disputes in the High Court, Court of Appeal and Supreme Court, including representing the Independent Electoral and Boundaries Commission (IEBC) in all the three Presidential Election Petitions since 2013.

Mr. Gumbo is additionally a Member of the Chartered Institute of Arbitrators and continues to be involved in various Alternative Dispute Resolution processes including Arbitration and Mediation. He also sits in the Law Reform Committee of the Law Society of Kenya.

He is the Chair to the Examination Committee and the acting Chair of the Council.

**Date of appointment: 17<sup>th</sup> February, 2020**



**Professor Winfred Wambui Kamau**  
PhD, LL.M, LLB

Born on the 3<sup>rd</sup> of August, 1964, Professor Winifred Kamau holds a PhD in Law, LL.M and LLB, and is an Advocate of the High Court of Kenya of over 30 years' standing. She is an Associate Professor at the University of Nairobi and is currently Dean of the Faculty of Law.

The Professor represents the Public Universities and Chairs the Audit, Risk & Governance Committee.

**Date of appointment: 9<sup>th</sup> July, 2021**



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**Ms. Nelly Wamaitha Kamangu**

Born on 3<sup>rd</sup> May 1973,

Ms. Wamaitha holds a LLB UON-2002, LLM UON 2006, PHD candidate from 2017, State Counsel 2006 - 2013, MKU Law lecturer from 2013 to date, MKU Dean sch. Of law 2015 - 2018, Director MKU LAW CAMPUS from 2018 to date.

Ms. Wamaitha represents the Private Universities and is a member of the Finance & General Purposes Committee

**Date of appointment: 9<sup>th</sup> July, 2021**



**Mr Oscar Mmene Eredi OGW**

Born on 31<sup>st</sup> August 1973,

Mr. Eredi joined the Office of the Attorney General in 2004 as Litigation Counsel II. Currently Chief State Counsel and Head of the Specialised Courts Section (consisting of the Land and Environment Courts Division as well as the Employment and Labour Relations Courts Division) in the

Civil Litigation Department.

Practices mainly Civil Litigation and I has appeared in all Courts in Kenya up to the Supreme Court as well as the Regional Courts mainly the East African Court of Justice (EACJ). Represents the Hon. the Attorney General on the Kenya Ports Authority Board.

**Date of appointment: February, 2022**



**George Nyakundi, LL.B**

**Alternate to the Attorney General.**

Born on 17<sup>th</sup> January 1971, Mr. George is a State Counsel and an advocate of the High Court of Kenya since 1996. George holds a Bachelor of Laws LL.B from the University of Nairobi."

Mr. Nyakundi is a member of the Quality Assurance & Compliance and Audit, Risk & Governance Committee.

**Date of appointment: 20<sup>th</sup> May, 2019**



**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

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**CPA Rita Njiru**  
Born on 3<sup>rd</sup> June 1974,

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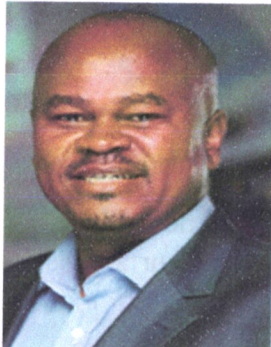
Ms. Rita Njiru is a CPA(K) graduate, with Masters in Business Administration (MBA) in Strategic Management from Daystar University. She is a member of the institute of Certified Public Accountants of Kenya (ICPAK).

She has 24 years' experience in Civil Service in particular Finance and Accounting, currently serving in the National Treasury as an Assistant Accountant General.

Ms. Njiru is a member of the Finance & General Purpose and the Audit, Risk & Governance Committee.

**Date of appointment: 30<sup>th</sup> September 2019**

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**Dr. Wambua Kituku**  
**Secretary/Chief Executive Officer**  
**Council of Legal Education**

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**Dr. Wambua Kituku** holds a PhD in Environmental Law from the University of Nairobi, with a focus on regulatory aspects of solid waste management.

He also holds Bachelor's Degree in Law (LL.B) and Master of Laws (LL.M) from the University of Nairobi. Dr. Kituku also holds a Bachelor of Science Degree from Jomo Kenyatta University of Agriculture and Technology.

Dr Kituku is an advocate of the High Court of Kenya and registered EIA/EA Lead Expert with NEMA and holds an EIA and EA certificate from The African Nazarene University.

Before joining the Council of Legal Education, Dr Kituku worked with the United Nations Development Programme (UNDP) Kenya Country Office for the last ten years, managing civil society strengthening as well as elections programmes.

He has previously practiced law in Nairobi and Machakos and worked for National and well as International NGOs. Dr. Kituku has a long consulting experience with the Public Sector, UN bodies, NGOs, Public and Private Sector spanning for over 20 years in such areas as strategy formulation, research, training, and advisory services.

Dr Kituku has taught law at the School of Law of Kenyatta University, where he served as the examination's coordinator as well.



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

He has written and published peer-reviewed articles on environmental law and democratic governance issues.

**Date of appointment: 1<sup>st</sup> December, 2021**

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**Ms. Mary Mugure Mutugi, OGW**

Ag. Secretary/Chief Executive Officer

Director Directorate of Quality Assurance, Compliance and Accreditation

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Ms. Mutugi holds an LL.B (Hons) degree from Moi University, and a Master degree in International Conflict Management. Ms. Mutugi is an Advocate of the High Court of Kenya and a Commissioner of Oath. She has 10 years' experience in Legal Education and Training, four (4) of which are in Legal Education and Regulation.

**Date of acting: 4<sup>th</sup> June to 30<sup>th</sup> November 2021**

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**COUNCIL OF LEGAL EDUCATION**  
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**3. Management Team**



**Dr. Wambua Kituku**  
**Secretary/Chief Executive Officer**  
Responsible for the day-to-day operations at the Council.



**Ms. Mutugi Mary Mugure, OGW**  
**Director Directorate of Quality Assurance, Compliance**

Responsible for executing the mandate of Council in the Regulation of Legal Education under the provisions of Section 8 of the Legal Education Act 2012 and the incidental Regulations of 2016.



**Mr George W. Wafula**  
**The Director Directorate of Examination**  
Responsible for the overall coordination of the Test Development and Examination Administration in the Council



**Ms. Ignazia K. Kaimba**  
**The Manager, Internal Audit**  
Responsible for financial and systems audit, assurance and risk advisory services at the Council.



**CPA Ednah Kerubo Oyori**  
**Manager Finance and Accounts**  
Responsible for budgeting, budgetary control, financial management and reporting at the Council.



**CPA Purity Kimathi**  
**Principal Accountant**  
Acting Assistant Director Finance, Planning and Administration: 1<sup>st</sup> April 2020 to 21<sup>st</sup> November 2021.



**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

#### 4. Chairman's Statement



Council is pleased to present the Annual Report and Financial Statements for the Council of Legal Education for the year ended June 30, 2021. During the period under review CLE registered significant growth in its operation with the expanded mandate. Council established structures to deliver the mandates and am happy to note that we successfully conducted ATP Examination in the year 2020/2021.

CLE is mandated to regulate, licence and supervise legal education in Kenya, we have taken this responsibility with utmost seriousness, giving our best to achieve set targets. Our hope, vision and purpose is to ensure that the quality of legal education in the country is at par with, if not, the best in the world.

Council continues to monitor the quality of Legal education in the country through quality audits. This program ensures that Licenced legal education providers comply with the conditions of the licence hence protecting the public and consumers of legal education. During the Financial Year Council conducted courtesy visits to ten (10) legal educations providers on issues related to the audits and inspections of the institutions.

Council continues to conduct ATP Examination, where 4,784 candidates were examined during the year and 1,718 qualifying candidates were gazetted for admission to the Bar.

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

##### **Adapting to a New Normal**

With the emergence of the COVID-19 Pandemic, the Council scaled down on the number of staffs attending to matters physically at the CLE offices as per the Government directives. The activities of the Council were greatly affected and this led to non-achievement of some



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

of the Performance Contract targets, delay of the finalization to the Curriculum development, the registration for the ATP Examination that was planned for September 2020 was cancelled due to social distancing and Government directive on gathering of not more than 15 people. The planned April 2021 ATP Examination was also postponed to June 2021, to mention but a few.

### Strategic Planning and Oversight

The Council continued to offer direction to management towards the realisation of the Corporate Strategy, Vision, Mission and Values.

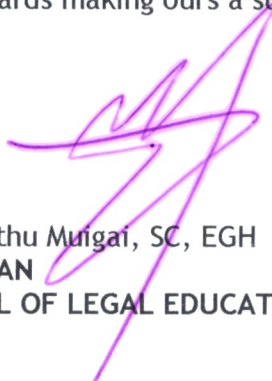
### Future Prospects

The Council is alive to the rapidly changing operating environment. As such, the Council continues to review its preparedness for a prolonged pandemic and the post pandemic world. This calls for a change or modification of strategy. As the Strategic plan 2018/2019 to 2022/2023 comes to an end, the Council will initiate and support the process of developing a new strategic plan for the Corporation to guide the entity into the future.

In addition, the Council will continue to adopt sustainable ICTs to facilitate business operations in the wake of the pandemic and for sustainable effective and efficiency service delivery to the citizen.

I take this opportunity to thank all our stakeholders for their continued support throughout the year. The Office of Attorney General and Department of Justice, The National Treasury and Planning, Council Members, Management and staff who have played crucial roles in enabling CLE to achieve key milestones during the year under review.

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



Prof. Githu Muigai, SC, EGH  
CHAIRMAN  
COUNCIL OF LEGAL EDUCATION



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## 5. Report of the Chief Executive Officer



Since the establishment under the new regulatory framework the Council of Legal Education has made concerted efforts in promoting and enhancing the quality of legal education in the country. Council continues to play its transformative role in the legal education sector as mandated by the Law. I take this opportunity to present an overview of the Council of Legal education performance for the Financial Year ending June 30, 2021.

During the Financial Year Council conducted courtesy visits to ten (10) legal education providers on issues related to the audits and inspections of the institutions.

In the year 2021/2022, Council successfully conducted The ATP Examination in November 2021 and in April 2022. In the examination series 4,784 candidates were examined. A total of 1,718 qualified candidates were gazetted for admission to the Roll of Advocates.

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

### **Automation and Covid-19 Mitigation**

Further, the Council took advantage of its automated processes to mitigate the Covid-19 situation. As a result, application processes were done online through an automated system. In addition, management team utilised virtual platforms to transact business. This ensured minimal business disruption.

In addition, Management continued with its Business Continuity strategies, which ensured that the operations were not interrupted. These included provision of sanitary items in the office premises, mass testing of employees for the coronavirus, adoption of work-from-home and rotational arrangements by scaling down on the number of staffs attending to matters physically at the CLE offices management constantly updated the Board on the operations during the pandemic.

### **Financial Performance**

In the period under review, the Council's revenue increased from **Kshs.314.9 Million** in 2020/2021 to **Kshs.323.4 Million** in 2021/2022. This was attributed to the



## COUNCIL OF LEGAL EDUCATION

**Annual Report and Financial Statements for the year ended June 30, 2022**

improved Council collection of A-I-A due to administration of two ATP examination series.

Total recurrent expenditure increased from **Kshs. 245.5 million** in 2020/2021 to **Kshs.323.2 Million** in 2022/22. This is attributed to the Council being able to achieve most of its planned activities for the year

The Council's total asset base reduced from **Kshs. 569.9 Million** in 2020/2021 to **Kshs.487.5 Million** in 2021/2022 financial year. Non-current assets were revalued and the opening balances used in the year in review.

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

Ms. Mary M. Mutugi, OGW  
AG. SECRETARY/CHIEF EXECUTIVE OFFICER  
COUNCIL OF LEGAL EDUCATION



**COUNCIL OF LEGAL EDUCATION**  
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**6. Statement of Performance against Predetermined Objectives for  
FY 2021/2022**

Section 81 Subsection 2 (f) of the Public Finance 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.

The Council of Legal Education has 4 strategic pillars and 7 objectives within its Strategic Plan for the FY 2019/2020- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Regulatory Framework and Policy
- Pillar 2: Customer focus
- Pillar 3: Financial Sustainability
- Pillar 4: Institution Capacity

The Council of Legal Education develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis.



**COUNCIL OF LEGAL EDUCATION**  
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The Council of Legal Education achieved its performance targets set for the FY 2021/2022 period for its 1 strategic pillar, as indicated in the diagram below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar 1 : Regulatory Framework and Policy</b>	To enhance the quality of legal education and training	Legal Education Providers licence maintained	Conduct quality audits in ten (10) Legal Education Providers	Courtesy visits done
		Legal Education Providers licenced	Conduct inspections in eight (8) Legal Education Providers	Courtesy visits done
		Legal Education Providers annual reports reviewed	Review annual reports from twenty-one licensed legal education providers	Achieved
		Conference on legal education and training	Organize a conference on legal education and training	Achieved
		Published status of legal education providers twice in the Financial Year	Publish status of legal education providers twice a year in Kenya Gazette or in at least one (1) newspaper with nation-wide circulation	Achieved
		Validated Bar Program Curriculum validated by 30 <sup>th</sup> June, 2021	Validation of the Bar Curriculum	Achieved
		Collaborative partnerships and stakeholder engagements established	<ul style="list-style-type: none"> <li>- Negotiate and execute one (1) MOU with stakeholders</li> <li>- Organize one (1) annual donor roundtable</li> <li>- Participate in regional and international conferences on legal education and training</li> </ul>	Achieved
Legal Education Providers' Curricula reviewed	Undertake review of two (2) Legal Education Providers' Curricula	Achieved		



### COUNCIL OF LEGAL EDUCATION

#### Annual Report and Financial Statements for the year ended June 30, 2022

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	To enhance the legal education Regulatory Framework	Developed ATP Program Curriculum developed Regulations and standards reviewed and updated	Develop the ATP Programme Curriculum  <ul style="list-style-type: none"> <li>- Develop the Legal Education Paralegal Regulations</li> <li>- Develop the policy on licensing of Paralegal Education</li> <li>- Develop the licensing criteria for the Paralegal Programme</li> <li>- Develop the monitoring and evaluation framework for paralegal programmes</li> </ul>	The developed ATP Curriculum was validated in a conference  Not achieved
	Enhance efficiency in delivering Advocates Training Programme Examination	Structures and procedures for the management of the ATP examination developed and implemented	<ul style="list-style-type: none"> <li>- Validate the ATP examination Regulations and Policy 2020 in a stakeholders' conference</li> <li>- Develop code of conduct and guidelines for the service providers and sensitize the Council</li> <li>- Capacity building for 27 setters, 9 moderators, 100 invigilators and 70 markers</li> </ul>	Partially achieved. It's in a draft format.  Not achieved
				Achieved.



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<ul style="list-style-type: none"><li>- Release ATP Examination results within 2 ½ months after administering the last paper</li><li>- Gazette all qualifying Candidates for admission to the Roll of advocates quarterly upon approval by Council</li><li>- Develop possible ATP examination questions</li></ul>	<p>35 Setters were trained 86 Markers were trained 6 moderators were trained 103 invigilators were trained</p> <p>Achieved <b>In November 2021</b> last paper was administered on 30<sup>th</sup> November 2021 results released on 28<sup>th</sup> January 2022. <b>In April 2022</b> Last paper administered on 12<sup>th</sup> April 2022 Results released on 7<sup>th</sup> July 2022</p> <p>Achieved</p>



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<ul style="list-style-type: none"><li>- Moderation of possible ATP questions</li><li>- Conduct ATP examination to four thousand (4,000) candidates</li><li>- Marking of examination scripts</li></ul>	<p>Achieved. The ATP questions were developed in August 2021 and January 2022</p> <p>Achieved. The ATP questions were moderated in August 2021 and January 2022 shortly after setting exercise.</p> <p>Achieved. Nov 2021- 2,113 candidates sat for the examination. April 2022 - 2,671 Total 4,784</p> <p>Achieved. Scripts were marked on 6<sup>th</sup> to 11<sup>th</sup> December 2021 and 29<sup>th</sup> April to 12<sup>th</sup> May 2022</p>



### COUNCIL OF LEGAL EDUCATION

#### Annual Report and Financial Statements for the year ended June 30, 2022

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		Effectiveness and efficiency of the ATP examination processes evaluated and the recommendations implemented	<ul style="list-style-type: none"> <li>- Moderation of examinations scripts</li> <li>- Engage a Consultant to carry out an evaluation of the effectiveness and efficiency of the ATP examination processes</li> <li>- Adopt the findings of the report on the effectiveness and efficiency of the ATP examination processes for implementation</li> </ul>	<p>Achieved Moderation conducted on 13<sup>th</sup> to 17<sup>th</sup> December 2021 and 13<sup>th</sup> to 20<sup>th</sup> May 2022</p> <p>Not achieved</p> <p>Not achieved</p>



**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

## 7. Corporate Governance Statement

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

### Board Size, Composition and Appointment

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

Council members are appointed as set out in the Legal Education Act, 2012 Section 4 and functions of Council of Legal Education are set out in Legal Education Act Section 8.

The Board has an approved Council Charter to guide the operation and conduct of council matters.

### Role and Responsibilities of the Board

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

### Board meetings

The Board meets regularly as required in order to efficiently monitor the implementation of the Corporation's planned strategy and approve issues of strategic nature. Specific reviews are also undertaken on operational issues and future planning.

During the year under review, the Board held 9 meetings. Attendance to the respective meetings is summarised below:

Name	Date Appointed	Board Position	App	Att
1. Hon. Prof. Githu Muigai, ECH, SC - Retired	18 <sup>th</sup> April 2018	Chairperson	5	2
2. Mr. Eric Gumbo	17 <sup>th</sup> February 2020		5	5
3. Prof Winfred Kamau			5	5
4. Ms. Rita Njiru	17 <sup>th</sup> September 2019		5	5
5. Ms. Nelly Wamaitha			5	5
6. Mr. George Nyakundi	20 <sup>th</sup> May 2019		5	5
7. Hon. (Dr.) Justice Smokin C. Wanjala	23 <sup>rd</sup> January 2020		5	4
8. Mr. Oscar Eredi			5	2



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

#### Board Committees

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

#### Finance and General-Purpose Committee

The Committee is charged with the responsibility of ensuring that Council funds are prudently utilized and in line with the core functions and Council's Strategic Plan. The Committee also considers staff administrative matters to ensure they are within the law. It develops and reviews policies that will help the Council attract and retain highly qualified competent staff. ICT, procurement and any other general matters are adjudicated by this Committee.

It held six meetings during the year, which were attended as follows:

Committee Member	Date of Appointment	FGPC	
		App.	Att.
Mr. George Nyakundi		6	7
Ms. Rita Njiru		6	7
Ms. Nelly Wamaitha		6	6
Mr. Eric Gumbo (In attendance)		6	1

#### Quality Assurance and Compliance Committee

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

It held six meetings during the year, which were attended as follows:

Committee Member		FGPC	
		App.	Att.
Mr. Erick Gumbo	Chair	6	3
Hon. (Dr.) Justice Smokin C. Wanjala	Member	6	1
Mr. George Nyakundi	Member	6	3
Mr. Oscar Eredi	Member	6	1
Ms. Rita Njiru		6	1

#### Examination Committee

The Examination Committee was established in 2015/16 Financial Year to administer the policy and procedures established by Council for the ATP Examination. The Committee ensures that ATP Examination Candidates are examined in accordance with the regulations,



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

consider examination results and authorize gazettelement of candidates who have met the requirements to be admitted to the Roll of Advocates.

It held six meetings during the year, which were attended as follows:

Committee Member		FGPC	
		App.	Att.
Mr. George Nyakundi	Chair	6	3
Hon. (Dr.) Justice Smokin C. Wanjala	Member	6	2
CPA Rita Njiru	Member	6	3
Mr. Oscar Eredi	Member	6	1

### Audit, Risk and Governance Committee

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

It held six meetings during the year, which were attended as follows:

Committee Member		FGPC	
		App.	Att.
Prof. Winifred Kamau	Chair	6	6
Hon. (Dr.) Justice Smokin C. Wanjala	Member	6	5
CPA Rita Njiru	Member	6	6

### Board Remuneration

During every Board meeting, present Board members are entitled to a sitting allowance of Kshs 20,000 per sitting, accommodation allowance of Kshs 18,200 and mileage reimbursement where applicable within government set limits for State Corporations. The Chairman receives a monthly honorarium of Kshs 80,000 and Kshs 5,000 airtime allowance which are included in the Council Allowances and Expenses detailed in this Annual Report and Financial Statements for the year ended June 30, 2021.

### Board Induction and Continuous Skills Development

New Board members are offered an effective induction program to assist them in familiarizing with their responsibilities, general principles of corporate governance and Board practices. Further, the Board is trained in relevant areas deemed necessary for execution of their duties.



**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

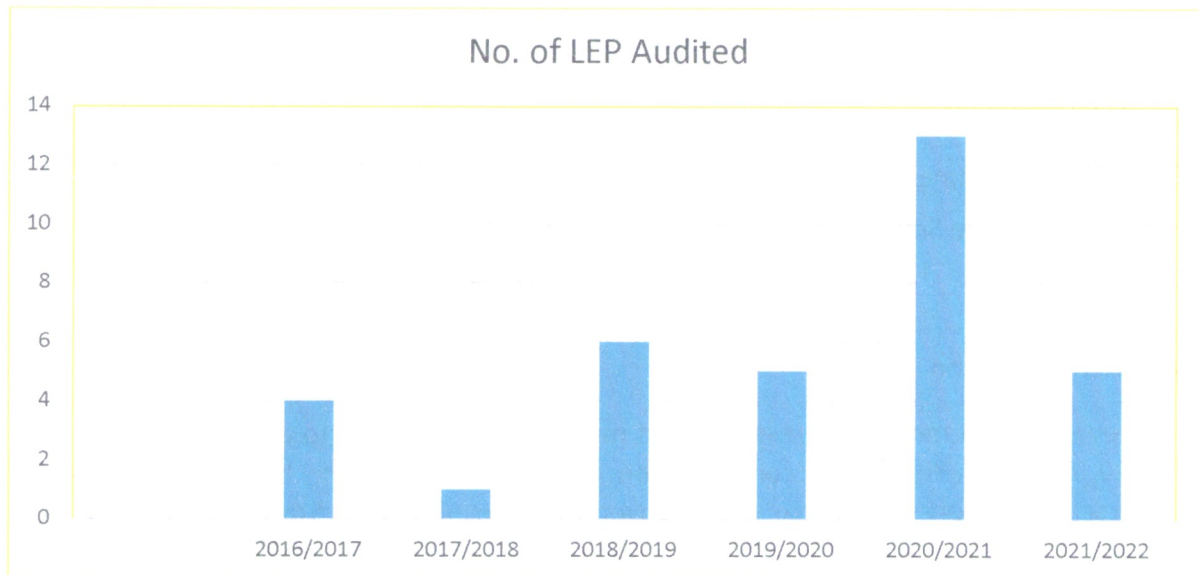
## 8. Management Discussion and Analysis

### Directorate of Standards, Licencing and Compliance- QCL

During the Financial Year Council conducted five (5) legal audit and one (1) Inspection towards licensing legal educations providers. Legal education institutions inspected included:

i. Trend analysis for the Audit of Legal Education Providers

FY	No. of LEP Audited
2016/2017	4
2017/2018	1
2018/2019	6
2019/2020	5
2020/2021	13
2021/2022	5



ii. Trend analysis for the Inspections of Legal Education Providers

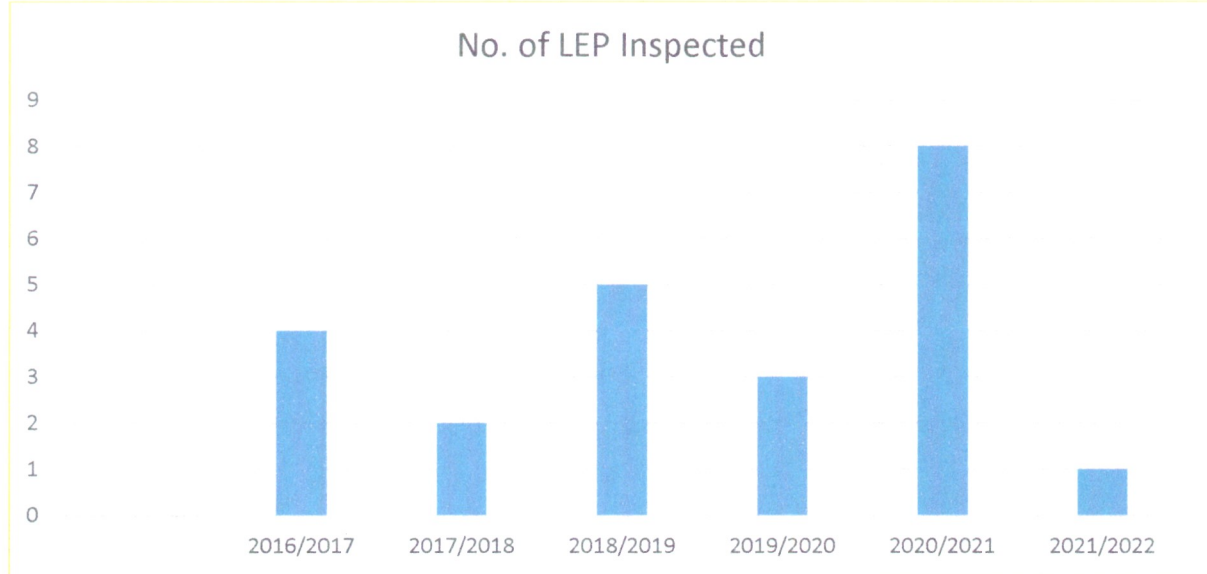
FY	No. of LEP Inspected
2016/2017	4
2017/2018	2
2018/2019	5
2019/2020	3



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

2020/2021	8
2021/2022	1

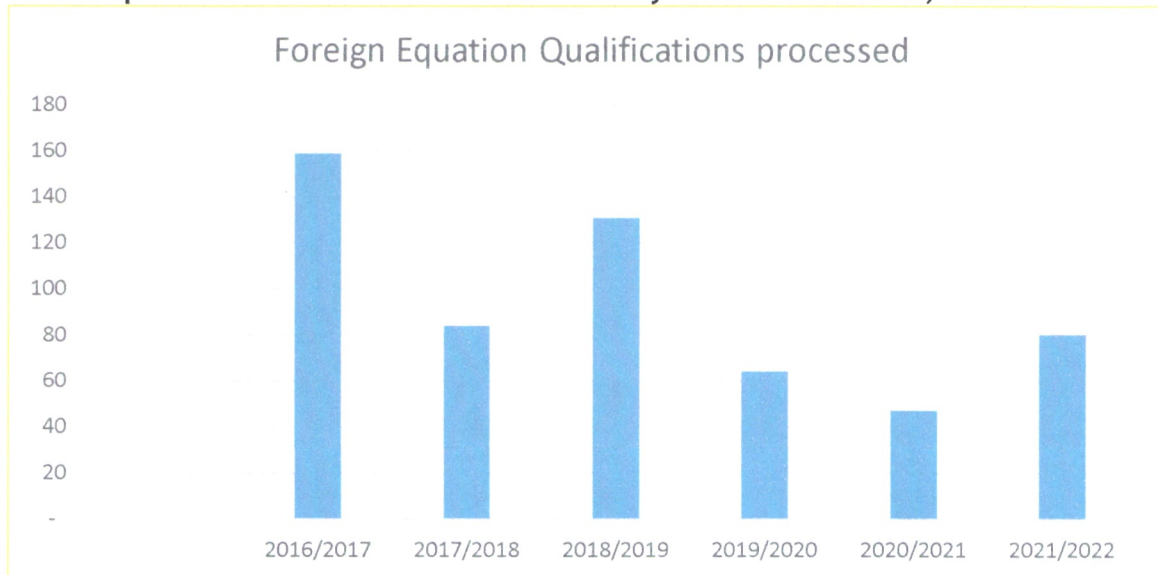


### iii. Trend analysis on the number of Foreign Equation Qualifications processed

FY	Foreign Equation Qualifications processed
2016/2017	159
2017/2018	84
2018/2019	131
2019/2020	64
2020/2021	47
2021/2022	80



**COUNCIL OF LEGAL EDUCATION**  
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*ATP curriculum Stakeholder engagement- Council members with CLE stakeholders*

**Directorate of Examination-EXAMINATION**

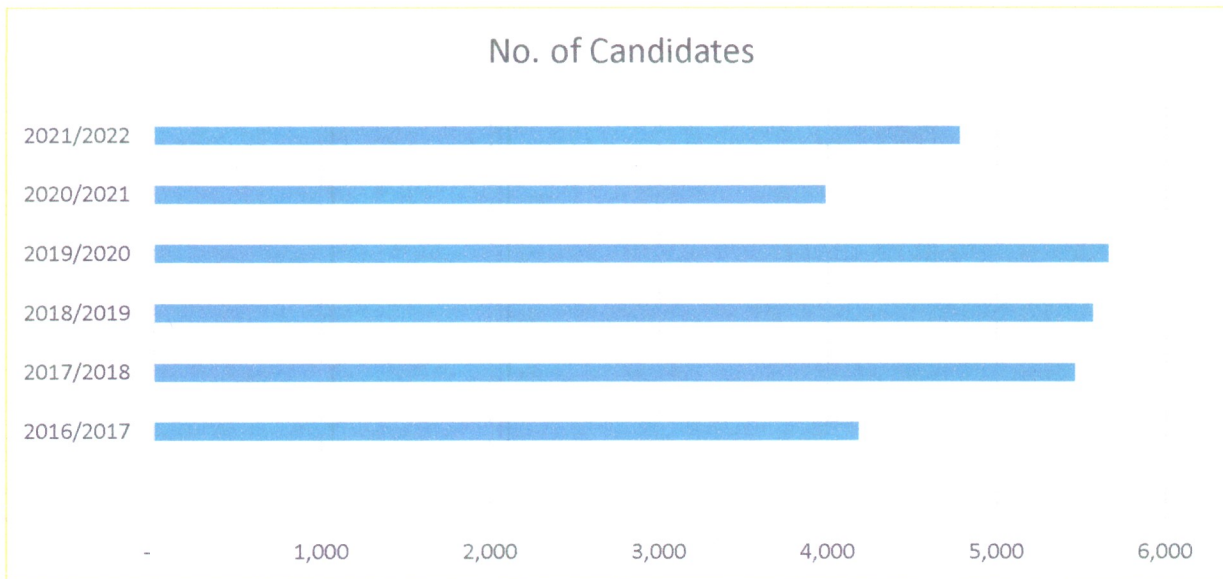
During the year 2020/2021, Council administered Bar Examination to 3,987 candidates in June 2021, while 497 candidates qualified for gazetted and admission to the Roll of advocates.

- i. Trend analysis on the number of Candidates sitting the ATP Exams



**COUNCIL OF LEGAL EDUCATION**  
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<b>FY</b>	<b>No. of Candidates</b>
2016/2017	4,186
2017/2018	5,466
2018/2019	5,572
2019/2020	5,666
2020/2021	3,987
2021/2022	4,784

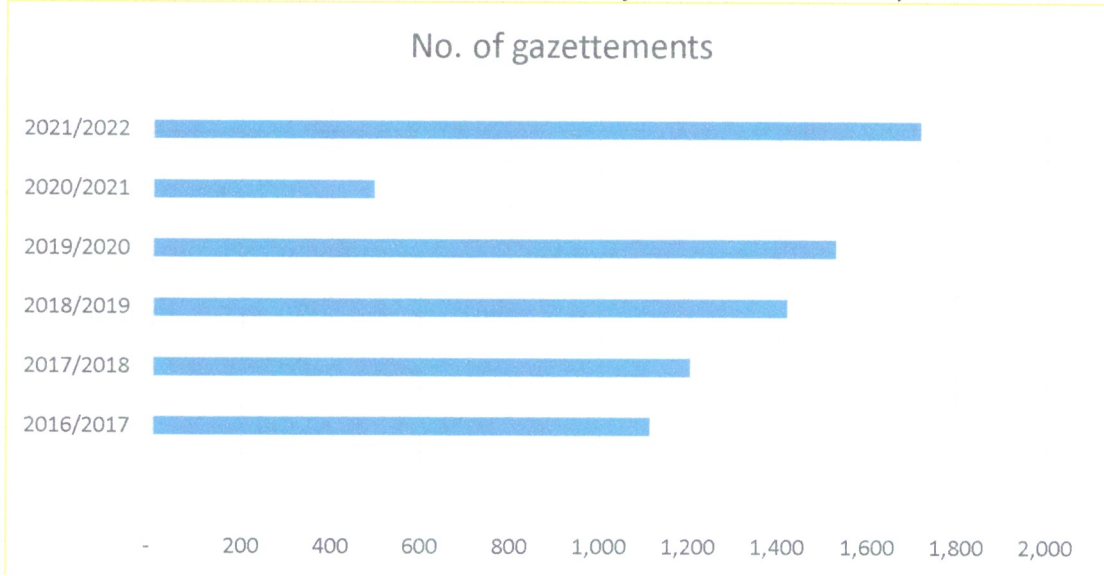


**i. Trend analysis on the number of Candidates gazetted**

<b>FY</b>	<b>No. of gazettelements</b>
2016/2017	1,113
2017/2018	1,204
2018/2019	1,421
2019/2020	1,528
2020/2021	497
2021/2022	1,718



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## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

#### Information and Communication Technology

During the year under review, Council finalised the development of ICT policies. CLE's Information Communication Technology Strategic Plan 2019-2023 reaffirms the CLE's Information Communication Technology (ICT) priorities and emphasizes our commitment to provide robust, efficient, flexible, and secure information technology solutions. This plan to seeks to ensure coherent and unified approach to acquisition, deployment, management and operation of ICTs in the public service in order to achieve secure, efficient, flexible, integrated and cost-effective deployment and use of ICTs. CLE recognizes that information technology plays an important role in delivery of its mandate of promoting quality of legal education in the country.

The emerging information age is having a significant impact in service delivery especially those that are focused on ICT utilization and the development of ICTs. To achieve exceptional return on investment in the utilization of ICTs and exceed expectations in service delivery, Council must embrace ICT. With an appropriate ICT Road Map, CLE shall improve service delivery.

CLE has recognized and accepted the importance and role of ICT in service delivery and it is committed to invest in ICT. With the guided assistance of ICT Authority, CLE developed this ICT strategic plan to guide her utilization and development of ICT. To support implementation of this strategy, the CLE shall establish an ICT Management Committee.

The plan aims at aligning technology and innovations with the corporate ICT strategic goals and objectives that gives a roadmap towards equitable, fair and efficiency in the Council.

#### Strengthening Institutional Capacity

The Council completed the development of key policies to guide its operations. These included:

- i. ICT Strategic Plan
- ii. Audit Strategic plan

#### Human Resource Capacity Development Faith

Recruitments were done in compliance with the approved staff establishment and relevant GoK circulars. The Council has a comprehensive human resource manual that details the recruitment process. To enhance HR capacity for improved service delivery the following positions were recruited; Chief executive officer/ secretary to the board, Manager Finance & accounts, Senior Corporate communication officer and investigations officer

Further to these, every employee attended at least one other training or development workshop, aimed at improving their skills relevant to the CLE's operations. Thirty-two (32) staff were trained as per the training needs identified in the Financial Year. All staff members set their performance targets and carried out the evaluation at the end of the review period.



## COUNCIL OF LEGAL EDUCATION

Annual Report and Financial Statements for the year ended June 30, 2022

### Enterprise Risk Management

The Board integrated risk management into the business planning processes of the Council as part of strategic, operational and line management responsibilities. This ensured effective management of risks that threaten to adversely impact the discharge of its core mandate and relationships with its stakeholders.

As part of the implementation of the enterprise risk management plan, the Board ensured strengthening of risk management function with a number of activities, which include; a review of the risk registers, staff capacity building, business continuity and risk assessment conducted within the year 2020/2021.

The Management in accordance with related government directives and circulars on government business continuity during the Covid-19 period, continued to monitoring the state of the pandemic and put in place measures that aimed at minimizing its spread and impact to Council's operations.

### Corporate Communication



*The Council during the period participated in a career fair to inform students about CLE mandate*

### Procurement

The section facilitated the procurement of goods and services required by user departments while complying with the Procurement Laws and Regulations.

Supply chain management, facilitated the utilization of 73% of the procurement budget. Of the total contracts awarded, 28 % went to firms owned by women, youth and persons with disability (Special Groups).

In addition, the department continued to support the Buy Kenya Build Kenya initiative, whereby it awarded 73 % of the total procurements to Kenyan firms.



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

To increase staff awareness and understanding of procurement matters, the Council organised a training session for the first cohort of staff, which was facilitated by the Kenya Institute of Supplies Management. This enabled staff to understand their roles and duties in the various procurement processes.

#### Internal Audit

During the period under review, internal audit ensured that the Council complied with the PFM Act and other regulatory frameworks that govern the Council's operations. This assurance was done to the Board through the Audit committee.

The Internal audit developed its audit strategic plan for 2020/2021 to 2022/2023.

Recommendations to strengthen internal controls were adopted by management. Policies and procedures have been developed and operationalised by management and this has improved service delivery in the placement service. No major non-compliance has been reported by the department in the course of the year under review.

#### Financial performance

In the period under review, the Council's revenue increased from Kshs.314.9 Million in 2020/2021 to Kshs.323.4 Million in 2021/2022. This was attributed to the improved Council collection of A-I-A due to administration of two ATP examination series.

Total recurrent expenditure increased from Kshs. 245.5 million in 2020/2021 to Kshs.323.2 Million in 2022/22. This is attributed to the Council being able to achieve most of its planned activities for the year

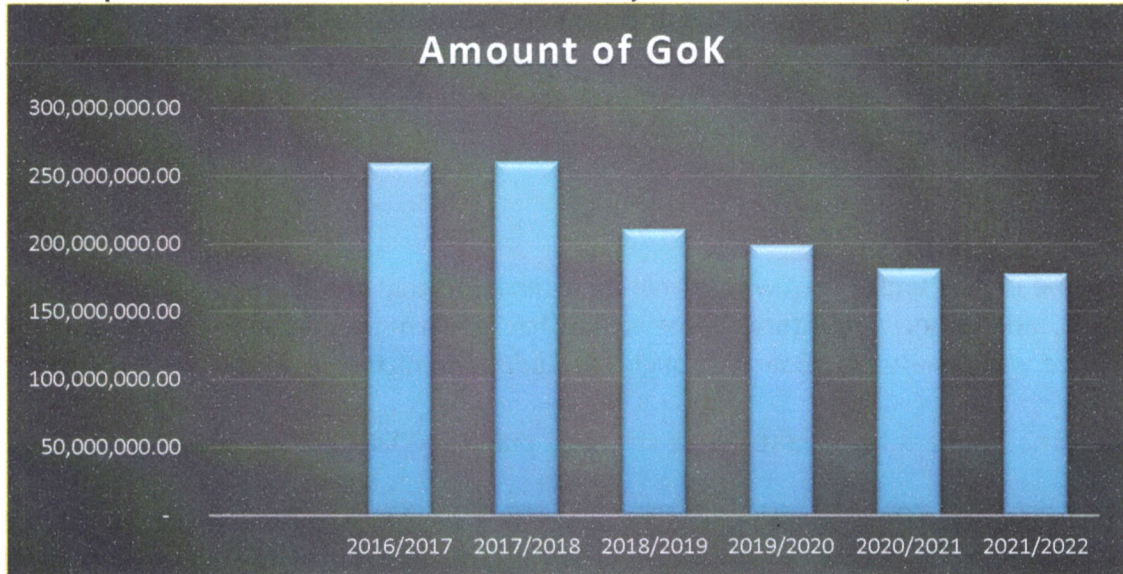
The Council's total asset base reduced from Kshs. 569.9 Million in 2020/2021 to Kshs.487.5 Million in 2021/2022 financial year. Non-current assets were revalued and the opening balances used in the year in review.

#### i. Trend analysis on the GoK transfers

FY	Amount of GoK
2016/2017	259,500,000.00
2017/2018	260,200,000.00
2018/2019	210,464,800.00
2019/2020	198,960,000.00
2020/2021	181,412,249.00
2021/2022	177,770,000.00



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ii. Trend analysis on the actual AIA receipts

FY	AIA Revenue
2016/2017	156,055,980.00
2017/2018	185,612,248.00
2018/2019	171,730,400.00
2019/2020	170,425,350.00
2020/2021	133,493,750.00
2021/2022	144,093,066.00



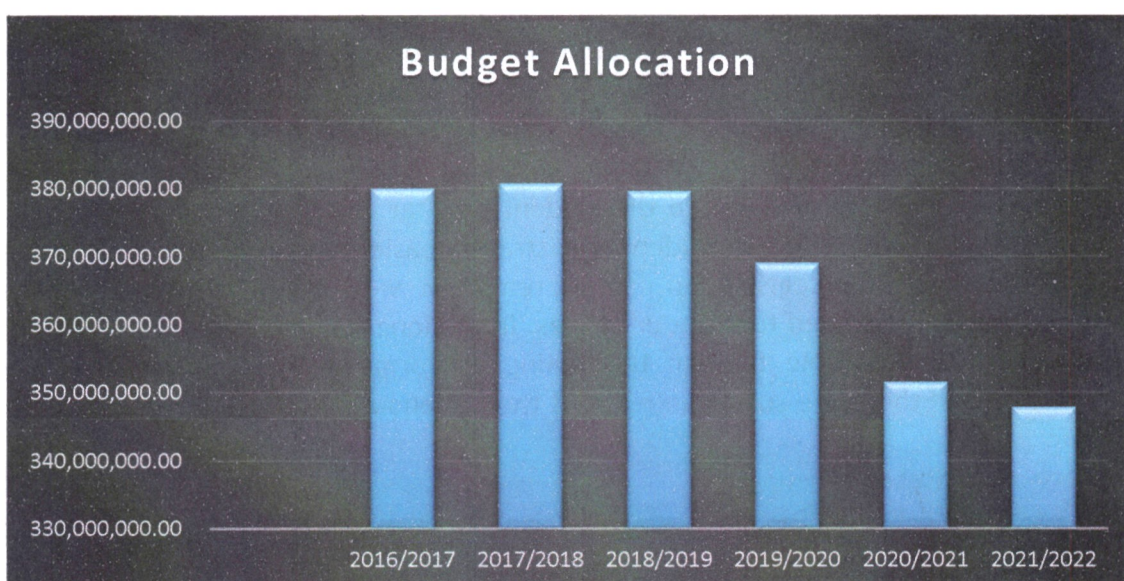


## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

#### iii. Trend analysis on the Budget allocation

FY	Budget Allocation
2016/2017	380,000,000.00
2017/2018	380,700,000.00
2018/2019	379,566,800.00
2019/2020	369,060,000.00
2020/2021	351,512,249.00
2021/2022	347,870,000.00



#### Council of Legal Education compliance with statutory requirements

During Financial Year 2020/2021 Council of Legal Education has complied with statutory requirements. Where Council has not remitted statutory deductions to the agencies, provisions for payables have been provided as per the accounting policies and the International Public-Sector Accounting Standards (IPSAS).



**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

## **9. Environmental and Sustainability Reporting**

The Council of Legal education exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, putting the citizen first, delivering relevant services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

Under the UN sustainable Development Goals (SDGs), SDG number 4 introduces inclusive and equitable quality education and promote lifelong learning opportunities for all. CLE has been in the forefront to harness technology to the advantage of students and legal education providers in service delivery for efficiency and convenience.

CLE has an ERP that is linked to the student's portal and Payment made through M-Pesa has not only made our students registration easier but convenient and they are able to follow their registration process remotely, view provisional results and any query without the need to visit our offices. In the long run, we endeavour to have all our services accessible through this online platform which is both effective and efficient and therefore sustainable for all the stakeholders.

### **ii) Environmental performance**

CLE has established an Environmental Sustainability Committee to champion matters to do with safeguarding the environment. The Committee developed a draft policy. In addition, being a service corporation, CLE has automated its core functions resulting in considerable reduction in paper-based transactions and therefore, contributing towards sustenance of the environment. Further, used toner cartridges are disposal through accredited waste disposal firms approved by NEMA who ensure environmentally friendly methods on disposal.

### **iii) Employee welfare**

The Council of Legal Education developed for implementation, Succession Planning and Talent Management Policies with a view of improving job satisfaction and performance. CLE initiated the development of Records Management Policy that will enhance the its ability to maintain accurate, reliable records; providing controlled, ready access to them and only retaining those worthy of preservation as part of the vital set-up necessary to meet the challenges faced on records management and past policy decisions.



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

To ensure employees performed work that accomplished the business needs of CLE, all employees' key performance indicators were aligned with the strategic goals of their departments and their performance reviewed at the end of the year. Employees received feedback during a formal performance review exercise on how effective their performance was relative to the expectations. The Management applied performance ratings in a fair and consistent manner and the rewards were consistent with the employees' performance and qualifications.

With regard to Occupational Health and Safety (OSHA), Council has continued to ensure Safety and Health for its staff is prioritised by ensuring that fumigation of offices is done every quarter and additional fire extinguisher were installed at CLE premises.

#### iv) Market place practices

The Council's market place practices are fair, competitive and transparent. Among others, the Council adheres to the following practices.

##### a) Responsible competition practice.

The Council preferred choice of procurement is competitive bidding, mainly open tenders, requests for quotations and requests for proposals. This ensures that firms are given equal opportunity to compete. Council has zero tolerance for corruption and enforces segregation of duties in its activities, especially in constituting procurement processing committees

##### b) Responsible Supply chain and supplier relations

Due to the Covid-19 pandemic, the Council was not able to organise a physical supplier sensitisation forum. However, the Corporation utilised the mass media sensitise the public on the procurement opportunities in the organisation. The Corporation maintains a register of suppliers, which is updated often. Once a contract is awarded, the Council, through the Supply Chain Management Department, ensures full implementation and performance of obligations.

##### c) Responsible marketing and advertisement

The Council's advertisements are conducted in compliance with Government guidelines, professional and ethical standards. In addition, payments for advertisements are made promptly in compliance with the PFM Act and regulations.



**COUNCIL OF LEGAL EDUCATION**  
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**d) Product stewardship**

Law education providers, Law students and their parents/guardians are the primary consumers of our services. We endeavour to satisfy their needs through satisfaction surveys, stakeholder forums and public outreach.

**v) Corporate Social Responsibility / Community Engagements**

The Council adopted a 1-hectare piece of land in the Ngong forest from the Kenya Forest Service. This is for tree planting for conservancy of the forest. Council is responsive to societal needs in the environment in which it operates.

The Council of Legal Education participated in the Kenya Moot Court, which was held at Kenyatta University from 21<sup>st</sup> to 25<sup>th</sup> March 2022. The Council was among the main sponsors of the competition.





**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

## **10. Report of the Directors**

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The Council submits this report together with the financial statements for the year ended June 30, 2021, which show the state of the Council of Legal Education affairs.

### **i) Principal activities**

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

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

### **ii) Results**

The Financial statements of the Council of Legal Education for the year ended June 30, 2022 are set out on page 1 to 8.

### **iii) Council Members**

The members of Council who served during the year are shown on page iv to x. During the year one (1) Council Member was nominated to CLE Council while the Chair and other two (2) Council Members retired. The Council Members attended a Mwongozo training facilitated by SCAC (State Corporation Advisory Committee) in November 2020 and February 2021.

### **iv) Surplus remission**

In accordance with Regulation 219 (2) of the PFM Act Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the year end of each financial year.

The Council of Legal Education remitted Kshs. 11,678,400 in the FY 2021/2022 to the National Treasury and Planning for the FY 2019/2020.

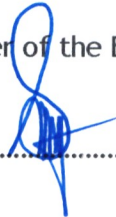


**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**v) Auditors**

The Auditor-General is responsible for the statutory audit of the Council of Legal Education in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



.....

**Name**

**Corporate Secretary/Secretary to the Board**



**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

**11. Statement of Directors Responsibilities**

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

The Board is responsible for the preparation and presentation of the Council of Legal Education's financial statements, which give a true and fair view of the state of affairs of the Council of Legal Education for year ended on June 30, 2022. This responsibility includes:

- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council of Legal Education;
- iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv) Safeguarding the assets of the Council of Legal Education;
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

The Board accepts responsibility for the Council of Legal Education Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public-Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act and Legal Education Act, 2012. The Council is of the opinion that the Council of Legal Education's financial statements give a true and fair view of the state of Council's transactions during the financial year ended June 30, 2022, and of the Council of Legal Education's financial position as at that date.



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022

The Council further confirm the completeness of the accounting records maintained for the Council of Legal Education, which have been relied upon in the preparation of the Council of Legal Education's financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

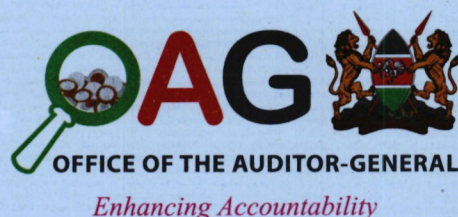
The *Council's* financial statements were approved by the Board on \_\_\_\_\_ 2022 and signed on its behalf by:

.....  
Prof, Githu Muigai, SC, EGH  
Chairperson

Secretary CEO  
Council of Legal Education  
P. O. Box 829 - 00502, Karen  
NAIROBI, Kenya.....  
Ms. Mary M. Mutugi, OGW  
AG. Chief Executive Officer

# REPUBLIC OF KENYA

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## REPORT OF THE AUDITOR-GENERAL ON COUNCIL OF LEGAL EDUCATION FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Adverse Opinion**

I have audited the accompanying financial statements of Council of Legal Education set out on pages 1 to 50, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the

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*Report of the Auditor-General on Council of Legal Education for the year ended 30 June, 2022*

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Council of Legal Education as at 30 June, 2022, 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 do not comply with the Public Finance Management Act, 2012 and the Legal Education Act, 2012.

### **Basis for Adverse Opinion**

#### **1. Inaccuracies in Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.73,338,605. Review of the assets movement schedule in Note 18 to the financial statements, and other supporting documents including an assets revaluation report and register revealed the following inaccuracies and anomalies:

- i. Note 18 reflects total revaluation costs of assets of Kshs.79,136,061 described as revaluation surplus. However, a report of a valuer engaged to revalue the Council's assets fixed assets as 30 June, 2020 reflects a value of Kshs.87,955,900 resulting in unexplained and unreconciled variance of Kshs.8,819,839.
- ii. The statement of changes in net assets reflects a revaluation surplus of Kshs.79,285,134 arising from an increase in value of assets due to revaluation. However, the net book value of the assets assessed for revaluation in June, 2020 was Kshs.28,736,059, which when compared to the revaluation value of Kshs.87,955,900, results in a revaluation reserve of Kshs.59,219,841. The variance of Kshs.20,065,293 was not explained or reconciled.
- iii. The assets of the Council were assessed for revaluation in June 2020 followed by the revaluation exercise. A report of the independent valuer was issued on 17 December, 2020 with the new values taking effect on 30 June, 2021. However, the financial statements for the year ended 30 June, 2021 reflected the old asset values. The new values were reflected in the financial statements for the year under review without restating the prior year balances which they related to, in accordance with the International Public Sector Accounting Standard (IPSAS) 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- iv. Note 18 to the financial statements reflects prior year asset additions of Kshs.3,026,718. However, the assets were not included in the financial statements for the year under review when the revaluation balances were reported. As a result, the entire value of those assets and associated depreciation were excluded from the financial statements.
- v. Management did not provide for audit review signed minutes of Board of Directors approving the adoption of revaluation report in the financial statements.

In the circumstances, the accuracy of property, plant and equipment balance of Kshs.73,338,605 as at 30 June, 2022 could not be confirmed.

## **2. Unsupported Asset Replacement Reserve**

The statement of financial position reflects assets replacement reserve of Kshs.79,296,291. As disclosed in Note 26 of the financial statements, the reserve was created during 2020/2021 for purposes of renewal of depreciating assets. However, there was no Board of Directors' approval for assets replacement reserve provided for audit. Further, a breakdown of the balance was not provided for audit review.

In the circumstances, the accuracy and validity of the assets replacement reserve of Kshs.79,296,291 as at 30 June, 2022 could not be confirmed.

## **3. Incomplete Enterprise Resource Planning (ERP) System**

The statement of financial position reflects intangible assets valued at Kshs.4,569,637. The amount includes an Enterprise Resource Planning (ERP) software supplied during 2020/2021 financial year. As previously reported, the Council contracted a local company for supply, installation, and testing of an ERP software at a contract price of Kshs.6,425,060 for a period of twelve (12) months commencing 13 January, 2020. As at the time of the audit, in February, 2023, the contractor had been paid in full, the costs transferred from work in progress to intangible assets and amortization charged despite the project completion being at 97%. In addition, the Management did not provide a certificate of completion, inspection and acceptance committee report for the software. Further, Kshs.496,702 was paid for renewal of the ERP license during the year under review when the system was not fully operational.

In the circumstances, the accuracy of intangible assets value of Kshs.4,569,637 and value for money paid for the ERP could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Council of Legal Education Management in accordance with ISSAI 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 adverse opinion.

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on

Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Lack of a Corporate Secretary**

During the year under review, the Council did not have a Corporation Secretary as required by Section 1.20 of Mwongonzo, the Code of Governance for State Corporations. In addition, review of the Council's staff establishment revealed one position of corporation secretary and director legal services. Further, as at 30 June, 2022, the position had not been filled. In addition, Council had in position a senior legal officer. However, a total of Kshs.1,008,960 was incurred as legal and professional fees paid to private legal practitioners for services that fell within the job description of the senior legal officer.

In the circumstances, Management is in breach of Government policies and guidelines

### **2. Failure to Implement Recommendations of a Governance Oversight Body**

The Council Management sought advice from State Corporation Advisory Committee (SCAC) on 8 March, 2021 regarding payment of acting allowances for more than six months for the position of personal assistant to the Council Secretary. SCAC in its response dated 9 June, 2021 advised the Council to review its organizational structure to separate the two directorates for standards, licensing and compliance and resubmit its revised Human Resource Instruments for review prior to filling of the vacant positions. However, Management did not provide evidence of resubmission of the instruments for review as advised by SCAC despite filling the vacant positions.

In the circumstances, Management was in breach of recommendations of oversight bodies.

### **3. Irregular Procurement of Goods and Services**

#### **3.1 Advertisement for Goods and Services**

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects expenditure on use of goods and services amounting to Kshs.92,927,471. However, review of documents in support of the expenditure revealed that the Management did not advertise for pre-qualification bids for goods and services on time as required by Section 93 of the Public Procurement and Asset Disposal Act, 2015. Review of procurement records provided for audit review revealed that Management advertised for pre-qualification bids for the financial year 2021-2022 on 22 February, 2022 and the list of pre-qualified suppliers was approved on 15 June, 2022 and became effective the same day.

In the circumstances, Management was in breach of the law.

#### **3.2 Unsigned Tender Opening and Evaluation Minutes**

Review of procurement records revealed that Tender Evaluation Committee minutes in respect of various items procured during the year under review were not signed and

initialed on each page by Members of the Committee as provided for in Section 80(7) of the Public Procurement and Asset Disposal Act, 2015 which states that the evaluation report shall be signed by each Member of Evaluation Committee. In addition, tender opening minutes and evaluation reports were not provided for audit verification.

In the circumstances, Management was in breach of the law.

#### **4. Board of Directors Appointment and Committee Membership**

##### **4.1 Irregular Board Committees Membership**

Review of records of the Board and Board Committees meetings revealed that two (2) Members sat in three (3) and four (4) Committees respectively contrary to the provisions of the Head of Public Service circular Ref. OP/CAB.9/1A dated 11 March, 2020 which provides that Board Members can only sit in a maximum of two (2) Committees

##### **4.2 Gazettement of Board of Directors**

Review of the Council membership and meeting records revealed that three (3) Board Members attended and participated in Board meetings and deliberations before they were gazetted as required in Section 1.1 Sub-section 11 of Mwongozo, the Code for State Corporations on appointment, composition and size of the Board, which provides that each Board Member shall be formally appointed to the Board through a Gazette Notice and thereafter an appointment letter.

In the circumstances, the Board was in breach of Government Policies and guidelines.

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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

##### **Basis for Conclusion**

###### **Inadequate Staffing**

As previously reported, review of staff establishment revealed that the Council had thirty-nine (39) employees as at 30 June, 2022 against an establishment of sixty-five (65) employees resulting in a deficit of twenty-six (26) personnel.

In the circumstances, adequacy of segregation of duties and effective service delivery to the stakeholders could not be confirmed.

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 overall 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 those Charged in Governance**

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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Council's ability to continue to sustain 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 Council 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.

Those charged with governance are responsible for overseeing the Council of Legal Education's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 Council's ability 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 Council to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Council 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 the Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

09 June, 2023



**COUNCIL OF LEGAL EDUCATION**  
Annual Report and Financial Statements for the year ended June 30, 2022.

**13. Statement of Financial Performance for the year ended 30 June 2022**

	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	4	177,770,000	181,412,249
		<b>177,770,000</b>	<b>181,412,249</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	5	144,093,066	133,493,750
Finance income	6	1,513,918	-
		<b>145,606,984</b>	<b>133,493,750</b>
<b>Total revenue</b>		<b>323,376,984</b>	<b>314,905,999</b>
<b>Expenses</b>			
Use of goods and services	7	92,927,471	68,896,179
Employee costs	8	105,444,607	94,451,803
Board Expenses	9	16,510,142	7,535,420
Depreciation and amortization expense	10	20,762,291	12,808,155
Repairs and maintenance	11	3,489,320	1,079,015
ICT related costs	12	7,751,278	7,978,642
Examination Related Costs	13	76,352,517	52,750,767
<b>Total expenses</b>		<b>323,237,626</b>	<b>245,499,981</b>
<b>Surplus for the year</b>		<b>139,358</b>	<b>69,406,018</b>
Surplus attributable to owners of the controlling Council		<b>139,358</b>	<b>69,406,018</b>
<b>Total Surplus</b>		<b>139,358</b>	<b>69,406,018</b>

The notes set out on pages 9 to 42 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

<p style="text-align: center;"><i>SECRETARY</i> <b>Council of Legal Education</b> P.O. Box 829 - 00502, NAIROBI, Kenya</p> <p>..... <b>Ms. Mary M. Mutugi, OGW</b> Chief Executive Officer Council of Legal Education</p> <p>Date: .....</p>	<p style="text-align: center;"><i>EDNAH KERUBO OYORI</i></p> <p>..... <b>CPA Ednah Kerubo Oyori</b> Director Corporate Services ICPAK M/No: 11607</p> <p>Date: .....</p>	<p style="text-align: center;"><i>PROF. GITHU MUIGAI</i></p> <p>..... <b>Prof. Githu Muigai, SC, EGH</b> Chairperson Council of Legal Education</p> <p>Date: .....</p>
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**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022.**

**14. Statement of Financial Position as at 30 June 2022**

	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	14	90,429,094	445,158,378
Receivables from Non-Exchange Transactions	15	2,565,742	1,155,045
Inventories	16	4,677,693	4,632,018
Investments	17	192,914,400	-
<b>Total Current Assets</b>		<b>290,586,929</b>	<b>450,945,441</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18	73,338,605	19,004,618
Intangible Assets	19	4,569,637	929
Bar Examination Loan	20	119,000,000	100,000,000
<b>Total Non- Current Assets</b>		<b>196,908,242</b>	<b>119,005,547</b>
<b>Total Assets</b>		<b>487,495,171</b>	<b>569,950,988</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	21	19,118,894	76,542,040
Refundable Deposits from Customers	22	16,496,558	2,995,267
Current Provision-Audit fees	23	1,800,000	1,200,000
<b>Total Current Liabilities</b>		<b>37,415,452</b>	<b>80,737,307</b>
<b>Non-Current Liabilities</b>		-	-
<b>Total Non- Current Liabilities</b>		-	-
<b>Total Liabilities</b>		<b>37,415,452</b>	<b>80,737,307</b>
<b>Net Assets</b>			
Accumulated Surplus	24	172,498,296	315,188,185
Revaluation Reserves	25	79,285,132	
Bar examination loan		119,000,000	80,000,000
Asset Replacement	26	79,296,291	36,931,697
Car loan & Mortgage fund	27	-	57,093,800
<b>Total Net Assets</b>		<b>450,079,719</b>	<b>489,213,682</b>
<b>Total Net Assets and Liabilities</b>		<b>487,495,171</b>	<b>569,950,989</b>



**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022.**

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by

**Secretary**  
**Council of Legal Education**  
**P. O. Box 00502, Karen**  
**NAIROBI, Kenya**

Ms. Mary M. Mutugi, OGW

AG. Chief Executive  
Officer  
Council of Legal Education

Date: .....

CPA Ednah Kerubo Oyori

Director Corporate  
Services

ICPAK M/No: 11607

Date: .....

Prof. Githu Muigai, SC,  
EGH

Chairperson  
Council of Legal Education

Date: .....



COUNCIL OF LEGAL EDUCATION

Annual Report and Financial Statements for the year ended June 30, 2022.

15. Statement of Changes in Net Assets for the year ended 30 June 2022

No te	Retained Earnings	Revaluation Reserve	Asset Replacement Reserve	Car Loan & Mortgage Reserve	Capitalization of bar examination loan	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July 2020	326,911,108		-	-	-	326,911,108
Asset Replacement Reserve (transfer from surplus)	-36,931,697		36,931,697	-	-	-
Car & Mortgage Reserve	-45,000,000		-	-	-	-45,000,000
Car Loan & Mortgage Reserve	-		-	57,093,800	-	57,093,800
Prior Year Adjustment	802,750		-	-	-	802,750
Capitalization of the Bar Examination Loan	-		-	-	80,000,000	80,000,000
Surplus for the period	69,406,018		-	-	-	69,406,018
As at June 30, 2021	315,188,185	-	36,931,696	57,093,800	80,000,000	489,213,681
As at July 1, 2021	315,188,185	-	36,931,696	57,093,800	80,000,000	489,213,681
Surplus for the period	139,358		-	-	-	139,358
Surplus Remission to the National Treasury	(11,678,400)		-	-	-	(11,678,400)
Revaluation Reserve	-	79,285,134	-	-	-	79,285,134
Bar Examination Loan transfer for FY 2020/2021	(20,000,000)	-	-	-	20,000,000	-
Bar Examination Loan transfer	(19,000,000)				19,000,000	-



**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022.**

	No te	Retained Earnings	Revaluation Reserve	Asset Replaceme nt Reserve	Car Loan & Mortgage Reserve	Capitalizatio n of bar examination loan	Total
for FY 2021/2022							
Asset Replacement Fund		(42,364,595)		42,364,595			-
Prior Year Adjustment	29	213,754					213,754
Transfer to Car Loan and Mortgage Scheme		(50,000,000)			(57,093,800)		(107,093,800)
<b>As at June 30, 2022</b>		<b>172,498,296</b>	<b>79,285,134</b>	<b>79,296,291</b>	<b>-</b>	<b>119,000,000</b>	<b>450,079,721</b>



COUNCIL OF LEGAL EDUCATION

Annual Report and Financial Statements for the year ended June 30, 2022.

16. Statement of Cash Flows for the year ended 30 June 2022

	Notes	2021/2022	2020/2021
		KShs	KShs
<b>Cash flows from operating activities</b>			
Transfers from other governments entities	4	177,770,000	181,412,249
Rendering of services	5	144,093,066	133,493,750
Finance income	6	1,513,918	-
<b>Total Receipts</b>		<b>323,376,984</b>	<b>314,905,999</b>
<b>Payments</b>			
Use of goods and services	7	(92,927,471)	(68,896,179)
Employee costs	8	(105,444,607)	(94,451,803)
Board Expenses	9	(16,510,142)	(7,535,420)
Repairs and maintenance	11	(3,489,320)	(1,079,015)
ICT related costs	12	(7,751,278)	(7,978,642)
Examination Related Costs	13	(76,352,517)	(52,750,767)
<b>Total payments</b>		<b>(302,475,335)</b>	<b>(232,691,826)</b>
<b>Working Capital Adjustments</b>			
Decrease/(Increase) in receivables	15	(1,410,698)	1,178,164
Decrease/(Increase) in inventory	16	(45,675)	1,657,763
Transfer to HELB Loan Fund	20		(20,000,000)
Increase/(Decrease) in current liabilities	21	(43,321,855)	40,193,583
Transfer to Car & Mortgage Reserve	27	-	12,093,800
Prior year adjustment	29	213,750	802,750
<b>Total working capital Adjustments</b>		<b>(44,564,478)</b>	<b>35,925,060</b>
<b>Net cash flows from/ (used in) operating activities</b>		<b>(23,662,829)</b>	<b>118,140,233</b>
<b>Cash flows from investing activities</b>			
Purchase of investments (Treasury Bills)	17	(192,914,400)	-
Purchase of PPE	18	(100,800)	(3,026,718)
Purchase of Intangible assets	19	(279,055)	-
<b>Net cash flows used in investing activities</b>		<b>(193,294,255)</b>	<b>(3,026,718)</b>



**COUNCIL OF LEGAL EDUCATION**  
Annual Report and Financial Statements for the year ended June 30, 2022.

<b>Cash flows from financing activities</b>			
Transfer to HELB	20	(19,000,000)	-
Transfer to Staff car Loan and Mortgage	27	(107,093,800)	-
Remission to National Treasury		(11,678,400)	-
<b>Net cash flows from financing Activities</b>		<b>(137,772,200)</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; Cash Equivalent</b>		<b>(354,729,284)</b>	<b>(115,113,515)</b>
Cash and cash equivalents at 1 July	14	445,158,378	330,044,863
Cash and cash equivalents at 30 June	14	90,429,094	445,158,378

Council presents the cash flow statement using the direct method as recommended by IPSAS.

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of

Directors by:  
**Secretary/CEO**  
**Council of Legal Education**  
 P. O. Box 829 - 00502, Karen  
 NAIROBI, Kenya

.....  
 Ms. Mary M. Mutugi, OGW

AG. Chief Executive  
 Officer  
 Council of Legal Education

*Ednah Kerubo Oyori*

.....  
 CPA Ednah Kerubo Oyori

Director Corporate  
 Services

ICPAK M/No: 11607

*Prof. Githu Muigai, SC, EGH*

.....  
 Prof. Githu Muigai, SC,  
 EGH  
 Chairperson  
 Council of Legal Education

Date: .....

Date: .....

Date: .....



**COUNCIL OF LEGAL EDUCATION**  
Annual Report and Financial Statements for the year ended June 30, 2022.

**17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c *100
<b>Revenue</b>						
GoK Grants - Recurrent	177,770,000	-	177,770,000	177,770,000	-	100
Rendering of Services	170,100,000	(13,865,000)	156,235,000	145,606,984	10,628,016	92
Finance Income	-	-	-	1,513,918	(1,513,918)	-100
<b>Total Income</b>	<b>347,870,000</b>	<b>(13,865,000)</b>	<b>334,005,000</b>	<b>323,376,984</b>	<b>10,628,016</b>	
<b>Expenses</b>						
Use of Goods and Services	85,330,696	(10,844,848)	96,175,544	92,927,471	3,248,073	97
Employee costs	139,423,408	33,092,948	106,330,460	105,444,607	885,853	99
Remuneration of Directors	11,530,000	(6,968,891)	18,498,891	16,510,142	1,988,749	89
Depreciation & amortization	15,000,000	(4,000,000)	19,000,000	20,762,291	-1,762,291	109
Repairs and Maintenance	2,970,016	(831,824)	3,801,840	3,489,320	312,520	92
ICT Related Expenses	15,980,000	5,440,152	10,539,848	7,751,278	2,788,570	74
Bar Examination Expenses	77,635,880	(2,022,537)	79,658,417	76,352,517	3,305,900	96
<b>Total Expenditure</b>	<b>347,870,000</b>	<b>13,865,000</b>	<b>334,005,000</b>	<b>323,237,626</b>	<b>10,767,374</b>	
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>139,358</b>		
<b>Capital Expenditure</b>						

**Budget notes:**

- a. *Foreign Qualification Equation - only 80 students sought the Foreign Equation Qualification in the FY. A reallocation was done to reduce the expected collection as the number of qualifications are reducing.*
- b. *ICT Related Costs - this was not achieved due to austerity measures.*

**Budget Reallocation**

*The budget was revised by the Council when it was noted that the number of students attempting the ATP examinations had gone down and this would affect the collection of the budgeted A-I-A.*



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## **18. Notes to the Financial Statements**

### **i) General Information**

The Council of Legal Education is established by Legal Education Act No. 27 of 2012 and derives its authority and accountability from the Act. Council of Legal Education is wholly owned by the Government of Kenya and is domiciled in Kenya.

### **ii) Principal Activity of the Council of Legal Education**

- (a) Regulate legal education and training in Kenya offered by legal education providers;
- (b) Licence legal education providers;
- (c) Supervise legal education providers; and
- (d) Advise the Government on matters relating to legal education and training.
- (e) Recognise and approve qualifications obtained outside Kenya for purposes of admission to the Roll.
- (f) Administer such professional examinations as may be prescribed under section 13 of the Advocates Act.

### **iii) Statement of Compliance and Basis of Preparation**

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Legal Education Act No. 27 of 2012 Section 28 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.



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**Notes to the Financial Statements (Continued)**

**1. Adoption of New and Revised Standards**

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Council's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"><li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li><li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li><li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between the Council's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li></ul> <p><i>(The amended standard will not have a major impact in the financial statement of the Council)</i></p>
IPSAS 42: Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting</p>



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Standard	Effective date and impact:
	<p>Council provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Council.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Council's financial performance, financial position and cash flows.</li> </ul> <p><i>(This standard will not have any significant impact on the financial statement of the Council given the pension and medical cover have always been reported)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(This standard will not have any significant impact on the financial statement of the Council)</i></p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p><b><i>The amendment will not affect Council's financial statement</i></b></p>
<p>IPSAS 43</p>	<p><b>Applicable 1<sup>st</sup> January 2025</b></p>



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Standard	Effective date and impact:
	<p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Council.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><b><i>The amendment will not affect Council's financial statement</i></b></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><b><i>The amendment will not affect Council's financial statement</i></b></p>

#### iii. Early adoption of standards

Council of Legal Education did not adopt any new or amended standards in year 2021/2022.



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**2. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

The Council of Legal Education recognizes revenues from fees, taxes and fines when the event occurs 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 Council 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 Council and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**Rendering of services**

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

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



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**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

**b) Budget information**

The original budget for FY 2021-2022 was approved by the National Assembly. Subsequent revision and additional appropriations were made to the approved budget in accordance with specific approvals from the Council and The National Treasury and Planning. The additional appropriations are added to the original budget by Council of Legal Education upon receiving the respective approvals from the Council and The National Treasury and Planning to conclude the final budget. Accordingly, Council of Legal Education recorded no appropriation on the 2021-2022 budget following the governing body's approval.

Council of Legal Education 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 on 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



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statement of financial performance has been presented under section Budget vs Actual  
of these financial statements.

### c) **Taxes**

The Council has been classified as a Service State corporation category 3A and heavily relies on Government funding thus not subject to the provision of section 219(2) of the public Finance Management Regulations under the Public Finance Management Act.

The Council is an agent for Kenya revenue authority with the mandate to withhold tax and remit to Kenya Revenue Authority. The withheld taxes are recognized as current liabilities until paid to the relevant authority.

#### **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 Council 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.

### 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 Council recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset



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less any estimated residual value over its remaining useful life. Full depreciation is charged on the year of acquisition.

#### e) **Intangible Asset**

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

#### f) **Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Council. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Council also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Council will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Council. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.



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**g) Financial instruments**

**i) Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and

receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Council determines the classification of its financial assets at initial recognition.

**Loans and receivables**

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

**Held-to-maturity**

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

**Impairment of financial assets**

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



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

**h) Financial liabilities**

**Initial recognition and measurement**

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

**Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**i) 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. After initial recognition, inventory is measured at the lower of cost and net realizable value.



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022 Notes to the Financial Statements (Continued)

#### Summary of Significant Accounting Policies (Continued)

##### j) Provisions

Provisions are recognized when the Council 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 Council 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.

##### k) Contingent liabilities

The Council 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.

##### l) Contingent assets

The Council 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 Council 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.

##### m) Nature and purpose of reserves

The Council creates and maintains reserves in terms of specific requirements as below:

- i) Retained Earnings - this is the sum of all accumulated surplus and deficits as at the reporting date



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- ii) Asset Replacement Reserve - this represents funds set aside by the Council to help in replacement of assets effected as per the State Corporations ACT Chapter 446 Section 16
- iii) Bar Education Loan fund reserve - this represents funds set aside for the legal Education Revolving Fund.
- iv) CLE Car Loan and Mortgage Scheme - this represents funds set aside to benefit Staff from subsidized loans to assist in ownership of cars and mortgage.

**n) Changes in accounting policies and estimates**

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

**o) Employee benefits**

**Retirement benefit plans**

The *Council* provides retirement benefits for its employees and directors.

**i) Retirement benefit Plans**

The Council operates a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the Council at 20% and employees at 10% of basic salary. The scheme is managed by Zamara Fanaka Retirement Fund. The Council's contribution is charged as expenses in the year to which they become payable. Currently the Council contributes monthly 31% gratuity to Zamara Fanaka Retirement Fund for CLE Scale 1 and 2.

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

**ii) Short Term Employee Benefits**

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



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**p) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**q) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**r) Related parties**

The Council regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Council, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**s) Service concession arrangements**

The *Council* 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 *Council* 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 *Council* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.



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**t) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**u) Comparative figures**

The comparative figures for the year ended June 30, 2021 are given for ease reference.

**v) 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, 2022.

**3. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Council based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and



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assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Council. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

#### Significant Judgments and Sources of Estimation Uncertainty (Continued)

##### Useful lives and residual value

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

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

##### 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.

##### Provision for depreciation and amortization

The following rates were applied for purposes of providing for the usage of the assets and providing for their replacement.

Motor Vehicles	20%
Plant and equipment	20%
Computers, Computer Accessories and Infrastructure	33.3%
Intangible Assets	33.3%
Furniture, Fittings and equipment	12.5%

##### Provision for bad debt

Council makes provision for bad debt using accounts receivable aging method. An account receivable that is more than two (2) years becomes a doubtful debt.



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Notes to the Financial Statements (Continued)

**Note 4: Transfers from Other Government entities**

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional Grants		
Operational Grant	177,770,000	181,412,249
<b>Total Government Grants and Subsidies</b>	<b>177,770,000</b>	<b>181,412,249</b>

**Note 4b) Transfers from Ministries, Departments and Agencies (MDAs)**

Name of The Council Sending the Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2021-22	Prior year 2020-2021
	KShs	KShs	KShs	KShs	KShs
State Law and Department of Justice	177,770,000	-	-	177,770,000	181,412,249
<b>Total</b>	<b>177,770,000</b>	<b>-</b>	<b>-</b>	<b>177,770,000</b>	<b>181,412,249</b>

*The entire amount recorded above as having been received from the Office of the Attorney General is fully reconciled to the amount recorded by the Ministry. Acknowledgement receipts were issued in favour of the Office of the Attorney General.*

**Note 5: Rendering of Services**

Description	2021-2022	2020-2021
	KShs	KShs
Accreditation fees	8,900,000	3,200,000
Equating Foreign qualification	800,000	470,050
Examination	60,269,566	82,411,000
Resits	56,648,500	47,412,700
Remarks	17,475,000	0
<b>Total Revenue from The Rendering of Services</b>	<b>144,093,066</b>	<b>133,493,750</b>



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022 Notes to the Financial Statements (Continued)

Council of legal education levies fees for services rendered as per Legal Education Act, 2012 and Legal Education (Accreditation and Quality Assurance) Regulation 2016.

Council charged Licencing fees @ Kshs. 1,600,000.00 per institution

Council charges equation of foreign qualification @ Kshs. 10,000 per candidate

Council charges Kshs. 5,000 per unit bar examination for nine units

Council charges Kshs. 10,000 per unit for re-sits

Council charges Kshs. 15,000 per unit for re-marks

#### Note 6: Finance Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest income from Treasury Bills	1,513,918	-
<b>Total Finance Income</b>	<b>1,513,918</b>	<b>-</b>

This is interest receivable from investment in Treasury Bills of the funds invested as at June 30, 2022.

#### Note 7: Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Advertising and publicity	3,684,199	2,817,914
Office rent	25,530,009	24,603,389
Newspapers and Journals	789,123	788,750
Printing and Stationery	4,393,713	3,062,564
Cleaning materials and Services	617,761	288,035
Security services	1,832,408	1,766,400
Travel and accommodation	12,843,268	9,380,853
Fuel	1,936,981	1,576,471
Insurance expenses	937,784	792,997
Postage and delivery	34,230	67,525
Telephone and Faxes	1,055,110	837,149
Electricity and Electrical items	1,507,100	2,079,975
Professional fees	8,198,716	9,706,720



**COUNCIL OF LEGAL EDUCATION**  
**Annual Report and Financial Statements for the year ended June 30, 2022**

Description	2021-2022	2020-2021
	Kshs	Kshs
Official entertainment	702,357	1,398,544
Staff welfare	1,311,715	517,008
Training and Development	3,203,293	4,325,289
Conferences and workshops	22,567,943	4,174,786
Bank Charges	340,021	111,810
Audit Fees	600,000	600,000
Staff Uniform	560,200	-
CSR Activities	141,540	-
Other Taxes, Levies and Penalties	140,000	-
<b>Total use of Goods and Services</b>	<b>92,927,471</b>	<b>68,896,179</b>

**Note 8: Employee Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Basic Salaries	61,754,477	58,321,483
House Allowance	13,675,757	11,275,031
Commuter Allowance	3,915,366	3,277,418
Leave allowance	1,709,353	1,552,318
Medical Scheme Expenditure	9,630,204	8,229,354
NSSF Employer contribution	90,600	86,000
Pension employer contribution	9,858,459	10,803,131
Gratuity Contribution	3,610,459	572,880
Club Subscription	592,470	16,000
WIBA & GPA	607,462	318,188
<b>Total Employee costs</b>	<b>105,444,607</b>	<b>94,451,803</b>



**COUNCIL OF LEGAL EDUCATION**  
Annual Report and Financial Statements for the year ended June 30, 2022  
Notes to the Financial Statements (Continued)

**Note 9: Board Expenses**

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	707,097	800,000
Sitting Allowance	3,300,000	4,845,000
Induction and Training	9,367,214	1,263,035
Travel and Accommodation	2,400,718	435,140
Other Allowances	735,113	192,245
<b>Total</b>	<b>16,510,142</b>	<b>7,535,420</b>

**Note 10: Depreciation and Amortization Expense**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	18,477,815	12,758,160
Intangible assets	2,284,476	49,995
<b>Total depreciation and amortization</b>	<b>20,762,291</b>	<b>12,808,155</b>

**Note 11: Repairs and Maintenance**

Description	2021-2022	2020-2021
	Kshs	Kshs
Building repair & Maintenance	1,213,819	58,620
Plant and equipment repair and maintenance	806,745	376,410
Motor vehicle repair and maintenance	1,468,756	643,985
<b>Total Repairs and Maintenance</b>	<b>3,489,320</b>	<b>1,079,015</b>

**Note 12: ICT Related Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
Web Hosting	936,302	1,109,209
Internet and E-mail	3,640,276	3,390,422
Computer Repairs and Maintenance	1,652,500	2,299,038
Software and hardware maintenance	1,522,200	1,179,973
<b>Total ICT costs</b>	<b>7,751,278</b>	<b>7,978,642</b>



COUNCIL OF LEGAL EDUCATION

Annual Report and Financial Statements for the year ended June 30, 2022  
Notes to the Financial Statements (Continued)

**Note 13: Examinations Expenses**

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Examination Administration Centres	8,359,857	7,091,881
Exam Setting & Moderation	3,525,651	399,963
Exam Marking, Moderation & Checking	17,342,463	12,676,762
Exam Marking Centres	31,373,110	16,627,112
Examination Invigilation	7,034,023	4,913,180
Examination Printing	806,200	2,077,550
Exam Answer Booklets	949,067	1,164,919
Projects and Oral Examination	6,962,146	7,799,400
<b>Total Examinations costs</b>	<b>76,352,517</b>	<b>52,750,767</b>

**Note 14: Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Current account	90,370,447	445,141,523
Cash in hand	58,647	16,855
<b>Total Cash and Cash Equivalents</b>	<b>90,429,094</b>	<b>445,158,378</b>

**Note 14(b) Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	2021-2022	2020-2021
		Kshs	Kshs
<b>a) Current Account</b>			
National Bank of Kenya- Payment	01023033161101	89,394,269	433,985,546
National Bank of Kenya- Revenue	01023033161100	976,178	11,155,977
<b>Sub- Total</b>		<b>90,370,447</b>	<b>445,141,523</b>
<b>b) Others (Specify)</b>			
Cash In Hand		58,647	22,281
<b>Sub- Total</b>		<b>58,647</b>	<b>22,281</b>
<b>Grand Total</b>		<b>90,429,094</b>	<b>445,158,378</b>



**COUNCIL OF LEGAL EDUCATION**  
Annual Report and Financial Statements for the year ended June 30, 2022

**Notes to the Financial Statements (Continued)**

**Note 15: Receivables from Exchange Transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Receivables</b>		
Accounts Receivable	1,871,334	143,667
Prepayments	644,408	1,001,378
Staff Advances	50,000	10,000
<b>Total Current Receivables</b>	<b>2,565,742</b>	<b>1,155,045</b>

**Note 16: Inventories**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	4,677,693	4,632,018
<b>Total inventories</b>	<b>4,677,693</b>	<b>4,632,018</b>

**Note 17: Investments**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>a) Investment in Treasury bills and bonds</b>		
Central Bank of Kenya	192,914,400	
<b>Total Investments</b>	<b>192,914,400</b>	<b>-</b>



**COUNCIL OF LEGAL EDUCATION**  
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**Note 18: Property, Plant and Equipment**

	Furniture, Fittings & fixture	Motor Vehicle	Plant and equipment	Computer equipment	Work in Progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2020	52,564,062	40,948,162	24,208,432	27,636,783	6,425,060	151,782,499
Additions	1,894,366	-	443,402	688,950	-	3,026,718
<b>As At 30<sup>th</sup> June 2021</b>	<b>54,458,428</b>	<b>40,948,162</b>	<b>24,651,834</b>	<b>28,325,733</b>	<b>6,425,060</b>	<b>154,809,217</b>
At 1 July 2021	54,458,428	40,948,162	24,651,834	28,325,733	6,425,060	154,809,217
<b>Net Book Values</b>	<b>9,260,074</b>	<b>-</b>	<b>2,736,491</b>	<b>582,994</b>	<b>6,425,060</b>	<b>19,004,619</b>
Revaluation Surplus	31,167,694	19,950,000	4,948,711	23,069,656	-	79,136,061
Additions	83,800	-	17,000	-	-	100,800
Transfer to Intangibles	-	-	-	-	(6,425,060)	(6,425,060)
<b>As At 30<sup>th</sup> June 2022</b>	<b>40,511,568</b>	<b>19,950,000</b>	<b>7,702,202</b>	<b>23,652,650</b>	<b>-</b>	<b>91,816,420</b>
<b>Depreciation and Impairment</b>						
At 1 July 2020	38,391,049	10,764,251	7,695,470	720,812	-	57,571,582
Depreciation	6,807,304	2,691,063	2,607,990	651,803	-	12,758,160
<b>As At 30 June 2021</b>	<b>45,198,353</b>	<b>13,455,314</b>	<b>10,303,460</b>	<b>1,372,615</b>	<b>-</b>	<b>70,329,742</b>
As At 1 July 2021	45,198,353	13,455,314	10,303,460	1,372,615	-	70,329,742
Depreciation	5,063,946	3,990,000	1,540,440	7,883,429	-	18,477,815
Accumulated Depreciation	(45,198,353)	(13,455,314)	(10,303,460)	(1,372,615)	-	(70,329,742)
<b>As At 30<sup>th</sup> June 2022</b>	<b>5,063,946</b>	<b>3,990,000</b>	<b>1,540,440</b>	<b>7,883,429</b>	<b>-</b>	<b>18,477,815</b>
<b>Net Book Values</b>						
As At 30 <sup>th</sup> June 2021	9,260,076	0	2,736,490	582,992	6,425,060	19,004,618
<b>As At 30<sup>th</sup> June 2022</b>	<b>35,447,622</b>	<b>15,960,000</b>	<b>6,161,762</b>	<b>15,769,221</b>	<b>-</b>	<b>73,338,605</b>



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**Notes to the Financial Statements (Continued)**

**Note 19: Intangible Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Cost</b>		
As At 1 July 2021	150,000	150,000
Accumulated Depreciation	(149,071)	-
<b>Net Book value</b>	<b>929</b>	<b>-</b>
Transfer from PPE	6,425,060	-
Additions	279,055	-
<b>As at 30 June 2022</b>	<b>6,854,115</b>	<b>150,000</b>
<b>Amortization and impairment</b>		
As at 1 <sup>st</sup> July 2021	-	99,076
Amortization	2,284,477	49,995
<b>As at 30 June 2022</b>	<b>2,284,477</b>	<b>149,071</b>
Impairment loss	-	-
<b>NBV</b>	<b>4,569,638</b>	<b>929</b>

**Note 20: Bar Examination Loan Transfer**

Description	2021-2022	2020-2021
	Kshs	Kshs
Opening Balance	100,000,000	80,000,000
Additions	19,000,000	20,000,000
<b>Total Bar Examination Loan Transfer</b>	<b>119,000,000</b>	<b>100,000,000</b>

Council of Legal Education has partnered with Higher Education Loans Board to establish Bar Examination Loans to provide loans to candidates undertaking the ATP Examination. HELB administers the loan on behalf of CLE to ATP needy students. During the year CLE transferred Kshs. 19 million to HELB for ATP students to borrow as loans.



**COUNCIL OF LEGAL EDUCATION**

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**Notes to the Financial Statements (Continued)**

**Note 21: Trade and Other Payables**

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	10,553,320	36,633,178
Other payables	1,154,974	3,404,238
Provision for ATP Exam Administration	7,410,600	36,699,624
<b>Total trade and other payables</b>	<b>19,118,894</b>	<b>76,737,040</b>

**Note 22: Refundable Deposits**

Description	2021-2022	2020-2021
	Kshs	Kshs
Students' deposits	16,496,558	1,827,267
<b>Total deposits</b>	<b>16,496,558</b>	<b>1,827,267</b>

The Refundable Deposits are credits in the students portal that is yet to be utilized by the Student registering to sit the examination, its only recognized as a revenue upon the Student registering to sit the exams.

**Note 23: Provision for Audit fees**

Description	2021-2022	2020-2021
	Kshs	Kshs
Audit fees	1,800,000	1,200,000
<b>Total Audit Fees</b>	<b>1,800,000</b>	<b>1,200,000</b>

This is the provision for audit fees for 2020/209, 2020/2021 and 2021/2022.

**Note 24: Accumulated surplus**

Description	2021-2022	2020-2021
	Kshs	Kshs
Accumulated surplus brought forward	315,188,185	326,911,108
Surplus for the period	139,358	69,406,018
Surplus remission to National Treasury	(11,678,400)	-
Bar examination loan	(39,000,000)	-



COUNCIL OF LEGAL EDUCATION

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Asset Replacement Fund	(42,364,595)	(36,931,691)
Prior year adjustment	213,750	802,750
Transfer to car loan and mortgage	(50,000,000)	(45,000,000)
<b>Total Surplus</b>	<b>172,498,296</b>	<b>315,188,185</b>

**Note 25: Revaluation Reserve**

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	79,285,133	79,285,133
<b>Total</b>	<b>79,285,133</b>	<b>79,285,133</b>

There was a revaluation of assets in 2020/2021 resulting to a revaluation surplus of Kshs 70,285,133.

**Note 26: Asset replacement reserve**

Description	2021-2022	2020-2021
	Kshs	Kshs
Asset replacement reserve	79,296,291	36,931,697
<b>Total</b>	<b>79,296,291</b>	<b>36,931,697</b>

An asset replacement reserve was created in 2020/2021 for the *provision for the renewal of depreciating assets*.

**Note 27: Car and Mortgage Reserve**

Description	2021-2022	2020-2021
	Kshs	Kshs
Car and Mortgage Reserve	57,093,800	45,000,000
Additional transfers	50,000,000	12,093,800
<b>Total Car and Mortgage Reserve</b>	<b>107,093,800</b>	<b>57,093,800</b>

Council has a staff car loan and mortgage scheme; the fund became operational during the year. During the year CLE transferred Kshs 107,093,800 to the staff car loan and mortgage scheme account.



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**Note 28: Cash Generated from Operations**

	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the year before tax	139,358	69,406,018
Adjusted for:		
Depreciation	20,762,291	12,808,155
<b>Working Capital Adjustments:</b>		
Decrease/(Increase) in inventory	(45,675)	1,657,763
Decrease/(Increase) in Receivables	(1,410,697)	1,178,164
Decrease/Increase in Payables	(43,321,855)	40,193,583
Prior Year Adjustments	213,750	802,750
<b>Net Cash flow from Operating Activities</b>	<b>(23,662,829)</b>	<b>118,140,233</b>

**Note 29: Prior Year Adjustment**

Description	2021-2022	2020-2021
	Kshs	Kshs
Prior year adjustment	213,750	802,750
<b>Total</b>	<b>213,750</b>	<b>802,750</b>

Prior year adjustment is taskforce allowance paid in 2018/2019 to three staff members that were previously CLE employees. This amount is to be recovered from the staff in 2021/2022 going forward.



**COUNCIL OF LEGAL EDUCATION**  
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#### 14 Financial Risk Management

The Council's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Council'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 Council does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Council's financial risk management objectives and policies are detailed below:

##### i) Credit risk

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

#### Financial Risk Management

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2022</b>				
Receivables from exchange transactions	2,428,735	2,428,735	-	-
Receivables from non-exchange transactions	119,000,000	119,000,000	-	-
Bank balances	90,429,094	90,429,094	-	-
<b>Total</b>	<b>211,857,829</b>	<b>211,857,829</b>	-	-



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<b>As at 30 June 2021</b>			-	-
Receivables from exchange transactions	1,155,045	1,155,045	-	-
Receivables from non-exchange transactions	100,000,000	100,000,000	-	-
Bank balances	445,158,378	425,158,378	-	-
<b>Total</b>	<b>546,313,423</b>	<b>526,313,423</b>	-	-

### **Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Council has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Council has significant concentration of credit risk. The board of directors sets the Council's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.



**COUNCIL OF LEGAL EDUCATION**  
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**Notes to the Financial Statements (Continued)**

**ii) Liquidity risk management**

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

The table below represents cash flows payable by the Council under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2022</b>				
Trade payables	10,553,320	-	-	10,553,320
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>10,553,320</b>	<b>-</b>	<b>-</b>	<b>10,553,320</b>
<b>As at 30 June 2021</b>				
Trade payables	34,907,261	-	1,725,917	36,633,178
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	973,000	973,000
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>34,907,261</b>	<b>-</b>	<b>2,698,917</b>	<b>37,606,178</b>



## COUNCIL OF LEGAL EDUCATION

### Annual Report and Financial Statements for the year ended June 30, 2022 Notes to the Financial Statements (Continued)

#### Financial Risk Management

##### **i)Market risk**

The Council has put in place an internal audit function to assist it in assessing the risk faced by the Council on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Council's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Council's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Council's exposure to market risks or the manner in which it manages and measures the risk.

##### **ii)Foreign currency risk**

The *Council* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Council* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

##### **iii) Interest rate risk**

Interest rate risk is the risk that the Council's financial condition may be adversely affected as a result of changes in interest rate levels. The Council's interest rate risk arises from bank deposits. This exposes the Council to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Council's deposits.



**COUNCIL OF LEGAL EDUCATION**  
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**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**iv) Capital Risk Management**

The objective of the Council's capital risk management is to safeguard the Council's ability to continue as a going concern. The Council capital structure comprises of the following funds:

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	79,285,132	-
Retained Earnings	172,498,296	315,188,185
Capital Reserve	-	-
<b>Total Funds</b>	<b>251,783,428</b>	<b>315,188,185</b>
Total Borrowings	-	-
<b>Less: Cash And Bank Balances</b>	<b>(90,429,094)</b>	<b>(445,158,378)</b>
<b>Net Debt/(Excess Cash And Cash Equivalents)</b>	<b>(90,429,094)</b>	<b>(445,158,378)</b>
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**15 Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the *Council* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.



**COUNCIL OF LEGAL EDUCATION**  
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**Government of Kenya**

The Government of Kenya is the principal shareholder of the *Council*, holding 100% of the *Council's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Council, both domestic and external.

**Notes to the Financial Statements (Continued)**

**Other related parties include:**

- i) State Law Office and Department of Justice;
- ii) Council Members;
- iii) Key Management;
- iv) Board of directors.

	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /transfers from the government</b>		
Transfers from State Law Office and Department of Justice	177,770,000	181,412,249
<b>Total</b>	<b>177,770,000</b>	<b>181,412,249</b>
<b>b) Key management compensation</b>		
Directors' emoluments	18,507,957	7,535,420
Compensation to key management	22,627,319.85	24,508,358
<b>Total</b>	<b>41,135,276.85</b>	<b>32,043,778</b>

**16 Contingent Assets and Contingent Liabilities**

**Contingent Liabilities**

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

**17 Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.



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The Council of Legal Education remitted Kshs. 11,678,400 in the FY 2021/2022 to the National Treasury and Planning.

#### 18 Retirement Benefit obligation

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

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

The total pension expense recognized in the income statement of KShs. 9.8 million represents contributions paid to the plan by the Council at 20% rate of the basic salaries. Employees contribute 10% of their basic salary. The employee contribution has been included within the employee costs. Currently the Council contributes monthly 31% gratuity amounting to Kshs. 3.6 million to Zamara Fanaka Retirement Fund for CLE Scale 1 and 2. CLE Scale 2 staff are also contributing voluntary to the fund at the rate of 10% of the basic salary.

The table below outlines the amount remitted to the fund since inception and payment of gratuity since April 2021. This has been done up to end of 30<sup>th</sup> June 2022.



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No	Financial Year	Employer	Employee	Gross
1	2013/2014	277,682	138,841	416,523
2	2014/2015	4,486,394	2,243,197	6,729,591
3	2015/2016	9,773,390	4,886,695	14,660,085
4	2016/2017	13,037,736	6,518,868	19,556,604
5	2017/2018	13,232,474	6,616,237	19,848,711
6	2018/2019	12,425,189	6,212,595	18,637,784
7	2019/2020	10,808,086	5,404,043	16,212,129
8	2020/2021	10,917,707.12	5,458,853.56	16,376,560.68
9	2021/2022	9,858,458.68	4,929,229.34	14,787,688.02
<b>Totals</b>		<b>84,817,116.8</b>	<b>42,408,558.9</b>	<b>127,225,675.7</b>

**Gratuity**

No	Financial Year	Employer	Total
1	2020/2021	572,880	572,880
2	2021/2022	3,610,459	3,610,459
<b>Totals</b>		<b>4,183,339</b>	<b>4,183,339</b>

**19 Events after the Reporting Period**

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

**20 Ultimate and Holding Council**

Council of Legal Education is a Semi-Autonomous Government Agency under the State Law and Department of Justice. Its ultimate parent is the Government of Kenya.

**21 Currency**

The financial statements are presented in Kenya Shillings (Kshs).



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**19. Appendix**

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>1. Inaccuracy in the Financial Statements</b></p> <p>i. The statement of cash flows reflects an increase in trade and other payables from non-exchange transaction of Kshs 40,193,583 against a recasted amount of Kshs 47,662,697 resulting to a variance of Kshs. 7,469,114.</p> <p>ii. The statement of cash flows reflects a transfer to car and mortgage reserve to the financial statements reflects a balance of Kshs 57,093,800 resulting to unexplained variance of Kshs. 45,000,000.</p> <p>iii. The statement of change in net assets and statement of cashflows reflect prior year adjustment of Kshs 802,750. However, the details of the misstatement</p>	<p>i. The trade payables error was corrected.</p> <p>ii. The Kshs. 45,000,000 is transfer from retained earnings approved by the National Treasury.</p> <p>iii. Kshs 802,750 is amount that was captured as expenditure but after refund it became income</p>	<p>Resolved</p>	



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>and supporting documentation in respect of the adjustment were not provided for audit review</p> <p>iv. The statement of changes in equity reflect a capitalization of bar examination loan balance of Kshs. 80,000,000 while note 19 to the financial statement indicated an amount of Kshs 100,000,000 resulting to unexplained difference of Kshs. 20,000,000.</p>	<p>for the year. Documents provided.</p> <p>iv. Kshs 20,000,000 was captured as payables as it was the amount due to HELB in the financial year 2020/2021.</p>		
	<p><b>Unreconciled Revenue from Non-Exchange Transactions and Exchange transactions</b></p> <p>As disclosed in Note 6 to the financial statements, the statement of financial performance for the year ended 30 June, 2021 reflects under revenue from non-exchange transactions, transfers from other governments of Kshs.181,412,249 and revenue from exchange transactions of Kshs.133,493,750 all totalling Kshs.314,905,999. However, the financial statements of State Law Office and Department of Justice for the year ended 30</p>	<p>The Council received Kshs 181,412,249 as revenue from non-exchange transactions and collected its A-I-A (Revenue from exchange transaction) amounting to Kshs 133,493,750. The same information was sent to the State Law and Department of Justice as per attached letter.</p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>June, 2021 reflects an amount of Kshs.312,578,249 in respect of transfer to the Council for Legal Education, resulting in an unreconciled variance Kshs.2,327,750.</p> <p>Consequently, the accuracy and completeness of the revenue from non-exchange and exchange transactions totalling Kshs.314,905,999 for the year ended 30 June, 2021 could not be confirmed.</p>			
	<p><b>Unsupported Repairs and Maintenance costs</b></p> <p>As disclosed under Note 11 to the financial statements, the statement of financial performance for the year ended 30 June, 2021 reflects repairs and maintenance costs of Kshs. 1,079,015. The costs include an expenditure of Kshs.643,984 in respect of motor vehicle repair which not supported by procurement documents including pre</p>	<p><i>The Council takes all its vehicles for service to the dealers upon attaining serviceable number of KMs. The transport department fills in the required service to be done in log book which is then checked and approved by the officer in charge.</i></p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>and post inspection reports on the defects on the vehicle.</p> <p>In the absence of procurement documents and inspection reports, the validity and propriety of the expenditure of Kshs.643,984 could not be confirmed.</p>			
	<p><b>Unsupported Refundable deposits</b></p> <p>As disclosed in Note 22 to the financial statements, the statement of financial position as at 30 June 2021 reflects trade and other payables of Kshs.78,564,307 out of which Kshs.1,827,267 relates to refundable deposits. However, schedules provided for audit describes the amount as credits in bank not in cash book which have remained outstanding since the financial year 2015 and have not been reconciled to date.</p>	<p><i>The schedules were corrected to capture the correct name as Refundable Deposits</i></p>		
	<p><b>Budgetary Control and Performance</b></p> <p>The statement of comparison of budget and actual amounts reflects actual receipts of</p>	<p><i>The Council has since improved the budget absorption rate</i></p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs. 321,289,699 against budgeted receipts of Kshs.310,112,249 resulting in an over collection of Kshs.11,177,450. Further, the Council's actual expenditure for the year amounted to Kshs.245,498,015 against an expenditure budget of Kshs.310,112,249 resulting in an under expenditure of Kshs.64,614,234 or 21%. The under-expenditure may have impacted negatively on service delivery to the public.</p>			
	<p><b>Irregular insurance expenditure</b>            The management spent an amount of Kshs 792,997 relating on insurance expenses, the services for which were sought from five (5) service providers in the financial year under review. However, the service providers were not in the prequalified list contrary to Section (95) (3) of Public Procurement Act, 2015 which states that a procuring entity shall invite tenders from only the approved persons who have been pre-qualified.</p>	<p><i>The Council pre-qualified suppliers up to the year 2023</i></p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>Underpayment of House Allowance</b></p> <p>As disclosed in Note 9 to the financial statements, the statement of financial performance for the year ended 30 June, 2021 reflects employees' costs of Kshs.94,451,803 out of which an amount of Kshs.11,275,031 relates to house allowance paid to the Council's Staff. However, it was observed that the members of staff were paid house allowances which were below the recommended rates as per Salaries and Remuneration Commission (SRC) Circular Ref. 022/12/2015 on review of allowances in the public service dated 10 December 2014.</p>	<p>Management has since implemented the recommended rates as per SRC circular of 2014 effective.</p>		
	<p><b>Non -implementation of E-procurement</b></p> <p>During the year under review, the Council had not implemented e-procurement contrary to Executive Order No.2 of 2018. Further, the Council has been using Quick books for financial management and manual procurement system.</p>	<p>The e-procurement implementation is targeted for FY 2022/2023.</p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>Delayed completion of ERP system</b></p> <p>The Council contracted a local company for supply delivery, installation, testing of the Microsoft Dynamics Navision 2018 at a contract price of Kshs.6,425,060 for a period of twelve (12) months and the project was to commence on 13 January, 2020. Audit review in January, 2022 revealed that the project was still in progress and the contractor had been paid an amount of Kshs.6,425,060 or 100% of the contract sum. There has, therefore, been a delay in completion of the project by over twelve months without justification.</p>	<p>Council has since completed the implementation of the ERP systems and the modules are functional.</p>		
	<p><b>Inadequate staffing</b></p> <p>A review of staff establishment of the Council of Legal Education reflects that the Council had thirty-five (35) employees against staff establishment of sixty-five (65) employees resulting to understaffing of employees with thirty-five (35) personnel.</p>	<p>Recruitment is being done in phases as approved for the post to be filled. Other posts are to be filled as per the CLE Career Progression Guidelines</p>		



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.....

Mr. Mary M. Mutugi, OGW

Ag. Chief Executive Officer

Date.....



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**Appendix II: Projects implemented by (The Council)**

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)

The Council did not have any projects implemented during the financial year 2021/2022

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	Installing and Commissioning of the Enterprise Resource Plan system	6,425,060	5,461,301	85%	7,000,000	0	Internal
<b>Total</b>		<b>6,425,060</b>	<b>5,461,301</b>		<b>7,000,000</b>	<b>0</b>	



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**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized					Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific		
State Law Office and Department of Justice	24/08/2021	Recurrent	44,442,500	44,442,500	-	-	-	-	-	44,442,500
	03/11/2021		44,442,500	44,442,500	-	-	-	-	-	44,442,500
	11/02/2022		44,442,500	44,442,500	-	-	-	-	-	44,442,500
	28/04/2022		44,442,500	44,442,500	-	-	-	-	-	44,442,500
<b>Total</b>			<b>177,770,000</b>	<b>177,770,000</b>	-	-	-	-	-	<b>177,770,000</b>



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**Appendix V- Inter-Council Confirmation Letter**



**Council of Legal Education**  
P.O. Box 829-00502  
Karen Office Park Acacia Block 2nd Floor  
Langata Road  
NAIROBI, KENYA

The **Council of Legal Education** wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Council] as at 30 <sup>th</sup> June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by State Law Office and Department of Justice (KShs) as at 30th June 2022				Amount Received by Council of Legal Education (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (KShs) (F)=(D -E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	24/08/2021	44,442,500	-	-	44,442,500	44,442,500	-
	03/11/2021	44,442,500	-	-	44,442,500	44,442,500	-
	11/02/2022	44,442,500	-	-	44,442,500	44,442,500	-
	28/04/2022	44,442,500	-	-	44,442,500	44,442,500	-
<b>Total</b>		<b>177,770,000</b>	-	-	<b>177,770,000</b>	<b>177,770,000</b>	-

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Council:**

Name ..... Sign ..... Date .....



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**Appendix VI: Reporting of Climate Relevant Expenditures**

Council of Legal Education Headquarters  
Telephone: (254) 20 6980100  
E: mail: [info@cle.or.ke](mailto:info@cle.or.ke)  
Dr. Wambua Kituku

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

The Council did not have any expenditure to report under this category during the financial year 2021/2022.



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**Appendix VII: Disaster Expenditure Reporting Template**

Date: 30 June 2022

Council of Legal education

Period to which this report refers (FY)	Year	Quarter					
Name of Reporting Officer	Dr. Wambua Kituku						
Contact details of the reporting officer:	Email	Telephone					
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII	Column VIII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments	

The Council did not have any expenditure to report under this category during the financial year 2021/2022.



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