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ON

KENYA LAW REFORM COMMISSION

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

**KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019**



A vibrant agency for responsive law reform

**KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

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KEY ENTITY INFORMATION AND MANAGEMENT

1. Background information

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Commission Act, 2013 (No. 19 of 2013) as a successor to the Law Reform Commission, previously established under the repealed Law Reform Commission Act, Cap. 3.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

Mandate:

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

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

Commissioners:

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

Secretariat:

The secretariat team is headed by the Secretary/Chief Executive Officer. The Secretary is the Accounting Officer, responsible for the day to day administration and management of the KLRC. Law reform, legal and policy research, review of

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legislation and legislative drafting work at KLRC is carried out by the Legal Officers. KLRC has other supporting cadres including Administrators, Librarians, Human Resource Officers, Accountants, Finance Officers, Planning Officers, Procurement Officers, Secretarial and Clerical staff.

Vision:

"A vibrant agency for responsive law reform"

Mission

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

Core Values:

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

Value Proposition:

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

Philosophy:

"Responsive law reform"

Key Strategic Objectives:

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

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

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

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

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

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

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

(b) Principal Activities

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

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the repeal of obsolete and unnecessary enactments and generally its simplification and modernization. The strategic thrust for KLRC is organized into six high level thematic areas namely: Legislation; Law Reform; Knowledge Management; Services (Technical and Advisory); Institutional Capacity and Cross cutting issues.

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

S/NO.	NAME	DESIGNATION
1.	Mr. Joash Dache, MBS	Secretary/ CEO.
2.	Ms. Josephine Sinyo	Director Legal Services.
3.	Mr. Peter Musyimi	Assistant Director Legal Services.
4.	Ms. Felistus Kabiru	Head of Human Resource Mgt.
5.	Ms. Susan Kuria	Head of Administration
6.	Mr. John Kariuki	Head of Accounts
7.	Mr. Cornelius Musangi	Head of Finance
8.	Ms. Julita Onyango	Head of Procurement
9.	Mr. Jacob Otachi	Head of Corporate Communication
10.	Mr. James Ruteere	Head of ICT
11.	Mr. James Kahunyo	Head of Audit

(e) Fiduciary Oversight Arrangements

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

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

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary Oversight Arrangements were:

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1) Audit and Finance Committee

S/NO.	NAME	DESIGNATION
1.	Comm. Apollo Mboya	Commissioner
2.	Mr. Jacob Otachi	Head of Corporate Communication
3.	Mr. James Kahunyo	Head of Internal Audit
4.	Mr. Jonah Wala	Representative to The National Treasury

2) Human Resource Management Advisory Committee

This committee advises the Secretary/CEO on Human Resource issues including: investigation and making recommendations on staff disciplinary matters; making recommendations on existing Human Resource regulations and policies; and making recommendations on general staff welfare and motivation issues. During the financial year ended 30th June, 2019 the following were members of this committee:

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

3) Training and Development Committee

This committee advises the Secretary/CEO on staff training and development issues including: considering officers training requests and recommending those to be trained for the approved training programmes. During the financial year ended 30th June, 2019 the following were members of this committee:

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

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4) Disposal Committee

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

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

5) Ad hoc Committee on Inspection, Acceptance and Evaluation

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

i. Finance and Administrative Services Committee

This Committee is mandated to champion the Commission's participation in the development of policies with regard to public financial management. Of critical importance is the oversight role of ensuring prudent use of finances and reporting on the performance of the Commission. It is also mandated to provide best practice in the development, implementation and subsequent monitoring of Human Resource Management function of the Commission. During the financial year ended 30th June, 2019 the Committee was headed by Commissioner Njoki Kahiga.

ii. Law Reform Policy Formulation and Legislative Services Committee

This Committee oversees the review and reform of the law. It is also responsible for the provision of technical and advisory services to both levels of government. During the financial year ended 30th June, 2019 the Committee was headed by the Vice Chairperson, Commissioner Doreen Muthaura.

iii. Audit Compliance and Risk Management Committee

This Committee is responsible for monitoring the internal control and risk management systems of the Commission. The mandate

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includes providing oversight on auditing and financial reporting processes. During the financial year ended 30th June, 2019 the Committee was headed by Commissioner Apollo Mboya.

iv. Research, Development and Regulatory Impact Assessment Committee

This Committee oversees the development and implementation of strategies and policies to guide the operations and functioning of law reform. During the financial year ended 30th June, 2019 the Committee was headed by Commissioner Mary Wairagu



- (f) Entity Headquarters**
P.O. Box 34999-00100
Re-Insurance Plaza, 3rd Floor
4 Taifa Road
Nairobi, KENYA
- (g) Entity Contacts**
Telephone: (254) 20 2241201
Fax: (254) 20 2225786
E-mail: info@klrc.go.ke
Website: www.klrc.go.ke
- (h) Entity Bankers**
Co-operative Bank of Kenya
Aga Khan Walk Branch
P.O. Box 34999-00100
Nairobi, KENYA
- (i) Independent Auditors**
Auditor General,
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084 - 00100
Nairobi, Kenya
- (j) Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
Nairobi, Kenya

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KENYA LAW REFORM COMMISSION COMMISSIONERS

 <p>Mbage N. Ng'ang'a Chairman, KLRC</p>	<p>Mbage N. Ng'ang'a is the Chairman of Kenya Law Reform Commission. He is an Advocate of the High Court of Kenya and a Member of the Certified Institute of the Certified Institute of Public Secretaries, Kenya. He holds a Master of Laws Degree in International Business Law and a Master of Science Degree in Agricultural Development; both from the University of London.</p> <p>He is a Graduate of University of Nairobi in Bachelor of Laws. Ng'ang'a has undertaken further Executive Education Programs in Financial Law, Economic Development, Public Enterprise Reform and Regulatory Law in leading Universities and other institutions of higher learning which include, Harvard University – Kennedy School of Government, Cambridge University, University of Florida, Duke University and Georgetown University in conjunction with International Law Institute.</p> <p>He was until his appointment to the Commission, a Senior Partner in the Law Firm of Waruhiu K'Owade & Ng'ang'a Advocates. As a Member of Law Society, he served in various Committees of the Law Society of Kenya including being the Convener of the Property Law, Conveyancing and Land Reform Committee. Ng'ang'a has contributed to law reform in Land Law, Company Law, Partnerships Law, Law of Moveable Property Rights, among others. He has been a Member of various Government Taskforces to review and advise on policy, legal, institutional and administrative reforms on fighting against corruption, institutional and regulatory reforms in the legal sector and policy and law relating to Intersex persons. The Chairman exited the Commission on 5th September, 2019.</p>
 <p>Ms. Doreen Muthaura Vice-Chairperson, KLRC</p>	<p>Ms. Doreen Muthaura is the Vice-Chairperson, Kenya Law Reform Commission. She holds a Master of Laws (LL.M) in Advanced Legislative Studies. Bachelors of Laws (LLB), a Postgraduate Diploma in Legal Studies, a Certificate in Legislative Drafting from RIPA International-London, Certificate in Evidence Based Policy Making, Certificate in Policy Formulation and Implementation. She worked as a Principal Program Officer – Legislative Drafting, a Senior Program Officer and a Researcher at the Commission for the Implementation of the Constitution and as a Parliamentary Counsel in Legislative Drafting Department- Office of the Attorney-General (State Law Office). She has trained legal officers, County Officials amongst others on Legislative Drafting, policy formulation and Law Reform at the Kenya School of Law. She drafted, in collaboration with others, the first ever Guide to the Legislative Process in Kenya (Published). She has drafted several policies, Regulations, Rules and other legal and administrative instruments. She has drafted and reviewed various Bills (now Acts of Parliament) to implement the Constitution of Kenya. She has participated in training of County Attorneys and other legal officers at County level. She has drafted several County Governments Bills. She has contributed heavily in legal drafting, law reform and Constitution implementation. Ms. Doreen Muthaura is a member of the Commonwealth Association of Legislative Counsel (CALC); member of the Law Society of Kenya, member of the Federation International De</p>

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	<p>Abogadas (FIDA- Kenya) and a Chevening Scholar Alumni. She has participated in several task teams and Committees on Law Reform matters. Ms. Doreen Muthaura exited the Commission on 5th September, 2018.</p>
<div style="text-align: center;">  </div> <p>Ms. Njoki Kahiga, HSC, OGW Commissioner, KLRC</p>	<p>Ms. Njoki Kahiga is a Commissioner at the Kenya Law Reform Commission. She holds a Master of Science in Human Resource Management degree from Salford University, UK. She also has a Bachelor of Education (B.ed) degree from the University of Nairobi. She has been trained on: mediation and is a certified mediator, Advanced Management Programme – IESE Business School, University of Navara, Corporate Governance Course – Institute of Corporate Governance, Advanced Training of Trainers - USAID and Strategic Negotiations in the Public Sector – Jamaica. Ms. Njoki Kahiga has worked as an Ag. Permanent Secretary – Ministry of State for Public Service and Secretary Human Resource Development. She was also a Director, Human Resource Development, a Deputy Director Human Resource Development and a Senior Assistant Director Human Resource. She is a member of Kenya Institute of Management, Treasurer of Kenya Association of Public Administration and Management (KAPAM) and Member of African Association of Public Administration Management (AAPAM). Commissioner Njoki Kahiga's term ended on 5th September, 2018.</p>
<div style="text-align: center;">  </div> <p>Ms. Ruth Kirwa Commissioner, KLRC</p>	<p>Commissioner Ruth Kirwa is an Advocate of the High Court and Commissioner for Oaths and also serves as the University Secretary at the Technical University of Kenya. She draws a vast wealth of experience having previously consulted with: the Africa Nazarene University, Kenya, Messrs.' Kalya & Co Advocates, Eldoret. She was a Research Fellow at the Moi University, Kenya- School of Environmental Studies and taught at the University of Nairobi, Kenya- Faculty of Law as well as tutoring at the Kenya School of Law. Other roles that she performs include but not limited to being; a Lead Expert with the National Environmental Management Authority (NEMA) in conducting Environmental Impact Assessments (EIAs); an Auditor and Implementer of the International Standardization 9001:2008 (ISO). She holds a: Masters in Law (LLM) (Corporate Law and Finance); Bachelor of Law (LLB) (Upper Second Class) and a Diploma in Law from the Kenya School of Law. She is also trained in Legislative Drafting from the Kenya School of Law and Intellectual Property Rights: Patent Drafting from the Kenya Industrial Property Institute (KIPI), Kenya. Other professional affiliations include: Federation of Kenyan Employers (FKE), The Institute of Certified Public Secretaries and the Chartered Institute of Arbitrators. She additionally was assisting as a volunteer lawyer for the <i>Kituo cha Sheria</i> and lately has provided <i>pro bono</i> services to the Child Welfare of Kenya.</p> <p>Ms. Ruth Kirwa's term ended on 5th September, 2018.</p>

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 <p>Mr. Apollo Mboya, HSC Commissioner, KLRC</p>	<p>Mr. Apollo Mboya, HSC, is a Commissioner of the Kenya Law Reform Commission. He holds a Bachelor of Arts (Political Science & History), LL.B and Masters of Arts degrees in International Studies (Diplomacy & International Relations). He is a holder of a Diploma in Law from Kenya School of Law, Post Graduate Diploma in Human Rights from the Institute of Social Studies (The Hague); Security Studies from the National Defence College, Nairobi. He worked as a specialist with the United Nations Development Programme He also worked as a State Counsel in the Department of Treaties and Agreements, Office of the Attorney-General. He previously served as Secretary/CEO, Law Society of Kenya. He is a member of the Institute of Certified Public Secretaries of Kenya, International Commission of Jurists, East African Law Society, Commonwealth Lawyers Association and Outreach Official of the International Bar Association (Africa Region) and a Certified Professional Mediator, Mediation Training Institute. Commissioner Apollo Mboya exited the Commission on 6th June, 2018.</p>
 <p>Ms. Mary M. Wairagu Commissioner, KLRC</p>	<p>Mrs. Mary Wairagu is an Advocate of the High Court of Kenya and a Commissioner for Oaths and a Notary Public having been admitted to the Bar on 19th December 1991. She has an LLB degree Second Class Honours Upper Division from the University of Nairobi (1990), and also a Post graduate Diploma in Law, Kenya School of Law, (1991). Mary Wairagu has Post graduate Diplomas in Gender and Human Rights, Legislative Drafting (Parliament of India, 2012) and Strategic Leadership Development Programme, (SLDP), Kenya School of Government, (2011), Governance, Ethics and Anticorruption Reforms, ESAMI, (2009) Corporate Governance and Ethics Strategies (Commonwealth Training) (2009) Uppsala University, Sweden, (2008). Commissioner Mary Wairagu exited the commission on 15th December, 2018.</p>
 <p>Ms. Linda Murila Commissioner (Ex-officio)</p>	<p>Ms. Linda Musilivi Murila is a Commissioner (Ex-Officio) of the Kenya Law Reform Commission. She holds an LL. B (Hons) degree from the University of Nairobi, Faculty of Law. She has a Diploma (Law) from the Kenya School of Law, Advanced Diploma in Legislative Drafting from the University of West Indies, Barbados. She was a member of the drafting team, Proposed Constitution of Kenya, Multi Sectoral Constitutional Review Committee, Member of the Technical Team to Review laws relating to elections, member of the Task Force on the review of Health and Health Related Acts, draftsperson to the Inter-parties Parliamentary Group on Constitutional Reforms, member of various taskforces including taskforces to review laws relating to labour, health, landlords and tenants, companies, partnerships, insolvency and investment, housing and the built environment and a member of the drafting team of various East African Community legal instruments. Ms. Linda Murila's term ended on 15th December, 2018.</p>

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**Mr. Joash Dache, MBS
Secretary/CEO,
KLRC**



Mr. Joash Dache is the Secretary/Chief Executive Officer of the Kenya Law Reform Commission. He is a holder of LL.M. degree; (Monash University, Australia), has a Certificate in Legislative Drafting (University of London), a Diploma in Law (Kenya School of Law) and LL.B. degree (University of Nairobi). He is a Certified Public Secretary CPS (K), an Advocate of the High Court of Kenya. Mr. Dache has undergone the Strategic Leadership and Development Programme (SLDP), Kenya School of Government and various other professional courses both locally and abroad. He participated in the development of the Guide to the Legislative Process in Kenya (published) and County Model Laws. He specializes in International and Comparative Law and has studied International Criminal Justice; International Aspects of Foreign Investment; World Trade Organization [WTO] Law and Policy; European Union [EU] Law and Policy; Intellectual Property; Regulatory Fundamentals; Privatization Law and Policy; Law of the Internet; and Legislative Drafting at post-graduate level. His core Expertise includes, Constitutional Development and Law Reform, Legislative Drafting, Legal and Policy Research; and Programme Coordination. He is a member of the Law Society of Kenya, Commonwealth Association of Legislative Counsel (CALC), Commonwealth Association of Law Reform Agencies (CALRAs) and the Association of Law Reform Agencies in Eastern and Southern Africa (ALRAESA).

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MANAGEMENT TEAM

S/NO.	NAME	PROFILE
1.	<p>Mr. Joash Odhiambo Dache Secretary/CEO</p> 	<p>Mr. Joash Dache is the Secretary/Chief Executive Officer of the Kenya Law Reform Commission. He is a holder of LL.M. degree; (Monash University, Australia), has a Certificate in Legislative Drafting (University of London), a Diploma in Law (Kenya School of Law) and LL.B. degree (University of Nairobi). He is a Certified Public Secretary CPS (K), an Advocate of the High Court of Kenya. Mr. Dache has undergone the Strategic Leadership and Development Programme (SLDP), Kenya School of Government and various other professional courses both locally and abroad.</p>
2.	<p>Mrs. Josephine Sinyo Director Legal Services</p> 	<p>Mrs. Josephine Sinyo is an Advocate of the High Court of Kenya with over thirty (30) years' experience. She holds a Master's Degree in Law (United Kingdom); Bachelor of Laws Degree from University of Nairobi, a Post graduate Diploma in Law (Kenya School of Law) and a diploma in legislative drafting (UK). She has undergone several other trainings including a Strategic Leadership Development Programme from the Kenya School of Government. She has vast experience in legal research, legislative drafting, policy development, legal aid assistance, and community engagement.</p>
3.	<p>Mr. Peter Musyimi Assistant Director Legal Services.</p> 	<p>Mr. Peter Musyimi is an Advocate of the High Court of Kenya with over twenty (20) years' experience. He holds a Bachelor of Laws Degree from University of Nairobi, University School of Law; a Post graduate Diploma from Kenya School of Law and a diploma in Diplomacy. He has vast experience in legislative drafting, policy development, legal aid assistance and administration. He is currently pursuing a Master's Degree in Law at the University of Nairobi.</p>

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4.	<p>Ms. Susan Kuria Head of Administration</p> 	<p>Ms. Susan Kuria has over 20 years' experience in public administration and has previously worked with National Treasury and DPM. She holds a Bachelor of Arts Degree in Economics/Commerce. Other trainings she has undergone include: Best Practices in Public Expenditure Management; Management and Administration of HIV/Aids programs; Governance, Performance Improvement; Ethics and Anti-Corruption Reforms and a Senior Management Course from the Kenya School of Government.</p>
5.	<p>Dr. Felistus Kabiru Head of Human Resource Management</p> 	<p>Dr. Felistus Kabiru has over 20 years' experience in human resource management. She holds an MBA (HR) from Catholic University of Eastern Africa and holds several other trainings including: a higher diploma in HRM, Diploma in Counselling and a Strategic Leadership Development Programme Certificate from Kenya School of Government.</p>
6.	<p>CPA. John Kariuki Head of Accounting Unit</p> 	<p>CPA. John Kariuki is an Accountant by profession. He holds a Bachelor's degree in Business Administration (Accounts Option) and is a Certified Public Accountant of Kenya (CPAK) and a member of ICPAK. He has over 30 years working experience in Accounting matters. He has also undergone a Senior Management Course at the Kenya School of Government among other courses.</p>
7.	<p>Mr. James Ruteere Head of ICT</p> 	<p>Mr. James Ruteere is an ICT professional. He holds a Bachelor's degree in IT and a diploma in IT. He is further certified in: Cyberoam Certified Network Security (CCNSP) and Hardware Maintenance.</p>

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

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CHAIRMAN'S STATEMENT



Chairman: Mbage N. Ng'ang'a

The Kenya Law Reform Commission (KLRC) is honoured to publish the 2018/2019 Annual Report on its performance and financial statements. This is in line with Section 32 of the Kenya Law Reform Commission Act, 2013 and the standard practice observed by KLRC. The Commission is a statutory body that draws its mandate and functions from the Constitution of Kenya 2010, Section 6 of the KLRC Act of 2013, and the County Governments Act, 2012 which broadly require KLRC to review all the law of Kenya and also give technical support to both National and County Governments in matters relating to law reform.

This 2018/2019 Annual Report and Financial Statements document the initiatives and statistical information towards the attainment of our mission to facilitate law reform conducive to social, economic and political development. This has been largely done through: legal research, drafting of bills, public education; stakeholder engagements; technical support to national and county governments and provision of information and advice to the public. We have also worked with both State and no-State actors in keeping all law (County and National) under review, ensuring their systematic development and reform in conformity with the Constitution of Kenya 2010.

We are pleased to report that the financial year 2018/2019 was a period KLRC witnessed strategic milestones.

To effectively deliver on its constitutional and statutory mandate, the Commission equally undertook deliberate efforts to strengthen internal capacity and governance processes. For the first time, all Commission's internal policies were operationalized and each department substantively filled with competent heads of departments. During the period under review, the Commission conducted a

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departmental performance contracting exercise, comprehensive staff training needs analysis and subsequent retraining and capacity building. The Commissioners too benefited from the Mwongozo Induction that has leveraged the Commission with the relevant skills for optimum performance, policy formulation and execution of the Commission's mandate.

Indeed, the achievements outlined above would not have been possible without the innovation, resourcefulness, commitment and hard work of the Commissioners and staff. In this regard, the Commission expresses gratitude to the KLRC Secretary/CEO, Mr. Joash Dache, MBS and the entire staff for work well done. The Commission also acknowledges the relentless efforts of the Vice-Chairperson, Ms. Doreen Muthaura, all Commissioners and indeed our partners and stakeholders for their support in the 2018/2019 financial year.

We are pleased to report that during the year under review, the contracts of four Commissioners came to an end. We take this opportunity to thank them for their exemplary service to the Commission and wish them well in their future endeavours.

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

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



Mbage Njuguna Ng'ang'a
Chairman

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

PREFACE BY THE SECRETARY/CHIEF EXECUTIVE OFFICER



Secretary/ CEO: Mr. Joash Dache, MBS

I am delighted at the publication of the Commission's Annual Report and Financial Statements for the financial year 2018/2019.

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

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

While the year 2018/2019 was not without its challenges, the management team of Kenya Law Reform Commission (KLRC) continued to successfully implement its mandate and to advance its goals and objectives set in the Strategic Plan and approved by the Commissioners. The Commissioners indeed provided strategic

KENYA LAW REFORM COMMISSION
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direction, leadership and oversight to the Secretariat in the execution of the programs and activities. To meet this enormous task, the Commission received grants from Government totaling Ksh. 305.46 Million during the period under review.

During the year under review, the contracts of four commissioners came to an end. The commissioners exited the Kenya Law Reform Commission at the end of the first quarter after exemplary service.

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

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

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



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

KENYA LAW REFORM COMMISSION
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CORPORATE GOVERNANCE STATEMENT

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

Good Governance seeks to promote: Corporate

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

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

The Commissioners have a collective responsibility for establishing and management of appropriate systems on internal control and for reviewing their effectiveness. KLRC has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information and safeguarding public resources. Internal control and risk management systems are designed to mitigate rather than eliminate the risks identified in the financial reporting process. The Management is responsible for ensuring that the internal control activities are performed and documented, and is required to report to the Audit Committee on compliance on quarterly basis.

KENYA LAW REFORM COMMISSION
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MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

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

Research and Development

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

Review of Legislation

The Commission carried out comprehensive review of legislation upon receipt of legislative proposals/references from National and County Government MDAs. This was achieved by development of guidelines that guaranteed conciseness and proper definition of the legal problems. The Commission also prioritized the legislation targeted in the Performance Contract of the FY 2018/19 and the attendant work. Feedback mechanisms were established for information sharing and engagement especially by adopting project Committees, stakeholder mapping engagements and collaborations.

The Committees specifically addressed the issue under review by:

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

Stakeholder Mapping, Consultations and Collaboration

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

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Stakeholder Mapping

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

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

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

To this end:

1. The Commission has in place policies that clarify its commitment to negating its impact on the environment;
2. The Commission carries out regular risk assessments to guarantee the wellbeing of employees and visitors, in accordance with Occupational Health and Safety regulations;
3. The Commission actively manages its reputation, and drives best practice, through the application of prudent public procurement practices as outlined in the Public Procurement and Disposal Act;
4. The Commission is an Equal Opportunities Employer which promotes diversity and does not differentiate on grounds of gender, ethnicity, religion, race, or physical ability;
5. The Commission actively contributes to social and environmental initiatives in the republic through donation of time and funds; and
6. The Commission commits to being open and transparent in the interests of promoting best practice.

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

To this end:

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

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REPORT OF THE COMMISSIONERS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the entity's affairs.

Principal Activities

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

Results

The results of the entity for the year ended June 30, 2019 are set out on pages 1-25.

Commissioners

The members of the Board who served during the year are shown on pages ix-xii. During the year 2018/2019, all the Board members retired during the year under review.

AUDITORS

The Auditor General is responsible for the statutory Audit of Kenya Law Reform Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. No other Auditors were nominated by the Auditor General to carry out Audit of the Commission for the year ended June 30th 2019 in accordance to Section 23 of the Public Audit Act, 2015 which empowered the Auditor General to appoint an Auditor to Audit on his behalf.

By Order of the Board.



Ag. Secretary/CEO

Nairobi.

Date: 13th December 2019

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT OF COMMISSIONERS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, - (entities should quote the applicable legislation under which they are regulated)) require the Commissioners to prepare financial statements in respect of the Kenya Law Reform Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year 2018/19 and the operating results of the Commission for the year 2018/19. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission.

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the Commission's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – entities should quote applicable legislation as indicated under). The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2018, and of the Commission's financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Kenya Law Reform Commission's financial statements were approved by the Board on _____ 2019 and signed on its behalf by:

Commissioner

Commissioner

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA LAW REFORM COMMISSION FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Kenya Law Reform Commission set out on pages 1 to 23, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statements of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Law Reform Commission as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Law Reform Commission Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Prior year Matters on Property, Plant and Equipment

As previously reported, the Commission's fleet of motor vehicles includes two (2) vehicles registration GKA 139N and GKA 281G whose ownership documents has remained under the Ministry of Justice and Constitutional Affairs. Management has however, indicated that it is pursuing the formal transfer of the vehicles with the Office of the Attorney General and Department of Justice and the National Transport and Safety Authority but has not been completed as at 30 June, 2019.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Control systems, Risk Management and Governance 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

Lack of Functional Oversight Structures

As disclosed in the Chief Executive report in the none financial information of the financial statements, four (4) Commissioners exited the Commission on 30 September, 2018 leaving only three (3) Commissioners who also exited in the course of the year.

The Commission therefore, operated without a functional oversight body and requisite committees to provide oversight to the Management activities in line with good corporate governance practices.

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

Responsibilities of Management and Commissioners

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in

compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to continue sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

16 February, 2021

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30th June 2019

	Note	2018-2019	2017-2018
		Kshs.	Kshs.
Government Grants –	6	305,460,200	330,700,000
Revenue from Exchange Transactions			
Other Income	7	-	27,000
Total Revenue		<u>305,460,200</u>	<u>330,727,000</u>
Expenses			
Employee Costs (Secretariat)	8	193,135,924	173,133,058
Remuneration of Commissioners	9	15,553,292	31,252,920
Contractual Employees	10	2,038,679	7,927,609
General Expenses	11	80,816,741	87,735,889
Repair and Maintenance	12	4,694,234	3,166,954
Depreciation Expenses	13	5,822,649	5,169,164
Total Expenditure		<u>302,061,519</u>	<u>308,385,594</u>
<u>Surplus/deficit</u>		<u>3,398,681</u>	<u>22,341,406</u>

Approval of the Financial Statements

The Kenya Law Reform Commission's Financial Statements were approved by the Commission on **13th December 2019** and signed on its behalf by:



John Kariuki
ICPAK No.21633
HEAD OF ACCOUNTING UNIT



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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019


STATEMENT OF FINANCIAL POSITION

As at 30th June 2019

ASSETS	Note	2018-2019	2017-2018
		Kshs.	Kshs.
Non-Current Assets			
Property, Plant & Equipment	13	20,252,266	17,092,226
Intangible Asset	14	3,596,000	3,002,640
Total Non-Current Assets		23,848,266	20,094,866
Current Assets			
Cash and Cash Equivalents	15	409,453	2,750,748
Inventory	16	3,086,716	1,546,702
Receivables from Exchange Transactions.	18	8,634,062	7,594,140
Total Current Assets		12,130,231	11,891,590
Total Assets		35,978,497	31,986,456
LIABILITIES			
Current Liabilities			
Trade & Other Payables from Exchange Transactions	17	593,360	-
Total Liabilities		593,360	-
Net Assets			
Accumulated Surplus		31,986,456	9,645,050
Surplus for the year		3,398,681	22,341,406
Total Net Assets & Liabilities		35,978,497	31,986,456

Approval of the Financial Statements

The Kenya Law Reform Commission's Financial Statements were approved by the Commission on **13th December 2019** and signed on its behalf by:



John Kariuki
ICPAK No.21633
HEAD OF ACCOUNTS.



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

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30th June 2019

	Accumulated Surplus	Total
As at 1st July 2016	4,013,818	4,013,818
Surplus for the Year	5,631,232	5,631,232
As at 30th June 2017	9,645,050	9,645,050
As at 1st July 2017	9,645,050	9,645,050
Surplus for the year	22,341,406	22,341,406
As at June 30, 2018	31,986,456	31,986,456
As at 1st July 2018	31,986,456	31,986,456
Surplus for the year	3,398,681	3,398,681
As at June 30, 2019	35,385,137	35,385,137

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30th June 2019

	Note	2018-2019	2017-2018
Cash flow From Operating Surplus for the year before tax		3,398,681	22,341,406
Adjusted for: Depreciation	13	5,822,649	5,169,164
Increase/Decrease in inventory	16	(1,540,014)	748,645
Increase/Decrease in receivable	18	(1,039,922)	1,174,891
Increase/Decrease in Payables	17	593,360	(22,271,977)
Net cash flows from operating activities		7,234,754	7,162,129
Cash flow from investment activities			
Purchase of property, plant and equipment	13	(8,982,689)	(4,175,300)
Purchase Of Intangible Assets	14	(593,360)	(3,002,640)
Net cash flow from investment activities		(9,576,049)	(7,177,940)
Cash flow from Investing Activities		(2,341,295)	0
Cash and Cash equivalent as at the beginning of the year		2,750,748	2,766,559
Cash and Cash equivalent as at the end of the year		409,453	2,750,748

KENYA LAW REFORM COMMISSION
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2019.

Income	Original budget	Adjustments	Final	Actual on comparable basis	Performance difference
			Budget		
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
	Kshs	Kshs	Kshs	Kshs	Kshs
GOK Grants – Recurrent	306,106,846	0	305,460,200	305,460,200	0
Appropriation in Aid	50,000	0	50,000	0	-50,000
Total Income	306,156,846	-646,646	305,510,200	305,460,200	-50,000
	-	-	-	-	-
RECURRENT EXPENDITURE					
STAFF COSTS					
Basic Salaries	140,202,190	-28,006,007	112,196,183	112,196,183	0
Insurance Expenses	17,000,000	-1,779,703	15,220,297	15,219,814	483
Staff Pension & Retirement benefit	9,191,335	-2,111,000	7,080,335	7,079,995	340
Staff Gratuity	9,512,167	3,199,269	12,711,436	12,711,436	0
Travel Cost- Domestic	2,536,000	1,095,618	3,631,618	3,631,618	0
Accomodation- Domestic	289,500	5,709,775	5,999,275	5,999,275	0
Daily Subsistence- Domestic	19,673,800	3,332,140	23,005,940	23,005,940	0
Taxi Domestic	182,000	2,073,784	2,255,784	2,255,784	0
Foreign Travel	1,206,000	2,728,804	3,934,804	3,934,804	0
Foreign Subsistence Allowance	3,169,200	3,351,876	6,521,076	6,521,075	1
Taxi Foreign	180,000	400,000	580,000	580,000	0
Sub-Total	203,142,192	-10,005,444	193,136,748	193,135,924	824
	-	-	-	-	-
Commissioners Salaries & Allowances					
Commissioner's Salaries	0	15,553,292	15,553,292	15,553,292	0
Sub-Total	0	15,553,292	15,553,292	15,553,292	0
	-	-	-	-	-
Contractual Staff					
Salaries & Allowances	0	2,038,679	2,038,679	2,038,679	0
Other Allowances	0	0	0	0	0
Sub-Totals	0	2,038,679	2,038,679	2,038,679	0
	-	-	-	-	-
Repairs and Maintenance					
	-	-	-	-	-

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Bulding Repairs & Maintenance	1,390,000	27,000	1,417,000	1,417,000	0
Motor Vehicles Repairs & Maintenance	3,808,000	-1,939,454	1,868,546	1,868,546	0
Maintenance of Computers & Accessories	1,696,000	-287,000	1,409,000	1,408,688	312
Sub-Totals	6,894,000	-2,199,454	4,694,546	4,694,234	312
General Expenses					
Advertising and Publicity	800,000	0	800,000	800,000	0
Office Rent	34,000,000	-172,186	33,827,814	33,827,814	0
Newspapers and Journal	1,777,760	-1,480,000	297,760	290,435	7,325
Printing and Stationery	5,040,206	29,245	5,069,451	5,069,451	0
Fuel & Lubricant for Transport	2,790,370	-161,000	2,629,370	2,629,098	272
Postage and Delivery	130,000	142,573	272,573	272,573	0
Telephone and Faxes	3,624,000	-810,000	2,814,000	2,809,977	4,023
Education and Library	62,500	-50,926	11,574	11,574	0
Training and Development	15,976,980	1,872,981	17,849,961	17,849,961	0
Conference and Workshops	8,872,000	448,665	9,320,665	9,320,665	0
Trade Show & Exhibitions	1,560,000	0	1,560,000	1,555,050	4,950
Bank Charges	240,000	-95,000	145,000	144,449	551
Purchase of Uniforms and Clothing	370,000	-134,000	236,000	235,677	323
Software & Hardware Maintenance	2,000,000	-370,800	1,629,200	1,629,200	0
Internet and E-mail	1,116,000	88,111	1,204,111	1,204,111	0
Cleaning Services & Materials	1,900,000	-276,088	1,623,912	1,623,912	0
Contracted Guard Services	1,620,000	-929,600	690,400	690,400	0
Membership to Professional bodies	1,144,100	-291,206	852,894	852,394	500
Sub-Total	83,023,916	-2,189,231	80,834,685	80,816,741	17,944
Purchase of Furniture & Fittings	2,310,000	0	2,310,000	2,297,752	12,248
Purchase of Motor Vehicle	7,196,000	-510,000	6,686,000	6,684,937	1,063
Purchase of computers, Printers & other IT Equipment	1,380,698	-1,380,698	0	0	0

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Sub-Total	10,886,698	-1,890,698	8,996,000	8,982,689	13,311
GRAND-TOTAL	<u>303,946,806</u>	<u>1,307,144</u>	<u>305,253,950</u>	<u>305,221,559</u>	<u>32,391</u>

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

- i) The Original budget was reduced by Ksh. 646,646 and therefore the commission received less Government Grant by the same amount.
- ii) The commission did not dispose any asset nor sold any tender documents during the year.

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NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Employee Benefit:

The Commission contributes to defined contribution plans are post-employment benefit plans under which an entity pays pension scheme for its employees and commissioners. During the year 2018/19, the Commission continued with a pension scheme offered by Enwealth Financial services limited which covers all the staff in the organisation.

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

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

The commission did not adopt Public sector combination as amalgamation.

iii. Early adoption of standards.

The commission did not early-adopt any new or amended standards in year 2019.

4. SUMMARY OF SIGNAFICANT ACCOUNTING POLICIES

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

a) Revenue Recognition

i. Revenue from non-Exchange Transactions

Government Grants

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

Transfers from other government entities

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

ii. Revenue from exchange transactions.

Rendering of services

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

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

Sale of tender document and disposal of absolute stock.

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

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

b) Budget Information

The original budget for the year 2018-19 was approved by the National assembly and subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the Board of commissioners. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Kenya Law Reform commission recorded no additional appropriations on the 2018-2019 budget following the Commissioner's approval.

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

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

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

c) Taxes

Current income tax

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

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

d) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are

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required to be replaced at intervals, the Commission recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is calculated on a reducing balance basis over the useful life of the asset. Depreciation is charged at rates calculating the cost or valuation of the asset less any estimated residual value over its remaining useful life. Kenya Law Reform Commission has adopted a reducing balance method of depreciation whereby the asset is fully depreciated on applicable rates on the year of acquisition but not depreciated on the year of disposal.

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

e) Intangible Assets

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

f) Inventories

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

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

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

g) Provisions

Provisions are recognized when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the Obligation and a reliable estimate can be made of the amount of the obligation. Where the Commission expects some or all of a provision to be reimbursed, for

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example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

h) Nature and Purpose of Reserves

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

i) Changes in Accounting Policies and Estimates

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

j) Employee Benefits

Retirement Benefit Plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through

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lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation

During the year 2018/19, the Commission continued with a pension scheme offered by Enwealth Financial services limited which covers all the staff in the organisation.

k) Related Parties

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

l) Service Concession Arrangements

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

m) Cash and Cash Equivalents

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

n) Comparative figures

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

o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

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

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6. Government Grants

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

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total grant income during the year	2018-2019
			Kshs	Kshs	Kshs
Office of the Attorney General and Department of Justice	305,460,200	-	-	305,460,200	305,460,200
Total	305,460,200	-	-	305,460,200	305,460,200

Details

Comparative Figures	2018/2019	2017/2018
First	76,510,000	82,675,000
Second	70,389,200	82,675,000
Third	76,510,000	82,675,000
Fourth	82,051,000	82,675,000
Total A.I.E	305,460,200	330,700,000

2018/2019 Receipts	AIE Number	Amount
First	A669771	76,510,000
Second	Pv. no. 001140	70,389,200
Third	A669852	76,510,000
Fourth	A669992	82,051,000
Total A.I.E		305,460,200

7. Other Income:

	2018/2019	2017/2018
	Ksh.	Ksh.
Sale of Tender Documents	-	27,000
Receipts from Disposal	-	-
Receipts from Consultancy	-	-
Total	-	27,000

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

	2018/2019	2017/2018
	Ksh.	Ksh.
Basic Salaries	62,293,225	40,468,973
House Allowance	19,362,321	19,128,457
Responsibility Allowance	793,600	798,150
Entertainment Allowance	1,168,800	1,174,478
Commuter Allowances	5,104,790	5,182,435
Extraneous Allowance	11,552,248	11,936,598
Non-Practicing Allowance	5,099,999	5,090,400
Domestic Servant Allowance	187,200	187,200
Special Legal Allowance	6,000,000	6,162,800
Leave Allowance/ Commutation	346,000	370,348
Transport Allowance	288,000	288,000
Insurance expenses	15,219,814	15,768,463
Medical Ex - gratia	0	500,000
Staff Pension, Retirement & Gratuity	19,791,431	8,381,177
Travel & Accommodation	45,928,496	57,695,579
Total	193,135,924	173,133,058

9. Remuneration of Commissioners

	2018/2019	2017/2018
	Ksh.	Ksh.
Basic Salary	9,182,460	18,745,320
House Allowance	1,546,667	3,120,000
Entertainment Allowance	1,546,667	3,120,000
Extraneous Duty Allowance	1,525,000	3,000,000
Domestic Servant Allowance	254,800	561,600
Non-Practicing Allowance	566,667	960,000
Transport Allowance	104,000	576,000
Leave Travel Allowance	50,000	150,000
Commutation Of Leave	657,031	-
Commissioner's Allowances (Part- Time)	120,000	1,020,000
Total	15,553,292	31,252,920

10. Contractual Employees:

	2018/2019	2017/2018
	Ksh.	Ksh.
Gross Salary	2,038,679	5,377,272
House Allowance	-	2,002,337
Commuter Allowance	-	548,000
Total	2,038,679	7,927,609

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11. General Expenses

	2018/2019 Kshs	2017/2018 Kshs
Advertising and publicity	800,000	1,600,000
Office Rent	33,827,814	29,546,754
Newspapers and journals	290,435	395,864
Printing and stationery	5,069,451	3,273,066
Cleaning services and materials	1,623,912	2,156,912
Fuel & Lubricants for Transport	2,629,098	2,744,855
Postage and delivery	272,573	122,260
Telephone and Faxes	2,809,977	3,886,752
Education and Library	11,574	92,716
Training and Development	17,849,961	24,943,936
Conferences and Workshops	9,320,665	12,072,517
Membership fees dues & subscription	852,394	313,734
Trade Shows and Exhibitions	1,555,050	1,989,700
Contracted Professional & Technical Services	690,400	0
Purchase of Uniforms & Clothing	235,677	246,773
Bank Charges	144,449	202,665
Internet & Email	1,204,111	1,213,600
Software License and Hardware Maintenance	1,629,200	2,933,785
Total	80,816,741	87,735,889

12. Repair and Maintenance

	2018/2019	2017/2018
	Kshs	Kshs
Building repair & Maintenance	1,417,000	506,739
Motor Vehicle repair and Maintenance	1,868,546	2,638,175
Maintenance of office equipment	1,408,688	22,040
Total Repairs & Maintenance	4,694,234	3,166,954

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13. Property, Plant and Equipment & Depreciation Expense

	Furniture, fittings & fixtures	Motor vehicles	Computers	Total
Cost	Shs	Shs	Shs	Shs
Depreciation rate	12.5%	25%	30%	
At 1 July 2017	5,739,145	19,434,130	7,786,550	32,959,825
Additions	1,793,300	-	2,382,000	4,175,300
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
At 30th June 2018	7,532,445	19,434,130	10,168,550	37,135,125
Additions	2,297,752	6,684,937	-	8,982,689
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
At 30th June 2019	9,830,197	26,119,067	10,168,550	46,117,814
Depreciation and impairment				
At 1 July 2017	1,519,566	10,294,135	3,060,033	14,873,734
Depreciation	751,610	2,284,999	2,132,555	5,169,164
Impairment	-	-	-	-
At 30th June 2018	2,271,176	12,579,134	5,192,588	20,042,898
Depreciation	944,878	3,384,983	1,492,789	5,822,649
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
At 30th June 2019	3,216,054	15,964,117	6,685,377	25,865,548
Net book values				
At 30th June 2019	6,614,143	10,154,950	3,483,173	20,252,266
At 30th June 2018	5,261,269	6,854,996	4,975,962	17,092,227

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14. Intangible Asset

	2018/2019	2017/2018
	Ksh.	Ksh.
Software-ERP	3,596,000	3,002,640
Total	3,596,000	3,002,640

N/B. The software is a work-in-progress and could not be amortised until it is commissioned in the financial year 2019/2020 where all the users in Procurement, Finance & Accounts modules will be fully operational.

15. Cash and Cash Equivalents:

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

	2018/2019	2017/2018
	Ksh.	Ksh.
Cash at Hand	-	-
Cash at Bank	409,453	2,750,748
Total	409,453	2,750,748

16. Store Inventory

	2018/2019	2017/2018
	Ksh.	Ksh.
Stores Inventory	3,086,716	1,546,702
Total Inventory	3,086,716	1,546,702

17. Payable from Exchange Transactions:

Trade and Other Payables from Exchange Transactions are comprised of:

	2018/2019	2017/2018
	Ksh.	Ksh.
Total Trade and Other Payables from Exchange Transactions	593,360	-

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18. Receivable from Exchange Transactions:

Receivable from Exchange Transactions are comprised of:

	2018/2019	2017/2018
	Ksh.	Ksh.
Prepayments & Deposits (Insurance)	7,419,807	7,357,527
Salary Advance	944,255	236,613
Parking Deposit-Regent Management	270,000	-
Total	8,634,062	7,594,140

19. Financial Risk Management

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

i. Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Commission. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Commission's management based on prior experience and their assessment of the current economic environment.

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

	Total Amount	Performing	Past due	Impaired
At 30 June 2019				
	Kshs	Kshs	Kshs	Kshs
Receivables from exchange transactions	8,634,062	8,634,062	-	-
Receivables from Non exchange transactions	-	-	-	-
Bank balances	409,453	409,453	-	-
Total	9,043,515	9,043,515	-	-

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At 30 June 2018				
Receivables from exchange transactions	7,594,140	7,594,140	-	-
Receivables from Non exchange transactions	-	-	-	-
Bank balances	2,750,748	2,750,748	-	-
Total	10,344,888	10,,344,888	-	-

ii. Liquidity risk management

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

iii. Price risk

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

- Interest rate risk

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

- Foreign currency risk

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

iv. Capital risk management policies

The primary objective of managing the Commission's capital is to ensure that there is sufficient cash available to support the Commission's funding requirements to ensure that the Commission remains financially sound. As at the end of the year, the authority had no debt.

20. Related Party Balances

a) Key management remuneration	2018/2019	2017/2018
	Kshs.	Kshs.
Directors'	14,776,261	31,252,920
Key management compensation	9,925,952	8,998,460
Total	24,702,213	40,251,380.00
b) Due from related parties		
Due from Parent Ministry	0	0
Due from SC or SAGA	0	0

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Total	0	0
c) Due to related parties		
Due to the parent Ministry	0	0
Due to SAGAs	0	0
Total	0	0

21. Events after the reporting period

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

22. Ultimate and Holding Entity

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

23. Presentation currency and rounding off

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

24. Taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that enacted or substantively enacted, at the reporting date in the area where the commission operates and generates taxable income. The commission is exempt from paying income taxes under the provisions in income tax Act (2012).

APPENDIX 1: Progress on follow up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Paragraph I	Unregistered Lease Agreement	Lease for the office rent between Kenya Reinsurance Corporation and Kenya Law Reform Commission not registered with the Ministry of Lands	Secretary /Chief Executive Officer, Kenya Law Reform Commission	Resolved, Registered with the Ministry of Lands on 24 th May 2019.	Within 2018/2019 Financial Year

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Paragraph II	Property Plant & Equipment	Four (4) motor vehicles GKA139N, GKA281G, GKA430L & GKA506L ownership still with the Ministry of Justice and Constitutional Affairs.	Secretary /Chief Executive Officer, Kenya Law Reform Commission	Resolved; GKA 430L and GKA 506L are now registered under Kenya Law Reform Commission as per logbook Nos. K2945487M & K2945488L. Not Resolved We are now pursuing the transfer for GKA 139N and GKA 281G.	Within 2019/2020 Financial Year

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

Chairman of the Board
(Kenya Law Reform Commission)

Simo

Signature.....

Mwangi

Signature

Date: 13th December 2019

Date: 13th December 2019

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APPENDIX 2: Trial Balance as at 30th June 2019

Account	Debit 'Kshs'	Credit 'Kshs'
Cash and Cash Equivalents	409,453	
Prepayments Salary Advance	944,255	
Prepayment Insurance	7,419,807	
Parking Deposit Prepayment	270,000	
Inventory or Stock	3,086,716	
Property, Plant and Equipment (Current Year)	8,982,689	
Property, Plant and Equipment (Previous Years)	37,135,125	
Intangible Asset (Previous Years)	3,596,000	
Revenues;		
Government Grant		305,460,200
Accounts Payable		593,360
Provision for accumulated Depreciation		25,865,548
Accumulated Surplus - Opening		31,986,456
Depreciation Expenses	5,822,649	
Employees cost	193,135,924	
Commissioners Salaries & Allowances	15,553,292	
Contractual employees	2,038,679	
Repair and maintenance	4,694,234	
Internet & Email	1,204,111	
Software License and Hardware Maintenance	1,629,200	
Advertising and publicity	800,000	
Office Rent	33,827,814	
Newspapers and journals	290,435	
Printing and stationery	5,069,451	
Cleaning services	1,623,912	
Fuel & Lubricant for Transport	2,629,098	
Postage and delivery	272,573	
Telephone and faxes	2,809,977	
Education & Library	11,574	
Training and Development	17,849,961	
Conferences and workshops	9,320,665	
Professional Services, Fees & Subscriptions to Prof. bodies	852,394	
Trade shows and exhibitions	1,555,050	

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Bank Charges	144,449	
Purchase of Uniforms & Clothing	235,677	
Contracted Professional and Technical Services	690,400	
Total	363,905,564	363,905,564

