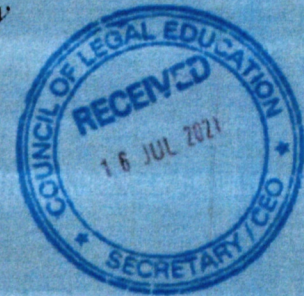
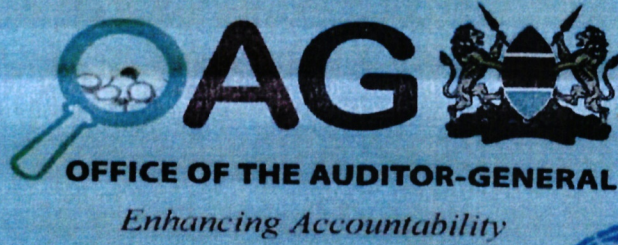


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

COUNCIL OF LEGAL EDUCATION

**FOR THE YEAR ENDED
30 JUNE, 2019**



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2019

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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENT

TABLE OF CONTENT	i
KEY COUNCIL OF LEGAL EDUCATION INFORMATION AND MANAGEMENT.....	i
THE COUNCIL OF LEGAL EDUCATION MEMBERS.....	iv
MANAGEMENT TEAM	x
CHAIRMAN'S STATEMENT	xiii
REPORT OF THE SECRETARY/CHIEF EXECUTIVE OFFICER.....	xiv
CORPORATE GOVERNANCE STATEMENT.....	xv
MANAGEMENT DISCUSSION AND ANALYSIS	xviii
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	xxi
REPORT OF THE COUNCIL MEMBERS	xxii
STATEMENT OF COUNCIL'S RESPONSIBILITIES	xxiii
REPORT OF THE INDEPENDENT AUDITORS ON THE COUNCIL OF LEGAL EDUCATION FOR THE YEAR ENDED 30 JUNE 2019	xxiv
STATEMENT OF FINANCIAL PERFORMANCE	1
STATEMENT OF FINANCIAL POSITION.....	2
STATEMENT OF CHANGES IN NET ASSETS.....	3
STATEMENT OF CASH FLOW.....	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT 2018/2019.....	5
NOTES TO THE FINANCIAL STATEMENTS	6
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	28
APPENDIX II: PROJECTS IMPLEMENTED BY COUNCIL OF LEGAL EDUCATION	31
APPENDIX III: INTER-ENTITY TRANSFERS.....	32
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	33

KEY COUNCIL OF LEGAL EDUCATION INFORMATION AND MANAGEMENT



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

(a) Background information

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

(b) Principal Activities

Vision of CLE

Assure quality and globally competitive legal education and training in Kenya

CLE Mission

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

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

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

(c) Key Management

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Secretary/Chief Executive Officer	Dr. J. K. Gakeri
2.	Ag. Director Quality Assurance Compliance & Accreditation	Ms. Mutugi Mary Mugure
3.	Director Examination	Dr. J. K. Gakeri
4.	Assistant Director Finance, Planning and Administration	Mr. Jones Otuke
5.	Assistant Director Office Administrative Services/PA to CEO	Mrs. Phoebe W. Kariuki
6.	Internal Auditor	Ms. Ignazia K. Kaimba
7.	Ag. Director Exams	Mr. George W. Wafula



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
(e) Fiduciary Oversight Arrangements

The Audit, Governance and Risk Management committee

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

Finance and General Purpose committee

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

(f) Council of Legal Education Headquarters

P.O. Box 829-00502
Karen Office Park Acacia Block 2nd Floor
Langata Road
NAIROBI, KENYA
Telephone: (254) 20 6980100, 20 2011290
E: mail: info@cle.or.ke
Website: www.cle.or.ke

(g) Council of Legal Education Bankers

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

(h) Independent Auditors

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


(i) Principal Legal Adviser

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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
THE COUNCIL OF LEGAL EDUCATION MEMBERS

BOARD MEMBER	PARTICULARS
 <p data-bbox="247 887 657 943">Prof. Githu Muigai LLB HONS, LLM (COL.) PHD, FCIARB</p>	<p data-bbox="740 566 1398 943">Prof. Githu Muigai has over 35 years' experience in the practice of law in Kenya and in East Africa. Prof. Muigai holds LLB and Ph.D. degrees from the University of Nairobi and an LLM Degree from Columbia University School of Law, New York. He was called to the Bar in 1985. In addition to the practice of law he is an Associate Professor of Public law in the School of Law of the University of Nairobi (currently on leave of absence). He has also published extensively in the areas of international law, and human rights and has previously worked as a consultant to various international organizations, including the African Union, United Nations Development Programme, the World Bank and the International Committee of the Red Cross.</p> <p data-bbox="740 965 1398 1249">Born on 31st January 1960, Professor Githu has a wide range of areas of practice which include Commercial Litigation and Arbitration, Constitutional and Administrative Law, Information and Communications Technology Law, Insurance and Banking Law, Investments Law, Mergers & Acquisitions Law, Public and Private International Law, Public Procurement Law. From August 2008 - September 2011 Prof. Githu Muigai was the UN Special Rapporteur on Contemporary Forms Of Racism, Racial Discrimination, Xenophobia And Related Intolerance.</p> <p data-bbox="740 1272 1398 1525">He is a Fellow of the Chartered Institute of Arbitrators (UK) and a member of the American Association of Trial Lawyers, Institute of Public Secretaries, Law Society of Kenya, East African Law Society, Council of Legal Education, International Commission of Jurists, International Bar Association and the Commonwealth Lawyers Association. He has also been a Judge of the African Court of Human & Peoples Right between 2008 - 2010.</p> <p data-bbox="740 1547 1398 1809">Prof. Muigai has recognized expertise in the areas of justice sector reform generally and Constitutional reform specifically. From the year 2000 to 2005, he was a commissioner to the Constitutional Review Commission where he was specially charged with the legal drafting of the Draft Constitution of the Republic of Kenya. He was a legal adviser and draftsman to the Somali peace process and was involved in the drafting the Somali federal Transitional charter.</p> <p data-bbox="740 1816 1398 1883">Prof. Githu Muigai served as Attorney General of the Republic of Kenya from the 29th August 2011 to March 2018.</p>



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019



Diana Sawe Tanui, FCI Arb, CS

Diana is a Fellow of the Chartered Institute of Arbitrators, an Advocate of the High Court of Kenya, a Certified Secretary and trained Governance Auditor. She has interests in corporate governance, regulatory affairs, compliance and alternative resolution of disputes.

Currently, she is the Corporation Secretary and Chief Manager Legal Affairs at the Insurance Regulatory Authority, a Council Member at the Institute of Certified Public Secretaries of Kenya and serves in various capacities in committees of various other professional bodies. She also served as a member of the Capital Markets Stewardship Code Committee which developed the Kenya Capital Markets Stewardship Code for Institutional Investors, 2017.

Born on 5th October 1982, Diana is a member of the Law Society of Kenya, the Institute of Directors (Kenya), the Chartered Institute of Arbitrators, the East Africa Law Society, the Women on Boards Network and is a Mentor with the Global Give Back Circle.

Ms. Diana is a member of the Audit, Governance & Risk Committee.

Date of appointment: 17th July 2018



Joseph K. Muraga

Born on 15th March 1966, Joseph is the Deputy Director/Budget at the National Treasury and Planning Ministry.

He is a holder of M.A in Economics from University of Nairobi and also a holder of B.A in Economics from the same University.

Other trainings include; Performance Budgeting and Innovation in the Public Expenditure Management Programme, Strategic Leadership Development Program at KSG, Strategic Negotiation Programme for Top Managers at KSG, Program Based Budgeting at IMF East Africa, Basic Occupational Safety and Health, Internal Quality Auditing for ISO Standards, Advanced Public Sector Financial Management Programme.

Mr. Muraga is a member of the Finance & General Purpose and Quality Assurance & Compliance Committees.




Date of appointment: 16th April 2019

Date of retirement: 30th September 2019



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

 <p>George Nyakundi, LL.B</p>	<p>Alternate to the Attorney General.</p> <p>Born on 17th January 1971, Mr. George is a State Counsel and an advocate of the High Court of Kenya since 1996. George, holds a Bachelor of Laws LL.B from the University of Nairobi."</p> <p>Mr. Nyakundi is a member of the Quality Assurance & Compliance and Audit, Governance & Risk Committees.</p> <p>Date of appointment: 20th May 2019</p>
 <p>Ms. Mary Njuya, LL.B</p>	<p>Alternate to the Solicitor General, Office of the Attorney General & Department of Justice.</p> <p>Born on 17th June 1961, Ms. Njuya is an advocate of the High Court of Kenya with over 33 years' experience and holds an LLB from the University of Nairobi and a Post Graduate Diploma from the Kenya School of law.</p> <p>Ms. Njuya is a member of the Quality Assurance & Compliance and Audit, Governance & Risk and Examination Committees.</p> <p>Date of appointment: 13th June 2019</p>
 <p>CPA Rita Njiru</p>	<p>Born on 3rd June 1974, Ms. Rita Njiru is a CPA(K) graduate, with Masters in Business Administration (MBA) in Strategic Management from Daystar University. She is a member of the institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>She has 24 years' experience in Civil Service in particular Finance and Accounting, currently serving in the National Treasury as an Assistant Accountant General.</p> <p>Ms. Njiru is a member of the Finance & General Purpose and the Audit, Governance & Risk Committees.</p> <p>Date of appointment: 30th September 2019</p>



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019



HON. JUSTICE SMOKIN C. WANJALA;
PhD, SCJ, CBS

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

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

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

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

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

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


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

In 2012, Justice Wanjala received the Presidential Award of




COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<p>the Chief of the Order of the Burning Spear (CBS) [First Class], the 4th Highest Civilian Award in Kenya for his distinguished service rendered to the Nation.</p> <p>In 2018, Justice Wanjala was selected for the 2018 Albert Nelson Marquis (Who is Who) Lifetime Achievement Award as a result of his hard work and dedication to his profession.</p> <p>Hon. Justice Smokin C. Wanjala is a member of the Quality Assurance & Compliance Committee and the Examination Committee.</p> <p>Date of appointment: 23rd January 2020</p>
 <p>Dr. J. K. Gakeri Secretary & Chief Executive Officer</p>	<p>Dr. J. K. Gakeri is the Ag. Secretary/Chief Executive of the Council of Legal Education.</p> <p>Dr. Gakeri, born on 1st August 1961, is an Advocate of the High Court and a Certified Public Secretary. He holds the LL.B and LL.M degrees from the University of Nairobi. LLM from the University of Houston, Texas and the SJD from Indiana University, Bloomington, U.S.A. Dr. Gakeri previously worked as the Ag. Director Examinations CLE. Before that he served as a Senior Lecturer at the Department of Private Law, University of Nairobi, School of Law, Parklands Campus. He has previously served as a Part-time lecturer in Law at the Strathmore University School of Accountancy and an Examiner for KASNEB.</p>

MANAGEMENT TEAM

	<p>Dr. J. K. Gakeri Secretary/Chief Executive Officer Council of Legal Education</p> <p>Dr. Gakeri is an Advocate of the High Court and a Certified Public Secretary. He holds the LL.B and LL.M degrees from the University of Nairobi. LLM from the University of Houston, Texas and the SJD from Indiana University, Bloomington, U.S.A. Dr. Gakeri previously worked as the Ag. Director Examinations CLE. Before that he served as a Senior Lecturer at the Department of Private Law, University of Nairobi, School of Law, Parklands Campus. He has previously served as a Part-time lecturer in Law at the Strathmore University School of Accountancy and an Examiner for KASNEB.</p>
---	---



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	<p>Ms. Mutugi Mary Mugure Ag. Director Quality Assurance, Compliance and Accreditation</p> <p>Ms. Mutugi holds an LL.B (Hons) degree from Moi University, and a Master degree in International Conflict Management. Ms. Mutugi is an Advocate of the High Court of Kenya and a Commissioner of Oath. She has 10 years' experience in Legal Education and Training, 4 of which are in Legal Education and Regulation.</p>
	<p>Mr Jones Otuke Assistant Director Finance, Planning and Administration</p> <p>Mr Otuke holds an MBA (Finance) from University of Nairobi, Bachelors in Business Management from Moi University and he is a Certified Public Accountant of Kenya (CPA-K). He is a member of Institute of Certified Public Accountants Kenya (ICPAK). He has over 10 years of experience in the field of Finance. He previously worked for the Kenya School of Law and Ministry of Finance.</p> <p>Date of exit: 31st March 2020</p>
	<p>Mrs. Phoebe W. Kariuki Assistant Director Office Administrative Services/PA to the CEO</p> <p>Mrs. Kariuki holds a Master of Business Administration (Strategic Management), a Bachelors Degree in Management & Office Administration, a Professional Diploma in Law from the Institute of Legal Executives (UK) and a Diploma in Secretarial Studies. She has attended various administration and management skills training both locally and abroad specializing in Minutes & Report writing, Performance contracting, Strategic Management, Balanced Score Card, Leadership, Managing Change among others. She has over 20 years work experience.</p> <p>She has previously worked with Kenya School of Law and various Government Ministries in the Republic of Kenya.</p> <p>Date of retirement: 31st October 2019</p>
	<p>Ms. Ignazia K. Kaimba Internal Auditor</p> <p>Ms Kaimba holds a Master of Business Administration (Finance) and a Bachelor's Degree in Commerce from the University of Nairobi. She is a Certified Internal Auditor (CIA) and member of Global Institute of Internal Auditors (IIA). She is also a Certified Information System's Auditor and member of Information Systems Audit and Control Association (ISACA). She has over 15 years' experience in the area of risk management and corporate governance. She previously worked for Ministry of Finance, Ethics and Anti-Corruption Commission (EACC) and Chuka University.</p>



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019



Mr George W. Wafula
Ag. Director of Exams

Has a Master of Education Degree (Curriculum Development) from Kenyatta University, Bachelor of Education (B.Ed arts) of Kenyatta University, worked as a professional teacher for thirteen (13) years and in charge of school examination at the District level for three years. Served at the Public Service Commission(PSC) Examination Department starting as a Senior Examination officer to Principal Examination Officer for ten (10) years, joined the Council of Legal Education as Manager Examination in November 2015 and from April,2019, appointed as Ag Director Examinations.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 CHAIRMAN'S STATEMENT



Council is pleased to present the Annual Report and Financial Statements for the Council of Legal Education for the year ended June 30, 2019. During the period under review CLE registered significant growth in its operation with the expanded mandate. Council established structures to deliver the mandates and am happy to note that we successfully conducted Bar Examination in the year 2018/2019.

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

Council continues to monitor the quality of Legal education in the country through quality audits. This program ensures that Licenced legal education providers comply with the conditions of the licence hence protecting the public and consumers of legal education. During the Financial Year Council conducted six (6) legal audit and conducted five (5) inspections towards licensing legal educations providers.

Council continues to conduct Bar examination, where 5,572 candidates were examined during the year and 1,421 qualifying candidates were gazetted for admission to the Bar.

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

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

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


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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
REPORT OF THE SECRETARY/CHIEF EXECUTIVE OFFICER



Since the establishment under the new regulatory framework the Council of Legal Education has made concerted efforts in promoting and enhancing the quality of legal education in the country. Council continues to play its transformative role in the legal education sector as mandated by the Law. I take this opportunity to present an overview of the Council of Legal education performance for the Financial Year ending June 30, 2018.

During the year, Six (6) Institutions was audited, Five (5) inspected. Council continues to receive and process applications for recognition and approval of foreign qualifications. During the year Council reviewed the criteria to equate foreign law qualifications. A total of One Hundred and Thirty-One (131) applications were received and processed.

In the year 2018/2019, Council successfully conducted The Bar examination in July and November 2018. In the two the examination series 5,572 candidates were examined. A total of 1,421 qualified candidates were gazetted for admission to the Bar.

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

In the period under review, the Council's revenue reduced from Kshs.445.8 Million in 2017/18 to Kshs.382.2 Million in 2018/19. This is attributed to a decrease of Government of Kenya subvention which reduced from Kshs.260.2 million in 2017/2018 to kshs.210.5 million in 2018/2019.

Total recurrent expenditure rose from Kshs.311.1 million in 2017/18 to Kshs.321.3 Million in 2018/19. The increase is due to the Bar examination cost, staff cost and increase in operation cost.

The Council's total asset base increased from Kshs. 456.9 Million in 2016/2017 to Kshs.524.5 Million in 2018/19 financial year. Non-current assets went down by 40% from Kshs. 60.6 million to shs. 43.2 million.

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

Dr. J. K. Gakeri
SECRETARY/CHIEF EXECUTIVE OFFICER
COUNCIL OF LEGAL EDUCATION



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

Finance and General Purpose Committee

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

The committee members are:

- | | | |
|-----------------------------|---------------|-----------|
| 1. Dr. Njaramba Gichuki | - Chairperson | |
| 2. Dr. Stephen Ikikii | - Member | - Retired |
| 3. Mr. Joseph Muraga | - Member | |
| 4. Dr. Maurice Ajwang Owuor | - Member | |
| 5. Dr. J. K. Gakeri | - Secretary | |

Quality Assurance and Compliance Committee

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

The committee members are:

- | | |
|------------------------------------|-------------|
| 1. Hon. Justice Prof. J. B. Ojwang | - Chairman |
| 2. Ms Naomi Wagereka | - Member |
| 3. Mr. Joseph Muraga | - Member |
| 4. Dr. J. K. Gakeri | - Secretary |

Examination Committee

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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Committee members are:

- | | |
|------------------------------------|-------------|
| 1. Dr. Maurice Ajwang Owuor | - Chairman |
| 2. Hon. Justice Prof. J. B. Ojwang | - Member |
| 3. Dr. Njaramba Gichuki | - Member |
| 4. Dr. J. K. Gakeri | - Secretary |

Audit, Governance and Risk Management.

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

The members of the committee are:

- | | | |
|------------------------|-------------|-----------|
| 1. Dr. Elizabeth Muli | - Chairman | |
| 2. Dr. Stephen Ikikifi | - Member | - Retired |
| 3. Ms Naorni Wagereka | - Member | - Retired |
| 4. Ms. Diana Sawe | - Member | |
| 5. Internal Auditor | - Secretary | |



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
COUNCIL MEETING ATTENDANCE

Meetings held by the Council and committees (1 July 2017 to 30 June 2018)

Council/ Committee	Number of Meetings held
Council	14
Finance and General Purpose Committee (FGPC)	9
Quality Assurance and Compliance Committee (QACC)	10
Examination Committee (EC)	3
Audit, Governance and Risk Committee (AGRC)	5

Summary of attendance in meetings

Council Member	Date of Appointment	Council Meetings		FGPC		QACC		EC		AGRC		Total Meetings	
		App.	Att.	App.	Att.	App.	Att.	App.	Att.	App.	Att.	App.	Att.
Hon. Prof. Githu Muigai, ECH, SC	18 th April 2018	14	11	0	0	0	0	0	0	0	0	14	14
Hon. Justice J. B. Ojwang	13 th July 2017	8	6	0	0	8	6	2	2	0	0	18	14
Dr. Njaramba Gichuki	17 th February 2017	14	13	9	8	0	0	3	3	0	0	26	24
Dr. Stephen Ikikii	17 th February 2017	5	4	4	3	0	0	0	0	2	2	11	9
Dr. Elizabeth Muli	5 th June 2018	14	10	0	0	2	2	0	0	5	5	21	17
Dr. Maurice Ajwang Owuor	5 th June 2018	14	12	9	8	0	0	3	3	0	0	26	23
Ms Naomi Wageraka	19 th May 2017	9	8	0	0	8	8	0	0	3	3	20	19
Ms. Diana Sawe	17 th July 2018	12	9	0	0	5	5	0	0	3	3	20	17
Mr. Joseph K. Muraga	16 th April 2019	9	4	5	4	2	1	0	0	3	2	19	12
Ms. Mary Njuya	13 th June 20129	1	1	0	0	0	0	0	0	0	0	1	1
Mr. George Nyakundi	20 th May 2019	1	1	0	0	0	0	0	0	0	0	1	1

App. - Applicable
Att. - Attended



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Note

Applicable refers to the number of meetings members were eligible to attend during the period
Attended refers to the number of meetings members attended during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Quality Assurance and Licencing Department

During the Financial Year Council conducted six (6) legal audit and conducted five (5) inspections towards licensing legal educations providers. Legal education institutions inspected included:

Institution	Date of Inspection	Programme	Licencing Status
University of Nairobi - Kisumu Campus	27 th July 2018	LL.B	Licenced to 2023
Kisii University	26 th July 2018	Diploma in Law & LL.B	Application for renewal of Licence
Mt. Kenya University	25 th October 2018	LL.B	Licenced to 2023
Kisii University	22 nd February 2019	Diploma in Law & LL.B	Application for renewal of Licence
University of Embu	26 th February 2019	LL.B	Application for Licencing

In 2018/2019 Financial Year, Council successfully conducted Audit in the following institution:

Institution	Date of Audit	Programme	Licencing Status
Kenya Institute of Management	17 th August 2018	Diploma in Law and Management	Application for Licencing
University of Embu	17 th January 2019	LL.B	Application for Licencing
Catholic University of Eastern Africa	22 nd January 2019	LL.B	Licenced to 2021
UMMA University	12 th March 2019	LL.B	Application for Licencing
Egerton University	25 th April 2019	LL.B	Licenced to 2021
African Nazarene University	30 th May 2019	LL.B	Application for Licencing

The department also received and processed One hundred and thirty-one (131) application for foreign qualification.

The department also reviewed annual reports from thirteen (13) Licenced Legal Education providers as listed below: -

1. University of Nairobi - Parklands Campus
2. Jomo Kenyatta University of Agriculture and Technology
3. Africa Nazarene University
4. Kabarak University
5. Catholic University of Eastern Africa
6. Daystar University
7. Riara University
8. University of Nairobi - Mombasa Campus
9. University of Nairobi - Kisumu Campus
10. Strathmore University
11. Kenyatta University
12. Egerton University
13. Kisii University



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 Bar Examination Department

During the year 2018/2019, Council administered Bar Examination to 5,572 candidates in July and November 2016 respectively. 1,421 qualifying candidates were gazetted for admission to the Bar.

Finance, Planning and Administration Department

ISO Certification

During 2018/2019 Council received ISO 9001:2015 Certificate from Kenya Bureau of Standards (KEBS).

Performance Contract

The department facilitated the vetting of the Performance Contract for Financial Year 2018/2019 with the Performance Contracting Unit that was held at NITA-Athi River on 10th July 2018.

Financial performance

In the period under review, the Council's revenue reduced from Kshs.445.8 Million in 2017/18 to Kshs.382.2 Million in 2018/19. The Council's total asset base increased from Kshs. 456.9 Million in 2016/2017 to Kshs.524.5 Million in 2018/19 financial year.

Information Communication Technology

During the year, the section acquired a vendor for implementation of the Enterprise Resource Planning System.

Procurement

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

Training / Conferences

Council of Legal Education sponsored 35 members of staff to various trainings in different disciplines and nominated 9 management staff to relevant conferences.

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

Staff Medical Scheme

Human Resource facilitated the procurement of staff medical scheme with Madison Insurance. The section continues to monitor and facilitate utilization of this benefit.

Internship

In 2018/2019 Council continues to provide 3 months' internship opportunities to students who wish to gain practical experience in their areas of study. Council provided four (4) internships during the year.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 Council of Legal Education compliance with statutory requirements

During Financial Year 2018/2019 Council of Legal Education has complied with statutory requirements. Where Council has not remitted statutory deductions to the agencies, provisions for payables have been provided as per the accounting policies and the International Public-Sector Accounting Standards (IPSAS).

Key projects and investment decisions Council of Legal Education is planning/implementing

Council completed the implementation of two projects in the Financial Year 2018/2019 namely

1. Performance Management System through Balance Score Card; and
2. Enterprise Risk Management

Major risks facing Council of Legal Education

Risks

Credit risk management

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

Interest rate risk

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

Price risk

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

Liquidity risk management

Liquidity risk is the risk that the Council will not be able to meet its financial obligations when they fall due. The Council's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of damaging reputation. The Council ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

Material arrears in statutory/financial obligations

Council of Legal of Legal education is up to date in remitting its statutory and financial obligations.



COUNCIL OF LEGAL EDUCATION

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

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

To this end:

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

The Council commits to being open and transparent in the interests of promoting best practice in the financial resources for the public good.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 REPORT OF THE COUNCIL MEMBERS

The Council submit this report together with the financial statements for the year ended June 30, 2019 which show the state of the Council of Legal Education affairs.

Principal activities

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

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

Results

The Financial statements of the Council of Legal Education for the year ended June 30, 2019 are set out on page 1 to 34.

Council Members

The members of Council who served during the year are shown on page iv to vii. During the year two (2) Council Members were nominated to CLE Council while three (3) Council Members retired. In November 2018, the Council facilitated Members of the Audit, Risk and Governance Committee for an in-house capacity building facilitated by ICPAK. The Council Members also attended a Mwongozo training facilitated by SCAC (State Corporation Advisory Committee) in February 2019.

Dividends/Surplus

In accordance with Section 219 (2) of the PFM Act Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the year end of each financial year. Or the entity remitted Kshs. (FY 2018 Kshs.). The entity did not make any surplus during the year (FY 2017 Nil) and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the Council of Legal Education in accordance with Article 229 of the Constitution of Kenya, Public Audit Act 2015, Public Finance Management (PFM) Act, 2012 and of the Legal Education Act No. 27 of 2012 Section 28 which empowers the Auditor General to audit Council of Legal Education's Financial Statements.

By Order of the Council

Secretary/Chief Executive Officer
Council of Legal Education
P.O. Box 899 - 00502, Karen
Dr. K. Gakeri
SECRETARY/CHIEF EXECUTIVE OFFICER
COUNCIL OF LEGAL EDUCATION
NAIROBI

Date... 08.04.2021



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 STATEMENT OF COUNCIL'S RESPONSIBILITIES

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

The Council is responsible for the preparation and presentation of the Council of Legal Education's financial statements, which give a true and fair view of the state of affairs of the Council of Legal Education for year ended on June 30, 2019. This responsibility includes:

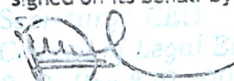
- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council of Legal Education;
- iii)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

The Council accept responsibility for the Council of Legal Education Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public-Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act and Legal Education Act, 2012. The Council is of the opinion that the Council of Legal Education's financial statements give a true and fair view of the state of Council's transactions during the financial year ended June 30, 2019, and of the Council of Legal Education's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the Council of Legal Education, which have been relied upon in the preparation of the Council of Legal Education's financial statements as well as the adequacy of the systems of internal financial control.


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

Approval of the financial statements


The Council of Legal Education's Financial Statements were approved by Council on 24-09-2024 and signed on its behalf by:


Dr. J. K. Gakeri
Secretary/Chief Executive Officer

COUNCIL OF LEGAL EDUCATION


Prof. Githu Mutgat, EGC, SC
Chairman

COUNCIL OF LEGAL EDUCATION


Dr. Njaramba Gichuki
Chairman Finance, Planning &
General Purpose Committee

COUNCIL OF LEGAL EDUCATION

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COUNCIL OF LEGAL EDUCATION FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Council of Legal Education set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2019, 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 knowledge and belief were necessary for the purpose of the audit.

In my opinion, except for effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Council of Legal Education as at 30 June, 2019, 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 the Legal Education Act, 2012.

Basis for Qualified Opinion

Cash and Cash Equivalents

The statement of financial position reflects a balance of Kshs.477,237,835 under cash and cash equivalents which, as disclosed in Note 16 to the financial statements, includes a revenue account cashbook balance of Kshs.457,455,920. However, a scrutiny of the bank reconciliation statement of the account for the month of June, 2019 reflected long outstanding receipts (credits) in the bank not in cashbook amounting to Kshs.2,021,712 some of which had remained outstanding since 2015.

In the circumstances, the accuracy of the reported cash and cash equivalents balance of Kshs.477,237,835 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Council of Legal Education Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs.382,245,200 against budgeted receipts of Kshs.370,566,800 resulting in an over collection of Kshs.11,678,400. Further, the Council's actual expenditure for the year amounted to Kshs.321,347,426 against an expenditure budget of Kshs.370,566,800 resulting in an under expenditure of Kshs.49,219,374 or 13%. The under-expenditure may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with National Cohesion and Integration Act, 2008

A review of the ethnic composition report indicates that out of the eleven (11) Council Members who served during the year, five (5) were from the same ethnic community which translates to 45% of the total number of Council Members. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that no public establishment shall have more than one third of its staff from same ethnic community. The Council was therefore, in breach of the law.

2. Employee Costs

Included in the reported employee costs of Kshs.101,982,602 is an amount of Kshs.4,657,920 being salary for an employee who served on contract beyond the mandatory retirement age contrary to Section D.21 of the Public Service Commission (PSC) Human Resource Policies and Procedures Manual for the Public Service that sets the mandatory retirement age at 60 years for all officers and 65 years for persons living with disability.

Management was therefore, in breach of the PSC Regulations.

3. Unremitted Statutory Deductions and Taxes

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.11,490,006 which, as disclosed in Note 20 to the financial statements, includes an amount of Kshs.2,934,680 relating to unremitted statutory deductions. The deductions include amounts of Kshs.2,036,585, Kshs.296,977 and Kshs.601,118 in respect of Pay As You Earn, Withholding Tax and Value Added Tax respectively, which had been outstanding for more than one (1) year. The Council was therefore, in contravention of Section 130 of the Income Tax Act which requires Pay As You Earn deducted from employees' earnings be remitted by the tenth day of the month following the deduction and Withholding Tax and VAT to be remitted by the twentieth day of the month following the charge.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the

internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

05 July, 2021



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
FINANCIAL STATEMENTS

COUNCIL OF LEGAL EDUCATION
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2019

	Notes	2018/2019	2017/2018
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Transfers from governments	6	210,464,800	260,200,000
		210,464,800	260,200,000
Revenue from exchange transactions			
Rendering of services	7	171,730,400	185,612,248
Other Income	8	50,000	8,000
		171,780,400	185,620,248
Total revenue		382,245,200	445,820,248
Expenses			
Employee costs	9	101,982,602	108,035,594
Council Allowances and Expenses	10	10,220,776	2,853,003
Repairs and Maintenance	11	839,841	839,846
General Expenses	12(a)	76,581,749	77,649,231
Taskforce Expenses	12(b)	-	19,756,307
ICT Related Costs	11	5,043,278	9,028,169
Examination Related Costs	14	61,355,645	63,775,751
Audit fees	15	1,200,000	2,400,000
Depreciation and Amortization Cost	19	24,123,536	26,718,900
Transfer Higher Educations Loans Board - Bar Examination Loan	24	40,000,000	-
Total expenses		321,347,426	311,056,800
Surplus before tax		60,897,774	134,763,447
Surplus/(Deficit) for the period		60,897,774	134,763,447
Attributable to:			
Surplus/(deficit)		60,897,774	134,763,447

The notes set out on pages 6 to 28 form an integral part of the Financial Statements



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

COUNCIL OF LEGAL EDUCATION
STATEMENT OF FINANCIAL POSITION
As at 30th June 2019

	Notes	2018/2019	2017/2018
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	16	477,237,835	389,247,265
Receivables from non-exchange transactions	17	1,546,710	2,799,734
Inventories	18	2,938,421	4,301,874
Total Current Assets		481,722,966	396,348,873
Non-current assets			
Property, plant and equipment	19	43,145,969	60,572,191
Total Non-Current Assets		43,145,969	60,572,191
Total assets		524,868,935	456,921,064
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	11,490,006	7,679,705
Employee benefit obligation	21	788,077	663,881
Deferred Income	22	52,646,800	47,731,200
Provision for Audit fees	23	600,000	2,400,000
Total Current Liabilities		65,524,883	58,474,786
Non-current liabilities			
Total liabilities		65,524,883	58,474,786
Net assets		459,344,052	398,446,278
Revenue Reserves		398,446,278	263,682,831
Surplus/(deficit) for the year		60,897,774	134,763,447
Accumulated funds		459,344,052	398,446,278

The Financial Statements set out on pages 1 to 34 were signed on behalf of the Council by:

Secretary/CEO
Council of Legal Education
P. P. P. 29-00502, Karen
NA
Dr. J. K. Gakeri
Secretary/Chief Executive Officer
Council of Legal Education

Purity N. Kimathi
CPA Purity N. Kimathi
Ag. Assistant Director
Finance Planning & Admin
ICPAK M/No.11969
Council of Legal Education

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

Date.....08.04.2021

Date.....

Date.....



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
COUNCIL OF LEGAL EDUCATION
STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2019

	Capital reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs
Changes in Equity for the year 2017/2018	-	263,682,831	263,682,831
Balance as at 1 st July 2017	-	134,763,447	134,763,447
Surplus/(deficit) for the period	-	-	-
Transfers to/from accumulated surplus	-	-	-
Balance as at 30th June, 2018	-	398,446,278	398,446,278
Changes in Equity for the year 2018/2019	-	398,446,279	398,446,278
Balance as at 1 st July 2018	-	60,897,774	60,897,774
Surplus/(deficit) for the period	-	-	-
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 June 2019	-	459,344,052	459,344,052



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
 COUNCIL OF LEGAL EDUCATION
 STATEMENT OF CASH FLOW
 For the year ended 30 June 2019

	Notes	2018/2019	2017/2018
Cash generated from operations		Kshs.	Kshs.
Surplus for the year before tax		60,897,774	134,763,447
Adjusted for:			
Depreciation	19	24,123,536	26,718,900
Contributed assets		-	-
Working capital adjustments:			
(Increase) /Decrease in inventory		1,363,453	(1,023,778)
(Increase)/Decrease in receivables		1,253,024	398,027
Increase/(Decrease) in Current Liabilities		7,050,094	(4,500,899)
Net cash flows from operating activities	25	94,687,882	156,355,697
Cash flow from investment activities			
Purchase of Property Plant and Equipment	19	(6,697,312)	(10,497,489)
Net Cash flow used in investment activities		(6,697,312)	(10,497,489)
Net cash flows used in financing activities		-	-
Net increase in Cash and Cash Equivalents		87,990,570	145,858,208
Cash and Cash Equivalent as at 1st July 2018		389,247,265	243,389,057
Cash and Cash Equivalent as at 30th June 2019	16	477,237,835	389,247,265



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
 COUNCIL OF LEGAL EDUCATION
 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30TH JUNE 2019

Income estimates	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
GoK Grants - Recurrent	210,464,800	-	210,464,800	210,464,800	-
Appropriation In Aid (Accreditation fees)	2,640,000	-	2,640,000	4,800,000	- 2,160,000
Examination Fees	115,152,000	40,000,000	155,152,000	165,620,400	- 10,468,400
Foreign Qualification Equation	2,310,000	-	2,310,000	1,310,000	1,000,000
Other Income	-	-	-	50,000	- 50,000
Total Income	330,566,800	40,000,000	370,566,800	382,245,200	- 11,678,400
RECURRENT EXPENDITURE					
Employee Costs	144,342,930	- 36,400,000	107,942,930	101,982,602	5,960,328
Repairs and Maintenance Expense	1,000,000	-	1,000,000	839,841	160,159
Depreciation and Amortization Expense	-	-	-	24,123,536	- 24,123,536
General Expenses	93,973,870	- 7,100,000	86,873,870	76,581,749	10,292,121
Council Allowances and Expenses	10,000,000	1,000,000	11,000,000	10,220,776	779,224
ICT Related Costs	11,250,000	-	11,250,000	5,043,278	6,206,723
Bar Examination Costs	69,400,000	2,500,000	71,900,000	61,355,645	10,544,355
Legal Education Bursary Fund	-	80,000,000	80,000,000	40,000,000	40,000,000
Audit Fees	600,000	-	600,000	1,200,000	- 600,000
Total Recurrent Budget	330,566,800	40,000,000	370,566,800	321,347,426	



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019 NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

Principal Activity of the Council of Legal Education

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

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

The Council of Legal Education's Financial Statements have been prepared in accordance with and in compliance to International Public Sector Accounting Standards (IPSAS 1) which was adopted in the year 2013/2014 following the gazette of the Public Sector Accounting Standards Board (PSASB), which was established by the Public Financial Management Act (PFM) No.18 of 24th July 2012. PSASB issued Financial Reporting Standards and Guidelines to be adopted by all state organs and Public Sector Entities, which Council complies with. The Financial Statements have been prepared in accordance to PFM Act and State Corporations Act and International Public Sector Accounting Standards (IPSAS). The Financial Statements are presented in Kenya shillings, which is the functional and reporting currency of the Council. The accounting policies have been consistently applied to all the years presented.

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

3. Adoption of New and Revised Standards

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations. The Council is a Semi-Autonomous Government Agency and is not combined with any other entity.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for the assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none">• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>(Council of Legal Education will not be affected by the Standard)</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none">(a) The nature of such social benefits provided by the entity;(b) The key features of the operation of those social benefit schemes; and(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>(Council of Legal Education will not be affected by the Standard)</p>

- iii. Early adoption of standards

Council of Legal Education did not adopt any new or amended standards in year 2019.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

i) Revenue from Non-Exchange Transactions - IPSAS 23

Fees, taxes and fines

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

Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Council and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from Exchange Transactions - IPSAS 9

Rendering of Services

The Council recognizes revenue from rendering of services like Licencing fee, Bar examination fees and Foreign qualification fees when the event occurs or by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

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

Interest Income

The Council operates two (2) Current bank account with National Bank of Kenya. The Council does not expect to receive any future cash receipts from the current accounts.

b) Budget Information - IPSAS 24

The original budget for FY 2018-2019 was approved by the National Assembly. Subsequent revision and additional appropriations were made to the approved budget in accordance with specific approvals from the Council and The National Treasury and Planning. The additional appropriations are added to the original budget by Council of Legal Education upon receiving the respective approvals from the Council and The National Treasury and Planning to conclude the final budget. Accordingly, Council of Legal Education recorded appropriation on the 2018-2019 budget following the governing body's approval.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

c) Taxes

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Property, plant and Equipment - IPSAS 17

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

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

The annual depreciation rates in use are:

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

Council derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset is included in the surplus or deficit when the asset is derecognized. (Disclosure note 19)



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

e) Intangible Asset

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

Computer software amortization rate is 33.3% per annum (Disclosure note 19)

f) Leases

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

A lease is classified as a Finance lease when it transfers substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

Rentals payable under operating leases are recognized as an operating expense on the straight-line basis over the term of the relevant lease. (Disclosure note 29)

g) Inventories - IPSAS 12

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

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

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

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

Consumable stock is valued at cost using weighted average method. (Disclosure note 18)



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

i) Provisions

Provisions are recognized when Council of Legal Education 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 Council of Legal Education expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent Liabilities

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

The Council of Legal Education has 34 (thirty-four) pending cases in Court. Council does not foresee any outflow of economic resources on the cases in court. (Further disclosure note number 26).

Contingent Assets

The Council of Legal Education 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 future events not wholly within the control of the Council in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statement. If it has become virtually certain that an inflow of economic benefit 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.

j) Nature and Purpose of Reserves

Council of Legal Education creates and maintains reserves in terms of specific requirements. Reserves are listed as below

- i) Retained Earnings - this is the sum of all accumulated surplus and deficits as at the reporting date
- ii) Capital Development Reserve - this represents funds set aside by Council for specified capital development
- iii) Legal Education revolving fund reserve - this represents funds set aside for the legal Education Revolving Fund.

k) Changes in Accounting Policies and Estimates - IPSAS 3

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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

l) Employee Benefits - IPSAS 25

i) Retirement benefit Plans

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

The Council and its employees also contribute to the National Social Security Fund, a statutory defined contribution pension scheme. The Council's contributions in respect of retirement benefit are charged as expenses in the year to which they become payable. (Disclosure note 33)

ii) Short Term Employee Benefits

The cost of short term employee benefits, such as leave pay, is recognized during the period in which the employee renders related services. (Disclosure note 22)

m) Related Parties- IPSAS 20

The Council of Legal Education regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Council. Council considers the Government (Disclosure in note 6), Council members, and Senior Management (Disclosure in note 28) as related parties.

n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short-term cash imprests, petty cash balance and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year (further disclosure in note 16).

o) Comparative Figures

Council of Legal Education was established by the Legal Education Act 2012. It became fully operational as from June 1, 2013, this being the 5th year of operations, comparative figures are for 2018/2019 financial year.

p) 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, 2019.

5. Significant Judgments and Sources of Estimation Uncertainty - IPSAS 1

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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

i) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Council based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Council. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

ii) Useful Lives and residual values

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

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

iii) Provisions

Provisions are raised and management determines an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Provision for Audit Fee has been subjected to this treatment.

Provision for bad debt

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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

2018/2019

2017/2018

Kshs.

Kshs.

6. Revenue from non-exchange transactions

Transfer from Government

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 2018-2019	2017-2018
			KShs	KShs	KShs
Office of Attorney General and Department of Justice	210,464,800	-	-	210,464,800	260,200,000
Total	210,464,800	-	-	210,464,800	260,200,000

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

	Date	Recurrent	Development	Total
1 st quarter	14/08/2018	53,690,000	-	53,690,000
2 nd quarter	31/10/2018	53,690,000	-	53,690,000
3 rd quarter	19/02/2019	49,394,800	-	49,394,800
4 th quarter	29/04/2019	53,690,000	-	53,690,000
Total		210,464,800	-	210,464,800

7. Revenue from exchange transactions

	2018/2019	2017/2018
	Kshs.	Kshs.
Rendering of services		
Accreditation fees	4,800,000	4,100,000
Equating Foreign qualification	1,310,000	844,931
Examination	69,370,000	90,787,617
Resits	78,565,400	75,529,500
Remarks	17,685,000	14,350,200
	<u>171,730,400</u>	<u>185,612,248</u>

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

Council charged Licencing fees @ Kshs. 1,600,000.00
 Council charges equation of foreign qualification @ Kshs. 10,000
 Council charges Kshs. 5,000 per unit bar examination for nine units
 Council charges Kshs. 10,000 per unit for re-sits
 Council charges Kshs. 15,000 per unit for re-marks

NB: Included in the Resit Kshs. 46,191,200 transferred from Deferred income having met the income recognition criteria.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

15. Audit Fees Costs		2018/2019	2017/2018
Audit fees		1,200,000	2,400,000
		<u>1,200,000</u>	<u>2,400,000</u>

Audit fees relate to Audit fees for four (4) financial years when the Office of Auditor General did not invoice Council of Legal Education

16. Cash and Cash equivalent		2018/2019	2017/2018
Bank account No. 01023033161101		457,455,920	363,357,727
Bank account No. 01023033161100		19,710,941	25,863,404
Petty cash		70,974	26,134
		<u>477,237,835</u>	<u>389,247,265</u>

Financial institution	Account number	2018-2019 KShs	2017-2018 KShs
a) Current account			
National Bank of Kenya -Hill Branch	01023033161101	457,455,920	363,357,727
National Bank of Kenya -Hill Branch	01023033161100	19,710,941	25,863,404
Sub- total		477,166,861	389,221,131
b) Others(specify)			
Petty Cash		70,974	26,134
Sub- total		70,974	26,134
Grand total		477,237,835	389,247,265

17. Receivable from non-exchange transactions		2018/2019	2017/2018
Accounts receivable		548,367	143,667
Prepayments		525,412	1,014,564
Staff Advances		83,331	129,999
PAYE Receivable		234,000	234,000
Imprest Account		155,600	747,376
Medical Scheme		-	530,128
		<u>1,546,710</u>	<u>2,799,734</u>

PAYE Receivable include PAYE remitted to Kenya revenue Authority inadvertently for members of Council who did not attend meetings. The Accounts Receivables is for amounts paid to Tina Holdings for provision of fuel in the FY 2014/2015. The Company ceased operating Petrol Station and Council is yet to be refunded.

18. Inventories		2018/2019	2017/2018
Consumable stores		2,938,421	4,301,874
		<u>2,938,421</u>	<u>4,301,874</u>

Inventories is valued at cost and it is made up of consumable stock in the general operation of the Council that include the following:

1. General Stationery ksh.2,227,527.00
2. Cleaning Materials ksh.258,779.00
3. Examination material ksh.452,115.00



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

19. Property, Plant and Equipment

	Furniture, Fittings & fixture	Motor Vehicle	Plant and equipment	Computer equipment	Computer Software	Work-in- Progress	Total
Depreciation rate	12.5%	20%	20%	33.3%	33.3%	0.0%	
Cost	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
At 1 July 2017	52,078,412	40,948,162	18,237,018	8,041,533	791,920	5,968,502	126,065,547
Additions	166,670	-	191,480	10,139,340	-	-	10,497,490
Disposal/ fully depreciated items	-	(7,908,800)	(3,772,570)	(4,434,107)	(791,920)	-	(16,907,397)
Transfer/ adjustment	-	-	-	-	-	-	-
Capitalization of Computer Software	-	-	-	-	5,968,502	(5,968,502)	-
At 30th June 2018	52,245,082	33,039,362	14,655,928	13,746,766	5,968,502	-	119,655,640
At 1 July 2018	52,245,082	33,039,362	14,655,928	13,746,766	5,968,502	-	119,655,640
Additions	-	-	5,622,434	924,878	150,000	-	6,697,312
Capitalization	-	-	-	-	-	-	-
Disposal/ fully depreciated items	-	-	-	-	-	-	-
Transfer/ adjustment	-	-	-	-	-	-	-
At 30th June 2019	52,245,082	33,039,362	20,278,362	14,671,644	6,118,502	-	126,352,952
Depreciation and impairment							
At 1 July 2017	18,759,271	16,851,722	8,982,973	4,150,321	527,656	-	49,271,944
Depreciation for the year	6,530,635	8,189,632	3,685,700	6,059,685	2,253,249	-	26,718,900
Impairment	-	-	-	-	-	-	-
Disposals/ fully depreciated items	-	(7,908,800)	(3,772,570)	(4,434,107)	(791,920)	-	(16,907,397)
Transfer/ adjustment	-	-	-	-	-	-	-
At 30th June 2018	25,289,906	17,132,554	8,896,103	5,775,899	1,988,984	-	59,083,447
At 1 July 2018	25,289,906	17,132,554	8,896,103	5,775,899	1,988,984	-	59,083,447
Depreciation for the year	6,530,635	6,607,872	4,055,672	4,890,059	2,039,297	-	24,123,536
Impairment	-	-	-	-	-	-	-
Disposals/ fully depreciated items	-	-	-	-	-	-	-
Transfer/ adjustment	-	-	-	-	-	-	-
At 30th June 2019	31,820,541	23,740,427	12,951,775	10,665,958	4,028,281	-	83,206,983
NBV At 30 June 19	20,424,541	9,298,935	7,326,587	4,005,685	2,090,221	-	43,145,969
NBV At 30 June 18	26,955,175	15,906,807	5,759,825	7,970,866	3,979,517	-	60,572,191



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

20. Trade and other Payables from Non- exchange transactions

	2018/2019	2017/2018
	Kshs.	Kshs.
Pension Payable	-	216,453
PAYE Payable	3,768,209	3,618,857
Withholding tax payable	588,647	535,124
VAT With holding Payable	601,118	601,843
Contract retention	666,944	619,527
Insurance recoveries payable	3,975	3,975
Trade payables	5,384,162	1,606,979
Net Pay payable	3,383	3,377
Income tax payable	473,568	473,570
	<u>11,490,006</u>	<u>7,679,705</u>
	2018/2019	2017/2018
21. Employee Benefit	788,075	663,882
Leave allowance	<u>788,075</u>	<u>663,882</u>

Annual leave accrues to employees on a monthly basis, the provision is an estimate of the amounts due to staff at the end of 2018/2019 Financial Year based on the terms of employment and Staff Manual. The salary scale used in the estimate are those payable at the end of financial year.

Description	Defined benefit plan	Post-employment medical benefits	Leave Allowance	Total (2018/2019)
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	788,075	788,075
Non-current benefit obligation	-	-	-	-
Total employee benefits obligation	-	-	788,075	788,075

	2018/2019	2017/2018
	Kshs.	Kshs.
22. Deferred income		
Examination fee received in advance	52,646,800	47,731,200
	<u>52,646,800</u>	<u>47,731,200</u>

Deferred income related to Bar Examination fee for July and November 2018 Examination.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Description	2018-2019	2017-2018
	KShs	KShs
Bar Examination Fee	52,646,800	47,731,200
Total deferred income	52,646,800	47,731,200

The deferred income movement is as follows:

	Bar Examination Fee	International funders	Public contributions and donations	Total
Balance brought forward	47,731,200	0	0	47,731,200
Additions	52,646,800	0	0	52,646,800
Transfers to Capital fund	(0)	(0)	(0)	(0)
Transfers to income statement	(47,731,200)	(0)	(0)	(47,731,200)
Other transfers	(0)	(0)	(0)	(0)
Balance carried forward	52,646,800	0	0	52,646,800

Deferred income transferred to income statement related to income recognized and having met the recognition criteria in the following income accounts

Exam Resit Fees	Kshs. 48,931,800
Examination Fees	<u>Kshs. 3,715,000</u>
Total	<u>Kshs. 52,646,800</u>

The income recognized of Kshs. 48,936,000 is related to July 2018 Bar Examination series for the Exam Resit Fees and November 2018 Bar Examination for the Examination Fees.

23. Provision for Audit Fees Payable	2018/2019	2017/2018
	Kshs.	Kshs.
Audit Fees	<u>600,000</u>	<u>2,400,000</u>
	600,000	2,400,000

Provision for Audit fees relate to Audit fees for one (1) financial year when the Office of Auditor General did not invoice Council of Legal Education.

Provision Audit fees	Kshs.
2018/2019 Audit fee	600,000
Total	600,000

24. Transfer Higher Education Loans Board - Bar Examination Loan	2018/2019	2017/2018
	Kshs.	Kshs.
Transfer HELB- Bar Examination Loan	<u>40,000,000</u>	<u>-</u>
	40,000,000	-

Council of Legal Education (CLE) partnered with Higher Education Loans Board (HELB) to establish Bar Examination Loans to provide loans to candidates undertaking the Bar Examination. CLE transferred Ksh. 40 million to HELB. HELB and CLE signed a service agreement to guide the partnership.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

25. Cash Generated from Operations

	2018-2019	2017-2018
Surplus for the year before tax	60,897,774	134,763,447
Adjusted for:		
Depreciation	24,123,536	26,718,900
Working Capital Adjustments:		
Decrease/Increase in inventory	958,753	(1,023,778)
Increase in Receivables	1,657,725	398,027
Decrease/Increase in Deferred Income	4,915,600	(2,564,300)
Decrease/Increase in Payables	2,134,494	(1,936,599)
Net Cash flow from Operating Activities	94,687,882	156,355,697

26. Financial Risks Management

Council of Legal Education 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. Council of Legal Education does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

Council of Legal Education financial risk management objectives and policies are detailed below:

Credit risk

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	1,546,710	-	-	-
Bank balances	477,237,835	-	-	-
Total	478,784,545	-	-	-
At 30 June 2018				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	2,799,734	-	-	-
Bank balances	389,247,265	-	-	-
Total	392,046,999	-	-	-

Market risk

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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

Council of Legal Education Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

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

Foreign currency risk

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

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The Council manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Price risk

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

Liquidity risk management

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

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

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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	5,384,162	-	-	5,384,162
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	52,646,800	-	-	52,646,800
Employee benefit obligation	788,077	-	-	788,077
Total	58,819,039	-	-	58,819,039
At 30 June 2018				
Trade payables	1,606,979	-	-	1,606,979
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	47,731,200	-	-	47,731,200
Employee benefit obligation	663,882	-	-	663,882
Total	50,002,061	-	-	50,002,061

Capital Risk Management

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

	2018-2019	2017-2018
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	459,344,052	400,846,278
Capital reserve	-	-
Total funds	459,344,052	400,846,278
Total borrowings	-	-
Less: cash and bank balances	(477,237,835)	(389,247,265)
Net debt/(excess cash and cash equivalents)	(477,237,835)	(389,247,265)
Gearing	0%	0%

27. Related parties' transactions

Entities and other parties related to Council of Legal Education include those parties who have ability to exercise control or exercise significant influence over its Operating and Financial decisions. Council of Legal Education is related to

- i) The National Government;
- ii) State Law Office and Department of Justice;
- iii) Council Members;
- iv) Key Management;

The following transactions were carried out with related parties



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
Related party transactions

	2018/2019	2017/2018
	Kshs.	Kshs.
Transactions with related parties		
a) Grants from the Government		
Transfers from State Law Office and Department of Justice	210,464,800	260,200,000
Total	210,464,800	260,200,000
b) Key Management compensation		
Directors' emoluments	10,220,779	2,853,003
Compensation to the CEO	6,893,539.09	7,997,560.70
Compensation to key management	22,713,417.08	22,457,336.90
Total	39,827,735.17	33,307,900.60
Total	250,292,535.17	293,507,900.60

Transfers from State Law Office and Department of Justice on behalf of Council of Legal Education	2018/2019 210,464,800	2017/2018 260,200,000
Council Members and expenditure	<u>210,464,800</u>	<u>260,200,000</u>
	2018/2019	2017/2018
Council members allowances	10,220,776	2,853,003
	<u>10,220,776</u>	<u>2,853,003</u>

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria	960,000	206,834
Council Sitting Allowances	3,002,000	1,029,205
Per Diem Allowance	2,963,730.60	190,880
Mileage	164,540	0
Training	2,747,328	1,245,884
Catering	323,177	124,200
Under cast Chairman honoraria	-	56,000
Telephone allowance	60,000	-
Total Council expenses	10,220,776	2,853,003

Key management remuneration	2018/2019	2017/2018
Key management compensation	29,606,956	30,454,898
	<u>29,606,956</u>	<u>30,454,898</u>

28. Operating Lease

Council has leased office premises under an operating lease. The three leases typically run for 6 years with an option for renewal. Lease payments are increased accordingly to reflect market rentals. The



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Council does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognized in the Statement of Financial Performance

The first lease commencement date is 1/7/2013 and is to run for 6 years, this expired as at 30th June 2019 and Council is seeking a renewal of the same, while the second lease commenced on 1/7/2014 and is to run for 6 years and the third lease commenced on 1/7/2016 and is to run for 6 years.

At the end of the reporting period, Council had Outstanding Commitments of kshs.19,649,160.65 on the two leases under non-cancellable Operating Leases in relation to the lease of the office premises.

30. Contingent Liabilities

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

Contingent liabilities	2018-2019	2017-2018
	Kshs	Kshs
35 Court cases pending as at June 30, 2019	-	-
Bank guarantees in favour of subsidiary	-	-
Total	-	-

29. Capital Commitments

Capital Commitment	2018-2019	2017-2018
	KShs	KShs
Authorised for	0	0
Authorised and contracted for	0	0
Total	0	0

30. Dividends/Surplus Remission

In accordance with Section 219 (2) of the PFM Act Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the year end of each financial year. Or the entity remitted Kshs. (FY 2018 Kshs.). The entity did not make any surplus during the year (FY 2018 Nil) and hence no remittance to the Consolidated Fund.

31. Retirement Benefit obligation

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

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



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The total pension expense recognized in the income statement of KShs. 12 million (FY 2018/19: KShs. 12 million) represents contributions paid to the plan by the Council at 20% rate of the basic salaries. Employees contribute 10% of their basic salary. The employee contribution has been included within the employee costs.

The table below outlines the amount remitted to the fund since inception. This has been done up to end of 30th June 2019.

No	Financial Year	Employer	Employee	Gross
1	2013/2014	277,682	138,841	416,523
2	2014/2015	4,486,394	2,243,197	6,729,591
3	2015/2016	9,773,390	4,886,695	14,660,085
4	2016/2017	13,037,736	6,518,868	19,556,604
5	2017/2018	13,232,474	6,616,237	19,848,711
6	2018/2019	12,425,189	6,212,595	18,637,784
Totals		53,232,865	26,616,433	79,849,298

32. Events after the Reporting Period

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

33. Ultimate and Holding Entity

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

34. Currency

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

35. Statement of Comparison of Budget and Actual

a) Changes from Original Budget

Council of Legal education budget changed from the original budget through Supplementary I and II and budget reallocation.

b) GoK Grant- Recurrent

The budget item did not report any variance, this is because Council received the full subvention from Government as per the appropriation bill.

c) Accreditation fee

Statement of Comparison of Budget and Actual shows -100% variance on Appropriation in Aid from accreditation fees paid by institutions licensed to teach legal studies. During 2018/2019 financial year Council collected **Kshs. 4.8 million** against a target of **Kshs. 2.640 million** due to enhanced compliance to CLE regulations.

The Council collected **Kshs. 1.31 Million** against a target of **Kshs. 2.31 Million** in Foreign Qualification Equation leading to a 43% variance due to reduction in student seeking for foreign qualification.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

d) Examination fees

Council realised a variance of -9% on examination fees. The variance is due to the high numbers of candidates who registered for the Bar examination than projected,

e) Repairs and Maintenance

The variance of 16% is due to austerity measures put in place.

f) General Expenses Costs

During the 2018/19 Financial Year, Budget items under the General administration category have a favourable variance of 12% due to the austerity measures put in place.

g) ICT related costs

During the 2018/19 Financial Year, Budget items under the ICT Related Cost category have a favourable variance of 55%. In the year, the Council received a directive from the ICT Authority stopping all ICT procurement unless authority is sought from them. This was later reviewed and the Council procurement started late in the year.

h) Bar examination costs

During the 2018/19 Financial Year, Budget items under the Bar Examination Cost category have a favourable variance of 14% due to the austerity measures put in place.

i) Depreciation expenses

This has been included in the budget vs actual amount for reconciliation purpose with the with the Financial Performance for 2018 / 2019. During the budgeting process depreciation is not included as it is a non-cash transaction hence the -100% variance.

j) Audit Fees

The Office of the Auditor General is yet to bill the Council for audit undertaken financial year 2017/2018. The variance is caused by the creation of the provision to pay Audit Fees.

k) Legal Education Bursary Fund

The variance of 50% is due to supplementary II that gave the Council Kshs. 40 M at the end of the financial year 2018/2019.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Basis for Qualified Opinion	Included in cash equivalent balance is Kshs. 389,247,265 as disclosed at note 16 to the financial statements is National Bank of Kenya revenue account balance of Kshs. 363,357,727 for which the supporting bank reconciliation statement reflects direct deposits of Kshs. 1,869,512.30 out of which deposits amounting to Kshs. 1,203,511 have been outstanding for more than six months. No explanation has been	<p>Revenue Account direct deposits amounting to Kshs. 1,203,511.30 outstanding for more than six months</p> <p>Council of Legal Education bank reconciliation as at 30th June 2018 has credits in bank not in cashbook amounting to Kshs. 1,869,512.30 of which Kshs. 1,203,511.30 has been outstanding for more than six months. This is occasioned when individuals deposit money in the Council of Legal Education account directly but do not seek the service they have paid for. In such a case Council is not in a position to receipt recognize</p>	Dr. J. K. Gakeri Secretary/ CEO	Solved	June 2019



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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)
	<p>provided for not clearing these items in time. In addition, the reconciliation statement for the National Bank of Kenya expenditure account reflects un-presented cheques totalling to Kshs. 9,528,386 and whose clearance status as at 31 December 2018 had not been disclosed by management.</p> <p>In the circumstances the validity and accuracy of cash and cash equivalent balance of Kshs. 389,247,265 as at 30 June 2018 could not confirmed</p>	<p>the funds deposited in bank as revenue because service has not been rendered and the individual has not presented the evidence of payment as per our procedures.</p> <p>Direct deposits in bank not in cashbook are in most cases related to candidates who deposit examination fee in Council's bank account but do not register for examination and in this case the period is more than six months. It is important to note that Council Conducts the Bar Examination twice in a year. The reconciling items listed in the credits in bank not in cashbook are only cleared when the candidate presents the original deposit slip and registers for examination or seeks the service for which they have paid. Council in consultation with the bank endeavours to clear the direct deposits in time when there is sufficient information to recognize the funds in our books.</p> <p>Expenditure account un-presented cheques of Kshs. 9,528,386 The Council of Legal Education bank reconciliation statement as at 30th June 2018 for the revenue account has un-presented cheques amounting to Kshs. to Kshs. 9,528,386. All the</p>			



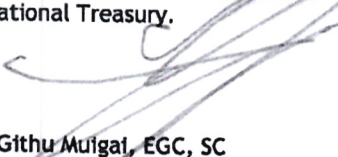
COUNCIL OF LEGAL EDUCATION

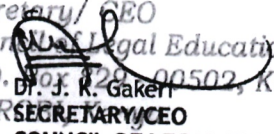
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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)
		unpresented cheques cleared by 30 th September 2018. Council Attaches bank statements for the expenditure July to September 2018 showing when the cheques cleared and a summary showing clearance status.			

Guidance Notes:

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


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


 Secretary/ CEO
 Council of Legal Education
 P. O. Box 128-00502, Karen
 NAIROBI
 SECRETARY/CEO
 COUNCIL OF LEGAL EDUCATION

Date.....

Date: 08.04.2021.....



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
APPENDIX II: PROJECTS IMPLEMENTED BY COUNCIL OF LEGAL EDUCATION

Projects

Projects implemented by Council of Legal Education and Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	-	-	-	-	-	-
2	-	-	-	-	-	-

NB: Donor grants and transfer from other MDA's are not applicable to Council of Legal Education.

Status of Projects completion

	Project	Total project Cost	Total expended to date	Comple tion % to date	Budget	Actual per quarter	Sources
1	Implementati on of Performance Management System by use of Balance Score Card	2,800,000	2,800,000	100%	2,800,000	0	Internal
2	Implementati on of the Enterprise Risk Management	2,991,000	2,991,000	100%	2,991,000	0	Internal
3	Implementati on of the E-Board system	1,600,000	1,600,000	100%	1,600,000	0	Internal
4.	Installation of Air Condition	5,406,296	5,406,296	100%	5,500,000	0	Internal
Total		12,797,296	12,797,296		12,891,000	0	



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		COUNCIL OF LEGAL EDUCATION	
Break down of Transfers from the State Law Office and Department of Justice			
FY 2018/19			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	14/08/2018	53,690,000.00	2018/2019
	31/10/2018	53,690,000.00	2018/2019
	19/02/2019	49,394,800.00	2018/2019
	29/04/2019	53,690,000.00	2018/2019
	Total	210,464,800.00	
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		0	
	Total	0	
c. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		0	
	Total	0	
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		0	
	Total	0	

The above amounts have been communicated to and reconciled with State Law Office and Department of Justice

Mr. Jones O. Otuke
Assistant Director Finance, Planning
& Administration
COUNCIL OF LEGAL EDUCATION

Mr. Paul Masinde
Chief Finance Officer
STATE LAW OFFICE
AND DEPARTMENT OF JUSTICE

Sign _____ Date _____

Sign _____ Date _____



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
	as per bank statement				Capital Fund	Deferred Income	Receivables	Others - must be specific	
Office of Attorney General and Department of Justice	14/08/2018	Recurrent	53,690,000	53,690,000	-	-	-	-	53,690,000
"	31/10/2018	Recurrent	53,690,000	53,690,000	-	-	-	-	53,690,000
"	20/02/2019	Recurrent	49,394,800	49,394,800	-	-	-	-	49,394,800
"	29/04/2019	Recurrent	53,690,000	53,690,000	-	-	-	-	53,690,000
Total			210,464,800	210,464,800	-	-	-	-	210,464,800