

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE NATIONAL ASSEMBLY	
DATE:	18 APR 2024
TABLED BY:	Hon Kimani Ichungwah, mp Leader, majority party
CLERK-AT THE-TABLE:	A. Shubuko

THE AUDITOR-GENERAL

ON

COUNCIL OF LEGAL EDUCATION

**FOR THE YEAR ENDED
30 JUNE, 2023**



12/11/2014



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00 00 NAIROBI
KENYA

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COUNCIL OF LEGAL EDUCATION

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2023

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



COUNCIL OF LEGAL EDUCATION
Annual Report and Financial Statements for the year ended June 30, 2023

11/11/2023

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1. Acronyms, Abbreviations and Glossary of Terms

A. Acronyms and Abbreviations

ATP	Advocates Training Program
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
CLE	Council of Legal Education
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and communications technology
IPSAS	International Public Sector Accounting Standards
LEP	Legal Education Providers
NT	National Treasury
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SCAC	State Corporation Advisory Committee



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B. Glossary of Terms

- Fiduciary Management** - means Members of Management directly entrusted with the responsibility of financial resources of the Council.
- Comparative year** - means the prior period, that is, FY 2021/2022.
- Council** - means the Board of Directors of the Council of Legal Education established under Section 4 (5) of the Legal Education Act, 2012



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2. Key Council 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

The principal activities of the Council as per Section 8 (1) of the Legal Education Act No. 27 of 2012 is to:

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

Vision

Globally competitive and transformative legal education and training in Kenya.

Mission

To assure quality legal education and training through licensing and supervision of legal education providers; Administration of the Advocates Training Programme examination and advising the Government on legal education.

(c) Key Management

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

No.	Designation	Name
1.	Ag. Secretary/Chief Executive Officer	Ms. Jennifer Gitiri , HSC - Ag. 11 th October 2023 to date
2.	Ag. Secretary/Chief Executive Officer	Ms. Mary Mugure Mutugi , OGW - Ag. 1 st December 2022 to 27 th September 2023
2.	Secretary/Chief Executive Officer	Dr. Wambua Kituku - Separated 1 st December 2022
3.	Director Directorate of Quality Assurance	Ms. Mary Mugure Mutugi , OGW



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No.	Designation	Name
4.	Director Directorate of Examination	Mr. George W. Wafula
5.	Director Directorate of Corporate Services	CPA Ednah Kerubo Oyori
6.	Manager Internal Audit	Ms. Ignazia K. Kaimba

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Secretary/Chief Executive Officer	Dr. Wambua Kituku - Separated 1 st December 2022
2.	Ag. Secretary/Chief Executive Officer	Ms. Mutugi Mary Mugure, OGW
3.	Director Directorate of Quality Assurance	Ms. Mutugi Mary Mugure, OGW
4.	Director Directorate of Examination	Mr. George W. Wafula
5.	Director Directorate of Corporate Services	CPA Ednah Kerubo Oyori
6.	Manager Internal Audit	Ms. Ignazia K. Kaimba
7.	Manager Standards and Licensing	Mr. Moses Muchiri
8.	Principal Human Resource and Administration Officer	Ms. Faith Mwangi
9.	Principal Supply Chain and Management Officer	Mr. Jairus Kirande
10.	Ag. Principal Supply Chain Management Officer*	Ms. Lalyvine Naliaka
11.	Principal Information and communication Technology Officer	Mr. Teddy Inzahuri
12.	Ag. Principal Information and Communication Technology Officer*	Ms. Stephen Simiyu
13.	Principal Finance & Accounts Officer	Mr. Duncan Nalwenge
14.	Senior Strategy and Planning Officer	Mr. Morris Gitonga
15.	Senior Legal Officer	Ms. Victoria Wahu
16.	Senior Communications Officer	Mr. Duncan Wanyama

* The officers have been in an acting position from March 2023.

(e) Fiduciary Oversight Arrangements

The Council has established measures and structures to enforce fiduciary and oversight arrangements and ensure compliance. The Council's Board, the overall governance organ, comprises four (4) key committees: The Examination Committee; the Quality Assurance Committee; the Finance and General Purposes Committee, and the Audit, Risk and Governance Committee. Ad hoc Board Committees are formed on a need basis.

These Committees provide policy direction and oversight to the CLE Management while advising the Board on various policy matters relating to its mandate. The Finance and General Purposes Committee assists the Board in discharging its duties in relation to safeguarding assets, the operation of adequate systems, control processes and the



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preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

Further, the Council (the board or CLE) submits its quarterly and annual financial statements and accounts to Parliament for scrutiny and oversight, while the Office of the Auditor-General audits its accounts annually. In addition, the Council has developed Financial Regulations and Procedures.

(f) Council of Legal Education Headquarters

P.O. Box 829-00502

Karen Office Park Acacia Block 2nd Floor

Langata Road

Nairobi, Kenya

(g) Council Contacts

Telephone: (254) 20 6980100

E: mail: info@cle.or.ke

Website: www.cle.or.ke

(h) Council Bankers

National Bank of Kenya

Hill Branch

P.O. Box 45219 - 00100

NAIROBI, KENYA

Kenya Commercial Bank

Karen Branch

P.O. Box 24410 - Karen

Nairobi, Kenya

(i) Independent Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 GPO 00100

Nairobi, Kenya



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(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



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3. The Board of Directors

Prof. Collins Odote
PhD, LLM, LLB HON



Prof. Collins Odote is an Advocate of the High Court of Kenya with a Doctor of Philosophy in Law from the University of Nairobi. He is currently an Associate Professor of Law and the Associate Dean at the Faculty of Law and Research Director of the Centre for Advanced Studies in Environmental Law and Policy (CASELAP) both at the University of Nairobi. He is also an arbitrator and a Fellow of the Chartered Institute of Arbitrators and a member of the Law Society of Kenya.

Professor Odote also serves as the President of the Association of Environmental Law Lecturers in Africa (ASELLAU), a continental network of scholars focusing on capacity building, research and knowledge exchange amongst universities and lecturers on teaching of environmental law in Africa.

Professor Odote was part of the Presidential Working Party on Education Reforms (PWPER) and chaired the Cross-cutting committee. His teaching and research instruments include land law, environment and natural resource management and governance. He links his academic work to policy and governance influence and in this regard is an accomplished consultant, facilitator, trainer public speaker and intellectual. He has consulted for and facilitated high-level meetings for all arms of Government at the national and county level and for non-state actors and international organizations.

Date of appointment 6th October 2023

Prof. Githu Muigai, SC, EGH
LLB HONS, LLM (COL.) PHD, FCIARB



Prof. Githu Muigai has over 35 years of experience in the practice of law in Kenya and in East Africa. Prof. Muigai holds LLB and PhD 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



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Development Programme, the World Bank and the International Committee of the Red Cross.

Born on 31st January 1960, Professor Githu has a wide range of areas of practice which include Commercial Litigation and Arbitration, Constitutional and Administrative Law, Information and Communications Technology Law, Insurance and Banking Law, Investments Law, Mergers & Acquisitions Law, Public and Private International Law, Public Procurement Law. From August 2008 - September 2011 Prof. Githu Muigai was the UN Special Rapporteur on Contemporary Forms of Racism, Racial Discrimination, Xenophobia and Related Intolerance.

He is a Fellow of the Chartered Institute of Arbitrators (UK) and a member of the American Association of Trial Lawyers, Institute of Public Secretaries, Law Society of Kenya, East African Law Society, Council of Legal Education, International Commission of Jurists, International Bar Association and the Commonwealth Lawyers Association. He has also been a Judge of the African Court of Human & Peoples Right between 2008 - 2010.

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 of the Somali Federal Transitional Charter.

Prof. Githu Muigai served as Attorney General of the Republic of Kenya from the 29th August 2011 to March 2018.

Date of reappointment: 5th October 2021

Date of resignation: 2nd October 2023



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Hon. Justice (Dr.) Smokin C. Wanjala
PhD, SCJ, CBS



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

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

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

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

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

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



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	<p>In 2008, Justice Wanjala became a subject of Biographical Record in <i>Marquis "Who is Who" in the World, 25th Edition</i>. Inclusion in this Biography is limited to individuals who have contributed significantly to the betterment of society.</p> <p>In 2012, Justice Wanjala received the Presidential Award of the Chief of the Order of the Burning Spear (CBS) [First Class], the 4th Highest Civilian Award in Kenya for his distinguished service rendered to the Nation.</p> <p>In 2018, Justice Wanjala was selected for the 2018 Albert Nelson Marquis (Who is Who) Lifetime Achievement Award as a result of his hard work and dedication to his profession.</p> <p>Hon. Justice (Dr.) Smokin C. Wanjala is a member of the Audit, Risk & Governance Committee and the Examinations Committee.</p> <p>Date of appointment: 23rd January, 2020</p>
<p>Mr. Eric Gumbo, LL.B</p> 	<p>Born on 23rd March 1978, Mr. Eric Gumbo was admitted as an Advocate of the High Court of Kenya in 2004. He is the Founder and current Managing Partner of G&A Advocates LLP, (Formerly Gumbo & Associates Advocates) a law firm ranked by IFLR 1000 and recognised as leading Law Firm by the East Africa Law Society.</p> <p>As an Advocate in Private Practice, Mr Gumbo has been involved in both Public and Private sector assignments specifically in the areas of Dispute Resolution, Corporate Commercial, Intellectual Property, Technology and Innovation and recently completed a course and training in Financial Markets from Yale University.</p> <p>Based on his extensive experience with various public sector institutions, Mr. Gumbo has recently been appointed to serve as a Director in the Kenya Reinsurance Corporation (Kenya Re) and as a member of the recruitment panel for the Office of the Auditor General for the Republic of Kenya.</p> <p>Within the private sector, Mr. Gumbo represents the interests of lawyers as a Member of the Industrialization and Enterprise Development Board under the auspices of the Kenya Private Sector Alliance.</p> <p>Mr. Gumbo has over the years represented a wide range of clients in the resolution of many landmark</p>



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	<p>disputes in the High Court, Court of Appeal and Supreme Court, including representing the Independent Electoral and Boundaries Commission (IEBC) in all the three Presidential Election Petitions since 2013.</p> <p>Mr. Gumbo is additionally a Member of the Chartered Institute of Arbitrators and continues to be involved in various Alternative Dispute Resolution processes including Arbitration and Mediation. He also sits in the Law Reform Committee of the Law Society of Kenya.</p> <p>He is the Chair to the Quality, Assurance & Licensing Committee and a Member of the Audit, Risk and Governance Committee.</p> <p>Date of appointment: 13th July, 2020 Date of end of contract: 30th June 2023</p>
<p>Professor Winfred Wambui Kamau PhD, LLM, LLB</p> 	<p>Born on the 3rd of August, 1964, Professor Winifred Kamau holds a PhD in Law, LLM and LLB, and is an Advocate of the High Court of Kenya of over 30 years' standing. She is an Associate Professor at the University of Nairobi and is currently Dean of the Faculty of Law.</p> <p>The Professor represents the Public Universities and Chairs the Audit, Risk & Governance Committee.</p> <p>Date of appointment: 9th July 2021</p>
<p>Ms. Nelly Wamaitha Kamangu, LL.B</p> 	<p>Ms. Wamaitha holds a LLB UON-2002, LLM UON 2006, PHD candidate from 2017, State Counsel 2006 - 2013, MKU Law lecturer from 2013 to date, MKU Dean sch. Of law 2015 - 2018, Director MKU LAW CAMPUS from 2018 to date.</p> <p>Ms. Wamaitha represents the Private Universities and is a member of the Finance & General Purposes Committee</p> <p>Date of appointment: 9th July 2021</p>
<p>Mr. Oscar Mmene Eredi OGW</p> 	<p>Mr. Eredi joined the Office of the Attorney General in 2004 as Litigation Counsel II. Currently Chief State Counsel and Head of the Specialised Courts Section (consisting of the Land and Environment Courts Division as well as the Employment and Labour Relations Courts Division) in the Civil Litigation Department.</p> <p>Practices mainly Civil Litigation and I has appeared in all Courts in Kenya up to the Supreme Court as</p>



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	<p>well as the Regional Courts mainly the East African Court of Justice (EACJ). Represents the Hon. the Attorney General on the Kenya Ports Authority Board.</p> <p>He sits in the Quality, Assurance & Licensing Committee and the Examination Committee.</p> <p>Date of appointment: February, 2022</p>
<p>CPA Rita Njiru</p> 	<p>Ms. Rita Njiru is a CPA(K) graduate, with a Masters in Business Administration (MBA) in Strategic Management from Daystar University. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>She has 24 years' experience in Civil Service in particular Finance and Accounting, currently serving in the National Treasury as an Assistant Accountant General.</p> <p>Ms. Njiru is a member of the Finance & General Purpose, the Examination and the Audit, Risk & Governance Committees.</p> <p>Date of appointment: 30th September 2019</p>
<p>George Nyakundi, LL.B Alternate to the Attorney General.</p> 	<p>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 Chairs the Finance & General Purposes Committee and the Examination Committee. He is a member of the Quality Assurance & Compliance Committee.</p> <p>Date of appointment: 20th May, 2019</p>



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**Ms. Jennifer Gitiri, HSC
Ag. Secretary/Chief Executive Officer**



Ms. Jennifer Gitiri is an Advocate of the High Court of Kenya with over ten (10) years of experience and is currently the Deputy Director of Legal Services and Corporation Secretary at the Assets Recovery Agency. She is a Certified Public Secretary (CPS-K) and trained assessor under the Eastern and South Africa Anti-Money Laundering Group (ESAAMLG). She has also participated in both the National Risk Assessment and the Mutual Evaluation for Kenya which evaluates compliance with the Financial Action Taskforce (FATF) Recommendations.

Ms. Gitiri holds a Master of Laws (LLM) in Comparative Constitutional Law from the Central European University, a second LLM in Public International Law from the University of Nairobi, an Advanced Masters course in International Human Rights Law from the University of Oslo, a Post Graduate Diploma in Law from the Kenya School of Law and a Bachelor of Laws (LLB) from the University of Nairobi.

Ms. Gitiri is an awardee of the Head of State Commendation by the President of the Republic of Kenya for her outstanding service.

Date of acting: 11th October 2023

**Ms. Mary Mugure Mutugi, OGW
Ag. Secretary/Chief Executive Officer &
Director Directorate of Quality Assurance,
Compliance and Accreditation**



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, four (4) of which are in Legal Education and Regulation.

Date of acting: 1st December 2022 to 27th September 2023



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Dr. Wambua Kituku
Secretary/Chief Executive Officer
Council of Legal Education



Dr. Wambua Kituku holds a PhD in Environmental Law from the University of Nairobi, with a focus on regulatory aspects of solid waste management.

He also holds Bachelor's Degree in Law (LL.B) and Master of Laws (LL.M) from the University of Nairobi. Dr. Kituku also holds a Bachelor of Science Degree from Jomo Kenyatta University of Agriculture and Technology.

Dr Kituku is an advocate of the High Court of Kenya and registered EIA/EA Lead Expert with NEMA and holds an EIA and EA certificate from The African Nazarene University.

Date of appointment: 1st December 2021

Date of separation: 1st December, 2022



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4. Key Management Team

Management member	Details
<p data-bbox="220 421 627 517">Ms. Jennifer Gitiri, HSC Ag. Secretary/Chief Executive Officer</p> 	<p data-bbox="746 421 1433 712">Ms. Gitiri holds a Master of Laws (LLM) in Comparative Constitutional Law from the Central European University, a second LLM in Public International Law from the University of Nairobi, an Advanced Masters course in International Human Rights Law from the University of Oslo, a Post Graduate Diploma in Law from the Kenya School of Law and a Bachelor of Laws (LLB) from the University of Nairobi.</p> <p data-bbox="746 719 1433 824">Ms. Gitiri is an awardee of the Head of State Commendation by the President of the Republic of Kenya for her outstanding service.</p> <p data-bbox="746 869 1201 902">Date of acting: 11th October 2023</p>
 <p data-bbox="236 1391 707 1507">Ms. Mutugi Mary Mugure, OGW Ag. Secretary/Chief Executive Officer Director Quality Assurance, Compliance</p>	<p data-bbox="746 1055 1433 1234">Mary M. Mutugi is the Acting Secretary/Chief Executive Officer at the Council of Legal Education and substantive Director of Quality Assurance Compliance & Licensing at the Council of Legal Education in Kenya.</p> <p data-bbox="746 1272 1433 1529">Ms. Mutugi holds a Bachelor of Laws (LL.B Hons) degree from Moi University and a Master's Degree from the University of Nairobi. She is an Advocate of the High Court of Kenya and has been in regulation of Legal Education and training in Kenya for nine years for which she holds a state commendation of the Order of the Grand Warrior of Kenya.</p> <p data-bbox="746 1570 1433 1749">Ms. Mutugi has a vast experience in the development and enforcement of standards in regulation of Legal Education providers and trainers in Kenya including cross-border practice of Law in the East African Region.</p>



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Dr. Wambua Kituku
Secretary/Chief Executive Officer

Responsible for the day-to-day operations at the Council.

Date of separation: 1st December 2022



Mr George W. Wafula
Director of Examination

Mr. Wafula holds Bachelor of Education (B.ED Arts Hons.) Degree of Kenyatta University and a Master of Education (M.ED Curriculum Studies) of Kenyatta University, PHD Candidate from 2022 to date at Kenyatta University.



Ms. Ignazia K. Kaimba
The Manager, Internal Audit

Ms. Kaimba has Bachelor's Degree in Commerce, Accounting Option and a Master Degree of Business Administration in Finance both from the University of Nairobi.

She is a Certified Internal Audit (CIA) and a Certified Information Systems Auditor (CISA)



Ms. Ednah Kerubo Oyori holds a Master of Science Degree in Finance & Investments from the University of Nairobi, a Bachelor of Arts in Economics Degree from Makerere University and is a Certified Public Accountant.

Ms. Kerubo is a member of the Institute of Certified Public Accountants of Kenya (ICPAK).



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CPA Ednah Kerubo Oyori Director Corporate Services	
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5. Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors and Management, I am pleased to present to you the Annual Report and Financial Statements of the Council of Legal Education for the year ended June 2023.

The period under review was extraordinary for CLE mainly due to the unprecedented global challenges in the financial, social and political system largely brought about by the COVID-19 pandemic. Nonetheless, CLE managed to recover and stabilize in carrying out activities mandated to it. Further, CLE continued to offer a safe working environment to its staff while adhering to health protocols announced by the World Health Organization and the Government while administering the Bar examination.

Strategic Analysis

CLE is mainly mandated to regulate, licence and supervise legal education in Kenya, and it has taken this responsibility with utmost seriousness, giving its best to achieve set targets. Our 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.

CLE successfully conducted the ATP Examination in the year 2022/2023 and registered significant growth in its operation with the addition of the Nakuru examination centre.

CLE further conducted monitoring of 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 thirteen (13) quality assurance audits and eight (8) on-site Inspections of Legal Educations Providers on issues related to the audits and inspections of the institutions.

CLE successfully conducted the ATP Examination, where 5,401 candidates were examined during the year and 1,848 qualifying candidates were gazetted for admission to the Bar.



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At a policy level, the Council continues to engage legal education stakeholders with a view of enhancing the quality of legal education which is aligned to the country's Vision 2030, Medium-Term Plans and Bottom-up Economic Transformation Agenda (BeTA) and such others as might be determined by government from time to time. The Council remains focused on its mandate, in particular on the role it plays in promoting the quality of legal education.

The Board

The Board During the period under review, the Board of Directors was not fully constituted.

Future Outlook

Going forward, the CLE remains steadfast in its resolve to realize its vision: Globally competitive and transformative legal education and training in Kenya. Further, we are seeking to launch the Council strategic plan 2023-2028 that will spearhead Council towards achieving its vision, mission and objectives. Furthermore, we plan to enhance various capacities within the organisation, that will enable CLE to deliver on its mandate effectively.

Prof. Collins Odote
CHAIRMAN
COUNCIL OF LEGAL EDUCATION



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6. Report of the Chief Executive Officer



Dear Stakeholders,

It is my pleasure to present the Council of Legal Education Annual Report and Finance Statement for the period ended 30th June 2023, which includes performance and operational highlights:

Operating Environment

Since its 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

During the Financial Year Council conducted quality assurance audits of thirteen and eight (8) on-site Inspections of Legal Educations Providers on issues related to the audits and inspections of the institutions.

Performance

In the year 2022/2023, the Council successfully conducted The ATP Examination in November 2022 and in March 2023. In the examination series, 5,401 candidates were examined. A total of 1,848 qualified candidates were gazetted for admission to the Roll of Advocates.

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

Automation

Further, the Council has continuously automated its processes to ensure efficiency in operations and service delivery.

Human Resource Development

CLE continued with the implementation of its approved Staff Establishment and is pleased to report that we are currently at 50% in-post. In the Financial year, the Council continued to strengthen its Human Resource capacity through recruitment to fill various critical positions including Director Corporate Services, Senior test development officer, Senior Legal Officer, Principal finance and accounts offices and senior accounts assistant.



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Financial Performance

In the period under review, the Council's revenue was reduced from Kshs. 323.4 Million in 2021/2022 to Kshs.310.7 Million in 2022/2023. This was attributed to the reduced Council collection of A-I-A.

Total recurrent expenditure increased from Kshs. 323.2 Million in 2021/2022 to Kshs.347.6 Million in 2022/2023. This is attributed to the Council being able to achieve most of its planned activities for the year

Appreciation

I am happy to note that all our achievements have been possible through the strategic guidance of the board, stewardship of management and the commitment demonstrated by our staff. Therefore, allow me to express my sincere gratitude to the Board of the Council of Legal Education, for their commitment and guidance during the year in review. Also, I appreciate the management and the entire staff of CLE for their continued support, teamwork and zeal that saw us surmount various challenges during this period to achieve great milestones in line with our mandate. I also wish to sincerely appreciate our stakeholders: the ATP Bar examination candidates and the Legal Education Providers for their invaluable collaboration.

Thank you.

Ms. Jennifer Gitiri, HSC
AG. SECRETARY/CHIEF EXECUTIVE OFFICER
COUNCIL OF LEGAL EDUCATION



COUNCIL OF LEGAL EDUCATION

Annual Report and Financial Statements for the year ended June 30, 2023

7. Statement of Performance against Predetermined Objectives for FY 2022/2023

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 four (4) strategic pillars and seven (7) objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Regulatory Framework and Policy

Pillar 2: Customer focus

Pillar 3: Financial Sustainability

Pillar 4: Institution Capacity

The Council of Legal Education develops its annual work plans based on the above four (4) pillars. The assessment of the Board's performance against its annual work plan is done on a quarterly basis.



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The Council of Legal Education achieved its performance targets set for the FY 2022/2023 period as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Regulatory Framework and Policy	To enhance the quality of legal education and training	No. of Legal Education Providers (LEPs) audited	- Conduct quality audits of Legal Education Providers Courtesy visits done	Twelve (12) LEPs, eighteen (18) programmes
		No. of LEPs licensed	Process licenses for LEPs	Five (5) LEPs, nine (9) programmes
		No. of LEP inspected	- Conduct inspections visits Courtesy visits -Prepare inspection reports	Seven (7) LEPs, 11 programmes
		No. of LEPs annual reports reviewed	- Review annual reports from LEPs - Prepare a report and feedback	Fourteen (14) LEPs, seventeen (17) programmes
		No. of LEPs status publications	Publish status of legal education providers in Kenya Gazette or in at least one (1) newspaper with nation-wide circulation.	Two (2)
		No. of conferences attended	Participate in regional and international conferences on legal education and training.	Two (2) conferences
		No. of LEPs curricula reviewed	Review Legal Education Providers' Curricula presented to the Council.	Two (2) curricula
		No. of applications received and processes	Process and approve applications for foreign qualifications in law.	Sixty-two (62)



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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	To enhance the legal education Regulatory Framework	Level of finalization of reviewed ATP Curriculum.	Development of draft ATP Curriculum - Held a validation forum	Draft ATP Curriculum developed. Awaiting stakeholder validation and board approval.
		Approved paralegal education regulations.	Develop the Legal Education Paralegal Regulations.	Draft regulations in place. Awaiting stakeholder validation and board approval.
		Approved policy on paralegal education licensing.	Develop Policy on licensing of Paralegal Education.	Draft policy developed Awaiting stakeholder validation and board approval.
		Approved licensing criteria for paralegal programme.	Develop the licensing criteria for the Paralegal Programme.	Draft licensing criteria in place awaiting stakeholder validation and board approval.
		Approved paralegal programmes monitoring tools.	Develop the Monitoring and Evaluation (M&E) framework for paralegal programmes.	Draft M&E Framework developed awaiting stakeholder validation and board approval.
		- Research report - Advisory papers.	Undertake research on legal education and training and submit the report to AGs office	1. Research report developed. 2. Advisory papers developed and presented to AGs office.
		Approved regulations and standards.	Develop ATP regulations and standards.	Draft regulations developed awaiting stakeholder validation and board approval.



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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	Enhance efficiency in delivering Advocates Training Programme Examination	Approved code of conduct and guidelines.	Develop code of conduct and guidelines for the service providers - Sensitize the Council	Draft code of conduct developed and presented to Examination committee and is awaiting approval by Full Board.
		No. of markers, setters and moderators trained.	Capacity building setters, moderators, invigilators and markers	Trained thirty-five (35) markers Trained thirty-five (35) setters Trained nine (9) moderators
		No. of candidates registered and sat for ATP examination.	Register candidates Set ATP examination Administer examination - Mark and moderate the examination	Registered a total of four thousand three hundred and nineteen (4,319) candidates for ATP examination in both the October 2022 and March 2023 series Conducted two (2) setting of ATP examination Administered two (2) series of ATP Conducted Marking and Moderation of Examination for the two (2) series.
		No. of candidates gazetted for admission to Bar	Gazette all qualified Candidates for admission to	Gazetted a total of one thousand eight hundred



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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			the Roll of advocates quarterly upon approval by Council.	and forty-eight (1,848) candidates for admission to the Roll of Advocate.
		Efficiency and effectiveness evaluation report	Conduct evaluation of the effectiveness and efficiency of the ATP examination processes.	Report in place
		% implementation of Efficiency and effectiveness evaluation report	Adopt the findings of the report on the effectiveness and efficiency of the ATP examination processes for implementation - Implement the recommendations	The following have been achieved: The report has been adopted by management. Reviewed examination invigilation guidelines Reviewed marking moderation guidelines.
Key Result Area 3: Financial Sustainability		No. of MOUs signed	Negotiate and execute one MOUs with stakeholders - Implement MoUs	Three (3)



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8. 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.

Board appointment, Size and Composition

Council members are appointed as set out under Section 4 (5) of the Legal Education Act, 2012. The Act also sets out the size and composition of the Board. As currently constituted, the Board meets the 1/3 gender rule with 3:6.

Role and Responsibilities of the Board

It 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.

Conflict of Interest

The Council members are under a fiduciary duty to act honestly and in the best interest of the organisation. Accordingly, they have been encouraged to recuse themselves from discussing or voting on matters that a conflict of interest may exist. The Board maintains a Conflict-of-Interest Register.

Board Evaluation

In pursuit of promoting Board effectiveness, the Board undertook self- evaluation facilitated by State Corporation Advisory Committee (SCAC). The recommendations from the evaluations were considered and implemented.

Board meetings

The Board meets regularly as required, to efficiently monitor the implementation of the CLE's planned strategy and approve issues of strategic nature. Specific reviews are also undertaken on operational issues and future planning.

During the year under review, the Board held eight (8) meetings. Attendance to the respective meetings is summarised below:

Name	Date Appointed/ Reappointment	Board Position	01/08/22	19/09/22	06/10/22	29/11/23	29/03/23	27/06/23	Total
Hon. Prof. Githu Muigai, ECH, SC	5 th October 2021	Chair person	✓	✓	✓	✓	✓	✓	6



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Mr. Eric Gumbo	17 th February 2020	✓	✓	x	✓	✓	✓	5
Prof Winfred Kamau	9 th July 2021	✓	✓	x	✓	✓	x	4
Ms. Rita Njiru	17 th September 2019	✓	✓	✓	✓	✓	x	5
Ms. Nelly Wamaitha	9 th July 2021	✓	✓	✓	✓	✓	✓	6
Mr. George Nyakundi	20 th May 2019	✓	x	✓	✓	✓	✓	5
Hon. (Dr.) Justice Smokin C. Wanjala	23 rd January 2020	✓	✓	✓	x	x	x	3
Mr. Oscar Eredi	February 2022	x	✓	✓	✓	✓	✓	5

Board and Member Performance

Each Board Member attended two (2) performance evaluation meetings undertaken by SCAC.

Name	Date Appointed/ Reappointment	Board Position	14/10/22	29/11/22	Total
1 Hon. Prof. Githu Muigai, ECH, SC	5 th October 2021	Chairperson	✓	✓	2
2 Mr. Eric Gumbo	17 th February 2020		✓	✓	2
3 Prof Winfred Kamau	9 th July 2021		✓	✓	2
4 Ms. Rita Njiru	17 th September 2019		✓	x	1
5 Ms. Nelly Wamaitha	9 th July 2021		✓	✓	2
6 Mr. George Nyakundi	20 th May 2019		✓	✓	2
7 Hon. (Dr.) Justice Smokin C. Wanjala	23 rd January 2020		✓	x	1
8 Mr. Oscar Eredi	February 2022		✓	✓	2

Board Committees

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



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1. Finance and General-Purpose Committee

This Committee is charged with the responsibility of ensuring that Council funds are prudently utilized and in line with the core functions and the Council's Strategic Plan. The Committee also considers staff administrative matters to ensure they are within the law. It reviews policies that are aimed at assisting the CLE attract and retain competent and highly qualified staff. Further, ICT, procurement and any other general matters are adjudicated by this Committee.

It held five meetings during the year, which were attended as follows:

Committee Member		FGPC					Total
		14/07/23	19/09/23	06/10/23	21/11/22	29/03/23	
Mr. George Nyakundi	Chair	✓	✓	✓	✓	✓	5
Ms. Rita Njiru	Member	✓	✓	✓	✓	✓	5
Ms. Nelly Wamaitha	Member	✓	✓	✓	✓	✓	5

2. Quality Assurance and Compliance Committee

One of the core mandate of the CLE is to regulate, licence and supervise legal education providers. This Committee is responsible for assurance and maintenance of quality in legal education and training. The Committee evaluates legal education programmes, assesses the capacities of Legal Education providers, and inspects the Legal Education Provider to ascertain capacity and compliance with the set standards.

It held three (3) meetings during the year, which were attended as follows:

Committee Member		QCA Committee			Date
		19/9/22	March 23	17/05/23	
Mr. Erick Gumbo	Chair	✓	✓	✓	3
Mr. George Nyakundi	Member	✓	✓	✓	3
Mr. Oscar Eredi	Member	✓	✓	✓	3

3. Examination Committee

This Committee ensures that ATP Examination Candidates are examined in accordance with the regulations, considers examination results and authorize the gazettement of candidates who have met the requirements to be admitted to the Roll of Advocates.

It held six (6) meetings during the year, which were attended as follows:

Committee Member		Examination Committee						Total
		08/09/22	12/10/22	09/01/23	06/02/23	17/05/23	16/06/23	
Mr. George Nyakundi	Chair	✓	✓	✓	✓	✓	✓	6



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Hon. (Dr.) Justice Smokin C. Wanjala	Member	x	x	x	x	✓	x	1
CPA Rita Njiru	Member	✓	✓	✓	✓	✓	✓	6
Mr. Oscar Eredi	Member	✓	✓	✓	✓	✓	✓	6

4. Audit, Risk and Governance Committee

This 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 CLE. The Committee reviews established systems to ensure that there are adequate internal controls, as well as compliance with the law and approved policies.

It held four (4) meetings during the year, which were attended as follows:

Committee Member		ARG Committee				Total
		19/09 /22	19/10 /22	16/03 /23	13/0 6/23	
Prof. Winifred Kamau	Chair	✓	✓	✓	✓	4
Hon. (Dr.) Justice Smokin C. Wanjala	Member	✓	x	✓	✓	3
CPA Rita Njiru	Member	✓	x	✓	✓	3
Mr. Erick Gumbo	Member	x	x	✓	✓	2

Board Remuneration

Board members were entitled to the allowances as per the Office of the President Circular Ref. No. OP/CAB.9/21/2 dated 25th November 2004 listed below, which are included in Note 11, Council Allowances and Expenses.

Allowance	Person	Amount
Honoraria	Chairperson	80,000
Telephone	Chairperson	7,000
Accommodation (Local)	Chairperson and Members	18,200
Accommodation (International)	Chairperson and Members	As per the SRC Circular



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Allowance	Person	Amount
Sitting	Chairperson and Members	20,000
Mileage	Chairperson and Members	Recommended AA Rates

Board Induction and Continuous Skills Development

As practice new Board members are offered an induction program to assist them in familiarizing with their responsibilities, general principles of Corporate Governance and Board practices. For the year under review, the Council trained its Board Members on matters Governance.



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9. Management Discussion and Analysis

Directorate of Standards, Compliance and Licencing - QCL

During the Financial Year, Council conducted thirteen(13) legal audits and eight (8) Inspections towards licensing Legal Education Providers.

i. Trend analysis for the Audits and Inspections of Legal Education Providers.

FY	No. of LEPs Audited	No. of LEPs Inspections
2017/2018	1	2
2018/2019	6	5
2019/2020	5	3
2020/2021	13	8
2021/2022	5	1
2022/2023	13	8



Members of CLE Board, CLE Staff and the Jomo Kenyatta University of Agriculture and Technology (JKUAT) Staff during an inspection visit



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Members of the Board of CLE and Senior Staff of Riara during an inspection visit

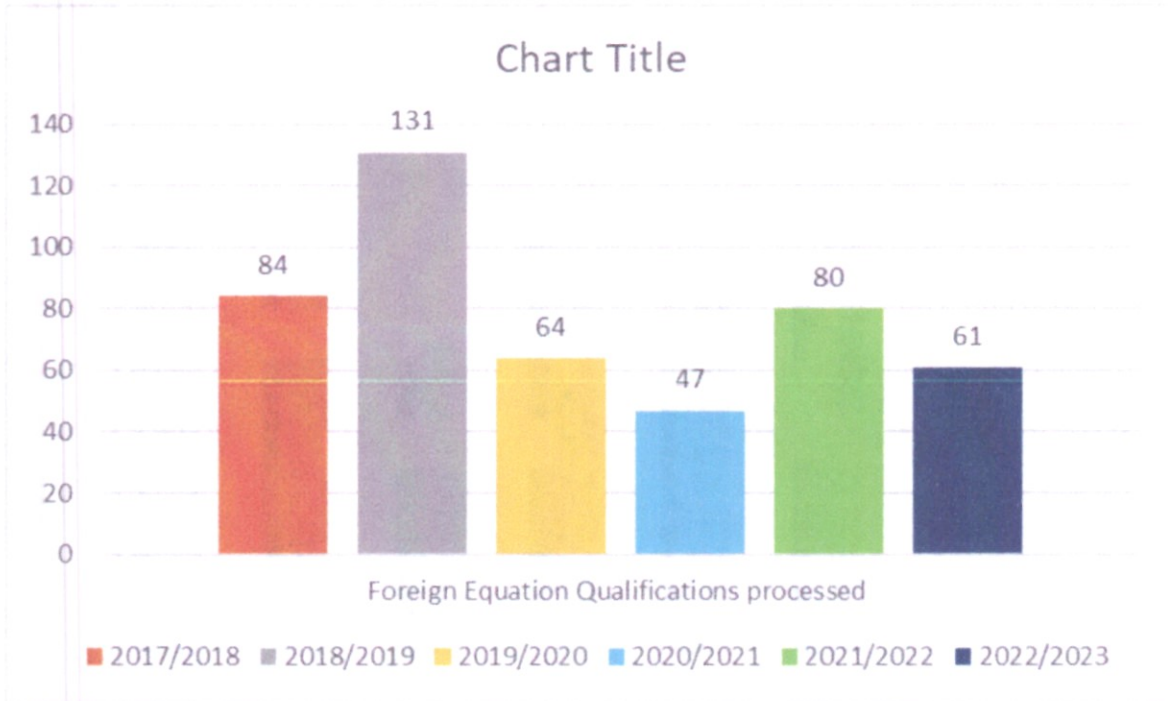


Inspection visit to SEKU University by the CLE Board Members



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ii. Trend analysis on the number of Foreign Equation Qualifications processed



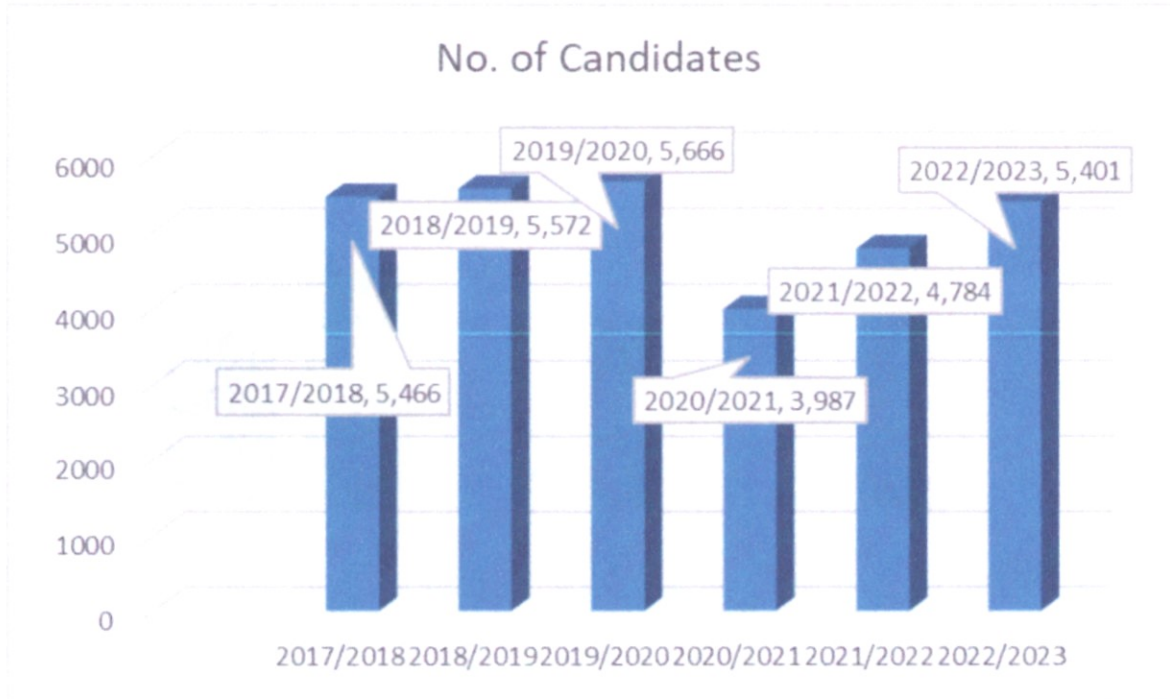
Directorate of Examination - EXAMINATION

During the financial year, the Council administered Bar Examination to 5,401 candidates while 1,848 candidates qualified for gazetted and admission to the Roll of advocates.

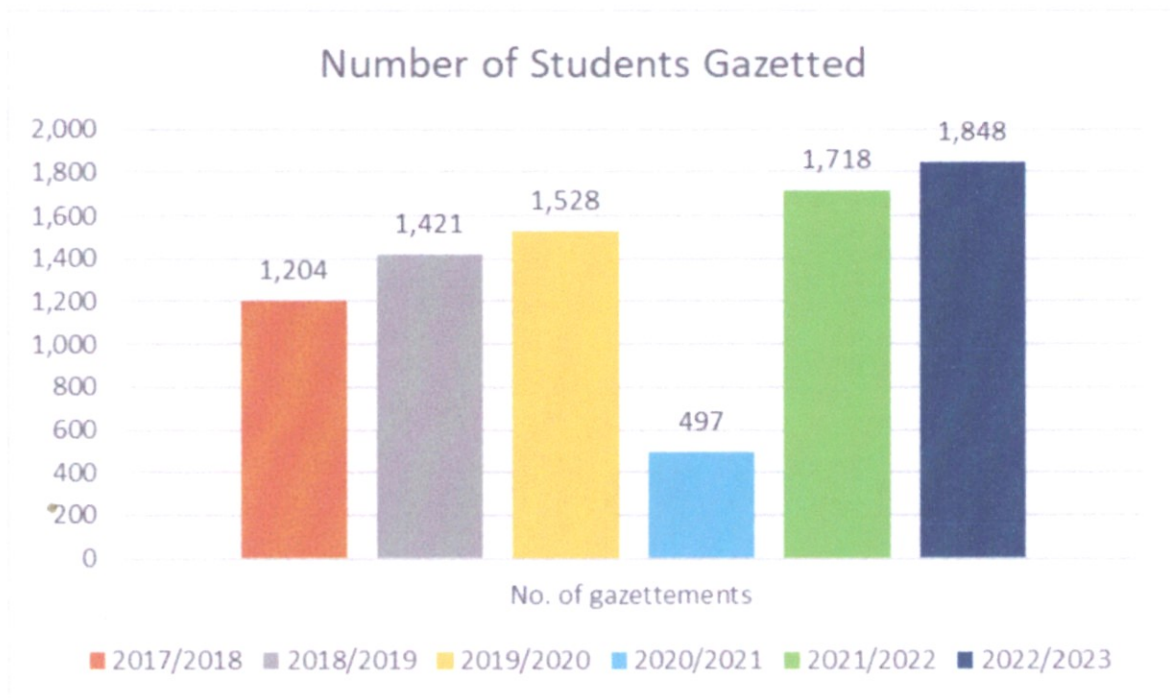


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i. Trend analysis on the number of Candidates sitting the ATP Exams



i. Trend analysis on the number of Candidates gazetted





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Information and Communication Technology

During the year under review, Council finalised the development of ICT policies. CLE's Information Communication Technology Strategic Plan 2019-2023 reaffirms the CLE's ICT priorities and emphasizes its commitment to providing robust, efficient, flexible, and secure information technology solutions. This plan seeks to ensure a coherent and unified approach to the acquisition, deployment, management and operation of ICT in the public service in order to achieve secure, efficient, flexible, integrated and cost-effective deployment and use of ICT. CLE recognizes that information technology plays an important role in the delivery of its mandate of promoting the quality of legal education in the country.

The emerging information age is having a significant impact on service delivery especially those that are focused on ICT utilization and the development of ICT. To achieve an exceptional return on investment in the utilization of ICTs and exceed expectations in service delivery, Council must embrace ICT. With an appropriate ICT Road Map, CLE shall improve service delivery.

CLE has recognized and accepted the importance and role of ICT in service delivery and it is committed to investing in ICT. With the guided assistance of the ICT Authority, CLE developed this ICT strategic plan to guide it in the utilization and development of ICT. To support the implementation of this strategy, the CLE shall establish an ICT Management Committee.

The plan aims at aligning technology and innovations with the corporate ICT strategic goals and objectives that give a roadmap towards equitable, fair and efficiency in the Council.

Strengthening Institutional Capacity

CLE completed the development and review of key policies to guide its operations. These included among others;

- i. Finance Policy and Manual;
- ii. Communication Policy;
- iii. Gender Mainstreaming Policy;
- iv. Whistle Blower Policy; and
- v. Corporate Social Investment Policy.

In addition, the Council is in the process of developing the 2023/2028 Strategic Plan, a road map that will guide its operations for the next five (5) years.

Human Resource Capacity Development

Recruitments were done in compliance with the approved staff establishment and relevant GoK circulars. CLE has a comprehensive human resource manual that details the recruitment process. To enhance HR capacity for improved service delivery the following positions were recruited; Director Corporate Services, Principal Finance & Accounts Officer, Senior Test Development Officer, Senior Legal Officer, Senior Strategy & Planning Officer and Accounts Assistant.



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The Council is currently undertaking a review of the Human Resource Instruments in line with its strategy of attracting and retaining competent Staff.

Enterprise Risk Management

The Board integrated risk management into the business planning processes of the Council as part of strategic, operational and line management responsibilities. This ensured effective management of risks that threaten to adversely impact the discharge of its core mandate and relationships with its stakeholders.

As part of the implementation of the enterprise risk management plan, the Board ensured the strengthening of the risk management function with a number of activities, which include; a review of the risk registers, staff capacity building, business continuity and risk assessment conducted within the year 2022/2023.

Corporate Communication





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The Council during the period participated in a career fair to inform students about CLE's mandate.

During the period, CLE reviewed the Citizen's service charter and sensitized staff on it.

Procurement

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

Supply Chain Management, facilitated the utilization of 82% of the procurement budget. This was the total number of contracts awarded to firms owned by women, youth and persons with disability (Special Groups).

In addition, the department continued to support the Buy Kenya Build Kenya initiative, whereby it awarded the total procurements to Kenyan firms absorbed 100%.

Internal Audit

During the period under review, the Internal Audit department ensured that CLE complied with the PFM Act, 2012, and other regulatory frameworks that govern the Council's operations. This assurance was done to the Board through the Audit committee.

The Internal Audit Directorate is implementing its audit strategic plan for 2020/2021 to 2022/2023.



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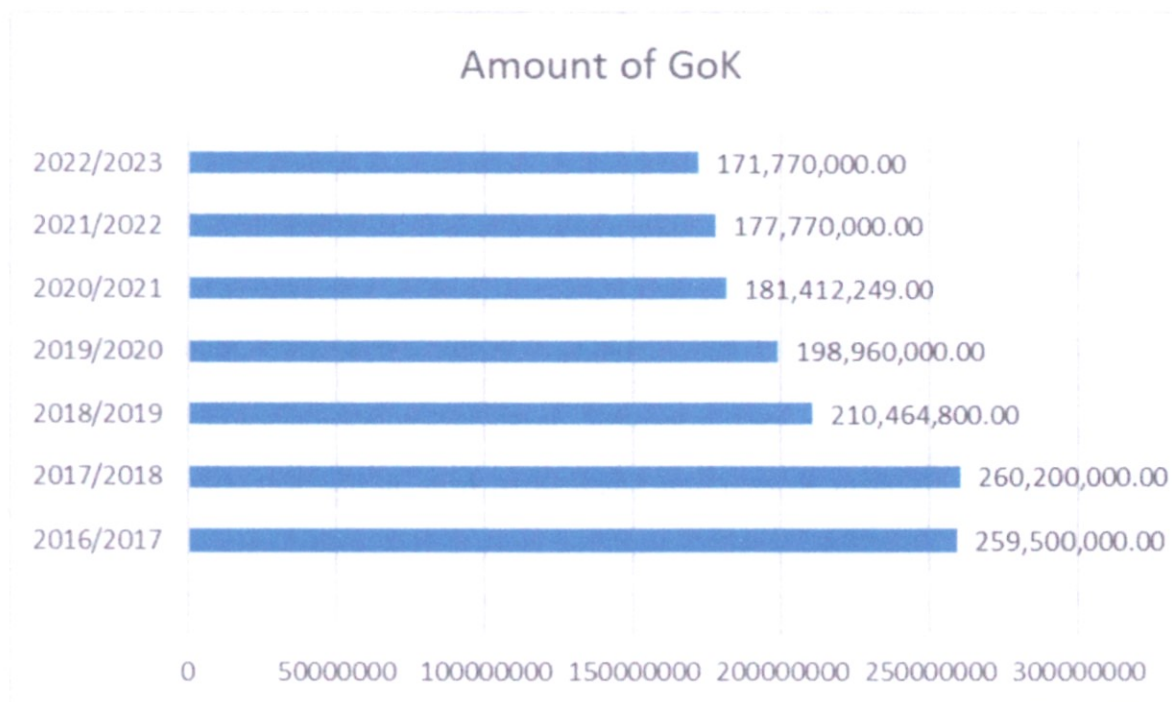
The recommendations to strengthen internal controls were adopted and implemented by CLE's Management. Policies and procedures have been developed and operationalised by management and this has improved service delivery in the placement service. No major non-compliance has been reported by the department in the course of the year under review.

Financial performance

In the period under review, the Council's revenue reduced from **Kshs. 323.4 Million** in 2021/2022 to **Kshs.310.7 Million** in 2022/2023. This was attributed to the reduced collection of A-I-A.

Total recurrent expenditure increased from **Kshs. 323.2 million** in 2021/2022 to **Kshs. 346.9 Million** in 2022/2023. This is attributed to the Council being able to achieve most of its planned activities for the year.

i. Trend analysis on the GoK transfers

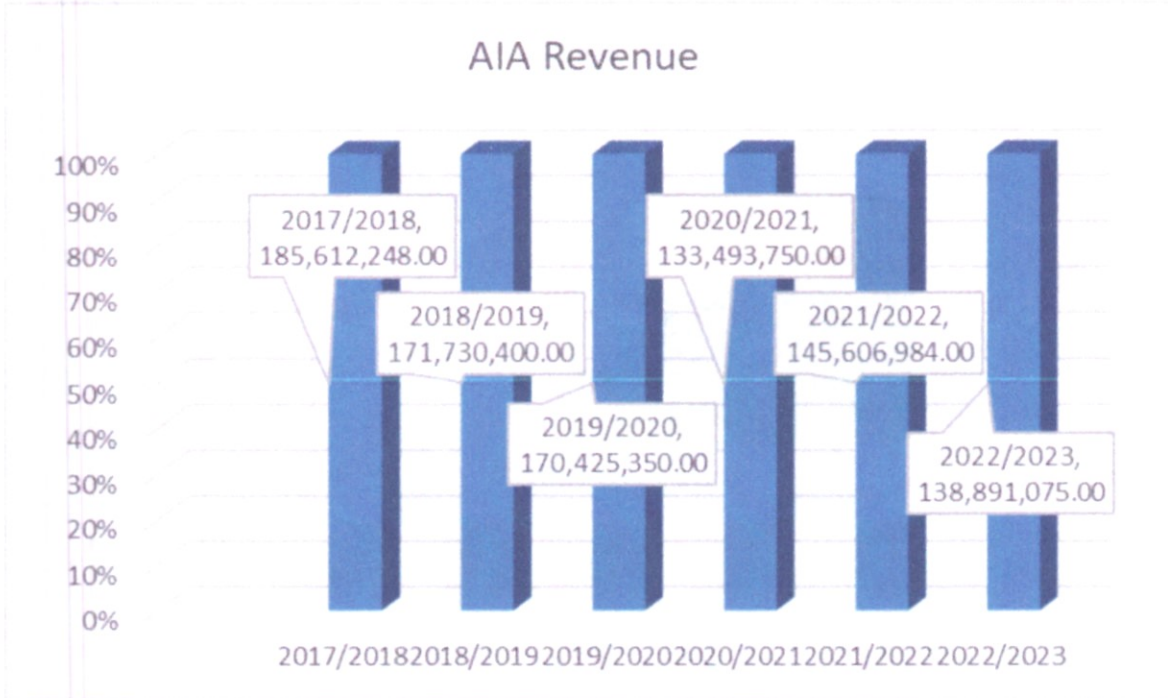




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ii. Trend analysis on the actual AIA receipts

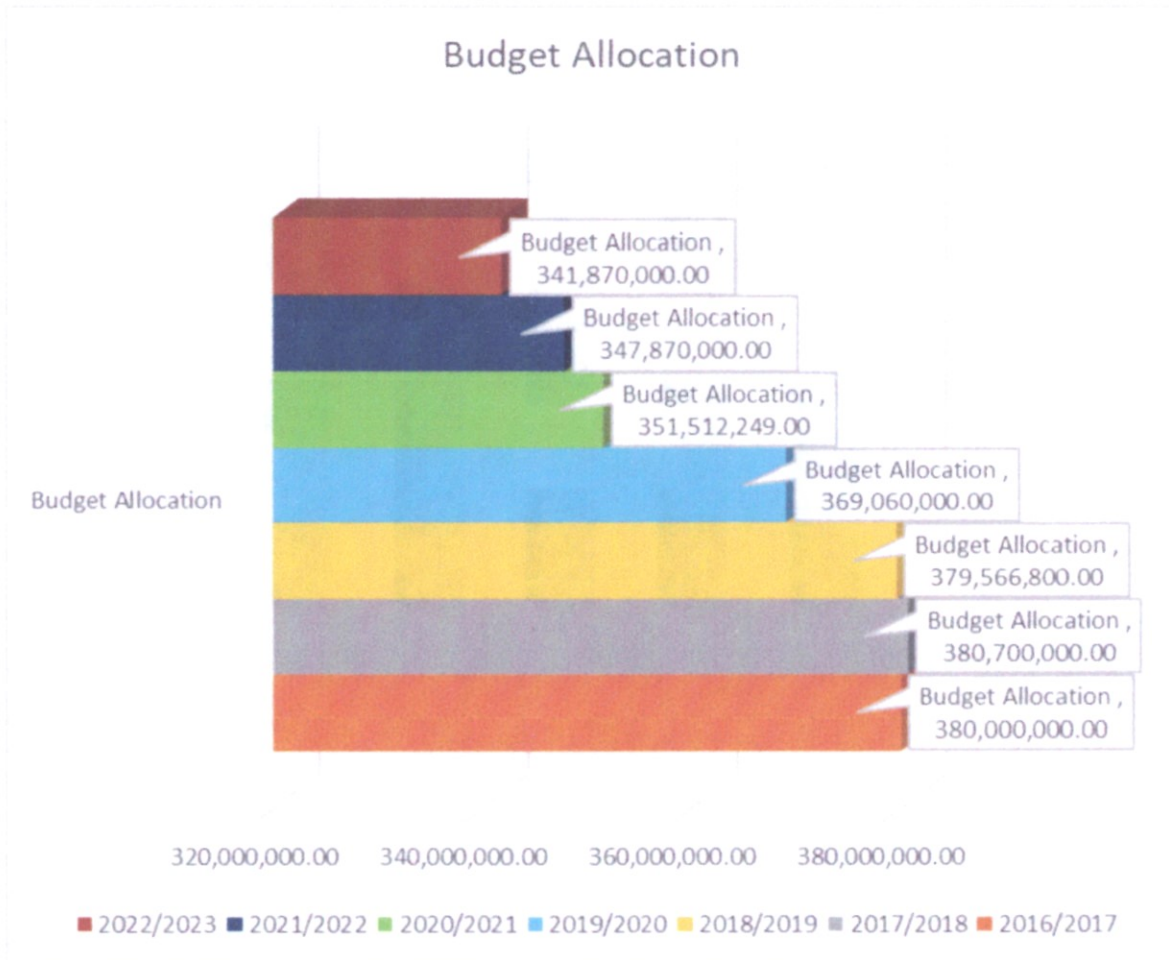




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iii. Trend analysis on the Budget allocation



Council of Legal Education compliance with statutory requirements

During the Financial Year 2022/2023 CLE complied with statutory requirements. Where CLE 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).



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10. Environmental and Sustainability Reporting

The Council of Legal Education works on transforming lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, putting the citizen first, delivering relevant services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

Under the UN Sustainable Development Goals (SDGs), SDG number 4 introduces inclusive and equitable quality education and promotes lifelong learning opportunities for all. CLE has been at the forefront of harnessing technology to the advantage of students and Legal Education Providers in service delivery for efficiency and convenience.

CLE has an ERP system that is linked to the student's portal and payment made through M-Pesa has not only made our student's registration easier but convenient for students as they are able to access different services offered by CLE, view provisional results and make any query without the need to visit our offices. ultimately, CLE endeavour to have all its services accessible through this online platform that is effective and efficient and therefore sustainable.

ii) Environmental performance

CLE has established an Environmental Sustainability Committee to champion matters to do with safeguarding the environment. In addition, being a service corporation, CLE has automated its core functions and use of emails resulting in a considerable reduction in paper-based transactions and therefore, contributing towards the sustenance of the environment. Further, used toner cartridges are disposed of through accredited waste disposal firms approved by NEMA ensuring environmentally friendly methods of disposal. During the period under review, CLE planted trees in the Ngong forest to assist in sustaining the environment around areas of reduction of soil erosion and pollution in the Country's



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waterways.



The Director of Standards, Licensing, Compliance and Supervision, Ms. Mary M. Mutugi, OGW, planting a tree at a tree conservancy in Ngong forest

iii) Employee welfare

The Council of Legal Education developed and implemented the Succession Planning and Talent Management Policy with a view to improving job satisfaction and performance among its staff. CLE further initiated the development of a Records Management Policy that is designed to enhance its ability to maintain accurate, reliable records; providing controlled, ready access while retaining those worthy of preservation as part of the vital set-up necessary to meet the challenges faced on records management and past policy decisions.

To ensure employees performed work that accomplished the business needs of CLE, all employees' key performance indicators were aligned with the strategic goals of their departments and their performance was reviewed at the end of the year. Employees received feedback during a formal performance review exercise on how effective their performance was relative to the expectations. The Management applied performance ratings in a fair and consistent manner and the rewards were consistent with the employees' performance and qualifications.



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With regard to Occupational Health and Safety (OSHA), Council has continued to ensure Safety and Health of its staff are prioritised by ensuring that the fumigation of offices is done every quarter and additional fire extinguishers were installed at CLE premises.

iv) Marketplace practices

CLE has continuously ensured that its marketplace practices are fair, competitive and transparent. Among others, the CLE adheres to the following practices.

a) Responsible competition practice.

CLE's preferred choice of procurement is competitive bidding, mainly open tenders, requests for quotations and requests for proposals. This ensures that firms are given equal opportunity to compete. Council has zero tolerance for corruption and enforces segregation of duties in its activities, especially in constituting procurement processing committees

b) Responsible Supply chain and supplier relations

The Corporation utilised the mass media to sensitise the public on the procurement opportunities in the organisation. CLE maintains a register of suppliers, which is updated often. Once a contract is awarded, CLE, through the Supply Chain Management Department, ensures full implementation and performance of obligations.

c) Responsible marketing and advertisement

CLE's advertisements are conducted in compliance with Government guidelines, professional and ethical standards. Public communication and publicity campaigns are guided by an approved Corporate Communication Policy.

d) Product stewardship

The Legal Education Providers, Law students and their parents/guardians are the primary consumers of our services. We endeavour to satisfy their needs through satisfaction surveys, stakeholder forums and public outreach.

v) Corporate Social Responsibility / Community Engagements

The Council adopted a one (1)-hectare piece of land in the Ngong forest from the Kenya Forest Service. This is for tree planting and the conservation of the forest. Council is responsive to societal needs in the environment in which it operates.



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Staff Members of the CLE planting trees in the Ngong Forest.

In its quest for community engagements, the Council of Legal Education donated assets to St. Mary's Primary School in Karen.



The Director Corporate Services is assisted by other Members of Staff to hand over donated seats to a representative of St. Mary's Primary School, Karen.



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11. Report of the Directors

The Council submits this report together with the financial statements for the year ended June 30, 2023, which show the state of the Council of Legal Education affairs.

i) Principal Activities

Council of Legal Education was established by the Legal Education Act No 27 of 2012. The principal activities of the Council as per Section 8 of the Legal Education Act No. 27 of 2012 are:

- a) Regulate legal education and training in Kenya;
- b) Accredite and licence legal education providers;
- c) Supervise legal education providers; and
- d) Advice Government on Legal Education and Training.
- e) Recognize and approve qualifications obtained outside Kenya for purpose of admission to the roll.
- f) Administer professional examination prescribed under section 13 of Advocates Act, 2014.

ii) Results

The Financial statements of the Council of Legal Education for the year ended June 30, 2023 are set out on pages 1 to 7.

iii) Council Members

The members of the Council who served during the year are shown on pages ix to xiv. During the year one (1) Council Member attended a Mwongozo training facilitated by SCAC (State Corporation Advisory Committee) in October 2022.

iv) Surplus remission

In accordance with Regulation 219 (2) of the PFM Act Regulations 2015, regulatory entities shall remit into the 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 did not remit any surplus in the year.



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v) **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 and the Public Audit Act 2015 for the period ended June 30, 2023.

By Order of the Board

Name

Corporate Secretary/Secretary to the Board



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12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 28 of the Legal Education Act, 2012 require 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 of 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 Board 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 the year ended on June 30, 2023. 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 Board 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, 2023, and of the Council of Legal Education's financial position as of that date.



COUNCIL OF LEGAL EDUCATION

Annual Report and Financial Statements for the year ended June 30, 2023

The Council further confirms 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 (12) months from the date of this statement.

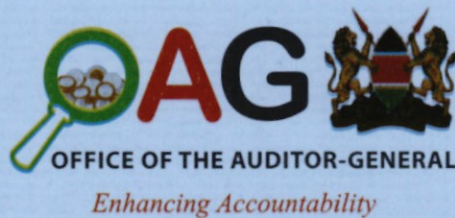
Approval of the financial statements

The *Council's* financial statements were approved by the Board on 21st SEPTEMBER 2023 and signed on its behalf by:

Prof, Collins Odote
Chairperson

Ms. Jennifer Gitiri, HSC
AG. Chief Executive Officer

REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON COUNCIL OF LEGAL EDUCATION FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

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 57, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly in all material respects the financial position of Council of Legal Education as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Legal Education Act, 2012.

Basis for Qualified Opinion

1. Capitalization of Incomplete Enterprise Resource Planning System

The statement of financial position reflects intangible assets balance of Kshs.2,378,170 as disclosed in Note 22 to the financial statements. Included in the balance is the cost of Enterprise Resource Planning (ERP) software supplied during 2020/2021 financial year. As previously reported, the Council contracted a local company for supply, installation, and testing of an ERP software at a contract price of Kshs.6,425,060 for a period of twelve (12) months commencing 13 January, 2020. As at the time of the audit, in February, 2023, the contractor had been paid in full, and the costs capitalized under intangible assets and amortization charged despite the project being at 97% completion. Further, renewal for the ERP license was made during the year under review despite not being fully operational.

In the circumstances, the accuracy and fair statement of the intangible assets balance of Kshs.2,378,710 and value for money for the investment in the ERP could not be confirmed.

2. Accuracy of Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.1,694,719 as disclosed in Note 18 to the financial statements. Included in the balance is Kshs.1,032,417 out of which Kshs.143,667 relate to fuel deposit paid in the financial year 2014/2015 whose recoverability remains doubtful. Further, Kshs.213,750 in respect of recoveries on taskforce on legal sector reforms for the financial year 2017/2018 was treated as retained earnings and has been outstanding for more than one year.

In the circumstances, the accuracy and fair statement of the receivables from exchange transactions balance of Kshs.1,694,719 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.347,870,000 and Kshs.310,661,075 respectively, resulting in under-performance of Kshs.37,208,925 or 89% of the budget. As a result, trade and other payables balance of Kshs.3,827,918 relating to prior financial year were not settled as a first charge in the FY 2023/2024.

In the circumstances, the budget under-performance affected the planned activities of the Council that may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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

Prior Year Matter

In the audit of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved all the issues or given any explanation for failure to implement the recommendations.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Substantive Corporate Secretary

Review of the letter reference number AG/CONF/2/C/109 Vol. III dated 09 October, 2023 and Council Special Meeting minutes of 09 October, 2023 revealed that an officer serving a substantive position as a State Counsel and Deputy Director Legal Services and

Corporation Secretary in an Agency under Office of Attorney General and Department of Justice was appointed Acting Chief Executive Officer. This is contrary to Section 11(2) of Council of Legal Education Act, 2012 which states that the Secretary shall serve on a full-time basis and shall be responsible to the Council for the day to day running of the affairs of the Council and may perform such other duties as may be assigned to him by the Council. Section 11(4) states that the Secretary shall be responsible to the Council for the day-to-day running of the affairs of the Council and may perform such other duties as may be assigned to him by the Council.

In the circumstances, Management was in breach of the law.

2. Non-Compliance with Tenders Awards to Special Groups

Review of the Procurement data provided for audit review, revealed that the Council awarded contracts amounting to Kshs.80,074,899 during the year under review. However, only tenders worth Kshs.13,129,653 (16%) were awarded under Access to Government Procurement Opportunities (AGPO). This is contrary to Section 53 of the Public Procurement and Disposal Act 2015, which requires that at least thirty percent (30%) of the contracts to be awarded to the special groups.

In the circumstances, Management was in breach of the law.

3. Irregular Membership to Multiple Board Committees

Review of records of the Board and Board Committees meetings revealed that one (1) Member sat in three (3) Committees contrary to the provisions of the Head of Public Service Circular Ref. OP/CAB.9/1A dated 11 March, 2020 which provides that Board Members can only sit in a maximum of two (2) Committees.

In the circumstances, the Board was in breach of Government policies and guidelines.

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Understaffing

As previously reported, review of staff establishment revealed that the Council had forty-two (42) employees in service as at 30 June, 2023 against an approved establishment of sixty-five (65) employees resulting in a deficit of twenty-three (23) personnel.

In the circumstances, adequacy of segregation of duties and effective service delivery to the stakeholders could not be confirmed due to staff deficits.

2. Inconsistencies in the Human Resource Policy and Procedures Manual 2020

Review of Paragraph 4.7.1 of Council of Legal Education Human Resource Policy and Procedures Manual, 2020 revealed that appointment on acting basis is a temporary measure pending the substantive filling of the vacant post by either recruitment or resumption of duty by the substantive holder of the post. The appointment shall normally be limited to a continuous period of six (6) months but may be extended for up to another six (6) months by the Appointing Authority. Where the post remains vacant and the Officer appointed to act is still serving therein, then the Appointing Authority shall confirm him in appointment. This is contrary to Section 34(3) of the Public Service Commission Act, 2017 which requires that an Officer may be appointed in an acting capacity for a period of at least thirty (30) days but not exceeding a period of six (6) months.

In the circumstances, there is lack of clarity on which law is to be applied to assess the economy efficiency and effectiveness in the Management of human resources at the Council.

3. Lack of Strategic Plan

Review of the strategic plan revealed that it covered the period ending 30 June, 2023. However, Management did not provide a strategic plan covering period from 1 July, 2023 to 30 June, 2028 contrary to Section 149(2)(h) of Public Finance Management Act, 2012 which provides that in carrying out a responsibility imposed by Sub-Section (1) an Accounting Officer shall prepare estimates of expenditure of the entity in conformity with the strategic plan.

In the circumstances, the Council budget proposal for the financial year 2023/2024 was not anchored on clearly stipulated strategic objectives in a strategic plan to be pursued in its service delivery.

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 in 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 controls, risk management and governance.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 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 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 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 the Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

27 March, 2023



COUNCIL OF LEGAL EDUCATION
Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement of Financial Performance for the year ended 30 June 2023


	Notes	2022-2023 Kshs	2021-2022 Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	171,770,000	177,770,000
		171,770,000	177,770,000
Revenue from exchange transactions			
Rendering of services	7	123,093,588	144,093,066
Finance income	8	15,797,487	1,513,918
		138,891,075	145,606,984
Total revenue		310,661,075	323,376,984
Expenses			
Use of goods and services	9	112,322,997	92,927,471
Employee costs	10	125,257,321	105,444,607
Council Allowances and Expenses	11	13,939,511	16,510,142
Depreciation and amortization expense	12	21,799,924	20,762,291
Repairs and maintenance	13	1,261,222	3,489,320
ICT related costs	14	4,584,691	7,751,278
Examination Expenses	15	67,143,847	76,352,517
Loss on Disposal	16	560,539	-
Total expenses		346,870,052	323,237,626
(deficit)/Surplus for the year		(36,208,977)	139,358
Total (deficit)/Surplus		(36,208,977)	139,358

The notes set out on pages 9 to 44 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:


.....
Ms. Jennifer Gitiri, HSC
Chief Executive Officer
Council of Legal Education


.....
CPA Ednah Kerubo Oyori
Director Corporate
Services
ICPAK M/No: 11607


.....
Prof. Collins Odote
Chairperson
Council of Legal Education



COUNCIL OF LEGAL EDUCATION
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position as at 30 June 2023

	Notes	2022-2023 Kshs	2021-2022 Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17	54,945,586	90,429,094
Receivables from Exchange Transactions	18	1,694,719	2,565,742
Inventories	19	4,775,180	4,677,693
Investments	20	204,905,610	192,914,400
Total Current Assets		266,321,095	290,586,929
Non-Current Assets			
Property, Plant and Equipment	21	50,770,499	73,338,605
Intangible Assets	22	2,378,170	4,569,637
Bar Examination Loan	23	119,000,000	119,000,000
Total Non- Current Assets		172,148,669	196,908,242
Total Assets		438,469,764	487,495,171
Liabilities			
Current Liabilities			
Trade and Other Payables	24	7,678,525	19,118,894
Unutilized Deposits from Customers	25 (a)	20,013,469	16,496,558
Prepaid Fees	25 (b)	2,430,000	-
Current Provision-Audit fees	29	1,200,000	1,800,000
Total Current Liabilities		31,321,994	37,415,452
Non-Current Liabilities		-	-
Total Non- Current Liabilities		-	-
Total Liabilities		31,321,994	37,415,452
Net Assets			
Accumulated Surplus		160,026,677	172,498,296
Revaluation Reserves		38,896,064	79,285,132
Bar examination loan		119,000,000	119,000,000
Asset Replacement		74,972,423	79,296,291
Capital Fund		14,252,606	-
Total Net Assets		407,147,770	450,079,719
Total Net Assets and Liabilities		438,469,764	487,495,171



COUNCIL OF LEGAL EDUCATION
Annual Report and Financial Statements for the year ended June 30, 2023

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

Ms. Jennifer Gitiri, HSC
AG. Chief Executive
Officer
Council of Legal Education

CPA Ednah Kerubo Oyori
Director Corporate
Services

ICPAK M/No: 11607

Prof. Collins Odote
Chairperson
Council of Legal Education

Date: 11/01/2024

Date: 11/1/2024

Date: 11/1/2024



COUNCIL OF LEGAL EDUCATION

Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Changes in Net Assets for the year ended 30 June

2023

Note	Retained Earnings	Revaluation Reserve	Asset Replacement Reserve	Car Loan & Mortgage Reserve	Capital/Development Grants/Funds	Capitalization of bar examination loan	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at 1st July 2021	315,188,185	-	36,931,696	57,093,800	-	80,000,000	489,213,676
Surplus for the period	139,358	-	-	-	-	-	139,358
Surplus Remission to the National Treasury	(11,678,400)	-	-	-	-	-	(11,678,400)
Revaluation Reserve	-	79,285,134	-	-	-	-	79,285,134
Car Examination Loan transfer for FY 2020/2021	(20,000,000)	-	-	-	-	20,000,000	-
Car Examination Loan transfer for FY 2021/2022	(19,000,000)	-	-	-	-	19,000,000	-
Asset Replacement Fund	(42,364,595)	-	42,364,595	-	-	-	-
Prior Year Adjustment	213,754	-	-	-	-	-	213,754
Transfer to Car Loan and Mortgage Scheme	(50,000,000)	-	-	(57,093,800)	-	-	(107,093,800)
Balance at June 30, 2022	172,498,302	79,285,134	79,296,291	-	-	119,000,000	450,079,722
Balance at July 1, 2022	172,498,302	79,285,134	79,296,291	-	-	119,000,000	450,079,722
Surplus for the period	(36,208,977)	-	-	-	-	-	(36,208,977)
Prior Year adjustment to Capitalize Assets	(19,385,403)	-	-	-	19,385,403	-	-
Prior Year adjustment on Depreciation of Revalued Assets	16,614,506	(16,614,506)	-	-	-	-	-
Prior Year adjustment on Depreciation of Capitalized Assets	4,147,786	-	-	-	(4,147,786)	-	-
Prior Year Adjustment on Revaluation of Assets	-	(6,722,980)	-	-	-	-	(6,722,980)
Capitalization of Assets	(4,323,868)	-	-	-	4,323,868	-	-
Depreciation of Capitalized Assets	5,308,879	-	-	-	(5,308,879)	-	-
Depreciation of Revalued Assets	16,491,045	(16,491,045)	-	-	-	-	-
Transfer to Retained Earnings on Disposal	684,000	(684,000)	-	-	-	-	-
Transfer of Depreciation on Disposal of Revalued Assets	(123,461)	123,461	-	-	-	-	-
Asset Replacement Fund	4,323,868	-	(4,323,868)	-	-	-	-
Balance at June 30, 2023	160,026,677	38,896,064	74,972,423	-	14,252,606	119,000,000	407,147,770



COUNCIL OF LEGAL EDUCATION
Annual Report and Financial Statements for the year ended June 30, 2023

17. Statement of Cash Flows for the year ended 30 June 2023

	Note	2022/2023	2021/2022
	s	KShs	KShs
Cash flows from operating activities			
Transfers from other governments entities	6	171,770,000	177,770,000
Rendering of services	7	123,093,588	144,093,066
Finance income	8	15,797,487	1,513,918
Total Receipts		310,661,075	323,376,984
Payments			
Use of goods and services	9	(112,322,997)	(92,927,471)
Employee costs	10	(125,257,321)	(105,444,607)
Board Expenses	11	(13,939,511)	(16,510,142)
Repairs and maintenance	13	(1,261,222)	(3,489,320)
ICT related costs	14	(4,584,691)	(7,751,278)
Examination Related Costs	15	(67,143,847)	(76,352,517)
Total payments		(324,509,589)	(302,475,335)
Working Capital Adjustments			
Decrease/(Increase) in receivables		871,024	(1,410,698)
Decrease/(Increase) in inventory		(97,487)	(45,675)
Transfer to HELB Loan Fund		-	-
Increase/(Decrease) in current liabilities		(6,093,458)	(43,321,855)
Transfer to Car & Mortgage Reserve		-	-
Prior year adjustment		-	213,750
Total working capital Adjustments		(5,319,921)	(44,564,478)
Net cash flows from/ (used in) operating activities		(19,168,436)	(23,662,829)
Cash flows from investing activities			
Increase in purchase of investments (Treasury Bills)	19	(11,991,204)	(192,914,400)
Purchase of PPE	20	(4,323,868)	(100,800)
Purchase of Intangible assets	21	-	(279,055)



COUNCIL OF LEGAL EDUCATION
Annual Report and Financial Statements for the year ended June 30, 2023

Net cash flows used in investing activities		(16,315,072)	(193,294,255)
Cash flows from financing activities			
Transfer to HELB	22	-	(19,000,000)
Transfer to Staff car Loan and Mortgage		-	(107,093,800)
Remission to National Treasury		-	(11,678,400)
Net cash flows from financing Activities		-	(137,772,200)
Net increase/(decrease) in cash & Cash Equivalent		(35,483,508)	(354,729,284)
Cash and cash equivalents at 1 July	16	90,429,094	445,158,378
Cash and cash equivalents at 30 June	16	54,945,586	90,429,094



COUNCIL OF LEGAL EDUCATION
Annual Report and Financial Statements for the year ended June 30, 2023

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
GoK Grants - Recurrent	177,770,000	-	177,770,000	171,770,000	6,000,000	97
Rendering of Services	170,100,000	-	170,100,000	123,093,588	53,126,412	72
Finance Income	-	-	-	15,797,487	(15,797,487)	-100
Total Income	347,870,000	-	347,870,000	310,661,075	37,208,925	
Expenses						
Use of Goods and Services	95,336,617	17,469,035	112,805,652	112,322,997	482,655	100
Employee costs	143,009,383	(17,599,630)	125,409,753	125,257,321	152,432	100
Remuneration of Directors	13,542,000	437,846	13,979,846	13,939,511	40,335	100
Depreciation & amortization	15,000,000	6,799,859	21,799,859	21,799,924	(65)	100
Repairs and Maintenance	1,200,000	279,269	1,479,269	1,261,222	218,047	85
ICT Related Expenses	12,314,000	(7,224,660)	5,089,340	4,584,691	504,649	90
Bar Examination Expenses	67,468,000	(161,719)	67,306,281	67,143,847	162,434	100
Loss on Disposal	-	-	-	560,539	(560,539)	
Total Expenditure	347,870,000	-	347,870,000	346,870,052	999,948	
Surplus/(Deficit) for the period	-	-	-	(36,208,977)		
Capital Expenditure						

Budget notes:

- a. *Foreign Qualification Equation - only sixty-one (61) students sought the Foreign Qualification in the FY. A reallocation was done to reduce the expected collection as the number of qualifications is reducing.*

Budget Reallocation

The budget was revised by the Council when it was advised by the National Treasury and the Parent Ministry of budget reduction and also when it was noted that the number of



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students attempting the ATP examinations would go down and this would affect the collection of the budgeted A-I-A.



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19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Council of Legal Education accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Legal Education Act No. 27 of 2012 Section 28 and the International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</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 their assessment of the amounts, timing and uncertainty of Council's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>



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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between the Council's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(The amended standard will not have a major impact in the financial statement of the Council)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Council 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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Council. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Council's financial performance, financial position and cash flows. <p><i>(This standard will not have any significant impact on the financial statement of the Council given the pension and medical cover have always been reported)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.



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Standard	Effective date and impact:
	<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> <p><i>(This standard will not have any significant impact on the financial statement of the Council)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> ● IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). ● IPSAS 39: Employee Benefits Now deletes the term composite social security benefits as it is no longer defined in IPSAS. ● IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>The amendment will not affect Council's financial statement</i></p>

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of the Council.</p> <p>The new standard requires entities to recognise, measure and present information on right- of- use assets and lease liabilities.</p> <p><i>The amendment will not affect Council's financial statement</i></p>
IPSAS 44: Non-Current Assets Held for Sale and	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p>



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Standard	Effective date and impact:
Discontinued Operations	<p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The amendment will not affect Council's financial statement</i></p>

iii. Early adoption of standards

Council of Legal Education did not early-adopt any new or amended standards in year 2022/2023.



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4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Council of Legal Education recognizes revenues from fees, taxes and fines 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 Council and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Council recognizes revenue from the services it renders 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.



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Interest income

This is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for FY 2022-2023 was approved by the National Assembly. Subsequent revisions and additional appropriations were made to the approved budget in accordance with specific approvals from the Council and The National Treasury and Economic Planning. The additional appropriations are added to the original budget by the Council of Legal Education upon receiving the respective approvals from the Council and The National Treasury and Planning to conclude the final budget. Accordingly, the Council of Legal Education recorded a reduction in the 2022-2023 budget following the National Treasury approval.

Council of Legal Education budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on an 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.

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



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c) Taxes

The Council has been classified as a Service State corporation category 3A and heavily relies on Government funding thus not subject to the provision of section 219(2) of the Public Finance Management Regulations, 2015 under the Public Finance Management Act, 2012.

The Council is an agent for the KRA with the mandate to withhold tax and remit to KRA. The withheld taxes are recognized as current liabilities until paid to the relevant authority.

Current income tax

The assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Council operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

d) Property, plant and equipment

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



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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. The useful life of the intangible assets is assessed as either finite or indefinite

f) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Council of Legal Education does not have any hedge relationships and therefore, the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The Council of Legal Education classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Council of Legal Education management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/



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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless the Council of Legal Education has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Council of Legal Education classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.



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Annual Report and Financial Statements for the year ended June 30, 2023 Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year-end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity is measured at fair value through surplus or deficit. A business model where the Council of Legal Education manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through a surplus or deficit model.

Impairment

The Council of Legal Education assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Council of Legal Education recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

The Council of Legal Education classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

g) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.



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After initial recognition, inventory is measured at the lower 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 of Legal Education.

h) Provisions

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

i) Contingent liabilities

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

j) Contingent assets

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



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k) Nature and purpose of reserves

The Council creates and maintains reserves in terms of specific requirements as below:

- i) Retained Earnings - this is the sum of all accumulated surplus and deficits as at the reporting date
- ii) Asset Replacement Reserve - this represents funds set aside by the Council to help in replacement of assets effected as per the State Corporations ACT Chapter 446 Section 16
- iii) Bar Education Loan 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 to benefit Staff from subsidized loans to assist in ownership of cars and mortgage.

l) Changes in accounting policies and estimates

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.

m) Employee benefits

Retirement benefit plans

The Council provides retirement benefits for its employees and directors.

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 their 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. Currently, the Council contributes monthly 31% gratuity to Zamara Fanaka Retirement Fund for CLE Scale 1 and 2.

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

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.



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n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported on the statement of the financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Related parties

The Council 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, or vice versa. Members of key management are regarded as related parties and comprise the Board of Directors, the CEO and Senior Managers.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at the bank, short-term deposits on call and highly liquid investments with an original maturity of three (3) months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and 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 and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

q) Comparative figures

The comparative figures for the year ended June 30, 2022, are given for ease of reference.

r) 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, 2023.



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Annual Report and Financial Statements for the year ended June 30, 2023

5. Significant Judgments and Sources of Estimation Uncertainty

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. State all judgements, estimates and assumptions made:

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 consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Council. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure



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Annual Report and Financial Statements for the year ended June 30, 2023
required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Provision for depreciation and amortization

The following rates were applied for purposes of providing for the usage of the assets and providing for their replacement.

Motor Vehicles	20%
Plant and equipment	20%
Computers, Computer Accessories and Infrastructure	33.3%
Intangible Assets	33.3%
Furniture, Fittings and equipment	12.5%

Provision for bad debt

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

Notes to the Financial Statements (Continued)

Note 6: Transfers from Other Government entities

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional Grants		
Operational Grant	171,770,000	177,770,000
Total Government Grants and Subsidies	171,770,000	177,770,000

Note 6b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Council Sending the Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognized in capital fund.	Total transfers 2022-2023	Prior year 2021-2022
	KShs	KShs	KShs	KShs	KShs
State Law and Department of Justice	171,770,000	-	-	171,770,000	177,770,000
Total	171,770,000	-	-	171,770,000	177,770,000



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The entire amount recorded above as having been received from the Office of the Attorney General is fully reconciled to the amount recorded by the Ministry.

Note 7: Rendering of Services

Description	2022-2023	2021-2022
	KShs	KShs
Accreditation fees	5,700,000	8,900,000
Equating Foreign qualification	610,000	800,000
Examination	64,995,000	60,269,566
Resits	42,018,588	56,648,500
Remarks	9,720,000	17,475,000
Experiential Learning	50,000	-
Total Revenue from The Rendering of Services	123,093,588	144,093,066

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

Council charges Kshs. 50,000 for experiential learning

Note 8: Finance Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest income from Treasury Bills	15,797,487	1,513,918
Total Finance Income	15,797,487	1,513,918

This is interest receivable from investment in Treasury Bills of the funds invested as at June 30, 2023.



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Note 9: Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Advertising and publicity	2,541,735	3,684,199
Office rent	28,412,430	25,530,009
Strategic Plan Development	4,738,746	-
Newspapers and Journals	535,819	789,123
Printing and Stationery	2,772,438	4,393,713
Cleaning materials and Services	163,620	617,761
Security services	2,068,053	1,832,408
Travel and accommodation	10,156,222	12,843,268
Fuel	2,229,858	1,936,981
Insurance expenses	566,139	937,784
Postage and delivery	58,789	34,230
Telephone and Faxes	3,658,293	1,055,110
Electricity and Electrical items	1,129,386	1,507,100
Professional fees	12,463,669	8,198,716
Official entertainment	2,179,146	702,357
Staff welfare	1,074,732	1,311,715
Training and Development	1,281,755	3,203,293
Conferences and workshops	25,736,291	22,567,943
Bank Charges	516,521	340,021
Audit Fees	600,000	600,000
Staff Uniform	-	560,200
Corporate Communications	2,055,762	-
CSR Activities	-	141,540
Other Taxes, Levies and Penalties	7,383,591	140,000
Total use of Goods and Services	112,322,997	92,927,471

Note 10: Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Basic Salaries	70,553,453	61,754,477
House Allowance	18,004,557	13,675,757
Commuter Allowance	4,999,085	3,915,366



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Leave allowance	1,940,508	1,709,353
Medical Scheme Expenditure	12,256,160	9,630,204
NSSF Employer contribution	176,880	90,600
Pension employer contribution	10,947,035	9,858,459
Gratuity Contribution	4,170,021	3,610,459
Club Subscription	456,236	592,470
WIBA & GPA	1,753,387	607,462
Total Employee costs	125,257,321	105,444,607

Notes to the Financial Statements (Continued)

Note 11: Council Allowances and Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	1,042,000	707,097
Sitting Allowance	3,722,000	3,300,000
Induction and Training	6,692,452	9,367,214
Travel and Accommodation	2,361,768	2,400,718
Other Allowances	121,291	735,113
Total	13,939,511	16,510,142

Note 12: Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	19,515,447	18,477,815
Intangible assets	2,284,477	2,284,476
Total depreciation and amortization	21,799,924	20,762,291

Note 13: Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Building repair & Maintenance	236,870	1,213,819
Plant and equipment repair and maintenance	232,860	806,745
Motor vehicle repair and maintenance	791,492	1,468,756
Total Repairs and Maintenance	1,261,222	3,489,320



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Note 14: ICT Related Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Web Hosting	1,183,200	936,302
Internet and E-mail	3,280,086	3,640,276
Computer Repairs and Maintenance	121,404	1,652,500
Software and hardware maintenance	-	1,522,200
Total ICT costs	4,584,691	7,751,278

Notes to the Financial Statements (Continued)

Note 15: Examinations Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Hire of Examination Administration Centres	4,472,490	8,359,857
Exam Setting & Moderation	7,145,521	3,525,651
Exam Marking, Moderation & Checking	14,989,735	17,342,463
Exam Marking Centres	25,293,364	31,373,110
Examination Invigilation	7,166,151	7,034,023
Examination Printing	646,238	806,200
Exam Answer Booklets	701,948	949,067
Projects and Oral Examination	6,728,400	6,962,146
Total Examinations costs	67,143,847	76,352,517

Note 16: Loss on Disposal

Description	2022-2023	2021-2022
	Kshs	Kshs
Loss on disposal of asset	560,539	-
Total loss on disposal	560,539	-

The loss on disposal was realized as as assets were disposed in the year

Note 17 (a): Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current account	54,945,586	90,370,447
Cash in hand	-	58,647



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Total Cash and Cash Equivalents	54,945,586	90,429,094
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Note 17 (b): Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
National Bank of Kenya- Payment	01023033161101	4,700,008	89,394,269
National Bank of Kenya- Revenue	01023033161100	534,401	976,178
Kenya Commercial Bank - Payment	1305654781	49,711,177	-
Sub- Total		54,945,586	90,370,447
b) Others (Specify)			
Cash In Hand		-	58,647
Sub- Total		-	58,647
Grand Total		54,945,586	90,429,094

Note 18: Receivables from Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Receivables		
Accounts Receivable	1,032,417	1,871,334
Prepayments	408,784	644,408
Staff Advances	-	50,000
Other Receivables	253,518	-
Total Current Receivables	1,694,719	2,565,742

Ageing Analysis- Receivables	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,362,302	80.4%	2,422,075	94.4%
Between 1-2 years	188,750	11.1%	-	%
Over 3 years	143,667	8.5%	143,667	5.6%
Total	1,694,719	100%	2,565,742	100%



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Note 19: Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable stores	4,775,180	4,677,693
Total inventories	4,775,180	4,677,693

The Council inventories is broken down as below;

Description	2022-2023	2021-2022
	Kshs	Kshs
General Stationery	3,763,454	4,162,274
Cleaning Materials	240,778	147,219
Examination Booklets	668,500	302,380
Beverages	53,248	16,620
Electrical Items	49,200	49,200
Total inventories	4,775,180	4,677,693

Note 20: Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
a) Investment in Treasury bills and bonds		
Central Bank of Kenya	204,905,610	192,914,400
Total Investments	204,905,610	192,914,400



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Note 21: Property, Plant and Equipment

	Furniture, Fittings & fixture	Motor Vehicle	Plant and equipment	Computer equipment	Work in Progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2021	54,458,428	40,948,162	24,651,834	28,325,733	6,425,060	154,809,217
Net Book Values	9,260,074	-	2,736,491	582,994	6,425,060	19,004,619
Revaluation Surplus	31,167,694	19,950,000	4,948,711	23,069,656	-	79,136,061
Additions	83,800	-	17,000	-	-	100,800
Transfer to Intangibles	-	-	-	-	(6,425,060)	(6,425,060)
As At 30th June 2022	40,511,568	19,950,000	7,702,202	23,652,650	-	91,816,420
At 1 July 2022	40,511,568	19,950,000	7,702,202	23,652,650	-	91,816,420
Additions	1,092,500	-	393,728	2,837,640	-	4,323,868
Disposals	(480,000)	-	(34,000)	(170,000)	-	(684,000)
As At 30th June 2023	41,124,068	19,950,000	8,061,930	26,320,290	-	95,456,288
Depreciation and Impairment						
As At 1 July 2021	45,198,353	13,455,314	10,303,460	1,372,615	-	70,329,742
Depreciation	5,063,946	3,990,000	1,540,440	7,883,429	-	18,477,815
Accumulated Depreciation	(45,198,353)	(13,455,314)	(10,303,460)	(1,372,615)	-	(70,329,742)
As At 30th June 2022	5,063,946	3,990,000	1,540,440	7,883,429	-	18,477,815
As At 1 July 2022	5,063,946	3,990,000	1,540,440	7,883,429	-	18,477,815
Depreciation	5,140,508	3,990,000	1,612,386	8,772,553	-	19,515,447
Reversal of Accumulated Depreciation	(60,000)	-	(6,800)	(56,661)	-	(123,461)
As At 30th June 2023	10,144,454	7,980,000	3,146,026	16,599,321	-	37,869,801
Net Book Values						
As At 30 th June 2022	35,447,622	15,960,000	6,161,762	15,769,222	-	73,338,605
As At 30th June 2023	30,979,613	11,970,000	4,915,904	9,720,969	-	57,586,487



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	Furniture, Fittings & fixture	Motor Vehicle	Plant and equipment	Computer equipment	Work in Progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Prior Year Adjustments on Revaluation of Assets	1,280,241	(1,298,937)	893,587	(7,690,879)	-	(6,815,988)
Adjusted Net Book Values as at 30 th June 2023	32,259,854	10,671,063	5,809,491	2,030,090	-	50,770,499

Note 22: Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
As At 1 July 2022	6,854,115	150,000
Accumulated Depreciation	-	(149,071)
Net Book value	-	929
Transfer from PPE	-	6,425,060
Additions	-	279,055
As at 30 June 2023	6,854,115	6,854,115
Amortization and impairment		
As at 1 st July 2021	2,284,477	-
Amortization	2,284,477	2,284,477
As at 30 June 2023	4,568,954	2,284,477
Impairment loss	-	-
NBV	2,285,161	4,569,638
Prior Year Adjustments on Revaluation of Assets	93,008	-
Adjusted Net Book Values as at 30th June 2023	2,378,170	-

Note 23: Bar Examination Loan Transfer

Description	2022-2023	2021-2022
	Kshs	Kshs
Opening Balance	119,000,000	100,000,000
Additions	-	19,000,000



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Total Bar Examination Loan Transfer	119,000,000	119,000,000
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Council of Legal Education partnered with Higher Education Loans Board to establish Bar Examination Loans to provide loans to candidates undertaking the ATP Examination. HELB administers the loan on behalf of CLE to ATP needy students.

Note 24: Trade and Other Payables

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	5,951,637	10,553,320
Other payables	1,726,943	1,154,974
Provision for ATP Exam Administration	0	7,410,600
Total trade and other payables	7,678,580	19,118,894

Ageing Analysis- Trade and Other Payables	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	4,702,727	61.5%	6,510,849	%
Between 1-2 years	2,957,853	38.5%	12,608,045	%
Over 3 years	-	%	-	%
Total	7,678,580	100%	19,118,894	%

Note 25 (a): Unutilized Deposits

Description	2022-2023	2021-2022
	Kshs	Kshs
Students' deposits	20,013,469	16,496,558
Total Deposits	20,013,469	16,496,558

Ageing Analysis- Unutilized Deposits	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	9,996,115.26	49.9%	13,919,790.70	84.4%
Between 1-2 years	8,860,142.44	44.3%	-	%



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Over 3 years	1,157,211.30	5.8%	2,576,767.30	15.6%
Total	20,013,469.00	100%	16,496,558.00	100%

The Refundable Deposits are credits in the students portal that is yet to be utilized by the Student registering to sit the examination, it is only recognized as a revenue upon the Student registration to sit the exams.

Note 25 (b): Prepaid Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Exam Fee Received in advance	2,430,000	-
Total Prepaid Fees	2,430,000	-

The Prepaid fees are as a result of Students who sat the March 2023 ATP Examination series seeking for their papers to be remarked. The activity is scheduled for July 2023.

Note 26: Employee Benefit Obligation

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

The Council also makes contributions to the statutory defined contribution scheme, National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The Councils' obligations under the Scheme are limited to specific contributions legislated from time to time, which are currently at Kshs. 1,080 per employee per month.

The total pension expense is recognized in the income statement of KShs. 10.9 million represents contributions paid to the plan by the Council at a 20% rate of the basic salaries. Employees contribute 10% of their basic salary. The employee contribution has been included in the employee costs. Currently, the Council contributes a monthly 31% gratuity amounting to Kshs. 4.2 million to Zamara Fanaka Retirement Fund for CLE Scale 1 and 2.



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CLE Scale 2 staff are also contributing voluntarily to the fund at the rate of 10% of the basic salary.

The table below outlines the amount remitted to the fund since inception and the payment of gratuity since April 2021. This has been done up to the end of 30th June 2023.

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
8	2020/2021	10,917,707	5,458,853	16,376,561
9	2021/2022	9,858,459	4,929,229	14,787,688.
10	2022/2023	10,947,035	5,473,518	16,420,553
Totals		95,764,152	47,882,076	143,646,229

Gratuity

No	Financial Year	Employer	Total
1	2020/2021	572,880	572,880
2	2021/2022	3,610,459	3,610,459
3	2022/2023	4,170,021	4,170,021
Totals		8,353,360	8,353,360

Note 27: Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, 2015, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

Note 28: Cash Generated from Operations

	2022-2023	2021-2022
	Kshs	Kshs
Surplus/(Deficit) for the year before tax	(36,208,977)	139,358
Adjusted for:		
Depreciation	21,799,924	20,762,291
Working Capital Adjustments:		
Increase in inventory	(97,487)	(45,675)



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	2022-2023	2021-2022
	Kshs	Kshs
Increase in Receivables	871,024	(1,410,697)
Decrease in Payables	(6,093,458)	(43,321,855)
Prior Year Adjustments	-	213,750
Net Cash flow from Operating Activities	(19,728,974)	(23,662,829)

Note 29: Provision for Audit fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Bal b/f fees	1,800,000	1,200,000
Paid in the year	(1,200,000)	-
Audit fee for the year	600,000	600,000
Provision for Audit Fees	1,200,000	1,800,000

This is the provision for audit fees for 2021/2022 and 2022/2023.

Note 30: Revaluation Reserve

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve b/f	79,285,133	79,285,133
Prior year adjustment on depreciation of Revalued Assets	(16,614,506)	-
Depreciation of Revalued Assets	(16,491,045)	-
Transfer of Depreciation to Retained Earnings on Disposal	123,461	-
Assets disposed in the year	(684,000)	-
Prior Year Adjustment for the Revalued Asset	(6,722,980)	-
Total	38,896,064	79,285,133

There was a revaluation of assets in 2020/2021 resulting in a revaluation surplus of Kshs 69,554,621. Asset amounting to Kshs. 684,000.00 were disposed off during the year.



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Note 31: Asset replacement reserve

Description	2022-2023	2021-2022
	Kshs	Kshs
Asset replacement reserve b/f	79,296,291	79,296,291
Assets purchased in the year	(4,323,868)	-
Total at end	74,972,418	79,296,291

An asset replacement reserve was created in 2020/2021 for the provision for the renewal of depreciating assets. This reserve is used to replace assets purchased in the year.

Note 32: Car and Mortgage Reserve

Description	2022-2023	2021-2022
	Kshs	Kshs
Car and Mortgage Reserve	-	57,093,800
Additional transfers	-	50,000,000
Total Car and Mortgage Reserve	-	107,093,800

Council has a staff Car Loan and Mortgage Scheme; the fund became operational in the FY 2021/2022.

Note 33: Prior Year Adjustment

Description	2022-2023	2021-2022
	Kshs	Kshs
Prior year adjustment	-	213,750
Total	-	213,750

Prior year adjustment is taskforce allowance paid in 2018/2019 to three staff members that were previously CLE employees. This amount is to be recovered from the staff in 2021/2022 going forward.

34. Financial Risk Management

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



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The Council's financial risk management objectives and policies are detailed below:

i) Credit risk

The Council has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessments in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Council's management based on prior experience and their assessment of the current economic environment.

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2023				
Receivables from exchange transactions	1,698,039	1,698,039	-	-
Receivables from non-exchange transactions	119,000,000	119,000,000	-	-
Bank balances	54,945,586	54,945,586	-	-
Total	175,643,625	175,643,625	-	-
As at 30 June 2022				
Receivables from exchange transactions	2,428,735	2,428,735	-	-
Receivables from non-exchange transactions	119,000,000	119,000,000	-	-
Bank balances	90,429,094	90,429,094	-	-
Total	211,857,829	211,857,829	-	-



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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Council has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. CLE has a significant concentration of credit risk. The Council sets the CLE's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.



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Notes to the Financial Statements (Continued)

ii) Liquidity risk management

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

The table below represents cash flows payable by the Council 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 twelve (12) months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2023				
Trade payables	3,299,633	-	2,652,004	5,951,637
Current portion of borrowings	-	-	-	-
Provisions	600,000	-	600,000	1,200,000
Deferred income	2,430,000	-	-	2,430,000
Employee benefit obligation	-	-	-	-
Total	6,329,633	-	3,252,004	9,581,637
As at 30 June 2022				
Trade payables	10,553,320	-	-	10,553,320
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	10,553,320	-	-	10,553,320



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iii) Market risk

The Council has put in place an internal audit function to assist it in assessing the risk faced by the Council 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 rates, equity prices and foreign exchange rates which will affect the CLE'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. The CLE's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to CLE's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Council has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after thirty (30) days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Council manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

This is the risk that CLE's financial condition may be adversely affected as a result of changes in interest rate levels. CLE's interest rate risk arises from bank deposits. These expose CLE to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the CLE's deposits.



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Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

iv) Capital Risk Management

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

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	45,619,044	45,619,044
Retained Earnings	159,264,251	159,264,251
Capital Reserve	-	-
Total Funds	204,883,295	204,883,295
Total Borrowings		-
Less: Cash And Bank Balances	(54,945,586)	(90,429,094)
Net Debt/(Excess Cash And Cash Equivalents)	(54,945,586)	(90,429,094)
Gearing	0%	0%

35. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the CLE include those parties who have the ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.



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Annual Report and Financial Statements for the year ended June 30, 2023 Notes to the Financial Statements (Continued) Government of Kenya

The Government of Kenya is the principal shareholder of the CLE, holding 100% of the CLE's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Council, both domestic and external.

Other related parties include

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

	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Grants /transfers from the government		
Transfers from State Law Office and Department of Justice	171,770,000	177,770,000
Total	171,770,000	177,770,000
b) Key management compensation		
Directors' emoluments	13,947,511	18,507,957
Compensation to key management	38,602,288	22,627,319.85
Total	52,549,799	41,135,276.85

36. Contingent Assets and Contingent Liabilities

Contingent Liabilities

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

37. Events after the Reporting Period

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

38. Ultimate and Holding Council

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.



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39. Currency

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



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40. Appendix

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Adverse Opinion	<p>1. Inaccuracies in Property, Plant and Equipment</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs.73,338,605. Review of the assets movement schedule in Note 18 to the financial statements, and other supporting documents including an assets revaluation report and register revealed the following inaccuracies and anomalies:</p> <p>i. Note 18 reflects total revaluation costs of assets of Kshs.79,136,061 described as revaluation surplus. However, a report of a valuer engaged to revalue the Council's assets fixed assets as 30 June, 2020 reflects a value of Kshs.87,955,900 resulting in unexplained and unreconciled variance of Kshs.8,819,839.</p>	<p>i. The Council has done a prior year adjustment to recognize the Revaluation figures as approved in the FY 2020/2021.</p> <p>ii. The minutes approving the revaluation was made available to the Auditors.</p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>ii. The statement of changes in net assets reflects a revaluation surplus of Kshs.79,285,134 arising from an increase in value of assets due to revaluation. However, the net book value of the assets assessed for revaluation in June, 2020 was Kshs.28,736,059, which when compared to the revaluation value of Kshs.87,955,900, results in a revaluation reserve of Kshs.59,219,841. The variance of Kshs.20,065,293 was not explained or reconciled.</p> <p>iii. The assets of the Council were assessed for revaluation in June 2020 followed by the revaluation exercise. A report of the independent valuer was issued on 17 December, 2020 with the new values taking effect on 30 June, 2021. However, the financial statements for the year ended 30 June, 2021 reflected the old asset values. The new values were reflected in the financial statements for the year under review without restating the prior year balances which they related to, in accordance with the</p>			



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>International Public Sector Accounting Standard (IPSAS) 8 - Accounting Policies, Changes in Accounting Estimates and Errors.</p> <p>iv. Note 18 to the financial statements reflects prior year asset additions of Kshs.3,026,718. However, the assets were not included in the financial statements for the year under review when the revaluation balances were reported. As a result, the entire value of those assets and associated depreciation were excluded from the financial statements.</p> <p>v. Management did not provide for audit review signed minutes of Board of Directors approving the adoption of revaluation report in the financial statements.</p> <p>In the circumstances, the accuracy of property, plant and equipment balance of Kshs.73,338,605 as at 30 June, 2022 could not be confirmed.</p>			



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>2. Unsupported Asset Replacement Reserve</p> <p>The statement of financial position reflects assets replacement reserve of Kshs.79,296,291. As disclosed in Note 26 of the financial statements, the reserve was created during 2020/2021 for purposes of renewal of depreciating assets. However, there was no Board of Directors' approval for assets replacement reserve provided for audit. Further, a breakdown of the balance was not provided for audit review.</p> <p>In the circumstances, the accuracy and validity of the assets replacement reserve of Kshs.79,296,291 as at 30 June, 2022 could not be confirmed.</p>	<p>As per the State Corporation Act 446 Part IV No. 16 Renewal of depreciating assets etc., and disposal of surplus funds that states inter alia "every state corporation shall make provisions for the renewal of depreciating assets by the establishment of sinking funds for contribution to such reserve and stabilization funds as maybe required".</p> <p>Council created an asset replacement fund for renewal of depreciating assets. Board resolutions on the fund was communicated to the Auditor.</p>		
	<p>3. Incomplete Enterprise Resource Planning (ERP) System</p>	<p>A Completion Certificate together with the Inspection and Acceptance Committee report was availed to the Auditors.</p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statement of financial position reflects intangible assets valued at Kshs.4,569,637. The amount includes an Enterprise Resource Planning (ERP) software supplied during 2020/2021 financial year. As previously reported, the Council contracted a local company for supply, installation, and testing of an ERP software at a contract price of Kshs.6,425,060 for a period of twelve (12) months commencing 13 January, 2020. As at the time of the audit, in February, 2023, the contractor had been paid in full, the costs transferred from work in progress to intangible assets and amortization charged despite the project completion being at 97%. In addition, the Management did not provide a certificate of completion, inspection and acceptance committee report for the software. Further, Kshs.496,702 was paid for renewal of the</p>			



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>ERP license during the year under review when the system was not fully operational.</p> <p>In the circumstances, the accuracy of intangible assets value of Kshs.4,569,637 and value for money paid for the ERP could not be confirmed.</p>			
	<p>4. Lack of a Corporate Secretary</p> <p>During the year under review, the Council did not have a Corporation Secretary as required by Section 1.20 of Mwangonzo, the Code of Governance for State Corporations. In addition, review of the Council's staff establishment revealed one position of corporation secretary and director legal services. Further, as at 30 June, 2022, the position had not been filled.</p> <p>In addition, Council had in position a senior legal officer. However, a total of Kshs.1,008,960 was incurred as legal and</p>	<p>Council is in the process of building capacity of its establishment to fill technical capacity. A board paper has been presented on the road map of recruitment and human resources instruments which upon approval by PSC will be submitted to Head of Public Service and National Treasury for approval to recruit.</p> <p>The Senior Legal Officer officially reported to work 3rd October 2022. Before the position was filled a number of cases in court needed to be defended and therefore Council had to seek the services of external</p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																		
	<p>professional fees paid to private legal practitioners for services that fell within the job description of the senior legal officer.</p> <p>In the circumstances, Management is in breach of Government policies and guidelines</p>	<p>counsel which was approved by the Attorney General to address the matter. In addition, the amounts also include costs and damages awarded to other parties against the Council in a court judgment as below.</p> <p>Annex 8</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Matter</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Well told Story</td> <td>Damages</td> <td>715,992</td> </tr> <tr> <td>Magee Law LLP</td> <td>Court Award for petition</td> <td>489,649</td> </tr> <tr> <td>Magee Law LLP (Betabase Auctioneers</td> <td>Auctioneers' fees for petition</td> <td>232,789</td> </tr> <tr> <td>Nzaku & Nzaku Co.</td> <td>General Damages</td> <td>727,272</td> </tr> <tr> <td>B.M Musau & Co.</td> <td>Professional Service</td> <td>47,623</td> </tr> </tbody> </table>	Name	Matter	Amount	Well told Story	Damages	715,992	Magee Law LLP	Court Award for petition	489,649	Magee Law LLP (Betabase Auctioneers	Auctioneers' fees for petition	232,789	Nzaku & Nzaku Co.	General Damages	727,272	B.M Musau & Co.	Professional Service	47,623		
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B.M Musau & Co.	Professional Service	47,623																				
	<p>5. Failure to Implement Recommendations of a Governance Oversight Body</p>	<p>The Council engaged the Public Service Commission (PSC) to review the HR Instruments as per the attached letter. The</p>																				



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The Council Management sought advice from State Corporation Advisory Committee (SCAC) on 8 March, 2021 regarding payment of acting allowances for more than six months for the position of personal assistant to the Council Secretary. SCAC in its response dated 9 June, 2021 advised the Council to review its organizational structure to separate the two directorates for standards, licensing and compliance and resubmit its revised Human Resource Instruments for review prior to filling of the vacant positions. However, Management did not provide evidence of resubmission of the instruments for review as advised by SCAC despite filling the vacant positions.</p> <p>In the circumstances, Management was in breach of recommendations of oversight bodies.</p>	<p><i>process of reviewing the instruments is ongoing. The instruments will then be submitted to PSC for approval.</i></p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>6. Advertisement for Goods and Services</p> <p>The statement of financial performance and as disclosed in Note 7 to the financial statements reflects expenditure on use of goods and services amounting to Kshs.92,927,471. However, review of documents in support of the expenditure revealed that the Management did not advertise for pre-qualification bids for goods and services on time as required by Section 93 of the Public Procurement and Asset Disposal Act, 2015. Review of procurement records provided for audit review revealed that Management advertised for pre-qualification bids for the financial year 2021-2022 on 22 February, 2022 and the list of pre-qualified suppliers was approved on 15 June, 2022 and became effective the same day.</p>	<p><i>Management continued with continuous registration of suppliers and updated list was generated to be used for the remainder of the financial year as we awaited the finalization of the advertised registration of new suppliers for the financial year 2021/2022.</i></p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	In the circumstances, Management was in breach of the law.			
	<p>7. Unsigned Tender Opening and Evaluation Minutes</p> <p>Review of procurement records revealed that Tender Evaluation Committee minutes in respect of various items procured during the year under review were not signed and initialed on each page by Members of the Committee as provided for in Section 80(7) of the Public Procurement and Asset Disposal Act, 2015 which states that the evaluation report shall be signed by each Member of Evaluation Committee. In addition, tender opening minutes and evaluation reports were not provided for audit verification.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p><i>Management continues to ensure that minutes are signed by each member of the evaluation committee.</i></p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	8. Irregular Board Committees Membership Review of records of the Board and Board Committees meetings revealed that two (2) Members sat in three (3) and four (4) Committees respectively contrary to the provisions of the Head of Public Service circular Ref. OP/CAB.9/1A dated 11 March, 2020 which provides that Board Members can only sit in a maximum of two (2) Committees	<i>The Council shall consist of 9 members as stated in The Legal Education Act No. 27 of 2012. At the moment Council has 7 members as we await Law Society of Kenya to send their representative. Council has followed up with LSK on the same and written to the Attorney General requesting the appointment of the 2nd LSK representative to the Council to resolve the issue of quorum.</i>		
	9. Gazettement of Board of Directors Review of the Council membership and meeting records revealed that three (3) Board Members attended and participated in Board meetings and deliberations before they were gazetted as required in Section 1.1 Sub-section 11 of Mwongozo, the Code	As guided by Attorney General on this matter, it is not a requirement to gazette alternate Board Members but on the appointed Board Members. The communication from the Attorney General was made available to the Auditors.		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>for State Corporations on appointment, composition and size of the Board, which provides that each Board Member shall be formally appointed to the Board through a Gazette Notice and thereafter an appointment letter.</p> <p>In the circumstances, the Board was in breach of Government Policies and guidelines.</p>			
	<p>10. Inadequate Staffing</p> <p>As previously reported, review of staff establishment revealed that the Council had thirty-nine (39) employees as at 30 June, 2022 against an establishment of sixty-five (65) employees resulting in a deficit of twenty-six (26) personnel.</p> <p>In the circumstances, adequacy of segregation of duties and effective service</p>	<p>The Council sought approval from National Treasury to recruit in phases and the National Treasury granted Council the approval to recruit in phases. Due to budgetary constraints, Council has not been able to fill all the positions. Council is following up on budgetary allocation to recruit Phase II.</p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>for State Corporations on appointment, composition and size of the Board, which provides that each Board Member shall be formally appointed to the Board through a Gazette Notice and thereafter an appointment letter.</p> <p>In the circumstances, the Board was in breach of Government Policies and guidelines.</p>			
	<p>10. Inadequate Staffing</p> <p>As previously reported, review of staff establishment revealed that the Council had thirty-nine (39) employees as at 30 June, 2022 against an establishment of sixty-five (65) employees resulting in a deficit of twenty-six (26) personnel.</p> <p>In the circumstances, adequacy of segregation of duties and effective service</p>	<p>The Council sought approval from National Treasury to recruit in phases and the National Treasury granted Council the approval to recruit in phases. Due to budgetary constraints, Council has not been able to fill all the positions. Council is following up on budgetary allocation to recruit Phase II.</p>		



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	delivery to the stakeholders could not be confirmed.			


.....

Ms. Jennifer Gitiri, HSC

Ag. Chief Executive Officer

Date.....



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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Law Office and Department of Justice		Recurrent							
	17/08/2022	44,442,500	44,442,500	44,442,500	-	-	-	-	44,442,500
	01/10/2022	44,442,500	44,442,500	44,442,500	-	-	-	-	44,442,500
	30/01/2023	44,442,500	44,442,500	44,442,500	-	-	-	-	44,442,500
	26/04/2022	38,442,500	38,442,500	38,442,500	-	-	-	-	38,442,500
Total		171,770,000	171,770,000	171,770,000	-	-	-	-	171,770,000



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Appendix V- Inter-Council Confirmation Letter



Council of Legal Education
P.O. Box 829-00502
Karen Office Park Acacia Block 2nd Floor
Langata Road
NAIROBI, KENYA

The Council of Legal Education wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Council] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by State Law Office and Department of Justice (KShs) as at 30th June 2023				Amount Received by Council of Legal Education (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D -E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	17/08/2022	44,442,500	-	-	44,442,500	44,442,500	-
	01/10/2022	44,442,500	-	-	44,442,500	44,442,500	-
	30/01/2023	44,442,500	-	-	44,442,500	44,442,500	-
	26/04/2022	38,442,500	-	-	38,442,500	38,442,500	-
Total		171,770,000	-	-	171,770,000	171,770,000	-

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Council:

Name SignDate



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Appendix VI: Reporting of Climate Relevant Expenditures

Council of Legal Education Headquarters
Telephone: (254) 20 6980100
E: mail: info@cle.or.ke
Ms. Jennifer Gitiri, HSC

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities					Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

The Council did not have any expenditure to report under this category during the financial year 2022/2023.



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Appendix VII: Disaster Expenditure Reporting Template

Date: 30 June 2023

Council of Legal education

Period to which this report refers (FY)	Year			Quarter		
Name of Reporting Officer	Ms. Jennifer Gitiri, HSC					
Contact details of the reporting officer:	Email; info@cle.or.ke			Telephone		
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

The Council did not have any expenditure to report under this category during the financial year 2022/2023.



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