

REPUBLIC OF KENYA

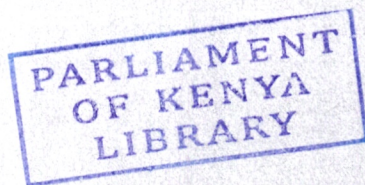


OFFICE OF THE AUDITOR-GENERAL



Paper laid by the
Leader of the Majority
Party on 10.4.18
Bm

REPORT



OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA LAW REFORM COMMISSION

FOR THE YEAR
ENDED 30 JUNE 2017

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017



A vibrant agency for responsive law reform

KENYA LAW REFORM COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2017

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

Table of Contents

1. KEY ENTITY INFORMATION AND MANAGEMENT	4
2. KENYA LAW REFORM COMMISSION COMMISSIONERS	12
3. MANAGEMENT TEAM	15
4. CHAIRMAN'S STATEMENT	18
5. PREFACE BY THE SECRETARY/CHIEF EXECUTIVE OFFICER.....	21
6. CORPORATE GOVERNANCE STATEMENT	23
7. MANAGEMENT DISCUSSION AND ANALYSIS.....	24
7.1 Introduction.....	24
7.2 Research and Development.....	24
7.3 Review of Legislation.....	24
7.4 Stakeholder Mapping, Consultations and Collaboration.....	25
7.5 Stakeholder Mapping.....	25
8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT.....	25
9. STATEMENT OF COMMISSIONERS RESPONSIBILITIES.....	26
10. REPORT OF THE COMMISSIONERS	28
10.1 Principal Activities	28
10.2 Results	28
10.3 Commissioners	28
10.4 Auditors	28
9. STATEMENT OF COMMISSIONERS RESPONSIBILITIES	29
10. REPORT OF THE INDEPENDENT AUDITORS ON THE	31
KENYA LAW REFORM COMMISSION.....	31
12.1 Management's responsibility for the financial statements.....	31
12.2 Auditors' responsibility	31
12.3 Opinion	32
13. STATEMENT OF FINANCIAL PERFORMANCE	33
14. STATEMENT OF FINANCIAL POSITION.....	34
15. STATEMENT OF CHANGES IN NET ASSETS.....	35
16. STATEMENT OF CASHFLOWS	35
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT	36
18. NOTES TO THE FINANCIAL STATEMENTS	39

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

18.1 General Information	39
18.2 Statement of Compliance and Basis of Preparation – IPSAS I.....	39
18.3 Summary of Significant Accounting Policies.....	39
18.4 Government Grants	44
18.5 Other Income:	45
18.6 Salaries paid to Commission’s Staff (Secretariat).....	45
18.7 Commissioners Salaries	46
18.8 Contractual Employees:.....	46
18.9 General Expenses	46
18.10 Repair and Maintenance	47
18.11 ICT Related Costs	47
18.12 Commissioner’s Allowances (Part-time)	47
18.13 Property, Plant and Equipment& Depreciation.....	47
18.14 Cash and Cash Equivalents:	48
18.15 Receivable from Exchange Transactions:.....	49
18.16 Payable from Non-Exchange Transactions:.....	49
18.17 Store Inventory	49
18.18 Cash generated from operations	49
18.19 Financial Risk Management	50
18.20 Related Party Balances	52
18.21. Events after the reporting period.....	52
18.22 Ultimate and Holding Entity.....	52
18.23. Presentation currency and rounding off	52
18.24 Progress on follow up of Auditor Recommendations	53
18.25 Annexes	54

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

Mandate:

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

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

Commissioners:

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

Commissioners may meet more frequently. The Chairperson, the Vice-Chairperson and the Commissioners provide policy guidance and general oversight on the operations of the KLRC.

Secretariat:

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

Vision:

"A vibrant agency for responsive law reform"

Mission

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

Core Values:

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

Value Proposition:

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

Philosophy:

"Responsive law reform"

Key Strategic Objectives:

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

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

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

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

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

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

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

(b) Principal Activities

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

(c) Key Management

S/NO.	NAME	DESIGNATION
1.	Mr. Joash Dache, MBS	Secretary/ CEO
2.	Ms. Josephine Sinyo	Director Legal
3.	Mr. Peter Musyimi	Principal Legal Officer
4.	Ms. Felistus Kabiru	Principal HRM
5.	Ms. Susan Kuria	Senior Administration Officer
6.	Mr. James Ruteere	ICT Officer I
7.	Mr. John Kariuki	Accountant I
8.	Ms. Julita Onyango	Procurement Officer I
9.	Mr. Cornelius Musangi	Finance Officer II
10.	Mr. Jacob Otachi	Corporate Comm. Officer I

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

S/NO.	NAME	DESIGNATION
1.	Mr. Joash Dache, MBS	Secretary/ CEO
2.	Mr. Peter Musyimi	Principal Legal Officer
3.	Ms. Susan Kuria	Senior Administration Officer
4.	Mr. John Kariuki	Accountant I
5.	Ms. Winfrida Shireku	Accountant I
6.	Mr. Cornelius Musangi	Finance Officer II

(e) Fiduciary Oversight Arrangements

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

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

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary Oversight Arrangements were:

1) Audit and Finance Committee

S/NO.	NAME	DESIGNATION
1	Comm. Apollo Mboya	Commissioner
2.	Mrs. Virginia Arina	Principal Librarian
3.	Mr. Jacob Otachi	Corporate Communication Officer
4.	Mr. Abraham Wachira	Senior Auditor

2) Human Resource Management Advisory Committee

This committee advises the Secretary/CEO on Human Resource issues including: investigation and making recommendations on staff disciplinary matters; making recommendations on existing Human Resource regulations and policies; and making recommendations on general staff welfare and motivation

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

issues. During the financial year ended 30th June, 2017 the following were members of this committee:

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

3) Training and Development Committee

This committee advises the Secretary/CEO on staff training and development issues including: considering officers training requests and recommending those to be trained for the approved training programmes. During the financial year ended 30th June, 2017 the following were members of this committee:

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

4) Disposal Committee

The committee is constituted in accordance with the Public Procurement and Disposal Act, 2005, the Public Procurement and Disposal Regulations, 2006 and Public Procurement & Asset Disposal Act 2015.

S/NO.	NAME	DESIGNATION
1.	Mrs. Josephine Sinyo	Director Legal Services
2.	Mr. Peter Musyimi	Principal Legal Officer
3.	Ms. Susan Kuria	Senior Administration Officer
4.	Ms. Felistus Kabiru	Principal HRM Officer
5.	Mr. Jacob Otachi	Corporate Communication
6.	Mr. John Kariuki	Accountant I
7.	Mr. James Ruteere	ICT Officer I
8.	Mrs. Julita Onyango	Procurement Officer
9.	Mr. Cornelius Musangi	Finance Officer II
10.	Mr. Abraham Wachira	Internal Auditor

5) Adhoc Committee on Inspection, Acceptance and Evaluation

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

i. **Finance and Administrative Services Committee**

This Committee is mandated to champion the Commission's participation in the development of policies with regard to public financial management. Of critical importance is the oversight role of ensuring prudent use of finances and reporting on the performance of the Commission. It is also mandated to provide best practice in the development, implementation and subsequent monitoring of Human Resource Management function of the Commission During the financial year ended 30th June, 2017 the Committee was headed by Commissioner Njoki Kahiga.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

ii. Law Reform Policy Formulation and Legislative Services Committee

This Committee oversees the review and reform of the law. It is also responsible for the provision of technical and advisory services to both levels of government. During the financial year ended 30th June, 2017 the Committee was headed by the Vice Chairperson, Commissioner Doreen Muthaura.

iii. Audit Compliance and Risk Management Committee

This Committee is responsible for monitoring the internal control and risk management systems of the Commission. The mandate includes providing oversight on auditing and financial reporting processes. During the financial year ended 30th June, 2017 the Committee was headed by Commissioner Apollo Mboya.

iv. Research, Development and Regulatory Impact Assessment Committee

This Committee oversees the development and implementation of strategies and policies to guide the operations and functioning of law reform. During the financial year ended 30th June, 2017 the Committee was headed by Commissioner Mary Wairagu.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

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

(i) Independent Auditors

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

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

2. KENYA LAW REFORM COMMISSION COMMISSIONERS



Mr. Mbage N. g'ang'a
Chairman, KLRC

Mr. Mbage N. Ng'ang'a is the Chairman of Kenya Law Reform Commission. He is an Advocate of the High Court of Kenya and a Member of the Certified Institute of the Certified Institute of Public Secretaries, Kenya. He holds a Master of Laws Degree in International Business Law and a Master of Science Degree in Agricultural Development; both from the University of London.

He is a Graduate of University of Nairobi in Bachelor of Laws. Mr Ng'ang'a has undertaken further Executive Education Programs in Financial Law, Economic Development, Public Enterprise Reform and Regulatory Law in leading Universities and other institutions of higher learning which include, Harvard University – Kennedy School of Government, Cambridge University, University of Florida, Duke University and Georgetown University in conjunction with International Law Institute.

He was until his appointment to the Commission, a Senior Partner in the Law Firm of Waruhiu K'Owade & Ng'ang'a Advocates. As a Member of Law Society, he served in various Committees of the Law Society of Kenya including being the Convener of the Property Law, Conveyancing and Land Reform Committee.

Mr. Ng'ang'a has contributed to law reform in Land Law, Company Law, Partnerships Law, Law of Moveable Property Rights, among others. He has been a Member of various Government Taskforces to review and advise on policy, legal, institutional and administrative reforms on fighting against corruption, institutional and regulatory reforms in the legal sector and policy and law relating to Intersex persons.



Ms. Doreen Muthaura
Vice-Chairperson, KLRC

Ms. Doreen Muthaura is the Vice-Chairperson, Kenya Law Reform Commission. She holds a Master of Laws (LL.M) in Advanced Legislative Studies, Bachelors of Laws (LLB), a Postgraduate Diploma in Legal Studies, a Certificate in Legislative Drafting from RIPA International-London, Certificate in Evidence Based Policy Making, Certificate in Policy Formulation and Implementation. She worked as a Principal Program Officer – Legislative Drafting, a Senior Program Officer and a Researcher at the Commission for the Implementation of the Constitution and as a Parliamentary Counsel in Legislative Drafting Department- Office of the Attorney-General (State Law Office). She has trained legal officers, County Officials amongst others on Legislative Drafting, policy formulation and Law Reform at the Kenya School of Law. She drafted, in collaboration with others, the first ever Guide to the Legislative Process in Kenya (Published). She has drafted several policies, Regulations, Rules and other legal and administrative instruments. She has drafted and reviewed various Bills (now Acts of Parliament) to implement the Constitution of Kenya. She has participated in training of County Attorneys and other legal officers at County level. She has drafted several County Governments Bills. She has contributed heavily in legal drafting, law reform and Constitution implementation. Ms. Doreen Muthaura is a member of the Commonwealth Association of Legislative Counsel (CALC); member of the Law Society of Kenya, member of the Federation International De Abogadas (FIDA- Kenya) and a Chevening Scholar Alumni. She has participated in several task teams and Committees on Law Reform matters.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017



Ms. Njoki Kahiga, HSC,
OGW Commissioner,
KLRC

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



Ms. Ruth Kirwa
Commissioner, KLRC

Commissioner Ruth Kirwa is an Advocate of the High Court and Commissioner for Oaths and also serves as the University Secretary at the Technical University of Kenya. She draws a vast wealth of experience having previously consulted with: the Africa Nazarene University, Kenya, Messrs.' Kalya & Co Advocates, Eldoret. She was a Research Fellow at the Moi University, Kenya- School of Environmental Studies and taught at the University of Nairobi, Kenya- Faculty of Law as well as tutoring at the Kenya School of Law. Other roles that she performs include but not limited to being: a Lead Expert with the National Environmental Management Authority (NEMA) in conducting Environmental Impact Assessments (EIAs); an Auditor and Implementer of the International Standardization 9001:2008 (ISO). She holds a: Masters in Law (LLM) (Corporate Law and Finance); Bachelor of Law (LLB) (Upper Second Class) and a Diploma in Law from the Kenya School of Law. She is also trained in Legislative Drafting from the Kenya School of Law and Intellectual Property Rights: Patent Drafting from the Kenya Industrial Property Institute (KIPI), Kenya. Other professional affiliations include: Federation of Kenyan Employers (FKE), The Institute of Certified Public Secretaries and the Chartered Institute of Arbitrators. She additionally was assisting as a volunteer lawyer for the *Kituo cha Sheria* and lately has provided *pro bono* services to the Child Welfare of Kenya.



Mr. Apollo Mboya,
HSC Commissioner,
KLRC

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

 Mary M. Wairagu Commissioner, KLRC	Mrs. Mary Wairagu is an Advocate of the High Court of Kenya and a Commissioner for Oaths and a Notary Public having been admitted to the Bar on 19th December 1991. She has an LLB degree Second Class Honours Upper Division from the University of Nairobi (1990), and also a Post graduate Diploma in Law, Kenya School of Law, (1991). Mary Wairagu has Post graduate Diplomas in Gender and Human Rights, Legislative Drafting (Parliament of India, 2012) and Strategic Leadership Development Programme, (SLDP), Kenya School of Government, (2011), Governance, Ethics and Anticorruption Reforms, ESAMI, (2009) Corporate Governance and Ethics Strategies (Commonwealth Training) (2009) Uppsala University, Sweden, (2008).
 Ms. Linda Murila Commissioner (Ex-officio)	Ms. Linda Musilivi Murila is a Commissioner (Ex-Officio) of the Kenya Law Reform Commission. She holds an LL. B (Hons) degree from the University of Nairobi, Faculty of Law. She has a Diploma (Law) from the Kenya School of Law, Advanced Diploma in Legislative Drafting from the University of West Indies, Barbados. She was a member of the drafting team, Proposed Constitution of Kenya, Multi Sectoral Constitutional Review Committee, Member of the Technical Team to Review laws relating to elections, member of the Task Force on the review of Health and Health Related Acts, drafts person to the Inter-parties Parliamentary Group on Constitutional Reforms, member of various taskforces including taskforces to review laws relating to labour, health, landlords and tenants, companies, partnerships, insolvency and investment, housing and the built environment and a member of the drafting team of various East African Community legal instruments.
 Mr. Joash Dache, MBS Secretary/CEO, KLRC	Mr. Joash Dache is the Secretary/Chief Executive Officer of the Kenya Law Reform Commission. He is a holder of LL.M. degree; (Monash University, Australia), has a Certificate in Legislative Drafting (University of London), a Diploma in Law (Kenya School of Law) and LL.B. degree (University of Nairobi). He is a Certified Public Secretary CPS (K), an Advocate of the High Court of Kenya. Mr. Dache has undergone the Strategic Leadership and Development Programme (SLDP), Kenya School of Government and various other professional courses both locally and abroad. He participated in the development of the Guide to the Legislative Process in Kenya (published) and County Model Laws. He specializes in International and Comparative Law and has studied International Criminal Justice; International Aspects of Foreign Investment; World Trade Organization [WTO] Law and Policy; European Union [EU] Law and Policy; Intellectual Property; Regulatory Fundamentals; Privatization Law and Policy; Law of the Internet; and Legislative Drafting at post-graduate level. His core Expertise includes, Constitutional Development and Law Reform, Legislative Drafting, Legal and Policy Research; and Programme Coordination. He is a member of the Law Society of Kenya, Commonwealth Association of Legislative Counsel (CALC), Commonwealth Association of Law Reform Agencies (CALRAs) and the Association of Law Reform Agencies in Eastern and Southern Africa (ALRAESA).

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

3. MANAGEMENT TEAM

S/NO.	NAME	PROFILE
1.	Mr. Joash Odhiambo Dache Secretary/CEO 	Mr. Joash Dache is the Secretary/Chief Executive Officer of the Kenya Law Reform Commission. He is a holder of LL.M. degree: (Monash University, Australia). has a Certificate in Legislative Drafting (University of London), a Diploma in Law (Kenya School of Law) and LL.B. degree (University of Nairobi). He is a Certified Public Secretary CPS (K), an Advocate of the High Court of Kenya. Mr. Dache has undergone the Strategic Leadership and Development Programme (SLDP), Kenya School of Government and various other professional courses both locally and abroad.
2.	Mrs. Josephine Sinyo Director Legal Services 	Mrs. Josephine Sinyo is an Advocate of the High Court of Kenya with over thirty (30) years' experience. She holds a Master's Degree in Law (United Kingdom); Bachelor of Laws Degree from University of Nairobi, University School of Law; a Post graduate Diploma in Law (Kenya School of Law) and a diploma in legislative drafting (UK). She has undergone several other trainings including a Strategic Leadership Development Programme from the Kenya School of Government. She has vast experience in legal research, legislative drafting, policy development, legal aid assistance, and community engagement.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

3.	Mr. Peter Musyimi Head of Legislative Drafting 	Mr. Peter Musyimi is an Advocate of the High Court of Kenya with over twenty (20) years' experience. He holds a Bachelor of Laws Degree from University of Nairobi, University School of Law; a Post graduate Diploma from Kenya School of Law and a diploma in Diplomacy. He has vast experience in legislative drafting, policy development, legal aid assistance and administration. He is currently pursuing a Master's Degree in Law at the University of Nairobi.
4.	Ms. Susan Kuria Head of Administration 	Ms. Susan Kuria has over 20 years' experience in public administration and has previously worked with National Treasury and DPM. She holds a Bachelor of Arts Degree in Economics/Commerce. Other trainings she has undergone include: Best Practices in Public Expenditure Management; Management and Administration of HIV/Aids programs; Governance, Performance Improvement; Ethics and Anti-Corruption Reforms and a Senior Management Course from the Kenya School of Government.
5.	Ms. Felistus Kabiru Head of Human Resource Management 	Mrs. Felistus Kabiru has over 20 years' experience in human resource management. She holds an MBA (HR) from Catholic University of Eastern Africa and holds several other trainings including: a higher diploma in HRM, Diploma in Counseling and a Strategic Leadership Development Programme Certificate from Kenya School of Government.
6.	Mr. John Kariuki Head of Accounting Unit 	Mr. John Kariuki is an Accountant by profession. He holds a Bachelor's degree in Business Administration (Accounts Option) and is a CPA (Part III) qualified. He has over 30 years working experience in Accounts matters. He has also undergone a Senior Management Course at the Kenya School of Government among other courses.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

7.	Mr. James Ruteere Head of ICT 	Mr. James Ruteere is an ICT professional. He holds a Bachelor's degree in IT and a diploma in IT. He is further certified in: Cyberoam Certified Network Security (CCNSP) and Hardware Maintenance.
8.	Mrs. Julita Onyango Head of Supply Chain Management 	Mrs. Julita Onyango is a Supply Chain Management Practitioner. She holds a Master's degree in Business (MBA) (Daystar University) and a Bachelor's degree in Commerce (Catholic University of Eastern Africa). She has undergone additional trainings including: Professional course in Supplies management, Diploma in Supplies management, Senior management course, Project formulation and feasibility studies, Project management (prince2) and Certificate in IT.
9.	Mr. Cornelius Musangi Head of Finance 	Mr Musangi has over 10 years' experience in Financial management. He is a Certified Public Accountant of Kenya (CPAK) and holds Bachelor of commerce degree (Finance Option). He holds other trainings including: Financial statements and emerging issues in public sector reporting; Institutional risk management and quality management system awareness training.
10.	Mr. Jacob Otachi Head of Corporate Affairs and Communications 	Jacob Otachi is a governance and communications practitioner. He holds a Master's degree in Communication (University of Nairobi) and a Bachelor's degree in Information Science (Moi University). He has undergone additional trainings including: Climate Finance Governance (Germany); Knowledge Management (Thailand); ICT and Anti-Corruption Data Governance (Lithuania); Senior Management Course (Kenya School of Government) among others. He holds vast experience in policy formulation and strategic planning; communications & media; climate finance; gender advocacy; knowledge management; public affairs and governance.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

4. CHAIRMAN'S STATEMENT



Chairman: Mr. Mbage N. Ng'ang'a

The Kenya Law Reform Commission (KLRC) is honoured to publish the 2016/2017 Annual Report on its performance and financial statements. This is in line with Section 32 of the Kenya Law Reform Commission Act, 2013 and the standard practice observed by KLRC. The Commission is a statutory body that draws its mandate and functions from the Constitution of Kenya 2010, Section 6 of the KLRC Act of 2013, and the County Governments Act, 2012 which broadly require KLRC to review all the law of Kenya and also give technical support to both National and County Governments in matters relating to law reform.

This 2016/2017 Annual Report and Financial Statements document the initiatives and statistical information towards the attainment of our mission to facilitate law reform conducive to social, economic and political development. This has been largely done through: legal research, drafting of bills, public education; stakeholder engagements; technical support to national and county governments and provision of information and advice to the public. We have also worked with both State and no-State actors in keeping all law (County and National) under review, ensuring their systematic development and reform in conformity with the Constitution of Kenya 2010. Due diligence has also been exercised in the reporting period towards the attainment of our strategic goals as contained in the 2013-2017 Strategic Plan.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

We are pleased to report that the financial year 2016/2017 was a period KLRC witnessed strategic milestones.

To effectively deliver on its constitutional and statutory mandate, the Commission equally undertook deliberate efforts to strengthen internal capacity and governance processes. For the first time, all Commission's internal policies were operationalized and each department substantively filled with competent heads of departments. During the period under review, the Commission conducted a departmental performance contracting exercise, comprehensive staff training needs analysis and subsequent retraining and capacity building. The Commissioners too benefited from the Mwongozo Induction that has leveraged the Commission with the relevant skills for optimum performance, policy formulation and execution of the Commission's mandate.

Indeed, the achievements outlined above would not have been possible without the innovation, resourcefulness, commitment and hard work of the Commissioners and staff. In this regard, the Commission expresses gratitude to the KLRC Secretary/CEO, Mr. Joash Dache, MBS and the entire staff for work well done. The Commission also acknowledges the relentless efforts of the Vice-Chairperson, Ms. Doreen Muthaura, all Commissioners and indeed our partners and stakeholders for their support in the 2016/2017 financial year.

In conclusion, we express our gratitude for the honour granted to us in service to the people of the great Nation of Kenya in various capacities at Kenya Law Reform Commission (KLRC).

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

We are confident that the Commission, its partners and the people of Kenya will continue working closely in all areas in strengthening issue based, citizen centered, accountable and result-oriented law reform towards realizing the Constitutional aspirations and Kenya Vision 2030's Social, Economic and Political development goals.



Mr. Mbage Ng'anga
Chairman

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

5. PREFACE BY THE SECRETARY/CHIEF EXECUTIVE OFFICER



Secretary/ CEO: Mr. Joash Dache, MBS

I am delighted at the publication of the Commission's Annual Report and Financial Statements for the financial year 2016/2017.

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

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

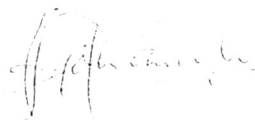
KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

While the year 2016/2017 was not without its challenges, the management team of Kenya Law Reform Commission (KLRC) continued to successfully implement its mandate and to advance its goals and objectives set in the Strategic Plan and approved by the Commissioners. The Commissioners indeed provided strategic direction, leadership and oversight to the Secretariat in the execution of the programmes and activities. To meet this enormous task, the Commission received grants from Government totaling 330 Million during the period under review.

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

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

The KLRC Management Team is grateful for the continued support of the Chairperson, the Vice Chairperson, the Commissioners, staff and all those who supported us in one way or another towards the accomplishment of our goals this year.



Mr. Joash Dache, MBS.
Secretary/ Chief Executive Officer

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

6. CORPORATE GOVERNANCE STATEMENT

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

Good Corporate Governance seeks to promote:

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

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

The Commissioners have a collective responsibility for establishing and management of appropriate systems on internal control and for reviewing their effectiveness. KLRC has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information and safeguarding

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

public resources. Internal control and risk management systems are designed to mitigate rather than eliminate the risks identified in the financial reporting process. The Management is responsible for ensuring that the internal control activities are performed and documented, and is required to report to the Audit Committee on compliance on quarterly basis.

7. MANAGEMENT DISCUSSION AND ANALYSIS

7.1 Introduction

The Commission's strategies adopted during the financial year 2016/17 to realise its goals and objectives. Key among them include: Research and Development; Public Education; Review of Legislation; Public Participation; Stakeholder Mapping, Consultations and Collaborations, and; Capacity Building. It also captures best practices acquired from existing expertise and past experiences.

7.2 Research and Development

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

7.3 Review of Legislation

The Commission carried out comprehensive review of legislation upon receipt of legislative proposals/references from National and County Government MDAs. This was achieved by development of guidelines that guaranteed conciseness and proper definition of the legal problems. The Commission also prioritized the legislation targeted in the Performance Contract of the FY 2016/17 and the attendant work. Feedback mechanisms were established for information sharing and engagement especially by adopting project Committees, stakeholder mapping engagements and collaborations.

The Committees specifically addressed the issue under review by:

- a) Undertaking comprehensive research to determine the prevailing legal position and the deficiencies in the law that may require rectification;
- (b) Setting time-frames for the review;

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

- (c) Receiving, collating and analysing views, including peer review by other legal staff and Commissioners;
- (d) Organizing the requisite consultative fora;
- (e) Preparing the necessary reports and draft bills; and
- (f) Producing an Issues or Position (Discussion) Paper as a key product of its initial research. The Issues or Position (Discussion) Paper must generally include the background information and the specific issues identified for examination.

7.4 Stakeholder Mapping, Consultations and Collaboration

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

7.5 Stakeholder Mapping

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

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

To this end:

1. The Commission has in place policies that clarify its commitment to negating its impact on the environment;
2. The Commission carries out regular risk assessments to guarantee the wellbeing of employees and visitors, in accordance with Occupational Health and Safety regulations;
3. The Commission actively manages its reputation, and drives best practice, through the application of prudent public procurement practices as outlined in the Public Procurement and Disposal Act;

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

4. The Commission is an Equal Opportunities Employer which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, race, or physical ability;
5. The Commission actively contributes to social and environmental initiatives in the republic through donation of time and funds; and
6. The Commission commits to being open and transparent in the interests of promoting best practice.

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

To this end:

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

9. STATEMENT OF COMMISSIONERS RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 and section 31 (2) of the Kenya Law Reform Commission Act, 2012, require the Commission to prepare financial statements in respect of the KLRC, which give a true and fair view of the state of affairs of the Commission at the end of the financial year and the operating results of the Commission for that year. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2017. This responsibility includes:

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

The Commissioners accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the KLRC Act. The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2017, and of the Commission's financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

The Commissioners confirm that the Commission has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Commission's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Nothing has come to the attention of the Commissioners to indicate that the Commission will not remain a going concern for at least the next twelve months from the date of this statement.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

10. REPORT OF THE COMMISSIONERS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the entity's affairs.

10.1 Principal Activities

The mandate of the Commission as set out in section 3 of the said Act is to "keep under review all the law of Kenya to ensure its systematic development and reform, including in particular the integration, unification and codification of the law, the elimination of anomalies, the repeal of obsolete and unnecessary enactments and generally its simplification and modernization

10.2 Results

The results of the entity for the year ended June 30, 2017 are set out on pages 34-39.

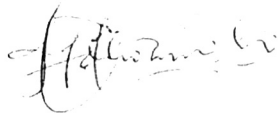
10.3 Commissioners

The members of the Board who served during the year are shown on pages 13-15. During the year 2016/2017, there were no retirement/resignation.

10.4 Auditors

The Auditor General is responsible for the statutory Audit of Kenya Law Reform Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. No other Auditors were nominated by the Auditor General to carry out Audit of the Commission for the year ended June 30th 2017 in accordance to Section 23 of the Public Audit Act, 2015 which empowered the Auditor General to appoint an Auditor to Audit on his behalf.

By Order of the Board.



Secretary/CEO

Nairobi.

Date. 15-02-2018

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

9. STATEMENT OF COMMISSIONERS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - (entities should quote the applicable legislation under which they are regulated)) require the Directors to prepare financial statements in respect of the Kenya Law Reform Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year 2016/17 and the operating results of the Commission for the year 2016/17. The Directors are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Directors are also responsible for safeguarding the assets of the Commission.

The Directors are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – entities should quote applicable legislation as indicated under) . The Directors are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2017, and of the Commission's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

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

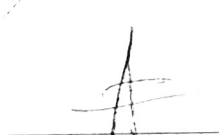
KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

Approval of the financial statements

The Kenya Law Reform Commission's financial statements were approved by the
Board on 15-02-2018 2017 and signed on its behalf by:



Commissioner



Commissioner



Commissioner

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA LAW REFORM COMMISSION FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Law Reform Commission set out on pages 33 to 53, which comprise the statement of financial position as at 30 June 2017, 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 Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Law Reform Commission as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Kenya Law Reform Commission Act, 2013.

In addition, as required by article 229(6) of the Constitution, I confirm that public money has been applied lawfully and in an effective way.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Law Reform Commission in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Report of the Auditor-General on the Financial Statements of Kenya Law Reform Commission for the year ended 30 June 2017

Other Matter

1. Unregistered Lease Agreement

Included in general expenses balance of Kshs.77,716,000 is Kshs.28,397,300 for office rent. These payments are based on a lease agreement dated 22 October 2013 between Kenya Reinsurance Corporation Ltd and Ministry of Justice – Kenya Law Reform Commission for a period of 5 years and 1 month effective from 1 December 2013. However, it has been observed that the lease is not registered with the Ministry of Lands as required thus rendering it ineffective. In the absence of a registered lease agreement, the Commission may not have a legal remedy in case the tenancy agreement is breached.

2. Property Plant and Equipment

Included in the property, plant and equipment, motor vehicles balance of Kshs.9,139,995 are four (4) motor vehicles GKA139N, GKA 281G, GKA430L and GKA506L whose ownership documents are still for the Ministry of Justice and Constitutional Affairs. In the circumstances, the Commission's fixed assets balance of Kshs.18,086,090 as at 30 June 2017 cannot be confirmed.

Responsibilities of Management and Those Charged with Governance to the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to going concern/ sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Commission's financial reporting process

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 of Kenya. 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 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.

As part of an audit in accordance with ISSAIs, I exercise professional judgment 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance and for the purpose of giving an assurance on the effectiveness of the Commission's 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 going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Commission in order to express an opinion on the financial statements.

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

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



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

Nairobi

15 March 2018

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

13. STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30th June 2017

	Note	2016-2017	2015-2016
Government Grants –	18.4	330,000,000	249,025,000
Revenue from Exchange Transactions			
Other Income	18.5	630,619	42,000
Total Revenue		<u>330,630,619</u>	<u>249,067,000</u>
Expenses			
Employee Costs (Secretariat)	18.6	197,963,541	72,331,299
Commissioners Salaries	18.7	29,250,392	28,798,470
Contractual Employees	18.8	4,368,546	3,010,044
General Expenses	18.9	77,716,000	122,996,538
Repair and Maintenance	18.10	3,080,241	4,555,585
ICT related cost	18.11	4,076,500	3,290,140
Commissioners Allowances	18.12	2,869,055	1,260,000
Depreciation Expenses	18.13	5,675,112	5,247,143
Total Expenditure		324,999,387	241,489,219
Surplus		<u>5,631,232</u>	<u>7,577,781</u>

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

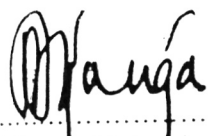
14. STATEMENT OF FINANCIAL POSITION

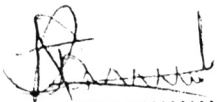
For the Year Ended 30 June 2017

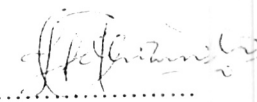
	Note	2016-2017 Kshs.	2015-2016 Kshs.
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	18.13	18,086,090	17,245,733
Inventory	18.16	2,295,347	1,053,121
Sub-total		20,381,437	18,298,854
Current Assets			
Cash and Cash Equivalents	18.17	2,766,559	765,272
Receivables from Non-Exchange	18.14	8,769,031	6,812,136
Sub-total		11,535,590	7,577,408
Grand-total		31,917,027	25,876,262
LIABILITIES			
Current Liabilities			
Trade & Other Payables from Exchange	18.15	2,271,977	1,862,444
Transactions			
Surplus (Opening)	15	24,013,818	16,436,037
Surplus for the year	13	5,631,232	7,577,781
Total Liabilities		31,917,027	25,876,262

Approval of the Financial Statements

The Kenya Law Reform Commission's Financial Statements were approved by the Commission... 15-02-2018 ... And signed on its behalf by:


Mbage Njuguna Ng'ang'a
CHAIRMAN.


John Kariuki
HEAD OF ACCOUNTS.


Joash Odhiambo Dache, MBS
SECRETARY/CEO.

**KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017**

15. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30th June 2017

	Note	Capital reserve Kshs.	Accumulate d Surplus Kshs.	Total Kshs.
			2016-2017	2015-2016
Changes in Equity for the year 2016/17				
Balance as at 1 st July 2016	14		24,013,818	16,436,037
Surplus for the year	13		5,631,232	7,577,781
Transfers to/from accumulated surplus			29,645,050	24,013,818

16. STATEMENT OF CASHFLOWS

For the Year Ended 30 June 2016

	Note	2016-2017 Kshs.	2015-2016 Kshs.
Cash flow From Operating Surplus for the year before tax	13	5,631,232	7,577,781
Adjusted for: Depreciation	18.13	5,675,112	5,247,143
Contributed assets		0	0
Working capital adjustments			
Decrease in inventory	18.17	(1,242,226)	1,999,224
Increase in receivable	18.15	(1,956,895)	(3,078,099)
Decrease in Payables	18.16	409,533	(1,819,795)
Net cash flows from operating actives		2,885,524	2,348,473
Cash flow from investment activities			
Purchase of property, plant and equipment	18.18	(6,515,469)	(9,165,254)
Net cash flow from investment activities		(6,515,469)	(9,165,254)
Cash flow from financing activities		0	0
Cash and cash equivalent as at the beginning of the year	18.14	765,272	4,272
Cash and cash equivalent as at the end of the year		2,766,559	765,272

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL
AMOUNT**

Income	Original budget	Adjustments	Final	Actual on comparable basis	Performa nce difference	Variance
			Budget			%
	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	
	Kshs	Kshs	Kshs	Kshs	Kshs	
GOK Grants – Recurrent	330,000,000	-	330,000,000	330,000,000	-	0%
Appropriation in Aid	50,000	-	50,000	630,619	580,619	-116%
Total Income	330,050,000	-	330,050,000	330,630,619	580,619	0%
RECURRENT EXPENDITURE						
STAFF COSTS						
Basic Salaries	37,079,504	-	37,079,504	35,577,774	1,501,730	4%
House Allowance	14,380,778	-	14,380,778	14,380,778	-	0%
Responsibility Allowance	504,000	-	504,000	504,000	-	0%
Entertainment Allowance	1,120,800	-	1,120,800	1,120,800	-	0%
Commuter Allowance	4,282,200	-	4,282,200	4,282,200	-	0%
Extraneous Allowance	10,396,129	-	10,396,129	10,396,129	-	0%
Non Practicing Allowance	4,300,161	-	4,300,161	4,300,161	-	0%
Leave Allowance	472,697	-	472,697	472,697	-	0%
Domestic Servant Allowance	187,200	-	187,200	187,200	-	0%
Prosecutorial Allowance	3,810,000	-	3,810,000	3,810,000	-	0%
Sub-Total	76,533,469	-	76,533,469	75,031,739	1,501,730	2%
Travel and Accommodation	63,131,000	6,990,000	70,121,000	70,111,899	9,101	0%
Insurance Expenses	15,000,000	(2,152,000)	12,848,000	12,847,938	62	0%
Medical Ex-gratia	0	400,000	400,000	400,000	0	0%
Staff Pension & Retirement Gratuity	39,158,665	413,400	39,572,065	39,571,965	100	0%
Sub-Total	117,289,665	5,642,670	122,932,335	122,931,802	533	0%
Total	193,823,134	5,642,670	199,465,804	197,963,541		
Contractual employees						
Gross Salary	4,368,546	-	4,368,546	4,368,546	0	0%
Service Gratuity	-	-	-	-	-	-
Sub-Total	4,368,546	-	4,368,546	4,368,546	0	0%
Commissioner Salary & Allowances						
Basic Salary	1,313,331	-	1,313,331	1,313,331	0	0%
Allowances	1,313,331	-	1,313,331	1,313,331	0	0%
Sub-Total	2,626,662	-	2,626,662	2,626,662	0	0%

**KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017**

Repair and Maintenance						
Building Repair & Maintenance	1,725,000	(1,478,300)	246,700	246,680	20	0%
Office Furniture and Equipment	100,000	(1,500)	98,500	98,333	167	0%
Maintenance of Photocopier	100,000	0	100,000	67,280	32,720	49%
Motor Vehicle Repair and maintenance	3,420,000	(500,000)	2,920,000	2,667,948	252,052	9%
Sub-Total	5,345,000	-2,230,852	3,114,148	3,080,241	33,907	
General Expenses						
Advertising and Publicity	1,550,000	(852,700)	697,300	697,259	41	0%
Office Rent	32,000,000	(3,602,700)	28,397,300	28,397,300	0	0%
Newspapers and Journal	500,000	0	500,000	500,000	0	0%
Printing and Stationery	3,005,000	(772,828)	2,232,175	2,222,617	9,558	0%
Cleaning Services	2,533,428	(571,400)	1,962,028	1,961,928	100	0%
Remuneration to Instructors	96,000	(96,000)	0	0	0	0%
Fuel & Lubricants	3,744,000	(1,506,100)	2,237,900	2,237,813	87	0%
Postage and Delivery	550,000	(360,600)	189,400	189,395	5	0%
Telephone and Faxes	2,756,000	(1,600,000)	4,356,000	4,264,929	91,074	2%
Education and Library	1,325,040	(887,200)	437,840	437,756	84	0%
Training and Development	25,323,428	0	25,323,428	24,296,050	1,027,378	4%
Conference and Workshops	7,954,500	3,000,000	10,954,500	10,830,998	123,502	1%
Trade Show & Exhibitions	1,500,000	(345,600)	1,154,400	1,154,400	0	0%
Technical Services	50,000	0	50,000	49,810	190	0%
Membership Fees to International Organizations	222,400	0	222,400	218,088	4,312	2%
Purchase of Uniforms and clothing	0	257,660	257,660	257,660	0	0%
Sub-Total	83,109,796		78,972,331	77,716,000		
Professional Services, Fees & Subscription to Professional Bodies						
Sub-Total	222,400	(4,300)	218,100	218,088	12	0%
Purchase of Furniture	1,372,000	(8,995)	1,380,995	0	0	0%
Purchase of Air Conditioners	24,000	(24,00)	0	0	0	0%
Sub-Total	1,396,000		1,380,995	0	0	0%
Commissioners Allowances						
Commissioners Allowance (Part-time)	2,880,000	0	2,880,000	2,869,055	10,945	0%
Sub-Total	2,880,000	0	2,880,000	2,869,055	10,945	0%
ICT related Costs						
Internet and E-Mail	1,116,000	308,000	1,424,000	1,318,800	105,200	17%
Software and Hardware	400,000	30,000	430,000	340,000	90,000	4%

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

Supplies of accessories for Computer	1,160,000	92,000	1,252,000	1,252,000	0	0%
Purchase of Computer	5,447,800	(294,400)	5,153,400	0	0	0%
Computer Repairs and Maintenance	760,000	0	760,000	760,000	0	0%
Sub-Total	8,983,800		9,472,400	4,076,500	0	0%
Depreciation Expenses	0	0	0	5,675,112	0	0%
Sub-Total	0	0	0	5,675,112	0	
GRAND-TOTAL	330,000,000	0	330,000,000	319,324,275	0	0%

Kenya Law Reform Commission budget changed from the original budget on variation of income and expenses on various items is as follows;

- i) The increase of budget revenue by Ksh. 580,619 which was attributed to disposal of assets and consultancy services from Nyeri and Taita Taveta Counties. The request for consultancy services were ad hoc and thus it was not possible to quantify the amount in the budget. In addition disposal of assets is not an annual event to quantify in the budget. Consequently the collection was realized at 116%. However the Commission will ensure the A.I.A will be factored in the budget.
- ii) Maintenance of photocopier – The Commission did not spent the full allocation on this item, since the machine required minimal service and maintenance since it was still in good condition.
- iii) Internet and Emails – The Commission had a 17% variance on this item due to a waiver by the supplier for the first one year on the Cyberoam to manage internet clients which we had procured.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

18. NOTES TO THE FINANCIAL STATEMENTS

18.1 General Information

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

18.2 Statement of Compliance and Basis of Preparation

The Kenya Law Reform Commission's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

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

18.3 Summary of Significant Accounting Policies

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

- a. Revenue Recognition
 - i. Revenue from Non-Exchange Transactions

Government Grants

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Commission and can be measured reliably.

ii. Revenue from Non-Exchange Transactions

Rendering of services

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

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

b. Budget Information

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

c. Property, Plant and Equipment

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is calculated on a reducing balance basis over the useful life of the asset. Depreciation is charged at rates calculating the cost or valuation of the asset less any estimated residual value over its remaining useful life. Kenya Law Reform Commission has adopted a reducing balance method of depreciation whereby the asset is fully depreciated on applicable rates on the year of acquisition but not depreciated on the year of disposal. The Organisation will adopt the straight line method of from 2017/2018 financial year.

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

d. Intangible Assets

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

e. Provisions

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

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

Contingent liabilities

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

Contingent assets

The Commission does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

f. Nature and Purpose of Reserves

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

g. Changes in Accounting Policies and Estimates

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

h. Employee Benefits

Retirement Benefit Plans

The Commission contributes to defined contribution plans are post-employment benefit plans under which an entity pays pension scheme for its employees and commissioners. During the year 2016/17, the Commission continued with a pension scheme offered by Enwealth Financial services limited which covers all the staff in the organisation.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

i. Related Parties

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

j. Service Concession Arrangements

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

k. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to six (6) authorized public officers and/or Institutions which were not surrendered or accounted for at the end of the financial year.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

1 Comparative Figures

The Kenya Law Reform Commission (KLRC) is established by the Kenya Law Reform Commission Act, 2013 (No. 19 of 2013) as a successor to the Law Reform Commission, previously established under the repealed Law Reform Commission Act, Cap. 3. This being the third year of operations, the Commission has indicated comparative figures for the Year 2015/2016 Financial Year.

2 Significant Judgments and Sources of Estimation Uncertainty

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

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, 2016.

18.4 Government Grants

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

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2016-2017
			Kshs	Kshs	Kshs
Office of the Attorney General and Department of Justice	330,000,000	-	-	330,000,000	330,000,000
Total	330,000,000	-	-	330,000,000	330,000,000

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

Details

Quarter	AIE Number	Amount
First	A615975	82,500,000
Second	A615883	82,500,000
Third	A615622	82,500,000
Fourth	A615608	82,500,000
Total		330,000,000

18.5 Other Income:

	2016/2017	2015/2016
	Ksh.	Ksh.
Sale of Tender Documents	47,000	42,000
Receipts from Disposal	105,619	-
Receipts from Consultancy	478,000	-
Total	630,619	42,000

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

	2016/2017	2015/2016
	Ksh.	Ksh.
Basic Salaries	35,577,774	34,467,823
Insurance expenses	12,847,938	4,927,136
Medical Ex - gratia	400,000	450,000
Staff Pension, Retirement & Gratuity	39,571,965	2,435,817
Travel & Accommodation	70,111,899	42,079,396
House Allowance	14,380,778	12,716,392
Responsibility Allowance	504,000	515,519
Entertainment Allowance	1,120,800	1,075,800
Commuter Allowances	4,282,200	4,219,804
Extraneous Allowance	10,396,129	9,782,993
Non-Practicing Allowance	4,300,161	3,489,355
Domestic Servant Allowance	187,200	187,200
Special Legal Allowance	3,810,000	4,390,000
Leave Commutation	472,697	1,486,413
Total	197,963,541	122,223,648

NOTE: In the year 2015/2016, the figures for Insurance Expenses, Medical Ex-Gratia, Staff pension Retirement & Gratuity and Travel & Accommodations were shown under General Expenses. This financial year, the same is classified under Employee Cost as per revised standards and interpretations.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

18.7 Commissioners Salaries

	2016/2017	2015/2016
	Ksh.	Ksh.
Basic Salary	17,329,988	17,077,580
House Allowance	3,120,000	3,480,000
Entertainment Allowance	3,120,000	3,240,000
Commuter Allowance	432,804	192,000
Extraneous Duty Allowance	3,000,000	3,000,000
Domestic Servant Allowance	561,600	561,600
Non-Practicing Allowance	960,000	521,290
Transport Allowance	576,000	576,000
Leave Travel Allowance	150,000	150,000
Total	29,250,392	28,798,470

18.8 Contractual Employees:

	2016/2017	2015/2016
	Ksh.	Ksh.
Gross Salary	4,368,546	2,787,062
Service Gratuity	-	222,982
Total	4,368,546	3,010,044

18.9 General Expenses

	2016/2017 Kshs	2015/2016 Kshs
Advertising and publicity	697,259	2,240,602
Office Rent	28,397,300	26,265,816
Newspapers and journals	500,000	653,158
Printing and stationery	2,222,617	4,210,719
Cleaning services and materials	1,961,928	2,079,828
Remuneration to Instructors	-	690,155
Fuel & Lubricants for Transport	2,237,813	1,821,820
Postage and delivery	189,395	175,320
Telephone and Faxes	4,264,926	2,892,180
Education and Library	437,756	1,257,400
Training and Development	24,296,050	9,136,544
Conferences and Workshops	10,830,998	16,337,339

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

Membership fees dues & subscription	218,088	3,050,920
Trade Shows and Exhibitions	1,154,400	1,023,900
Technical Services	49,810	1,268,488
Purchase of Uniforms & Clothing	257,660	-
Total	77,716,000	73,104,189

Note: Please see Note 18.6 (Employee Cost) for the discrepancy of ksh.49, 892,349 on 2015/2016 figure.

18.10 Repair and Maintenance

	2016/2017	2015/2016
	Ksh.	Ksh.
Building repair & Maintenance	246,680	1,967,591
Plant & Equipment maintenance	98,333	508,124
Motor Vehicle repair and maintenance	2,667,948	2,079,870
Maintenance of office equipment	67,280	-
Total	3,080,241	4,555,585

18.11 ICT Related Costs

	2016/2017	2015/2016
	Kshs.	Ksh.
Internet and Email	1,218,800	1,199,740
Software and Hardware maintenance	2,097,700	-
Computer Repairs and maintenance	760,000	2,090,400
Total	4,076,500	3,290,140

18.12 Commissioner's Allowances (Part-time)

	2016/2017	2015/2016
	Ksh.	Ksh.
Commissioners Allowances (part time)	2,869,055	1,260,000
Total	2,869,055	1,260,000

ADOPTION OF NEW AND REVISED STANDARDS.

Relevant new standards and amendments to published standards effective for the year ended 30th June 2017.

Early adoption of standards.

The commission did not early-adopt any new or amended standards in year 2017.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

18.13 Property, Plant and Equipment & Depreciation

2016/2017				
Details	Furniture, fittings & fixtures	Motor Vehicles	Computer equipment	Total
Depreciation rate	12.50%	25.00%	30.00%	
Details	Kshs	Kshs	Kshs	Kshs
Net Book values (Opening balance as at 1st July 2016)	3,441,380	12,186,660	1,617,693	17,245,733
Additions	1,380,995	0	5,134,474	6,515,469
Disposals	0	0	0	0
Transfers/Adjustments	0	0	0	0
Total values as at 30th June 2017 for depreciation (A)	4,822,375	12,186,660	6,752,167	23,761,202
Depreciation expense (A X Dep Rate) (B)	602,797	3,046,665	2,025,650	5,675,112
Net Book Value (A-B)	4,219,578	9,139,995	4,726,517	18,086,090

2015/2016				
Details	Furniture, fittings & fixtures	Motor Vehicles	Computer equipment	Total
Depreciation rate	12.50%	25.00%	30.00%	
Details	Kshs	Kshs	Kshs	Kshs
Net Book values (Opening balance as at 1st July 2015)	2,976,006	9,555,750	795,867	13,327,623
Additions	957,000	6,693,130	1,515,124	9,165,254
Disposals	0	0	0	0
Transfers/Adjustments	0	0	0	0
Total values as at 30th June 2017 for depreciation (A)	3,933,006	16,248,880	2,310,991	22,492,877
Depreciation expense (A X Dep Rate) (B)	491,626	4,062,220	693,297	5,247,143
Net Book Value (A-B)	3,441,380	12,186,660	1,617,693	17,245,733

18.14 Cash and Cash Equivalents:

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

	2016/2017 Ksh.	2015/2016 Ksh.	2014/2015 Ksh.
Cash at Hand	-	-	-
Cash at Bank	2,766,559	765,272	4,272
Total	2,766,559	765,272	4,272

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

18.15 Receivable from Exchange Transactions:

Receivable from Exchange Transactions are comprised of:

	2016/2017	2015/2016
	Ksh.	Ksh.
Prepayments & Deposits (Insurance)	6,423,969	5,797,836
Salary Advance	2,345,062	1,014,300
Total	8,769,031	6,812,136

18.16 Payable from Non-Exchange Transactions:

Trade and Other Payables from Exchange Transactions are comprised of:

	2016/2017	2015/2016
	Ksh.	Ksh.
Total Trade and Other Payables from Exchange Transactions	2,271,977	1,862,444

18.17 Store Inventory

	2016/2017	2015/2016
	Ksh.	Ksh.
Stores Inventory	2,295,347	1,053,121
Total (Kshs.)	2,295,347	1,053,121

18.18 Cash generated from operations

	Note	2016-2017	2015-2016
Cash flow From Operating Surplus for the year before tax	13	5,631,232	7,577,781
Adjusted for: Depreciation	18.13	5,675,112	5,247,143
Contributed assets		0	0
Working capital adjustments			
Decrease in inventory	18.17	(1,242,226)	1,999,224
Increase in receivable	18.15	(1,956,865)	(3,078,099)
Decrease in Payables	18.16	409,533	(1,819,795)
Net cash flows from operating actives		2,885,524	2,348,473
Cash flow from investment activities			
Purchase of property, plant and equipment	18.13	(6,515,469)	(9,165,254)
Net cash flow from investment activities		(6,515,469)	(9,165,254)

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

18.19 Financial Risk Management

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

Credit risk

The entity 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 company's management based on prior experience and their assessment of the current economic environment.

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

At 30 June 2017	Total Amount Kshs	Performing Kshs	Past due Kshs	Impaired Kshs
Receivables from exchange transactions	8,769,031	8,769,031	-	-
Receivables from Non exchange transactions	-	-	-	-
Bank balances	2,766,559	2,766,559	-	-
Total	11,535,590	11,535,590	-	-
At 30 June 2016				
Receivables from exchange transactions	6,812,136	6,812,136		

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

Receivables from Non exchange transactions	-	-	-	-
Bank balances	765,272	765,272	-	-
Total	7,577,408	7,577,408	-	-

Liquidity risk management

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

Market risk

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

Price risk

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

- **Interest rate risk**

The Commission does not hold any interest bearing liabilities or assets; hence this risk is not relevant.

- **Foreign currency risk**

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

Capital risk management policies

The primary objective of managing the Commission's capital is to ensure that there is sufficient cash available to support the Commission's funding requirements, including capital expenditure, to ensure that the Commission remains financially sound. The Commission monitors capital using a gearing ratio, which is net debt, divided by total capital, plus net debt. As at the end of the year, the authority had no debt.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

18.20 Related Party Balances

a) Key management remuneration	2016/2017	2015/2016
	Kshs.	Kshs.
Directors'	29,137,920.00	
Key management compensation	8,648,280.00	
Total	37,786,200.00	-
b) Due from related parties		
Due from Parent Ministry	0	0
Due from xxx SC or SAGA	0	0
Total	0	0
c) Due to related parties		
Due to the parent Ministry	0	0
Due to SAGAs	0	0
Total	0	0

18.21. Events after the reporting period

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

18.22 Ultimate and Holding Entity

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

18.23. Presentation currency and rounding off

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

Taxes

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

The commission is exempt from paying income taxes under the provisions in income tax Act (2012).

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

18.24 Progress on follow up of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved. We confirm that the issue raised were resolved during the period in question.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
None	None	None	None	N/A	N/A

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

Chairman of the Board
(Kenya Law Reform Commission)

Signature.....

Date.....15-02-2018

Signature.....

Date.....15-02-2018

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

18.25 Annexes

Trial Balance as at 30th June 2017

Account	Debit 'Kshs'	Credit 'Kshs'
Cash and Cash Equivalents	2,766,559	
Prepayments Salary Advance	2,345,062	
Prepayment Insurance	6,423,969	
Inventory or Stock	2,295,347	
Property, Plant and Equipment (Current Year)	6,515,469	
Property, Plant and Equipment (Previous Years)	26,444,356	
Accounts Payable		2,271,977
Revenues:		
Government Grant		330,000,000
Sale of tenders & others		630,619
Provision for accumulated Depreciation		14,873,735
Accumulated Surplus - Opening		24,013,818
Depreciation Expenses	5,675,112	
Employees cost	197,963,541	
Salaries to Commissioners	29,250,392	
Contractual employees	4,368,546	
Repair and maintenance	3,080,241	
Commissioners Allowances	2,869,055	
ICT related costs	4,076,500	
Advertising and publicity	697,259	
Office Rent	28,397,300	
Newspapers and journals	500,000	
Printing and stationery	2,222,617	
Cleaning services	1,961,928	
Fuel & Lubricant for Transport	2,237,813	
Postage and delivery	189,395	
Telephone and faxes	4,264,926	
Education & Library	437,756	
Training and Development	24,296,050	
Conferences and workshops	10,830,998	
Professional Services, Fees & Subscriptions to Prof. bodies	218,088	
Trade fairs and exhibitions	1,154,400	

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 2017

Technical services	49,810	
Purchases of Uniforms & Clothing	257,660	
Total	371,790,149	371,790,149

