

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 05 MAR 2019	DAY: TUESDAY
TABLED BY:	MAJORITY LEADER
CLERK AT THE TABLE:	

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA MARINE AND FISHERIES
RESEARCH INSTITUTE

FOR THE YEAR
ENDED 30 JUNE 2018

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KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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





**KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
FINANCIAL REPORTS FOR THE YEAR ENDED 30TH JUNE 2018**

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I. KEY ENTITY INFORMATION AND MANAGEMENT

Background information

Kenya Marine and Fisheries Research Institute (KMFRI) was established by an Act of Parliament (**The Science and Technology Act, Cap 250 of the Laws of Kenya**) in 1979 after the collapse of the East African Community. However, Cap 250 has since been repealed by the Science, Technology and Innovation Act, No.28 of 2013.

Principal Activities

KMFRI's main role is to undertake research in "marine and freshwater fisheries, aquaculture, environmental and ecological studies", in order to provide scientific data and information for sustainable exploitation, management and conservation of Kenya's fisheries and aquatic resources, and contribute to National strategies of food security, poverty alleviation, clean environment and creation of employment as provided for under Vision 2030. Elaborately, the roles of KMFRI include:

- (a) To conduct multidisciplinary and collaborative research of fish ecology, population dynamics, stock assessment and general aquatic ecology.
- (b) To collect and disseminate scientific information on fisheries and other aquatic resources and related natural products.
- (c) To study and identify suitable species for culture including development, adoption and transfer of rearing technology and procedure.
- (d) To study chemical and physical processes that affect productivity of aquatic ecosystems.
- (e) To monitor water quality and pollution in fresh and marine water environments.
- (f) To carry out socio-economic research on aspects relevant to fisheries, environment and other aquatic resources.
- (g) To establish a marine and freshwater collection for research and training purposes.
- (h) To offer training facilities to aquatic scientists.
- (i) To conduct research on fish quality control, post-harvest preservation and value addition technologies.

Vision

A Centre of Excellence in innovative research in marine and fisheries.

Mission

To generate and disseminate scientific information for sustainable utilization of marine and fisheries resources, development of strategic enterprises, food security, employment creation, conservation and restoration of the aquatic environment.

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Strategic Objectives

KMFRI's Strategic Objectives for the period 2016-2020 are as below:

- (a) To conduct innovative, demand-driven and relevant research in aquatic ecosystems;
- (b) To disseminate research information and innovative technologies to stakeholders;
- (c) To undertake research on promotion of investments in the Blue Economy;
- (d) To increase community participation and promote outreach programs;
- (e) To mobilize financial and human resources to implement KMFRI's core functions and develop research infrastructure;
- (f) To strengthen institutional structure and capacity; and
- (g) To promote local and international collaboration and partnerships.

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Parent Ministry:-

- Ministry of Agriculture, Livestock, Fisheries & Irrigation.
- **Entity Headquarters/Contacts,**
Silos Road, English Point – Mkomani,
P.O. Box 81651 – 80100
Mombasa, Kenya
Telephone No.: +254 (20) 8021560/1, 0712003853
Email: director@kmfri.co.ke / kmfridirector@gmail.com
Website: <http://www.kmfri.co.ke>

Bankers: -

- National Bank of Kenya,
Nkrumah Road Branch,
P.O. Box 90363 – 80100,
Mombasa, Kenya
- Kenya Commercial Bank,
P.O. Box 150 – 30500,
Lodwar, Kenya
- Kenya Commercial Bank,
P.O. Box 130 – 20117,
Naivasha, Kenya
- Standard Chartered Bank,
Treasury Square,
P.O. Box 90170 – 80100,
Mombasa, Kenya

Independent Auditors: -

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

Principal Legal Advisor: -

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

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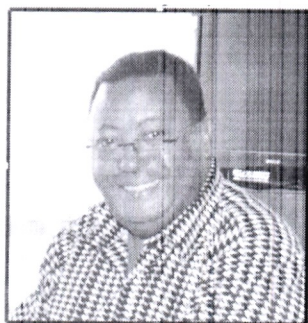
II. BOARD OF MANAGEMENT: -

The new Chairman of the Board of Management was appointed on 21st September, 2018. Other Board of Management are yet to be appointed.

BOARD OF MANAGEMENT MEMBERS

The new KMFRI Board of Management:-

Hon. John Safari Mumba	Chairman
Ms. Nancy Kagau	Representative PS - State Dept. for Fisheries & Blue Economy
Dr. Indenje Wanyama	Representative PS – The National Treasury
Ms. Rachael Nyambura Mbugua	Representative - Office of the Attorney General
Prof. James M. Njiru	Director of KMFRI



Date of Birth: 1946

Date of Appointment: 21st September, 2018

Key Qualifications: Bachelor of Science Degree (Zoo/Bot) from Makerere University, Post-graduate diploma in Education from the University of Nairobi; Fisheries Management from Grimsby College of Technology, UK; and Management of Public Enterprises from the Harvard University (HIID), USA.

Hon. John Safari Mumba

Work Experience

- Bahari MP from 1992 to 1997
- Former Managing Director and CEO of Kenya Cashewnuts Ltd
- Provincial Director of Fisheries in the Coast Region (1975 to 1982)
- Director, Kenya Bixa Limited; Director, ICDC; Director, Tototo Home Industries; Board Member, Centre for Multiparty Democracy (CMD) Kenya; and Chairman, Cashewnut Industry Revitalization Task Force.



Date of Birth: xxxxx

Date of Appointment: 9th June 2017

Date of Term Expiry: xxxxxx

Key Qualifications: Senior Fisheries Officer

Ms Nancy Kagau

Work Experience

- PS Representative, the SDF & BE.

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Date of Birth: XXX

Date of Appointment: 16th April 2018

Date of Term Expiry: XXX

Key Qualifications: PhD

Dr. Indenje Wanyama, PhD

Work Experience

- PS Representative, the National Treasury.
-



Date of Birth: XXX

Date of Appointment: 6th June 2017

Date of Term Expiry: XXX

Key Qualifications:

Ms. Rachael Nyambura Mbugua

Work Experience

Representative of the Office of the Attorney General.

The Board of Management Members whose term expired during the financial year are as follows:

Prof. Peninah Aloo Obudho	Chairman
Dr. Suhaila Omar Hashim	Member
Mr. Otieno Okello	Member
Dr. Mary C. Mwiandi	Member
Mr. Kiprop Bundotich	Member
Mr. Adhan Nuri Berhe	Member
Mr. Joram Mwenda Guantai	Member



Date of Birth: 1960

Date of Appointment: 17th April, 2015

Key Qualifications: PhD

Prof. P. Aloo - Obudho, PhD

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Work Experience

- Deputy Vice Chancellor (Academic, Research & Student Affairs), Karatina University.
- Chairman, University Committee on Gender Based Violence and Sexual Harassment, Kenyatta University.
- University Department Representative to State Dept. of Fisheries Development & Blue Economy



Date of Birth: 1972

Date of Appointment: 1st February 2015

Date of Term Expiry: 31st January, 2018

Key Qualifications: PhD

Dr. Suhaila Omar Hashim, PhD

Work Experience

- Senior Lecturer and Head of the Department – Chemistry and Biochemistry, Pwani University.
- Acting Dean, School of Pure & Applied Sciences.
- Teaching and Training at undergraduate and postgraduate levels.
- Co-chairperson of steering committee of proposed Pwani University Health Research Institute.



Date of Birth: 1967

Date of Appointment: 1st February 2015

Date of Term Expiry: 31st January, 2018

Key Qualifications: B.Sc., CPA(K)

Mr. Otieno Okello

Work Experience

- Executive Director & Board Member, Diners Club International -South Africa.
- Director, Aquaculture Technologies (K) Ltd & Country Harvest Ltd.
- Managing Director, Pioneer Fish Farms Ltd.
- Chairman, Commercial Aquaculture Society of Kenya.
- Member Aquaculture Association (SA) & Association of (SA) Travel Agents.

Date of Birth: 1957

Date of Appointment: 1st February 2015

Date of Term Expiry: 31st January, 2018

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Dr. Mary C. Mwiandi, PhD

Work Experience

- Senior Lecturer in History & Armed Conflict & Peace Studies – University of Nairobi.
 - Chairman, Department of History & Archaeology.
 - Coordinator, BA in Conflict & Peace Studies.
 - Departmental Representative at the College of Arts Welfare Committee.
 - Examiner, Kenya National Examinations Council.
 - Lecturer, USIU in Research Methodology for MA & PhD Students.
 - Senior Researcher with NORAD/NORHED.
 - Supervision of PhD and MA Thesis and Dissertation
-



Mr. Zedekiah Bundotich

Date of Birth: 1973

Date of Appointment: 1st February 2015

Date of Term Expiry: 31st January, 2018

Key Qualifications: Cambridge International College – Sales Management & Marketing Various Professional Courses in Leadership, Development & Management.

Work Experience

- Group Executive Director & Founder of Buzeki Group of Companies.
 - Board Member, Kenya Transporter Association, Kenya Chapter.
-



Mr. Joram Mwenda Guantai

Date of Birth: 1969

Date of Appointment: 1st February 2015

Date of Term Expiry: 31st January, 2018

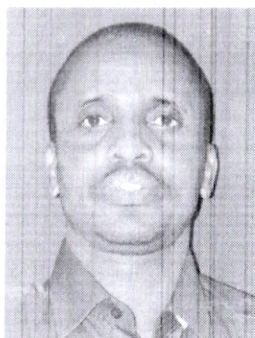
Key Qualifications: LLB, Dip. in Law, Kenya School of Law.

Work Experience

- Member Chartered Institute of Arbitration.
- Committee Member – Law Society of Kenya.

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- Senior Partner – Muruingi & Company Advocates.
 - Chief Legal Officer – Kenyatta National Hospital.
 - Advocate, Mathenge & Muchemi Advocates.
 - Pupil in Chambers, Mwiti Murungi & Co. Advocates
-



Mr. Adhan Nuri

Date of Birth: 1972

Date of Appointment: 1st February 2015

Date of Term Expiry: 31st January, 2018

Key Qualifications: MA (Project Planning), Bsc (Wildlife Mgt.) Dip. (Wildlife Mgt.)

Work Experience

- Kenya Wildlife Warden
 - Elections Coordinator (IEBC)
 - Chairman, County Public Service Board- Tana River
-

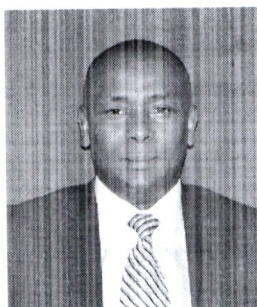
KEY MANAGEMENT TEAM

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The Institute's day-to-day management is under the following key organs: -

- Principal Secretary, State Department for Fisheries, Aquaculture & the Blue Economy;
- The Board of Management;
- Director/KMFRI;
- Deputy Director (Oceans& Coastal Systems);
- Deputy Director (Freshwater Systems);
- Deputy Director (Finance & Administration); and
- Ag. Deputy Director (Aquaculture).

III. MANAGEMENT TEAM



Date of Birth: 1965

Qualifications: PhD

Prof. James M. Njiru

Area of Responsibility

- Chief Executive Officer of the Institute.
 - Chief Accounting Officer of the Institute.
 - Secretary to the KMFRI Board of Management.
 - Formulation and implementation of Institute Policies.
 - Scientific and Administrative Head of the Institute.
-

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Date of Birth: 1956

Qualifications: PhD, MBS

Dr. Renison Ruwa (PhD)

Area of Responsibility

- Deputy Director (Coastal & Marine Waters).
 - In-charge of Coastal & Marine Waters research directorate.
 - Supervise planning, management and coordination of all research activities in the freshwater systems.
 - Oversee the implementation of performance contracting, reporting and evaluation of the performance obligations for the Coastal & Marine Waters
-



Date of Birth: 1955

Key Qualifications: PhD

Dr. Enock Wakwabi, PhD

Area of Responsibility

- Deputy Director (Freshwater Systems)
 - In-charge of freshwater systems research directorate.
 - Supervise planning, management and coordination of all research activities in the freshwater systems.
 - Oversee the implementation of performance contracting, reporting and evaluation.
-

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Date of Birth: 1969

Key Qualifications: MBA, CPA(K), ICPAK REG. NO. 2954

Mr. Abraham Kagwima

Area of Responsibility

- Deputy Director (Finance & Administration).
 - Head of Finance and Administration Directorate.
 - Advisor to the Director on finance and administrative matters.
 - To assist the Director on routine administration of the Board of Management affairs.
-



Date of Birth: 1974

Key Qualifications: PhD - University of Natural Resources and Applied Life sciences Vienna, **Vienna, Austria**

MSc. Environmental science and technology (Limnology & Wetland Ecosystems) **IHE. Delft the Netherlands**

B. Ed Sc. Hons (Zoology/chemistry), Moi University, Eldoret, Kenya

Dr. Jonathan Munguti (PhD)

Area of Responsibility

- Acting Deputy Director (Aquaculture)
 - In-charge of aquaculture & mariculture research directorate.
 - Supervise planning, management and coordination of all research activities in the aquaculture systems.
 - Oversee the implementation of performance contracting, reporting and evaluation within aquaculture systems.
-

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IV. CHAIRMAN'S STATEMENT

As a centre of excellence in aquatic and marine research, KMFRI continued to play its central role in aquatic and marine research in order to advise the government and other stakeholders on aquatic matters. I thank the government for committing funds in grants for research to the Institute, which made it possible for our researchers to come up with scientific innovations and technologies that would increase fish production in the country and improve food security in line with Vision 2030.

ACHIEVEMENTS DURING THE FINANCIAL YEAR 2017/2018

The Institute continued with expansion of its local and international collaborative programmes, which have seen a number of KMFRI scientists get scholarships for further studies in areas of interest to KMFRI and recently witnessed by signing of MOU with the Marine Institute (Ireland) in November 2017. Other achievements include successful hosting of WWF Management Board at the KMFRI Gazi substation in November 2017 and re-election of Top KMFRI scientist, Dr. Jacqueline Uku as the Western Indian Ocean Marine Science Association (WIOMSA) Africa President and Dr. Nina Wambiji, who is also WIOMSA's Country Coordinator during the 10th WIOMSA Scientific Symposium held in Dar es Salaam, Tanzania, between October 30th and November 4th, 2017.

In addition, several research programmes were finalized by the researchers during the period.

ONGOING INITIATIVES

KMFRI has several ongoing initiatives which include ISO re-certification, and the construction of a KMFRI station in Shimoni, in the South Coast. The Institute has also been identified as an implementing agency for the Strategic Action Programme Policy Harmonization and Institutional Reforms (SAPPHIRE), a nine country, five-year project once it commences. The Institute continued to use oceanographic research vessel RV Mtafiti which was commissioned in 2013 by His Excellency the President of the Republic of Kenya, Hon. Uhuru Kenyatta for research within the unexploited Exclusive Economic Zone (EEZ).

The Institute also continued with the implementation of its Strategic Plan 2016/2020 which is anchored on the Kenya Vision 2030, the Second Medium Term Plan and the lessons learnt in the implementation of the KMFRI's Strategic Plan 2010/2015.

FUTURE PROSPECTS OF THE INSTITUTE

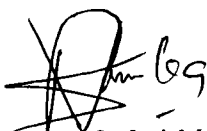
KMFRI is unique in that it conducts research in the challenging marine environment and fresh water aquatic systems. The Board of Management is continually seeking new approaches that would enable the Institute to conduct research that would create more impact on the livelihoods of communities living around the aquatic resources.

The Institute has also been identified as a key institution for research in the development of the Blue Economy in the country.

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Being keenly aware of the need to sustain the environment while conducting research, the Institute is committed to conducting her research in an environmentally sustainable manner. The Institute will endeavour to minimize the environmental impact of her activities by implementing all relevant environmental sustainability legislations and regulations and, where possible, exceed the set minimum requirements. The Institute will continue to foster and promote research and education in environmental sustainability matters among her staff members, stakeholders and the general public.

I am satisfied with the status as outlined by the Director in improvement of technology. There has been strategic development in equipment and facilities for research in all the stations. I have noted the ongoing initiatives in aquaculture and especially mariculture to tap into lucrative crustacean industry.



Hon. John Safari Mumba

CHAIRMAN

KMFRI/BOARD OF MANAGEMENT

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V. REPORT OF THE CHIEF EXECUTIVE OFFICER

I have the pleasure to present the Report and Financial Statements for the Kenya Marine and Fisheries Research Institute (KMFRI) for the period ended 30th June, 2018.

The Institute remained on course in undertaking aquatic research activities within its mandate in order to contribute to the management and sustainable exploitation of aquatic resources aimed at alleviating poverty and enhancing food security, while creating employment through multidisciplinary and collaborative research in marine and fresh water aquatic systems.

For the period under review, the Institute continued to actively collect and disseminate scientific information on aquatic resources to all stakeholders.

ACHIEVEMENTS DURING THE PERIOD

During the period, KMFRI scientists developed innovative technologies for value addition and reduction of post-harvest losses, and transferred the technologies to citizens in order to uplift livelihoods of people living around Lakes Victoria, Turkana, Naivasha and Baringo. The Institute continued to map and demarcate important fishing grounds and undertook environmental and biophysical research and stock assessments to establish baselines for commercial fisheries within the country's water bodies. KMFRI also recorded increased scientific publications and realized an increase in the number of funded proposals for specific research programmes. The Institute successfully implemented its Performance Contract for the financial year 2017/2018 as negotiated with the Parent Ministry and vetted by the Performance Contracting Secretariat. The Institute hosted all her stakeholders in an open day in June 2018 to showcase the new technologies and discuss areas of furthering research and also acquired 4 vehicles to support research in Mombasa and Kisumu Centre's.

ONGOING PROJECTS

During the period, KMFRI embarked on assessment of the impact of imported fish on domestic market, impact of open Mbita channel on the environment and fisheries, mapping of Kenya's EEZ, sea level monitoring as part of the Tsunami Early Warning System and implementation of Blue Forest Project (Up-Scaling Mikoko Pamoja).

Through the individual donor research programmes, the Institute continued to implement various other projects including Sustainable Poverty Alleviation from Coastal Ecosystems Services (SPACES) and participating in piloting a Sustainable Integrated Sanitary Solid Waste disposal landfill to mitigate negative effects of climate change. A project dubbed "The Potential for Aquaculture in Lake Victoria and Implications for Wild Fisheries and Fish Commodity Market" funded by National Science Foundation (NSF) and the USA is on course.

The Institute also took the lead in national aquaculture and mariculture research by undertaking research on the impact of improved quality seeds and formulated fish feeds to support fish production from aquaculture farms in the country. KMFRI will also participate in the BYCAM PROJECT which will be implemented across the West Indian Ocean with case studies in Kenya, Madagascar, Mozambique, Tanzania and Zanzibar. The aim of this project is to assess bycatch and develop economically viable methods for mitigation of non-target mega-fauna species bycatch (retained or

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discarded), in artisanal/small-scale commercial gillnets (drift-and bottom sets), longlines, and semi-industrial prawn trawl fisheries in the WIO.

MESA (Monitoring for Environment and Security in Africa) is utilizing satellite and in situ Earth Observation (EO) data to support environmental management and security in Africa at continental, regional and national levels. The purpose is to increase capacity in information management, decision-making and planning of African continental, regional and national institutions mandated for environment, climate and food security. In Kenya, KMFRI is the Technical Focal Point.

To support the aquaculture research directorate the Institute acquired an extruder machine to process feeds and the machine was installed in Sang'oro Station. The production is set to commence in the next financial year (2018/2019 FY).

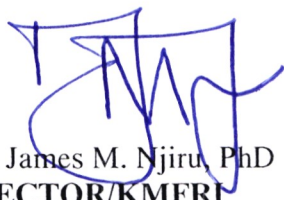
RESOURCES AVAILABLE AND UTILISATION DURING THE PERIOD

With regards to budgetary resources, the government released exchequer grants to the Institute as per the government printed estimates for the 2017/2018 financial year. The Institute received grants for recurrent expenditure amounting to KSh. 960.6 million, which enabled KMFRI to pay staff salaries and sustain its operations and maintenance expenditure for the financial year. The Institute also received KSh.335 million for RV Mtafiti research activities.

KMFRI received grants for development expenditure amounting to KSh. 95.4 million. The receipts included KSh. 38.8 million in capital grants to government agencies for the implementation of the Kenya Coastal Development Project (KCDP), KSh. 42.2 million in government's counterpart funding for KCDP. In addition, KMFRI also received KSh. 12.9 million to support the Blue Economy activities and KSh.64.6 million generated through donor-funded proposals for the implementation of specific research programmes.

COMPLIANCE WITH THE LAWS AND REGULATIONS

During the 2017/2018 financial year, the Institute complied with the set budgetary levels for the year. All the funds released by the government to the Institute were expended towards the intended and approved core activities of the Institute. In addition, KMFRI enhanced monitoring and evaluation of research programmes and support activities in order to ensure compliance with the allocated budget. In the coming year, the Institute will continue undertaking research activities aimed at providing scientific information for sustainable exploitation of aquatic resources to enhance food security and the national development agenda for alleviating poverty and raising living standards of the people of Kenya in line with Vision 2030.



Prof. James M. Njiru, PhD
DIRECTOR/KMFRI

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VI. CORPORATE GOVERNANCE PHILOSOPHY

Good corporate governance entails establishment and enhancement of sustainable value for stakeholders through adoption of ethically driven procedures and processes. The Board ensures that corporate governance guidelines and best practices are followed, and that all corporate affairs are managed in a fair and transparent manner. In this regard, we believe it is our inherent responsibility to disclose timely and accurate information on our financials and performance as well as leadership and governance of the Institute. The Board of Directors and Management remains steadfastly committed to the adoption of corporate governance best practices in support of our Vision to provide world-class services that delight our customers, create value and meet stakeholders' expectations. This statement sets out the main corporate governance practices and structures in the Institute and actions taken towards achievement of our goals.

Board of Management

The Board of Management consists of 11 members inclusive of the Chairperson of the Board who is an independent non-executive director and the Director/KMFRI who is the Board Secretary. However, during the period, KMFRI did not have a Board of Management whose term expired on 31st January 2018 and the Principal Secretary in charge of the State Department for Fisheries, Aquaculture & the Blue Economy is responsible for the Institute management.

Board work plan and meetings

Dates for Board meetings in the ensuing year are decided in advance and scheduled in a work plan. The Board meets at least four times in a financial year to monitor and transact the Institute's business. Directors receive adequate notice and detailed papers on issues to be discussed in good time to enable them prepare for the meetings.

Board Committees

The Board has three standing committees that assist to effectively discharge various business functions and responsibilities. An adhoc committee can be constituted to deal with pertinent issues as they arise. The Board defines terms of reference under which the respective committees operate. The committees submit reports of their activities to the Board.

During the year, the Board had the following committees:

The Board Audit and Risk Management Committee

The Committee acts as the oversight Board Committee and is responsible for evaluating the effectiveness of the internal control procedures and risk management procedures. It is responsible for establishing an internal audit function and ensuring that there is an effective risk-based internal audit system. The Board Audit Committee is also responsible for reviewing financial information as well as monitoring the effectiveness of management information systems and the reporting thereof. The committee reviews all significant findings of the internal and external auditors and provides policy direction as appropriate.

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Scientific and Technical Committee

The committee is charged with the responsibility of providing policy direction and ensuring that the Institutional Research Agenda is in line with the Corporate Strategic Plan, and it is linked with the National Development Policies such as the Kenya Vision 2030 and Second Medium Term Plan. The committee is also responsible for approving proposed research funding and recommending manning of research functions.

Finance and Establishment Committee

The Committee is responsible for providing policy guidelines to the Institute in human resource and financial management matters. The Committee reviews and approves the Institute's annual budget, administers the recurrent and development annual budgets and ensures the budgets are aligned to the government printed estimates. The committee deliberates on and approves the Institute's annual report and financial statements. The Committee is also responsible for the establishment of the terms and conditions of service and scheme of service for the Institute employees, and making regulations governing the appointments, remuneration, conduct and discipline of institute employees. The committee regularly reviews and evaluates the effectiveness of the Institute personnel policies. The committee reviews and deliberates on staff matters and provides guidelines in the implementation of the personnel policies.

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VII. CORPORATE SOCIAL RESPONSIBILITY

KMFRI acknowledges the need to give back to society to promote harmonious relations given the contribution made by surrounding communities in creating a conducive environment for her research activities conducted across the institute's offices in Mombasa headquarters, Kisumu, Sagana, Kegati, Naivasha, Sang'oro, Turkana and Baringo. The community comprises fishers, who are the major consumers of KMFRI's research findings. Others include pupils, students, residents, government and state corporations.

Through elaborate corporate citizenship programmes, KMFRI has reached more people and enhanced understanding of her various products and services rendered to the public. The projects also boost support for her research work and attract goodwill from the public.

Besides looking out for the welfare of the people, KMFRI is cognizant to the fact that it has a responsibility towards the environment seeing that conservation of marine environment is enshrined in her mission.

The Institute actively encourages her employees to behave in a responsible manner toward the society in which her research activities are undertaken in order to create a harmonious relationship with the publics the Institute interacts with. These communities within which the KMFRI conducts her research are considered as important stakeholders integral to the achievement of KMFRI's core objectives.

In the financial year ended 30 June, 2018, KMFRI was involved in various corporate social responsibility initiatives aimed at impacting positively on the lives of the communities involved as indicated here below:

Community Development Projects

KMFRI has collaborated with other institutions to help the Gazi Bay community initiate several community projects. They have been involved in the formation and continued running of the Gazi Women Mangrove Boardwalk and the Mikoko Pamoja carbon project. The Women Boardwalk attracts tourists from all over the world, and allows visitors to walk through the mangroves whilst being guided by a community member. This activity creates jobs and generates revenue for the local community. KMFRI also promotes these ecotourism activities by encouraging visitors who visit the Institute's Gazi office to also use the women boardwalk.



Figure 1: Gazi Women Mangrove Boardwalk

Mikoko Pamoja is a carbon offset project based in Gazi Bay that aims to conserve mangroves. The project is run by local volunteers from Gazi and Makongeni villages. Through Mikoko Pamoja Project, the community is generating revenue, which

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is used to initiate different community development activities.

In the three years the project has been going on, several education and water programmes, including the restoration of mangroves in Gazi Bay have been funded. KMFRI has been providing technical expertise to the project in matters pertaining to nursery establishment, biological monitoring of the

project,
marketing and
preparation of
annual reports.



KMFRI Director Prof James Njiru issues certificates to CBO representatives in Magarini

KCDP Livelihood

Projects

During the period under review, KMFRI handed over Hazina ya Maendeleo ya Pwani projects initiated under the Kenya

Coastal Development Project. In Kilifi, some HMP projects handed over to the community include Dabaso Creek Conservation Group, Msabaha Vitongoji Community Project, Sote Pamoja Self-Help Group, Laloni Community Based Organisation, Marafa Hell's Kitchen Tours Operators Association and Baptist Care and Support Project.

Representatives of the CBOs were on January 8, 2018, issued with certificates of achievements in recognition of their efforts towards the projects. The initiatives have enabled community members to raise school fees, build houses, and pay hospital bills, a boost to their well-being.

Community Education

KMFRI bought and handed over text books for the Magarini ECDE School to community members during the handing over event of the KCDP project to the Kilifi county government in January 2018. The reading materials will lay a firm foundation to the children's early education. The initiative is part of KMFRI's corporate citizenship programme aimed at making learning opportunities accessible to the poor and marginalized communities. KMFRI plans to build one classroom for Shimoni Primary School in Kwale County.

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KMFRI Director/CEO Prof James Njiru hands over ECDE text books to community members at Magarini, Kilifi county

KMFRI Marine Debris Group

Ocean and water way trash ranks as one of the most serious pollution problems choking our planet and marine ecosystem. During the period under review, there has been clarion calls to beat plastic pollution because plastics entangle marine animals with lethal consequences, while others choke and die after feeding on trash. Besides being an eyesore, a rising tide of marine debris threatens human health, wildlife communities and economies around the world.



Participants sort out trash at Mkomani beach during International Cleanup Day on September 26, 2017

In recognition of the need to keep our oceans healthy to boost the Blue Economy, KMFRI's Marine Debris Volunteer Group (KMDVP), largely comprised of students drawn from various universities, cleans Mkomani beach every Thursday. This initiative is meant to conserve aquatic life by creating a conducive environment for fish and other marine organisms to thrive. This exercise creates awareness on the need to protect our oceans as they are a source of livelihoods for millions of people.

Ocean comprises 42% of land cover with fisheries contributing about Sh40 billion to Kenya's GDP, according to a survey done in

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2016. Further, one of KMFRI's role is to enhance food security by harnessing research in the Blue Economy through exploitation of marine resources such as fish, seagrass, seaweed, coral reefs and so on, and hence the need to keep oceans pollution-free.



KMDVP actively participated during the International Coastal Clean-up Day marked on September 16, 2017, and collected trash along Mkomani beach. Participants were KMFRI staff, interns, attaches and community members.

Approximately 460kgs of trash was collected on that day. The event was published in the institute's newsletter Mtafiti.

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VIII. REPORT OF THE DIRECTOR'S

The Directors submit their Report together with the Financial Statements for the year ended 30 June, 2018 which shows the state of the Institute affairs.

Activities

The principal activities of the Institute is to undertake research in “marine and freshwater fisheries, aquaculture, environmental and ecological studies”, in order to provide scientific data and information for sustainable exploitation, management and conservation of Kenya’s fisheries and aquatic resources, and contribute to National strategies of food security, poverty alleviation, clean environment and creation of employment as provided for under Vision 2030.

Results

The results of the Institute for the year ended 30 June, 2018 are set out on page 1.

Directors

The Board of Directors who held office during the year are shown on pages v-xi in accordance with the Science, Technology and Innovation Act No. 28 of 2013.

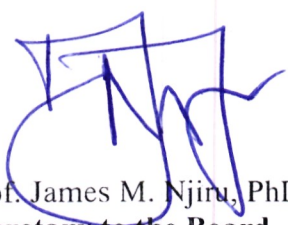
Financial Statements

At the date of this report the Board was not aware of any circumstances which would have rendered the values attributed to the assets in the financial statements misleading.

Auditors

The Auditor General is responsible for the statutory audit of the Institute books of account in accordance with Section 35 of the Public Audit Act, 2015.

BY ORDER OF THE BOARD


Prof. James M. Njiru, PhD
Secretary to the Board
19 September, 2018
MOMBASA

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VIX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81(5) of the Public Finance Management (PFM) Act, 2012 and section 14(3) of the State Corporation Act, Cap 4 requires the Institute Directors to prepare financial statements which give a true and fair view of the state of affairs at the end of the financial year and the operating results thereof. The Directors are also required to ensure that the Institute keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Institute. The Directors are also responsible for safeguarding the assets of the Institute.

The Directors are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs for and as at the end of the financial year ended June, 30 2018. This responsibility includes:

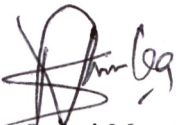
- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institute;
- iii. Designing, implementing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

The Directors accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and State Corporation Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of KMFRI's financial transactions during the financial year ended 30 June 2018, and of the financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Institute which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal control.

Nothing has come to the attention of the Directors that the Institute 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 Institute's Financial Statements were approved by the Board on.....20.09.2018 and signed on its behalf by:


Hon. John Safari Mumba
CHAIRMAN/KMFRI BOARD OF MANAGEMENT


Prof. James M. Njiru, PhD
DIRECTOR/KMFRI

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA MARINE AND FISHERIES RESEARCH INSTITUTE FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Marine and Fisheries Research Institute set out on pages 1 to 33 which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respect, the financial position of Kenya Marine and Fisheries Research Institute as at 30 June 2018, 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 Science and Technology Act, Cap 250 of the laws of Kenya.

Basis for Qualified Opinion

1.0. Presentation of the Financial Statements

The financial statements presented for audit had missing details of date of birth and term expiry dates for four members of the Board contrary to the Public Sector Accounting Standards Board's Circular No. PSASB 1/1/VOL.I/108 dated 19 June 2018 on revised annual financial reporting templates for National and County Entities where section 2.2.5 states that other amendments include elaborate details under corporate governance. In addition, instructions in the revised financial reporting template under the Board of Directors subheading state that, "Provide a concise description of each Director's date of birth, key qualifications and work experience"

As a result, the financial statements presented did not conform to the recommended template issued by the Public Sector Accounting Standards Board.

Report of the Auditor-General on the Financial Statements of Kenya Marine and Fisheries Research Institute for the year ended 30 June 2018

2.0. Property, Plant and Equipment

2.1. Ownership Documents and Valuation

As previously reported, the Institute owns un-surveyed land located in Baringo, Sangoro and Mtwapa, measuring 2.35 hectares, 0.7 hectares, and 13.4 acres respectively, which have not been valued nor included in the property, plant and equipment figure of Kshs.1,499,113,280 as at 30 June 2018. For the two (2) parcels of land in Baringo, the Institute holds only allotment letters and for the 3 parcels of land in Sangoro measuring 1.8 hectares, the Institute did not avail any ownership document. In addition, for the land in Mtwapa, the ownership documents were not availed for audit verifications but the management reported that this land was grabbed before the transfer from Kenya Agricultural Research Institute (KARI) was complete.

The status remains as previously reported.

2.2. Sale of the Kongowea Land

As reported previously, the Institute on 26 January 2007 sold the Kongowea parcel of land LR No. 6034/1/MN-Kongowea Mombasa, measuring approximately 1.998 hectares valued at Kshs.22.8 million to a Kongowea Market Estate Limited at a selling price of Kshs.15,020,000 and the title transferred to the purchaser before the Institute received full amount of the sale price. In addition, the lawyer who received the money on behalf of Institute on 26 March 2009 did not remit the same to the Institute until 2010/2011 financial year when he transmitted Kshs.13,444,923 leaving a balance of Kshs.1,575,077 and any interest accrued for the period the funds were held. Further, the selling price of Kshs.15,020,000 was below the market value of Kshs.22,800,000 resulting to a probable loss of Kshs.7,780,000. The balance of Kshs.1,575,077 had not been remitted to the Institute as at 30 June 2018. No explanation was provided for the transfer of property before receiving full consideration and also why the property was sold below market value.

The transaction has resulted to a probable loss in excess of Kshs.9,355,077 to the Institute.

Consequently, it has not been possible to ascertain the accuracy and completeness of property, plant and equipment balance of Kshs.1,499,113,280 as at 30 June 2018 and that the same is fairly stated.

3.0. Cash and Cash Equivalent

3.1 Cash Count Certificate

Note 12 to the financial statements for the year ended 30 June 2018 reflects cash and cash equivalents balance of Kshs.462,034,276. However, included in the bank balance of Kshs.462,034,271, are cash balances at Mombasa revenue office and Baringo

station of Kshs.12,000 and Kshs.165,112 and which were not supported with cash count certificates. As a result, it was not possible to verify the balances.

In the foregoing, the accuracy and completeness of the bank balance of Kshs.462,034,276 as at 30 June 2018 could not be confirmed.

3.2 Unsupported Project Accounts Balances

As reported previously, Note 12 to the financial statements for the year ended 30 June 2018 reflects comparative cash and cash equivalents balance of Kshs.882,964,824 as at 30 June 2017. Included in this amount is a balance of Kshs.219,570,643 in respect of Project Accounts. However, bank reconciliation statements, certificate of balances and bank statements availed for audit supported Kshs.218,476,551 resulting to unexplained nor reconciled variance of Kshs.1,094,092.

Consequently, the accuracy and completeness comparative cash and cash equivalent balance of Kshs.882,964,824 as at 30 June 2018 could not be confirmed.

4.0. Government Grants

Statement of financial performance reflects government grants of Kshs.1,325,558,242 for the year ended 30 June 2018. According to Note 3 to the financial statements, government grants comprise of Kshs.960,600,000 for recurrent, Kshs.309,856,300 for M.V Mtafiti and Kshs.55,101,942 for other grants. However, according to the financial statements of the State Department of Fisheries and Blue Economy, a total of Kshs.1,340,352,400 was disbursed to Kenya Marine and Fisheries Research Institute during the period under review resulting to unexplained nor unreconciled variance of Kshs.14,794,158.

In the circumstances, the accuracy and completeness of government grants balance of Kshs.1,325,558,242 for the year ended 30 June 2018 could not be confirmed.

5.0. Donor Grants

Note 4 to the financial statements for the year ended 30 June 2018 reflects donor grants of Kshs.103,459,146. Included in this is a figure of Kshs.38,877,594 in respect of Kenya Coastal Development Project – IDA. However, according to the financial statements of Kenya Coastal Development Project – IDA, the project did not receive donor funds but actually refunded a total of Kshs.37,017,612 to the World Bank. In addition, the audit examination revealed that while Kenya Coastal Development Project – IDA reported a receipt of Kshs.81,312,962 as funds in transit in year 2016/2017, the Institute has recognized the revenue of Kshs.81,312,962 in 2017/2018. This does not conform to IPSAS 9 which provides that revenue is recognized when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. Therefore, the funds in transit were supposed to have been recognized in the year 2016/2017.

In the circumstances, the accuracy, validity and completeness of donor grants of Kshs.103,459,146 for the year ended 30 June 2018 could not be confirmed.

6.0. General Expenses

Note 9 to the financial statements for the year ended 30 June 2018 reflects general expenses balance of Kshs.564,202,447. Included in this balance is Kshs.385,977,690 in respect of research programs which includes two World Bank donor projects. The total cost for these two projects was indicated as Kshs.197,642,643. However, examination of the financial statements for the two World Bank projects for the year ended 30 June 2018, revealed that Kenya Coastal Development Project Credit Number 4801 had expenditure of Kshs.207,377,244 while Project Grant Number TF 97578 had expenditure of Kshs.21,414,619 all totalling to Kshs.228,791,863. This resulted to unexplained nor reconciled variance of Kshs.31,149,220 between the accounts for the Donor projects and the figures reported in these financial statements. In addition, audit verifications revealed that the Institute does not maintain project fund accounts for donor funds received and expenditure for each project except the World Bank funded projects. It was therefore not possible to confirm expenditure per project / research program.

Consequently, the accuracy, validity and completeness of research program expense balance of Kshs.385,977,690 for the year ended 30 June 2018 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0. Budget Analysis

According to the statement of comparison of budget and actual amounts, the Institute had an approved budget of Kshs.1,138,392,826 for the financial year 2017/2018 against actual expenditure of Kshs.1,279,900,644 resulting to an overall over expenditure of Kshs.141,507,818 as detailed below:

Components	Final Budget 2017/2018 Kshs	Actual on comparable basis Kshs	Under Expenditure Kshs.	Over Expenditure Kshs.	Variance %
Basic Salaries	305,916,799	298,578,241	7,338,558	0	2%
Personal Allowances	225,901,329	218,303,906	7,597,423	0	3%
Personal Allowances - Reimbursement	1,300,000	14,906	1,285,094	0	99%
Employers Pension Contribution	61,358,455	42,653,909	18,704,546	0	31%
Utilities Supplies & Services	10,936,649	14,493,687		(3,557,038)	-25%
Communication, Supplies & Services	9,144,109	11,144,850		(2,000,741)	-18%
Domestic Travel and Subsistence	30,021,110	37,489,917		(7,468,807)	-20%
Foreign Travel and Subsistence	1,962,585	2,748,646		(786,061)	-29%
Printing & Publishing Information	10,783,230	11,712,893		(929,663)	-8%
Rental of Produced Assets	4,570,042	7,501,996		(2,931,954)	-39%
Training Expenses	17,227,350	22,248,426		(5,021,076)	-23%
Hospitality Supplies & Service	15,609,361	17,609,396		(2,000,035)	-13%
Insurance Costs	41,682,584	18,543,822	23,138,762	0	56%
Research Programmes	300,507,483	385,977,690		(85,470,207)	-22%
Specialised Materials & Supplies	15,552,293	7,866,245	7,686,048	0	49%
General Office Suppliers	10,961,011	14,408,847		(3,447,836)	-24%
Fuel , Oil and Lubricants	3,592,468	5,350,454		(1,757,986)	-33%
Other Operating Expenses	28,217,010	114,719,629		(86,502,619)	-307%
Routine Maintenance- Vehicle	9,700,994	8,718,876	982,118	0	10%
Routine Maintenance- Other Assets	33,447,964	39,814,308		(6,366,344)	-19%
Total	1,138,392,826	1,279,900,644	66,732,549	(208,240,367)	

From the above analysis, it was observed that the Institute overspent by a total of Kshs.208,240,367 on various votes. The management has attributed the variation to various reasons including inflation and number of activities implemented. However, there was no evidence of authority to overspend or reallocate funds in line with Section 48 (5) of the Public Finance Management (National Government) Regulations 2015 which states that reallocations under this regulation shall be approved by the respective Accounting Officer of the entity.

REPORT ON COMPLIANCE WITH LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matter described in the Conclusion on Compliance and Effectiveness section of my report, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for conclusion

1. Purchase of Motor Vehicles

As reported in the previous years, included in the property, plant and equipment balance of Kshs.1,499,113,280 as at 30 June 2018 is a balance of Kshs.223,341,857 in respect of motor vehicles. Included in motor vehicle balance of Kshs.223,341,857 is the cost of seven (7) motor vehicles amounting to Kshs.35,652,051 acquired during the financial year 2014/2015. However, according to the Institute's year 2014/2015 procurement plan, only one vehicle was to be purchased at a cost of Kshs.2,600,000. Therefore, the basis of procuring extra six (6) vehicles was not clear. In addition, out of the Kshs.35,652,051 spent on acquisition of motor vehicles, Kshs.28,357,049 was reallocated from Government of Kenya counterpart funds of Kenya Coastal Development Project without any evidence of authority to reallocate the funds.

Further, the vehicles were distributed to locations where the project's activities are not undertaken. As a result, the management was in breach of the law.

2. Construction of Shimoni Office and Laboratory Block

2.1 Use of Force Account

Note 16 to the financial statements for the year ended 30 June 2018 reflects additional work in progress of Kshs.34,405,403. This includes Kshs.12,058,463 incurred on the construction of Shimoni office and laboratory through force account method. However, records availed for audit indicate that the Institute tendered and awarded the works to a contractor and which was cancelled and the management decided to execute the works using casuals. This is contrary to Section 109 (1&2) of the Public Procurement and Assets Disposal Act 2015 which states that procuring entity may use force account by making recourse to the state or public officers and using public assets, equipment and labour which are competitive and where quantities of work involved are small and scattered or in remote locations for which qualified construction firms are unlikely to tender at reasonable price and the quantities of works cannot be defined in advance. There was no justification for use of force account as Shimoni is not a remote area and several firms had responded to the advertisement and therefore willing to work in the area. Although the management has indicated that the contract was cancelled because

the quotes received were high, the above conditions were not met including supervision of the work by the Engineers from the Public Works Department.

Consequently, the management was in breach of the law.

3. Delayed Completion

Records availed for audit indicate that the project period was 3 months, from September 2017. However, as at the time of audit inspection in October, 2018 being more than 12 months since commencement, the project was incomplete with electrical works, plumbing, doors, soak pit and landscaping not completed. The management has attributed the delay to process of procuring construction materials and end of financial year closing procedures. Delayed completion of the project may lead to further rise in project cost due to price escalation and the intended objective may take long to be realized.

4. M.V. Mtafiti Vessel - Procurement of Laboratory Equipment

The statement of financial position as at 30 June 2018 reflects property, plant and equipment balance of Kshs.1,499,113,280. Included in this amount are laboratory equipment bought during the year at a total cost of Kshs.52,995,646. However, a review of the procurement documents revealed the following anomalies:

4.1 Tender Evaluation Committee Sitzings Held in Kilifi

The Institute incurred total expenditure of Kshs.3,604,800 being payment of daily subsistence allowance to 52 persons for tender evaluation of laboratory equipment held in Kilifi whereas there are several board rooms and conference facility at the Institute's headquarters. The management has argued that the choice of Kilifi was to afford the team maximum concentration. However, the Institute has in the past successfully held such meetings within the Institute. As a result, payment of daily subsistence allowance was not applied in an effective and lawful manner. This is contrary to Section 92(4 -a) of the Public Finance Management (National Government) Regulations 2015 which provides that before issuing temporary imprests, the accounting officer shall ensure that the main objective of the journey cannot be achieved by other cheaper means. The management was in breach of the law.

4.2 Idle Equipment

Audit inspection undertaken in the month of October 2018 on the procured equipment revealed that the equipment procured for MV. Mtafiti vessel were still lying in a store at the Institute headquarters more than 6 months after delivery. The equipment had neither been fitted nor moved to the vessel at Kenya Navy. Although the management has indicated that the suppliers delivered the items before renovation of laboratories was completed, this implies lack of proper planning before committing funds and tendering. It may also imply impulse purchases and committing public funds on non-priority items at the expense of more demanding areas which is against Section 53 (3) of the Public

Procurement and Assets Disposal Act, 2015 which provides that any public officer who knowingly recommends to the accounting officer excessive procurement of items beyond a reasonable consumption of the procuring entity commits an offence under this Act.

In addition, audit inspection of MV.Mtfiti vessel revealed that the vessel was not sailing due to a fault despite the government disbursing a total of Kshs.309,856,300 for the operation of the vessel as per note 3B to the financial statements.

In the circumstances, the public has not realized value for money from a total of Kshs.309,856,300 for the year ended 30 June 2018.

5. Procurement Plan

Note 15 to the financial statements for the year ended 30 June 2018 reflects assets purchases of Kshs.342,240,374. Included in this are various items of property, plant and equipment valued at Kshs.292,250,775 which were not included in annual procurement plan for the year 2017/2018. Although the management argue that the items were combined as block figures, this contravenes Section 53(2) of Public Procurement and Assets Disposal Act, 2015 which states that an accounting officer shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

Consequently, the funds could have been allocated to non-priority items at the expense of more demanding areas and the management was in breach of the law.

6. Blue Economy Grants

Note 3C to the financial statements for the year ended 30 June 2018 reflects government grants of Kshs.12,866,940 disbursed to KMFRI in an effort to harness potential of the sea under the Blue economy for seaweed value addition interventions to support the seaweed farmers in Kwale County. The funds were to undertake the following activities:

No.	Item	Budget (Kshs.)
1	Electrical Requirements	508,000
2	Plumbing Works	858,940
3	Construction of Drying racks	2,500,000
4	Non Moterized Harvest Boat	1,000,000
5	Marketing and Promotion	2,500,000
6	Branding & Certification	2,500,000
7	Administration Costs	3,000,000
	Total	12,866,940.

However, the following was noted;

- 6.1 Out of the total disbursement of Kshs.12,866,940, a total of Kshs.10,057,889 being 78% of the funds had been spent. However, audit inspection of the project in the month of October, 2018 revealed that there was no production of seaweed soap as envisioned under the blue economy intervention
- 6.2 Electrical and plumbing works costing Kshs.1,768,581 and Kshs.2,188,350 respectively were undertaken through imprest instead of engaging a contractor for the works without proper justification as per Section 109 (2 - a) of the Public Procurement and Assets Disposal Act 2015 which states that procuring entity may use force account by making recourse to the state or public officers and using public assets, equipment and labour which are competitive and where quantities of work involved are small and scattered or in remote locations for which qualified construction firms are unlikely to tender at reasonable price and the quantities of works cannot be defined in advance. The bill of quantities was also not availed for audit verification.
- 6.3 By the end of the financial year 2017/2018, a balance of Kshs.2,809,051 had not been spent. However, seaweed drying racks, non-motorized and marketing activities boats which were allocated Kshs.2,500,000, Kshs.1,000,000 and Kshs.5,000,000 respectively all totaling Kshs.8,500,000 had not been implemented. It was not clear how the activities will be financed.

Consequently, the intended objective of the grant of Kshs.12,866,940 for harnessing potential of seaweed was not achieved and the public may not have realized value for money.

7. Acting Positions

Audit verification of staff files and payrolls revealed that four staff had been appointed to acting positions at the Institute for a period beyond the stipulated six (6) months as detailed below:

S/No	Designation	Acting position	Acting period
1	Senior ICT Officer	Acting Chief ICT officer	From 01 December, 2013
2	Principal Accountant	Acting Chief Accountant	From 01 October, 2010
3	Personal Secretary I	Acting Executive Secretary	From 01 April, 2015
4	Principal Research Officer	Acting Deputy Director-Aquaculture	From 01 January, 2018

This was in contravention of the Section C.14(1) of Public Service Commission Human Resource Policies and Procedures Manual for the Public Service, which prohibits an officer from acting to a position for more than 6 (six) months. It was not clear why the

positions were not filled by either confirming the acting staff or advertising the vacancies. As a result, the management was in breach of the laws. Consequently, the Institute was not constituted as per the Law.

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, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the procedures performed, except for the matter described in the Conclusion on Effectiveness of Internal Controls section of my report, 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.

Basis for Conclusion

1.0 Lack of Board of Directors

The term of office for six (6) board members and the chair expired in January 2018 and April 2018 respectively and therefore by the close of the financial year, the Institute had no Board in place. Although a new chairman was appointed in September 2018, however, other board members have not yet been appointed. Therefore, there is no properly constituted Board in place to transact Board matters. This is contrary to Section 15 (1) of State Corporations Act Cap 446 which states that the Board shall be responsible for the proper management of the affairs of a state corporation and shall be accountable for the moneys, the financial business and the management of a state corporation.

Consequently, the Institute was not constituted as per the Law.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and 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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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.

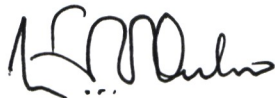
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Institute's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the inappropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained which cast significant doubt on the Institute's ability 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 Institute 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.



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

Nairobi

31 January 2019

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

PARTICULARS	NOTE	2017/2018	2016/2017
Revenue from Non-Exchange Transactions:-		Kshs.	Kshs.
Government Grants	3	1,325,558,242	1,275,500,000
Donor Grants	4	103,459,146	987,001,616
Revenue from Exchange Transactions:-			
Finance Income	5	1,279,541	1,212,970
Other Income	6	7,858,266	7,505,376
Total Revenue		1,438,155,195	2,271,219,962
Expenses:-			
Employee Costs	7	559,550,962	554,973,660
Board of Management Costs	8	8,341,189	17,029,258
General Expenses	9	564,202,447	1,224,143,394
Bulk Purchase of Water & Electricity	10	14,493,687	11,344,903
Repairs and Maintenance	11	48,533,184	22,466,554
Depreciation & Amortization Expenses		84,779,175	42,279,753
Total Expenses		1,279,900,644	1,872,237,523
Surplus for the Year		158,254,551	398,982,440

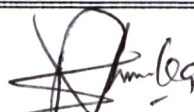


KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

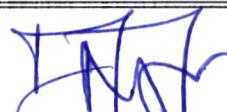
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2017/2018	2016/2017
ASSETS			Kshs.
Current Assets:-			
Cash & Cash Equivalents	12	462,034,276	882,964,824
Receivables from Non-Exchange Transactions	13	340,545,712	18,131,247
Receivables from Exchange Transactions	14	24,326,208	918,714
Total Current Assets		826,906,196	902,014,785
Non-current Assets:-			
Property, Plant & Equipment	15	1,499,113,280	1,293,392,910
Work-in-progress	16	36,648,813	2,243,410
Intangible Assets	17	3,252,075	845,920
Total Non-Current Assets		1,539,014,168	1,296,482,240
Total Assets		2,365,920,364	2,198,497,025
LIABILITIES			
Current Liabilities:-			
Trade & Other Payables from Exchange Transactions	18	88,862,565	29,945,757
Trade & Other Payables from Non Exchange Transactions	19	35,627,425	12,055,005
Total Current Liabilities		124,489,990	42,000,762
Non-Current Liabilities:-			
Retirement Benefits Obligation	20	15,226,665	35,226,665
Total Non-Current Liabilities		15,226,665	35,226,665
Total Liabilities		139,716,655	77,227,427
TOTAL NET ASSETS		2,226,203,709	2,121,269,598
RESERVES			
Capital Reserve	21	629,544,041	629,544,041
Donations Reserve	22	304,017,400	344,701,880
Revaluations Reserve	23	525,361,294	537,997,254
Accumulated Surplus	24	767,280,974	609,026,423
		2,226,203,709	2,121,269,598

Signed:


Hon. John Safari Mumba
CHAIRMAN/KMFRI BOM

Signed:


Prof. James M. Njiru, PhD
DIRECTOR/KMFRI



KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

Note	Capital Reserve Kshs.	Donations Reserve Kshs.	Reval. Reserve Kshs.	Accum. Deficit Kshs.	TOTAL Kshs.
Balance as at 1 July 2016	629,544,041	344,701,880	537,997,254	210,043,983	1,722,287,158
Development Grants/Donations	-	-	-	-	-
GOK Counterpart Funding	-	-	-	-	-
Revaluations in the year (Adj.)	-	-	-	-	-
Surplus for the period	-	-	-	398,982,440	398,982,440
Balance as at 30 June 2017	629,544,041	344,701,880	537,997,254	609,026,423	2,121,269,597

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

Note	Capital Reserve Kshs.	Donations Reserve Kshs.	Reval. Reserve Kshs.	Accumulated Surplus Kshs.	TOTAL Kshs.
Balance as at 1 July 2017	629,544,041	344,701,880	537,997,254	609,026,423	2,121,269,598
Dev. Grants/Donations in the year	-	-	-	-	-
Revaluations in the year	-	-	-	-	-
Depreciation/Amortization in the year	-	(40,684,480)	(12,635,960)	-	(53,320,440)
Depreciation/Amortization adj. in the year	-	-	-	-	-
Surplus for the period	-	-	-	158,254,551	158,254,551
Balance as at 30 June 2018	629,544,041	304,017,400	525,361,294	767,280,974	2,226,203,709

NOTE: Capital Reserves constitute the cumulative amounts disbursed to KMFRl over the years by the Government for capital expenditure. Donations constitutes

cumulative values of donated assets to KMFRl over the years. Revaluation Reserve constitutes the cumulative values of revalued assets over the years. Accumulated surplus/deficit constitutes cumulative amounts of surplus/ deficits as realized in KMFRl's statements of financial performance over the years.



KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2017/2018	2016/2017
Cash flows from Operating Activities		Kshs.	Kshs.
Surplus		158,254,551	398,982,440
Add:-			
Depreciation/Amortization Charge for the Year		84,779,175	42,279,753
		243,033,726	441,262,193
Working Capital Changes:-			
Decrease/Increase in Receivables from Non-Exchange Transactions	13	(322,414,465)	137,836,078
Decrease/Increase in Receivables from Exchange Transactions	14	(23,407,495)	596,819
Increase/Decrease in Trade & Other Payables from Exchange Transaction	18	58,916,808	(18,341,371)
Decrease in pension deficit	20	(20,000,000)	20,000,000
Increase/Decrease in Other Payables from Non-Exchange Transactions	19	23,572,420	(29,867,656)
Net cash flows from Operating Activities		(40,299,006)	551,486,064
Cash flows from Investing Activities			
Work-in-Progress	16	(34,405,403)	(2,243,410)
Purchase of Assets	15 & 17	(346,226,139)	(92,928,733)
Net cash flows from Investing Activities		(380,631,542)	(95,172,143)
Cash Flows from Financing Activities			
Work-in-progress			
Net cash flows from Financing Activities		-	-
Net Increase in Cash and Cash Equivalents		(420,930,548)	456,313,921
Cash and Cash Equivalents at the Start of the Period		882,964,824	426,650,902
Cash and Cash Equivalents at the End of the Period	12	462,034,276	882,964,824

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR 2017/2018

GRANTS AND A.I.A	Final Budget 2017/2018	Actual on comparable basis	Performance difference
1300000 GRANTS	Kshs	Kshs	Kshs
1300100 . GRANT FROM INTER.ORGAN(IDA/GEF.W	-	38,877,594	38,877,594.00
1300100. GRANTS FROM OTHER DONORS	63,805,046	64,581,551	776,505.00
1300201 . GRANTS FROM GOK-RECURRENT	960,600,000	960,600,000	-
1300202 .GRANTS FROM GOK-BLUE ECONOMY	12,866,940	12,866,940	-
1300203 .GRANTS FROM GOK-RECURRENT (R.V. M	340,000,000	309,856,300	30,143,700.00
1300204 . GRANTS FROM GOK- COUNTERFUNDING	-	42,235,002	42,235,002.00
TOTAL GRANTS FROM GOK/DEV PARTNERS	1,377,271,986	1,429,017,387	51,745,401.00
1300300-APPROPRIATION IN AID			-
1300302 . SALE OF TENDER DOCUMENT	100,000	12,000	88,000.00
1300303. DISPOSAL OF EQUIPMENT	3,250,000	-	3,250,000.00
1300304 . CONSULTANCY FEES FOR SERVICES	100,000	204,370	104,370.00
1300305 . SALE OF FISH AND FINGERLINGS	3,000,000	2,058,575	941,425.00
1300306 . EDUCATION VISIT AND ATTACHMENT F	400,000	520,900	120,900.00
1300307 . MISCELLANEOUS INCOME	1,500,000	3,157,315	1,657,315.00
1300308 . RENTAL INCOME	-	162,000	162,000.00
1300319 . SALE OF FISH FEED	2,500,000	1,488,011	1,011,989.00
1300321.HIRE OF CONFERENCE FACILITIES& VES	250,000	255,095	5,095.00
1300322. SALE OF BROODERS	-	-	-
TOTAL APPROPRIATION IN AID	11,100,000	7,858,266	3,241,734.00
1300400. INTEREST INCOME			-
1300401 . INTEREST INCOME	1,250,000	1,279,541	29,541.00
TOTAL INTEREST INCOME	1,250,000	1,279,541	29,541.00
1300600. EXCHANGE GAIN			-
1300601 . EXCHANGE GAIN	-	-	-
TOTAL EXCHANGE GAIN	-	-	-
TOTAL REVENUE	1,389,621,986	1,438,155,194	48,533,208.00
EXPENDITURE			
2211100. BASIC SALARIES-PERMANENT EMPLO			
2211100. BASIC SALARIES-KMFRI	305,166,799	298,283,065	6,883,734.00
2211102 . CASUAL LABOUR	750,000	295,176	454,824.00
TOTAL BASIC SALARIES	305,916,799	298,578,241	7,338,558.00
2211200. PERSONAL ALLOWANCES			-
2211201 . HOUSE ALLOWANCE	140,372,233	134,245,983	6,126,250.00
2211202 . ACTING ALLOWANCE	761,623	277,725	483,898.00
2211203 . HARDSHIP ALLOWANCE	14,720,706	14,791,973	71,267.00
2211204 . MEDICAL ALLOWANCE	9,770,318	9,469,346	300,972.00
2211205 . SPECIAL DUTY ALLOWANCE	1,316,721	1,316,929	208.00
2211207 . TRANSFER ALLOWANCE	1,287,964	1,205,369	82,595.00
2211208 . RESPONSIBILITY ALLOWANCE	6,404,797	6,815,814	411,017.00
2211209 . ENTERTAINMENT ALLOWANCE	655,100	666,700	11,600.00
2211210 . TRANSPORT(COMMUTER) ALLOWANCE	46,421,867	45,370,667	1,051,200.00
2211211 . EXTRANEIOUS DUTY ALLOWANCE	279,000	286,000	7,000.00
2211212 . SANITATION ALLOWANCE	69,000	85,400	16,400.00
2211213 . LEAVE ALLOWANCE	3,842,000	3,772,000	70,000.00
TOTAL PERSONAL ALLOWANCES	225,901,329	218,303,906	7,597,423.00
2211300. PERSONAL ALOWANCES-REIMBURSEMENT			
2211301 . MEDICAL IN.PATIENT	1,300,000	14,906	1,285,094.00
2211302 . TELEPHONE ALLOWANCE	-	-	-
TOTAL PERSONAL ALOWANCES-REIMBURSEM	1,300,000	14,906	1,285,094.00
2211400. EMPLOYERS PENSION CONTRIBUTION			-
2211401 . NSSF KMFRI CONTRIBUTION	1,909,400	1,925,400	16,000.00
2211402 . PENSION KMFRI CONTRIBUTION	38,834,050	40,115,379	1,281,329.00
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KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR 2017/2018

GRANTS AND A.I.A	Final Budget 2017/2018	Actual on comparable basis	Performance difference
	Kshs.	Kshs.	
2211402.KMFRI CONVERSION COSTS DB-DC	20,000,000	-	20,000,000.00
2211403 . SERVICE GRATUITY	615,000	613,130	1,870.00
2211404 . IN-SERVICE DEATH GRATUITY.		-	-
TOTAL EMPLOYERS PENSION CONTRIBUTION	61,358,455	42,653,909	18,704,546.00
2211500. UTILITIES SUPPLIES & SERVICES			
2211501 . ELECTRICITY EXPENSES	9,761,437	13,313,714	3,552,277.00
2211502 . WATER & SIs	1,175,212	1,179,973	4,761.00
TOTAL UTILITIES SUPPLIES & SERVICES	10,936,649	14,493,687	3,557,038.00
2211600. COMMUNICATION, SUPPLIES & SERVICES			
2211601 . TELEPHONE , FAX, E.MAIL	2,352,180	2,225,199	126,981.00
2211602 . INTERNET CONNECTION	6,071,929	7,951,712	1,879,783.00
2211603 . COURIER & POSTAL SERVICES	700,000	967,939	267,939.00
2211604 . LICENSING FEE FOR COMMUNICATIO	20,000	-	20,000.00
TOTAL COMMUNICATION, SUPPLIES & SERVICE	9,144,109	11,144,850	2,000,741.00
2211700. DOMESTIC TRAVEL AND SUBSISTENCE			
2211701 . TRAVEL COST	8,100,210	9,170,602	1,070,392.00
2211702 . ACCOMODATION COSTS	-	-	-
2211703 . DAILY SUB. ALLOWANCE	20,395,900	28,319,315	7,923,415.00
2211704 . SUNDRY ITEMS	5,000	-	5,000.00
2211705 . FIELD ALLOWANCES	20,000	-	20,000.00
2211706 . RETREAT EXPENSES	1,500,000	-	1,500,000.00
TOTAL DOMESTIC TRAVEL AND SUBSISTENCE	30,021,110	37,489,917	7,468,807.00
2211800. FOREIGN TRAVEL AND SUBSISTENCE			
2211802 . TRAVEL COST	720,000	1,006,024	286,024.00
2211803 . ACCOMMODATION	-	-	-
2211804 . DAILY SUB. ALLOWANCE	1,192,585	1,742,622	550,037.00
2211805 . SUNDRY ITEMS	50,000	-	50,000.00
TOTAL FOREIGN TRAVEL AND SUBSISTENCE	1,962,585	2,748,646	786,061.00
2211900 - PRINTING & PUBLISHING INFORMATION			
2211901 . PRINTING & PUBLISHING	1,696,837	3,004,587	1,307,750.00
2211902 . NEWSPAPERS,PERIODICALS & MGZ	536,000	639,956	103,956.00
2211903 . ADVERTISING & PUBLICITY	4,563,683	4,640,640	76,957.00
2211904 . TRADE SHOWS & EXHIBITIONS	1,736,710	1,638,910	97,800.00
2211905. DOCUMENTARY EXPENSES	2,000,000	1,788,800	211,200.00
2211906. KMFRI CORPORATE SOCIAL RESPONSIB	250,000	-	250,000.00
TOTAL PRINTING & PUBLISHING INFORMATIO	10,783,230	11,712,893	929,663.00
2212000 - RENTAL OF PRODUCED ASSETS			
2212002 . RENT & RATES . NON RESIDENTIAL	1,204,877	1,339,523	134,646.00
2212003 . HIRE OF TRANSPORT	3,293,165	6,150,473	2,857,308.00
2212004 . HIRE OF EQUIPMENT PLANT AND MA	72,000	12,000	60,000.00
2212005 . RENT & RATES . RESIDENTIAL	-	-	-
TOTAL RENTAL OF PRODUCED ASSETS	4,570,042	7,501,996	2,931,954.00
2212100 - TRAINING EXPENSES			
2212108 . TRAINING EXPENSES	10,000,000	12,340,509	2,340,509.00
2212109 . TRAINING LEVY EXPENSES	477,350	476,955	395.00
2212110 . ISO CERTIFICATION & REL. EXPEN	6,500,000	9,192,002	2,692,002.00
2212112 . ERP TRAINING COSTS	250,000	238,960	11,040.00
TOTAL TRAINING EXPENSES	17,227,350	22,248,426	5,021,076
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KENYA MARINE AND FISHERIES RESEARCH INSTITUTE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR 20

GRANTS AND A.I.A	Final Budget 2017/2018	Actual on comparable basis	Performance difference
	Kshs.	Kshs.	Kshs.
2212200 - HOSPITALITY SUPPLIES \$ SERVICE			
2212201 . CATERING SERVICES	5,000,000	7,227,443	- 2,227,443.00
2212203 . FUNERAL EXPENSES	699,670	808,690	- 109,020.00
2212204 . BOARD ALLOWANCES	4,459,400	4,288,900	- 170,500.00
2212205 . CONFERENCE, SEMINAR & WORKSHOP	2,000,000	1,232,074	- 767,926.00
2212207 . BOARD TRAVEL EXPENSES	2,608,993	2,548,541	- 60,452.00
2212208 . BOARD OF MANAGEMENT&RELATED E	841,298	1,503,748	- 662,450.00
TOTAL HOSPITALITY SUPPLIES \$ SERVICE	15,609,361	17,609,396	- 2,000,035.00
2212300 - INSURANCE COSTS			
2212301 . GROUP LIFE INSURANCE	1,550,000	-	- 1,550,000.00
2212302 . BUILDING INSURANCE	1,400,000	558,615	- 841,385.00
2212303 . INSURANCE OF MOTOR VEHICLES	2,248,208	2,704,067	- 455,859.00
2212304 . INSURANCE OF AIRCRAFT,BOATS	745,123	8,412	- 736,711.00
2212305 . INSURANCE OF BOARD MEMBERS	650,000	629,035	- 20,965.00
2212306 . OTHER INSURANCE COSTS	30,000	-	- 30,000.00
2212307 . GROUP PERSONAL ACCIDENT INSURA	872,129	156,298	- 715,831.00
2212308 . MEDICAL INSURANCE COVER	29,187,124	11,994,708	- 17,192,416.00
2212309 . RV MTAFIGI INSURANCE	5,000,000	2,492,687	- 2,507,313.00
TOTAL INSURANCE COSTS	41,682,584	18,543,822	- 23,138,762.00
2212400 . RESEARCH PROGRAMMES			
2212401 . DONOR FUND EXPENSES (OTHERS)	63,007,483	41,141,047	- 21,866,436.00
2212402 . SEED EXPENSES	75,000,000	62,532,618	- 12,467,382.00
2212403 WORLD BANK DONOR EXPENSES	-	192,328,457	- 192,328,457.00
2212405 . RV MTAFIGI EXPENSES	65,000,000	68,728,905	- 3,728,905.00
2212406 . RV MTAFIGI MAINTANANCE/DRY DOCK	40,000,000	10,552,612	- 29,447,388.00
2212407 . RV MTAFIGI ANALYTICAL WATER SYST	27,500,000	-	- 27,500,000.00
2212408 . RV MTAFIGI TRAINING EXPENSES	20,000,000	10,694,051	- 9,305,949.00
2212409.RV MTAFIGI EXPENSES FOR PORT LICENS	10,000,000	-	- 10,000,000.00
TOTAL RESEARCH PROGRAMMES	300,507,483	385,977,690	- 85,470,207.00
2212500 - SPECIALISED MATERIALS & SUPPLIES			
2212501 . LABORATORY MATERIALS	9,103,391	3,049,711	- 6,053,680.00
2212502 . EDUCATION AND LIBRARY SUPPLIES	950,000	51,410	- 898,590.00
2212503 . FOOD AND RATIOS	25,000	-	- 25,000.00
2212504 . PURCHASE OF UNIFORMS AND CLOTH	2,025,000	723,045	- 1,301,955.00
2212505 . PURCHASE OF SPECIMEN	80,000	19,000	- 61,000.00
2212506 . DRUGS, INSECTICIDES & SPRAYS	55,000	37,700	- 17,300.00
2212507 . PURCHASE OF FISH FEEDS	3,247,902	3,926,334	- 678,432.00
2212508 . PURCHASE OF FISH TAGS	1,000	1,545	- 545.00
2212509 . FARM INPUTS	65,000	55,500	- 9,500.00
2212510 . OTHER MATERIALS AND SUPPLIES	-	2,000	- 2,000.00
TOTAL SPECIALISED MATERIALS & SUPPLIES	15,552,293	7,866,245	- 7,686,048.00
2212600 - GENERAL OFFICE SUPPLIES			
2212601 . GENERAL OFFICE SUPPLIES	6,196,476	8,359,896	- 2,163,420.00
2212602 . COMPUTER SUPPLIES & ACCESSORIE	3,392,881	4,795,449	- 1,402,568.00
2212603 . SANITARY & CLEANING MATERIALS	1,371,654	1,253,502	- 118,152.00
TOTAL GENERAL OFFICE SUPPLIES	10,961,011	14,408,847	- 3,447,836.00
2212700 - FUEL , OIL AND LUBRICANTS			
2212701 . FUEL.OIL & LUB . MOTOR VEHICLE	3,530,895	5,228,844	- 1,697,949.00
2212702 . OTHER FUELS ,GAS, WOOD & CHARCOA	61,573	121,610	- 60,037.00
TOTAL FUEL , OIL AND LUBRICANTS	3,592,468	5,350,454	- 1,757,986.00
2212800 - OTHER OPERATING EXPENSES			
2212801 . BANK CHARGES	250,000	425,937	- 175,937.00
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Financial Statement for the year ended 30 June, 2018
Notes to the Financial Statements (Cont.)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2018

Kenya Marine and Fisheries Research Institute (KMFRI) is a Corporate Body constituted as per The Science and Technology Act Cap.250 (20) which has since been repealed and replaced by the Science, Technology and Innovation Act, 2013.

1. Statement of Compliance and Basis of Preparation and Form of Presentation

The Public Finance Management Act 2012 Section 192 provides for the setting up of the Public Sector Standards Board (PSAB). The Cabinet Secretary, National Treasury gazetted members of the Board on the 28th February 2014. The Board is mandated to provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all state organs and public entities. In exercising its mandate, the Board approved adoption and application of the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB) with effect from 1st July 2014.

The Institute's financial statements are prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS) as approved for adoption and application by the Public Sector Standards Board (PSAB). The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

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

2. Summary of Significant Accounting Policies

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

i. Estimates and Assumptions

The preparation of financial statements in conformity with IPSAS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements are prepared and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the managements' best knowledge of current events and actions, actual results of events may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018 Notes to the Financial Statements (Cont.)

ii. Consolidation Principle

The financial statements consolidate the revenues and expenses of the Institute and her satellite center's/stations which are spread across the country.

(a) Revenue Recognition

Income is recognized in the period in which it is earned. Income is not accrued if its recoverability is considered doubtful.

(b) Government Grants and Donations

Grants from the National Government are recognized in the year in which the Institute actually receives such grants. Donor grants are recognized in the Institute books of account to the extent that it is probable that future economic benefits will accrue to the Institute and the grants can be reliably measured.

(c) Foreign Currency

(i) Translation of Foreign Currencies

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of transaction. Trade creditors or debtors denominated in foreign currency are reflected in the statement of financial position reporting date by applying the exchange rate on that date.

Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the balance sheet date. Resulting exchange differences are recognized in the income statement for the year.

(ii) Functional and Presentation of Currencies

Items included in the financial statements of the Institute are measured using Kenya Shillings which is the currency of the primary economic environment in which the Institute operates ('functional currency'). The financial statements are therefore presented in Kenya Shillings.

(d) Property, Plant and Equipment

- i. Property, Plant and Equipment are stated at cost or as professionally revalued 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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

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.

- ii. Full depreciation is charged on assets in the year of purchase and none is made in the year the assets are disposed. Depreciation charge for leasehold land is apportioned evenly over the lease period. No depreciation is charged on freehold land and as it is deemed to have an indefinite life.
- iii. Property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. If an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs shall be revalued.
- iv. Motor vehicles that have a book value of less than Kshs. 100,000 are not depreciated.
- v. Depreciation on property, plant and equipment is calculated on the straight-line basis to write down the cost of the assets to their residual values over their estimated useful life. The estimated assets useful lives and rates used are as shown below:

Asset Description	Estimated useful life in years	Rate % or apportionment
Leasehold Land	99	Apportioned evenly over the lease period
Buildings	40	2.5%
Plant & Lab Equipment	8	12.5%
Research Vessels	8	12.5%
Motor Vehicles	4	25%
Furniture, Fittings & Office Equipment	8	12.5%
Computers	3.33	30%
Library Books	5	20%
Computer Software	3.33	30%

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE



Financial Statement for the year ended 30 June, 2018 Notes to the Financial Statements (Cont.)

(e) Intangible Assets

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

(f) Useful lives and residual values of assets

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 KMFRI;
- ❖ 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; and
- ❖ Changes in the market in relation to the asset.

(g) Provisions

Provisions are recognized when the Institute has a present obligation (legal or constructive) as a result of a past event and 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.

Contingent liabilities

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

Contingent assets

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

Financial Statement for the year ended 30 June, 2018
Notes to the Financial Statements (Cont.)

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

(i) Comparative figures

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

(j) Retirement Benefits Policy

The Institute operates a defined contribution pension scheme for her employees, both unionizable and non-unionizable. The scheme is administered by an independent Board of Trustees and it is funded by contributions from KMFRI and her employees. KMFRI contributes 15% of the employees' basic pay to the scheme and the employees contribute 7.5% of their basic pay. Contributions to the scheme from KMFRI are charged to the statement of financial performance in the year to which they relate. The cost of the defined contribution scheme is determined using the actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of the scheme, such estimates are subject to significant uncertainty.

The Institute also contributes to the statutory defined contribution pension scheme, the National Social Security Fund. Contributions to the scheme are determined by statute and are currently set at Kshs. 200 per employee per month. The employee contributes Kshs. 200 per month and the employer similarly contributes Kshs. 200.

The scheme administrators are AON (K) Insurance Brokers Ltd and the scheme assets managers are Britam (K) Ltd. The fund custodian is NIC Bank.

(k) Financial Risk Management

The Institute's financial risk policies involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is inevitable and operational risks are unavoidable in any business. The aim is to minimize potential adverse effects on the Institute's financial performance.

Risk management is undertaken by the Institute Management under the supervision of the Board of Management. The financial risk management objectives and policies are as outlined below:

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE



Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

Credit risk

The Institute's exposure to credit risk primarily arises from advances made to her staff members, for instance salary and medical advances. The Institute structures the level of credit risk it undertakes by placing limits on the amount of money that can be advanced to a staff member in a given period of time. Such risks are monitored on a revolving basis and are subject to frequent review.

Liquidity risk

This risk arises when the Institute is unable to meet her financial obligations when they fall due. KMFRI's approach in mitigating the impact of this risk is by managing her liquidity by ensuring that it always has sufficient funds to meet her maturing obligations as necessary without damaging the Institution's reputation and this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. Further, mechanisms have been put in place in limiting the institution's expenditure to set budgetary levels at all times.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

3. GOVERNMENT GRANTS

(A) RECURRENT GRANTS

MONTH	2017/2018	2016/2017
	Kshs	Kshs
August	240,150,000	-
October		233,875,000
November		233,875,000
January	240,000,000	
February		233,875,000
March	240,300,000	-
June	240,150,000	233,875,000
(A) SUB--TOTAL	960,600,000	935,500,000

(B) R.V MTAFFITI RECURRENT GRANTS

GOK R.V MTAFFITI GRANTS		
	Kshs.	Kshs.
Month	2017/2018	2016/2017
October	-	85,000,000
November	-	85,000,000
January	170,000,000	-
February		85,000,000
March	80,000,000	-

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE



Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

June	85,000,000	85,000,000
June (transfer to Parent Ministry on account of PV Doria operations)	(25,143,700)	
(B) SUB-TOTAL	309,856,300	340,000,000

(C)-OTHER GOK GRANTS- BLUE ECONOMY AND COUNTER PART FUNDS

OTHER GOK GRANTS(BLUE ECONOMY AND COUNTER PART)		
	2017/2018	2016/2017
	Kshs.	Kshs.
August	12,866,940	-
December	42,235,002	-
(C) SUB-TOTAL	55,101,942	-
TOTAL (A) + (B)+(C)	1,325,558,242	1,275,500,000



KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

4. DONOR GRANTS

NAME OF PROJECT	2017/2018	2016/2017
Kenya Coastal Development Project- IDA	38,877,594	353,400,000
Kenya Coastal Development Project-GEF	-	595,000,000
Western Indian Ocean Marine Scientist Association (Wiomsa)	12,331,264	13,745,410
Gent Universitet	10,675,958	-
Icoast- Sighnthil Campus	-	4,095,290
Odin Africa Project	891,112	2,443,651
University of Denver	1,594,252	-
Stockholms University	1,426,923	-
Vruje University	-	1,587,040
Blue Forest- Elsen Grid Arendal	-	6,077,250
Food Agricultural Organization (FAO)	583,810	380,681
Dongfung Electric	-	1,091,196
Radiosotopes - IAEA	804,717	536,160
IFS Fish Connectivity		269,314
Signthil Camous Erdinbough	5,780,447	-
State Department of University Education	17,502,965	-
University of Brussel	-	1,962,060
Centre For Intern. Forestry	1,655,156	2,212,852
CSIRO Private	-	683,240
Other Small Projects- IOC,AORA,ICIPE,WWLF,MASENO,SDUE&ALMA	11,334,946	3,517,472
TOTAL KSHS	103,459,146	987,001,616



KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

5. FINANCE INCOME

	2017/2018	<u>2016/2017</u>
	Kshs.	Kshs.
Interest income on fixed deposit account	1,279,541	1,204,251
Foreign Exchange Gain in the Year	<u>-</u>	<u>8,719</u>
Total Finance Income	<u>1,279,541</u>	<u>1,212,970</u>

The above amounts represent bank interest earnings and foreign exchange gain in the financial year. The Institute has a fixed deposit account with National Bank of Kenya, Nyali Branch.

6. OTHER INCOME

	2017/2018	<u>2016/2017</u>
	Kshs.	Kshs.
Sale of Tender Documents	12,000	175,000
Other Incomes:		
Sale of boarded stores	-	321,000
Fees for services/Consultancies	204,370	215,132
Sale of fish and fish fingerlings	2,002,895	1,381,590
Student visits & attachment	520,900	492,370
Miscellaneous Income	3,319,315	184,744
Sale of fish feeds	1,488,011	4,222,760
Hire of research vessels	86,250	56,600
Hire of Conference Facilities	168,845	307,650
Exchange gain	-	35,630
Sale of brooders	<u>55,680</u>	<u>148,500</u>
Total	<u>7,858,266</u>	<u>7,505,376</u>

7. EMPLOYEE COSTS

	2017/2018	<u>2016/2017</u>
	Kshs.	Kshs.
Basic salaries	298,578,241	294,777,626
Personal Allowances	218,303,906	204,245,748
Service Gratuity	613,130	1,141,054
Personal Allowances-Reimbursements	14,906	4,926,082
Pension Contribution by employer	42,040,779	40,930,070
In-service Death Gratuity	<u>-</u>	<u>8,953,080</u>
Total	<u>559,550,962</u>	<u>554,973,660</u>

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

8. BOARD OF MANAGEMENT COSTS

	2017/2018 Kshs.	<u>2016/2017</u> Kshs.
Board Allowances	4,288,900	9,740,396
Travel Costs	2,548,541	5,564,096
Other Board related expenses	<u>1,503,748</u>	<u>1,724,766</u>
Total	<u>8,341,189</u>	<u>17,029,258</u>

9. GENERAL EXPENSES

	2017/2018 Kshs.	2016/2017 Kshs.
Communication, Supplies & Services	11,144,850	11,469,120
Travel & Subsistence	40,238,563	39,267,138
Printing, Advertising & Information	11,712,893	7,372,894
Rentals of Produced Assets	7,501,996	5,549,094
Training Expenses	13,056,424	6,555,626
ISO Certification Expenses	9,192,002	2,150,249
Hospitality Supplies & Services	9,268,207	5,920,396
Insurance Costs	18,543,822	34,020,143
Research Programs	385,977,690	1,063,416,450
Specialized Material & Supplies	7,866,245	7,154,760
Office & General Supplies	14,408,847	10,374,199
Fuels, Oil and Lubricants	5,350,454	3,652,968
Other Operating Expenses	28,318,054	26,825,926
Contracted Services – Provision for Audit Fee	<u>1,622,400</u>	<u>580,000</u>
Total	<u>564,202,447</u>	<u>1,224,308,963</u>

10. BULK PURCHASES OF WATER AND ELECTRICITY

	2017/2018 Kshs.	<u>2016/2017</u> Kshs.
Electricity Expenses	13,313,714	10,087,327
Water & Sewerage Charges	<u>1,179,973</u>	<u>1,257,576</u>
Total	<u>14,493,687</u>	<u>11,344,903</u>

11. REPAIRS AND MAINTENANCE

	2017/2018 Kshs.	2016/2017 Kshs.
Maintenance of Motor Vehicle	8,602,626	8,498,933
Maintenance of Vessels	116,250	269,043
Maintenance of Buildings	<u>39,814,308</u>	<u>13,698,578</u>
Total	<u>48,533,184</u>	<u>22,466,554</u>

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE



Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

12. CASH & CASH EQUIVALENTS

	2017/2018	2016/2017
	Kshs.	Kshs.
Projects A/c's	117,221,481	218,476,551
Recurrent A/c's	241,363,023	565,521,957
Recurrent Cash A/c	187,199	230,395
Development A/c	88,394,149	88,656,227
Seed A/c's	2,975,828	2,374,475
Revenue A/c's	11,878,034	2,306,958
Revenue Cash A/c's	12,000	4,303,650
Seed Cash A/c's	2,562	519
Total	<u>462,034,276</u>	<u>881,870,732</u>

- i. Out of the total sum of cash reported as available at the end of the financial year, a sum of Kshs. 165,112 was reported as having been stolen from Baringo Station cash office. The incident was reported to the police and upon investigations, one KMFRI employee was suspected to have been responsible for the theft. The matter is in court.

13. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2017/2018	2016/2017
	Kshs.	Kshs.
Medical Advance	7,413,126	11,451,282
Salary Advance	119,758	115,521
Temporary Imprest	7,111,683	6,139,455
Staff Debtors	652,168	366,458
Other Debtors	98,977	58,531
Sub-Total	15,395,712	18,131,247
KCDP - Counterpart A/c	-	-
Interest on deposits	-	-
GoK Recurrent Grants	325,150,000	-
Total Accounts Receivable	<u>340,545,712</u>	<u>18,131,247</u>

The amounts reflected against 'other debtors' constitutes amounts owed by KMFRI former employees who either retired or resigned from KMFRI service.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

14. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2017/2018	2016/2017
	Kshs.	Kshs.
Motor Vehicle Insurance Cover (Prepayments)	1,411,491	656,726
Board of Management	72,891	-
Interest on fixed deposit a/c	-	261,988
Medical Cover Insurance	17,192,415	-
Building Insurance	94,893	-
Rv.Mtafiti Insurance	<u>5,554,518</u>	<u>-</u>
Total	<u>24,326,208</u>	<u>918,714</u>

CONTINGENT ASSETS

The table below has information on contingent assets as explained.

No	Parties involved	Case details	Total Amount
1	KMFRI Vs Jane Ndung'u	Breach of bonding Contract	3,961,613
2	KMFRI Vs Robinson Mugo	Breach of bonding Contract	1,248,572
3	KMFRI Vs Tabitha Gathoni Muriuki	Breach of bonding Contract	2,112,300
4	KMFRI Vs Bernard Fulanda	Breach of bonding Contract	2,270,646
5	KMFRI Vs L.N.Momanyi Advocates	Breach of bonding Contract	4,500,000
	Total		14,093,131

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

15. PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2018

Asset	F/Hold Land	L/Hold Land	Buildings	Plant, Mach. & Equip.	M. Vehicles	Res. Vessels	Furn, Fitt & equip	Library	Computers & Printers	Total
Cost 1 July 2017	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Purchased b/fwd.	6,392,000	39,650,424	342,351,783	35,103,601	105,246,949	185,494,427	28,442,146	17,403,197	38,442,646	798,527,173
Donations B/Fwd	-	-	-	-	-	-	-	315,556	-	315,556
Revaluations B/Fwd	10,608,000	279,849,576	319,421,942	-	17,826,022	259,817,853	-	-	-	887,523,393
(A) Totals for Opening Balances	17,000,000	319,500,000	661,773,725	35,103,601	123,072,971	445,312,280	28,442,146	17,718,753	38,442,646	1,686,366,122
Additions during 2017/2018:										
Purchases	-	-	12,533,872	237,087,963	27,302,412	52,995,646	4,639,080	-	7,681,401	342,240,374
Donations	-	-	-	-	-	-	-	118,338	-	118,338
Revaluations	-	-	-	-	-	-	-	-	-	-
(B) Sub-total for additions	-	-	12,533,872	237,087,963	27,302,412	52,995,646	4,639,080	118,338	7,681,401	342,358,712
(C) 30 June 2018(A + B)	17,000,000	319,500,000	674,307,597	272,191,564	150,375,383	498,307,926	33,081,226	17,837,091	46,124,047	2,028,724,834
Accumulated Depreciation:										
1 July 2017:-	-	8,021,616	54,966,368	15,623,565	28,541,356	31,932,118	18,186,130	3,600	30,287,650	187,562,403
For additions b/fwd	-	242,424	-	-	77,770,132	97,382,746	-	17,129,543	-	192,524,845
For Donations b/fwd	-	-	12,885,961	-	-	-	-	-	-	12,885,961
For Rev. b/fwd	-	-	-	-	-	-	-	-	-	-
Charge for the year:	-	4,213,455	4,221,729	33,226,142	10,110,312	21,441,831	3,012,151	-	6,973,945	83,199,565

Financial Statement for the year ended 30 June, 2018

[illegible]

16. WORK-IN-PROGRESS

	2017/2018	2016/2017
Balance B/fwd	2,243,410	146,272,850
Additions	<u>34,405,403</u>	<u>14,737,305</u>
Total	36,648,813	161,010,155
Less: Transfers	<u>NIL</u>	<u>(158,766,745)</u>
W.I.P.C/fwd	<u>36,648,813</u>	<u>2,243,410</u>

The above amounts are in respect of the on-going construction works of the Jetty at the headquarters, office buildings at Shimoni Station, construction of hatchery in Kegati station, construction of extruder warehouse in Sang'oro station, rehabilitation of wet lab and partitioning of MOSC.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018
Notes to the Financial Statements (Cont.)

17. INTAGIBLE ASSETS

Cost 1 July 2017	8,627,160
Additions in the year	3,985,765
30 June 2018	12,612,925
Accumulated Depreciation B/Fwd	7,781,240
Depreciation Charge for the year	1,579,610
Accumulated Depreciation as at 30 June 2018	9,360,850
Net Book Value as at 1 July 2017	845,920
Net Book Value as at 30 June 2018	3,252,075

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018 Notes to the Financial Statements (Cont.)

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2017/2018 Kshs.	2016/2017 Kshs
Trade Payables	88,862,565	29,945,757
Other Payables (Provision for audit fees)	-	-
Total Trade and Other payables	<u>88,862,565</u>	<u>29,945,757</u>

CONTINGENT LIABILITIES

No	Case No.	Est Cost to the institute Kshs
1	ELRC No 186 of 2013 Ezekiel Okemwa Vs KMFRI	33,455,592
2	Industrial case No.235 of 2013 Joseph Onderi Nyang'au Vs KMFRI	30,000,000
3	Industrial case No.4 of 2014 Joseph Tinga Janga Vs KMFRI	30,000,000
4	Civil suit No 483 OF 2016 Mwanaisha Nassoro Suleiman ,Athuman Tezi Vs KMFRI	1,910,407
5	Miscl. Application No 621 of 2017 Republic Vs KMFRI	14,667,000
6	HCCC No. 24 Mini Mix Agencies Vs KMFRI	23,582,122
	TOTAL	<u>133,615,121</u>

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE



Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

19. TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2017/2018 Kshs.	2016/2017 Kshs.
Breakdown of other liabilities is as below:		
Payroll Bank Loan Deductions	4,553,217	218,089
Statutory Deductions	7,680,941	-
Co-operative Loan Deductions	11,585,905	-
Insurance Deductions	422,516	-
Hire purchase Deductions	-	-
Staff Welfare Deductions	324,636	89,564
Staff Union Deductions	252,922	100,272
Pension Contribution	1,797,854	58,500
Other general liabilities	8,866,084	10,961,620
House Rent Deductions	143,350	626,960
Total	<u>35,627,425</u>	<u>12,055,005</u>

20. RETIREMENT BENEFITS OBLIGATION

	2017/2018 Kshs.	2016/2017 Kshs.
Retirement Benefits Obligation b/fwd	35,226,665	55,226,665
Add: accrued amount	-	-
Total	35,226,665	55,226,665
Less: payment	<u>20,000,000</u>	<u>20,000,000</u>
Retirement Benefits Obligation C/fwd	<u>15,226,665</u>	<u>35,226,665</u>

The Institute owes the staff pension fund a sum of Kshs. 15,226,665 in total. This amount arose from an actuarial valuation of the fund that was done in 2009.

21. CAPITAL RESERVE

	2017/2018 Kshs.	2016/2017 Kshs.
Balance B/Fwd	629,544,041	629,544,041
Additions:		
Development A/c	-	-
Counterpart A/c	-	-
Capital Reserve Bal. C/Fwd	<u>629,544,041</u>	<u>629,544,041</u>

Capital Reserves constitutes the cumulative amounts disbursed to KMFRI over the years for development expenditure. The funds received were spent on construction works and purchase of assets.



KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

22. DONATIONS RESERVE

	2017/2018	2016/2017
	Kshs.	Kshs.
Balance b/fwd	344,701,880	123,684,570
Additions	<u>118,338</u>	<u>253,495,521</u>
Total	344,820,218	377,180,091
Less: Depreciation	(40,802,818)	(32,476,411)
Depreciation adj. on revaluation	-	<u>(1,800)</u>
Donations – Balance C/Fwd	<u>304,017,400</u>	<u>344,701,880</u>

23. REVALUATIONS RESERVE

	2017/2018	2016/2017
	Kshs.	Kshs.
Balance b/fwd	537,997,254	112,490,535
Additional	<u>-</u>	<u>594,371,942</u>
	537,997,254	706,712,477
Less: Depreciation	(12,635,960)	(25,761,430)
Depreciation adj. on revaluation	<u>-</u>	<u>(142,953,793)</u>
Revaluation Reserve	<u>525,361,294</u>	<u>537,997,254</u>

Revaluation Reserve constitutes the cumulative values of assets revalued over the years.

24. ACCUMULATED SURPLUS

	2017/2018	2016/2017
	Kshs.	Kshs.
Accumulated Deficit B/Fwd	609,026,423	210,043,983
Less: Adj.	-	-
Additional Surplus	<u>158,254,551</u>	<u>398,982,440</u>
Accumulated Surplus	<u>767,280,974</u>	<u>609,026,423</u>

Accumulated Surplus constitutes the cumulative amounts of surpluses realized over the years.

25. RELATED PARTY TRANSACTIONS

	2017/2018	2016/2017
	Kshs.	Kshs.
Contributions to KMFRI Pension Fund	40,115,379	38,978,070

KMFRI has in place a pension scheme in which the employer contributes 15% and the employees 7.5%. In the management of the fund, the employer nominates three members to the Board of Trustees and the employees elect three others as provided for in the Retirement Benefits Authority Act. The above amount is the employer's contribution to the Fund in the year.



KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

26. EVENTS AFTER THE REPORTING PERIOD

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

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

**PROGRESS ON FOLLOW-UP OF AUDITOR GENERAL'S RECOMMENDATIONS
FOR THE FINANCIAL YEAR 2016/2017**

The following is the summary of issues raised by the external auditor in the financial year 2016/2017 and the management's 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 Person to resolve the issue (Name & Designation)	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.1	Ownership documents and valuation for Baringo, Mtwapa and Sangoro plots required.	Valuation of assets to be undertaken and efforts will be doubled in acquiring ownership documents.	Mr. Gabriel Kitonga (Maintenance Officer)	Partially resolved. Valuation was undertaken 2016/2017FY. Ownership documents still being sought.	In one year.
2.2	Sale of Kongowea Plot	Necessary approvals for the sale of the plot were obtained from the Parent Ministry and the then Ministry of Finance. Thereafter the plot was sold as provided for in the Public Procurement and Disposal Act of 2005. The sale proceeds were deposited with the Institute lawyer with whom there were no express	Mr. Abraham Kagwima - Deputy Director (Finance & Administration)	Not resolved	At the discretion of PIC.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

		invest the same in an interest earning investment. However, the proceeds were later invested on rolling basis by the Institute in a fixed deposit account with National Bank of Kenya.			
3.	Purchase of seven motor vehicles not included in the procurement plan.	The purchase of the seven motor vehicles were budgeted for and approved in the Institute's recurrent and development budget for the financial year 2014/2015. The vehicles were used for purposes of support and supervision of Kenya Coastal Development Project (KCDP) activities.	Mr. Abraham Kagwima (Deputy Director - Finance & Administration)	Not resolved.	The issue to be handled jointly with the office of the Auditor General.
4.1	Cash and cash equivalent	The amount of Kshs. 218,476,551 was adjusted to Kshs. 219,570,643 in the adjusted financial statements for the year. The variance of Kshs. 1,094,092 was reconciled and journalized as necessary.	Nyakundi Nyangoto - Chief Accountant	Not resolved.	The issue to be handled jointly with the office of the Auditor General.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018 Notes to the Financial Statements (Cont.)

4.2	Sagana recurrent account unreconciled balance of Kshs. 443,189.	The matter is being handled administratively. Investigations are underway and the concerned officer is under suspension.	Mr. Abraham Kagwima (Deputy Director (F&A))	Under investigation.	In six months.
5.1	Donor funds IDA and GEF unreconciled variance of Kshs. 4,091,861.	The variance of Kshs. 4,091,861 was reconciled and journalized in the adjusted financial statements in the year 2016/2017FY.	Mr. Abraham Kagwima (Deputy Director (F&A))	Not resolved.	The issue to be handled jointly with the office of the Auditor General.
5.2	Cruise expenditure – DSA payments of Kshs. 35,294,412	The payment of night outs was stopped after being advised by the Parent Ministry. The matter was referred to Salaries and Remuneration Commission (SRC) for advice.	Mr. Abraham Kagwima (Deputy Director - Finance & Administration)	Not resolved.	The issue to be handled jointly with the office of the Auditor General.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE



Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

5.3	Unaccounted for expenditure on purchase of fuel of Kshs. 11,880,000.	The Institute Management is in the process of putting measures in place whereby the amount of fuel consumed and the nautical miles covered by the vessel can be ascertained.	Mr. Abraham Kagwima (Deputy Director - Finance & Administration)	Not resolved.	The issue to be handled jointly with the office of the Auditor General.
6	Government grants-unreconciled variance of Kshs. 81,230,476	The grants received by KMFRI of Kshs.1, 275,500,000 were as per the printed estimates. However, consultation on the variance is ongoing between the Ministry and KMFRI.	Mr. Abraham Kagwima (Deputy Director - Finance & Administration)	Not resolved.	The issue to be handled jointly with the office of the Auditor General.

KENYA MARINE AND FISHERIES RESEARCH INSTITUTE

Financial Statement for the year ended 30 June, 2018

Notes to the Financial Statements (Cont.)

Other matters: Budgetary Control	Variance of Kshs. 148,079,546	The variance arose from increased research activities through cruises in the high seas and near shore. Expenditure on performance contract targets accelerated the expenditure in the year.	Mr. Abraham Kagwima (Deputy Director - Finance & Administration)	Not resolved.	The issue to be handled jointly with the office of the Auditor General.
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Signed.....

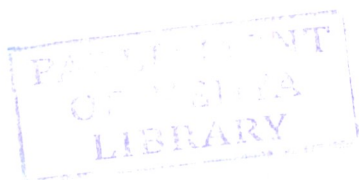
Hon. John Safari Mumba

CHAIRMAN/KMFRI BOARD OF MANAGEMENT

Signed.....

Prof. James M. Njiru

DIRECTOR/KMFRI



SCHEDULE

EXPLANATORY MEMORANDUM

to

THE LAW SOCIETY OF KENYA (GENERAL) REGULATIONS, 2019

PART I

Name of Statutory Instrument: The Law Society of Kenya (General) Regulations, 2019

Name of the Parent Act: The Law Society of Kenya Act, No. 21 of 2014

Enacted Pursuant to: Section 41 of the Law Society of Kenya Act, No. 21 of 2014

Name of the Ministry/Department: The Law Society of Kenya

Gazetted on:

Tabled on:

PART II

1. Purpose of the Statutory Instrument

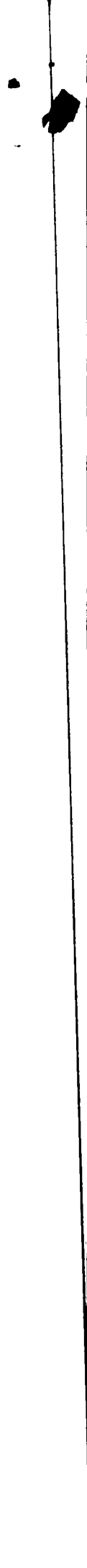
The Law Society of Kenya (General) Regulations, 2019 are made by the Council with the approval of members pursuant to section 41 of the Law Society of Kenya Act.¹ The general purpose of the Regulations is to operationalise the Act by making more detailed rules for certain processes. Specifically, the Regulations are intended to-

- make provision for different types of members of the Society and setting out differential levels of responsibilities or obligations;
- provide for the keeping of detailed registers of different categories of members and law firms;
- define the circumstances under which members may be called upon to contribute funds for activities of the Society;

¹ Act No. 21 of 2014

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 25 MAR 2019 Page 1 of 1 DAY: TUESDAY	
TABLED BY:	MAJORITY LEADER
CLERK-AT THE TABLE:	

- d) provide for appointment of a member to be administrator of a law firm where a sole practitioner ceases to have capacity to practise;
- e) describe the procedures for meetings of the Council, creation of committees, elections of members of Council and filling of casual vacancies, as well as settlement of election disputes by alternative dispute resolution mechanisms. A new feature introduced is the creation of an independent *ad hoc* elections board to oversee elections of Council members and resolve any disputes;
- f) set up a compliance monitoring unit which shall be responsible for monitoring adherence to the Regulations and collecting information on illegal practice and submitting the findings to relevant investigatory or enforcement agency;
- g) introduce funding of branches using a formula to be determined by the Council in consultation with branches, with input of revenue allocation expert;
- h) require the secretary to prepare annual estimates each year with input of the Budget and Finance Committee and approved by the Council;
- i) make provisions on governance of branches, their functions and powers, as well as creation of chapters falling under branches;
- j) provides for meetings of the Society, the manner of calling for meetings, special resolutions of the Society and keeping by the secretary of the resolutions passed in such meetings;
- k) provide for a fair, competitive and equitable procedure for nominating members to represent the Society on statutory/public bodies, accountability of such representation and the procedure for recall of a representative;
- l) provides for mediation and other dispute resolution mechanisms;
- m) introduce the use of information and communication technology in the processes of the Society, including carrying out elections of members of the Council;
- n) provide for collaboration of the Society or branches with other bar associations;
- o) incorporate, by reference, a code of ethics and conduct for members;
- p) provide for publications of the Society;
- q) create forms for use to meet certain requirements of the Act and the Regulations.



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2. LEGISLATIVE CONTEXT

In historical context, the Law Society of Kenya Ordinance² and the Advocates Act (1949) were enacted. In terms of governance, the Law Society of Kenya Ordinance provided for representation of the Mombasa practitioners and the “upcountry” practitioners in the Council, a position that persists even in the current legal framework (s. 17(2) of the Law Society of Kenya Act 2014).

The Law Society of Kenya Ordinance was re-enacted in 1962 as the Law Society of Kenya Act.³ The 1962 Act remained in force with incremental but few amendments over the years till the year 2014 when the Law Society of Kenya Act was enacted by Parliament. The Act took effect on 14th January 2015. The Act repealed the Law Society of Kenya Act which had been in existence since 1962.

For a long time, there has not been a comprehensive review of the Regulations and it was increasingly becoming difficult for the Society to operate efficiently. The new Constitution of Kenya 2010 introduced norms that hitherto were only aspirations. One of the issues emphasised under the Constitution are the principles and values under Article 10.

The Act makes some radical departures from the then existing law by-

- Entrenching the office of chief executive officer in the Act;
- Creating structures that were necessary to make the secretariat effective in managing the affairs of the Society, tacitly applying best practices in corporate governance;
- Providing for creation of branches and further units or structures of governance in the spirit of devolution;
- Establishing the *Budget and Finance Committee*, mainly made up of members of the Society;
- Referring to constitutional principles, values and objects to be applied in managing the affairs of the Society.
- Requiring that members of the Council meet the requirements of Chapter Six of the Constitution of Kenya 2010.

The development of the Regulations was guided by the need to achieve the purpose of the Act which is to ensure that the Society is accountable, effective and focused on ensuring that the rule of law, constitutionalism, welfare of members are paramount, and delivery of services to the public is professional.

² No. 10 of 1949

³ No. 30 of 1962, Chapter 18 of the Laws of Kenya

The Regulations define the scope of the powers of the Council, the branches and chapters, and provide for the place of the member in the affairs of the Society, by requiring that any major decision or act of the Council must be approved by members through special or ordinary resolutions as the circumstances require.

These Regulations revoke and replace legal notices numbers 546/62, 127/84, 279/95 & 141/97.

3. CONSULTATION OUTCOME

The development of the Regulations was member-driven:

- a) The Council invited members of the Society to volunteer to serve in the Regulations Committee.
- b) The Committee worked closely with the Consultant to come up with the initial draft of the Regulations and to review it in line with the views of members.
- c) The Committee held a consultative meeting with officials of the Canadian Bar Association who also provided useful insights.
- d) The Consultant together with the Committee visited branches to collect views of members on what should be contained in the Regulations. For a period of about one month, views were collected in Kisumu, Eldoret, Nairobi, and Mombasa.
- e) Other stakeholders invited to make input were the Office of Attorney-General, the Parliament, the Law Reform Commission, the Judiciary and the Office of the Director of Public Prosecutions.
- f) The Consultant referred to and compared the rules and regulations governing the General Council of the Bar of South Africa, the Nigerian Bar Association and the South Australian Bar Association Inc. to compare best practices in some of the regulated aspects.
- g) Additionally, the draft was widely circulated to members through electronic mails and even social media inviting members and stakeholders to submit their views. Members were sent the first draft for the March 2017 annual general meeting (AGM). The AGM did not discuss the Regulations due to time constraints. The Regulations were also tabled on 24th March, 2018 for discussion at the Annual general Meeting but a motion to adjourn the same was passed. In every case, members were sent copies in advance and had hard copies printed for them. These Regulations have been circulated and discussed more than any other document submitted to members in the recent past for discussion.

- h) All the views were analysed for their propriety, practicality and consistency with our legal system, the Constitution and relevant legislation. In coming up with the Regulations, the views were considered and rationalised to produce what is considered to be the *general will* of the members. So the overall effect of the Regulation is to prescribe what is best within the many divergent and sometimes conflicting needs of members.
- i) The Council, the branch chairs and the Regulations Committee of the Society met in various places to agree on issues, including in Nairobi, Nyahururu and Mombasa.
- j) In the Special Meeting of the Society called on the **15th September 2018**, the Draft Regulations were discussed clause by clause and it took a record 12 hours to complete the amendments to the draft. The draft was finally passed by members subject to the amendments as proposed. These Regulations have incorporated the recommendations of the Special General Meeting held on 15th September 2018, and the meeting represents the supreme organ of the Society.

The following were as the result of consultations in various meetings with members as the main stakeholders in these Regulations:

- The members eligible to join the Society were agreed upon;
- The use of electronic voting was adopted;
- Register for members and law firms to be kept;
- Corporate governance practices introduced into the Council as the organ of the Society that runs day to day affairs of the Society;
- Monitoring unit was established to deal with quacks who practice law in certain hide-outs;
- Elections board established to oversee the elections and dispute resolution;
- The Regulations establishes Devolution and Regional Integration Fund to strengthen the branches and make more resources reach them. Under the new arrangement, branches would get a total of shillings 38,000,000/= annually, up from mere shillings 8,000,000/=.
- The Regulations have extensive provisions on branches, branch members and management of the affairs of branches applying the best practices.
- Branches are now given major autonomy to run their affairs without interference from the Council.

- One of the most important innovation is making regulations to guide representation of the Society on Constitutional and statutory bodies to be fair and available to members.

4. Monitoring and Review

- a) The Law Society of Kenya (General) Regulations 1962 have been in force for more than 50 years. They were amended only about 4 times. The amendments essentially introduced additional requirements without changing the existing Regulations. The manner of drafting was also very classic with long legislative sentences and traditional drafting language that required an overhaul to be more responsive to the modern dictates of clarity. It had taken too long to review the 1962 Regulations.
- b) Section 41 of the (new) Act gives the Council powers to prescribe Regulations to promote the objects of the Society. Therefore, these Regulations may be amended or revoked all together in future if the Society in a general meeting considers them not serving the purposes for which they were prescribed. There is no limit on the number of times or the frequency the Regulations may be reviewed. All depend on the needs and dynamism of the legal profession and the Society as the professional organization of members.

Amendments require a resolution by members of the Society in general meeting.

5. Contact

mercy.wambua@lsk.or.ke (Chief Executive Officer, Law Society of Kenya)
allen@wamaeallen.com (President, Law Society of Kenya)

LAW SOCIETY OF KENYA (GENERAL) REGULATIONS, 2019

ARRANGEMENT OF REGULATIONS

Regulation

PART I – PRELIMINARY

1. Citation and commencement
2. Interpretation

PART II-MEMBERSHIP OF SOCIETY

3. Categories of members
4. Register of members
5. Register of law firms
6. Special member
7. Non-practising member
8. Honorary member
9. Annual subscription fee
10. Introduction of levy
11. Obligations of a member
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13. Cessation of membership
14. Firm administrator
15. Re-admission of a member

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17. Budget & Finance Committee
18. Council meetings & venue
19. Quorum and conflict of interests
20. Decisions of the Council
21. Extra-ordinary meeting of Council
22. Suspension and removal of Council member
23. Filling of casual vacancy in the Council

24. Content of Annual Report

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26. Approval of electoral body
27. Elections board
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29. Qualification for nomination
30. Content of nomination paper
31. Submission of nomination paper
32. Scrutiny of nomination papers
33. Agents and observers
34. Election without ballot
35. Publication of list of voters
36. Voting centres
37. Ballot paper
38. Procedure for voting
39. Spoilt ballot paper
40. Counting of ballot papers
41. Form of declaration of results
42. Recount of ballot papers
43. Tallying & certification of results
44. Settlement of election disputes

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45. Appointment of Secretary
46. Monitoring of unlawful practice

PART VI-FUNDS OF THE SOCIETY, ACCOUNTS & AUDIT

47. Sources of funds of the Society
48. Bank accounts and expenditures
49. Annual estimates and procurement plan
50. Devolution and Regional Integration Fund

- 51. Policies, procedures and guidelines
- 52. Appointment of auditor
- 53. Audit of Council and branch executives
- 54. Tenure of auditor

**PART VII-MEMBERSHIP, FUNCTIONS AND GOVERNANCE OF
BRANCHES**

- 55. Membership of a branch
- 56. Rights and obligations of member
- 57. Branch executive
- 58. Procedure for elections at branch
- 59. Term of office of branch executive
- 60. Functions and powers of branch executive
- 61. Status of branch & relation with Council
- 62. Branch charter
- 63. Collaboration with other branches
- 64. Chapter of a branch
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- 66. Branch annual budget estimates
- 67. Bank accounts and reports
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- 69. Employment of staff
- 70. Governance of a chapter
- 71. Functions and powers of a chapter committee
- 72. Accounts and audit of a chapter
- 73. Elections, removal, etc. of chapter committee

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- 74. General and special meetings
- 75. Notice of a meeting
- 76. Notice of motion
- 77. Special general meeting



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- 78. Presiding at a meeting
- 79. Quorum
- 80. Power of president to adjourn
- 81. Rules of debate
- 82. Manner of decision-making
- 83. Procedure for a poll
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- 86. Register of public bodies
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- 89. Resignation and filling of vacancy

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- 90. Publications
- 91. Reimbursement of expenses
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- 94. Codes of conduct and etiquette
- 95. Negotiation, conciliation & mediation
- 96. Arbitration
- 97. Information and communication technology
- 98. Revocation of legal notices
- 99. Savings and transition

FIRST SCHEDULE-*forms*

SECOND SCHEDULE-*annual subscription fees*

THIRD SCHEDULE-*sharing formula*

LEGAL NOTICE NO.....

THE LAW SOCIETY OF KENYA ACT

(No. 21 of 2014)

IN EXERCISE of the powers conferred by section 41 of the Law Society of Kenya Act, the Council of the Law Society of Kenya with the approval of general meeting of members of the Society makes the following Regulations—

THE LAW SOCIETY OF KENYA (GENERAL) REGULATIONS, 2019**PART I - PRELIMINARY**

1. (1) These Regulations may be cited as the Law Society of Kenya (General) Regulations, 2019.

Citation and
commencement

(2) These Regulations shall come into operation immediately after the date on which they are published in the *Gazette*.

2. In these Regulations, unless the context otherwise requires—

Interpretation

“advocate” has the meaning assigned to it under the Advocates Act;

“annual grant” means a fraction of the amount collected from members of the Society as annual subscription fee which is disbursed annually from the Devolution and Regional Integration Fund to a branch to support the functions and activities of the branch in accordance with regulation 50;

“auditor” means the auditor appointed by the Council under regulation 52;

“bar association” includes any association of legal professionals, whether recognised as a voluntary association or as a statutory body;

“branch” means a branch of the Society as provided under the Schedule to the Act;

“candidate” means a member who has been validly nominated to contest in an election and whose nomination has been received by the secretary;

“chapter” means a unit of a branch that is recognised under the Act or these Regulations;

“copy” includes an electronic document;

“Devolution and Regional Integration Fund” means the fund established under regulation 50(1);

“document” includes an electronically-generated document;

“election material” as used under regulation 43(5) includes nomination paper, voters register, voters list, used and unused ballot papers together with their counterfoils, declaration of results forms and any other document or item used to facilitate an election;

“election official” means a tallying officer, a presiding officer or a clerk employed by an electoral body involved in an election under the Act or these Regulations;

“electoral body” means a body or organisation appointed by the Council and approved by general meeting of the Society to conduct elections under Part IV;

“extra-ordinary meeting” means a meeting of the Council convened by the president under regulation 21;

“general membership” means members of the Society who are not serving in any office of the Society, including in branches, chapters or committees;

“legally incapacitated” includes the state of being unable to practise on account of bankruptcy, medical condition certified by a medical practitioner as defined under legislation regulating medical practitioners, or the inability to practise law on account of a lawful court process or order;

“list of voters” means a list of members who are entitled to vote, containing details of a member including the branch and ordinary place of practice, prepared by the secretary under regulation 35.

“member” means a person whose name is for the time being on a register of members of the Society;

“non-practising member” means a member who does not practise;

“notice” includes a notice in electronic form sent or delivered to the address given by the recipient;

LAW SOCIETY OF KENYA (GENERAL) REGULATIONS, 2019

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SECOND SCHEDULE-*annual subscription fees*

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“candidate” means a member who has been validly nominated to contest in an election and whose nomination has been received by the secretary;

“chapter” means a unit of a branch that is recognised under the Act or these Regulations;

“copy” includes an electronic document;

“Devolution and Regional Integration Fund” means the fund established under regulation 50(1);

“document” includes an electronically-generated document;

“election material” as used under regulation 43(5) includes nomination paper, voters register, voters list, used and unused ballot papers together with their counterfoils, declaration of results forms and any other document or item used to facilitate an election;

“election official” means a tallying officer, a presiding officer or a clerk employed by an electoral body involved in an election under the Act or these Regulations;

“electoral body” means a body or organisation appointed by the Council and approved by general meeting of the Society to conduct elections under Part IV;

“extra-ordinary meeting” means a meeting of the Council convened by the president under regulation 21;

“general membership” means members of the Society who are not serving in any office of the Society, including in branches, chapters or committees;

“legally incapacitated” includes the state of being unable to practise on account of bankruptcy, medical condition certified by a medical practitioner as defined under legislation regulating medical practitioners, or the inability to practise law on account of a lawful court process or order;

“list of voters” means a list of members who are entitled to vote, containing details of a member including the branch and ordinary place of practice, prepared by the secretary under regulation 35.

“member” means a person whose name is for the time being on a register of members of the Society;

“non-practising member” means a member who does not practise;

“notice” includes a notice in electronic form sent or delivered to the address given by the recipient;

“polling register” means a register used by an electoral body as the official register of voters for purposes of under Part IV;

“practice” means the act or process of undertaking legal work in ones capacity as a legal expert or legal professional and includes giving legal advice, drafting legal documents, representing clients in legal negotiations or in judicial proceedings;

“register” includes any of the registers kept by the secretary under regulation 4;

“reporting period” as used in regulations 67 (4) and 72(2) means the half-yearly period between January to June and July to December, inclusive;

“secretariat” means the secretariat established under section 27(1) of the Act;

“senior counsel” means senior counsel as defined under the Advocates Act;

“sole practitioner” means an advocate who does not carry on business in partnership with any other advocate, whether or not such business is under a registered business name;

“spoilt ballot paper” as used in regulation 39 (1) means a ballot paper that is torn, damaged or marked by the voter in such a way as not to be capable of communicating the intention of the voter as to the candidate being voted for;

“tallying officer” means the officer responsible for tallying and certifying the final results of an election under Part IV;

“the Act” means the Law Society of Kenya Act;

“unrestricted funds” means total annual subscription fee, practising certificate fee, income from investments of the Society and other income of the Society, that are available for purposes of determining the amount provided under regulation 50 (3), but excludes funds received by the Society for a particular purpose or project, including project funds, annual conference income, building levy, library fund, subscription to a bar association, donations for particular projects or purpose, continuing

professional development fees, and any other money charged by the Society to meet cost of an activity;

“unqualified person” has the meaning assigned to it under the Advocates Act.

PART II - MEMBERSHIP OF SOCIETY

3. (1) A member of the Society may be—

Categories of
members

- (a) an ordinary member;
- (b) a special member;
- (c) a non-practising member; or
- (d) an honorary member.

(2) Except for an honorary member, a member of the Society must be an advocate of the High Court of Kenya as determined by criteria set out in legislation regulating the practice of law.

4. (1) A person who is admitted as an advocate in Kenya is a member of the Society from the date the name of the person is entered on the Roll of Advocates kept under the Advocates Act, and the secretary shall enter into a register of members of the Society every person who has been admitted as an advocate.

Register of
members

(2) The secretary shall keep and maintain a register for different categories of members of the Society and a register shall be open for inspection by a member at all reasonable time upon request by the member.

(3) A register shall contain particulars of a member's—

- (i) name as entered on the Roll of Advocates;
- (ii) date of admission;
- (iii) admission number;
- (iv) firm or organisation where the member works, where applicable;
- (v) the branch, and where applicable, a chapter to which the member belongs;
- (vi) last known physical and postal address;
- (vii) e-mail and telephone contacts;

(viii) any other detail that the Council may consider necessary.

(4) The secretary shall keep different registers of members who have—

(a) been struck off the Roll of Advocates;

(b) been suspended from membership;

(c) been expelled;

(d) died; or

(e) in any other manner ceased to be members of the Society.

(5) A register kept under sub-regulation (4) shall, in addition to the particulars under sub-regulation (3), contain—

(a) the date when the member ceased to be a member; and

(b) the reason why the member ceased to be a member of the Society.

(6) A register may be in electronic format.

(7) A member who has a principal place of practice but operates another office based in another branch is entitled to be a member of the branch where the member so practices and shall, in that latter capacity, be eligible to participate in the activities of the branch at that level.

(8) A member whose name has been struck off the Roll of Advocates shall cease to be a member of the Society, but without prejudice to the right of the Society to enforce any outstanding obligation of such member to the Society.

5. (1) A proprietor of a law firm shall, within 30 days of registering a law firm or within 30 days of the coming into force of these Regulations, submit to the secretary a copy of the firm's registration certificate and provide details of the firm in *Form LSK-01* in the First Schedule.

Register of
law firms

(2) The secretary shall keep and maintain a register of all law firms operating in Kenya.

(3) Where there is a change in any of the particulars required under this regulation, including where the firm has ceased to exist, the proprietor of the firm or a person in charge of the firm, shall immediately notify the secretary to update the register accordingly.

(4) The secretary shall avail or give access to a branch the particulars in the register of law firms relating to the branch, and shall-

- (a) upon request by the branch clarify any entry in the register; and
- (b) communicate to the branch any change of particulars in the register.

6. (1) For the purpose of section 8 of the Act, a person qualifies to be recognised as a special member of the Society if the person is on the Roll of Advocates and is employed in any of the following offices:

Special
member

- (a) office of the Attorney-General;
- (b) office of the Director of Public Prosecutions;
- (c) office of Chief Land Registrar;
- (d) County government;
- (e) any other office in the public service to which section 10 of the Advocates Act applies.

(2) An ordinary member who becomes a special member by reason of being employed in any of the offices under sub-regulation (1) shall within 30 days notify the Society in *Form LSK-02* in the First Schedule.

(3) Subject to sub-regulation (5), a special member is entitled to all the rights, privileges and is subject to obligations of an ordinary member.

(4) A special member who becomes an ordinary member by reason of leaving employment in any of the offices under sub-regulation (1) shall within 30 days notify the Society in *Form LSK-03* in the First Schedule.

(5) The scope of participation by a special member in the activities of the Society may be subject to legislation applicable to the member's employment or to the terms of engagement between the member and the employer.

7. (1) A member who ceases to practise shall, within 30 days, give notice to the secretary in *Form LSK-04* in the First Schedule and the secretary shall enter the member's name in the appropriate register.

Non-practising
member

(2) A member who fails to give notice as required under this regulation shall not enjoy the rights or privileges of a non-practising member, but shall be required to comply with all obligations of an ordinary member.

(3) A non-practising member who wishes to practise shall give notice to the Society in *Form LSK-05* in the First Schedule and the secretary shall

enter the member's name in appropriate register upon the member satisfying the secretary that the member has complied with all the requirements for practice.

8. (1) The Council may admit a person as an honorary member if the Council is satisfied that the person has contributed to the advancement of the objects and principles of the Society.

Honorary
member

(2) A branch executive may recommend to the Council a person to be considered for conferment of the status of honorary membership.

(3) Where the Council has selected a person and conferred upon the person the status of honorary member under section 9 of the Act, no application shall be required but the secretary shall enter in the register the name of the honorary member.

(4) The Council may for sufficient cause, revoke the status of an honorary member and the name of the member shall forthwith be deleted from the register of honorary members.

9. (1) Subject to this regulation, a member of the Society shall pay to the Society annual subscription fee as provided in the Second Schedule.

Annual
subscription
fee

(2) An honorary member is not required to pay annual subscription fee to the Society.

(3) If, when—

(a) annual subscription fee is due and payable by a member; and

(b) at the same time other fee or levy is due and payable by the member to the Society,

the member shall pay such other fee or levy together with the annual subscription.

(4) The Council may, by special resolution of members in a general meeting, vary the amount of annual subscription fee payable by a member.

(5) A member who has paid annual subscription fee to the Society is not required to pay further subscription fee to a branch or chapter, but a branch or chapter may, by special resolution of members of that branch

or chapter, provide for further subscription fee to support branch or chapter activities.

10. (1) The Council may, with approval of members by special resolution, introduce a levy or monetary contribution upon members as may be necessary to enable the Society to perform its functions, carry out such projects as may be necessary, or to meet a lawful obligation of the Society.

Introduction of
levy

(2) A motion seeking the approval of the members shall specify—

- (a) the purpose of the levy or monetary contribution;
- (b) the amount to be paid by a member or category of members;
- (c) the time, manner and duration during which a member is required to contribute; and
- (d) the benefit to be derived.

(3) The Council shall not offer as collateral any asset of the Society including subscriptions or levies for the purpose of securing a loan as principal or as guarantor unless the members have approved such action by a special resolution in a general meeting.

11. (1) A member shall—

Obligations of
a member

- (a) promote and help the Society to realise the objectives of the Society as set out in section 4 of the Act;
- (b) promote and assist the respective branch to achieve the functions of the branch set out in section 24 of the Act;
- (c) pay annual subscription fee and any other lawful levy within time unless the member is exempted from paying the annual subscription or levy under the Act or these Regulations;
- (d) observe and adhere to the requirements of a code of conduct that has been approved by the Society;
- (e) uphold the highest professional standards in delivering legal services;
- (f) inform the Society of any change in the member's physical address, electronic mail address or postal address, the member's firm name and the branch where applicable, within 14 days of the change;

(2) A member who does not adhere to the provisions of paragraph (d) may be liable for disciplinary action.

12. (1) A member whose name is in a register of members of the Society shall automatically be a member of the branch of the Society where the member ordinarily practises.

Branch
membership

(2) A member may belong to more than one branch at a time, subject to regulation 55(2).

(3) Where a member or the firm in which the member practises has more than one office in more than one branch of the Society, the member shall elect at the time of applying for a practising certificate, the principal place of practice and any other place of practice will be deemed to be secondary place of practice for the purpose of this regulation.

(4) Where a member fails to elect as provided under this regulation, the secretary shall designate a member's ordinary place of practice and the designation shall be as effective as if the member has voluntarily chosen the branch.

(5) The secretary shall on request by a branch avail details in the register of the members and firms falling within the geographical jurisdiction of the branch.

13. (1) A member of the Society shall cease to be a member if the member—

Cessation of
membership

(a) is struck off the Roll of Advocates for whatever reason; or

(b) dies.

(2) A member who ceases to be a member of the Society ceases to be a member of a branch or a chapter where the member belongs.

14. (1) A sole practitioner shall, within 60 days of establishing a law firm, nominate a member or members in *Form LSK-06* in the First Schedule to be administrator of the member's legal practice in the event that the sole practitioner—

Firm
administrator

(a) dies;

(b) is suspended from practising under the Advocates Act;

- (c) is struck off the Roll of Advocates; or
 - (d) is adjudged bankrupt by a court of competent jurisdiction; or
 - (e) otherwise becomes legally incapacitated.
- (2) Nomination under this regulation shall be made once but a member so nominating shall notify the secretary on any change in the name or particulars of the nominee.
- (3) A member who is nominated to administer a law firm or practice of another member shall be known as administrator.
- (4) The secretary shall not accept nomination unless the nominee has consented to act as administrator, in *Form LSK-07* in the First Schedule.
- (5) This regulation does not override the right of a member to appoint by Will a qualified executor to act as administrator of the law practice in any of the circumstances contemplated under sub-regulation (1).

15. (1) A member who has been struck off the Roll of Advocates may apply in writing to the Council to be re-admitted as a member if the name of the member has been restored to the Roll of Advocates in accordance with the legislation for the time being regulating the practice of law.

Re-admission
of a member

(2) A member who has ceased to be a member of the Society may apply to the Council for re-admission.

(3) An application for re-admission to membership shall be in *Form LSK-08* in the First Schedule.

(4) The application shall be accompanied by relevant facts in support of the application.

(5) Subject to sub-regulation (6) the Council may re-admit a member-

(a) if the Council is satisfied that the member who ceased to be a member by being struck off the Roll of Advocates is ready and willing to abide by the relevant laws and rules of the Society or any other condition as the Council may be impose; or

(b) if, in the case where a member ceased to be a member without any default on the member's part, the member is willing to abide by the Act and the Regulations.

(6) The Council may impose such conditions as may be necessary to ensure that a member who is re-admitted adheres to the relevant laws, regulations or a code of conduct for members.

(7) The secretary shall in writing communicate the decision on re-admission within 30 days from the date of the decision of the Society.

PART III - THE COUNCIL

16. (1) The Council may, subject to the Act, by resolution generally or in any particular case, delegate in writing the exercise of any of the powers or the performance of any function or duty of the Council—

Committees of
Council

- a) to a committee of the Council;
- b) to a member of the Council;
- c) to a branch executive;
- d) to a member of the Society; or
- e) to any other person as the Council may lawfully determine.

(2) The Council may establish a standing or ad hoc committee for any purpose within the mandate of the Council or of the Society, but the Council remains responsible for the acts or omissions of such committee.

(3) A committee shall consist of at least 5 members and members of a committee may be drawn from general membership of the Society, but the branches may jointly nominate one person to each of the committees to represent the branches.

(4) A committee shall serve for the duration of the Council in office and shall be reconstituted after every election of a new Council, save for any particular committee which the Council resolves that it shall not automatically stand dissolved upon election of a new Council.

(5) Without prejudice to the generality of sub-regulation (2) and in addition to the Budget and Finance Committee established under section 40(2) of the Act, there shall be established committees to deal with the following matters:

- (a) practice standards & ethics;
- (b) members & staff welfare;

- (c) young lawyers;
 - (d) legal practice, including litigation and conveyancing;
 - (e) devolution;
 - (f) public interest, legal aid & human rights;
 - (g) continuing professional development of members;
 - (h) law reform and legislation;
 - (i) in-house counsel;
 - (j) information and communication technology;
 - (k) immigration law;
 - (j) internal audit.
- (6) The Council shall determine in writing the terms of reference of a committee.
- (7) The Council shall designate a member of a committee as the chairperson and may be deputised by one of the committee members, nominated by the members of the committee at its first sitting.
- (8) A committee shall appoint its secretary from amongst—
- (a) its members;
 - (b) the members of staff of the Society; or
 - (c) members of the Society.
- (9) The Council may establish a task force to undertake a specific task falling within the mandate of the Council or the Society generally.
- (10) A committee of the Council shall meet quarterly, unless for a good cause more frequent meetings are justified, and the committee shall report to the Council on quarterly basis.
- (11) The procedure for a meeting of the Council, including the manner of recording conflict of interests, shall apply to a meeting of its committees with any necessary modifications.
- (12) The quorum of a committee—
- (a) where the committee consists of 10 members or less, shall be 4 members, excluding its secretary; and
 - (b) where the committee consists of more than 10 members, shall be one-third of its members, excluding its secretary.

(13) The chairperson of a committee shall preside at all meetings of the committee and in the absence of the chairperson, the deputy chairperson shall preside.

(14) If the chairperson and the vice chairperson are absent, the committee shall nominate one of its members to preside.

(15) The secretary to a committee shall keep, with respect to the proceedings of that committee—

- (a) record of the proceedings;
- (b) minutes;
- (c) register of attendance; and
- (d) a register of conflict of interests signed by members in attendance.

17. (1) The Budget and Finance Committee established under section 40 (2) of the Act shall consist of—

Budget &
Finance
Committee

(a) six persons from the general membership of the Society, nominated by the Council upon a competitive process and appointed by members in a general meeting;

(b) a member of the Council, appointed by the Council; and

(c) the secretary, who shall be the secretary to the committee.

(2) The chairperson of the committee shall be appointed by its members at the first meeting of the committee from amongst members appointed under paragraph (a) of sub-regulation (1).

(3) The manner of appointing chairperson of a committee under regulation 16 (7) does not apply to the Budget and Finance Committee.

(4) The function of the committee shall be—

(a) to consider annual or supplementary budget estimates and the accounts of the Society and to recommend to the Council for approval;

(b) to undertake such other functions as may be delegated to it by the general meeting of the Society or by the Council.

18. (1) The Council may meet for the dispatch of business, adjourn, and, subject as expressly provided by the Act or these Regulations, otherwise regulate its meetings and proceedings as it thinks fit.

Council
Meetings &
venue

(2) The secretary is responsible, in consultation with the president, to call for a meeting of the Council by issuing not less than 7 days' notice to the members of the Council accompanied with the agenda of the meeting.

(3) All meetings of the Council shall be held in Nairobi, unless the Council considers it appropriate for a good cause to hold a meeting outside Nairobi.

(4) The Council shall meet quarterly but may meet more frequently as may be necessary.

19. (1) The quorum for a meeting of the Council shall be five members, excluding the secretary.

(2) Before transacting business at a meeting, each member of the Council present shall declare and register conflict of interests, if any, in relation to a matter on the agenda.

(3) A Council member who has declared conflict of interests in a matter on the agenda shall not participate in deliberations on that agenda or vote in relation to the agenda.

Quorum of
meetings &
conflict of
interests

20. (1) A question or issue arising during a meeting of the Council upon which a decision is required to be made shall be decided by a majority of votes of Council members present and voting, except in the case of a special resolution.

(2) Where there is equality of votes, the president shall have a second or casting vote.

(3) Despite sub-regulation (1) the Council shall endeavour to resolve a question or issue by consensus but if it becomes necessary to put any question to a vote, then it shall be decided by a vote of the members present and voting by a show of hands.

(4) Members of the Council are collectively responsible for a decision or resolution made by the Council or by the majority of the Council members.

(5) A member of the Council owes fiduciary duty to the Society.

Decisions of
the Council

(6) The proceedings, resolution or decision of the Council shall not be invalid merely because a person who is not a member of the Council is in attendance.

21. (1) The president may convene an extra-ordinary meeting of the Council by issuing or causing to be issued a 24-hour notice to each of the members of the Council.

Extra-ordinary
meeting of
Council

(2) The notice shall specify the date, the time, the venue and the agenda of the meeting.

(3) A notice for an extra-ordinary meeting may be sent to members by electronic mail addressed to the electronic mail address of a member of the Council.

22. (1) The Council may, on the basis of any of the grounds set out under section 22(1) of the Act, recommend the suspension or removal from office of a member of the Council.

Suspension &
removal of
Council
member

(2) A notice recommending the suspension or removal shall be given forthwith to the member, and to every other member of the Council setting out the grounds for the recommendation.

(3) The Council shall convene a general meeting of the Society to be held within 60 days of the recommendation for the purpose of suspending, removing or otherwise dealing with the affected member and the notice to members shall contain a summary of the ground in support of the recommendation.

(4) A member of the Council who is proposed to be suspended or removed from office is entitled to be present, in person or by a legal representative, to make representations at the general meeting where the suspension or removal is to be considered.

(5) Subject to section 22(1) of the Act, a general meeting of the Society has the power-

- (a) to suspend a member of the Council from office for a certain duration;
- (b) to remove from office a member of the Council; or
- (c) to take such other action as the Society considers proper.

23. (1) If a vacancy occurs in the office of president, vice-president or any other member of the Council the secretary shall declare a vacancy and the election to fill the vacancy shall be held within 90 days from the date of the declaration of the vacancy, and the procedure provided for elections shall apply with necessary modifications.

Filling of
casual vacancy
in Council

(2) The proceedings, decision or act of the Council shall not be invalid merely because the proceedings, decision or act takes place when there is a vacancy in the office of member of Council provided there is quorum.

(3) For the purpose of section 21(2) of the Act, a person who assumes office as president under sub-regulation (1) (a) shall be regarded as having served a term if the remainder of term which the person serves is more than a year.

24. (1) The annual report prepared by the Council pursuant to section 30 (2) of the Act shall contain details of the activities undertaken by the Council in the year and the reports submitted to the Council by each of the branches of the Society.

Content of
annual report

(2) The annual report shall include, either separately or as part of the annual report, a report on how the Council, branches and chapters have utilised or managed funds.

PART IV- ELECTION OF COUNCIL

25. (1) An election under this Part shall be conducted by use of—

Electoral
system

(a) a manual or physical system of voting as provided in this Part; or

(b) an electronic voting system.

(2) A system that is adopted for election shall be—

(a) transparent;

(b) secure and free from improper influence;

(c) conducted by an independent electoral body;

(d) administered in an impartial, neutral, efficient, accurate and accountable manner; and

(e) auditable.

(3) The electronic voting system shall relate to—

- (a) registration of members as voters;
- (b) identification of the voter;
- (b) voting;
- (c) collating and tallying of the votes; and
- (d) transmitting the results of elections.

(4) Where electronic voting system is adopted, the Society shall, unless an external service provider is engaged to facilitate the process, internally operate an electronic voting system.

(5) Despite sub-regulation (3) an electronic voting system may provide for the necessary mechanisms to electronically carry out any of the steps or processes from the nomination of candidates up to the final release of the results of the election.

(6) Where electronic system is to be used the Council shall satisfy members of the Society that the system meets the minimum requirements under this regulation, and the Council shall ensure that voting instructions are sent to eligible voters at least 14 days before the date set for election.

(7) The society shall not adopt an electronic voting system unless the system has mechanisms for off-site back-up and the system is approved by members in a general meeting.

(8) If the electronic voting system fails either before the voting begins, or during the voting process and the failure is not rectified within three hours, or the continued accuracy and reliability of the system cannot be reasonably assured, the returning officer shall make and communicate a decision on the way forward, after consulting with the candidates or their authorised representatives generally, including extending the voting period, postponing the elections or reverting to the other election system under this Part.

26. (1) The Council shall consider and nominate an electoral body to conduct election of the president, vice-president and members of the Council.

Approval of
electoral body

(2) The name of the electoral body that is approved by the Council to conduct an election shall be submitted to the members of the Society in a general meeting for approval prior to the election.

(3) Before the name of an electoral body is presented to the Society for approval, the Council shall obtain from the electoral body a written commitment on its willingness to conduct the relevant election.

(4) Where a body other than the Independent Electoral & Boundaries Commission is to conduct an election, the Council may propose two or more names of suitable bodies or organizations and members of the Society shall approve one for the purpose of conducting the elections.

(5) An electoral body may not be necessary if the electronic system used under regulation 25 is sufficiently automated, is approved by members and can be monitored by the elections board during its use.

27. (1) There shall be established for every election under this Part an *ad hoc* elections board consisting of—

Elections
Board

(a) a senior counsel appointed by the Senior Counsel Committee, to be the chairperson; and

(b) six other members appointed and approved by members in a general meeting.

(2) The members of the board shall appoint one of their numbers to be secretary.

(3) A member shall not qualify to be appointed or to continue acting as a member of the elections board if the member—

(a) holds an office in the Council;

(b) is a candidate or nominates a candidate in the relevant election; or

(b) has contested in an election under this Part in the immediately preceding two years.

(4) The elections board shall be established in a general meeting prior to the date set for elections which shall be at least two weeks before the deadline set for submission by candidates of nomination papers.

(5) The functions of the elections board are to—

(a) scrutinise the nomination papers submitted by applicants;

- (b) determine whether a person has validly been nominated;
- (c) resolve disputes or complaints relating to the elections;
- (d) deal with an election for the purpose of filling a vacancy in the Council arising within the period before the establishment of a new ad hoc elections board.
- (e) ensure that the electoral system, including electronic system of voting, and electoral processes are in accordance with the principles and requirements under this Part.
- (6) The quorum of the board for the purpose of transacting any business shall be five members.
- (7) Subject to regulation 44, the elections board shall regulate its own proceedings.

28. (1) At least three months before the 15th day of March in the year when election of the Council is scheduled to be held, the secretary shall issue notice of the vacancies available in the Council—

Notice of
vacancies in
the Council

- (a) to each member of the Society; or
- (b) through publishing it in a newspaper of national circulation.
- (2) The notice shall invite interested qualified members to submit nomination papers for election to those offices.
- (3) The notice shall be issued pursuant to this regulation and shall-
 - (a) specify the office that is vacant on the given date;
 - (b) contain the requirements on eligibility to be elected to a vacant office;
 - (c) indicate the date and the manner by which the nomination paper must be submitted to the secretary;
 - (d) require that nomination of a candidate be by at least two practising members of the Society.
- (4) The notice may specify the date and time when elections are to be conducted.
- (5) The secretary shall, in addition to the requirements in sub-regulation (1), upload the notice to the website of the Society in such manner as to be easily accessed by members.

29. A member may be nominated as a candidate in an election under this Part only if that member—

Qualification
for nomination

- (a) is qualified to be elected to the relevant office as at the date set for close of nominations;
- (b) is nominated by two members of the Society who are qualified to be elected to the office to which the nomination relates; and
- (c) consents in writing to serve in the office to which the member is nominated.

30. (1) A person shall be nominated as a candidate in an election under this Part shall by way of a nomination paper that specifies—

Content of
nomination
paper

- (a) the name and address of the candidate;
 - (b) the name of the organisation where the candidate works, if any;
 - (c) the year of admission to the Bar in Kenya;
 - (d) the year and office in the Council previously held by the candidate, if any;
 - (e) the place where the candidate ordinarily practises, or where the member does not practice, the place where the member ordinarily resides;
 - (f) the office for which the candidate is nominated; and
 - (g) a description or profile of the candidate in not more than 100 words.
- (2) The nomination paper shall contain, or be accompanied by, a written consent of the candidate by which the candidate agrees to serve in the proposed office if elected.
- (3) A nomination paper includes an electronic nomination paper or an electronically-generated nomination paper with the required content.

31. (1) Before the expiry of the time fixed for submitting nomination papers, a candidate shall, subject to regulation 30(3), personally or by an agent deliver to the secretary the candidate's nomination paper.

Submission of
nomination
paper

- (2) The secretary shall keep a register of names of candidates who have submitted nomination papers.
- (3) The register shall contain—
 - (a) the name of the candidate;

- (b) the office to which the candidate seeks to be elected;
- (c) the date and time when the nomination paper was delivered to the secretary.
- (4) The person delivering the nomination paper and the person receiving the paper shall both sign the register.
- (5) The secretary shall upload on the website of the Society the list of names of candidates who have submitted nomination papers not later than three days after the deadline set for submitting the nomination papers.

32. (1) An elections board shall, within 7 days after the deadline set for submitting nomination papers, scrutinise the nomination papers and determine the applicants who qualify to contest for various positions in the relevant election.

Scrutiny of
nomination
paper

(2) The elections board shall immediately issue notice, for publication on the website of the Society, specifying the names of the candidates who have been validly nominated to various offices together with such other details as the board shall consider necessary.

33. (1) A candidate may nominate not more than two agents to represent the candidate at a polling stream, polling station or tallying centre.

Agents &
observers

(2) An elections board may, on prior request in writing, allow observers during the election process.

34. If the number of candidates nominated to fill vacancies announced does not exceed the number of vacancies in the respective offices, the persons nominated for those offices shall be declared to be elected to the respective offices.

Election
without a
ballot

35. (1) The secretary shall, at least 45 days before the date set for elections, publish to the members a list of voters—

Publication of
list of voters

- (a) directly to each member through electronic or postal mail;
- (b) by uploading the list of voters on the Society's website;
- (c) by use of both procedures in (a) and (b); or
- (d) by such other method as the Council may approve.

(2) For the purpose of election to an office at national level, a member shall only be registered as a voter and shall only vote at the member's designated principal place of practice.

(3) A person who is entered on the Roll of Advocates at least sixty days prior to the date of a scheduled election and who has taken out a practising certificate is entitled to vote.

(4) The secretary shall prepare a supplementary list of voters for the purpose of enabling a person referred to in sub-regulation (3) to participate in the election.

(5) The list of voters shall contain details or particulars of members who are eligible to vote and a member is entitled to verify the details in the list of voters before the date set for election.

(6) The secretary shall submit the list of voters to the electoral body, where applicable, immediately upon expiry of the period limited for verification of the register by members, for preparation of polling register.

36. (1) For the purpose of voting, selected High Court stations across the country shall be polling centres.

Voting centres

(2) The Council may recommend creation of more polling centres in areas where the nearest High Court station is too far away or is not easily accessible by members for purposes of voting.

37. (1) A ballot paper for use in an election shall have—

Ballot paper

- (a) the name of the candidate;
- (b) a coloured passport photograph of the candidate;
- (d) a serial number printed on the front side; and
- (e) a counterfoil with the same serial number.

(2) For the purposes of this regulation, a ballot paper includes an electronic ballot paper adopted to contain all the details required.

38. (1) Voting shall be conducted between 8.00am and 5.00pm but the presiding officer or tallying officer may extend the period for not more than 2 hours for a good cause to be recorded, or in accordance with direction given by the returning officer under regulation 25(8).

Procedure for
voting

(2) A voter shall present a national identity card or a valid passport to an elections official before being allowed to vote.

(3) The electoral body or the person overseeing elections shall ensure that there are mechanisms to ensure that the right person votes and that there is no possibility of a person voting more than once.

(4) If, by reason of being unable to read or write, or otherwise unable to vote in the manner prescribed in these Regulations due to a disability, a voter requests a presiding officer for assistance, the presiding officer shall permit the voter to be assisted or supported to the extent necessary by a person of the voter's own free choice.

39. (1) A voter who has inadvertently spoiled a ballot paper before it is cast is entitled to return it to the presiding officer and to be issued with a fresh one.

Spoilt ballot
paper

(2) A voter shall not, on account of spoilt paper, be entitled to receive a ballot paper more than twice in relation to the same office for which the vote is cast.

(3) All spoilt ballot papers and all records relating to the voting shall be preserved as provided under regulation 43(5).

40. (1) A presiding officer shall count votes for the respective offices in an open and transparent manner in the following order:

Counting of
ballot papers

(a) president;

(b) vice-president;

(c) member of Council; and

(d) representative to the Judicial Service Commission or the Disciplinary Tribunal, where applicable.

(2) A presiding officer shall admit to the counting venue a candidate or an agent of a candidate, a member of the elections board, and may admit other person as the presiding officer may think proper.

41. (1) The presiding officer and the candidates or their agents shall sign a declaration in respect of the elections.

Form of
declaration of
results

(2) The declaration for election results for president, vice-president, member of Council, member Judicial Service Commission and member of the Disciplinary Tribunal shall be in *Forms LSK-09, LSK-10, LSK-11, LSK-12, and LSK-13* respectively in the First Schedule.

(3) The presiding officer shall—

(a) request each of the candidates or agent then present to append their signature; and

(b) provide each candidate, or their agent with a copy of the declaration of the results.

(4) Where a candidate or agent refuses or otherwise fails to sign the declaration form, the candidate or agent shall be required to record the reasons for the refusal or failure to sign.

(5) If a candidate or agent refuses or fails to record the reasons for refusal or failure to sign the declaration form, the presiding officer shall record the fact of their refusal or failure to sign, but the refusal or failure shall not by itself invalidate the results announced.

(6) Where a candidate or agent of a candidate is absent, the presiding officer shall record the fact of their absence.

42. (1) A candidate or agent, if present when the counting is completed, may require the presiding officer to have the ballots re-checked or recounted.

Recount of
ballot papers

(2) A presiding officer may, on own initiative, cause the ballots to be recounted.

(3) A recount of ballots under this regulation shall not take place more than once.

43. (1) The tallying officer shall be the overall person in charge of elections on behalf of an electoral body.

Tallying &
certification of
results

(2) Immediately after the results from each polling centre have been received by the tallying officer, the tallying officer shall, in the presence of candidates or their agents, members of the elections board and observers, if present, tally the results from the polling centres in respect of each candidate, without recounting the ballots, and the final tally shall be in *Form LSK-14* in the First Schedule.

(3) The tallying officer shall formally announce the results of an election as soon as the tallying is complete.

(4) The results as certified by the tallying officer shall constitute the official results of the elections.

(5) The secretary shall keep and preserve the results and election materials until all disputes, if any, relating to the election have been decided or the time within which the results may be challenged has expired.

44. (1) A person who is aggrieved by the results of an election may, within 7 days of the announcement of the results, lodge a complaint in writing to the elections board.

Determination
of election
disputes

(2) A complaint shall contain all the facts and evidence intended to be relied upon and shall set out the legal provision alleged to have been contravened.

(3) An applicant shall serve the complaint to the respondent within 3 days of lodging the complaint.

(4) The secretary to the elections board shall, within 3 days, set a date for hearing the complaint and shall notify all the parties.

(5) The elections board shall expeditiously hear and determine all disputes or complaints referred to it, regard being had to the timelines set out under these Regulations.

(6) The elections board shall determine within not more than 14 days from the date of lodging the complaint.

(7) The elections board shall deliver a written decision which shall contain reasons for the decision and delivered on a date and time duly notified to the parties prior to the decision.

(8) The elections board shall have power to —

(a) cancel or nullify the nomination of a person;

(b) impose conditions on a candidate;

(c) nullify an election; or

(d) declare a candidate to be duly elected; or

(e) make such other orders as it may consider just in the circumstances.

(9) The elections board, for sufficient cause, allow a person to be enjoined to a proceeding before it.

(10) The decision of the majority of the members of the elections board shall be the decision of the board.

(11) A person who is dissatisfied with the decision of the elections board may appeal to the High Court within 14 days of the decision, and the law for the time being applicable to civil appeals shall, with necessary modifications, apply to the appeal.

(12) Where an election is nullified, fresh election shall be held for the affected office, within 90 days.

PART V-THE SECRETARIAT

45. (1) The Council shall recruit the secretary from amongst qualified members of the Society and the secretary shall serve in accordance with section 26 of the Act and on such further terms as the Council shall determine.

Recruitment of
secretary

(2) Where the office of secretary becomes vacant, the Council shall cause the vacancy to be notified to members through appropriate advertisement inviting qualified members to apply to fill the vacancy.

(3) The Council shall appoint the most qualified person as secretary, taking into account the need for gender equity and national diversity.

(4) The recruitment of the secretary or other member of staff of the Council may be outsourced wholly or partially to a professional body.

(5) The Council shall develop policies to guide the Society on human resource, administration and related matters.

46. (1) The Council may establish within the secretariat a compliance monitoring unit for the purpose of ensuring that no unqualified person practices.

Monitoring of
unlawful
practice

(2) The Council may appoint an officer, or designate a staff member of the Society, to be known as surveillance officer for the purposes of this regulation.

(3) A surveillance officer may carry out investigation where there is evidence or allegation that an unqualified person is engaging in practice.

(4) The surveillance officer shall compile a report which shall include any evidence collected during the investigation and shall submit the report to the secretary for the purpose of taking necessary action, including referring the matter to an investigatory or enforcement agency.

(5) Nothing in this regulation authorises a surveillance officer—

(a) to interrogate, investigate or enter premises of, an advocate who holds a practising certificate;

(b) to act in contravention of a person's Constitutional rights, including the right against self-incrimination and the right to privacy; or

(c) to enter premises without giving reasonable notice to the owner or occupier before such entry, unless the issuing of a notice would defeat the purpose of such entry.

PART VI- FUNDS OF THE SOCIETY, ACCOUNTS AND AUDIT

47. (1) The sources of the funds of the Society are—

Sources of
funds of the
Society

(a) annual subscription fees payable by members;

(b) levies;

(c) grants;

(d) gifts or donations;

(e) endowment fund;

(f) income from investment, programme or project;

(g) any other source as shall be approved by the Council.

(2) Except as provided under the Act or these Regulation, the Council shall not impose on members a levy or other monetary contribution, or create an endowment or other fund using the Society's money, without approval of the members by a special resolution.

48. (1) The Society shall operate such bank accounts with reputable bankers as the Council shall determine.

Bank accounts
& expenditure

(2) The secretariat may hold on imprest such amount of money as may be approved and allowed by the Council from time to time.

(3) No expenditure shall be incurred for any purpose unless such expenditure has been specifically approved by the Council in an annual or supplementary budget estimate of the Society.

(4) A person who contravenes sub-regulation (3) shall be liable to be surcharged, upon being given opportunity to be heard, for the amount improperly spent.

49. (1) At least three months before the commencement of a year, the secretary shall prepare estimates of the revenue and expenditure of the Society for that year.

Budget
estimates &
procurement
plan

(2) The annual estimates shall make provisions for all the estimated expenditure of the Council for the coming year and in particular, the estimates shall provide for—

(a) the payment of the salaries, allowances or other charges in respect to the staff of the Council;

(b) the payment of pensions, gratuities or other charges in respect of the retirement benefits which are payable out of the funds of the Society.

(c) the maintenance of the buildings and grounds of the Society;

(d) the annual grants to branches and contribution to the Devolution and Regional Integration Fund;

(e) the maintenance, repair and replacement of the equipment and other property of the Society;

- (f) the reimbursement of reasonable expenses incurred by Council members, committee members or other persons exercising delegated authority of the Council;
- (g) expenses in respect of other matters as the Council may consider appropriate.
- (3) The secretary shall, together with the annual estimates, prepare an annual procurement plan and work plan for the year.
- (4) The annual procurement plan and annual work plan shall be approved by the Council.
- (5) The annual estimates shall be reviewed by the Budget and Finance Committee and tabled before the Council for approval.
- (6) The secretary shall implement the approved budget in accordance with the annual procurement plan and work plan under the specific direction of the Council.
- (7) The Council may approve adjustment of items within the budget or supplementary budget on the recommendation of the secretary through the Budget and Finance Committee.

50. (1) There is hereby established a fund to be known as Devolution and Regional Integration Fund which shall be managed by the Council on behalf of the Society.

Devolution &
Regional
Integration
Fund

- (2) The Fund shall be used to support branches, other devolved units and other bar associations as the Society may, by resolution of members, resolve to be party to, in accordance with these Regulations or any written law.
- (3) The Council shall in each year disburse out of the unrestricted funds of the Society, not less than the amount of money provided in Part 1A of the *Third Schedule* as a contribution to the Devolution and Regional Integration Fund.
- (4) The minimum amount to be apportioned to each branch and amongst branches under Part 1(B) of the Third Schedule shall be in accordance with the percentages in Part 2 of the Third Schedule.

(5) The Council may, in consultation with chairpersons of the branch executives, with advice of a revenue allocation expert where necessary, recommend for approval by members, a review or amendment of the formula or the amounts in the Third Schedule.

(6) A branch executive shall equitably apportion to a chapter or chapters within the branch a fraction of the amount allocated to the branch in each year.

(7) Subscription fee payable by a member to a regional bar association to which the Society is a party may be deposited into the Fund and shall be disbursed in accordance with relevant procedures.

51. (1) The Council shall cause to be developed, and shall approve, policies, procedures and guidelines for the management of the funds and assets of the Society in a transparent, accountable and prudent manner.

Policies,
procedures &
guidelines

(2) The Council shall develop guidelines and procedures requiring that the outgoing president, deputy president, member of the Council or member of a committee, or other person, to prepare a report and to hand over office to an incoming leader in such manner and timelines as will ensure accountability, effective continuity and operation of the relevant office.

(3) The policies, procedures and guidelines developed and approved under this regulation shall extend and apply to a branch executive and other devolved units with necessary modifications.

52. (1) The Council shall recommend to the Society an external auditor for approval by members for the purpose of auditing the accounts of the Society, the branches and the chapters for the following year.

Appointment
of auditor

(2) An auditor may be appointed to serve for more than one year at a time, subject to regulation 54.

53. (1) The auditor appointed under regulation 52 shall audit the accounts of the Council, those of the branches and chapters, but the audit report shall show the audit results for each of the branches or chapters.

Audit of
Council &
branch
executives

(2) The secretary shall forward the audited accounts to members of the Society by electronic mail or otherwise not later than 7 days before the time set for the meeting to discuss the accounts.

54. (1) An auditor appointed under regulation 52 may not serve as auditor of the Society, branches or chapters for more than six consecutive years.

Tenure of
auditor

(2) The Council may not remove an auditor before expiry of the period for which the auditor was appointed—

(a) unless the removal is in accordance with the recommendations of the Audit Committee for good cause; and

(b) the recommendation for the removal is approved by a simple majority of members present and voting in a general meeting.

(3) An auditor may resign in writing addressed to the secretary.

PART VII- MEMBERSHIP, FUNCTIONS & GOVERNANCE OF BRANCHES

55. (1) Subject to sub-regulation (2) a member who ordinarily practises in a region falling within one of the branches shall be entitled to be a member of that branch.

Membership
of a branch

(2) Where a member owns or operates an office in one or more of the regions falling under different branches, the member may have membership to those branches but for the purpose of participating in an election for a national office or branch executive, the member is deemed to only belong to the branch which the member, or in default, the secretary, has designated as the member's principal place of practice.

(3) A branch secretary shall keep a register of members of the branch and the law firms operating within the branch, but where there is a conflict between the entries in a register kept under this regulation and a register kept by the secretary, the register kept by the secretary shall take precedence.

(4) A branch secretary shall indicate in the register of the members of the relevant branch whether a member is registered at the branch as principal place of practice or as a secondary place of practice.

(5) A branch secretary may, from time to time, liaise with the secretary for the purpose of updating particulars in the branch register or a register kept by the secretary.

56. A member of a branch shall, in relation to that branch, be entitled to the rights set out under section 12 of the Act and shall be subject to—

Rights and
obligations of
member

(a) the obligations in regulation 11, with any necessary modifications; and

(b) the limitations on elections as provided under regulation 55(2).

57. (1) There shall be established a branch executive for each branch.

Branch
executive

(2) A branch executive shall consist of—

(a) chairperson;

(b) branch secretary;

(c) treasurer; and

(d) at least five and not more than twelve other members.

(3) The composition of the branch executive shall embrace equity in gender and geographical diversity of the branch.

(4) The chairperson shall preside at all meetings of the branch executive but in the absence of the chairperson, the members of the branch executive shall appoint one of their numbers, not being the secretary, to preside.

(5) A branch executive may establish such committees as may be necessary to discharge its functions and membership to a committee may include members of the branch who are not members of the branch executive.

(6) Except as provided under this Part, a branch executive shall determine the manner of conducting its meetings and of making resolutions.

58. (1) A branch may by resolution of members in a general meeting adopt a procedure for election of chairperson, secretary, treasurer or other member of branch executive.

Procedure for
elections at
branch

(2) The procedure adopted for elections by the branch shall be—

(a) transparent;

(b) fair; and

(c) by secret ballot.

(3) Subject to this regulation, a branch may adopt with necessary modifications the procedure for election of the Council.

59. (1) A chairperson or secretary of a branch executive shall not serve for more than two consecutive terms of two years each.

Term of office
of branch
executive

(2) Except as provided under sub-regulation (1), there is no restriction on the number of terms a member of the branch executive may be elected into office.

60. (1) Subject to regulation 61, a branch executive shall—

Functions &
powers of
branch
executive

(a) represent, protect and assist members who ordinarily practise within the branch, chapters or centres within the branch on matters relating to practice and welfare;

(b) collaborate with government entities or other institutions or offices, falling within the jurisdiction of the branch, for purposes of improving the conditions of practice or welfare of members of the branch;

(c) administer the funds of the branch in accordance with these Regulations, principles and policies established by the Council;

(d) establish mechanisms to promote and improve the welfare of members of the branch;

(e) receive or resolve, through alternative dispute resolution mechanisms, complaints or disputes within the meaning of regulations 95 or 96;

(f) inform the Council of any matter that requires the Council to engage a relevant stakeholder at a higher level on behalf of the branch;

(g) enter into association with other persons or organisations in Kenya, or outside Kenya with the approval of the Council;

(h) consider and approve the creation of a chapter within the geographical jurisdiction of the branch;

(i) convene general meetings of the branch as provided under regulation 64;

(j) prepare and send to the Council reports relating to the exercise of the powers and functions of the branch under these Regulations, or such reports as may be required by the Council.

(2) A branch executive may with the approval of members of the branch by special resolution-

(a) raise funds by introducing a levy or otherwise to finance its activities or projects;

(b) establish a voluntary annual subscription system for branch members and fix the amount payable by each member who has subscribed.

61. (1) For the purpose of section 24 (2) of the Act—

(a) a function or power of a branch executive shall not extend to a function or power that is specifically conferred upon the Council under the Act;

(b) a function that is not expressly conferred on the branch executive is a function of the Council.

(2) In exercising their respective functions and powers, the Council and the branch executive shall mutually consult from time to time as may be necessary to ensure that the delivery of services to the members or the public is efficient and effective.

62. (1) Subject to the Act and these Regulations, a branch may, by resolution of its members in a general meeting, adopt a branch charter—

(a) to make further provisions on the function, role and operation of the branch, its branch executive and other branch organs;

(b) to provide for the structure of the branch executive and other organs;

Status of
branch &
relation with
Council

Branch charter

(c) to recognise and provide for operations of any chapter or association of members under the branch;

(d) to provide for the rights and obligations of its members; and

(e) to set out any other matter in connection with the above paragraphs.

(2) A branch charter shall take effect upon adoption by the general meeting of the branch and upon being submitted to the Secretary.

(3) The Society may by resolution upon giving the affected branch executive notice of at least 21 days, amend or alter any provision of a branch charter, and such amendment or alteration shall take effect as a protected provision for 24 months, unless sooner altered by the Society in a general meeting.

(4) A branch may, by resolution of its members in a general meeting, amend, repeal or replace a branch charter.

(5) Subject to regulation 60, a branch executive may establish, recognize, deal with, promote, or participate in the activities of, a bar association comprising its members if the bar association has as its object the promotion of the practice or welfare of members of the branch.

63. (1) A branch executive may enter into collaboration with one or more other branches or chapters if the branch considers it necessary to further the objectives of the branch.

Collaboration
with other
branches

(2) For the purpose of coordinating or facilitating common or mutual interests, the branch chairpersons may form a caucus of chairpersons.

(3) The caucus may elect or appoint one of its own members to be the chairperson of the caucus for such duration as the caucus may determine.

64. (1) A branch executive may establish or recognise a chapter within a region or centre falling under the branch to carry out any of the functions of the branch.

(2) A member of the Society may requisition a branch executive for recognition of a chapter falling within the branch.

(3) A chapter may be recognised if—

- (a) it has at least 50 members who ordinarily practise in the chapter;
- (b) the person requisitioning satisfies the branch executive that there is need to recognise the chapter to enhance the practice and welfare of the members of the proposed chapter; and
- (c) the requisition is in writing, signed by the member and at least one third of the members who ordinarily practise in the geographical region of the proposed chapter.

(4) An application for recognition of a chapter shall be accompanied by the names of the proposed chairperson and chapter secretary.

(5) The branch executive shall consider the application within 60 days and shall—

- (a) if it resolves to approve the application, inform the applicant of its decision within 15 days of making the decision; and
- (b) forward a report to the Council which shall include-
 - (i) the name of the proposed chapter;
 - (ii) the names of the interim officials;
 - (iii) the proposed head office;
 - (iv) the number and names of members ordinarily practising in the proposed chapter;
 - (v) the approximate geographical area; and
 - (vi) any relevant information that may help the Council to understand the proposed chapter.

(6) A person who applies for recognition of a chapter and is aggrieved by a decision of the branch executive under this regulation may within 21 days from the date of receipt of notification of the decision, appeal in writing to the Council.

(7) The Council shall review the decision of the branch executive, and communicate its decision in writing to the person who has appealed, within 60 days from the date of lodging the appeal.

(8) A member of a chapter is entitled, as regards the particular chapter, to all the rights of a member and is subject to the obligations to that chapter, consistent with the Act and these Regulations.

65. (1) The procedure of the Council and the Society relating to the following matters shall, with necessary modifications, extend and apply to a branch executive or branch meetings respectively:

- (a) meetings of the Council;
- (b) general meetings of the Society;
- (c) resolutions;
- (d) suspension or removal from office;
- (e) filling of casual vacancy in the branch executive.

(2) Save as provided under sub-regulation (1) a branch executive shall regulate its meetings and those of the branch membership.

(3) Where the Council has scheduled a meeting or other activity of the Society involving all members, a branch or chapter shall not organise any other activity at the same time that is likely to interfere with a meeting or activity planned by the Council.

66. (1) At least one month before the commencement of a financial year, each branch executive shall cause to be prepared estimates of the revenue and expenditure for the following year.

(2) The annual estimates shall make provision for all estimated expenditure of the branch executive for the relevant financial year, and in particular shall provide for the payment of the salaries, allowances and other disbursements in respect of the members and the staff of the branch and the maintenance of building and grounds of payment of rent.

(3) The annual estimates shall be submitted to the Council for consideration before the Council disburses annual grant.

Procedure for
meetings of
branch
executive

Branch annual
budget
estimates

(4) The Council may make recommendations as it deems appropriate regarding proposed annual estimates of a branch and shall communicate to the relevant branch executive.

(5) A branch executive may, if it thinks appropriate, take into account the recommendations of the Council on the proposed annual estimates.

67. (1) A branch executive shall—

Bank accounts
& reports

(a) open and operate one or more bank account or accounts into which revenue that is not immediately required shall be deposited;

(b) for effective management, operate separate bank accounts for the Society's annual grant and other funds.

(2) The signatories to a branch account shall not be less than two and must include the chairperson of the branch executive.

(3) A branch executive shall, within 15 days of opening a bank account, send to the Council details of—

(i) the name and branch of the bank, and the account number;

(ii) the signatories to the account;

(iii) the type of account; and

(iv) the purpose of the account.

(4) A branch executive shall, on half-yearly basis, and within 45 days after the end of the relevant reporting period, cause to be prepared and submitted to the secretary a management report that includes a statement of income and expenditure of the branch.

(5) A statement of income and expenditure in sub-regulation (4) shall include a summary of income and expenditure by a chapter falling under the branch.

68. (1) A branch executive shall cause proper books and records of accounts to be kept of all funds, assets and liabilities of the branch to be kept, and to be audited as of the 31st December in each year.

Branch
accounts and
audit

(2) Within a period of two months after the end of each year, a branch executive shall submit to the auditor the accounts of the branch together with—

- (a) a statement of income and expenditure during that year; and
- (b) a statement of the assets and liabilities of the branch executive as at 31st December of the immediate preceding year.

(3) The accounts of a branch shall be audited by an auditor appointed by the Council under regulation 52.

69. (1) A branch executive may employ such members of staff as it considers necessary for the discharge of its functions under the Act and these Regulations upon such terms and conditions as it may determine.

Employment
of staff

(2) The Council may second an employee of the Council to work with a branch executive generally or for a specified task or period.

70. The membership of a chapter committee shall consist of—

Governance of
a chapter

(a) chairperson;

(b) chapter secretary; and

(c) not more than 7 other members.

71. (1) Subject to this regulation, and with the approval of a branch executive, a chapter committee shall exercise, in relation to the region falling under the chapter, the powers and functions exercisable by a branch executive.

Functions &
powers of a
chapter

(2) Nothing in this regulation shall authorise a chapter committee to exercise any powers in relation to formation of a further unit under it or in relation to the powers or functions that are expressly reserved for the Council under the Act, other legislation or under these Regulations.

(3) A chapter committee may employ such members of staff on such terms as the chapter committee considers appropriate to enable discharge of its functions.

72. (1) A chapter committee shall cause proper books and records of accounts of all funds, property, assets and liabilities of the branch to be kept, and to be audited as of the 31st December in each year.

Accounts and
audit

(2) A chapter secretary shall keep minutes of all meetings of the chapter committee and shall make half-yearly reports, including a statement of

income and expenditure, to the branch executive within 21 days after the end of the reporting period in such manner as the branch executive shall require from time to time.

(3) A chapter may operate one or more bank accounts with the chairperson and one or more other chapter officials as signatories.

(4) A chapter committee shall notify the branch executive for onward transmission to the Council, details of a bank account and the names of signatories to the account within 15 days of opening the account.

(5) A chapter committee shall prepare and submit an annual report to the branch executive within 15 days of the end of the year.

(6) The accounts of a chapter shall be audited by an auditor appointed by the Council under regulation 52.

73. The procedure adopted by a branch executive and approved by members of the branch in a general meeting, for election, suspension, removal, general meetings, and filling of casual vacancy shall extend and apply to a chapter falling within the branch, with any necessary modifications.

Election,
suspension,
etc. of chapter
committee

PART VIII: GENERAL MEETINGS OF THE SOCIETY

74. (1) A general meeting may either be an ordinary general meeting or a special general meeting.

General &
special
meetings

(2) A general meeting of the Society shall be held in Nairobi or at such other place as the Council may determine.

75. (1) The secretary shall send notice of a general meeting to members of the Society at least 28 days before the date set for the meeting, setting out the date, time and venue of the meeting.

Notice of
meeting

(2) A notice for a general meeting may be given to a member—

(a) by sending an electronic version through the e-mail address given by the member in the member's application for practising certificate or latest particulars given by the member;

(b) by sending it by post to the member;

(c) by delivering the notice at the member's usual or last known business address; or

(d) by personal delivery.

(3) The secretary may publish in a newspaper of national circulation an advance notice of a scheduled general meeting.

(4) Not later than 14 days before a scheduled meeting, the secretary shall send to members-

(a) the agenda of the meeting; and

(b) any notice of motion issued pursuant to regulation 76.

(5) The Secretary may, in consultation with the president, send any other information or document to members for purposes of a meeting.

(6) The accidental omission to give notice of a meeting to a member or the non-receipt of the notice by a member, or non-receipt of a matter under sub-regulation (4) or (5) shall not invalidate the proceedings or a resolution made at a general meeting.

76. (1) A member who desires to move a motion on an issue during an ordinary general meeting of the Society shall give notice to the secretary of the intention to move the motion and the notice shall set out the exact form in which the motion shall be presented at the meeting.

(2) A notice of motion shall be signed by the mover and the seconder of the motion and must be delivered to the secretary at least 21 days before the date set for the meeting where the motion is intended to be moved or discussed.

(3) A notice of motion may be delivered to the secretary by sending a signed scanned copy to the official electronic mail address provided by the secretary and the delivery of the notice is deemed to be made at the end of the day on which the notice was dispatched.

Notice of
motion

(4) Where a member sends a notice under sub-regulation (3) the member shall deliver the original notice of motion to the secretary at least 15 days before the date on which the motion is to be discussed.

(5) A notice of motion may be issued or moved by the Council through a member of the Council.

(6) A motion must not be in contravention of the Constitution or legislation unless the motion seeks to recommend amendment of the Constitution or that legislation.

(7) Where a motion directly refers to, or affects a member, the mover of the motion shall, upon lodging the notice of motion, serve upon the member, in person or by electronic mail, a copy of the notice of motion, at least 14 days before the date set for hearing the motion, and the member shall have priority to respond during the debate.

77. For the purpose of section 31(2) of the Act, notice requisitioning a special general meeting shall be in *Form LSK-15* in the First Schedule and shall be submitted to the secretary.

Special
general
meeting

78. (1) For the purpose of section 16 (7) of the Act, in the absence of—

(a) both the president and the vice-president; or

(b) a member of Council, or if a member of the Council present is not willing to preside,

the members of the Society present shall nominate the senior-most member of the Society present to preside at the meeting.

(2) For the purpose of this Part, the power or discretion conferred upon the president regarding conduct of a general meeting shall be exercisable by a person for the time being lawfully presiding at a meeting in the absence of the president.

Presiding at
general
meeting

79. (1) No business shall be transacted at a general meeting unless a quorum is present at the time when the meeting proceeds to business.

(2) If within fifteen minutes from the time appointed for the meeting a quorum of members is not present, the meeting—

(a) if convened on the requisition of members, shall be dissolved; and

Quorum

(b) in any other case, shall stand adjourned to the same day in the following week, at the same time and place.

(3) If at the adjourned meeting a quorum of members is not present within fifteen minutes from the time appointed for the meeting, the members then present shall constitute a quorum.

(4) A member present at a general meeting shall have one vote.

(5) The president or a person presiding at a general meeting shall have a deliberative as well as a casting vote.

80. The president may, with the consent of the meeting by a majority of the members present, adjourn the meeting from time to time and place to place, but no business, other than the business left unfinished at the meeting from which the adjournment took place shall, without consent of the president, be transacted at an adjourned meeting.

Power of
president to
adjourn
meeting

81. The following rules of debate shall be observed:

Rules of
debate

(a) in case of debate on any matter, no member shall be permitted to speak more than once on the same question, except that the mover of a motion or resolution shall be allowed to speak in reply after which the debate shall be closed;

(b) a member who has spoken may, by permission of the president, be again heard in explanation; but the member shall not introduce new matter or interrupt a member who is speaking;

(c) the mover of an original motion shall not, against the evident sense of the meeting as expressed by the president, speak for more than ten minutes; and no other speaker shall, nor shall the mover in reply, as against such evident sense expressed as aforesaid, speak for more than ten minutes;

(d) a member desiring to move that the meeting proceeds to take a decision upon either an original motion or an amended motion may do so by moving that the question be now put;

(e) the mover of a motion—

(i) that the question be now put;

- (ii) that either the meeting or debate be adjourned; or
 - (iii) that the meeting do proceed to the next business,
- may speak for not more than five minutes, and any such motion shall be seconded without a speech; and a member (the mover of the motion or amendment under discussion to have the preference) may speak for not more than five minutes in opposition to any such motion, which shall then be put by the president without debate;
- (f) whenever an amendment to an original motion has been moved and seconded, no second or subsequent amendment to the motion shall be moved until the first amendment has been disposed of;
 - (g) if an amendment is carried, the motion as amended shall take the place of the original motion, and shall become the motion of which any further amendment may be moved;
 - (h) no member shall move more than once that any one motion be amended;
 - (i) the president may call the attention of the meeting to continued irrelevance, repetition, improper use of language, or any breach of order on the part of a member, and may direct such member to discontinue speech or to leave the meeting;
 - (j) the president may, where no procedure or guideline is provided under these Regulations, give guidance on the proceedings of a meeting.

82. (1) During a general meeting every issue on which a decision is required shall be decided in the first instance by a show of hands, when every member present in person shall be entitled to one vote.

(2) Unless a poll is directed by the president or demanded by at least three members—

- (a) a declaration by the president that a resolution or decision has been adopted or not adopted or adopted or not adopted by a particular majority; and

- (b) an entry to that effect in the minutes of the meeting,

shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against such resolution or decision.

Manner of
decision-
making

(3) A direction or demand for a poll may be withdrawn at any time before the adjournment of the meeting and shall not be given or made in respect of the question of adjournment of a meeting.

83. (1) A poll that is allowed in accordance with the provisions of regulation 81 (2) may be undertaken and concluded during the same meeting by—

Procedure for
a poll

(a) causing a division; or

(b) where appropriate, be administered electronically according to an established system.

(2) Subject to sub-regulation (1), a poll may be taken by means of voting papers in accordance with the following provisions—

(a) the president shall appoint not less than three scrutineers from amongst the members of the Society to receive and examine the voting papers and certify the result of the poll;

(b) two scrutineers shall be a quorum and the death of one or more of the scrutineers shall not affect the poll;

(c) if by death, refusal or incapacity to act, the number of scrutineers is reduced below two, a member to fill each vacancy shall forthwith be nominated by the president or, if the president is for any reason prevented from doing so, by the vice-president;

(d) the president shall then fix a day to which the meeting, at the conclusion of the other business, shall stand adjourned;

(e) the secretary shall as soon as possible after the poll has been granted send a voting paper by post to each member with a specially marked envelope for return;

(f) the voting paper shall be in such form as the Council may direct and shall include—

(i) a statement of the question on which the poll has been directed or demanded; and

(ii) the day on or before which the voting paper must be returned;

(g) a voting paper shall be returned on or before the specified time or date to the secretary sealed in a specially marked envelope, or in an envelope

endorsed "voting paper" in the top left-hand corner thereof, and the secretary shall place all such envelopes unopened in a box and shall deliver them to the scrutineers for opening and examination;

(h) a voting paper which is unsigned or is received by the secretary after the prescribed time or date, or one that shows that a member has voted more than once shall be rejected by the scrutineers;

(i) as soon as the voting papers have been examined and the result of the poll ascertained, the scrutineers shall prepare a written report, and the voting papers shall be closed up under the seal of the scrutineers and shall be retained by them for one month after the date of the adjourned meeting and may then be destroyed;

(j) the report of the scrutineers shall be signed by them and shall contain the following particulars—

(i) the total number of valid votes cast in favour of the question;

(ii) the total number of valid votes cast against the question;

(iii) the total number of voting papers received; and

(iv) the number of voting papers, if any, rejected and the grounds of rejection;

(k) the report of the scrutineers shall be read to the adjourned meeting and the president shall declare that the question has been decided by the meeting either in the affirmative or negative accordingly;

(l) in the case of an equality of votes the president shall have a casting vote.

(3) In all cases of dispute, doubt or difficulty respecting or arising out of matters of procedure or order, the decision of the president shall be final and conclusive.

(4) If any irregularity occurs in the convening or holding of a general meeting, or in any election or other proceeding taking place at or prior to any such meeting, and it is not objected to at that meeting, then that general meeting, election or proceeding shall be of the same force and validity as if no irregularity had occurred; but if any irregularity is

objected to, the president shall decide thereon and the decision shall be final and conclusive.

84. (1) A notice of intention to propose a special resolution as defined under section 33 (2) of the Act shall be given at least 21 days before the date proposed for the resolution.

(2) Where the Council or a member of the Society proposes to have a resolution or special resolution made in a general meeting altered or rescinded, the Council or the member shall give notice of intention to propose an alteration or rescission in the same manner as a motion.

(3) A resolution of the Society may be as a consequence of a motion moved by a member, or the Council, or may arise from a proposal made on the floor on an agenda approved for the day.

(4) The secretary shall keep and maintain a register of all resolutions made by the Society and a member shall have access to the resolutions at all reasonable hours.

Resolutions of
the Society

85. (1) The secretary shall, in addition to the minutes kept under section 36 of the Act, keep record of the proceedings, decisions and resolutions of a general meeting.

(2) Minutes of the proceedings of a general meeting shall be kept in a book to be provided for that purpose, and, if approved by the next succeeding general meeting, shall be signed by the president thereof; and any minutes so signed shall be conclusive and binding on all members of the Society.

Records of
general
meetings

PART IX-REPRESENTATION OF THE SOCIETY ON OTHER BODIES

86. (1) The secretary shall keep and maintain a register of all Constitutional, statutory and other public bodies where the Society is required by legislation or otherwise to nominate or elect representative to sit on their organs.

(2) The register shall contain—

Register of
bodies

- (a) the name of the body;
 - (b) the position in which the Society is represented;
 - (c) the name of the member for the time being in office;
 - (d) the commencement and projected end of the tenure of the member;
 - and
 - (e) a statement on whether the representative is eligible for further appointment or election.
- (3) The register shall be available for inspection by a member at all reasonable times upon notice.

87. (1) If the Society is required by legislation or otherwise to nominate a member to serve on an organ of a Constitutional, statutory or other public body, the secretary shall issue notice of the vacancy and shall at the same time invite interested qualified members to apply to be considered for that position.

Notification of
vacancy &
appointment

(2) The Council shall consider all applications received and shall make a decision on the qualified person for nomination to a relevant office.

(3) The qualification for nomination to a Constitutional, statutory or other public body shall include—

- (a) the requirements under the relevant provisions of the Constitution, legislation or requirements of the particular institution to which the member is to be nominated or appointed;
- (b) the relevant experience and competence of the applicant; and
- (c) the academic qualification commensurate with the office to which the member is to be nominated or appointed.

(4) Despite this regulation, the Council may appoint a qualified member to a public body where—

- (a) a request for nomination to the body requires the Society to nominate a person within 21 days or less; or
- (b) where the appointment is of temporary nature or for a short period.

(5) (a) Despite sub-regulations (1) and (2), a representative of the Society to the Judicial Service Commission or the Disciplinary Tribunal shall be elected by members either during the election of the Council or separately

and the process shall be competitive, transparent and allows members to exercise their right to secret ballot.

(b) Subject to any written law, where the election of a representative of the Society to the Judicial Service Commission or to the Disciplinary Tribunal is required within a period not exceeding three months after the date scheduled for election of the Council, such election may be done in advance at the same time as the election of the Council.

88. (1) A member who is nominated or elected to serve on a Constitutional, statutory or other public body is subject to the Constitution or the legislation for the time being regulating the relevant body.

Term &
procedure for
recall

(2) A member who represents the Society on a Constitutional, statutory or other public body shall not—

(a) represent the Society on more than one body at a time; or

(b) serve on that body for more than two terms.

(3) A member who is so nominated or elected shall, in addition to the responsibilities pursuant to the Constitutional or legal instrument under which the member serves, articulate and represent the interests of the Society in accordance with the objectives set out under sections 4 and 6 of the Act.

(4) Despite sub-regulation (1), a member who represents the Society shall make quarterly reports to the Council in *Form LSK-16* in the First Schedule.

(5) Subject to the Constitution and any applicable legislation, a member who represents the Society may at any time be recalled by the Society—

(a) if the member is liable to be recalled by virtue of the law under which the member has been nominated or elected, if the requirements under that law have been met;

(b) if the member ceases to be a member of the Society;

(c) if it is shown that the member has failed to articulate or is incapable of articulating the interests of the Society, or has failed without

reasonable cause to follow lawful guidance or directions given by the Council;

(d) if it is shown that the member has acted in a manner not befitting the office in which the member serves and the conduct has brought, or is likely to bring, the Society into disrepute; or

(e) if the member fails to submit quarterly report to the Society for two consecutive quarters.

(6) A member of the Society may initiate the process of recall by lodging an application in writing setting out the grounds for recall and the facts in support of the application and the Council shall consider the application and make a resolution accordingly.

(7) The Council may by resolution, recommend to members the recall of a representative of the Society.

(8) A member may not be recalled unless the Council resolution to recall the member is approved by members in a general meeting.

(9) Before the Society recalls a member, the member shall be given opportunity to show cause, or make representations, at the meeting where the issue is discussed on why the member's representation of the Society should not be recalled.

89. (1) A representative of the Society on a Constitutional, statutory or other public body may at any time, and subject to any law, resign in writing addressed to the secretary.

Resignation
and filling of
vacancy

(2) Where a vacancy occurs in the representation of the Society for whatever reason, the vacancy may be filled by the Council for the unexpired term and the procedure for nomination to a Constitutional, statutory or other public body shall apply in filling the vacancy.

PART X-MISCELLANEOUS

90. (1) The Council may cause to be published a journal, magazine, book or other publication for the purpose of promoting the objects or principles of the Society and such publication shall include electronic publication.

Publications &
library fund

(2) Without prejudice to the generality of sub-regulation (1) the Council shall periodically produce a publication to be known as “The Advocate” to be the official journal of the Society and shall collect from each member of the Society an annual levy as may be determined by the Council and approved by members in a general meeting.

(3) The Council shall, with the approval of members in a general meeting, establish a fund to be known as “Library Fund” and shall collect an annual levy from each member of the Society.

91. (1) A member of the Council, or of a committee or a task force appointed or approved by the Council is entitled to be paid an allowance from the funds of the Society, as well as to be reimbursed traveling and other expenses reasonably incurred by the member in attending a meeting or doing something on behalf of the Council, committee or task force.

Reimbursement
of expenses

(2) A member of a branch executive or chapter committee is entitled to be paid an allowance from the funds of the branch or chapter, as well as to be reimbursed traveling and other expenses reasonably incurred by the member in attending a meeting or doing something on behalf of the branch or chapter.

(3) The allowances payable under this regulation shall be reviewed by the Budget and Finance Committee and approved by the Council.

92. (1) The common seal of the Society shall be kept in the custody of the secretary, and shall not be affixed to a document otherwise than pursuant to authority of the Council.

Use of official
seal

(2) Except as provided under sub-regulation (1) a document made by the Council need only be executed, and a decision of the Council shall be signified, under the hand of the secretary.

93. (1) The Council may within or outside Kenya, for the purpose of better carrying out its mandate and meeting the objectives of the Society-
(a) enter into collaboration or mutual recognition with another bar association; or

Collaboration
with other bar
associations

(b) join with a regional or international bar association to form another bar association or body.

(2) Where the Council proposes to enter into association or collaboration with another bar association, the Council shall do so by resolution and shall sign a memorandum of association or other instrument that clearly defines the terms of association or collaboration, including the objectives and the duration of such collaboration.

(3) Without prejudice to the generality of sub-regulations (1) and (2), the Council shall only enter a collaboration with another bar association if—

- (a) the constitution of the other bar association allows such collaboration;
- (b) the arrangement has potential to benefit members of the Society by improving the practice of law, welfare of members of the Society, the promotion of the rule of law, justice or constitutionalism.

(4) A branch or a chapter may enter into a collaboration with a foreign bar association upon written approval by the Council, which approval shall not be unreasonably withheld.

(5) Where a branch or a chapter wishes to enter into collaboration with a foreign bar association, it shall write to the Council setting out—

- (a) the name of the bar association;
- (b) the country where the bar association is based;
- (c) evidence that the bar association is a lawful entity in the country where it is based and that it is empowered by its constitutive instrument to enter into such collaboration;
- (d) a summary of the objects of the foreign bar association;
- (e) the benefits expected to be derived from the collaboration; and
- (f) the rights and obligation of the respective parties to the collaboration.

(6) The Council shall consider the application and communicate its decision within 60 days, and may—

- (a) accept;
- (b) reject; or
- (c) seek more information before making the decision, in which case the decision must be made and communicated within a further 60 days.

(7) The affected branch executive or a member of the branch may move a motion in a general meeting of the Society as provided under these Regulations for the purpose of altering, reviewing or reversing a decision of the Council under this regulation.

94. (1) A member of the Society shall at all times adhere to and be subject to a code of conduct, ethics or etiquette proposed by the Council and approved by members in a general meeting.

Codes of
conduct and
etiquette

(2) A code of conduct shall contain rules of conduct that are generally accepted by members as reflecting best practices.

(3) The Council shall upon approval of a code of conduct, ethics or etiquette, publish it in the *Gazette*.

95. (1) Parties to a dispute referred to in regulation 96(1) may attempt to reach settlement by—

Negotiation,
conciliation &
mediation

(a) negotiation;

(b) conciliation; or

(c) mediation.

(2) The procedure for negotiation, conciliation or mediation shall be simple and the process shall be guided by the international best practices or any law for the time being regulating negotiation, conciliation and mediation.

(3) A decision or settlement by the use of any of the methods under paragraphs (a), (b) or (c) of sub-regulation (1) shall be concluded within 28 days from the date of lodging the dispute.

(4) A decision or settlement by the use of any of the methods under paragraphs (a), (b) or (c) of sub-regulation (1) shall immediately be filed with the secretary and shall, subject to the Act and these Regulations, be binding on the parties to the dispute.

96. (1) Where a dispute arises—

Arbitration

(a) relating to the exercise of the mandate or the management of the affairs, of the Society, of a branch or chapter; or

(b) relating to the rights of a member against any other member or the Council, branch executive or chapter committee, the aggrieved party shall-

(i) refer the dispute in writing to the secretary, where the dispute concerns the national office of the Society; or

(ii) refer the dispute in writing to the secretary-general of the relevant branch where the dispute involves an issue or a party at the branch level.

(2) A dispute may exist between or amongst one or more of the parties listed in sub-regulation (1).

(3) Where a dispute has been lodged with a branch secretary and the dispute cannot be resolved within 30 days, the branch secretary shall, within 7 days, forward the dispute to the secretary and the procedure for hearing and disposal of the dispute provided under this regulation shall thereafter apply.

(4) The secretary or a branch secretary shall, within 14 days upon receiving notification of a dispute from an aggrieved party, or upon the secretary receiving notification of a dispute from a branch under sub-regulation (3), refer the dispute to an arbitrator or arbitrators appointed by the parties to such dispute for determination.

(5) The number of arbitrators so appointed shall not in relation to any one dispute exceed three.

(6) Where a dispute is between—

(a) a member; or

(b) a branch executive or chapter committee,

and the parties to the dispute cannot agree on an arbitrator within 14 days, the president shall appoint an arbitrator to hear and determine the dispute.

(7) Where a dispute involves—

(a) the Council; or

(b) a member of the Council and any other party,

and the parties cannot agree on an arbitrator within 14 days of lodging of the dispute, the arbitrator shall be appointed by the Chairperson of the Chartered Institute of Arbitrators, Kenya Chapter.

(8) The arbitrator or arbitrators shall hear and determine a dispute in accordance with the law for the time being regulating arbitration, and the decision shall be final and binding on all parties to such dispute.

(9) The time provided under this regulation for lodging or taking other step in dispute resolution process is subject to regulation 45 where the dispute concerns elections.

97. The Society may, in the exercise of powers and the performance of its functions under the Act or these Regulations, employ such information and communication technology as may be appropriate.

Information
communication
technology

98. Legal notices numbers 546/62, 127/84, 279/95 & 141/97 are revoked.

Revocation of
legal notices

100 (1) Despite the revocation of legal notices numbers 546/62, 127/84, 279/95 & 141/97—

Savings &
transition

a) an act or thing done;

b) a power or function; or

c) a resolution made,

pursuant to a provision in the repealed regulations shall be as valid as if the act or thing was done, or power or function exercised or undertaken, under these Regulations.

(2) A person who has been elected, nominated or appointed in accordance with a provision in the Act or the repealed Regulations shall continue to hold office and to perform the functions of that office for the remainder of the term and any appointment or election to fill the position shall subsequently be in accordance with these Regulations.

(3) A committee established by the Council for any particular purpose or function shall continue to exercise the function for which the committee was established until it is reconstituted under these Regulations.

(4) The amount of annual subscription fee or other levy payable by a member immediately before the commencement of these Regulations shall continue to be the amount payable by the member under these Regulations until varied in accordance with these Regulations.

(5) A member who has, immediately before the commencement of these Regulations, paid annual subscription fee or other levy under the repealed Regulations shall be deemed to have paid the subscription or levy under these Regulations.

(6) A bar association or chapter that has been created or registered under any legislation or otherwise recognised by the Society immediately before the publication of these Regulations shall, within six months from the date of publication of these Regulations, apply to the relevant branch for recognition in accordance with these Regulations.

(7) A bar association or chapter existing at the commencement of these Regulations shall, on application to be recognised as a chapter, be recognised as such despite the bar association or chapter not meeting the requirement of Regulation 64(3) (a).

(8) The sum of money previously payable by a member to the East Africa Law Society and which amount the Society resolved at the Annual General Meeting of 24th March 2018 to cease remitting to the East Africa Law Society, is deemed to be a levy under regulation 10(1) and is payable annually by each member applying for a practising certificate as a contribution to the Devolution & Regional Integration Fund.

(9) The amount of money payable to the East Africa Law Society by virtue of the resolution of the Law Society of Kenya Annual General Meeting of 24th March 2018 is part of the funds of the Devolution and Regional Integration Fund, and may be disbursed from the Fund accordingly.

(10) A member of staff of the Council or of a branch who is employed under the authority of the repealed Regulations shall be deemed to be a member of staff of the Council or branch under these Regulations in accordance with the terms of employment.

Dated this 27th day of February, 2019

Mr. Allen Waiyaki Gichuhi

PRESIDENT, LAW SOCIETY OF KENYA

FIRST SCHEDULE**Form LSK-01***(r. 5(1))***PARTICULARS OF LAW FIRM**

1. Name of law firm:	
2. Date of registration of firm:	
3. Physical and postal address of firm/principal place of practice:	
4. Telephone contacts:	
5. E-mail address:	
6. Type of proprietorship (sole, LLP or otherwise):	
7. Number of partners (where applicable):	
8. Number of associates:	
9. Branch offices of the firm & contacts (list them here):	
Signed by proprietor/authorised person:	
Date:	

*FIRST SCHEDULE FORM LSK-02-continued***Form LSK-02**

(r. 6(2))

**NOTICE OF CHANGE OF MEMBERSHIP STATUS: ORDINARY TO
SPECIAL MEMBER**

Name of member as entered on the Roll of Advocates:	Admission number (P.105 No.):
CURRENT PARTICULARS	
Name of new employer:	Date of commencement of new employment:
Physical & postal details:	E-mail address:
Telephone contacts:	Name of branch:
Signature of member:	Date:

*FIRST SCHEDULE FORM LSK-03-continued***Form LSK-03***(r. 6(4))***NOTICE OF CHANGE OF MEMBERSHIP STATUS: SPECIAL
MEMBER TO ORDINARY MEMBER**

Name of member as entered on the Roll of Advocates:	Admission number (P.105 No.):
Name of immediate past employer:	Date of cessation of immediate past employment:
NEW PARTICULARS	
Physical, postal details & E-mail addresses:	
Telephone contacts:	Name of branch:
Signature of member:	Date

*FIRST SCHEDULE FORM LSK-04-continued***Form LSK-04***(r.7 (1))***NOTICE OF CESSATION OF PRACTICE**

Name of member as entered on the Roll of Advocates:	Admission number (P.105 No.):
Reason, if any, for cessation of practice:	
CURRENT PARTICULARS	
Physical, postal details & E-mail addresses:	Telephone contacts:
Take notice that I have with effect from day of20..... ceased from practising. I declare that I will not, from this date, offer professional service to any person in a matter of law. Signature: Date:	

*FIRST SCHEDULE FORM LSK-05-continued***Form LSK-05***(r.7 (3))***NOTICE BY A NON-PRACTISING MEMBER OF INTENTION TO
RESUME PRACTICE**

Name of member as entered on the Roll of Advocates:	Admission number (P.105 No.):
Year when last took out a practising certificate:	
CURRENT PARTICULARS	
Name of firm/employer (if any):	Physical, postal & E-mail addresses:
Telephone contacts:	Name of branch:
Take notice that I shall, with effect from (date)day of20..... commence practising. I confirm that I have complied with all the requirements for practice in accordance with the provisions of the Advocates Act and the Law Society of Kenya Act. Signature: Date:	

FIRST SCHEDULE FORM LSK-06-continued**Form LSK-06***(r.14 (1))***NOMINATION OF ADMINISTRATOR OF LAW FIRM**

Name of member as entered on the Roll of Advocates:	Admission number (P.105 No.):
Name of firm:	Physical, postal and E-mail addresses:
Take notice that I have nominated the member(s) whose particulars are provided hereunder as my administrator(s) in the event that I am unable to continue practising for any of the reasons provided under the Act or the Regulations. Signature of sole proprietor: Date:	
PARTICULARS OF NOMINEE(S)	
Name(s) as on the Roll of Advocates: (1)..... P.105..... (2)..... P.105..... Name of firm of nominee(s):	Physical, postal & E-mail addresses:
Telephone contacts:	Name of branch:

FIRST SCHEDULE FORM LSK-07-continued**Form LSK-07**

(r.14(4))

NOMINEE'S CONSENT TO ACT AS ADMINISTRATOR

Name of nominee as entered on the Roll of Advocates:	Admission number (P.105 No.):
Name of firm:	Physical, postal and E-mail addresses:
I hereby consent to be the administrator of the law firm whose particulars are specified below in the event that the sole proprietor of the firm shall cease to practise for any reason as provided under the Regulations. Signature of nominee:..... Date:	
PARTICULARS OF SOLE PROPRIETOR	
Name of sole proprietor as appears on the Roll of Advocates: P.105..... Name of firm of sole proprietor: Signature: Date:	Physical, postal & E-mail addresses: Name of branch: Telephone contacts:

*FIRST SCHEDULE FORM LSK-08-continued***Form LSK-08***(r.15(3))***APPLICATION FOR RE-ADMISSION AS MEMBER**

Name of member (applicant) as entered on the Roll of Advocates:	Admission number (P.105 No.):
Year when the applicant ceased to be a member:	Reason the applicant ceased to be member:
Summary of the facts showing qualification to be re-admitted:	
CURRENT PARTICULARS	
Name of new firm/employer (if any):	Physical, postal & E-mail addresses:
Telephone contacts:	Name of branch:
I hereby apply to the Council to be re-admitted to the Society. I am ready to abide by the rules of the Society as set out in the Law Society of Kenya Act and the Regulations. Signature: Date:	

FIRST SCHEDULE FORM LSK-09-continued**Form LSK-09**

(r.41 (2))

**DECLARATION OF RESULTS FOR ELECTION OF PRESIDENT AT A
POLLING CENTRE**

SERIAL NUMBER OF FORM.....

NAME OF POLLING CENTRE.....CODE.....BRANCH.....

1	Total number of voters in the register at polling centre	
2	Number of spoilt ballot papers	
3	Total number of votes cast	
4	Number of rejected votes	
5	Total number of valid votes cast	

NUMBER OF VALID VOTES IN FAVOUR OF EACH CANDIDATE:

	Name of candidate	Number of valid votes cast
1		
2		
3		

DECLARATION:

We, the undersigned, being present when the results of the count were announced, do hereby declare that the results shown above are true and accurate count of the ballots atpolling centre.

Name of presiding officer:.....Signature.....Date.....

Candidates or their agents:

1.
2.
3.

Reason for refusing to sign.....

FIRST SCHEDULE FORM LSK-10-continued**Form LSK-10**

(r.41 (2))

**DECLARATION OF RESULTS FOR ELECTION OF VICE-PRESIDENT
AT A POLLING CENTRE**

SERIAL NUMBER OF FORM.....

NAME OF POLLING CENTRE.....CODE.....BRANCH.....

1	Total number of voters in the register at polling centre	
2	Number of spoilt ballot papers	
3	Total number of votes cast	
4	Number of rejected votes	
5	Total number of valid votes cast	

NUMBER OF VALID VOTES IN FAVOUR OF EACH CANDIDATE

	Name of candidate	Number of valid votes cast
1		
2		
3		

DECLARATION:

We, the undersigned, being present when the results of the count were announced, do hereby declare that the results shown above are true and accurate count of the ballots atpolling centre.

Name of presiding officer:.....Signature.....Date.....

Candidates or their agents:

1.
2.
3.

Reason for refusing to sign.....

*FIRST SCHEDULE FORM LSK-11-continued***Form LSK-11**

(r.41 (2))

**DECLARATION OF RESULTS FOR ELECTION OF COUNCIL
MEMBER AT A POLLING CENTRE**

SERIAL NUMBER OF FORM.....

NAME OF POLLING CENTRE.....CODE.....BRANCH.....

1	Total number of voters in the register at polling centre	
2	Number of spoilt ballot papers	
3	Total number of votes cast	
4	Number of rejected votes	
5	Total number of valid votes cast	

NUMBER OF VALID VOTES IN FAVOUR OF EACH CANDIDATE:

	Name of candidate	Number of valid votes cast
1		
2		
3		

DECLARATION:

We, the undersigned, being present when the results of the count were announced, do hereby declare that the results shown above are true and accurate count of the ballots atpolling centre.

NAME OF PRESIDING OFFICER:.....SIGNATURE.....DATE.....

CANDIDATES OR THEIR AGENTS:

1.
2.
3.

Reason for refusing to sign.....

*FIRST SCHEDULE FORM LSK-12-continued***Form LSK-12**

(r.41 (2))

**DECLARATION OF RESULTS FOR ELECTION OF
REPRESENTATIVE TO THE JSC, AT A POLLING CENTRE**

SERIAL NUMBER OF FORM.....

NAME OF POLLING CENTRE.....CODE.....BRANCH.....

1	Total number of voters in the register at polling centre	
2	Number of spoilt ballot papers	
3	Total number of votes cast	
4	Number of rejected votes	
5	Total number of valid votes cast	

NUMBER OF VALID VOTES IN FAVOUR OF EACH CANDIDATE:

	Name of candidate	Number of valid votes cast
1		
2		
3		

DECLARATION:

We, the undersigned, being present when the results of the count were announced, do hereby declare that the results shown above are true and accurate count of the ballots atpolling centre.

Name of presiding officer:.....Signature.....Date.....

Candidates or their agents:

1.
2.
3.

Reason for refusing to sign.....

FIRST SCHEDULE FORM LSK-13-continued**Form LSK-13**

(r.41(2))

**DECLARATION OF RESULTS FOR ELECTION OF MEMBER TO
THE DISCIPLINARY TRIBUNAL, AT A POLLING CENTRE**

SERIAL NUMBER OF THE FORM.....

NAME OF POLLING CENTRE.....CODE.....BRANCH.....

1	Total number of voters in the register at polling centre	
2	Number of spoilt ballot papers	
3	Total number of votes cast	
4	Number of rejected votes	
5	Total number of valid votes cast	

NUMBER OF VALID VOTES IN FAVOUR OF EACH CANDIDATE:

	Name of candidate	Number of valid votes cast
1		
2		
3		

DECLARATION:

We, the undersigned, being present when the results of the count were announced, do hereby declare that the results shown above are true and accurate count of the ballots atpolling centre.

Name of presiding officer:.....Signature.....Date.....

Candidates or their agents:

1.
2.
3.

Reason for refusing to sign.....

FIRST SCHEDULE FORM LSK-14-continued**Form LSK-14**

(r.43 (2))

DECLARATION OF FINAL RESULTS OF ELECTIONS

SERIAL NUMBER OF THE FORM.....

NAME OF TALLYING CENTRE.....

1	Total number of voters in the register	
2	Number of spoilt ballot papers	
3	Total number of votes cast	
4	Number of rejected votes	
5	Total number of valid votes cast	
6	Number of polling centres	

NUMBER OF VALID VOTES IN FAVOUR OF EACH CANDIDATE:

OFFICE OF PRESIDENT		
	Name of candidate	Number of valid votes cast
1		
2		
3		

OFFICE OF VICE-PRESIDENT		
	Name of candidate	Number of valid votes cast
1		
2		
3		

COAST REPRESENTATIVE		
	Name of candidate	Number of valid votes cast
1		
2		
3		

UPCOUNTRY REPRESENTATIVE		
	Name of candidate	Number of valid votes cast
1		
2		
3		

NAIROBI REPRESENTATIVE		
	Name of candidate	Number of valid votes cast
1		
2		
3		

REPRESENTATIVE OF GENERAL MEMBERSHIP		
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	Name of candidate	Number of valid votes cast
1		
2		
3		

CERTIFICATE BY TALLYING OFFICER:

I,....., certify and declare that the results shown above are true and accurate tallying of the results received from all polling centres.

Signature.....date.....

*FIRST SCHEDULE FORM LSK-15-continued***Form LSK-15**

(r.77)

NOTICE REQUISITIONING SPECIAL GENERAL MEETING**To: The Secretary, Law Society of Kenya.**

We, the undersigned members of the Society, hereby requisition for a special general meeting of the Society in accordance with the provisions of section 31(1) (a) of the Law Society of Kenya Act, No. 21 of 2014.

The object/agenda of the meeting shall be:

1.....

2.....

We confirm that at least 5% of the members of each branch have appended their signatures upon this notice in support of the requisition.

Signed by:

NO.	NAME	P.105 NUMBER	TEL. NO.	SIGNATURE	DATE
COAST BRANCH					
1.					
2.					
NORTH RIFT BRANCH					
1.					
2.					
3.					
4.					
MOUNT KENYA BRANCH					
1.					
2.					

Received by the Secretary thisday of20.....

Signed:.....

*FIRST SCHEDULE FORM LSK-16-continued***Form LSK-16**

(r.88 (4))

QUARTERLY REPORT BY A REPRESENTATIVE ON PUBLIC BODY

REPORT FOR MONTHS OF.....TO:..... YEAR:	
Name of member:	P.105 No.
Name of Constitutional, statutory or other body:	Capacity in which the member represents the Society:
Date of commencement of term:	Date of end of term:
Eligible/Not eligible for re-appointment (tick one)	Appointing authority:
Number of sittings/sessions had in the quarter:	
Summary of important issues touching on the objects and principles of the Society:	
Recommendation(s) to Council:	
Signature of the representative:	
Date:	

SECOND SCHEDULE**ANNUAL SUBSCRIPTION FEES**

(r. 9 (1))

NO.	CATEGORY OF MEMBER	ANNUAL SUBSCRIPTION FEE (KSHS)
A.	A member who has practised for a period of more than 5 years	7,300/=
B.	A member who has practised for a period of 5 years or less	4,500/=
C.	A member who is over 70 years of age or is a non-practising member	2,250/=

THIRD SCHEDULE**SHARING FORMULA**

(r. 50 (3) (4))

PART 1: AMOUNT TO BE APPORTIONED TO BRANCHES		
NO.	NARATIVE	AMOUNT (KSHS.)
A	Amount of unrestricted funds to be allocated to each of the branches, through the Devolution and Regional Integration Fund.	1,000,000/=
B	The aggregate of the amount paid by each member taking out annual practising certificate, in the sum of shillings 3,000/= per such member, to be deposited in the Devolution and Regional Integration Fund and to be shared in accordance with the formula in Part 2 of this Schedule.	
PART 2: SHARING AMONGST BRANCHES		
NO.	PARAMETER	PERCENTAGE
a)	Basic equal share - the total sharable amount is shared equally amongst all the branches.	60%
b)	Member-based share - shared proportionately according to the number of members in each branch as determined by the records kept by the Secretary of those who have paid annual subscription fees to the Society.	30%
c)	Distance to courts – cumulative distance measured and added up from the branch headquarters to the various centres in the branch where there is a High Court station.	5%
d)	Equalization fund: Administered by the Council upon criteria to be determined by the Council in consultation with the branches.	5%
TOTAL		100%

FOURTH SCHEDULE

EXPLANATORY MEMORANDUM

to

THE LAW SOCIETY OF KENYA (GENERAL) REGULATIONS, 2019

PART I

Name of Statutory Instrument:	The Law Society of Kenya (General) Regulations, 2019
Name of the Parent Act:	The Law Society of Kenya Act, No. 21 of 2014
Enacted Pursuant to:	Section 41 of the Law Society of Kenya Act, No. 21 of 2014
Name of the Ministry/Department:	Law Society of Kenya
Gazetted on:	
Tabled on:	

PART II

1. Purpose of the Statutory Instrument

The Law Society of Kenya (General) Regulations, 2019 are made by the Council with the approval of members pursuant to section 41 of the Law Society of Kenya Act.¹ The general purpose of the Regulations is to operationalise the Act by making more detailed rules for certain processes. Specifically, the Regulations are intended to-

- a) make provision for different types of members of the Society and setting out differential levels of responsibilities or obligations;
- b) provide for the keeping of detailed registers of different categories of members and law firms;
- c) define the circumstances under which members may be called upon to contribute funds for activities of the Society;
- d) provide for appointment of a member to be administrator of a law firm where a sole practitioner ceases to have capacity to practise;

¹ No. 21 of 2014

- e) describe the procedures for meetings of the Council, creation of committees, elections of members of Council and filling of casual vacancies, as well as settlement of election disputes by alternative dispute resolution mechanisms. A new feature introduced is the creation of an independent *ad hoc* elections board to oversee elections of Council members and resolve any disputes;
- f) set up a compliance monitoring unit which shall be responsible for monitoring adherence with these Regulations, the rules of practice set out under legislation, guidelines or a code of conduct adopted by the Society under the Act;
- g) introduce funding of branches using a formula to be determined by the Council in consultation with branches, with input of revenue allocation expert;
- h) require the secretary to prepare annual estimates each year with input of the Budget and Finance Committee and approved by the Council;
- i) make provisions on governance of branches, their functions and powers, as well as creation of chapters falling under branches;
- j) provides for meetings of the Society, the manner of calling for meetings, special resolutions of the Society and keeping by the secretary of the resolutions passed in such meetings;
- k) provide for a fair, competitive and equitable procedure for nominating members to represent the Society on statutory/public bodies, accountability of such representation and the procedure for recall of a representative;
- l) provides for mediation and other dispute resolution mechanisms;
- m) introduce the use of information and communication technology in the processes of the Society, including carrying out elections of members of the Council;
- n) provide for collaboration of the Society with other bar associations;
- o) incorporate, by reference, a code of ethics and conduct for members;
- p) provide for publications of the Society;
- q) create forms for use to meet certain requirements of the Act and the Regulations.

2. LEGISLATIVE CONTEXT

In historical context, the Law Society of Kenya Ordinance² and the Advocates Act (1949) were enacted. In terms of governance, the Law Society of Kenya Ordinance provided for representation of the Mombasa

² No. 10 of 1949

practitioners and the “upcountry” practitioners in the Council, a position that persists even in the current legal framework (s. 17(2) of the Law Society of Kenya Act 2014.

The Law Society of Kenya Ordinance was re-enacted in 1962 as the Law Society of Kenya Act.³ The 1962 Act remained in force with incremental but few amendments over the years till the year 2014 when the Law Society of Kenya Act was enacted by Parliament. The Act took effect on 14th January 2015. The Act repealed the Law Society of Kenya Act which had been in existence since 1962.

For a long time, there has not been a comprehensive review of the Regulations and it was increasingly becoming difficult for the Society to operate efficiently. The new Constitution of Kenya 2010 introduced norms that hitherto were only aspirations. One of the issues emphasised under the Constitution are the principles and values under Article 10.

The Act makes some radical departures from the then existing law by-

- Entrenching the office of chief executive officer in the Act;
- Creating structures that were necessary to make the secretariat effective in managing the affairs of the Society, tacitly applying best practices in corporate governance;
- Providing for creation of branches and further units or structures of governance in the spirit of devolution;
- Establishing the *Budget and Finance Committee*, mainly made up of members of the Society;
- Referring to constitutional principles, values and objects to be applied in managing the affairs of the Society.
- Requiring that members of the Council meet the requirements of Chapter Six of the Constitution of Kenya 2010.

The development of the Regulations was guided by the need to achieve the purpose of the Act which is to ensure that the Society is accountable, effective and focused on ensuring that the rule of law, constitutionalism, welfare of members are paramount, and delivery of services to the public is professional.

The Regulations define the scope of the powers of the Council, the branches and chapters, and provide for the place of the member in the affairs of the Society, by requiring that any major decision or act of the Council must be

³ No. 30 of 1962, Chapter 18 of the Laws of Kenya

approved by members through special or ordinary resolutions as the circumstances require.

These Regulations revoke and replace legal notices numbers 546/62, 127/84, 279/95 & 141/97.

3. CONSULTATION OUTCOME

The development of the Regulations was member-driven:

- a) The Council invited members of the Society to volunteer to serve in the Regulations Committee.
- b) The Committee worked closely with the Consultant to come up with the initial draft of the Regulations and to review it in line with the views of members.
- c) The Committee held a consultative meeting with officials of the Canadian Bar Association who also provided useful insights.
- d) The Consultant together with the Committee visited branches to collect views of members on what should be contained in the Regulations. For a period of about one month, views were collected in Kisumu, Eldoret, Nairobi, and Mombasa.
- e) Other stakeholders invited to make input were the Office of Attorney-General, the Parliament, the Law Reform Commission, the Judiciary and the Office of the Director of Public Prosecutions.
- f) The Consultant referred to and compared the rules and regulations governing the General Council of the Bar of South Africa, the Nigerian Bar Association and the South Australian Bar Association Inc. to compare best practices in some of the regulated aspects.
- g) Additionally, the draft was widely circulated to members through electronic mails and even social media inviting members and stakeholders to submit their views. Members were sent the first draft for the March 2017 annual general meeting (AGM). The AGM did not discuss the Regulations due to time constraints. The Regulations were also tabled on 24th March 2018 for discussion but a motion to adjourn the same was passed. In every case, members were sent copies in advance and had hard copies printed for them. These Regulations have been circulated and discussed more than any other document submitted to members in the recent past for discussion.
- h) All the views were analysed for their propriety, practicality and consistency with our legal system, the Constitution and relevant legislation. In coming up with the Regulations, the views were considered and rationalised to produce what is considered to be the *general will* of the members. So the overall effect of the Regulation is

to prescribe what is best within the many divergent and sometimes conflicting needs of members.

- i) In the Special Meeting of the Society called on the 15th September 2018, the draft regulations were discussed clause by clause and it took a record 12 hours to complete the amendments to the draft. The draft was finally passed by members subject to the amendments proposed. These regulations have incorporated the recommendations of the Special General Meeting.

The following were as the result of consultations in various meetings with members as the main stakeholders in these Regulations:

- The members eligible to join the society were agreed upon;
- The use of electronic voting was adopted;
- Register for members and law firms will be kept;
- Corporate governance practices introduced into the Council as the organ of the Society that runs day to day affairs of the Society;
- Monitoring unit was established to weed out quacks who practice law in certain hide-outs;
- Elections board established to oversee the elections and dispute resolution;
- The Regulations establishes Devolution and Regional Integration Fund to strengthen the branches and make more resources reach them. Under the new arrangement, branches would get a total of shillings 38,000,000/= annually, up from mere shillings 8,000,000/=.
- The Regulations have extensive provisions on branches, branch members and management of the affairs of branches applying the best practices.
- Branches are now given major autonomy to run their affairs without interference from the Council.
- One of the most important innovation is making regulations to guide representation of the Society on Constitutional and statutory bodies to be fair and available to members.

4. Monitoring and Review

- a) The Law Society of Kenya (General) Regulations 1962 have been in force for more than 50 years. They were amended only about 4 times. The amendments essentially introduced additional requirements without changing the existing Regulations. The manner of drafting was also very classic with long legislative sentences and traditional

drafting language that required an overhaul to be more responsive to the modern dictates of clarity. It had taken too long to review the 1962 Regulations.

- b) Section 41 of the (new) Act gives the Council powers to prescribe regulations to promote the objects of the Society. Therefore, these Regulations may be amended or revoked all together in future if the Society considers them not serving the purposes for which they were prescribed. There is no limit on the number of times or the frequency the Regulations may be reviewed. All depend on the needs and dynamism of the legal profession and the Society as the professional organization of members.

Amendments require a resolution by members of the Society in general meeting.

5. Contact

mercy.wambua@lsk.or.ke (Chief Executive Officer, Law Society of Kenya)

allen@wamaecallen.com (President, Law Society of Kenya)