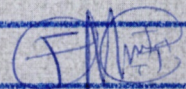


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

 THE NATIONAL ASSEMBLY PAPERS LAID	
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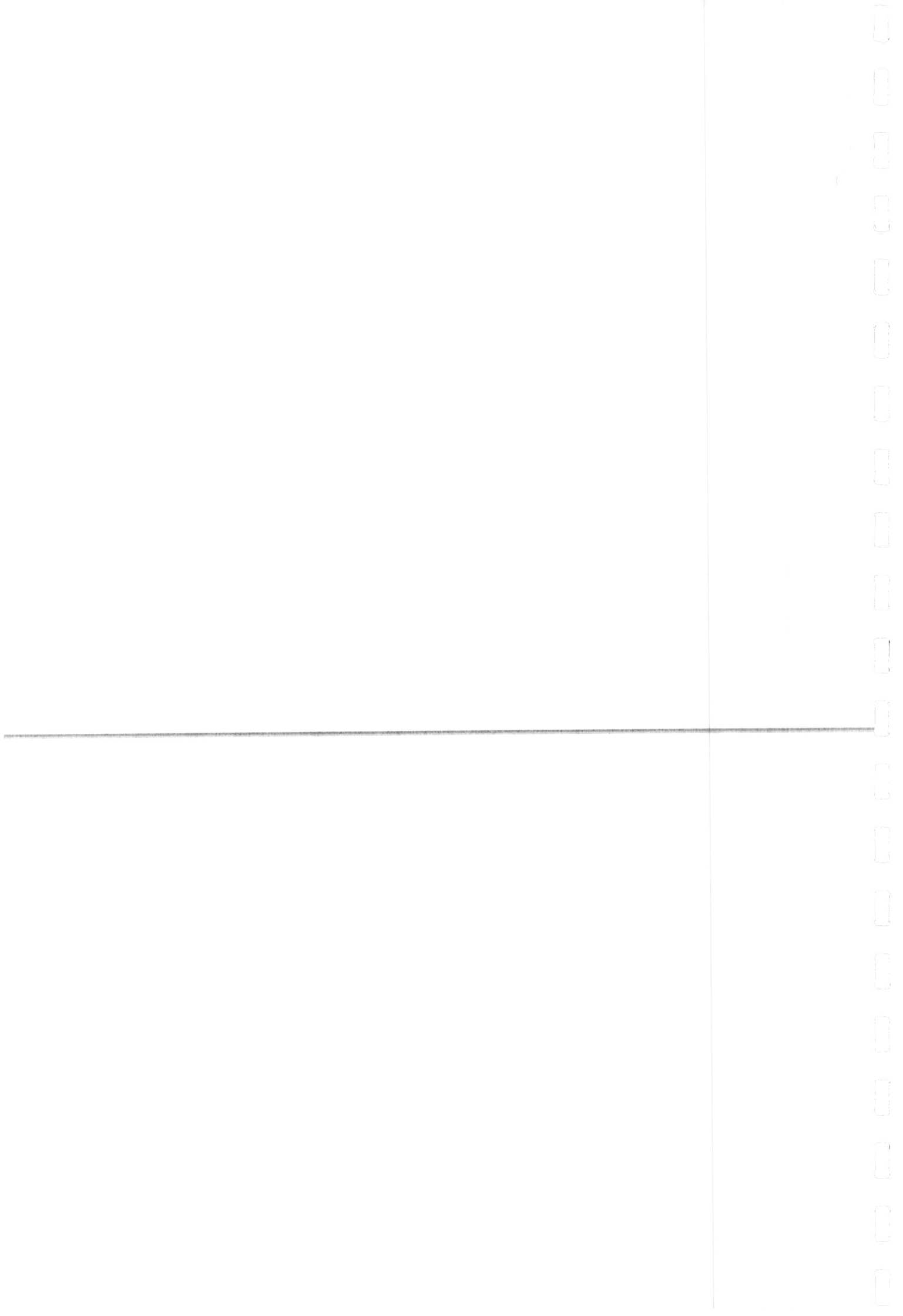
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA LAW REFORM COMMISSION

FOR THE YEAR ENDED
30 JUNE 2018



KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018



A vibrant agency for responsive law reform

KENYA LAW REFORM COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2018

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

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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Commission Act, 2013 (No. 19 of 2013) as a successor to the Law Reform Commission, previously established under the repealed Law Reform Commission Act, Cap. 3.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 legislation and legislative drafting work at KLRC is carried out by the Legal Officers. KLRC has other supporting cadres including Administrators, Librarians, Human

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

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, the repeal of obsolete and unnecessary enactments and generally its simplification and modernization. The strategic thrust for KLRC is organized into

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

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 2018 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	Head of Legislative Drafting 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.	Ms. Winfrida Shireku	Deputy Head of Accounts
8.	Mr. Cornelius Musangi	Head of Finance
9.	Ms. Julita Onyango	Head of Procurement
10.	Mr. Jacob Otachi	Head of Corporate Communication
11.	Mr. James Ruteere	Head of ICT
12.	Mr. Abraham Wachira	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 2018 and who had direct fiduciary Oversight Arrangements were:

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

1) Audit and Finance Committee

S/NO.	NAME	DESIGNATION
1	Comm. Apollo Mboya	Commissioner
2.	Mrs. Virginia Arina	Head of Library
3.	Mr. Jacob Otachi	Head of Corporate Communication
4.	Mr. Abraham Wachira	Head of Internal Audit
5	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, 2018 the following were members of this committee:

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

3) Training and Development Committee

This committee advises the Secretary/CEO on staff training and development issues including: considering officers training requests and recommending those to be trained for the approved training programmes. During the financial year ended 30th June, 2018 the following were members of this committee:

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

4) Disposal Committee

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

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

5) Adhoc Committee on Inspection, Acceptance and Evaluation

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

i. Finance and Administrative Services Committee

This Committee is mandated to champion the Commission's participation in the development of policies with regard to public financial management. Of critical importance is the oversight role of ensuring prudent use of finances and reporting on the performance of the Commission. It is also mandated to provide best practice in the development, implementation and subsequent monitoring of Human Resource Management function of the Commission. During the financial year ended 30th June, 2018 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, 2018 the Committee was headed by the Vice Chairperson, Commissioner Doreen Muthaura.

iii. Audit Compliance and Risk Management Committee

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

includes providing oversight on auditing and financial reporting processes. During the financial year ended 30th June, 2018 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, 2018 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
GOP 00100
Nairobi, Kenya
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112

KENYA LAW REFORM COMMISSION COMMISSIONERS



Mbage N. Ng'ang'a
Chairman, KLRC

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

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

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

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



Ms. Doreen Muthaura
Vice-Chairperson,
KLRC

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

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

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



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

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

MANAGEMENT TEAM

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

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

CHAIRMAN'S STATEMENT



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

The Kenya Law Reform Commission (KLRC) is honoured to publish the 2017/2018 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 2017/2018 Annual Report and Financial Statements document the initiatives and statistical information towards the attainment of our mission to facilitate law reform conducive to social, economic and political development. This has been largely done through: legal research, drafting of bills, public education; stakeholder engagements; technical support to national and county governments and provision of information and advice to the public. We have also worked with both State and no-State actors in keeping all law (County and National) under review, ensuring their systematic development and reform in conformity with the Constitution of Kenya 2010. Due diligence has also been exercised in the reporting period towards the attainment of our strategic goals as contained in the 2013-2017 Strategic Plan.

We are pleased to report that the financial year 2017/2018 was a period KLRC witnessed strategic milestones.

To effectively deliver on its constitutional and statutory mandate, the Commission equally undertook deliberate efforts to strengthen internal capacity and governance processes. For the first time, all Commission's internal policies were

operationalized and each department substantively filled with competent heads of departments. During the period under review, the Commission conducted a departmental performance contracting exercise, comprehensive staff training needs analysis and subsequent retraining and capacity building. The Commissioners too benefited from the Mwongozo Induction that has leveraged the Commission with the relevant skills for optimum performance, policy formulation and execution of the Commission's mandate.

Indeed, the achievements outlined above would not have been possible without the innovation, resourcefulness, commitment and hard work of the Commissioners and staff. In this regard, the Commission expresses gratitude to the KLRC Secretary/CEO, Mr. Joash Dache, MBS and the entire staff for work well done. The Commission also acknowledges the relentless efforts of the Vice-Chairperson, Ms. Doreen Muthaura, all Commissioners and indeed our partners and stakeholders for their support in the 2017/2018 financial year.

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

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 Na'ang'a
Chairman

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 2017/2018.

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 2017/2018 was not without its challenges, the management team of Kenya Law Reform Commission (KLRC) continued to successfully implement its mandate and to advance its goals and objectives set in the Strategic Plan and approved by the Commissioners. The Commissioners indeed provided strategic direction, leadership and oversight to the Secretariat in the execution of the

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

programmes and activities. To meet this enormous task, the Commission received grants from Government totaling 330 Million during the period under review.

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

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

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



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

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 adhere 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.

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 2017/18 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:

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 well being 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.

REPORT OF THE COMMISSIONERS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2018 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, 2018 are set out on pages 1-7.

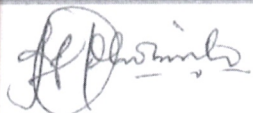
Commissioners

The members of the Board who served during the year are shown on pages ix-xii. During the year 2017/2018, there were no retirement/resignation.

AUDITORS

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

By Order of the Board.



Secretary/CEO

Nairobi.

Date 27-09-2018

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 2017/18 and the operating results of the Commission for the year 2017/18. 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, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 _____ 2018 and signed on its behalf by:

Commissioner

Commissioner

Commissioner

REPUBLIC OF KENYA

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



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA LAW REFORM COMMISSION FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Law Reform Commission set out on pages 1 to 23, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 Kenya Law Reform Commission as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Public Finance Management Act, 2012 and Kenya Law Reform Commission Act 2013.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. I have determined that there are no key audit matters to communicate in my report.

Other Matter

1. Unregistered Lease Agreement

As previously reported, included in general expenses balance of Kshs.87,735,889 is Kshs.29,546,754 for office rent. These payments are based on a lease agreement dated 22 October 2013 between Kenya Reinsurance Corporation Ltd and Ministry of Justice-

Report of the Auditor-General on the Financial Statements of Kenya Law Reform Commission for the year ended 30 June 2018

Kenya Law Reform Commission for a period of 5 years and 1 month effective from 1 December 2013. However, no evidence was produced to show that the lease is registered with the Ministry of Lands as required. In the absence of registered lease agreement, the Commission may not have a legal remedy in case the tenancy agreement is breached.

2. Property Plant and Equipment

As previously reported, the Commission's motor vehicle fleet includes four (4) vehicles registration GKA 139N, GKA 281G, GKA 430L and GKA 506L whose ownership documents are for the Ministry of Justice and Constitutional Affairs. Although management has indicated that they are 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, the transfer had not been effected as at 28 February 2019. No explanation has been provided for the delay in transfer of the vehicles ownership to the Commission.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with National Cohesion and Integration Act, 2008

A review of ethnic composition report by the Commission indicate that out of the eight (8) commissioners who served during the year under review, three (3) were from the same ethnic community which translate to 37.5% of the total number of Commissioners. This is contrary to Section 7 (2) of National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from same ethnic community. The Commission is therefore in breach of the law.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, 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

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

Responsibilities of Management and Those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Commission's revenue reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation

to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

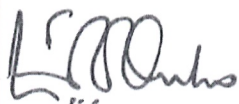
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Council's to cease to continue to sustain its services.
 - Evaluate the overall presentation, structure and content of the revenue 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's to express an opinion on the financial statements.
-
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

Nairobi

22 March 2019



KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

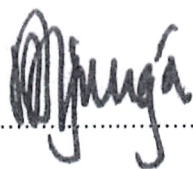
STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30th June 2018

	Note	2017-2018	2016-2017
Government Grants –	6	330,700,000	330,000,000
Revenue from Exchange Transactions			
Other Income	7	27,000	630,619
Total Revenue		<u>330,727,000</u>	<u>330,630,619</u>
Expenses			
Employee Costs (Secretariat)	8	173,133,058	197,963,541
Remuneration of Commissioners	9	31,252,920	32,119,447
Contractual Employees	10	7,927,609	4,368,546
General Expenses	11	87,735,889	81,792,500
Repair and Maintenance	12	3,166,954	3,080,241
Depreciation Expenses	13	5,169,164	5,675,112
Total Expenditure		<u>308,385,594</u>	<u>324,999,387</u>
Surplus/deficit		<u>22,341,406</u>	<u>5,631,232</u>

Approval of the Financial Statements

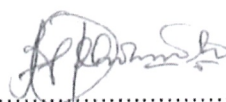
The Kenya Law Reform Commission's Financial Statements were approved by the Commission on 27-09-2018 and signed on its behalf by:



Mbage Njuguna Ng'ang'a
CHAIRMAN.



John Kariuki
HEAD OF ACCOUNTS



Joash Odhiambo Dache, MBS
SECRETARY/CEO.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS AS AT 30TH JUNE 2018

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2018

	<u>Note</u>	<u>2017-2018</u>	<u>Restated</u>
		<u>Kshs.</u>	<u>2016-2017</u>
			<u>Kshs.</u>
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	13	17,092,226	18,086,090
Intangible Asset	14	3,002,640	-
Total Non-Current Assets		20,094,866	18,086,090
Current Assets			
Cash and Cash Equivalents	15	2,750,748	2,766,559
Inventory	16	1,546,702	2,295,347
Receivables from Non-Exchange	17	7,594,140	8,769,031
Total Current Assets		11,891,590	13,830,937
Total Assets		31,986,456	31,917,027
LIABILITIES			
Current Liabilities			
Trade & Other Payables from Exchange Transactions	18	-	22,271,977
Total Liabilities		-	22,271,977
Retained earning		9,645,050	4,013,818
Surplus for the year		22,341,406	5,631,232
Net Assets		31,986,456	31,917,027

Note: Restated trade and other payables opening balances of Kshs. 20,000,000- refer to note 18.

Approval of the Financial Statements

The Kenya Law Reform Commission's Financial Statements were approved by the Commission on 27-09-2018 and signed on its behalf by:

Mbage Njuguna Ng'ang'a
CHAIRMAN.

John Kariuki
HEAD OF ACCOUNTS

Joash Odhiambo Dache, MBS
SECRETARY/CEO.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

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

	Retained earnings	Total
As at July 1, 2015	16,436,037	16,436,037
Surplus for the year	7,577,781	7,577,781
Prior year adjustment: restatement of opening balances	(20,000,000)	(20,000,000)
As at June 30, 2016	4,013,818	4,013,818
At July 1, 2016	4,013,818	4,013,818
Surplus for the year	5,631,232	5,631,232
At June 30, 2017	9,645,050	9,645,050
At July 1, 2017	9,645,050	9,645,050
Surplus for the year	22,341,406	22,341,406
At June 30, 2018	31,986,456	31,986,456

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30TH JUNE 2018

	Note	2017-2018	2016-2017
		(Kshs)	(Kshs)
Cash flow From Operating			
Surplus for the year before tax		22,341,406	5,631,232
Adjusted for: Depreciation	13	5,169,164	5,675,112
Decrease in inventory	16	748,645	(1,242,226)
Decrease in receivable	17	1,174,891	(1,956,895)
Increase/Decrease in Payables	18	(22,271,977)	409,533
Net cash flows from operating activities		7,162,129	8,516,756
Cash flow from investment activities			
Purchase of property, plant and equipment	13	(4,175,300)	(6,515,469)
Purchase Of Intangible Assets	14	(3,002,640)	-
Net cash flow from investment activities		(7,177,940)	(6,515,469)
Net increase/decrease in Cash and Cash Equivalents		(15,811)	2,001,287
Cash and Cash equivalent as at the beginning of the year		2,766,559	765,272
Cash and Cash equivalent as at the end of the year		2,750,748	2,766,559

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

Income	Original budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	Variance %
	2017-2018	2017-2018	2017-2018	2017-2018	2017-2018	
	Kshs	Kshs	Kshs	Kshs	Kshs	
GOK Grants – Recurrent	330,700,000	-	330,700,000	330,700,000	-	0%
Appropriation in Aid	50,000	-	50,000	27,000	23,000	46%
Total Income	330,750,000	-	330,750,000	330,727,000	23,000	0%
RECURRENT EXPENDITURE						
STAFF COSTS						
Basic Salaries	90,787,839	-	90,787,839	90,787,839	-	0%
Insurance Expenses	17,000,000	-731,537	16,268,463	16,268,463	-	0%
Staff Pension, Retirement & Gratuity	23,303,502	-14,921,000	8,382,502	8,381,177	1,325	0%
Travel and Accommodation	46,647,163	11,048,416	57,695,579	57,695,579	-	0%
Sub-Total	177,738,504	-4,604,121	173,134,383	173,133,058	1,325	0%
Commissioners salaries & Allowances						
Commissioner's Salary	30,232,920	0	30,232,920	30,232,920	0	
Commissioners Allowance (Part-time)	1,960,000	-940,000	1,020,000	1,020,000	0	0%
Sub-Total	32,192,920	-940,000	31,252,920	31,252,920	0	0%
Contractual Staff						
Salary & Allowances	2,581,431	5,346,319	7,927,750	7,927,609	141	
Other Allowances	-	-	-	-	-	
Sub-Total	2,581,431	5,346,319	7,927,750	7,927,609	141	
Repair and Maintenance						
Building Repair & Maintenance	500,000	6,800	506,800	506,739	61	0%
Office Furniture & Equipment Maintenance	25,000	-2,500	22,500	22,040	460	2%
Motor Vehicle Repair and maintenance	2,940,000	-301,820	2,638,180	2,638,175	5	0%
Sub-Total	3,465,000	-297,520	3,167,480	3,166,954	526	0%

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

General Expenses						
Advertising and Publicity	1,600,000	0	1,600,000	1,600,000	0	0%
Office Rent	31,000,000	-1,453,242	29,546,758	29,546,754	4	0%
Newspapers and Journal	1,777,760	-1,381,850	395,910	395,864	46	0%
Printing and Stationery	2,980,000	293,066	3,273,066	3,273,066	0	0%
Cleaning Services	2,810,000	-652,300	2,157,700	2,156,912	788	0%
Fuel & Lubricant for Transport	2,745,600	-	2,745,600	2,744,855	745	0%
Postage and Delivery	130,000	-7,000	123,000	122,260	740	1%
Telephone and Faxes	3,798,000	88,834	3,886,834	3,886,752	82	0%
Education and Library	100,000	-	100,000	92,716	7,284	7%
Training and Development	24,452,048	491,913	24,943,961	24,943,936	25	0%
Conference and Workshops	7,519,000	4,829,573	12,348,573	12,072,517	276,056	2%
Trade Show & Exhibitions	2,000,000	-10,000	1,990,000	1,989,700	300	0%
Bank Charges	195,000	7,680	202,680	202,665	15	0%
Membership Fees due, Prof Due & subscription	1,176,500	-362,766	313,734	313,734	-	0%
Purchase of Uniforms and clothing	280,000	-33,227	246,773	246,773	-	0%
Internet and E-Mail	1,116,000	97,700	1,213,700	1,213,600	100	0%
Computer Repairs and Maintenance	1,396,000	-1,396,000	-	-	-	0%
Supplies of accessories for Computer	1,500,000	1,434,000	2,934,000	2,933,785	215	0%
Sub-Total	86,575,908	2,206,674	88,022,289	87,735,889	286,400	0%
Outstanding Obligations	20,000,000	-	20,000,000	20,000,000	-	0%
Sub-Total	20,000,000	0	20,000,000	20,000,000	0	
Purchase of Furniture	1,550,000	243,300	1,793,300	1,793,300	-	0%
Sub-Total	1,550,000	243,300	1,793,300	1,793,300	0	0%
Purchase Of Software	4,163,792	-1,161,152	3,002,640	3,002,640	0	0%

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

Purchase Of Computers, Printers & Other IT Equipment	3,175,500	-793,500	2,382,000	2,382,000	0	
Sub-Total	7,339,292	-1,954,652	5,384,640	5,384,640	0	0%
GRAND-TOTAL	331,443,055	0	330,682,762	330,394,370	288,392	-

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

- i) The decrease of budget revenue by 46% which was attributed to disposal of assets. However, the Commission will ensure the A.I.A will be collected from other sources e.g consultancy services.
- ii) Education and Library – The Commission had a decrease with a 7% variance since the commission had ordered some books which were never supplied due to it unavailability in the market.

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 2018.

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 2017/18, 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.

ii. New and amended standards and interpretations in issue but not yet effective in year ended 30th June 2017.

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 2018.

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

b) Budget Information

The original budget for the year 2017-18 was approved by the National assembly onSubsequent 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 2017-2018 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 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 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 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 2017/18, 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to five (5) authorized public officers and/or Institutions which were surrendered and accounted for 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, 2018

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.

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**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	2017-2018	2016-2017
			Kshs	Kshs	Kshs	Kshs
Office of the Attorney General and Department of Justice	330,700,000	-	-	330,700,000	330,700,000	330,000,000
Total	330,700,000	-	-	330,700,000	330,700,000	330,000,000

Details

Quarter	AIE Number	Amount
First	A669555	82,675,000
Second	A669697	82,675,000
Third	A669669	82,675,000
Fourth	A669522	82,675,000
Total A.I.E		330,700,000

7. Other Income:

	2017/2018	2016/2017
	Ksh.	Ksh.
Sale of Tender Documents	27,000	47,000
Receipts from Disposal	-	105,619
Receipts from Consultancy	-	478,000
Total	27,000	630,619

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

	2017/2018	2016/2017
	Ksh.	Ksh.
Basic Salaries	40,468,973	35,577,774
House Allowance	19,128,457	14,380,778
Responsibility Allowance	798,150	504,000
Entertainment Allowance	1,174,478	1,120,800

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

Commuter Allowances	5,182,435	4,282,200
Extraneous Allowance	11,936,598	10,396,129
Non-Practicing Allowance	5,090,400	4,300,161
Domestic Servant Allowance	187,200	187,200
Special Legal Allowance	6,162,800	3,810,000
Leave Commutation	370,348	472,697
Transport Allowance	288,000	-
Insurance expenses	15,768,463	12,847,938
Medical Ex - gratia	500,000	400,000
Staff Pension, Retirement & Gratuity	8,381,177	39,571,965
Travel & Accommodation	57,695,579	70,111,899
Total	173,133,058	197,963,541

9. Remuneration of Commissioners

	2017/2018	2016/2017
	Ksh.	Ksh.
Basic Salary	18,745,320	17,329,988
House Allowance	3,120,000	3,120,000
Entertainment Allowance	3,120,000	3,120,000
Commuter Allowance	-	432,804
Extraneous Duty Allowance	3,000,000	3,000,000
Domestic Servant Allowance	561,600	561,600
Non-Practicing Allowance	960,000	960,000
Transport Allowance	576,000	576,000
Leave Travel Allowance	150,000	150,000
Commissioner's Allowances (Part- Time)	1,020,000	2,869,055
Total	31,252,920	32,119,447

10. Contractual Employees:

	2017/2018	2016/2017
	Ksh.	Ksh.
Gross Salary	5,377,272	4,368,546
House Allowance	2,002,337	-
Commuter Allowance	548,000	-
Total	7,927,609	4,368,546

11. General Expenses

	2017/2018 Kshs	2016/2017 Kshs
Advertising and publicity	1,600,000	697,259
Office Rent	29,546,754	28,397,300
Newspapers and journals	395,864	500,000
Printing and stationery	3,273,066	2,222,617
Cleaning services and materials	2,156,912	1,961,928
Fuel & Lubricants for Transport	2,744,855	2,237,813
Postage and delivery	122,260	189,395

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

Telephone and Faxes	3,886,752	4,264,926
Education and Library	92,716	437,756
Training and Development	24,943,936	24,296,050
Conferences and Workshops	12,072,517	10,830,998
Membership fees dues & subscription	313,734	218,088
Trade Shows and Exhibitions	1,989,700	1,154,400
Technical Services	-	49,810
Purchase of Uniforms & Clothing	246,773	257,660
Bank Charges	202,665	-
Internet & Email	1,213,600	1,218,800
Software and Hardware Maintenance	2,933,785	2,097,700
Computer Repairs & Maintenance	-	760,000
Total	87,735,889	81,792,500

12. Repair and Maintenance

	2017/2018	2016/2017
	Kshs	Kshs.
Building repair & Maintenance	506,739	246,680
Plant & Equipment Maintenance	-	98,333
Motor Vehicle repair and Maintenance	2,638,175	2,667,948
Maintenance of office equipment	22,040	67,280
Total Repairs & Maintenance	3,166,954	3,080,241

13. Property, Plant and Equipment & Depreciation Expense

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

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

2017/2018.				
Details	Furniture, fittings & fixtures	Motor Vehicles	Computer equipment	Total
Depreciation rate (A)	12.50%	25.00%	30.00%	
Details	Kshs	Kshs	Kshs	Kshs
Opening balance as at 1st July 2017	4,219,578	9,139,995	4,726,517	18,086,090
Additions	1,793,300	-	2,382,000	4,175,300
Disposals	-	-	-	-
Transfers/Adjustments	-	-	-	-
Total values as at 30th June 2018 for depreciation (B)	6,012,878	9,139,995	7,108,517	22,261,390
Depreciation expense (C)= (A) X(B)	751,610	2,284,999	2,132,555	5,169,164
Net Book Value as at 30 th June 2018.	5,261,268	6,854,996	4,975,962	17,092,226
Net Book Value as at 30 th June 2017	4,219,578	9,139,995	4,726,517	18,086,090

14. Intangible Asset

	2017/2018	2016/2017
	Ksh.	Ksh.
Software	3,002,640	-
Total	3,002,640	-

15. Cash and Cash Equivalents:

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

	2017/2018	2016/2017
	Ksh.	Ksh.
Cash at Hand	-	-
Cash at Bank	2,750,748	2,766,559
Total	2,750,748	2,766,559

16. Store Inventory

	2017/2018	2016/2017
	Ksh.	Ksh.
Stores Inventory	1,546,702	2,295,347
Total Inventory	1,546,702	2,295,347

17. Receivable from Non-Exchange Transactions:

Receivable from Exchange Transactions are comprised of:

	2017/2018	2016/2017
	Ksh.	Ksh.
Prepayments & Deposits (Insurance)	7,357,527	6,423,969
Salary Advance	236,613	2,345,062
Total	7,594,140	8,769,031

18. Payable from Non-Exchange Transactions:

Trade and Other Payables from Exchange Transactions are comprised of:

	2017/2018	2016/2017
	Ksh.	Ksh.
Total Trade and Other Payables from Exchange Transactions	-	22,271,977

Prior year adjustment

There was a 2015/2016 prior year adjustment in Trade & other Payables from Exchange transaction of Kshs. 20,000,000 which was advanced to KLRC from Asset Recovery Agency during financial year 2015/2016 but not properly disclosed as payables. This was occasioned by a 7.5% budget cut by The National Treasury whereby the KLRC could not have been able to pay the staff salaries and other related costs during the Fourth Quarter allocation 2015/16 financial year, the whole amount was settled during 2017/2018 Financial Year. Consequently, the adjustment has been done to reflect the correct position.

19. Financial Risk Management

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

I. Credit risk

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

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

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

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

	Total Amount	Performing	Past due	Impaired
At 30 June 2017				
	Kshs	Kshs	Kshs	Kshs
Receivables from exchange transactions	8,769,031	8,769,031	-	-
Receivables from Non exchange transactions	-	-	-	-
Bank balances	2,766,559	2,766,559	-	-
Total	11,535,590	11,535,590	-	-
At 30 June 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 entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

iii. Market risk

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

iv. Price risk

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

- Interest rate risk

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

▪ Foreign currency risk

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

v. Capital risk management policies

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

20. Related Party Balances

a) Key management remuneration	2017/2018	2016/2017
	Kshs.	Kshs.
Directors'	31,252,920	29,137,920.00
Key management compensation	8,998,460	8,648,280.00
Total	40,251,380.00	37,786,200.00

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).

KENYA LAW REFORM COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

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 confirm that the issue raised were resolved during the period in question.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
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	Unresolved, Registration with the Ministry of Lands.	Within 2018/2019 Financial Year
Paragraph II	Property Plant & Equipment	Four motor vehicles GKA139N, GKA281G, GKA430L & GKA506L ownership still with the Ministry of Justice and Constitutional Affairs.	Secretary /Chief Executive Officer, Kenya Law Reform Commission	Unresolved, NTSA recommended the Ministry of Justice and Constitutional Affairs is the one to make the transfer which is in progress.	Within 2018/2019 Financial Year

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

Signature.....

Date..... 27-09-2018

Chairman of the Board
(Kenya Law Reform Commission)

Signature.....

Date..... 27-09-2018

APPENDIX 2: Trial Balance as at 30th June 2018

Account	Debit 'Kshs'	Credit 'Kshs'
Cash and Cash Equivalents	2,750,748	
Prepayments Salary Advance	236,613	
Prepayment Insurance	7,357,527	
Inventory or Stock	1,546,702	
Property, Plant and Equipment (Current Year)	4,175,300	
Property, Plant and Equipment (Previous Years)	32,959,825	
Intangible Asset	3,002,640	
Revenues;		
Government Grant		330,700,000
Sale of tenders & others		27,000
Provision for accumulated Depreciation		20,042,899
Accumulated Surplus - Opening		9,645,050
Depreciation Expenses	5,169,164	
Employees cost	173,133,058	
Salaries to Commissioners & Allowances	31,252,920	
Contractual employees	7,927,609	
Repair and maintenance	3,166,954	
Advertising and publicity	1,600,000	
Office Rent	29,546,754	
Newspapers and journals	395,864	
Printing and stationery	3,273,066	
Cleaning services	2,156,912	
Fuel & Lubricant for Transport	2,744,855	
Postage and delivery	122,260	
Telephone and faxes	3,886,752	
Education & Library	92,716	
Training and Development	24,943,936	
Conferences and workshops	12,072,517	
Professional Services, Fees & Subscriptions to Prof. bodies	313,734	
Trade shows and exhibitions	1,989,700	
Bank Charges	202,665	
Purchase of Uniforms & Clothing	246,773	
Internet & Email	1,213,600	
Software and hardware Maintenance	2,933,785	
Total	360,414,949	360,414,949

