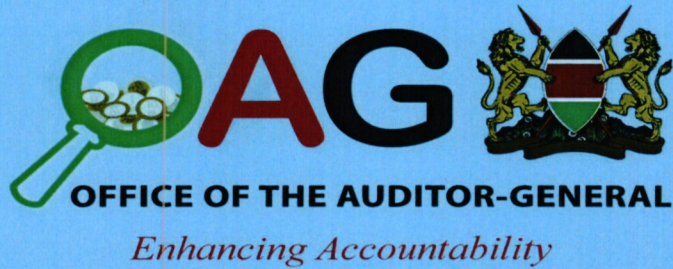


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 AUG 2021	DAY: Wednesday
TABLED BY:	Majoury Whip
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PARLIAMENT
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ON

**CHILD WELFARE SOCIETY
OF KENYA**

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



CHILD WELFARE SOCIETY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING JUNE 30, 2019



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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Child Welfare Society of Kenya is a membership Society under the Society's Act, with an irrevocable Trust for the care, protection, welfare and adoption of children. It is the National Adoption Society for Kenya and the national emergency response, welfare and rescue organization for children. The Society is a body corporate, established and gazetted in 1955 as an approved society Gazette Notice No. 1768 of 27/12/1955, an exempt society gazette notice 1536 of 04/11/1955, Certificate of Exemption number 455 and the adoption society for Kenya, Gazette Notice No. 1356 of 28/04/1969. It is an exempt society with permanent trustees of public nature, with an irrevocable Trust of 1970. The entity is domiciled in Kenya and has fifteen Temporary Places of Safety (TPS) countrywide.i.e. CWSK Mama Ngina Kenyatta, CWSK Mji wa Salama, CWSK Kisii, CWSK Kanduyi, CWSK Arap Moi, CWSK foster families and group homes, CWSK Nanyuki, CWSK Embu, CWSK Isiolo and CWSK Murang'a.

(b) Principal Activities

- 1.To respond to all emergencies affecting children in Kenya and rescue children in emergency situations.
- 2.To rescue, receive and provide care to children in need of care and protection.
- 3.To provide family tracing and re unification services for separated children.
- 4.To facilitate alternative family care (adoption, foster care and guardianship) of children.
- 5.To strengthen, rehabilitate and empower families to promote quality care of children.
- 6.To provide education, vocational skills to vulnerable children and young persons.
- 7.To build the capacity of duty bearers, right holders and provide institutional strengthening in order to effectively ensure the welfare of children.
- 8.To provide quality temporary care to rescued children by upgrading/establishing temporary places of safety including child care facilities, group homes, foster care homes, child rescue centres, child protection units as may be considered necessary and in the best interest of the child.
- 9.To ensure care and protection for Orphans and Vulnerable children without families through facilitating or /and providing shelter, education health food and nutrition.

Vision

All children and vulnerable young person's leading a happy fulfilling and fruitful life.

Mission

'To promote and secure the rights of children and vulnerable young persons in order for them to realize their full potential.'

Core Values

- *Innovative*
- *Customer focused*
- *Knowledge driven*

Strategic Objectives

The objective and purpose of CWSK under the irrevocable Trust of the 1970 is “to provide a legal and institutional framework for the care, control, protection, welfare and adoption of children through the establishment of the Child Welfare Society of Kenya”.

CWSK is an exempt Society; it is a special vehicle of the Government to deliver its mandate for the welfare, relief and emergency response for children. Its target group includes children and infants. According to the nature of work, we focus on the best interests of the child, which is of paramount importance and consideration as guided by the Constitution Article 53 (2) “*A child's best interests are of paramount importance in every matter concerning the child*”.

Children Act (4) “*In all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration*”

In view of the above, the strategic objectives of CWSK are to:

1. Respond to all emergencies affecting children in Kenya and rescue children in emergency situations;
2. Rescue receive and provide care to children in need of care and protection;
3. Provide family tracing and re unification services for separated children;
4. Facilitate alternative family care (foster care, guardianship and adoption) of children;
5. Strengthen, rehabilitate and empower families including facilitation of decent housing to families providing care to vulnerable children to prevent separation and promote quality care to children;
6. Facilitate education, vocational skills to vulnerable and hard to reach children and young persons;
7. Build the capacity of duty bearers, right holders and provide institutional strengthening in order to effectively ensure the welfare of children;
8. Provide quality temporary care to rescued children by upgrading/establishing temporary places of safety including child care facilities, group homes, foster care homes, child rescue centres, child protection units as may be considered necessary and in the best interest of child; and
9. Ensure care and protection for Orphans and Vulnerable Children (OVC) without families through facilitating or /and providing shelter, education, health, food and nutrition.

(c) Child Welfare Society of Kenya Structure

The Society's day-to-day management is under the following key organ:

- Board of Trustees
- National Council
- Board of Directors
- CEO/Managing Trustee
- Secretariate

(d) Fiduciary Management

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

No.	Designation	Name
1.	CEO	Irene Mureithi
2.	Head of Finance	Charles Maina
3.	Development projects	Peter Githinji
4.	Internal Audit	Cynthia Nderitu
5.	Information Communication and Technology	Geoffrey Yegon
6.	Education and Skills Development	Jerusha Chepsat

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Entity Headquarters

Child Welfare Society of Kenya
P.O. Box 43982-00100
Child Welfare Building
Langata Road
Nairobi, KENYA

(f) Entity Contacts

Telephone:(020) 6003301/6006391 (254) 0726298921
E-mail:cwsktoto@childwelfaremail.co.ke
Website: www.childwelfarekenya.org

(g) Entity Bankers

1. Equity Bank Limited
P O Box 43982-00100
Nairobi, Kenya
2. Sidian Bank Limited
P O Box 25363-00603
Nairobi, Kenya
3. Bank of Africa Groupe BMCE Bank
P O Box 43982
Nakuru, Kenya
4. Bank of Baroda
P O Box 30033-00100
Nairobi
5. Barclays Bank Limited
P O Box 27518-00506
Nairobi, Kenya
6. Cooperative Bank Limited
P O Box 48231-00100
Nairobi
7. Diamond Trust Bank
P O Box 61711-00200
Nairobi
8. National Bank of Kenya Limited
P O Box 578-80100

- Mombasa, Kenya
9. Standard Chartered Limited
P O Box 90170-80100
Mombasa, Kenya

 10. Kenya Commercial Bank of Kenya
P O Box 48400-00100
Bungoma, Kenya

 11. Family Bank of Kenya
P O Box 74145-00200
Nairobi

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

Rapando & Odunga Advocates
Hospital Road Off Ngong Road
Fortis Suites.
P.O. Box 25390
City Square 00100
Nairobi, Kenya

2. THE BOARD OF TRUSTEES

1. Joseph Gitau, HSC



Mr. Gitau is the Chairman of the CWSK Board of Trustees. He holds a Master of Arts (MA) Degree in Sociology (with emphasis in Criminology, Justice, Administration, Probation and Parole), Fordham University, New York, USA. He was a director of Probation and After Care Services. Among other achievements, Mr. Gitau has been a lecturer at Egerton University and Muranga University, he also taught at the Kenya Institute of Administration and was awarded the Head of State Commendation (HSC). He is also an expert in forensic Science. Mr. Gitau is a Life Member of Child Welfare Society of Kenya.

2. Hon. Senator Nathan Munoko



Hon. Munoko has been a Trustee of Child Welfare Society of Kenya (CWSK) from 1982 to date. He previously served as a member and Treasurer of CWSK Bungoma Branch. He was the Minister for Public Works from 1975 to 1979 and an Assistant Minister in three Ministries namely Co-operatives and Social Services, Local Government and Agriculture. He has served on various Commissions and in various sectors including the political, government, administrative and education sectors.

3. Joseph Gichuru



Mr. Joseph Gichuru is a Trustee of Child Welfare Society of Kenya and was previously the National Chairman and Nakuru Branch Chairman in Child Welfare Society of Kenya. He is also a Life Governor of Agricultural Society of Kenya.

Previously, he served as Agricultural Society of Kenya Nakuru Branch Chairman, National Council Member of Agricultural Society of Kenya, Chairman of the Editorial Board, Kenya Farmers Magazine and Chairman of the Board of Trustees, Rift Valley Provincial General Hospital, among others.

4. Mrs Haida Bruno



Mrs. Bruno is a Member of the CWSK Board of Trustees. She is a trained Social Worker who has a special passion to provide child care services to needy children. She has volunteered in assisting vulnerable and needy children in Mombasa County as a member of Child Welfare Society of Kenya, Mombasa Branch.

Mrs. Bruno has been a vice chairperson at CWSK Board of Directors. She also previously served as a National treasurer for NCKK and Board of Directors for East African Venture NCKK.

Mrs. Bruno is currently the chairlady of Coast Women Council of Clergy.

5. Nelson Marwa




Mr. Nelson Marwa Sospeter, EBS- Principal Secretary, State Department of Social Protection, Ministry of Labour and Social Protection. Mr. Marwa oversees the design and implementation of policy reforms in Child Protection, Older Persons and Persons with Disability Sector. He provides strategic leadership in the design and execution of innovative programmes that strengthen service delivery to the vulnerable people in the communities across the country.

6. Irene Mureithi






Irene is the Chief Executive Officer of Child Welfare Society of Kenya. A professional in Social work. She was the **Joint Secretary and Technical Advisor** to the Expert/Steering Committee to Review the Framework for Child Adoption in Kenya; **Member** of the Project Implementation Committee of the Inter-Agency Steering Committee to Fast-Track Implementation of Government Priority Development Projects Including Development Partner Financial Projects & **Member** of the National Multi-Disciplinary Committee to Coordinate the Development of the Social Workers Bill. Irene is a leading professional of long standing in Social Work. She is also an Orphans and Vulnerable Children (OVC) specialist who has initiated several programmes for OVC interventions.

3. MANAGEMENT TEAM

<p>1. Irene Mureithi</p>  <ul style="list-style-type: none">• Masters in Education, Psychology, Philosophy• B A (Social Work) Hons	<p>Chief Executive Officer</p>
<p>2. Charles Maina</p>  <ul style="list-style-type: none">• CPA	<p>Head of Finance</p>
<p>3. Peter Githinji</p>  <ul style="list-style-type: none">• BA Social Work	<p>Development Projects</p>

**Child Welfare Society of Kenya
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For the year ended June 30, 2019**

<p>4. Cynthia Nderitu</p>  <ul style="list-style-type: none"> • Bachelor of Commerce • CPA 	<p>Internal Audit</p>
<p>5. Geoffrey Yegon</p>  <ul style="list-style-type: none"> • Higher Dip in IMIS 	<p>Information Communication and Technology</p>
<p>6. Jerusha Chepsat</p>  <ul style="list-style-type: none"> • BA in Public Admin in Sociology • Dip in Social Work 	<p>Education and Skills Development</p>

4. CHAIRMAN'S STATEMENT

Chairman Board of Trustees

It is yet another year that Child Welfare Society of Kenya (CWSK) has prepared the annual Financial Statements for the Auditor General. I hereby present this report as part of the Financial Statement for the year ended June 30th 2019

In the year under review, the organization continued to run its operations successfully through implementation of programmes across the country and reached a total of Six Thousand Two Hundred and Nine Children which impacted positively families & communities. This is against the backdrop of a myriad of social-economic challenges that faced the country including emergencies as a result of human conflict in Tana River and drought in North Eastern Kenya. This left scores of children vulnerable and families in dire need. Thanks for the interventions undertaken by the Child Welfare Society of Kenya.

The CWSK Board of Trustees maintains its oversight role of our Child Welfare Society of Kenya to ensure a smooth running of operations in the Society. I wish to applaud the members of CWSK across the country due to their commitment to the purpose of our existence.

The Board provided an oversight role in the organization's budget preparation process, which culminated in the Board approving a Budget request of KShs. 4.2 Billion for submission to the National Treasury. Out of the foregoing budget request, CWSK received KSh.1,216,924,000/- from the government's budget estimates in the financial year 2018/19. From this amount, KSh.659, 424,000/- was allocated to recurrent expenditure, KSh.276,000,000/- to Orphans and Vulnerable Children (OVC) development and KSh.281,500,000/- to development expenditure.

As an annual commitment, the CWSK Board of Trustees signed a Performance Contract with the Government. The Chairman and treasurer of the Board participated in the rigorous vetting exercise which was held in NITA-Athi River. The organization lived to the course of the Performance Contract by making exemplary achievements which led to over achievement in some of the targets.

During the implementation of the Performance contract, there were many lessons learned including the need to increase synergy in serving children. CWSK's broad spectrum of branches and field sites has been instrumental in child protection across the country. They created new linkages which strengthened protection of children.

The FY 2018/19 marked the second year of the implementation of the Kenya's Big Four Agenda (2017-2022) namely universal health care, manufacturing, affordable housing, food and nutrition security. CWSK's work plan was cognizant of this important Government Agenda. All our programmes fall under the four Agenda.

One of the conspicuous accomplishment in the Big 4 agenda is the support of the on-going development of the integrated child and family centres/upgrading of emergency shelters for children. The Centres will not only provide accommodation to over 10,000 vulnerable children in the beginning but also houses to the staff. Most of the activities within the Big 4 agenda fall under the normal CWSK programmes. The board has embarked on fast tracking of the projects in Isiolo, Nanyuki, Murang'a, Joska and Bungoma. This will ensure that there is sufficient accommodation for children referred to CWSK under Emergency Rescue where it requires temporary shelter. I would also wish to request the Government to increase its grants to Child Welfare Society of Kenya for the completion of the temporary

**Child Welfare Society of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2019**

temporary places of safety for children which compliments the line Ministry / other partner's efforts in Child Protection.

I hereby thank the Government of Kenya for its continued grants allocation to CWSK. This is an effort of complementing each other towards services of the children. The continued partnership between Child Welfare Society of Kenya and the Government will increase energy in improving the child protection sector in Kenya.

God bless CWSK!

Signed by:



.....
**Mr. Joseph Gitau, HSC
CHAIRMAN, BOARD OF TRUSTEES**

DATE: 10th JUNE 2020

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

The financial year 2018/2019 has been a remarkable year for Child Welfare Society of Kenya. In this year, CWSK recorded tremendous achievements in the services given to children and families, in this year Child Welfare Society reached a total number of Six Thousand Two Hundred and Nine Children which was an accomplishment if compared with the previous year.

Separately, the Board of Trustees held site visits to CWSK construction projects in Joska where notable and impressive progress was noted. This was done as part of the oversight of the Board. Though the projects are on course, their completion has been delayed because of non-disbursement of funds in quarter four in this financial year.

In compliance with government's ICT regulations, CWSK is undertaking a digitization of all programmes and archives in a system, which enables the data to be retrieved electronically. This will cut down on man-hours and wastage of time in file retrieving and is also key for business continuity, disaster recovery and securing data. This undertaking by CWSK is very innovative and a milestone for the organization.

CWSK has also acquired the Lease for the 5.6 Hectares of land in Nyahururu Municipality Block 5/364, which had also been grabbed. It gives me great pleasure to report this as no mean feat knowing the battle the Board of Trustees and the Secretariat has gone through to achieve this. I applaud the Secretariat for the tireless efforts it puts towards the recovery of all CWSK properties.

The parent Ministry, that is, the Ministry of Labour and Social Protection undertook a review of its Strategic Plan and incorporated the programmes of CWSK as a way to align our goals with that of the Ministry. This makes CWSK a strategic implementer of the Ministry objectives and goals. In line with this, the review of the CWSK Strategic Plan is an ongoing exercise of high priority.

Our programmes have expanded in terms of numbers reached. It is my honour and privilege to outline the achievements in our programmes as follows:

During the financial year 2018/2019, the Child Welfare Society of Kenya was given a budgetary allocation of Kshs. 1,216,924,000 by the Government out of which 659,424,000 was recurrent and 557,500,000 was development.

(a) TEMPORARY PLACES OF SAFETY & RAPID RESPONSE AND RESCUE OF CHILDREN PROGRAMME

CWSK implements rapid response and rescue of children services in its branches. Whenever a case of lost, child abuse, abandonment, or exposure to detrimental risk is reported to our offices, we respond immediately and rescue the children). CWSK has also been working with the Agricultural Society of Kenya to prevent separation of children from their families during the ASK shows.

CWSK runs 13 temporary places of safety countrywide. i.e. CWSK Mama Ngina Kenyatta, CWSK Mama Ngina A, B, C group homes, CWSK Mji wa Salama, CWSK Kisii, CWSK Kanduyi, CWSK Arap Moi, CWSK Nanyuki, CWSK Embu, CWSK Isiolo, CWSK Murang'a and CWSK Lodwar transition centre.

Through this programme, CWSK rescues & offers shelter and safe houses for children in need of temporary care and protection. Further CWSK provides psychosocial support to the children in the CWSK temporary places of safety and networks with Charitable Children's Institutions (CCIs).



From left: The First Lady, H.E. Margaret Kenyatta and H.E. Mama Ngina Kenyatta with the children at CWSK Mama Ngina Kenyatta Temporary Place of Safety (Children's Home)

Achievements in rapid response and rescue of children

6,209 Rescued children and in temporary places of safety were provided with psychosocial support.

(b) ALTERNATIVE FAMILY CARE PROGRAMME

This programme is a vision 2030 flagship project. Its overall goal is to increasingly realize conducive family and alternative Care for Children in Need of Special Protection (CNSP).

The programme realizes this through; adoption, foster care and guardianship.

Achievements in Alternative family care

- 463 local adoptive and foster parents were assessed and eligible cases were placed with children

(c) EMERGENCY PREPAREDNESS AND RESPONSE PROGRAMME

This programme focuses on addressing child protection concerns and ensuring protection of children during emergencies such as droughts, floods, fire outbreaks, Collapsed buildings and dams. CWSK responds to any emergencies that may take place in any part of the country

In addition, CWSK establishes and or strengthens the existing of local community structures to respond to child protection in emergencies.

Achievements in emergency preparedness

- 91,755 children affected by emergencies were provided with psychosocial support in various parts of the country.



CWSK officers supporting children with school bags at Danisa Primary school in Tana Delta Sub County of Tana River County.



Emergency response in Baringo County; CWSK officers supporting community members with food and non-food items

(d) FAMILY STRENGTHENING PROGRAMME.

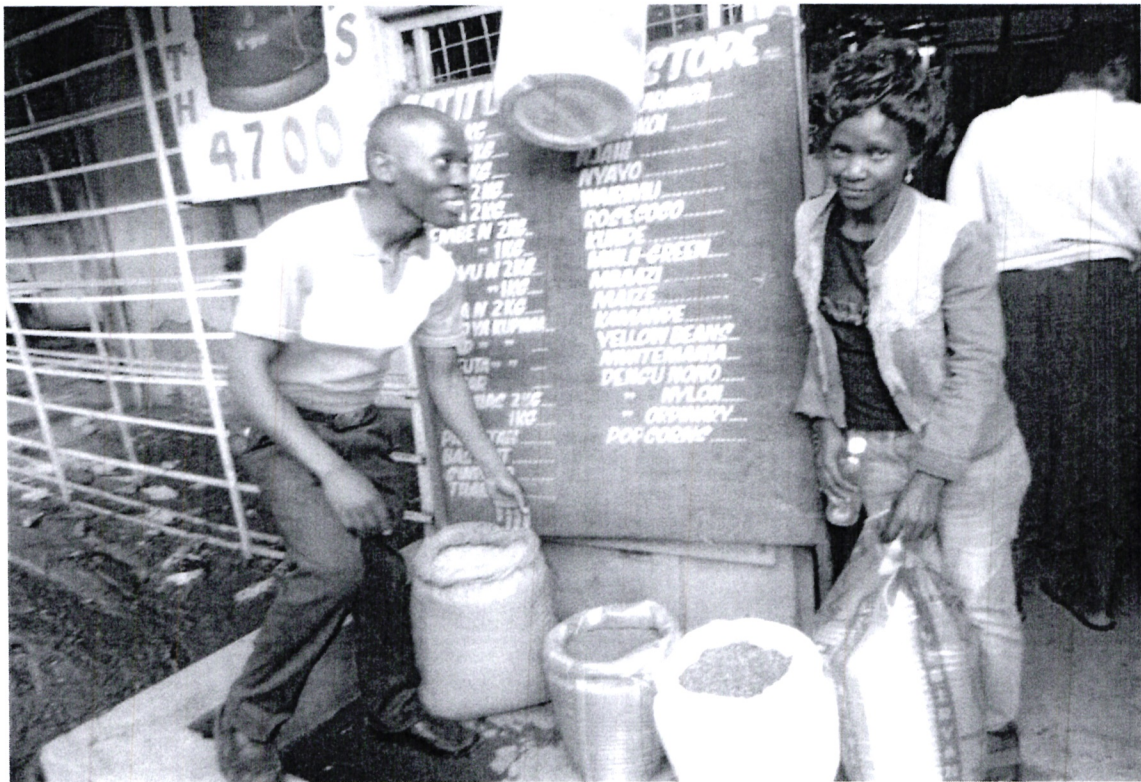
Aims at strengthening of family relationships in order for them to effectively care and protect children. This is done through providing counselling, mediation, psychosocial support, rehabilitation and economic empowerment to families in order for them to provide quality care to children.

Achievements in family counselling, mediation, empowerment, rehabilitation

- 126,961 families provided with psychosocial support, mediation, rehabilitation and counselling.
- 5,023 families were identified as being in need of economic empowerment with 377 being trained and empowered.



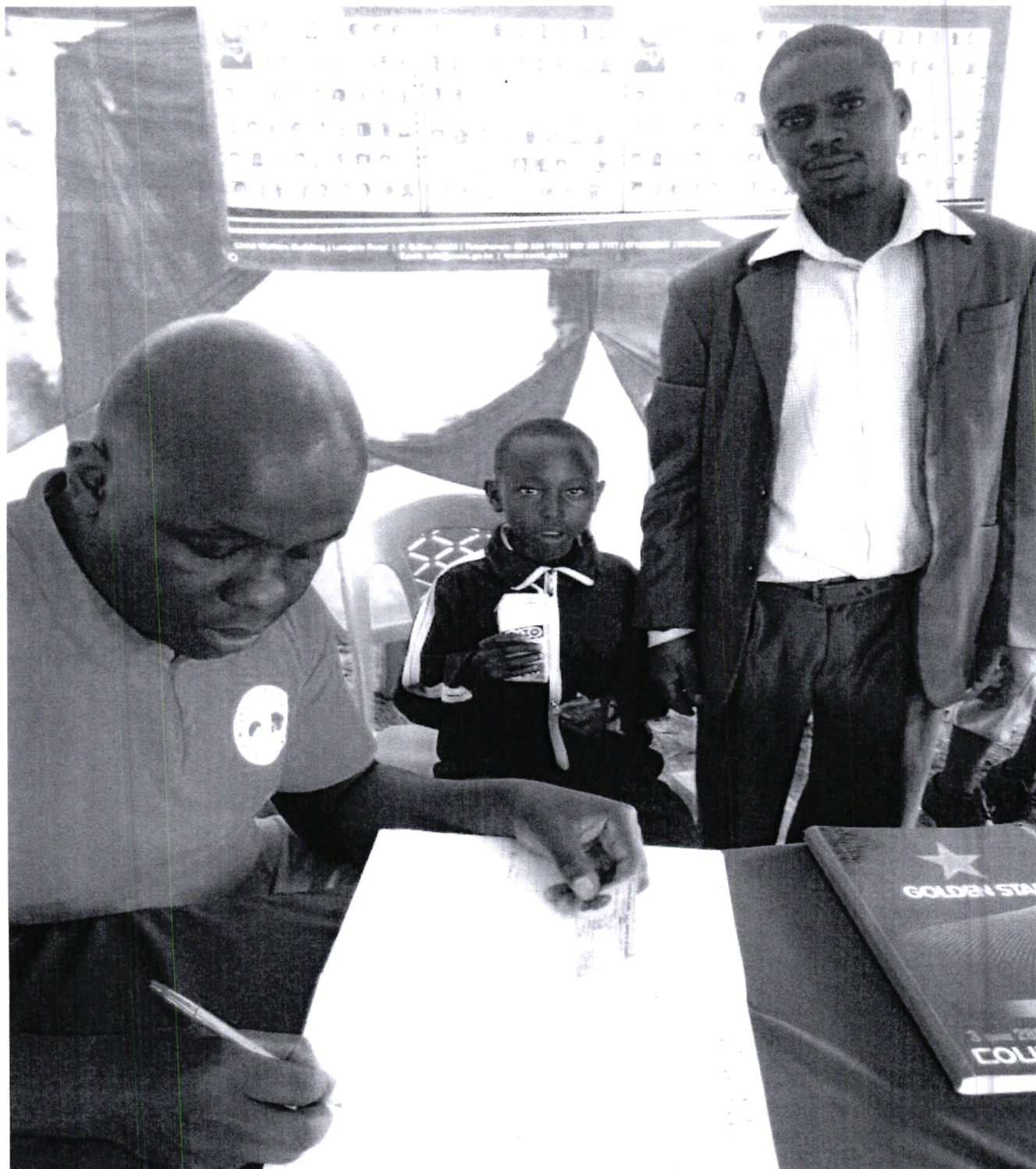
A family receiving IGA support (Bags of Cereals) from CWSK officers to start an Income Generating Activity in Kiambu County.



A family receiving IGA support (Bags of Cereals) from CWSK officer to start an Income Generating Activity in Mathare Nairobi County.

(e) FAMILY TRACING AND REUNIFICATION PROGRAMME.

This involves family tracing for children who are not aware of the whereabouts of their parents or parents not aware of the whereabouts of the children and facilitating reunification of these children with their families. This is done locally and internationally.



A CWSK officer reunifying a separated child with a care giver during Agricultural Society of Kenya show in Nakuru.



HELP ME FIND MY FAMILY

Lost/Missing children ask - are you my family?
The children are currently under the care of CWSK Places of Safety across the country.



Name: Baby Abigael Cynthia aka Pia Age: 2 Weeks Rescued: Kanyanyani dispensary	Name: Ferrann Amido Age: appx 12 Years Rescued: Vihiga County	Name: Vivian Cherop & Jackson Tanui Age: 4 1/2 years & 5 1/2 years Rescued: Eldoret	Name: Deborah Ayietah Age: 7 Years Rescued: Makadara	Name: Baby Deborah Age: 4 Months Rescued: Elgeyo Marakwet	Name: Ezekiel Age: Appx. 1 year Rescued: Migombani - Likoni	Name: Elizabeth Njeri Age: 12 years Rescued: Eldoret	Name: Esther Age: 15 Years Rescued: Nyen
Name: Kevin Kamau Age: 13 years Rescued: Nakuru	Name: Baby Imani Benna Nawira Age: 4 days Rescued: Murang'a level 5 hospital	Name: Baby Kayden alias Benna Nawira Age: 2 Weeks Rescued: Mbagathi	Name: Baby Meshack Mmuo Age: 4 Months Rescued: Machakos	Name: Khalid & Remmy Adungu Age: 2 Years & 4 Years Rescued: Eldoret	Name: Ian Mureithi Age: 4 Years Rescued: Najengo in Nanyuki	Name: Sarah Warimu & Mercy Wathira Age: 8 Years & 11 Years Rescued: Dandora	Name: Sarah Warimu & Mercy Wathira Age: 8 Years & 11 Years Rescued: Dandora
Name: Mwendu Hellen Age: appx 3 years Rescued: Telev. bar, Kithika Market	Name: Essy Kamau & Ngendo Kamau Age: 6 Years & 7 Years respectively Rescued: Nakuru	Name: Queen Akinyi Age: 7 years Rescued: Kamulud-Eldoret	Name: Javan Otieno Age: 9 years Rescued: Eldoret	Name: Ephraim Mbare & Esther Wambui Age: 3 & 5 years respectively Rescued: Mukurweini	Name: Ann Wanjagu & Kelvin Gatimu Age: 8 Years and 7 Years respectively Rescued: Nanyuki	Name: Ann Wanjagu & Kelvin Gatimu Age: 8 Years and 7 Years respectively Rescued: Nanyuki	Name: Ann Wanjagu & Kelvin Gatimu Age: 8 Years and 7 Years respectively Rescued: Nanyuki
Name: Baby Naomi Age: 3 Months Rescued: Changamwe	Name: Anne Age: 13 Years Rescued: Eldoret	Name: Unknown Baby blessing Age: 2 months Rescued: Likoni	Name: Blessings Age: 10 Years Rescued: Masi Nne Centre	Name: Albanus Mutinda & Charles Kyalo Age: 12 years & 16 years Rescued: Kitui	Name: Dominic Ogo Age: 17 Years Rescued: Busia(2008)	Name: Patrick Ngome Age: 6 Years Rescued: Eldoret	Name: Miriam Chepkoech Age: 11 Years Rescued: Nairobi
Name: Eloto Ekuvoon Age: 6 Years Rescued: Kawalase-Lodwar (2013)	Name: Baby Moses Mwanza Age: 1 Month Rescued: Machakos Town	Name: Erick Methu Age: 3 Years Rescued: Nyen Town	Name: Paul Ngunyiri Age: 9 Years Rescued: Nanyuki old market	Name: Unknown Alias Elizabeth Age: 16 years Rescued: Amagoto-Teso North	Name: Wilson Kamuku Age: 4 Years Rescued: Nanyuki	Name: Pato Junior Age: 3 Years Rescued: Changamwe	Name: Anne Wangari & Peter Kimani Age: 11 years & 12 years (2014) Rescued: Nyandarua
Name: Moses Erukudi Age: 5 Months Rescued: Kakuma	Name: Rihard Bilha Wanjiku Age: 15 Years Rescued: Nakuru	Name: David Maina Age: 7 Years Rescued: Githurai	Name: Baby Prince Age: 2 Weeks Rescued: Kangundo Level 5 Hospital	Name: Hosea Age: 9 Years Rescued: Moi Referral Hospital Eldoret	Name: Lewis Odhiambo Age: 3 years Rescued: Kisii Town	Name: Walcot Wangila Age: 3 years Rescued: Chwele town	Name: Jane Kamau Kazi Age: 11 Years Rescued: Kamukunji Police Station(May 2010)
Name: Baby Peter Precious Age: 6 Weeks Rescued: Mama Lucy	Name: Baby Peter Precious Age: 6 Weeks Rescued: Mama Lucy	Name: Baby Peter Precious Age: 6 Weeks Rescued: Mama Lucy	Name: Baby Peter Precious Age: 6 Weeks Rescued: Mama Lucy	Name: Baby Peter Precious Age: 6 Weeks Rescued: Mama Lucy	Name: Baby Peter Precious Age: 6 Weeks Rescued: Mama Lucy	Name: Baby Peter Precious Age: 6 Weeks Rescued: Mama Lucy	Name: Baby Peter Precious Age: 6 Weeks Rescued: Mama Lucy

Telephones: 0713 908 835 / 0713 908 826
 Email: cwsktoto@childwelfaremail.co.ke | www.cwsk.go.ke

CWSK Media Tracing advertisements on different Newspapers are some of the many channels that Child Welfare Society of Kenya uses in Tracing Families of lost Children.

Achievements in family Tracing and Reunification

- Provided 6,443 separated children with family tracing services through social investigations and also by placing their photos on the print media both Nation and Standard.
- 1,533 children were accorded family reunification services to separated children.

(f) EDUCATION AND SKILLS DEVELOPMENT PROGRAMME.

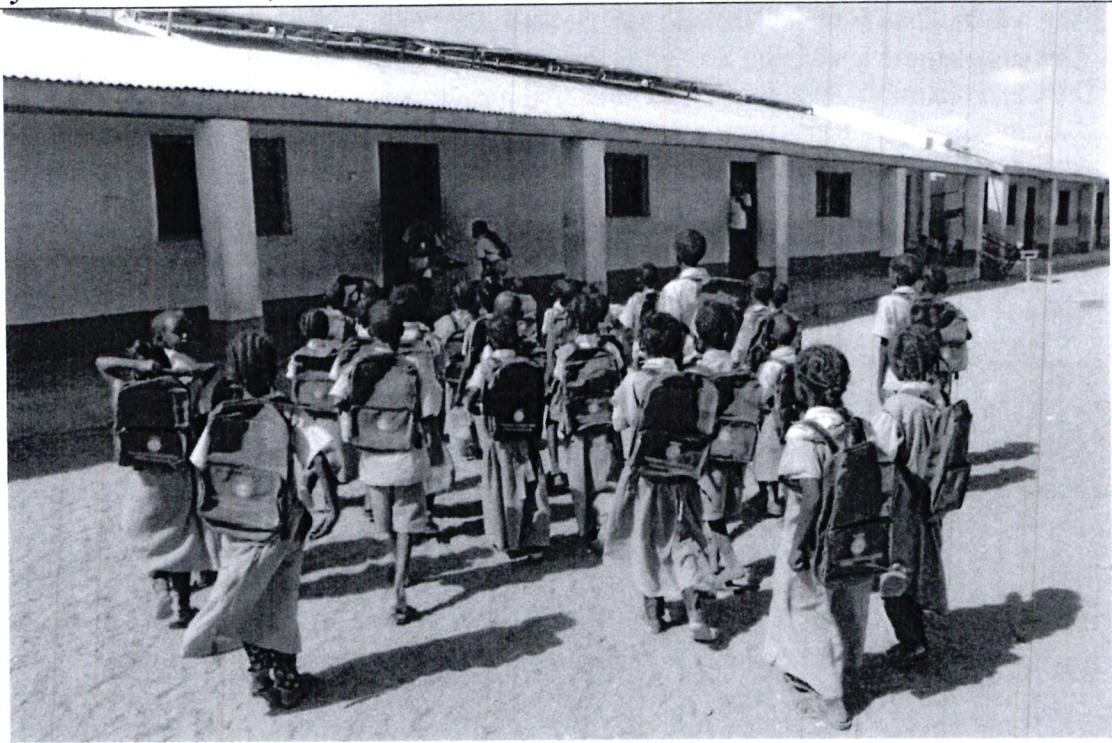
This programme is a vision 2030 flagship project. The programme focuses on achieving and promoting OVCs, vulnerable young persons and children access to quality education and self-reliance skills training through; Enhancing and strengthening early childhood development (ECD) programmes; providing support towards education to all children in the 15 CWSK temporarily places of safety and to unreached children that fall through the cracks at local community level and promoting children and youth access to quality education and self-reliance skills.

Achievements in education and skills development

- Supported 63,472 children in education and skills development



Children in Baringo County happily displaying the bags that were issued to them by CWSK to support their education



Children in Marsabit County supported with bags as complementary education materials under the Education Programme.



It is graduation time at CWSK Mji Wa Salama School – Noah's Ark Academy. CWSK Staff and children pose for a photo outside the school.

(g) CHILD LABOUR & COMMERCIAL SEXUAL EXPLOITATION OF CHILDREN (CSEC) AND OVCS OUT OF FAMILY PROGRAMME

This programme aims at creating an enabling environment for child labour free zones across the country and support to OVCs outside family household. This includes lobbying and advocating for policies and laws that promote child labour & CSEC free society, prevention and Withdrawal of children from situation child labour including CSEC, street, neglect, abuse and exploitation.

Through this programme CWSK identifies, registers, rescues, rehabilitates, mediates families, traces, and integrates/reunifies these children with their families. It also involves provision of psychosocial support to OVCs outside cash transfer programme.

Achievements

- 5,006 children involved and at risk of child labour and CSEC identified, provided with psychosocial support to go to school and retain them in school.

(h) CAPACITY BUILDING PROGRAMME

The programme aims at strengthening the community capacities, duty bearers, youth and children in order to provide an enabling environment for OVCs care and protection as well institutional strengthening.

Achievements in capacity building

- 52,218 duty bearers sensitized/trained on OVC protection and their roles in protecting OVCs.



Community members in Hamisi, Vihiga County keenly follow up during a sensitization session on OVC Protection and Alternative Family Care by CWSK staff



Community members in Transzoia County register as interested foster parents after CWSK staff conducted training on Alternative Family Care in the county

(i) DEVELOPMENT-UPGRADING & ESTABLISHMENT OF CWSK TEMPORARY PLACES OF SAFETY

Development is aimed at improving the quality of life of children, orphans and other and vulnerable young persons at the local community as well as those in CWSK temporary places of safety, rescue centres across the country. CWSKs development projects are flagship projects for vision 2030.

Achievements in development

1. **CWSK ISIOLO-** Phase 1 complete comprising of Perimeter wall, guard house, health centre, office, -100 %; Phase 2 in progress i.e. three Foster houses (maisonettes) at 75%
2. **CWSK Nanyuki-** Phase 1 complete comprising of Perimeter wall, health centre, office, guard house -100 %; Phase 2 in progress i.e. three Foster houses 76%
3. **Mama Ngina Kenyatta-** Phase 1 complete comprising of Perimeter wall, guard house - 100 %
4. **CWSK MURANG'A-** Phase 1 complete comprising of Perimeter walls, guard house, kitchen unit, health centre, office, cabro parking, drive way, ablution unit - 100 %; Phase 2 Foster houses in progress unit A 70 %, unit B 67 %.
5. **CWSK JOSKA-** Phase 1 in progress-comprising of 3 foster houses i.e 1 Bungalow - 80%, Masonette 1 & 2 unit - 75%, Administration/office unit 60%, Phase 2 in progress- comprising dining/kitchen unit - 60%, Laundry unit -50%, store go down- 45%, civil works i.e. walk ways, drive ways, drainage works 70%, landscape works 60%, 2 bio-digester units - 80%

6. **CWSK BUNGOMA-** Phase 1 in progress- Foster house (Bungalow 75%), perimeter fencing 20%, bio-digester works 70%, drainage works 80%, landscape works 20%.

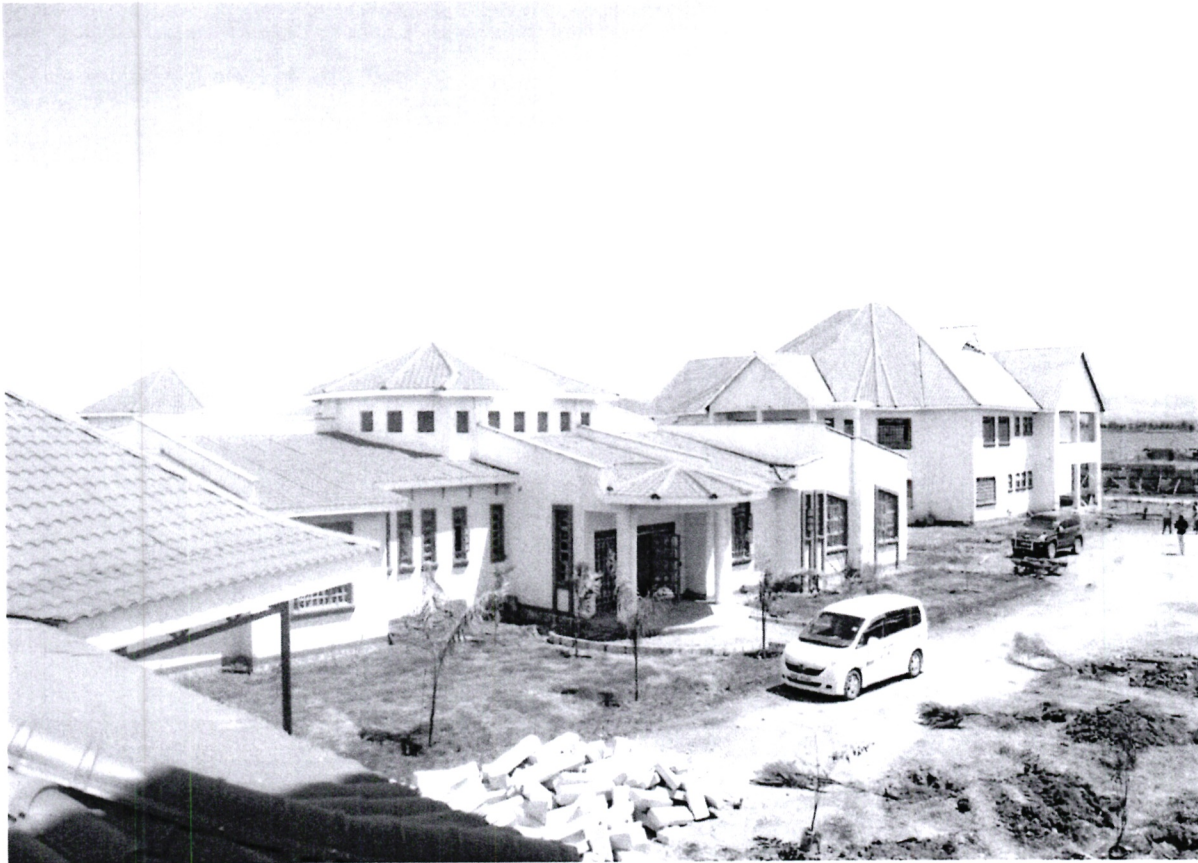


Photo 1. A section of Joska project (front elevation maisonettes and bungalow)

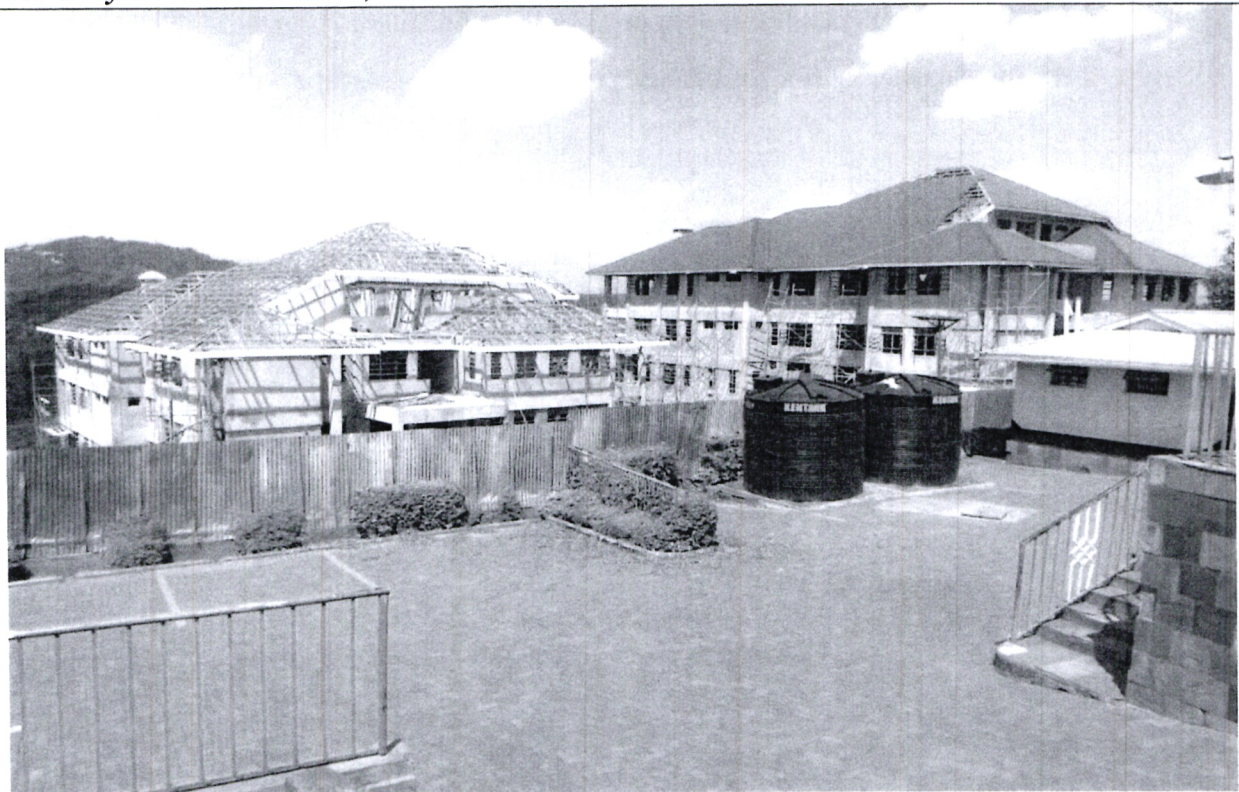


Photo 2. Work in progress at CWSK Murang'a Foster Care (Upper Elevation)

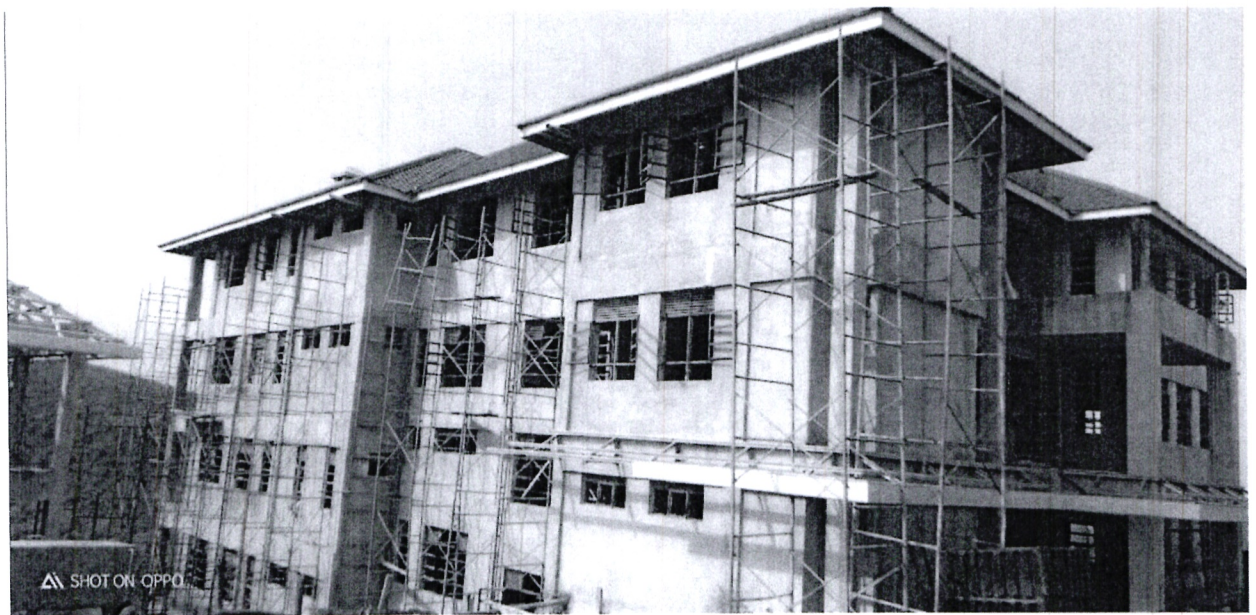


Photo 3. Work in progress at CWSK Murang'a Foster Care (Floor Elevation)

CONCLUSION

CONCLUSION

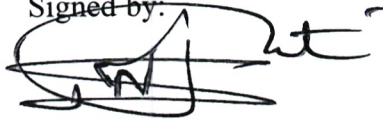
We are grateful to God for the tremendous achievements that Child Welfare Society of Kenya accomplished in the year 2018/19 and for the remarkable growth to a higher level of glory that has seen CWSK continue to expand the provision of services to children across the country.

CWSK has made a tremendous impact on a total of One Hundred and Sixty Six Thousand Four Hundred and Forty Two through its programs and made good progress in the implementation of the vision 2030 flagship projects namely; Rapid Response and Rescue for Children, Emergency Preparedness, Child Labor and Commercial Sexual Exploitation of Children, education, rehabilitation and skills development and development projects. More children have been reached through our programs and through the increased number of referrals from other Government departments as well as other partners. We applaud the resilience of our staff whose strength in serving children is remarkable. We also thank the government for the confidence they have in Child Welfare Society of Kenya and appreciate the Government's demonstrated commitment to the children of this nation.

The main challenge faced by the organization has been delay of funds and inadequate funding as per the budget.

CWSK aims to ensure that children and vulnerable young persons in Kenya lead a happy, fulfilling and fruitful life. We look forward to the next financial year to make a positive impact to the lives of children and vulnerable young persons.

Signed by:



.....
Irene Mureithi
CHIEF EXECUTIVE OFFICER

DATE: 10th JUNE 2020

6. CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the process and structure by which organizations are directed and controlled while ensuring accountability and transparency in resource mobilization and utilization. Child Welfare Society of Kenya is committed to high standards of corporate governance.

Board of Trustees

Child Welfare Society of Kenya is a membership organization and was Approved society in 1955 and an irrevocable Trust in 1970. The Board of Trustees is responsible for the governance of CWSK and it ensures that the organization complies with all government regulations while achieving its objectives as per the CWSK strategic plan and performance contract. The Board members are collectively responsible for the long term success of the organization and they are charged with the responsibility to provide leadership and oversee management of the organization.

Board Meetings

The Board of Trustees holds meetings on a regular basis and where necessary special meetings of the Board are called.

Accountability

The Board of Trustees is responsible for reviewing and approving the annual budget of the organization before submission to the relevant authorities. The Board also reviews and approves financial statements to ensure they are a true representation of the organization's position. The Board of Trustees sign a Performance Contract with the Government and oversees compliance and realization of the same by the Management.

Organizational Policies

The organization has policies including the Human Resource policy, ICT policy and the Child Protection policy, among others, which govern the organization and the interests of children. These policies are in line with the CWSK strategic plan and the performance contract.

Audit

Internal audit systems are in place. The organization undergoes external audit by the Auditor General.

Organizational Structure

An organizational structure detailing lines of authority is in place. Staff professionalism and competence is maintained through recruitment policies and a performance appraisal system that is keen on targets and accountability while taking into account appropriate training requirements. Through continuous monitoring, staffs are expected to develop and maintain the required skills to fulfil their responsibilities.

**Child Welfare Society of Kenya
Annual Reports and Financial Statements
For the year ended June 30, 2019**

Signed:



.....
Irene Mureithi
Chief Executive Officer

Date: **10th JUNE 2020**
.....



.....
Joseph Gitau, HSC
Chairman, Board of Trustees

Date: **10th JUNE 2020**
.....

7. MANAGEMENT DISCUSSION AND ANALYSIS

The Chairman of the Board of Trustees submits this report together with the financial report for the year ended June 30, 2019.

The Board of Trustees would like to pass their gratitude to the Government of Kenya for funding the operations of CWSK for the purpose of ensuring the comfort of the children. The functions of the Board include:

- i) To receive budgetary allocation from the Government of Kenya.
- ii) To collect donations (whether periodical or otherwise).
- iii) To be the custodian of all the assets, legal documents, and liabilities of the society.
- iv) To establish the Secretariat which runs from the National level to the County level.
- v) To issue appeals for donations and periodical reports on the work of Trustees.
- vi) To accept donations on any special trusts in connection with Child Welfare Society of Kenya Programmes so that every donation so accepted shall be held subject to the terms and conditions of the gifts.

The Board of Trustees approved the CWSK budget. The amount requested from the Government for full implementation of the organization's mandate has not been given yet. Under the leadership of the Board, CWSK worked within this budget.

The performance of CWSK in the FY 2018/19 has been outstanding in the implementation of both the development projects and the provision of services to the children which is said to be above the projected target.

Though the organization faced many challenges including court cases, transitional hiccups and limited funding, targets agreed upon in the performance contract signed with the Ministry of Labour, Social Security and Services were realized.

The fixed assets in the balance sheet are held under a trust managed by a Board of Trustees registered under an irrevocable trust deed of the Child Welfare Society of Kenya on 12th June 1970.

Signed:



.....
Irene Mureithi
Chief Executive Officer

Date:

10th JUNE 2020

.....
Joseph Gitau, HSC

Chairman, Board of Trustees

Date:

10th JUNE 2020

8. REPORT OF THE DIRECTORS

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2019, which show the state of Child Welfare Society of Kenya affairs.

Principal activities

The principal activities of the Child Welfare Society of Kenya are;

- 1.To respond to all emergencies affecting children in Kenya and rescue children in emergency situations.
- 2.To rescue, receive and provide care to children in need of care and protection.
- 3.To provide family tracing and re unification services for separated children.
- 4.To facilitate alternative family care (adoption, foster care and guardianship) of children.
- 5.To strengthen, rehabilitate and empower families to promote quality care of children.
- 6.To provide education, vocational skills to vulnerable children and young persons.
- 7.To build the capacity of duty bearers, right holders and provide institutional strengthening in order to effectively ensure the welfare of children.
- 8.To provide quality temporary care to rescued children by upgrading/establishing temporary places of safety including child care facilities, group homes, foster care homes, child rescue centres, child protection units as may be considered necessary and in the best interest of the child.
- 9.To ensure care and protection for Orphans and Vulnerable children without families through facilitating or /and providing shelter, education, health, food and nutrition.

Results

The results of the Society for the year ended June 30, 2019 are set out on page 1-6.

Directors

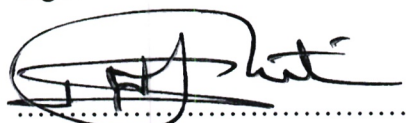
The members of the Board of Trustees who served during the year are shown on page vii-viii.

Auditors

The Auditor General is responsible for the statutory audit of the Society in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Signed:



Irene Mureithi

Chief Executive Officer

Date: 10th JUNE 2020.

9. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Trustees to prepare financial statements in respect of Child Welfare Society of Kenya, which give a true and fair view of the state of affairs of the Society at the end of the financial year and the operating results of the Society for that year. The Trustees are also required to ensure that the Society keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Society. The Trustees are also responsible for safeguarding the assets of the Society.

The Trustees are responsible for the preparation and presentation of the Society's financial statements, which give a true and fair view of the state of affairs of the Society for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Society; (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 Society; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Trustees accept responsibility for the Society's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act). The Directors are of the opinion that the Society's financial statements give a true and fair view of the state of Society's transactions during the financial year ended June 30, 2019, and of the Society's financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the Society, which have been relied upon in the preparation of the Society's financial statements as well as the adequacy of the systems of internal financial control.

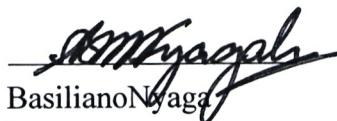
Nothing has come to the attention of the Trustees to indicate that the Society will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Society's financial statements were approved by the Board on 10th JUNE 2020 and signed on its behalf by:



Joseph Gitau, HSC
Chairman, Board of Trustees



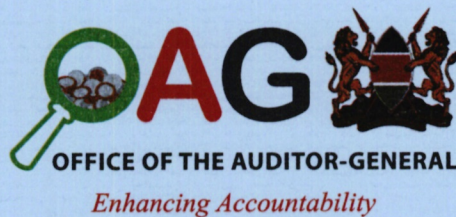
Basiliano Nyaga
Treasurer



Irene Mureithi
CEO/Secretary

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON CHILD WELFARE SOCIETY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Child Welfare Society of Kenya set out on pages 1 to 24, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, the statement of changes in net assets, the 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 Child Welfare Society of Kenya as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Child Welfare Society of Kenya Order, 2014 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Expenditure Adjustments

The statement of financial performance reflects an expenditure of Kshs.245,903,942 under Orphans and Vulnerable Children (OVC) development which, as disclosed in Note 11 to the financial statements, includes an amount of Kshs.127,059,778 related to Temporary Places of Safety. However, journal entries and supporting documents for the adjustment of Kshs.32,279,721 from the initial reported amount of Kshs.94,780,057 were not provided for audit.

Consequently, the accuracy of the expenditure of Kshs.127,059,778 reported for Temporary Places of Safety could not be confirmed.

2. Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.2,853,099,079 under property, plant and equipment. The following observations were made regarding the balance:

2.1 Land Without Ownership Documents

The reported property, plant and equipment balance includes an amount of Kshs.1,151,313,276 relating to land. However, as previously reported, nineteen (19) parcels of land spread across the country had no ownership documents. Although evidence provided by the Society indicated progress in acquiring the ownership documents for some parcels of land, disputes and Court cases concerning the land parcels had not been settled.

Further, the Society did not provide for audit review a comprehensive fixed assets register for land and buildings with necessary details such as; record for each parcel of land and each building and the terms under which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, leasehold terms, maintenance contracts and other details as required under Regulation 143(2) of Public Finance Management Regulations, 2015.

In the circumstances, it has not been possible to confirm the accuracy, existence and completeness of the property, plant and equipment balance of Kshs.2,853,099,079. It could also not be confirmed whether Management had applied adequate measures to safeguard the Society's assets.

2.2 Unsupported Additions to Property, Plant and Equipment

As disclosed in Note 12 to the financial statements, additions to property, plant and equipment amounted to Kshs.372,905,970 during the year under review. However, payment vouchers in support of the purchase of the assets totaling Kshs.48,423,043 relating to a borehole (Kshs.3,966,226); parking bay (Kshs.2,289,800); computers and accessories (Kshs.5,898,000); furniture and equipment (Kshs.2,847,000) and motor vehicle (Kshs. Kshs.33,422,017) were not provided for audit.

Although Management explained that the payment vouchers were missing from the Society's offices and the matter had been reported at Langata Police Station, the outcome of the investigations had not been communicated.

In the circumstances, it has not been possible to confirm the accuracy and validity of the reported property, plant and equipment balance of Kshs.2,853,099,079.

3. Inventories

The statement of financial position reflects an amount of Kshs.2,894,020 in respect of inventories which, as disclosed under Note 14 to the financial statements, related to

beddings and cutlery. However, stock taking sheets in support of the balance were not provided for audit.

Consequently, it has not been possible to confirm the accuracy and completeness of the reported inventories balance of Kshs.2,894,020.

4. Unreconciled Variance in Receivables

The statement of financial position reflects a receivables balance of Kshs.6,136,717 which, as disclosed in Note 15 to the financial statements, comprised deposits refundable and staff debtors of Kshs.827,525 and Kshs.5,309,192 respectively. However, the reported receivables balance of Kshs.6,136,717 differed with the ledger balance of Kshs.7,196,241 by an unexplained difference of Kshs.1,059,524.

Consequently, the accuracy and completeness of the receivables balance of Kshs.6,136,717 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The Society had an approved budget of Kshs.935,424,000 for recurrent expenditure and OVC development programmes. However, actual expenditure amounted to Kshs.752,519,697 resulting to under expenditure of Kshs.182,904,303 or 19.6%. The under-expenditure may have impacted negatively on service delivery. Further, the Society had an approved projects development budget of Kshs.281,500,000 against an actual expenditure of Kshs.312,026,743 resulting to an over expenditure of Kshs. 30,526,743 or 11%. The Management has not explained the source of the extra funding.

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. Delayed Completion of Projects and Irregular Variations

The reported property, plant and equipment balance of Kshs.2,853,099,079 includes an amount of Kshs.1,381,433,046 relating to construction works in progress. However, most of the Projects did not have a specified completion period except the Proposed Foster Care Centre Project in Joska which had a completion period of 52 weeks from 4 April, 2014. The project had not been completed by the time of the audit in April, 2020. In addition, cost variations ranging from 4.7% to 199% from the initial estimated costs of the Projects were noted as analyzed below:

	Project Name	Initial Project Cost Estimates (Kshs.)	Project Budget Estimates 2018/19 (Kshs.)	Variation Percentage
1	Proposed Foster Care Centers CWSK Isiolo	357,000,000	665,052,012	86%
2	Proposed Foster Care Centers CWSK Nanyuki	394,971,904	613,363,838	55%
3	Proposed Foster Care Centers CWSK Mama Ngina	258,000,000	593,560,457	130%
4	Proposed Foster Care Centers CWSK Murang'a	211,000,000	494,866,167	136%
5	Proposed Foster Care Centers CWSK Joska	300,000,000	628,766,776	110%
6	Proposed Foster Care Centers CWSK Bungoma	218,021,007	465,255,303	113%
7	Proposed Foster Care Centers CWSK Embu	147,432,032	440,752,481	199%
8	Proposed Foster Care Centers CWSK Kisumu	371,000,000	615,452,481	66%
9	Proposed Foster Care Centers CWSK Bomet	155,755,914	436,452,481	180%
10	Proposed Foster Care Centers CWSK Kisii	220,444,635	241,000,000	9%

	Project Name	Initial Project Cost Estimates (Kshs.)	Project Budget Estimates 2018/19 (Kshs.)	Variation Percentage
11	Proposed Foster Care Centers CWSK Nyahururu	217,800,000	228,000,000	4.7%
12	Proposed Foster Care Centers CWSK Lodwar	218,250,000	433,252,481	98%
13	Proposed Foster Care Centers CWSK Baringo	218,100,000	419,252,481	92%
14	Proposed Perimeter Wall CWSK HQS	11,400,000	14,775,000	29.6%

No evidence was provided that the procedure and conditions for variation of contracts provided under Section 139 (1), (2), (3) and (4) of Public Procurement and Asset Disposal Act, 2015 were observed. In addition, the contract price for some of the Projects had increased by more than 25% contrary to Section 139(5) of the Public Procurement and Asset Disposal Act, 2015 which provides that where variations result in an increment of the contract price by more than twenty-five percent, such variations shall be tendered for separately. Further, the stalled projects and uncertainty in project completion timelines may lead to further cost escalations.

In the circumstances, the Society was in breach of law and the regularity and value for money on the expenditure could not be confirmed.

2. Non-Compliance with Reporting Guidelines

Progress on follow up of audit matters reported in the prior year were not provided in the financial statements contrary to the reporting guidelines issued by the Public Sector Accounting Standards Board (PSASB).

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 else 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. Lack of Board of Directors

Section 7(i) of the Child Welfare Society of Kenya Order, 2014 provides that the Management of the Society shall be vested on a Non-Executive Board consisting of a Chairman and six (6) Members with the Chief Executive Officer of the Society as the Secretary. However, during the financial year 2018/2019, the Society operated without a Board of Directors.

2. Non- Appointment of an Audit Committee

The Society did not have an Audit Committee as required under Section 73(5) of the Public Finance Management Act, 2012, which provides that every national government public entity shall establish an Audit Committee whose composition and functions shall be as prescribed by the Regulations. The Audit Committee forms a key component in the governance process by providing an independent expert assessment of the activities of top management, the quality of the risk management, financial reporting, financial management and internal audit to the top Management.

In the circumstances, the effectiveness of the internal controls, risk management and overall governance for the Society could not be confirmed.

3. Inadequate Information Technology (IT) Internal Controls

The Society did not have an IT Strategic Committee, a formally approved IT Security Policy, an IT Continuity Plan and a Disaster Recovery Plan. Non-establishment of an IT Strategic Committee at the Board level may have resulted in IT governance not being addressed adequately. In addition, data confidentiality, integrity and availability as well as continuity of operations in case of a disaster could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Society's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate the Society 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 Society's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

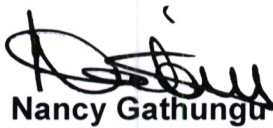
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern or 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 Society to cease to continue as a going concern or 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 Society to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

19 July, 2021

**10. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019**


REVENUE FROM NON-EXCHANGE TRANSACTIONS	Note	2018/2019	2017/18
		KShs	KShs
RECURRENT FUNDS			
Government Grant	6	935,424,000	688,250,000
Other Grants	7	19,885,901	19,506,345
Other Income	7(b)	2,858,489	4,167,657
Total Recurrent Revenue		<u>958,168,390</u>	<u>711,924,002</u>
Recurrent Expenses			
Compensation of Employees	8	306,579,373	270,160,151
Directors Expenses	9	1,615,000	2,202,429
Programs Support Expenses	10	137,542,155	122,285,501
OVC Development	11	245,903,942	167,181,940
Subtotal - Recurrent Expenses		<u>691,640,470</u>	<u>561,830,021</u>
SURPLUS/(DEFICIT) FROM RECURRENT ACTIVITIES		<u>266,527,920</u>	<u>150,093,981</u>

The notes set out on pages 7 to 23 form an integral part of these Financial Statements.

11. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

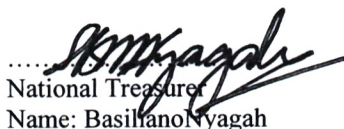
	Note	2018/19 KShs	2017/18 KShs
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	12	2,853,099,079	2,500,083,716
Investments			
Safaricom shares	13	3,582,750	3,697,500
		2,856,681,829	2,503,781,216
Current Assets			
Inventories	14	2,894,020	17,786,191
Receivables	15	6,136,717	1,191,041
Cash and Cash Equivalents	17	236,968,776	56,315,017
Trustees Account	16	114,087,030	120,659,747
		360,086,543	195,951,996
Total Assets		3,216,768,373	2,699,733,212
Financed by:			
Current Liabilities			
Accounts Payable and Accruals	18	40,108,718	71,101,478
		40,108,718	71,101,478
Net Assets			
Accumulated Fund		331,606,462	65,078,841
Revaluation Reserve		1,204,907,081	1,204,907,081
Capital Reserve		1,640,146,111	1,358,646,111
Total Net Assets		3,176,659,654	2,628,631,734
Total Net Assets & Liabilities		3,216,768,373	2,699,733,212

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



Chief Executive Officer
Name: Irene Mureithi

Date 10th JUNE 2020



National Treasurer
Name: Basifano Nyagah

Date 10th JUNE 2020



Chairman, Board of Trustees
Name: Joseph Gitau

Date 10th JUNE 2020

**12. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019**

	Accumulate d Fund	Revaluation Reserves	Capital Reserves	Total
	KShs	KShs	KShs	KShs
Balance as at 1st July 2017	-85,015,439	1,204,907,081	1,133,646,111	2,253,537,753
Capital Grants Received	-	-	225,000,000	225,000,000
Surplus (Deficit) for the Period	150,093,981	-	-	150,093,981
Balance as at 30th June 2018	65,078,542	1,204,907,081	1,358,646,111	2,628,631,734
Balance as at 1st July 2018	65,078,542	1,204,907,081	1,358,646,111	2,628,631,734
Capital Grants Received	-	-	281,500,000	281,500,000
Surplus (Deficit) for the Period	266,527,920	-	-	266,527,920
Balance as at 30th June 2019	331,606,462	1,204,907,081	1,640,146,111	3,176,659,654

Nature and purpose of reserves

CWSK creates and maintains reserves in terms of specific requirements as follows

- i) Capital Reserve – this is used to record contribution made by Government in form of development grants transfers
- ii) Revaluation Reserve – this is used to indicate the re-valued amounts on the plant property and equipment, and any other adjustments on the same.

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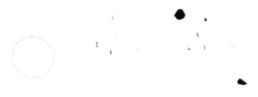
13. STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	2018/19	2017/18
	KShs	KShs
Cash flows from operating activities		
Net Surplus /(Deficit) for the year	266,527,920	150,093,981
Adjusted for item not involving movement of cash		
Depreciation	19,890,606	23,250,331
Unrealised Loss/(Gain) on investments	114,750	(819,187)
Operating Surplus/(Deficit) before Working Capital Changes	<u>286,533,277</u>	<u>172,525,126</u>
(Increase)/decrease in inventory	14,892,171	2,021,026
(Increase)/decrease in receivables	(4,945,676)	6,713,862
Increase/(decrease) in payables	(30,992,760)	(33,232,636)
Increase/(decrease) in Trustee Account	6,572,717	(5,822,033)
Net cash generated from operating activities	<u>272,059,728</u>	<u>142,205,344</u>
Investing activities		
Purchase of Fixed Assets	(372,905,970)	(379,490,833)
Cash from operating and investing activities	<u>(100,846,241)</u>	<u>(237,285,489)</u>
Financing activities		
Development Government Fund	281,500,000	225,000,000
Net cash from financing and investing activities	<u>281,500,000</u>	<u>225,000,000</u>
Net cash in/(out) flow for the year	<u>180,653,759</u>	<u>(12,285,489)</u>
Cash and cash equivalents at 1st July	<u>56,315,017</u>	<u>68,600,506</u>
Cash and cash equivalents as at 30th June	<u>236,968,776</u>	<u>56,315,017</u>

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

REVENUE	Original Budget	Adjustments	Final Budget	Actual	Performance difference	
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	%
	KShs	KShs	KShs	KShs	KShs	%
Government grants –						
recurrent	1,500,000,000	-	459,424,000	459,424,000	-	0%
Government grants – Development	1,229,383,500	-	300,000,000	281,500,000	18,500,000	6%
Government grants – Moratorium	-	-	200,000,000	200,000,000	-	0%
Orphans and Vulnerable Children (OVC) Development	1,470,616,500	-	276,000,000	276,000,000	-	0%
Project Grants: Nakuru Lapsetry	-	-	8,476,004	8,476,004	-	0%
Donations/Other Incomes	-	-	11,086,644	11,086,644	-	-
TOTAL INCOME	4,200,000,000	-	1,254,986,648	1,236,486,648	18,500,000	1%
RECURRENT						
Programs Support Expenses	285,823,624	-	149,620,506	104,119,168	45,501,338	30%
Moratorium Expenses	213,344,429	-	52,053,494	33,422,987	8,630,507	21%
Family Strengthening and Tracing Programme	40,478,229	-	39,000,000	17,581,899	21,418,101	55%
Capital Expenditure	60,486,573	-	94,279,494	60,879,227	33,400,267	35%
Personnel Costs	998,231,947	-	331,970,506	306,579,373	25,391,133	8%
Trustees Expenses	2,600,000	-	2,500,000	1,615,000	885,000	35%
TOTAL RECURRENT EXPENDITURE	1,601,270,802	-	659,424,000	524,197,654	135,226,346	21%
DEVELOPMENT PROGRAMME						
OVC DEVELOPMENT						
Capacity Building, Research and Advocacy Programme	138,485,720	-	5,200,000	3,931,824	6,268,176	61%
Education and Skills Development for Unreached Children at the Community Level	459,129,546	-	67,000,000	59,861,488	7,138,512	11%
Emergency, Preparedness Response Programs	187,286,023	-	42,079,494	24,717,061	27,362,433	53%
Temporary Places of Safety (including Children's Home) Programme	333,789,909	-	146,000,000	127,059,778	18,940,222	13%
Alternative Family Care	250,654,500	-	15,720,506	12,751,891	2,968,615	19%
TOTAL OVC DEVELOPMENT	1,369,345,698	-	276,000,000	228,322,043	47,677,957	17%
PROJECTS DEVELOPMENT						
Upgrading CWSK Places of safety (Development projects)	1,229,383,500	-	281,500,000	312,026,743	(30,526,743)	-11%



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OTAL PROJECTS DEVELOPMENT	<u>1,229,383,500</u>	<u>-</u>	<u>281,500,000</u>	<u>312,026,743</u>	<u>(30,526,743)</u>	<u>-11%</u>
OTAL CWSK BUDGET YEAR 2018/2019	<u>4,200,000,000</u>	<u>-</u>	<u>1,216,924,000</u>	<u>1,064,546,439</u>	<u>152,377,561</u>	<u>13%</u>

15. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Child Welfare Society of Kenya is a membership society under the society's Act, with an irrevocable Trust for the care, protection, welfare and Adoption of children. It is the National Adoption Society for Kenya and the national emergency response, welfare and rescue organization for children. The society is a body corporate, established and gazetted in 1955 as an approved society Gazette Notice No. 1768 of 27/12/1955, an exempt society gazette notice 1536 of 04/11/1955, Certificate of Exemption number 455 and the adoption society for Kenya, Gazette Notice No. 1356 of 28/04/1969. It is an exempt society with permanent trustees of public nature, with an irrevocable Trust of 1970.

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 Society's accounting policies

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSAS 39:	Applicable: 1st January 2019
Employee Benefits	The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

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

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Government grants and donor funds

The organization recognizes revenues from fees, government grants and donor funds 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 recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the organization and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

Other Income

Interest income, school tuition and dispensary income are recognized as received.

b) Taxes

i) **Current income tax**

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

ii) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) 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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated to write off the cost or valuation of property and equipment in equal annual instalments over their estimated useful lives. The rates are;

Freehold land	Nil
Leasehold land	Over period of lease
Buildings	2%
Motor vehicles	25%
Fixtures, furniture & fittings	12.5%
Equipment	20%
Computers	30%

Capital work in progress is not depreciated until such as time as the asset is brought into use. No depreciation is provided for in the year of acquisition, whilst full depreciation is provided for in the year of disposition.

Revaluation reserve on buildings is amortised at 2% per year.

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets,

excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

e) 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:

- Raw materials: purchase cost using the weighted average cost method
- 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

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is 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 Society.

f) Provisions

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

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

Contingent liabilities

The Society 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 financial statements, potential is remote.

Contingent assets

The Society 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 Society 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.

g) Nature and purpose of reserves

The Society creates and maintains reserves in terms of specific requirements as follows: (i) capital reserve - used to record contribution made by government in form of grants / transfers (ii) revaluation reserve - used to indicate the revalued amount on the plant property and equipment.

h) Changes in accounting policies and estimates

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

i) Employee benefits

Retirement benefit plans

Short term employee benefits include items such as: (a) Wages, salaries, and social security contributions; (b) short term compensated absence (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled.

When an employee has rendered service to the Society during an accounting period, the Society recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for that service: as a liability (accrued expense), after deducting any amount already paid.

If the amount already paid exceeds the undiscounted amount of the benefits, the Society recognises the excess (i) as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and (ii) as an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short term deposits on call and highly liquid investments with an original maturity of three months or less, which are

readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held in various commercial banks at the end of the financial year.

k) Budget information

The National Assembly approved the original budget for FY 2018-2019 on 21 June 2018. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 15 of these financial statements.

l) Comparative figures

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

m) Subsequent events

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

n) Trustees Account

This relates to income generating activities and property held thereunder which continue to be presided over by the Trustees.

o) Financial management risk and objectives

The Society's activities expose it to a variety of financial risks including credit, liquidity and capital risks. The Society's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION
UNCERTAINTY**

The preparation of the Society'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 Society 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions are recognized when the Society has a present obligation (legal or constructive) as a result of 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 Society 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.

6. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund	Total grant income during the year	2017-2018
	KShs	KShs	KShs	KShs	KShs
Ministry of Labour and Social Protection	935,424,000	-	281,500,000	1,216,924,000	913,250,000
Total	935,424,000	-	281,500,000	1,216,924,000	913,250,000

7. OTHER GRANTS

Description	2018-2019	2017-2018
	KShs	KShs
Project Grants: Nakuru Lapsetry	8,476,004	18,878,192
Project Grants: Katian Diesel	323,253	302,115
Donations/Other Incomes	11,086,211	326,038
Total other grants	19,885,901	19,506,345

7(b) OTHER INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Interest Received	211,838	2,328
Dispensary Income	29,000	40,540
School Tuition Fees	2,732,401	3,305,601
Unrealized Loss/ gains on investments	(114,750)	819,187
Total other income	2,858,489	4,167,656

8. EMPLOYEE COSTS

Description	2018-2019	2017-2018
	KShs	KShs
Basic salaries	293,289,674	263,873,037
Allowances	12,206,499	5,591,540
NSSF employer contribution	1,083,200	695,574
Total Employee costs	306,579,373	270,160,151

9. REMUNERATION OF TRUSTEES

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria	1,020,000	1,020,000
Other members allowances	595,000	1,182,429
Total director's emoluments	1,615,000	2,202,429

10. PROGRAM SUPPORT EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Depreciation Charge	19,890,606	23,250,331
Programs support Expenses	84,228,562	80,983,186
Moratorium Expenses	33,422,987	18,051,984
Total Program Support Expenses	137,542,155	122,285,501

11. OVC DEVELOPMENT EXPENDITURE

Description	2018-2019	2017-2018
	KShs	KShs
Capacity building & Institutional strengthening	3,931,824	13,112,339
Education & skills development	59,861,488	43,589,270
Emergency Response	24,717,061	13,425,770
Family tracing & reunification	15,727,825	12,689,711
Alternative Family Care	12,751,891	8,732,250
Temporary places of safety	127,059,778	75,632,601
OVC Without Families	1,854,074	-
Total OVC Expenses	245,903,942	167,181,941

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12. PROPERTY, PLANT AND EQUIPMENT

Description	Land Kshs	Land & buildings Kshs	Motor vehicles Kshs	Computer s Kshs	Furniture and Equipment Kshs	Construction in progress Kshs	TOTALS Kshs
COST							
At 1 July 2017	1,151,313,276	210,073,007	114,291,187	9,624,622	38,028,564	698,895,857	2,222,226,513
Additions	-	-	54,079	578,605	8,347,703	370,510,446	379,490,833
At 30 June 2018	<u>1,151,313,276</u>	<u>210,073,007</u>	<u>114,345,266</u>	<u>10,203,227</u>	<u>46,376,267</u>	<u>1,069,406,303</u>	<u>2,601,717,346</u>
DEPRECIATION							
At 1 July 2017	-	-	-	-	-	-	-
Charge for the year	-	4,201,460	15,100,877	679,513	3,268,481	-	23,250,331
At 30 June 2018	-	9,456,783	68,988,556	8,039,091	15,149,200	-	101,633,630
NBV at 30 June 2018	<u>1,151,313,276</u>	<u>200,616,224</u>	<u>45,356,710</u>	<u>2,164,136</u>	<u>31,227,067</u>	<u>1,069,406,303</u>	<u>2,500,083,716</u>
COST							
At 1 July 2018	1,151,313,276	210,073,007	114,345,266	10,203,227	46,376,267	1,069,406,303	2,601,717,346
Additions	-	6,449,076	36,974,699	6,474,200	10,981,252	312,026,743	372,905,970
At 30 June 2019	<u>1,151,313,276</u>	<u>216,522,083</u>	<u>151,319,965</u>	<u>16,677,427</u>	<u>57,357,519</u>	<u>1,381,433,046</u>	<u>2,974,623,316</u>
DEPRECIATION							
At 1 July 2018	-	9,456,783	68,988,556	8,039,091	15,149,200	-	101,633,630
Charge for the year	-	4,012,324	11,325,658	649,241	3,903,383	-	19,890,606
At 30 June 2019	-	13,469,107	80,314,214	8,688,332	19,052,583	-	121,524,236
NBV at 30 June 2019	<u>1,151,313,276</u>	<u>203,052,976</u>	<u>71,005,752</u>	<u>7,989,095</u>	<u>38,304,936</u>	<u>1,381,433,046</u>	<u>2,853,099,079</u>

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13 INVESTMENTS

Description	2018-2019	2017-2018
	KShs	KShs
a) Equity investments (specify)		
127500 Safaricom Limited Shares @KShs.5.00	3,697,500	2,878,313
Revaluation Surplus/(Loss) as at 30th June (2019: Kshs 28.1; 2018: Kshs 29)	(114,750)	819,187
Total investments	3,582,750	3,697,500

14 INVENTORIES

Description	2018-2019	2017-2018
	KShs	KShs
Beddings & Cutlery	2,894,020	-
Tiles	-	148,680
Roof Trusses	-	201,168
EPS panels	-	4,316,591
Iron Sheets	-	4,924,234
Cement	-	4,005,921
Paints	-	207,582
Electrical cables	-	3,966,135
Total inventories at the lower of cost and net realizable value	2,894,020	17,786,191

15 RECEIVABLES

Description	2018-2019	2017-2018
Current receivables	KShs	KShs
Deposits refundable	827,525	822,325
Staff debtors	5,309,192	368,716
Total current receivables	6,136,717	1,191,041

16 TRUSTEES ACCOUNT

This relates to income generating activities and property held thereunder which continue to be presided over by the Trustees.

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Description	2018-2019	2017-2018
Trustees Account	KShs	KShs
Bal B/f	120,659,747	114,837,714
Trustees Injections/Drawings	(6,572,717)	5,822,033
Total Trustees Account	114,087,030	120,659,747

17 CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	KShs	KShs
Current account	233,019,268	55,756,858
Others(Petty cash)	3,949,508	558,159
Total cash and cash equivalents	236,968,776	56,315,017

17 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

		2018-2019	2017-2018
Financial Institution	Account number	KShs	KShs
Sidian (formerly K-Rep) Bank(USD)	10030100027	220,248	220,248
Sidian (formerly K-Rep) Bank(KShs)	10030200057	468,612	770,322
Bank of Africa- ArapMoi 0004	8013140004	1,397	(916,953)
Bank of Africa- ArapMoi 0012	8013150012	408,463	9,861
Bank of Africa Bungoma branch	2605510009	18,719	54,719
Bank of Baroda- Kisumu branch	95850100001696	49,404	49,404
BBK- Nanyuki Children's Home	948522934	176,166	201,461
BBK-Kisii Children Home	81053979	26,288	41,092
BBK - Embu		590,000	590,000
BBK -Nanyuki branch	308017389	(3,095)	(3,095)
BBK 1330	948551330	76,535	80,551
BBK Fin 8484	941258484	390,143	4,437,749
BBK HQ 8468	941258468	1,537,747	465,486
BBK Isiolo		451,278	451,278
BBK Mama Ngina	948003112	336,050	182,606
BBK Murang'a 1137(Donation a/c)	2026601137	78,590	13,543
BBK TBP 1349	948551349	8,966,840	2,301,470
Coop Bank A/c 6900		(56,276)	(56,276)
DTB NakuruArapMoi 5123		21,150	11,467
Equity Bank EURO 458	1470262150458	283,813	283,813
Equity-CWSK-Kisii 8384	1470262758384	108,840	108,840

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Equity Bank-Bungoma 6992	480299936992	855,505	162,421
Equity Bank (Towa)488	150295282488	19,201,890	3,273,553
Equity Bank A/c 416	150291898416	9,867,216	36,900
Equity Bank CESVI EURO 478	1470262150478	3,014,633	3,079,668
Equity Bank Development 4154	1470262374154	11,350,648	579,923
Equity Bank KSHS(CESVI)271	1470262150271	33,151,375	1,041,098
Equity Bank Murang'a 7226	220299937226	2,405	450,492
Equity bank supreme 225	1470262150225	38,363,136	7,971,783
Equity Bank USD	150291898436	88,584	88,584
Equity Off A/c 458	150291898458	36,700,656	1,973,697
Equity salary Account - 253	1470262150253	63,941,499	26,065,591
Family Bank Bungoma		442	442
KCB Bungoma branch	1126858692	1,871	1,871
Mama Ngina -Equity Bank		41,000	41,000
NBK MjiWaSalama	1038075304600	2,015,761	1,598,721
Standard Chartered Mombasa		271,737	93,530
Total		233,019,268	55,756,858

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Operations	7,250,700	3,042,884
Staff creditors	13,738,418	13,738,980
Salary deductions	19,119,601	54,319,614
Total trade and other payables	40,108,718	71,101,478

19. CASH GENERATED FROM OPERATIONS

	2018-2019	2017-2018
	KShs	KShs
Surplus for the year before tax		
Surplus for the year before tax		
Adjusted for:		
Depreciation	19,890,606	23,250,331
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	14,892,171	2,021,026
Increase in receivables	(4,945,676)	6,748,862
Increase in deferred income	-	-
Increase in payables	(30,992,760)	(33,232,636)
Increase in payments received in advance	-	(5,822,033)
Net cash flow from operating activities	(1,155,659)	(7,034,794)

20. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

The 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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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

21. EVENTS AFTER THE REPORTING PERIOD

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

22. ULTIMATE AND HOLDING ENTITY

The entity is a membership Society under the Society's Act, with an irrevocable Trust incorporated in 1955. It is an approved and an exempt Society. Child Welfare Society of Kenya is an Agency of the Government under the Ministry of Labour and Social Protection.

23. Currency

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

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



Irene Mureithi

Chief Executive Officer

Date... 10th JUNE 2020