


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

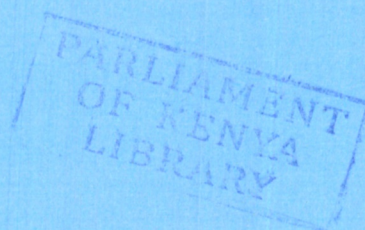


THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 26 JUN 2019

TABLED BY:	L.D.M
CLERK-AT THE-TABLE:	M. masabo

OF



THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL COUNCIL FOR CHILDREN'S  
SERVICES

FOR THE YEAR ENDED  
30 JUNE 2018

**THE NATIONAL COUNCIL FOR CHILDREN SERVICES**

**Reports and Financial Statements for the year ended June 30, 2018**



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**THE NATIONAL COUNCIL FOR CHILDREN'S SERVICES**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018**

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

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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **i. Background information**

The National Council for Children Services was established through the Children Act 2001 and inaugurated in September, 2002.

The Council is a semi-autonomous government agency

### **ii. Principal Activities**

The mandate of the Council is executed by the secretariat as instructed by the Council. The secretariat is structured into four sections, representing thematic committees, formed by the Council to help in daily running of N.C.C.S

The thematic committees is as follows:-

- Policy development and legal issues;
- Resource mobilization;
- Planning research and mobilization;
- Advocacy media participation

### **iii. Headquarters**

National Social Security House (NSSF)

Block C 4<sup>th</sup> floor

Bishop Road

P.O. Box 6446-00100

### **iv. Contacts**

Telephone :( 254) 020-2691023

E-mail: [nccssecretariat@nccs.go.ke](mailto:nccssecretariat@nccs.go.ke)

Website: [www.nccs.go.ke](http://www.nccs.go.ke)

### **v. Bankers**

1. Kenya Commercial Bank

Account: 1132458803

Branch: Moi Avenue

P.O.Box 48400-00100

Nairobi

**vi. Independent Auditors**  
Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**vii. Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**Viii The Board Of Directors**  
No Board in place

## **Ix Management Team**

Key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and had direct fiduciary responsibility were:

<b>Designation</b>	<b>NAME</b>
Director, Children's Services /Secretary to the Council	Noah Sanganyi
Deputy Director, Children's Services/Head NCCS	Josephine Oguye
Assistant Director, Children's Services/Section head	Benson Bakala Wambani
Principal Children's Officer/ Section head	Paul Kisavi
Principal Children's Officer/ Section head	Truphena Chemining'wa
Senior Children's Officer/ Section head	Judy Wachira
Senior Children's Officer/ Section head	Mary Thiongo
Supply Chain Management Officer [1]	Joseph oyugi
Supply Chain Management Assistant[4]	Joseph Ngeno
Assistant Office Administrator [1]	Josephine Nyenze
Accounts	Samuel Munyui

### **x Fiduciary Oversight Arrangements are:**

- i. Resource Mobilization and Organizational Development;
- ii. Planning, Research, Monitoring and Evaluation;
- iii. Advocacy, Media Participation and Partnership;
- iv. Policy and Legal issues.

## **II. CHAIRMAN'S STATEMENT**

There was no chair at the moment. The term expired on November 2016 and there has been no replacement.

## **III. REPORT OF THE CHIEF EXECUTIVE OFFICER**

Office of the Chief Executive Officer was created under Statute Law (Miscellaneous Amendment) of April 2017 The Children Act, 2001(No .8 of 2001) section 31. The vacancy has just been filled in acting capacity in 2019

## **IV. CORPORATE GOVERNANCE STATEMENT**

There was no Board in place during the period under review.

## V. MANAGEMENT DISCUSSION AND ANALYSIS

National Council for Children Services was created by Children Act 2001. However there was need to amend section 31(1) of the Children Act 2001 so that the Membership of the Council was in line with the constitutional requirement of a maximum of nine members from the membership then, which their term expired in November 2016. Thereafter, an amendment was done and names of Board members forwarded for gazettment. Hardly before the gazatement, another directive came leading to another miscellaneous Amendment. This occasioned delays of appointment of the Board.

Despite the fact that there was no Board in place, the Secretariat continued to implement some of the mandate of the Board under the leadership of the Director Children Services who is Secretary to the Council. Some core mandates and issues raised on the rights of children by African Union were responded to and a country Status report presented in Maseru .Day of the African Child was observed and a report prepared for submission to the African Union.

The children bill is underway and a draft developed with support from partners is at validation stage. Core mandate activities has been continuously implemented as The Council strive to set its operations in line with the Miscellaneous Amendment of April 2017.

### Achievements

- i. Alignment of the Council membership to the constitutional requirement and The Code of Governance for State Corporations through Miscellaneous Amendment,2017;
- ii. Establishment of 290 Area Advisory Councils in 290 sub counties and 47 County Area Advisory Councils;
- iii. Regulated over 854 charitable children institutions;
- iv. Response, Preparation and submission of periodic Country status reports on international obligations to (United Nations Convention on the Rights of the Child and African Charter on the Rights and Welfare of the Child);
- v. Development of policies and guidelines; such as
- vi. Guidelines for Child Participation in Kenya:
  - (a) The National Children Policy Kenya, 2010;
  - (b) Sessional Paper No. 6 of 2014 on the National Children Policy;
  - (c) National Plan of Action For Children in Kenya, 2015-2022;
  - (d) The Framework for the National Child Protection System for Kenya;
  - (e) Guidelines for the Formation and Operation of Area Advisory Councils, 2006;
  - (f) Guideline for establishment for charitable children institutions;
  - (g) Draft Children Bill, 2018.

## **Challenges**

### **(a) Board Members**

Board members have not been in place since 2016 and this has impacted negatively on the Councils' operations.

### **(b) Staffing**

The Council does not have an authorized establishment, officers deployed there are substantively Children Officers from Children's Department of Ministry of Labour and Social Protection who offers technical services supported by officers from various support cadres.

### **(c) Underfunding**

The National Council for Children Services (NCCS) is mandated to regulate supervise, advise, and offer general oversight in planning, financing and coordination of all programmes, plans and actions designed to facilitate the realization of the rights of the child guaranteed under the Constitution and other statutes. The Council's funding used to be to the tune of seventy million (Kshs.. 70), but has reduces significantly to fifty million (Ksh.50) allocated between (FY) 2016/17 and FY2017/18, negatively impacting on the delivery of the broad mandate of the Council.

### **(d) Inadequate office space, facilities and tools**

The Council has limited office space and office equipment.

## **VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

During the celebration of Day for the African Child, County Coordinators involved children in advocacy on children rights. Some of the key events included:

- I. Tree planting at the venue,
- II. Cultural activities.

## VII STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the children Act 2001 require the Management to prepare financial statements in respect of that The National Council for Children Services, which give a true and fair view of the state of affairs of The National Council for Children Services at the end of the financial year/period and the operating results of The National Council for Children Services for that year/period. The Management are also required to ensure that The National Council for Children Services keeps proper accounting records which disclose with reasonable accuracy the financial position of The National Council for Children Services. The Management are also responsible for safeguarding the assets of The National Council for Children Services.

The Management are responsible for the preparation and presentation of The National Council for Children Services financial statements, which give a true and fair view of the state of affairs of The National Council for Children Services for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of The National Council for Children Services; (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 National Council for Children Services; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Management accept responsibility for The National Council for Children Services 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 children Act 2001. The Management are of the opinion that The National Council for Children Services financial statements give a true and fair view of the state of The National Council for Children Services transactions during the financial year ended June 30, 2018, and of The National Council for Children Services financial position as at that date. The Management further confirm the completeness of the accounting records maintained for The National Council for Children Services, which have been relied upon in the preparation of The National Council for Children Services financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Management to indicate that The National Council for Children Services 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 National Council for Children Services financial statements were approved by the management on 1/4 2018 and signed on its behalf by:

Director  
Name: Noah Sanganyi 

Head of Finance   
Name : Moses Muga  
ICPAK Member Number: 14266

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL COUNCIL FOR CHILDREN'S SERVICES FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the National Council for Children's Services (NCCS) set out on pages 1 to 12, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements 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 effects of the matter described in the Basis for Qualified Opinion, the financial statements present fairly, in all material respects, the financial position of National Council for Children's Services as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Children Act, 2001.

#### Basis for Qualified Opinion

##### 1. Property, Plant and Equipment

The statement of financial position as at 30 June 2018 reflects a balance of Kshs.18,255,250 in respect of property, plant and equipment(PPE). A review of the supporting PPE schedule in Note 10 to the financial statements shows that this amount represents cost value of assets which had not been subjected to depreciation charge in line with the requirements of IPSAS 17. Further, the Council did not disclose its depreciation policy under significant accounting policies in the financial statements as required. In addition, the Council did not have in place a proper fixed assets register but only maintained an assets inventory management register which lacked important details such as the cost and date of acquisition of individual assets.

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*Report of the Auditor-General on the Financial Statements of National Council for Children's Services for the year ended 30 June 2018*

In the circumstances, it has not been possible to confirm the existence, ownership, accuracy, custody, security and valuation of the property, plant and equipment balance of Kshs.18,225,250 as at 30 June 2018.

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

### **Key Audit Matters**

Key audit matters are those matters that, in my professional 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 Matters**

#### **1.0 Budget and Budgetary Performance**

##### **1.1 Receipts**

The Council had budgeted for receipts totalling Kshs.50,000,000 but actual receipts amounted to Kshs.43,396,365 resulting to a shortfall of Kshs.6,603,635 or 13% as follows:

<b>Receipts</b>	<b>Budget Kshs.</b>	<b>Actual Kshs.</b>	<b>Excess/(Shortfall) Kshs.</b>	<b>Variance %</b>
Government Grants	50,000,000	43,396,365	(6,603,635)	13
<b>Total</b>	<b>50,000,000</b>	<b>43,396,365</b>	<b>(6,603,635)</b>	<b>13</b>

The shortfall of Kshs.6,603,635 was attributed to failure to receive the budgeted amount from the National Treasury.

##### **1.2 Expenditure**

The Council had budgeted to spend Kshs.50,000,000 but actual expenditure totalled Kshs.36,364,419 resulting to an under-expenditure of Kshs.13,635,580 or 27% as follows:

<b>Expenditure</b>	<b>Budget Kshs.</b>	<b>Actual Kshs.</b>	<b>Over/(Under) Kshs.</b>	<b>Variance %</b>
Employee costs	680,000	0	(680,000)	100
Repairs and maintenance	10,020,200	9,336,950	(683,250)	7
Contracted services	435,000	434,898	(101)	0
Programs	4,000,000	545,000	(3,455,000)	86
General expenses	34,864,800	26,047,571	(8,817,229)	25
<b>Total</b>	<b>50,000,000</b>	<b>36,364,419</b>	<b>(13,635,580)</b>	<b>27</b>

The under expenditure of Kshs.13,635,580 implies that the goals and objectives of the Council were not achieved as planned and budgeted in the year under review.

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

### Conclusion

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

### Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Board of Directors**

It was noted that during the year under audit the Council operated without a Board of Directors after expiry of the term of the previous Board in November, 2016. This is contrary to Section 31 of the Children Act, 2001 and also implies that the activities of the management were not subjected to oversight.

### **2. Human Resource Operations**

A review of the human resource operations showed that the Council did not have a substantive Chief Executive Officer (CEO) as required by Miscellaneous Amendment to the Children Act, (No. 8 of 2001) dated April, 2017. Further, all the staff members were on secondment from the Children's Department of the Ministry for Labour and Social Protection. In addition, the Council did not have the following:

- i. An approved human resource policy and procedures manual;
- ii. Staff grading & establishment; and
- iii. Career guidelines as required by Public Service Commission (PSC) Human Resource Policy Guidelines, 2015.

Failure to appoint a substantive CEO and inadequate staffing within the ranks of the Council as well as lack of approved human resource instruments has a negative impact on the Council's ability to formulate policy direction and performance of its mandate as stipulated in the Children Act, 2001.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 Council's ability to sustain services, disclosing, as applicable, matters related to

sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Council or to cease operations, or have no realistic alternative but to do so. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

Those charged with governance are responsible for overseeing the Council's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My

consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

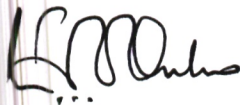
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Council'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 Council'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 Council 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 Council to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



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

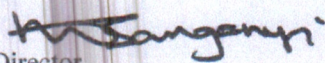
**Nairobi**

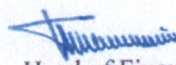
**16 May 2019**

1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30  
JUNE 2018

	Note	2017-2018	2016-2017
		Kshs.	Kshs.
<b>REVENUE</b>			
Grants from National Government	1	43,396,365	69,093,266
<b>TOTAL</b>		<b>43,396,365</b>	<b>69,093,266</b>
<b>EXPENSES</b>			
Employee costs	2	0	9,823,985
Board Expenses/remuneration of Management	3	0	6,217,066
Repairs and maintenance	4	9,336,950	888,256
Contracted services	5	434,898	4,500,000
Programs	6	545,000	8,867,960
General expenses	7	26,047,571	38,809,077
<b>TOTAL</b>		<b>36,364,419</b>	<b>69,106,344</b>
<b>Surplus/ for the period</b>		<b>7,031,945</b>	<b>(13,078)</b>

The Financial Statements were signed on behalf of the Management by:

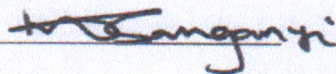
  
Director  
Name: Noah Sanganyi

  
Head of Finance  
Name : Moses Muga  
ICPAK Member Number: 14266

2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

		2017-2018	2016-2017
		Kshs.	Kshs.
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at Bank	8	4,402,195	175,250
<b>Non-Current Assents</b>			
Property, plant and equipment	10	18,255,250	15,450,250
<b>TOTAL</b>		<b>22,657,445</b>	<b>15,625,500</b>
<b>Liabilities</b>			
<b>Outstanding Debts</b>			
Outstanding Debts		-	-
<b>Non-current liabilities</b>			
<b>Deferred tax liabilities</b>			
Deferred tax liabilities		-	-
<b>TOTAL</b>		<b>-</b>	<b>-</b>
<b>NET ASSETS</b>		<b>22,657,445</b>	<b>15,625,500</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>22,657,445</b>	<b>15,625,500</b>
<b>Bal b/f</b>		15,625,500	15,638,578
Surplus for the year		7,031,946	(13,078)
<b>TOTAL</b>		<b>22,657,446</b>	<b>15,625,500</b>

The Financial Statements were signed on behalf of the Management by:



Director  
Name: Noah Sanganyi

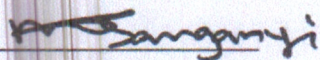


Head of Finance  
Name : Moses Muga:  
ICPAK Member Number: 14266

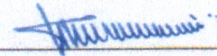
### 3. STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD 30<sup>TH</sup> JUNE 2018

	Capital Reserve	Revenue Reserve	Revaluation Reserve	Total Amount
Balance at 1 July 2016	15,638,578			15,638,578
Capitalized Government Grant				-
Total Comprehensive Income for the Year		(13,078)		(13,078)
Balance at 30 June 2017	15,638,578	(13,078)	-	15,625,500
Balance at 1 July 2017	15,638,578	(13,078)	-	15,625,500
Capitalized Government Grant				-
Total Comprehensive Income for the Year		7,031,945	-	7,031,945
Balance at 30 June 2018	15,638,578	7,018,867	-	22,657,445

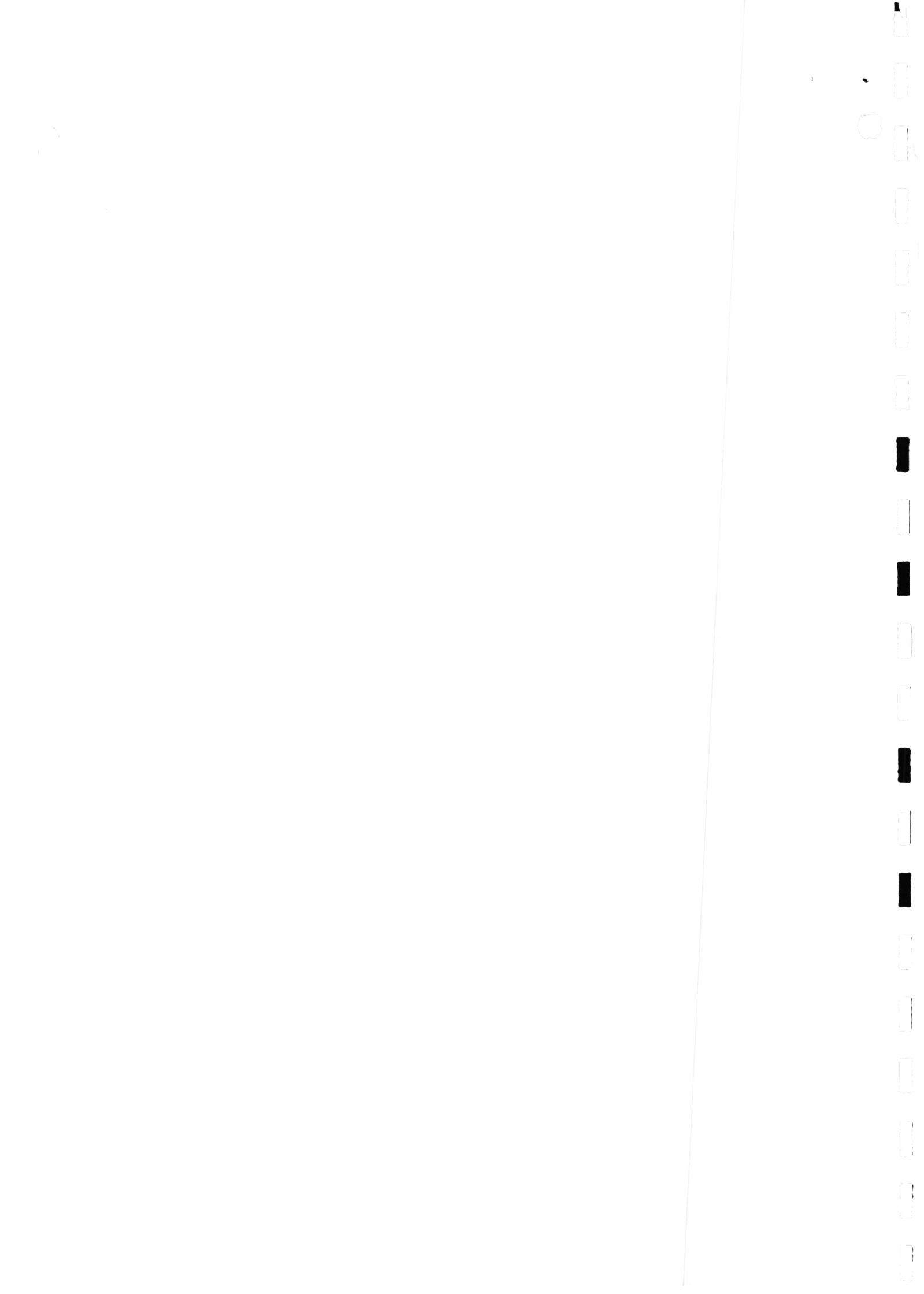
The Financial Statements were signed on behalf of the Management by:



Director  
Name: Noah Sanganyi



Head of Finance  
Name : Moses Muga:  
ICPAK Member Number: 14266



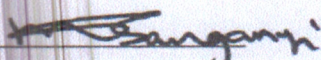
**THE NATIONAL COUNCIL FOR CHILDREN SERVICES**

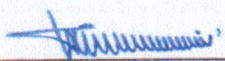
**Reports and Financial Statements for the year ended June 30, 2018**

**4. STATEMENT OF CASH FLOW FOR THE PERIOD 30 JUNE 2018**

	Note	2017-2018	2016-2017
		KSH.	KSH.
<b>RECEIPTS</b>			
Grants from National government	1	43,396,365	69,093,266
<b>Total</b>		<b>43,396,365</b>	<b>69,093,266</b>
<b>PAYMENTS</b>			
Employee cost		-	9,823,985
Board expenses		-	6,217,066
Repairs and maintenance	4	9,336,950	888,256
General expenses	7	26,047,571	38,809,077
Contracted services	5	434,898	4,500,000
Programs	6	545,000	8,867,960
<b>Total</b>		<b>36,364,419</b>	<b>69,106,344</b>
<b>Adjusted for:</b>			
Changes in receivables			
Changes in payables			
<b>Net cash flow from operating activities</b>		<b>7,031,945</b>	<b>(13,078)</b>
<b>Cash flow from Investing Activities</b>			
Acquisition of Assets	10	2,805,000	-
<b>Net cash flows from Investing Activities</b>		<b>(2,805,000)</b>	<b>-</b>
<b>Cash flow from Borrowing Activities</b>			
Proceeds from Domestic Borrowings			
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in Cash and Cash Equivalent</b>		<b>4,226,945</b>	<b>(13,078)</b>
Cash and cash equivalent at beginning of the period		175,250	188,328
<b>Cash and cash equivalent at END of the year</b>		<b>4,402,195</b>	<b>175,250</b>

The Financial Statements were signed on behalf of the Management by:

  
\_\_\_\_\_  
Director  
Name: Noah Sanganyi

  
\_\_\_\_\_  
Head of Finance  
Name : Moses Muga :  
ICPAK Member Number: 14266

**5. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018**

**5. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018**

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	%age
	2017/18	2017/18	2017/18	2017/18	2017/18	2017/18
<b>REVENUE</b>						
Grants from National Government	50,000,000		50,000,000	43,396,365	6,603,635	87%
<b>TOTAL</b>	<b>50,000,000</b>	<b>-</b>	<b>50,000,000</b>	<b>43,396,365</b>	<b>6,603,635</b>	
<b>EXPENSES</b>						
Board Expenses	-		-	-	-	0%
Employee Costs	680,000		680,000	-	680,000	0%
Repairs and Maintenance	10,020,200		10,020,200	9,336,950	683,250	93%
Contracted Services	435,000		435,000	434,898	101	100%
Programs	4,000,000		4,000,000	545,000	3,455,000	14%
General Expenses	34,864,800		34,864,800	26,047,571	8,817,229	75%
<b>TOTAL</b>	<b>50,000,000</b>	<b>-</b>	<b>50,000,000</b>	<b>36,364,419</b>	<b>13,635,580</b>	

**Notes to the Statements of Budget and Actual Comparison**

The under expenditures were due to:

1. **Employees Cost-** The employees under the Council were seconded from the Ministry and their cost borne by the ministry. Therefore, there was no cost related to the employees.
2. **Programme-** Day of African Child under the programme was co funded by the development partners and therefore reduced the cost to the Council during the financial year.
3. **General expenses-** Because there was no board in place, some activities which needed their input never took off thus the under expenditure.

**IX NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

The National Council is established by and derives its authority and accountability from Children's Act. The National Council for Children Services is a Semi-Autonomous Government Agency under the State Department for Social Protection. The National Council for Children Services principal activity is Oversight of Children issues in the country

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The National Council for Children's Services financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

*Rendering of services*

The National Council for Children Services recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**b) Budget information**

The original budget for FY 2017-2018 was approved by the National Assembly on September. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by The National Council for Children Services upon receiving the respective approvals in order to conclude the final budget. Accordingly, The National Council for Children Services recorded additional appropriations of fifty million on the 2017-2018 budget following the governing body's approval.

The National Council for Children Services budget is prepared on basis of the work plan, procurement plans translated into the actual income and expenditure. 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.

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 of these financial statements.

**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

**THE NATIONAL COUNCIL FOR CHILDREN SERVICES**  
**Reports and Financial Statements for the year ended June 30, 2018**

at intervals, The National Council for Children Services 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.

**NOTES TO THE FINANCIAL STATEMENTS**

**1. 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.
State Department of social protection		-	-	29,394,985
Direct Payment by State Department of social protection		-	-	14,001,380
<b>Total</b>		-	-	<b>43,396,365</b>

**2. EMPLOYEE COSTS**

EMPLOYEE COSTS		
Description	2017-2018	2016-2017
	Kshs.	Kshs.
Transport allowance	0	437,620
Travelling allowance	0	9,386,365
<b>Total</b>	<b>0</b>	<b>9,823,985</b>

**3. BOARD EXPENCES/REMUNERATION OF MANAGEMENT**

Description	2017-2018	2016-2017
	Kshs.	Kshs.
Chairman's Honoraria	-	282,000
Board allowances	-	5,935,066
<b>Total</b>	<b>-</b>	<b>6,217,066</b>

**THE NATIONAL COUNCIL FOR CHILDREN SERVICES**  
**Reports and Financial Statements for the year ended June 30, 2018**

**4. REPAIRS AND MAINTENANCE**

Description	2017-2018	2016-2017
	Kshs.	Kshs.
Repairs and Maintenance- Others	3,064,450	250,000
Repairs and Maintenance-Vehicles	6,272,500	550,000
Furniture and Fittings	0	8,256
Computers and Accessories	0	80,000
<b>Total</b>	<b>9,336,950</b>	<b>888,256</b>

**5. CONTRACTED SERVICES**

Description	2017-2018	2016-2017
	Kshs.	Kshs.
Consultancy on child to child abuse	-	4,500,000
Payment of Rent	434,898	0
<b>Totals</b>	<b>434,898</b>	<b>4,500,000</b>

**6. PROGRAMS**

Description	2017-2018	2016-2017
	Kshs.	Kshs.
Cash transfer on a National Day Celebrations	545,000	8,867,960
Children Bill	-	
<b>Total</b>	<b>545,000</b>	<b>8,867,960</b>

**7. GENERAL EXPENSES**

Description	2017-2018	2016-2017
	Kshs.	Kshs.
Domestic travel	16,347,670	5,300,580
Foreign travel	36,920	2,440,000
Catering services	580,000	973,480
Fuel and oil	610,789	1,100,000
Office and general supplies	3,285,230	8,950,000
Electricity Expenses	240,000	0
Specialised Materials and Supplies	29,500	0
Purchase of Computers and Accessories	60,000	0
Printing stationeries	1,665,630	4,300,000

**THE NATIONAL COUNCIL FOR CHILDREN SERVICES**  
**Reports and Financial Statements for the year ended June 30, 2018**

Conferences and delegation & Training	2,300,832	3,463,280
Telecommunications	891,000	2,831,237
<b>Total</b>	<b>26,047,571</b>	<b>38,809,077</b>

**8. CASH AND CASH EQUIVALENTS**

Description	2017-2018	2016-2017
	Kshs.	Kshs.
Bank	4,402,195	175,250
<b>Total</b>	<b>4,402,195</b>	<b>175,250</b>

**9. DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

Name of Bank	Account number	Currency	2017/2018	2016/2017
Kenya Commercial Bank	1132458803	Kshs.	4,402,195	175,250
		<b>TOTALS</b>	<b>4,402,195</b>	<b>175,250</b>

**10. PROPERTY PLANT AND EQUIPMENT**

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Total
Cost	Kshs.	Kshs.	Kshs.	Kshs..	Kshs.	Kshs.
As at 1 July 2017	-	5,624,250	1,876,000	1,420,000	6,530,000	15,450,250
Additions	-	-	-	2,805,000	-	2,805,000
Disposals	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2018	-	5,624,250	1,876,000	4,225,000	6,530,000	18,255,250
<b>Depreciation and impairment</b>						
As at 1 July 2017	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
As at 30 June 2018	-	-	-	-	-	-

**THE NATIONAL COUNCIL FOR CHILDREN SERVICES**  
**Reports and Financial Statements for the year ended June 30, 2018**

<b>Net book values</b>	-	5,624,250	1,876,000	4,225,000	6,530,000	18,255,250
<b>As at 30<sup>th</sup> June 2018</b>	-	5,624,250	1,876,000	4,225,000	6,530,000	18,255,250
<b>As at 30<sup>th</sup> June 2017</b>	-	5,624,250	1,876,000	1,420,000	6,530,000	15,450,250

**X OTHER IMPORTANT DISCLOSURES**

ANNEX I:

ANNEX III:           BANK RECONCILIATION STATEMENT

ANNEX IV:           CERTIFICATE OF BOARD OF SURVEY

**THE NATIONAL COUNCIL FOR CHILDREN SERVICES**  
**Bank Reconciliation for the Year ended 30 June 2018.**

	<b>Balance as per the Bank Statement.</b>		<b>4,402,195.80</b>
<i>less:</i>	1. Payments in Cash Book not in Bank Statement	(630,700.00)	
		(69,300.00)	(700,000.00)
	2. Receipts in Bank not in Cash Book	(117,000.00)	(117,000.00)
<i>Add:</i>	3. Payments in Bank not in Cash Book	600,300.00	
		24,360.20	
		44,000.00	
		20,000.00	688,660.20
	- Under cast of Cash Book payments	128,339.08	128,339.08
	<b>Balance as per the Cash Book.</b>		<b>4,402,195.08</b>

ANNEX 2

F.O. 51

REPUBLIC OF KENYA

Date : 01/07/2018

Report of the Board of Survey on the Cash and Bank Balances of ...NATIONAL COUNCIL FOR CHILDREN SERVICES as at the close of Business on 30/6/2018

The Board, consisting of - (Names and official titles)

1. DAVID N. KITETO - Chairperson
2. DAVID KAMURI NDUNG'U - Member
3. ALFRED K. TELE - Secretary

assembled at the office of the.....NATIONAL COUNCIL FOR CHILDREN SERVICES - NSSF BLD . at ...11.00 AM..... (time) on the 2-07-2018 and the following cash was produced:-

Notes	..	..	..	..Sh.	NIL
Silver	..	..	..	.Sh.	NIL.
Copper	..	..	..	.Sh	NIL
Cheques (as per details on reverse) ..				.Sh	NIL NIL

It was observed that cheques amounting to Sh. ....-NIL.....cts.....-

Had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the 30/06/2018.....

Cash on hand	..	..	..	..	..	Sh.	NIL
Bank Balance	..	..	..	..	..	Sh.	4,402,195.00

The Bank Certificate of Balance showed a sum of Kshs.....NIL.....  
.....cts.....NIL.....(Sh.....cts.....)

Standing to the credit of the account on ...30/6.....20...18.....:-

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

Chairman

Secretary

Members of the Board.

Date 2/7/2018

GPK (L)