

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 02 FEB 2022

OF

TABLED BY:	The Majority Whip Hon. E. Wanguke
CLERK-AT THE-TABLE:	Enlay Muniki

**THE AUDITOR-GENERAL**

**ON**

**COUNCIL OF LEGAL EDUCATION**

**FOR THE YEAR ENDED  
30 JUNE, 2020**





COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2020

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



## COUNCIL OF LEGAL EDUCATION

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## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 KEY COUNCIL OF LEGAL EDUCATION INFORMATION AND MANAGEMENT

#### (a) Background information

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

#### (b) Principal Activities

##### Vision of CLE

Assure quality and globally competitive legal education and training in Kenya

##### CLE Mission

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

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

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

#### (c) Key Management

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

#### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

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



## **COUNCIL OF LEGAL EDUCATION**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

#### **(e) Fiduciary Oversight Arrangements**

##### **The Audit, Risk and Governance committee**

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

##### **Finance and General Purpose committee**

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

#### **(f) Council of Legal Education Headquarters**

P.O. Box 829-00502  
Karen Office Park Acacia Block 2<sup>nd</sup> Floor  
Langata Road  
**NAIROBI, KENYA**

Telephone: (254) 20 6980100, 20 2011290  
E: mail: [info@cle.or.ke](mailto:info@cle.or.ke)  
Website: [www.cle.or.ke](http://www.cle.or.ke)

#### **(g) Council of Legal Education Bankers**

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

#### **(h) Independent Auditors**

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


#### **(i) Principal Legal Adviser**

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



## COUNCIL OF LEGAL EDUCATION


### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 THE COUNCIL OF LEGAL EDUCATION MEMBERS

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



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	<p>Prof. Githu Muigai is the Chairman of the Council.</p> <p><b>Date of appointment: 18<sup>th</sup> April 2018</b></p>
 <p>Hon. Justice Prof. Jackton B. Ojwang</p>	<p>Hon. Justice Prof. Jackton B. Ojwang is a Judge of the Supreme Court of Kenya. Born on 2<sup>nd</sup> October 1950, he holds an LL.B (1974) and LL.M (1976) of the University of Nairobi; Ph.D. (1981) of the University of Cambridge; LL.D. (2015) of the University of Nairobi. Served as Lecturer (1976 - 1983), Senior Lecturer (1983-1987), Associate Professor (1987-1990), Professor (as from 1990) at the University of Nairobi School of Law, where he served as Dean (2000-2003).</p> <p>Has authored and edited several scholarly works of law, and published more than 10 dozen articles and reviews in international legal journals. Serving on the Bench since 2003, first in the High Court, then in the Supreme Court, he has rendered many judgments of record, covering most spheres of dispute settlement, including public law, private law, international law and admiralty law.</p> <p>Hon. Justice Prof. Ojwang chairs the Quality Assurance &amp; Compliance Committee and is also a member of the Examination Committee.</p> <p><b>Date of appointment: 13<sup>th</sup> July 2017</b>  <b>Date of retirement: 23<sup>rd</sup> January 2020</b></p>
 <p>Dr. Njaramba Gichuki Advocate, LL.B., LL.M, PhD</p>	<p>Dr. Njaramba Gichuki is an Advocate of the High Court of Kenya since 1998, and a member of the Law Society of Kenya (LSK). Born on 13<sup>th</sup> July 1974, he holds a Bachelor of Laws (LLB), a Master of Laws (LLM) and a Doctor of Philosophy (PhD) in Law, of the University of Nairobi.</p> <p>He is also a Certified Secretary (CS), and a member of the Institute of Certified Secretaries (ICS). He has also undertaken specialized training in several areas, including Financial Sector Analysis and Policy, and Corporate Social Responsibility. He practises Law from Nairobi. He also teaches Law at the School of Law, University of Nairobi. He is an author of several books and articles. He served as Assisting Counsel to the Judges and Magistrates Vetting Board (JMVB) between 2011 and 2016.</p> <p>He serves in the Boards of several organizations, corporate, NGO and social. He represents the Law Society of Kenya (LSK) at the Council. He also chairs the Finance and General Purposes Committee of the Council.</p>



## COUNCIL OF LEGAL EDUCATION



### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	<p>Dr. Njaramba chairs the Finance &amp; General Purpose Committee and a member of the Examination Committees.</p> <p><b>Date of appointment: 17<sup>th</sup> February 2017</b>  <b>Date of retirement: 17<sup>th</sup> February 2020</b></p>
 <p>Dr. Elizabeth Muli</p>	<p>Dr. Elizabeth W. Muli is a Senior Lecturer at the University of Nairobi School of Law and Chairperson of the Commercial Law Department. She has taught law for twenty years at both undergraduate and postgraduate levels. She is an Advocate of the High Court of Kenya of over 20 years standing and a member of the Law Society of Kenya. She is also a member of The Institute of Directors Kenya (IOD) and serves on the boards of other organizations in the public and private sector.</p> <p>Born on 2<sup>nd</sup> December 1969, Dr. Muli previously served as the Vice-Chairperson of the Commission for the Implementation of the Constitution(CIC) between 2011 and 2015. Dr. Muli is a Fulbright Fellow and holds a Doctor of the Science of Law (JSD) and Master of the Science of Law (JSM) from Stanford Law School, a Master of Laws(LLM) from University of Bristol(UK), a Bachelor of Laws (LLB) from University of Nairobi and a Diploma of Law. Dr. Muli represents Public Universities at Council and chairs the Audit Committee.</p> <p>Dr. Muli chairs the Audit, Risk &amp; Governance Committee.</p> <p><b>Date of appointment: 5<sup>th</sup> June 2018</b></p>
 <p>Dr. Maurice Ajwang Owuor</p>	<p>Born on 21<sup>st</sup> August 1964, Dr. Maurice holds a Ph.D international Law (People's Friendship University, Moscow, Russian Federation)  LL. M International Law (Baku State University, Azerbaijan)  Diploma in International Journalism, People's Friendship University, Moscow, Russian Federation  Post Graduate Diploma in Law, Kenya School of Law  Post Graduate Diploma in Human Resource Management</p> <p>Professional Membership:  Law Society of Kenya  East African Law Society</p> <p>Dr. Ajwang chairs the Examination Committee and a member of the Finance &amp; General Purpose Committees.</p> <p><b>Date of appointment: 5th June 2018</b></p>



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 <p><b>Diana Sawe Tanui, FCI Arb, CS</b></p>	<p>Diana is a Fellow of the Chartered Institute of Arbitrators, an Advocate of the High Court of Kenya, a Certified Secretary and trained Governance Auditor. She has interests in corporate governance, regulatory affairs, compliance and alternative resolution of disputes.</p> <p>Currently, she is the Corporation Secretary and Chief Manager Legal Affairs at the Insurance Regulatory Authority, a Council Member at the Institute of Certified Public Secretaries of Kenya and serves in various capacities in committees of various other professional bodies. She also served as a member of the Capital Markets Stewardship Code Committee which developed the Kenya Capital Markets Stewardship Code for Institutional Investors, 2017.</p> <p>Born on 5<sup>th</sup> October 1982, Diana is a member of the Law Society of Kenya, the Institute of Directors (Kenya), the Chartered Institute of Arbitrators, the East Africa Law Society, the Women on Boards Network and is a Mentor with the Global Give Back Circle.</p> <p>Ms. Diana Chairs the Quality Assurance, Compliance and Licensing Committee and a member of the Audit, Risk &amp; Governance Committee.</p> <p><b>Date of appointment: 17<sup>th</sup> July 2018</b></p>
 <p><b>Joseph K. Muraga</b></p>	<p>Born on 15<sup>th</sup> March 1966, Joseph is the Deputy Director/Budget at the National Treasury and Planning Ministry.</p> <p>He is a holder of M.A in Economics from University of Nairobi and also a holder of B.A in Economics from the same University.</p> <p>Other trainings include; Performance Budgeting and Innovation in the Public Expenditure Management Programme, Strategic Leadership Development Program at KSG, Strategic Negotiation Programme for Top Managers at KSG, Program Based Budgeting at IMF East Africa, Basic Occupational Safety and Health, Internal Quality Auditing for ISO Standards, Advanced Public Sector Financial Management Programme.</p> <p>Mr. Muraga is a member of the Finance &amp; General Purpose and Quality Assurance &amp; Compliance Committees.</p> <p><b>Date of appointment: 16<sup>th</sup> April 2019</b>  <b>Date of retirement: 30<sup>th</sup> September 2019</b></p>



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



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HON. JUSTICE (DR.) SMOKIN C. WANJALA;  
PhD, SCJ, CBS

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

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

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

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

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

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


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

In 2012, Justice Wanjala received the Presidential Award of




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	<p>the Chief of the Order of the Burning Spear (CBS) [First Class], the 4<sup>th</sup> Highest Civilian Award in Kenya for his distinguished service rendered to the Nation.</p> <p>In 2018, Justice Wanjala was selected for the <b>2018 Albert Nelson Marquis (Who is Who) Lifetime Achievement Award</b> as a result of his hard work and dedication to his profession.</p> <p>Hon. Justice (Dr.) Smokin C. Wanjala is a member of the Quality Assurance &amp; Compliance Committee and the Examinations Committee.</p> <p><b>Date of appointment: 23<sup>rd</sup> January 2020</b></p>
 <p>Dr. J. K. Gakeri Secretary &amp; Chief Executive Officer</p>	<p>Dr. J. K. Gakeri is the Secretary/Chief Executive of the Council of Legal Education.</p> <p>Dr. Gakeri, born on 8<sup>th</sup> January 1961, is an Advocate of the High Court and a Certified Public Secretary. He holds the LL.B and LL.M degrees from the University of Nairobi. LL.M from the University of Houston, Texas and the SJD from Indiana University, Bloomington, U.S.A. Dr. Gakeri previously worked as the Ag. Director Examinations CLE. Before that he served as a Senior Lecturer at the Department of Private Law, University of Nairobi, School of Law, Parklands Campus. He has previously served as a Part-time lecturer in Law at the Strathmore University School of Accountancy and an Examiner for KASNEB.</p>

### MANAGEMENT TEAM

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



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	<p><b>Mr George W. Wafula</b> <b>Ag. Director of Examinations</b></p> <p>Has a Master of Education Degree (Curriculum Development) from Kenyatta University, Bachelor of Education (B.Ed Arts ) of Kenyatta University, worked as a professional teacher for thirteen (13) years and in charge of school examination at the District level for three years. Served at the Public Service Commission(PSC) Examination Department starting as a Senior Examination officer to Principal Examination Officer for ten (10) years, joined the Council of Legal Education as Manager Examination in November 2015 and from April,2019, appointed as Ag Director Examinations.</p>
	<p><b>Mrs Purity Kimathi</b> <b>Ag. Assistant Director Finance Planning &amp; Administration</b></p> <p>Mrs Kimathi is a Certified Public Accountant and a Certified Secretary. She holds an MBA (Finance &amp; Strategic Management) and a Bachelor of Commerce (Finance) from the University of Nairobi. She is a member of the Institute of Certified Public Accountants Kenya (ICPAK). She has over 15 years' experience in Finance &amp; Administration, with keen interest in corporate governance. She previously worked at the Teachers Service Commission.</p>



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 CHAIRMAN'S STATEMENT



Council is pleased to present the Annual Report and Financial Statements for the Council of Legal Education for the year ended June 30, 2020. During the period under review CLE registered significant growth in its operation with the expanded mandate. Council established structures to deliver the mandates and am happy to note that we successfully conducted ATP Examination in the year 2019/2020.

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

Council continues to monitor the quality of Legal education in the country through quality audits. This program ensures that Licenced legal education providers comply with the conditions of the licence hence protecting the public and consumers of legal education. During the Financial Year Council conducted five (5) legal quality audits and conducted three (3) Inspections towards licensing legal educations providers.

Council continues to conduct ATP examination, where 5,666 candidates were examined during the year and 1,528 qualifying candidates were gazetted for admission to the Bar.

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

With the emergence of the COVID-19 Pandemic, the Council had to scale down on the number of staff attending to matters physically at the CLE offices as per the Government directives. The activities of the Council were greatly affected and this lead to non-achievement of some of the Performance Contract targets, cancelation of a stakeholder's forum to validate the Council of Legal Education 2019 - 2023 Strategic Plan, to mention but a few.

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

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

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



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

#### REPORT OF THE SECRETARY/CHIEF EXECUTIVE OFFICER



Since the establishment under the new regulatory framework the Council of Legal Education has made concerted efforts in promoting and enhancing the quality of legal education in the country. Council continues to play its transformative role in the legal education sector as mandated by the Law. I take this opportunity to present an overview of the Council of Legal education performance for the Financial Year ending June 30, 2020.

During the year, five (5) Institutions were audited, three (3) inspected. Council continues to receive and process applications for recognition and approval of foreign qualifications. During the year Council reviewed the criteria to equate foreign law qualifications. A total of Sixty-Four (64) applications were received and processed.

In the year 2019/2020, Council successfully conducted The ATP examination in July and November 2019. In the two the examination series 5,666 candidates were examined. A total of 1,528 qualified candidates were gazetted for admission to the Bar.

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

COVID-19 Pandemic has impacted greatly on the delivery of the Councils mandate. The Council had to scale down on the number of staff attending to matters physically at the CLE offices as per the Government directives in March 2020. The activities of the Council were greatly affected and this lead to non-achievement of some of the Performance Contract targets, cancellation of a stakeholder's forum to validate the Council of Legal Education 2019 - 2023 Strategic Plan, the registration for the ATP examination that was planned for April 2020 was cancelled due to social distancing and Government directive on gathering of not more than 15 people.

In the period under review, the Council's revenue reduced from **Kshs.382.2 Million** in 2018/19 to **Kshs.369.4 Million** in 2019/20. This is attributed to a decrease of Government of Kenya subvention which reduced from Kshs.210.5 million in 2018/2019 to kshs.198.9 million in 2019/2020.

Total recurrent expenditure reduced from **Kshs. 321.3 million** in 2018/19 to **Kshs.286.8 Million** in 2019/20. This reduction is attributed to the Government directives on austerity measures to reduce expenditure and Government ban on planned activities due the outbreak of COVID-19 pandemic.

The Council's total asset base reduced from **Kshs. 524.8 Million** in 2018/2019 to **Kshs.367.4 Million** in 2019/2020 financial year. Non-current assets went down by 33% from **Kshs. 43.1 million** to **shs. 28.8 million** due to depreciation.

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

*Secretary/ CEO*

*Council of Legal Education*

*P. O. Box 829 - 00502, Karen*

*N. J. K. Gakeni*

**SECRETARY/CHIEF EXECUTIVE OFFICER  
COUNCIL OF LEGAL EDUCATION**



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 REVIEW OF THE COUNCIL OF LEGAL EDUCATION PERFORMANCE FOR FY 2019/2020

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

The Council of Legal Education has 5 strategic pillars and 8 objectives within its Strategic Plan for the FY 2014/2015- 2018/2019. These strategic pillars are as follows:

- Pillar 1: Quality Legal Education
- Pillar 2: Research & Development
- Pillar 3: Corporate Image
- Pillar 4: Institution Capacity
- Pillar 5: Bar Examination

The Council of Legal Education develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Council of Legal Education achieved its performance targets set for the FY 2019/2020 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Quality Legal Education	To enhance the legal education Regulatory and Licencing Framework	Legal Education Providers licence maintained	Conduct quality audits in six (6) Legal Education Providers	Five (5) quality audits conducted
		Legal Education Providers licenced	Conduct inspections in five (5) Legal Education Providers	Three (3) inspections conducted
		Thirteen (13) annual reports reviewed	Review annual reports from thirteen (13) licensed legal education providers	Achieved
		Benchmarking report	Capacity building through one (1) International benchmarking visit for international best practices (UK & Canada)	Not achieved due to Government ban on international travel
		Published status of legal education providers twice in the Financial Year	Publish status of legal education providers twice a year in Kenya Gazette or in at least one (1) newspaper with nation-wide	Achieved



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 2: Bar Examination	To develop and administer structures and systems that assure credible and verifiable Bar Examination		circulation	
		Developed Bar Program Curriculum developed by 30 <sup>th</sup> June 2020	Develop the Bar Programme Curriculum	Council was not able to procure a Consultants to undertake the activity as Government had banned payment or commitment to suppliers
		Validated Bar Program Curriculum validated by 30 <sup>th</sup> June 2020	Validation of the Bar Curriculum	Not achieved due to Government ban on gatherings of not more than 15 people
		Validated Bar Examination Policy By 31 <sup>st</sup> March 2020	Validate the draft Bar Examination Policy	Not achieved
Pillar 2: Bar Examination	To develop and administer structures and systems that assure credible and verifiable Bar Examination	Developed drafts Bar Examination Regulations by 30 <sup>th</sup> June 2020	Develop drafts Bar Examination Regulations and submit them to the Attorney General's office	Not achieved
		Number of trained invigilators in July and November 2019	Conduct capacity building on best practices in the Bar Examination administration for the following: a) 40 Invigilators in July 2019 and 60 invigilators	Achieved
		Number of trained Markers in July and November 2019	b) 24 Markers in July 2019 and 47	
		Number of trained Setters in February 2020	Train 27 setters	
Pillar 2: Bar Examination	To develop and administer structures and systems that assure credible and verifiable Bar Examination	Number of Candidates	Administer Bar Examination to 3,800 candidates	Administered to 5,666 Candidates



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		Time taken to process examination results	Release Bar Examination results within 2 ½ months after administering the Bar Examination	By august 2019 for July exams and February 2020 for November exams
		100% Candidates gazetted	Submit for gazettement all qualifying Candidates for admission to the Roll of advocates within 1 month	Gazetted 1,528 candidates for admission into the Roll of Advocates
Pillar 3: Corporate Image	Promote positive corporate image and enhance CLE visibility	Launched ISO 9001:2015 Certification, HELB Fund and CLE Strategic Plan 2019 - 2023 By 30 <sup>th</sup> June 2020	Launch the ISO 9001:2015 Certification, HELB Fund and CLE Strategic Plan 2019 - 2023 by 30 <sup>th</sup> June 202	HELB Fund launched  CLE Strategic Plan still awaiting Stakeholders engagement forum  Council awaiting Re Certification in 2021
		Developed Policy By June, 2020	Develop draft CLE Communication Policy	Not achieved. Still in draft format
		BEL Scheme operationalized by 31 <sup>st</sup> December 2019	In partnership with Higher Education Loans Board (HELB) operationalize the Bar Education Loans Scheme to benefit Bar Examination candidates	Achieved
		Identified areas by 31 <sup>st</sup> October 2019	Identify the areas of collaboration between CLE and Commission for University Education (CUE)	The areas of collaboration were identified and there is a draft MOU in place



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 CORPORATE GOVERNANCE STATEMENT

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

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

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

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

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

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

#### Finance and General Purpose Committee

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

#### The committee members are:

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

#### Quality Assurance and Compliance Committee

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

#### The committee members are:

- |    |                                      |             |   |         |
|----|--------------------------------------|-------------|---|---------|
| 1. | Hon. Justice Prof. J. B. Ojwang      | - Chairman  | - | Retired |
| 2. | Hon. (Dr.) Justice Smokin C. Wanjala | - Member    |   |         |
| 3. | Ms. Mary Njuya                       | - Member    |   |         |
| 4. | Mr. George Nyakundi                  | - Member    |   |         |
| 5. | Mr. Joseph Muraga                    | - Member    | - | Retired |
| 6. | Ms. Diana Sawe                       | - Chair     |   |         |
| 7. | Dr. J. K. Gakeri                     | - Secretary |   |         |



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 Examination Committee

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

#### The Committee members are:

- |   |             |   |         |
|---|-------------|---|---------|
| 1. Dr. Maurice Ajwang Owuor             | - Chairman  |   |         |
| 2. Hon. Justice Prof. J. B. Ojwang      | - Member    | - | Retired |
| 3. Dr. Njaramba Gichuki                 | - Member    | - | Retired |
| 4. Hon. (Dr.) Justice Smokin C. Wanjala | - Member    |   |         |
| 5. Ms. Mary Njuya                       | - Member    |   |         |
| 6. Dr. J. K. Gakeri                     | - Secretary |   |         |

### Audit, Risk and Governance Committee

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

#### The members of the committee are:

- |                        |             |
|------------------------|-------------|
| 1. Dr. Elizabeth Muli  | - Chairman  |
| 2. Mr. George Nyakundi | - Member    |
| 3. Ms. Diana Sawe      | - Member    |
| 4. Internal Auditor    | - Secretary |



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### COUNCIL MEETING ATTENDANCE

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

Council/ Committee	Number of Meetings held
Council	7
Finance and General Purpose Committee (FGPC)	5
Quality Assurance and Compliance Committee ( QACC)	6
Examination Committee (EC)	3
Audit, Governance and Risk Committee (AGRC)	4

### Summary of attendance in meetings

Council Member	Date of Appointment	Council Meetings		FGPC		QACC		EC		AGRC		Total Meetings	
		App.	Att.	App.	Att.	App.	Att.	App.	Att.	App.	Att.	App.	Att.
Hon. Prof. Githu Muigai, ECH, SC	18 <sup>th</sup> April 2018	7	7	0	0	0	0	0	0	0	0	7	7
Hon. Justice J. B. Ojwang - Retired	13 <sup>th</sup> July 2017	3	3	0	0	4	4	3	2	0	0	10	9
Dr. Njaramba Gichuki - Retired	17 <sup>th</sup> February 2017	2	2	5	5	0	0	2	2	0	0	9	9
Dr. Elizabeth Muli	5 <sup>th</sup> June 2018	7	6	0	0	0	0	0	0	4	4	11	10
Dr. Maurice Ajwang Owuor	5 <sup>th</sup> June 2018	7	6	5	4	0	0	2	2	0	0	14	12
Ms. Diana Sawe	17 <sup>th</sup> July 2018	7	4	0	0	6	5	0	0	4	3	17	12
Ms. Rita Njiru	17 <sup>th</sup> September 2019	5	2	2	2	0	0	0	0	0	0	7	7
Ms. Mary Njuya	13 <sup>th</sup> June 20129	7	7	0	0	6	5	0	0	4	4	17	16
Mr. George Nyakundi	20 <sup>th</sup> May 2019	7	7	0	0	6	4	0	0	4	4	17	15
Hon. (Dr.) Justice Smokin C. Wanjala	23 <sup>rd</sup> January 2020	5	4	0	0	0	0	1	0	0	0	6	4

App. - Applicable

Att. - Attended



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

#### Note

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

The Council members are paid sitting allowances and other allowances which are included in the Council Allowances and Expenses detailed on note 11 in this Annual Report and Financial Statements for the year ended June 30, 2020.



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 MANAGEMENT DISCUSSION AND ANALYSIS

#### Quality Assurance and Licencing Department

During the Financial Year Council conducted five (5) legal audit and three (3) Inspections towards licensing legal educations providers. Legal education institutions inspected included:

Institution	Date of Inspection	Programme	Licencing Status
Umma University	6 <sup>th</sup> January 2020	LL.B	Licenced to 2023
Kenya Institute of Management	25 <sup>th</sup> October 2019	Diploma in Law	Licenced to 2024
Strathmore University	18 <sup>th</sup> October 2019	LL.B	Licenced to 2021

In 2019/2020 Financial Year, Council successfully conducted Audit in the following institution:

Institution	Date of Audit	Programme	Licencing Status
University of Embu	26 <sup>th</sup> September 2019	LL.B	Licenced to 2024
Chuka University	7 <sup>th</sup> October 2019	LL.B	Licenced to 2024
UON - Mombasa Campus	30 <sup>th</sup> January 2020	LL.B	Licenced to 2021
UON - Kisumu Campus	27 <sup>th</sup> February 2020	LL.B	Licenced to 2023
Kenya School of Law	12 <sup>th</sup> September 2019	Diploma in Law	Application for Licencing

The department also received and processed sixty-four (64) application for foreign qualification.

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

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

#### Bar Examination Department

During the year 2019/2020, Council administered Bar Examination to 5,666 candidates in both July and November 2019. 1,528 qualifying candidates were gazetted for admission to the Bar.

#### Finance, Planning and Administration Department

##### ISO Certification

The Council of Legal Education is still under the ISO 9001:2015 Certification. The Surveillance Audit has been planned for in the FY 2020/2021. In the year 2021, the Council is also supposed to undergo a Re-Certification Audit by the KEBS.



## **COUNCIL OF LEGAL EDUCATION**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

The Council was scheduled to undertake a Surveillance Audit by KEBS in March 2020, but it was postponed due to the outbreak of the COVID-19 pandemic.

#### **Bar Examination Loan (BEL)**

During 2019/2020 Council facilitated the launch of Bar Examination Loan (BEL) in partnership with HELB. This is a fund created to assist needy students.

#### **Performance Contract**

Council facilitated the vetting of the Performance Contract for Financial Year 2019/2020 with the Performance Contracting Unit that was held at NITA-Athi River on 10<sup>th</sup> July 2019.

Council rated "Good" in the 2018/2019 Performance Contract evaluation

#### **Financial performance**

In the period under review, the Council's revenue reduced from **Kshs.382.2 Million** in 2018/19 to **Kshs.369.4 Million** in 2019/20. This is attributed to a decrease of Government of Kenya subvention which reduced from Kshs.210.5 million in 2018/2019 to kshs.198.9 million in 2019/2020.

Total recurrent expenditure reduced from **Kshs. 321.3 million** in 2018/19 to **Kshs.286.8 Million** in 2019/20. This reduction is attributed to the Government directives on austerity measures to reduce expenditure and Government ban on planned activities due the outbreak of COVID-19 pandemic.

The Council's total asset base reduced from **Kshs. 524.8 Million** in 2018/2019 to **Kshs.367.4 Million** in 2019/2020 financial year. Non-current assets went down by 33% from **Kshs. 43.1 million** to **shs. 28.8 million**.

#### **Information Communication Technology**

A vendor was contracted to develop and operationalize the Enterprise Resource Planning System, the firm is still on site to ensure the staff are trained and the System is working as planned.

#### **Procurement**

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

#### **Training / Conferences**

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

#### **Staff Medical Scheme**

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

#### **Internship**

In 2019/2020 Council continues to provide 1year internship opportunities to students who wish to gain practical experience in their areas of study. Council provided two (2) internships during the year under review



## **COUNCIL OF LEGAL EDUCATION**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020** **Council of Legal Education compliance with statutory requirements**

During Financial Year 2019/2020 Council of Legal Education has complied with statutory requirements. Where Council has not remitted statutory deductions to the agencies, provisions for payables have been provided as per the accounting policies and the International Public-Sector Accounting Standards (IPSAS).

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

Council completed the implementation of one project in the Financial Year 2019/2020 namely

1. Enterprise Resource Planning System

#### **Major risks facing Council of Legal Education**

##### **Risks**

##### **Credit risk management**

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

##### **Interest rate risk**

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

##### **Price risk**

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

##### **Liquidity risk management**

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

##### **Material arrears in statutory/financial obligations**

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

##### **COVID-19 Pandemic Risk**

COVID-19 Pandemic has impacted greatly on the delivery of the Councils mandate. The Council had to scale down on the number of staff attending to matters physically at the CLE offices as per the Government directives in March 2020. The activities of the Council were greatly affected and this lead to non-achievement of some of the Performance Contract targets, cancelation of a stakeholder's forum to validate the Council of Legal Education 2019 - 2023 Strategic Plan, the registration for the ATP examination that was planned for April 2020 was cancelled due to social distancing and Government directive on gathering of not more than 15 people.



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Council of Legal Education exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 5 pillars: putting the customer/Citizen first, delivering relevant services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

#### **Sustainability strategy and profile -**

1. The Council is committed to achieving service levels that meet the expectations of our client. The council undertakes to institute programmes that will ensure that clients receive quality consistent and reliable services. Council will implement processes to manage client complaints and provide feedback promptly and sensitively.
2. **Environmental performance**  
The Council is committed to providing a safe, fair and stimulating work environment that empowers employees to make a meaningful contribution to the organisations performance development, and offers challenging and rewarding opportunities for personal and professional growth. The council recognizes the importance of attracting and retaining the best staff.
3. **Employee welfare**  
The Council is an Equal Opportunities Employer, which promotes diversity and does not discriminate on grounds of gender, ethnicity, religion, sexual orientation or physical ability. During the year, Council employed a Staff member who is a person living with disability. The Council has developed a draft Safety, Health and Environment Policy that is still awaiting the approval of the Board. The Council developed a skill gaps analysis report that will guide in employees' trainings and development. The Council has also committed to the growth of all professionals by paying their yearly subscription to the different professional bodies. During the Financial Year 2019/2020, the Council forwarded HR instruments developed as guided by SCAC for approval.
4. **Market place practices-**
  - a) The Council has put in place mechanism and awareness programs to combat any corruption activities. The Council does not engage in any political involvement
  - b) The Council maintains a list of registered suppliers from whom opportunities are given to. The AGPO affirmative is also undertaken by the Council strictly.
  - c) The Council is responsible in its advertisement-outline efforts to maintain ethical advertising practices. The Council mainly advertises through the Ministry of Information under the My-Gov initiative.
5. **Community Engagements-**  
The Council donated 18 seats to the Karen Police Station in the FY 2019/2020 as part of its commitment to serve the community.



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 REPORT OF THE COUNCIL MEMBERS

The Council submits this report together with the financial statements for the year ended June 30, 2020 which show the state of the Council of Legal Education affairs.

#### Principal activities

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

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

#### Results

The Financial statements of the Council of Legal Education for the year ended June 30, 2020 are set out on page 1 to 29.

#### Council Members

The members of Council who served during the year are shown on page vi to x. During the year one (1) Council Member was nominated to CLE Council while two (2) Council Members retired. The Council Members attended a Mwongozo training facilitated by SCAC (State Corporation Advisory Committee) in November 2019.

#### Dividends/Surplus remission

In accordance with Section 219 (2) of the PFM Act Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the year end of each financial year. The Council of Legal Education remitted Kshs. 215,000,000.00 in FY 2019/2020.

#### Auditors

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

By Order of the Council

Secretary/CEO  
Council of Legal Education

P.O. Box 829 - 00502, Karen

Dr. J. K. Gakenya

SECRETARY/CHIEF EXECUTIVE OFFICER  
COUNCIL OF LEGAL EDUCATION  
NAIROBI

Date: 08.04.2021



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 STATEMENT OF COUNCIL'S RESPONSIBILITIES

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

The Council is responsible for the preparation and presentation of the Council of Legal Education's financial statements, which give a true and fair view of the state of affairs of the Council of Legal Education for year ended on June 30, 2020. This responsibility includes:

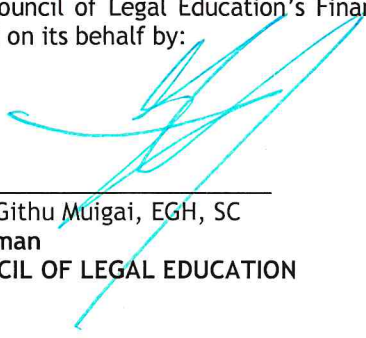
- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Council of Legal Education;
- iii)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


The Council accepts responsibility for the Council of Legal Education Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public-Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the State Corporations Act and Legal Education Act, 2012. The Council is of the opinion that the Council of Legal Education's financial statements give a true and fair view of the state of Council's transactions during the financial year ended June 30, 2020, and of the Council of Legal Education's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the Council of Legal Education, which have been relied upon in the preparation of the Council of Legal Education's financial statements as well as the adequacy of the systems of internal financial control.

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

#### Approval of the financial statements

The Council of Legal Education's Financial Statements were approved by Council on 08.09.20 and signed on its behalf by:

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

  
Secretary/ CEO  
Council of Legal Education  
P. O. Box 29 - 00502, Karen  
Nairobi  
Dr. J. K. Gakeri  
Secretary/Chief Executive Officer  
COUNCIL OF LEGAL EDUCATION

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON COUNCIL OF LEGAL EDUCATION FOR THE YEAR ENDED 30 JUNE, 2020**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Council of Legal Education set out on pages 1 to 36, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of knowledge and belief were necessary for the purpose of the audit.

In my opinion, except for effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects the financial position of the Council of Legal Education as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Legal Education Act No.27 of 2012 of the laws of Kenya.

#### **Basis for Qualified Opinion**

##### **Cash and Cash Equivalents**

The statement of financial position reflects a balance of Kshs.330,044,863 under cash and cash equivalents which, as disclosed in Note 16 to the financial statements, includes an amount of Kshs.316,850,281 held in revenue account at the National Bank of Kenya (NBK). However, the bank reconciliation statement reflects receipts in bank statement not in cashbook amounting to Kshs.2,021,712, some of which had remained outstanding since 2015. No explanation was provided for non-clearance of the long outstanding reconciling items from the bank reconciliation statement.

Under the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.330,044,863 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Council of Legal Education Management in

accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs.369,385,350 against budgeted receipts of Kshs.369,060,000 resulting in an over collection of Kshs.325,350. Further, the Council's actual expenditure for the year amounted to Kshs.286,818,295 against an expenditure budget of Kshs.369,060,000 resulting in an under expenditure of Kshs.82,241,705 or 22%. The under-expenditure may have impacted negatively on service delivery to the public.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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- Remittance of Taxes**

The statement of financial position reflects a balance of Kshs.30,901,610 under trade and other payables from non-exchange transactions which, as disclosed in Note 20 to the financial statements, includes amounts of Kshs.3,156,440, Kshs.498,917, Kshs.363,153 and Kshs.473,568 in respect of Pay As You Earn (PAYE), withholding tax, Value Added Tax (VAT) and income tax respectively, which have been outstanding for more than one (1) year. Management did not provide reasons for failure to settle the long outstanding payables due to the Kenya Revenue Authority. This is in contrary to Section 130 of the Income Tax Act, Cap 470 which require PAYE deducted from employees' earnings to be remitted by the tenth day of the month following the deduction and withholding tax and VAT to be remitted by the twentieth day of the month following the charge.

Management was 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, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the Council's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

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

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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**22 November, 2021**





COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020  
FINANCIAL STATEMENTS

COUNCIL OF LEGAL EDUCATION  
STATEMENT OF FINANCIAL PERFORMANCE  
For the year ended 30 June 2020

	Notes	2019/2020		2018/2019
<b>Revenue from non-exchange transactions</b>		<b>Kshs.</b>		<b>Kshs.</b>
Transfers from governments	6	198,960,000		210,464,800
		<b>198,960,000</b>		<b>210,464,800</b>
<b>Revenue from exchange transactions</b>				
Rendering of services	7	170,425,350		171,730,400
Other Income	8	-		50,000
		<b>170,425,350</b>		<b>171,780,400</b>
<b>Total revenue</b>		<b>369,385,350</b>		<b>382,245,200</b>
<b>Expenses</b>				
Employee costs	9	97,916,384		101,982,602
Council Allowances and Expenses	10	4,987,688		10,220,776
Repairs and Maintenance	11	1,411,645		839,841
General Expenses	12	54,313,897		76,581,749
ICT Related Costs	13	7,085,159		5,043,278
Examination Related Costs	14	57,821,218		61,355,645
Audit fees	15	1,680,000		1,200,000
Depreciation and Amortization Cost	19	21,602,304		24,123,536
Transfer Higher Educations Loans Board - Bar Examination Loan	24	40,000,000		40,000,000
<b>Total expenses</b>		<b>286,818,295</b>		<b>321,347,426</b>
<b>Surplus before tax</b>		<b>82,567,055</b>		<b>60,897,774</b>
<b>Surplus/(Deficit) for the period</b>		<b>82,567,055</b>		<b>60,897,774</b>
Attributable to:				
<b>Surplus/(deficit)</b>		<b>82,567,055</b>		<b>60,897,774</b>

The notes set out on pages 6 to 29 form an integral part of the Financial Statements





COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020  
COUNCIL OF LEGAL EDUCATION  
STATEMENT OF FINANCIAL POSITION  
As at 30th June 2020

	Notes	2019/2020	2018/2019
		Kshs.	Kshs.
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	330,044,863	477,237,835
Receivables from non-exchange transactions	17	2,333,209	1,546,710
Inventories	18	6,289,781	2,938,421
<b>Total Current Assets</b>		<b>338,667,853</b>	<b>481,722,966</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	28,786,983	43,145,969
<b>Total Non-Current Assets</b>		<b>28,786,983</b>	<b>43,145,969</b>
<b>Total assets</b>		<b>367,454,836</b>	<b>524,868,935</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from non-exchange transactions	20	30,901,610	11,490,006
Employee benefit obligation	21	533,118	788,077
Deferred Income	22	7,909,000	52,646,800
Provision for Audit fees	23	1,200,000	600,000
<b>Total Current Liabilities</b>		<b>40,543,728</b>	<b>65,524,883</b>
<b>Non-current liabilities</b>		-	-
<b>Total liabilities</b>		<b>40,543,728</b>	<b>65,524,883</b>
<b>Net assets</b>		<b>326,911,108</b>	<b>459,344,052</b>
Revenue Reserves		459,344,053	398,446,278
Remission to National Treasury		(215,000,000)	-
Surplus/(deficit) for the year		82,567,055	60,897,774
<b>Accumulated funds</b>		<b>326,911,108</b>	<b>459,344,052</b>

The Financial Statements set out on pages 1 to 29 were signed on behalf of the Council by:

*Dr. J. K. Gakere*  
Council of Legal Education  
P. O. Box 829 - 00502, Karen  
Nairobi, Kenya

Dr. J. K. Gakere  
Secretary/Chief Executive Officer  
Council of Legal Education

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

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

Date: 08.04.2021  
COUNCIL OF LEGAL EDUCATION

Date: .....

Date: .....



**COUNCIL OF LEGAL EDUCATION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**  
**STATEMENT OF CHANGES IN NET ASSETS**

**For the year ended 30 June 2020**

	<b>Capital reserve</b>	<b>Accumulated surplus</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Changes in Equity for the year 2018/2019</b>			
<b>Balance as at 1<sup>st</sup> July 2018</b>	-	398,446,279	398,446,278
Surplus/(deficit) for the period	-	60,897,774	60,897,774
Transfers to/from accumulated surplus	-	-	-
<b>Balance as at 30th June, 2019</b>	-	459,344,052	459,344,052
<b>Changes in Equity for the year 2019/2020</b>			
<b>Balance as at 1<sup>st</sup> July 2019</b>	-	459,344,052	459,344,052
Surplus/(deficit) for the period	-	82,567,055	82,567,055
Transfers to/from accumulated surplus	-	(215,000,000)	(215,000,000)
<b>Balance as at 30 June 2020</b>	-	326,911,108	326,911,108



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

COUNCIL OF LEGAL EDUCATION  
STATEMENT OF CASH FLOW  
For the year ended 30 June 2020

	Notes	2019/2020	2018/2019
<b>Cash generated from operations</b>		<b>Kshs.</b>	<b>Kshs.</b>
Surplus for the year before tax		82,567,055	60,897,774
Adjusted for:			
Depreciation	19	21,602,304	24,123,536
Contributed assets			-
<b>Working capital adjustments:</b>			
(Increase) /Decrease in inventory		(3,351,360)	1,363,453
(Increase)/Decrease in receivables		(786,499)	1,253,024
Increase/(Decrease) in Current Liabilities		(24,981,155)	7,050,094
<b>Net cash flows from operating activities</b>	<b>25</b>	<b>75,050,346</b>	<b>94,687,882</b>
<b>Cash flow from investment activities</b>			
Purchase of Property Plant and Equipment	19	(7,243,317)	(6,697,312)
<b>Net Cash flow used in investment activities</b>		<b>(7,243,317)</b>	<b>(6,697,312)</b>
<b>Net cash flows used in financing activities</b>		<b>(215,000,000)</b>	<b>-</b>
Net increase in Cash and Cash Equivalents		(147,192,971)	87,990,570
Cash and Cash Equivalent as at 1st July 2019		477,237,835	389,247,265
<b>Cash and Cash Equivalent as at 30th June 2020</b>	<b>16</b>	<b>330,044,863</b>	<b>477,237,835</b>



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### COUNCIL OF LEGAL EDUCATION

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020

Income estimates	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
GoK Grants - Recurrent	198,960,000	-	198,960,000	198,960,000	-
Appropriation In Aid (Accreditation fees)	2,640,000	-	2,640,000	3,200,000	-560,000
Examination Fees	165,150,000	-	165,150,000	166,584,850	-1,434,850
Foreign Qualification Equation	2,310,000	-	2,310,000	640,500	1,669,500
Other Income	-	-	-	-	-
<b>Total Income</b>	<b>369,060,000</b>	<b>-</b>	<b>369,060,000</b>	<b>369,385,350</b>	<b>-325,350</b>
<b>RECURRENT EXPENDITURE</b>					
Employee Costs	118,951,572	-34,789,783	153,741,355	97,916,384	55,824,971
Repairs and Maintenance Expense	1,600,000	-	1,600,000	1,411,645	188,355
Depreciation and Amortization Expense	-	-	-	21,602,304	-21,602,304
General Expenses	89,298,428	16,889,783	72,408,645	54,313,897	18,094,748
Council Allowances and Expenses	12,500,000	5,500,000	7,000,000	4,987,688	2,012,312
ICT Related Costs	24,400,000	-	24,400,000	7,085,159	17,314,841
Bar Examination Costs	81,710,000	12,400,000	69,310,000	57,821,218	11,488,782
Legal Education Bursary Fund	40,000,000	-	40,000,000	40,000,000	-
Audit Fees	600,000	-	600,000	1,680,000	-1,080,000
<b>Total Recurrent Budget</b>	<b>369,060,000</b>	<b>-</b>	<b>369,060,000</b>	<b>286,818,295</b>	<b>82,241,705</b>
<b>Surplus/(Deficit)</b>			<b>-</b>	<b>82,567,055</b>	



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 NOTES TO THE FINANCIAL STATEMENTS

#### 1. General Information

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

#### Principal Activity of the Council of Legal Education

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

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

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

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

#### 3. Adoption of New and Revised Standards

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

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



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1st January 2022:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for the assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p>(Council of Legal Education will not be affected by the Standard)</p>
IPSAS 42: Social Benefits	<p><b>Applicable: 1st January 2022</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol> <p>(Council of Legal Education will not be affected by the Standard)</p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2022:</b></p> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ol> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Standard	Effective date and impact:
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</li> <li>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</li> <li>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</li> <li>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</li> </ul>

#### iii. Early adoption of standards

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue Recognition

##### i) Revenue from Non-Exchange Transactions - IPSAS 23

###### **Fees, taxes and fines**

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

###### **Transfers from Other Government Entities**

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



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

#### ii) Revenue from Exchange Transactions - IPSAS 9

##### Rendering of Services

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

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

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

##### Interest Income

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

#### b) Budget Information - IPSAS 24

The original budget for FY 2019-2020 was approved by the National Assembly. Subsequent revision and additional appropriations were made to the approved budget in accordance with specific approvals from the Council and The National Treasury and Planning. The additional appropriations are added to the original budget by Council of Legal Education upon receiving the respective approvals from the Council and The National Treasury and Planning to conclude the final budget. Accordingly, Council of Legal Education recorded no appropriation on the 2019-2020 budget following the governing body's approval.

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

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

#### c) Taxes

##### Sales tax

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

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



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

#### d) Property, plant and Equipment - IPSAS 17

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

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

The annual depreciation rates in use are:

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

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

#### e) Intangible Asset

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

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

#### f) Leases

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

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



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

Rentals payable under operating leases are recognized as an operating expense on the straight-line basis over the term of the relevant lease. (Disclosure note 28)

#### **g) Inventories - IPSAS 12**

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

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

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

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

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

#### **i) Provisions**

Provisions are recognized when Council of Legal Education has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

#### **Contingent Liabilities**

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

The Council of Legal Education has 4 (four) pending cases in Court. Council does not foresee any outflow of economic resources on the cases in court. (Further disclosure note number 29).



## **COUNCIL OF LEGAL EDUCATION**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020** **Contingent Assets**

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

#### **j) Nature and Purpose of Reserves**

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

- i) Retained Earnings - this is the sum of all accumulated surplus and deficits as at the reporting date
- ii) Capital Development Reserve - this represents funds set aside by Council for specified capital development
- iii) Legal Education revolving fund reserve - this represents funds set aside for the legal Education Revolving Fund.
- iv) CLE Car Loan and Mortgage Scheme - this represents funds set aside as seed money to operationalize the Scheme once approved by the National Treasury and Planning.

#### **k) Changes in Accounting Policies and Estimates - IPSAS 3**

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

#### **l) Employee Benefits - IPSAS 25**

##### **i) Retirement benefit Plans**

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

The Council and its employees also contribute to the National Social Security Fund, a statutory defined contribution pension scheme. The Council's contributions in respect of retirement benefit are charged as expenses in the year to which they become payable. (Disclosure note 32)

##### **ii) Short Term Employee Benefits**

The cost of short-term employee benefits, such as leave pay, is recognized during the period in which the employee renders related services. (Disclosure note 21)

#### **m) Related Parties- IPSAS 20**

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



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

#### n) Cash and Cash Equivalents

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

#### o) Comparative Figures

Council of Legal Education was established by the Legal Education Act 2012. It became fully operational as from June 1, 2013, this being the 6<sup>th</sup> year of operations, comparative figures are for 2019/2020 financial year.

#### p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

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

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

#### i) Estimates and Assumptions

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

#### ii) Useful Lives and residual values

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

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



## **COUNCIL OF LEGAL EDUCATION**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

#### **iii) Provisions**

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

#### **Provision for bad debt**

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



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2019/2020

2018/2019

Kshs.

Kshs.

### 6. Revenue from non-exchange transactions

#### Transfer from Government

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year 2019 - 2020	2018-2019
			KShs	KShs	KShs
Office of Attorney General and Department of Justice	198,960,000	-	-	198,960,000	210,464,800
<b>Total</b>	<b>198,960,000</b>	<b>-</b>	<b>-</b>	<b>198,960,000</b>	<b>210,464,800</b>

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

	Date	Recurrent	Development	Total
1 <sup>st</sup> quarter	28/08/2019	49,740,000	-	49,740,000
2 <sup>nd</sup> quarter	12/11/2019	49,740,000	-	49,740,000
3 <sup>rd</sup> quarter	04/02/2020	49,740,000	-	49,740,000
4 <sup>th</sup> quarter	22/05/2020	49,740,000	-	49,740,000
<b>Total</b>		<b>198,960,000</b>	<b>-</b>	<b>198,960,000</b>

### 7. Revenue from exchange transactions

2019/2020

2018/2019

#### Rendering of services

Kshs.

Kshs.

Accreditation fees	3,200,000	4,800,000
Equating Foreign qualification	640,500	1,310,000
Examination	69,774,050	69,370,000
Resits	80,367,800	78,565,400
Remarks	16,443,000	17,685,000
	<b>170,425,350</b>	<b>171,730,400</b>

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

Council charged Licencing fees @ Kshs. 1,600,000.00 per institution

Council charges equation of foreign qualification @ Kshs. 10,000 per candidate

Council charges Kshs. 5,000 per unit bar examination for nine units

Council charges Kshs. 10,000 per unit for re-sits

Council charges Kshs. 15,000 per unit for re-marks

NB: Included in the Resit Kshs. 47,571,800 transferred from Deferred income having met the income recognition criteria.



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	2019/2020	2018/2019
8. Other Income	<u>0</u>	<u>50,000</u>
	<u>0</u>	<u>50,000</u>

*Other income is from sale of tender documents @ 1,000 to 50 bidders*

9. Employee Costs	2019/2020	2018/2019
Basic Salaries	61,191,228	64,667,985
House Allowance	11,384,000	12,354,322
Leave allowance	1,606,512	1,748,316
Medical Scheme Expenditure	8,053,594	6,457,006
NSSF Employer contribution	86,800	92,600
Pension employer contribution	11,832,394	12,425,189
Other Staff benefits	16,000	16,000
WIBA & GPA	377,857	576,410
Commuter Allowances	3,368,000	3,644,774
	<u>97,916,384</u>	<u>101,982,602</u>

10. Council expenses	2019/2020	2018/2019
Chairman's Honoraria	960,000	960,000
Council Sitting Allowances	2,344,040	3,002,000
Per Diem Allowance	208,875	2,963,730.60
Mileage	98,262	164,540
Training	1,222,267	2,747,328
Catering	94,244	323,177
Telephone allowance	60,000	60,000
Total Council expenses	<u>4,987,688</u>	<u>10,220,776</u>

Council Allowances and expenses	3,708,846	6,533,064
Finance and General Purpose Committee	290,327	512,048
Quality Assurance and Accreditation Committee	561,971	733,374
Risk and Audit Committee	292,303	2,289,372
Examination Committee	134,241	152,918
Total	<u>4,987,688</u>	<u>10,220,776</u>

11. Repairs and Maintenance	2019/2020	2018/2019
Building repair & Maintenance	567,547	121,185
Plant & equipment maintenance	132,390	70,546
Motor vehicle repair and maintenance	711,708	648,110
	<u>1,411,645</u>	<u>839,841</u>



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

<b>12. General Expenses</b>	<b>2019/2020</b>	<b>2019/2020</b>
Advertising and publicity	4,420,613	3,804,360
Office rent	23,654,789	24,710,804
Strategic Plan	5,964,962	-
Newspapers and Journals	829,200	850,604
Printing and Stationery	2,345,659	3,422,976
Cleaning materials and materials	261,225	318,402
Security services	1,752,714	1,511,613
Travel and accommodation	2,805,686	16,245,690
Fuel	1,330,900	1,465,000
Insurance expenses	438,348	1,006,139
Postage and delivery	44,890	63,609
Telephone and Faxes	1,230,428	1,482,388
Electricity and Electrical items	1,188,977	-
Professional fees	3,485,047	9,009,520
Official entertainment	1,310,932	1,334,508
Staff welfare	492,306	1,188,900
Training and Development	506,338	6,622,065
Conferences and workshops	289,008	3,401,119
Bank Service charges	147,806	144,052
Other Taxes, Levies and Penalties	1,814,070	-
	<b>54,313,897</b>	<b>76,581,749</b>
<b>13. ICT related costs</b>	<b>2019/2020</b>	<b>2018/2019</b>
Web Hosting	798,600	540,000
Internet and E-mail	1,653,457	1,835,768
Computer Repairs and Maintenance	1,535,740	1,502,700
Software and hardware Maintenance	3,097,362	1,164,810
	<b>7,085,159</b>	<b>5,043,278</b>
<b>14. Exam Related Costs</b>	<b>2019/2020</b>	<b>2018/2019</b>
Hire of Examination Centre	8,774,950	9,521,354
Exam Setting & Moderation	1,436,498	3,804,787
Exam marking, moderation & Checking	16,032,460	15,782,042
Exam Marking Centres	16,586,184	18,746,844
Examination Invigilation	2,505,206	4,424,973
Examination Printing	4,583,721	1,213,015
Exam Answer Booklets	879,699	794,030



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Project and Orals Examination	7,022,500	7,068,600
	<b>57,821,218</b>	<b>61,355,645</b>

<b>15. Audit Fees Costs</b>	<b>2019/2020</b>	<b>2018/2019</b>
Audit fees	1,680,000	1,200,000
	<b>1,680,000</b>	<b>1,200,000</b>

Audit fees of Kshs. 1,080,000 relate to Audit fees for two (2) financial years, that is 2011/2012 Kshs. 500,000 and 2012/2013 Kshs. 580,000, when the Office of Auditor General did not invoice Council of Legal Education and have now sent the outstanding payment for settlement. Audit fees of Kshs.600,000 relates to FY 2019/2020.

<b>16. Cash and Cash equivalent</b>	<b>2019/2020</b>	<b>2018/2019</b>
Bank account No. 01023033161101	316,850,282	457,455,920
Bank account No. 01023033161100	13,172,301	19,710,941
Petty cash	22,281	70,974
	<b>330,044,863</b>	<b>477,237,835</b>

Financial institution	Account number	2019-2020 KShs	2018-2019 KShs
<b>a) Current account</b>			
National Bank of Kenya -Hill Branch	01023033161101	316,850,281	457,455,920
National Bank of Kenya -Hill Branch	01023033161100	13,172,301	19,710,941
<b>Sub- total</b>		<b>330,022,582</b>	<b>477,166,861</b>
<b>b) Others(specify)</b>			
Petty Cash		22,281	70,974
<b>Sub- total</b>		<b>22,281</b>	<b>70,974</b>
<b>Grand total</b>		<b>330,044,863</b>	<b>477,237,835</b>

NB: Kshs.215,000,000 was paid to the National Treasury and Planning in October 2019 as dividends for the year under review.

<b>17. Receivable from non-exchange transactions</b>	<b>2019/2020</b>	<b>2018/2019</b>
Accounts receivable	548,367	548,367
Prepayments	1,043,409	525,412
Staff Advances	507,433	83,331
Imprest Account	-	155,600
PAYE Receivable	234,000	234,000
	<b>2,333,209</b>	<b>1,546,710</b>

PAYE Receivable include PAYE remitted to Kenya revenue Authority inadvertently for members of Council who did not attend meetings. The Accounts Receivables of Kshs. 143,667 is for amounts paid to Tina Holdings for provision of fuel in the FY 2014/2015. The Company ceased operating Petrol Station and Council is yet to be refunded. An amount of Kshs. 404,700 also included in the PAYE Receivable is a credit received from Sarova Stanely Hotel for utilization by CLE for amounts that were overpaid.



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

18. Inventories	2019/2020	2018/2019
Consumable stores	<u>6,289,781</u>	<u>2,938,421</u>
	<b>6,289,781</b>	<b>2,938,421</b>

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

1. General Stationery ksh.5,291,911.00
2. Cleaning Materials ksh.229,840.00
3. Examination material ksh.657,916.00
4. Beverages ksh.83,864.00
5. Electricity and Electrical items Ksh.26,250.00



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 19. Property, Plant and Equipment

	Furniture, Fittings & fixture	Motor Vehicle	Plant and equipment	Computer equipment	Computer Software	Work-In- Progress	Total
Depreciation rate	12.5%	20%	20%	33.3%	33.3%	0.0%	
Cost	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
At 1 July 2018	52,245,082	33,039,362	14,655,928	13,746,766	5,968,502	-	119,655,640
Additions	-	-	5,622,434	924,878	150,000	-	6,697,312
Disposal/ fully depreciated items	-	-	(7,520,819)	(3,607,425)	-	-	(11,128,244)
Transfer/ adjustment	-	-	-	-	-	-	-
Capitalization of Computer Software	-	-	-	-	-	-	-
At 30th June 2019	52,245,082	33,039,362	12,757,543	11,064,219	6,118,502	-	115,224,708
At 1 July 2019	52,245,082	33,039,362	12,757,543	11,064,219	6,118,502	-	115,224,708
Additions	318,980	-	157,500	341,777	-	6,425,060	7,243,317
Capitalization	-	-	-	-	-	-	-
Disposal/ fully depreciated items	-	-	-	-	-	-	-
Transfer/ adjustment	-	-	-	-	-	-	-
At 30th June 2020	52,564,062	33,039,362	12,915,043	11,405,996	6,118,502	6,425,060	122,468,025
<b>Depreciation and impairment</b>							
At 1 July 2018	25,289,906	17,132,554	8,896,103	5,775,899	1,988,984	-	59,083,447
Depreciation for the year	6,530,635	6,607,872	4,055,672	4,890,059	2,039,297	-	24,123,536
Impairment	-	-	-	-	-	-	-
Disposals/ fully depreciated items	-	-	(7,520,819)	(3,607,425)	-	-	(11,128,244)
Transfer/ adjustment	-	-	-	-	-	-	-
At 30th June 2019	31,820,541	23,740,427	5,430,956	7,058,533	4,028,281	-	72,078,738
At 1 July 2019	31,820,541	23,740,427	5,430,956	7,058,533	4,028,281	-	72,078,738
Depreciation for the year	6,570,508	6,607,872	2,583,009	3,801,618	2,039,297	-	21,602,304
Impairment	-	-	-	-	-	-	-
Disposals/ fully depreciated items	-	-	-	-	-	-	-
Transfer/ adjustment	-	-	-	-	-	-	-
At 30th June 2020	38,391,049	30,348,299	8,013,965	10,860,151	6,067,577	-	93,681,042
NBV At 30 June 20	14,173,013	2,691,063	4,901,078	545,845	50,925	6,425,060	28,786,983
NBV At 30 June 19	20,424,541	9,298,935	7,326,587	4,005,686	2,090,221	-	43,145,970



# COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020  
NB: Work in progress relates to the implementation of ERP that is still on going and expected completion in the FY 2020/2021

## 20. Trade and other Payables from non-exchange transactions

	2019/2020	2018/2019
	Kshs.	Kshs.
Pension Payable	-	-
PAYE Payable	3,156,440	3,768,209
Withholding tax payable	498,917	588,647
VAT With holding Payable	363,153	601,118
Contract retention	666,944	666,944
Insurance recoveries payable	3,975	3,975
Trade payables	10,646,162	5,384,162
Net Pay payable	3,384	3,383
CLE Car Loan & Mortgage Scheme	12,093,800	-
Refundable Deposits	2,995,267	-
Income tax payable	473,568	473,568
	<b>30,901,610</b>	<b>11,490,006</b>

*The Refundable Deposits are credits that were received in the Council of Legal Education bank account deposited by Candidates but who are yet to come to the office for receipting and eventual recognition as revenue. The Council is in the process of Finance Policy and Manual 2014 which state on how to dispose off the aged refundable deposits from the Councils books.*

21. Employee Benefit	2019/2020	2018/2019
Leave allowance	533,118	788,075
	<b>533,118</b>	<b>788,075</b>

*Annual leave accrues to employees on a monthly basis, the provision is an estimate of the amounts due to staff at the end of 2019/2020 Financial Year based on the terms of employment and Staff Manual. The salary scale used in the estimate are those payable at the end of financial year.*

Description	Defined benefit plan	Post-employment medical benefits	Leave Allowance	Total (2019/2020)
	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	533,118	533,118
Non-current benefit obligation	-	-	-	-
<b>Total employee benefits obligation</b>	<b>-</b>	<b>-</b>	<b>533,118</b>	<b>533,118</b>



**COUNCIL OF LEGAL EDUCATION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

22. Deferred income	2019/2020	2018/2019
	Kshs.	Kshs.
Examination fee received in advance	7,909,000	52,646,800
	<u>7,909,000</u>	<u>52,646,800</u>

*Deferred income related to ATP Examination fee for July and November 2019 Examination and Remark Fees for the November 2019 Examination.*

Description	2019-2020	2018-2019
	KShs	KShs
ATP Examination Fee	7,909,000	52,646,800
<b>Total deferred income</b>	<b>7,909,000</b>	<b>52,646,800</b>

The deferred income movement is as follows:

	ATP Examination Fee	International funders	Public contributions and donations	Total
Balance brought forward	52,646,800	0	0	52,646,800
Additions	7,909,000	0	0	3,785,000
Transfers to Capital fund	(0)	(0)	(0)	(0)
Transfers to income statement	(52,646,800)	(0)	(0)	(52,646,800)
Other transfers	(0)	(0)	(0)	(0)
Balance carried forward	<b>7,909,000</b>	<b>0</b>	<b>0</b>	<b>3,785,000</b>

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

Exam Resit Fees	Kshs. 3,051,000
Examination Remark	Kshs. 130,000
Examination Fees	<u>Kshs. 4,728,000</u>
<b>Total</b>	<b><u>Kshs. 7,909,000</u></b>

The income recognized Kshs. 52,646,800 which was related to July 2019 ATP Examination series for the Exam Resit Fees and November 2019 ATP Examination for the Examination Fees respectively.

23. Provision for Audit Fees Payable	2019/2020	2018/2019
	Kshs.	Kshs.
Audit Fees	1,200,000	600,000
	<u>1,200,000</u>	<u>600,000</u>

*Provision for Audit fees relate to Audit fees for two (2) financial years when the Office of Auditor General did not invoice Council of Legal Education.*

Provision Audit fees	Kshs.
2018/2019 & 2019/2020 Audit fee	1,200,000
<b>Total</b>	<b>1,200,000</b>



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

24. Transfer Higher Education Loans Board - Bar Examination Loan	2019/2020 Kshs.	2018/2019 Kshs.
Transfer HELB- Bar Examination Loan	<u>40,000,000</u> <u>40,000,000</u>	<u>40,000,000</u> <u>40,000,000</u>

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

	2019/2020	2018/2019
Opening balance	40,000,000	0
Add: Transfers during the year	<u>40,000,000</u>	<u>40,000,000</u>
Closing Balance	<u>80,000,000</u>	<u>40,000,000</u>

## 25. Cash Generated from Operations

	2019-2020	2018-2019
Surplus for the year before tax	82,567,055	60,897,774
Adjusted for:		
Depreciation	21,602,304	24,123,536
Working Capital Adjustments:		
Decrease/Increase in inventory	(3,351,360)	958,753
Increase in Receivables	(786,499)	1,657,725
Decrease/Increase in Deferred Income	(44,737,800)	4,915,600
Decrease/Increase in Payables	19,756,646	2,134,494
Net Cash flow from Operating Activities	<b>75,050,346</b>	<b>94,687,882</b>

## 26. Financial Risks Management

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

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

### Credit risk

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	2,333,209	-	-	-
Bank balances	330,044,863	-	-	-
Total	<b>332,378,072</b>	-	-	-



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	1,546,710	-	-	-
Bank balances	477,237,835	-	-	-
<b>Total</b>	<b>478,784,545</b>	-	-	-

#### Market risk

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

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

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

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

#### Interest rate risk

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

#### Foreign currency risk

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

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

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

#### Price risk

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

#### Liquidity risk management

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

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



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2020</b>				
Trade payables	10,646,162	-	-	9,630,162
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	7,909,000	-	-	3,785,000
Employee benefit obligation	533,118	-	-	533,115
<b>Total</b>	<b>19,088,280</b>	<b>-</b>	<b>-</b>	<b>13,948,277</b>
<b>At 30 June 2019</b>				
Trade payables	5,384,162	-	-	5,384,162
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	52,646,800	-	-	52,646,800
Employee benefit obligation	788,077	-	-	788,077
<b>Total</b>	<b>58,819,039</b>	<b>-</b>	<b>-</b>	<b>58,819,039</b>

### Capital Risk Management

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

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	330,859,537	459,344,052
Capital reserve	-	-
<b>Total funds</b>	<b>330,859,537</b>	<b>459,344,052</b>
Total borrowings	-	-
Less: cash and bank balances	(330,044,863)	(477,237,835)
Net debt/(excess cash and cash equivalents)	(330,044,863)	(477,237,835)
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

### 27. Related parties' transactions

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

Council of Legal Education is related to

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



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 The following transactions were carried out with related parties

### Related party transactions

	2019/2020	2018/2019
	Kshs.	Kshs.
Transactions with related parties		
<b>a) Grants from the Government</b>		
Transfers from State Law Office and Department of Justice	198,960,000	210,464,800
<b>Total</b>	<b>198,960,000</b>	<b>210,464,800</b>
<b>b) Key Management compensation</b>		
Directors' emoluments	4,987,688	10,220,779
Compensation to the CEO	6,712,454	6,893,539.09
Compensation to key management	18,856,640	22,713,417.08
<b>Total</b>	<b>30,556,782</b>	<b>39,827,735.17</b>
<b>Total</b>	<b>229,516,782</b>	<b>250,292,535.17</b>

	2019/2020	2018/2019
Transfers from State Law Office and Department of Justice on behalf of Council of Legal Education	198,960,000	210,464,800
	<u>198,960,000</u>	<u>210,464,800</u>

<b>Council Members and expenditure</b>	<b>2019/2020</b>	<b>2018/2019</b>
Council members allowances	4,987,688	10,220,776
	<u>4,987,688</u>	<u>10,220,776</u>

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria	960,000	960,000
Council Sitting Allowances	2,344,040	3,002,000
Per Diem Allowance	208,875	2,963,730.60
Mileage	98,262	164,540
Training	1,222,267	2,747,328
Catering	94,244	323,177
Telephone allowance	60,000	60,000
<b>Total Council expenses</b>	<b>4,987,688</b>	<b>10,220,776</b>

<b>Key management remuneration</b>	<b>2019/2020</b>	<b>2018/2019</b>
Key management compensation	25,569,094	29,606,956
	<u>25,569,094</u>	<u>29,606,956</u>



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

#### 28. Operating Lease

Council has leased office premises under an operating lease. The three leases typically run for 6 years with an option for renewal. Lease payments are increased accordingly to reflect market rentals. The Council does not have an option to purchase the leased asset at the expiry of the lease period. There are no contingent rents recognized in the Statement of Financial Performance

The first lease was renewed from 1/7/2019 and is to run for a further 6 years, while the second lease which commenced on 1/7/2014 this expired as at 31<sup>st</sup> May 2019 and Council approved renewal of the same for another 6 years. The third lease commenced on 1/7/2016 and is to run for 6 years up to 1/07/2022.

At the end of the reporting period, Council had Outstanding Commitments of Kshs. 123,039,069 on the three leases under non-cancellable operating leases in relation to the office premises.

#### 29. Contingent Liabilities

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

Contingent liabilities	2019-2020	2018-2019
	Kshs	Kshs
4 Court cases pending as at June 30, 2020	-	-
Bank guarantees in favour of subsidiary	-	-
<b>Total</b>	-	-

#### 30. Capital Commitments

Capital Commitment	2019-2020	2018-2019
	KShs	KShs
Authorised for	0	0
Authorised and contracted for	0	0
<b>Total</b>	0	0

#### 31. Dividends/Surplus Remission

In accordance with Section 219 (2) of the PFM Act Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the year end of each financial year. Council of Legal Education remitted Kshs.215,000,000.00 (FY 2019/2020).

#### 32. Retirement Benefit obligation

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

The Council also makes contributions to the statutory defined contribution scheme, National Social Security Fund. This is a defined contribution scheme registered under the National Social Security



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Act. The Councils' obligations under the Scheme are limited to specific contributions legislated from time to time, which are currently at KShs. 200 per employee per month.

The total pension expense recognized in the income statement of KShs. 10.8 million (FY 2019/20: KShs. 10.8 million) represents contributions paid to the plan by the Council at 20% rate of the basic salaries. Employees contribute 10% of their basic salary. The employee contribution has been included within the employee costs.

The table below outlines the amount remitted to the fund since inception. This has been done up to end of 30<sup>th</sup> June 2020.

No	Financial Year	Employer	Employee	Gross
1	2013/2014	277,682	138,841	416,523
2	2014/2015	4,486,394	2,243,197	6,729,591
3	2015/2016	9,773,390	4,886,695	14,660,085
4	2016/2017	13,037,736	6,518,868	19,556,604
5	2017/2018	13,232,474	6,616,237	19,848,711
6	2018/2019	12,425,189	6,212,595	18,637,784
7	2019/2020	10,808,086	5,404,043	16,212,129
<b>Totals</b>		<b>64,040,951</b>	<b>32,020,476</b>	<b>96,061,427</b>

### 33. Events after the Reporting Period

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

### 34. Ultimate and Holding Entity

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

### 35. Currency

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

### 36. Statement of Comparison of Budget and Actual

#### a) Changes from Original Budget

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

#### b) GoK Grant- Recurrent

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

#### c) Accreditation fee

Statement of Comparison of Budget and Actual shows -21% variance on Appropriation in Aid from accreditation fees paid by institutions licensed to teach legal studies. During 2019/2020 financial year Council collected Kshs. 3.2 million against a target of Kshs. 2.640 million due to enhanced compliance to CLE regulations.



## COUNCIL OF LEGAL EDUCATION

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The Council collected Kshs. 0.64 Million against a target of Kshs. 2.31 Million in Foreign Qualification Examination leading to a 72% variance due to reduction in student seeking for foreign qualification.

#### d) Examination fees

Council realised a variance of -3% on Examination fees. The variance is due to the high numbers of candidates who registered for the ATP examination than projected,

#### e) Employee costs

This has a favourable variance of 36% is occasioned by some members of CLE who exited the organization in search of better terms.

#### f) Repairs and Maintenance

The variance of 12% is due to austerity measures put in place.

#### g) General Expenses Costs

During the 2019/2020 Financial Year, Budget items under the General administration category have a favourable variance of 25% due to the austerity measures put in place.

#### h) Council Allowances and Expenses

The vote has a favourable variance of 29% caused by the activities of the Board not undertaken as anticipated. Caused by ban by the Government on international travel and the COVID-19 Pandemic that brought other ban from the Government to curb the spread of the disease.

#### i) ICT related costs

During the 2019/2020 Financial Year, Budget items under the ICT Related Cost category have a favourable variance of 71%. In the year, the Council continued to get directive from the ICT Authority stopping all ICT procurement unless authority is sought from them. This was later reviewed and the Council procurement started late in the year.

#### j) ATP Examination costs

During the 2019/2020 Financial Year, Budget items under the Bar Examination Cost category have a favourable variance of 17% due to the austerity measures put in place.

#### k) Depreciation expenses

This has been included in the budget vs actual amount for reconciliation purpose with the with the Financial Performance for 2019 / 2020. During the budgeting process depreciation is not included as it is a non-cash transaction hence the -100% variance.

#### l) Audit Fees

The Office of the Auditor General is yet to bill the Council for audit undertaken financial year 2019/2020. The variance is caused by the creation of the provision to pay Audit Fees of Kshs. 600,000 and a payable for the FY 2011/2012 and 2012/2013 outstanding Audit Fees of Kshs. 1,080,000.



**COUNCIL OF LEGAL EDUCATION**

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

**APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
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# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Basis for Qualified Opinion	<p>Included in cash and cash equivalent balance of Kshs.477,237,835 as disclosed in 16 to the financial statement is National Bank of Kenya (NBK) revenue account cashbook balance of Kshs.457,455,920 as at 30 June 2019. A scrutiny of the bank reconciliation statement for the month of June 2019 shows receipts (credits) in bank not in cashbook amounting to Kshs.2,021,712 with some remaining outstanding since 2015 that had not been cleared as at the time of the audit in January 2020. No explanation has been provided for this anomaly.</p> <p>In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.477,237,835 as at 30 June 2019 could not be confirmed.</p>	<p>Council notes that the bank reconciliation as at 30th June 2019 has credits in bank not in cashbook amounting to Kshs. 2,021,712.30 of which Kshs. 1,400,512.30 has been outstanding for more than six months. This has been occasioned when individuals deposit money in the account but do not present themselves to for the service they have paid for. Is such a case Council is not in a position to recognize the funds received in back as revenue because service has not been rendered and the individual has not presented the evidence of payment as per our procedures which is the original deposit slips. Direct deposit in bank not in cashbook are in most cases relate to candidates who deposit examination fee in Council bank account but they do not register for examination and in this case the period is more than six months. The reconciling items listed in the credits in bank not in cashbook is only cleared when the candidate presents the original deposit slip and registers for examination or seeks service for which they have paid. Council in consultation with the bank endeavours to clear the direct deposits in time when there is sufficient information to recognize the funds in our books.</p>	Dr. J. K. Gakeri Secretary/ CEO	Partly Solved	June 2020



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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)
	Note 20 to the financial statements reflect trade and other payables from non-exchange transactions balance of Kshs.11,490,006 as at 30 June 2019 out of which Kshs.2,934,680 relate to PAYE-Kshs.2,036,585, withholding tax-Kshs.296,977 and VAT withholding payable Kshs.601,118 which have been outstanding for more than one year. Management has not given reasons for not settling the long outstanding amount due to Kenya Revenue Authority. This is in contravention to Section 130 of the Income Tax Act, Cap 470 which require pay as you earn deducted from employees' earnings to be remitted by the tenth day of the month following the deduction and withholding tax and VAT to be remitted by the twentieth day of the month following the	Council notes that PAYE amounting to KShs. 2,036,585, Withholding tax amounting to Kshs. 296,977 and VAT withholding amounting to 601,118 has been outstanding for more than one year. The main reason is that the service providers and suppliers have not updated the PINs on the i-tax system, meaning we cannot remit the taxed deducted over the system. Council has contacted KRA to facilitate remittance of the taxes. Going forward suppliers have to prove to have updated their pin on I tax before we engage them.	Dr. J. K. Gakeri Secretary/ CEO	Partly Solved	June 2020



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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)
	charge. Management is therefore in breach of the law. Further, it has not been possible to confirm that trade and other payables from non-exchange transactions balance of Kshs.11,490,006 as at 30 June 2019 is fairly stated.				
	The statement of financial performance reflects transfer to Higher Education Loans Board of Kshs.40,000,000 and described as Bar Examination Loan. However, as disclosed a at note 24 to the financial statements, this amount is in respect to a revolving loan fund established by the Council in partnership with the Higher Education Loans Board (HELB) through a service contract signed on 27 June 2019 to fund candidates undertaking the Bar Examination with an initial funding of Kshs.40,000,000. It is not clear why this amount was expensed in the	<p>Council of Legal Education was allocated funds appropriated by the National Assembly to operationalize a mechanism to support needy candidates pursuing the Advocates Training Programme (ATP) that is excluded from the Higher Educations Loans Board mandate. During the year ended 30th June 2019 Council approved a partnership with HELB to operationalize a mechanism to support the needy students.</p> <p>Council of Legal Education and Higher Educations Loans Board signed a service agreement to structure the partnership. Where Council was to transfer funds to HELB While HELB manages the disbursement and recovery for sustainability.</p> <p>Council of Legal Education did not set up a 'public fund' as envisaged in the Public Finance Management Act,2012 Section 24 (4). But rather establish a mechanism to support needy</p>	Dr. J. K. Gakeri Secretary/ CEO	Solved	June 2020



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>financial statements instead of capitalizing the same in the statement of financial position.</p> <p>In the circumstances, the accuracy of the statement of financial performance could not be confirmed for the year ended 30 June 2019.</p> <p>The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Council of Legal Education management in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit</p>	<p>students undertaking Bar Examination.</p> <p>The funds have been expensed in the statement of financial performance as a transfer to another public entity that will manage and account for the funds in their books. The service agreement provides that CLE transfers funds for the Bar Examination Loans, while Higher Education Loans Board will prepare and submit Audited Financial Statements.</p> <p>Under the foregoing Council did not establish a public fund and no separate financial statements have been prepared but HELB has the responsibility of accounting for the funds received and prepare and submit its audited financial statements for the funds.</p>			



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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)
	evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.				
	Included in employee costs of Kshs.101,982,602 for the year ended 30 June 2019 is salary for an employee amounting to Kshs.4,657,920 who has been on contract for the last five years, despite the officer having attained the mandatory retirement age of 60 years. This is in contravention to Section D.21 of the Public Service Commission (PSC) Human Resource Policies and Procedures that sets the mandatory retirement age at 60 years and 65 years for persons with	<p>Council notes that Officer CLE2014003 served beyond the mandatory retirement age. The officer was the longest serving officer for the defunct and re-established Council of Legal Education. Council in its wisdom determined to offer contract extension to in managing the transition having the institutional memory.</p> <p>Council made this decision in compliance relying The Legal Education Act 2012 Section 11 Section 5 provides that,</p> <p>"the Council shall appoint such other officers and staff as are necessary for the proper discharge of the functions of the Council under this Act, upon such terms and conditions of service as the Council may determine."</p>	Dr. J. K. Gakeri Secretary/ CEO	Solved	June 2020



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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)
	disabilities.  Management is therefore in breach of the PSC regulations.				

### Guidance Notes:

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

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

Secretary/ CEO  
Council of Legal Education  
P. O. Box 829 - 00502, Karen  
NAIROBI  
Dr. J. K. Gakere  
SECRETARY/CEO  
COUNCIL OF LEGAL EDUCATION

Date.....

Date 08.04.2021..



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 APPENDIX II: PROJECTS IMPLEMENTED BY COUNCIL OF LEGAL EDUCATION

### Projects

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

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

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

### Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual per quarter	Sources
1.	Installing and Commissioning of the Enterprise Resource Plan system	6,425,060	963,759	15%	7,000,000	0	Internal
<b>Total</b>		<b>6,425,060</b>	<b>963,759</b>		<b>7,000,000</b>	<b>0</b>	



# COUNCIL OF LEGAL EDUCATION

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020 APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		COUNCIL OF LEGAL EDUCATION		
Break down of Transfers from the State Law Office and Department of Justice				
FY 2019/2020				
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		28/08/2019	49,740,000.00	2019/2020
		12/11/2019	49,740,000.00	2019/2020
		04/02/2020	49,740,000.00	2019/2020
		22/05/2020	49,740,000.00	2019/2020
		Total	198,960,000.00	
b.	Development Grants			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			0	
		Total	0	
c.	Direct Payments			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			0	
		Total	0	
d.	Donor Receipts			
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
			0	
		Total	0	

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

Ms. Purity Kimathi  
Ag. Assistant Director Finance, Planning  
& Administration  
COUNCIL OF LEGAL EDUCATION

Mr. Elijah Kabiru  
Head of Accounting  
STATE LAW OFFICE  
AND DEPARTMENT OF JUSTICE

Sign \_\_\_\_\_ Date \_\_\_\_\_

Sign \_\_\_\_\_ Date \_\_\_\_\_



COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020  
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development t/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Office of Attorney General and Department of Justice	28/08/2019	Recurrent	49,740,000.00	49,740,000.00	-	-	-	-	49,740,000.00
"	12/11/2019	Recurrent	49,740,000.00	49,740,000.00	-	-	-	-	49,740,000.00
"	04/02/2020	Recurrent	49,740,000.00	49,740,000.00	-	-	-	-	49,740,000.00
"	22/05/2020	Recurrent	49,740,000.00	49,740,000.00	-	-	-	-	49,740,000.00
<b>Total</b>			<b>198,960,000.00</b>	<b>198,960,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198,960,000.00</b>