

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY

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**REPORT**

BY:

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E. Nginyo

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OF KENYA  
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**OF**

**THE AUDITOR-GENERAL**

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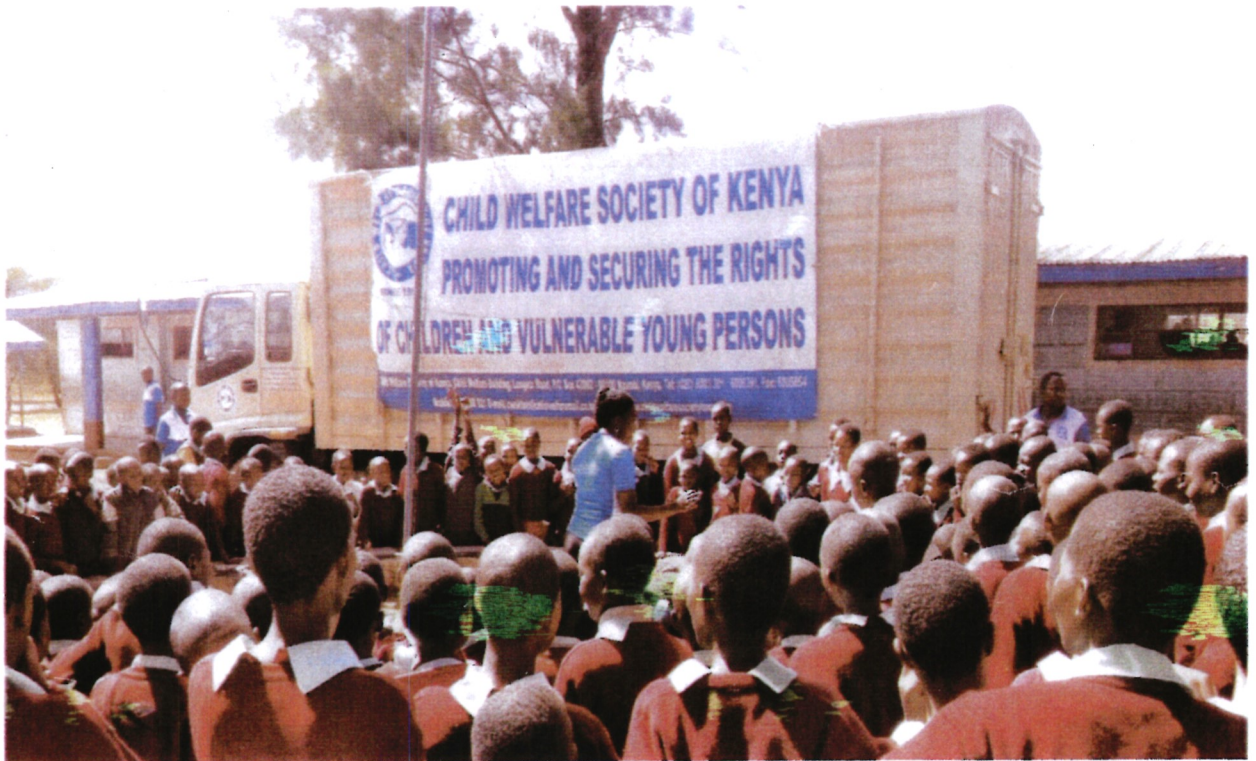
**CHILD WELFARE SOCIETY OF KENYA**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

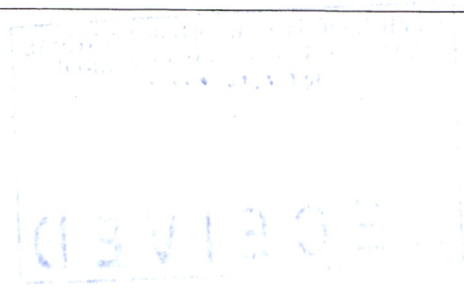


**CHILD WELFARE SOCIETY OF KENYA**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDING  
JUNE 30, 2021**



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 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*”

*The CWSK decision making Organs are as it is in the CWSK Constitution.*

**(c) Key Decision Making Organ**

The Society’s day-to-day management is under the following key organs:

- Patron
- Board of Trustees
- Board of Directors
- Chief Executive Officer/Managing Trustee
- Secretariat

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	CEO / Managing Trustee	Irene Mureithi
2.	Head of Finance	Charles Maina
3.	Head of Human Resource	Marcella Obaga
4.	Development projects	Peter Githinji
5.	Internal Audit	Floriana Maganga
6.	Information Communication and Technology	Geoffrey Yegon
7.	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.childwelfaresocietykenya.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 Advisors**

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

**2. THE BOARD OF TRUSTEES**

<p><b>1. Joseph Gitau, HSC</b></p> 	<p>Mr. Gitau is is the Chairman of Child Welfare Society of Kenya. He holds a Master of Arts (MA) Degree in Sociology (with emphasis in Criminology, Justice, Administration, Probation and Parole), Fordham University, New York, USA.</p> <p>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.</p>
<p><b>2. Joseph Gichuru</b></p> 	<p>Mr. Joseph Gichuru is a Trustee of the CWSK Board of Trustee 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.</p> <p>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.</p>
<p><b>3. Hon. Senator Nathan Munoko</b></p> 	<p>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.</p> <p>He has served on various Commissions and in various sectors including the political, government, administrative and education sectors.</p>
<p><b>4. Bill Rutto</b></p> 	<p>Bill Rutto is a life member of CWSK since 2003 and currently serves as a member of CWSK Board of Trustees (BOT). Bill holds a Master of Science (MSc) degree in governance and an associateship of the Chartered Institute of Bankers (ACIB). He has a keen interest in child protection, and for many years was involved in promoting CWSK work as a volunteer, including fundraising. Bill is also an award-winning author (Jomo Kenyatta Prize for Literature, 2005) for his book that focuses on the youth vis-à-vis challenges of drug abuse. The book is a “class reader” for Kenyan and Rwandan secondary schools.</p>

<p><b>5. Prof. Charles N. Chungu</b></p> 	<p>Prof. Chungu is a Medical Doctor, Researcher, Community Fieldworker, Scientist, Teacher, Parasitologist, Consultant Microbiologist, a specialist in Tropical and Travel Medicine and Vaccinology, Health Economist, Clinical Epidemiologist, Public Health, Disease Control specialist.</p> <p>His current position includes being the first Executive Dean School of Medicine at Masinde Muliro University of Science and Technology (MMUST) and on the Faculty of Travel Medicine of the Royal College of Physicians &amp; Surgeons, Glasgow (Britain). He is the Founding Trustee and Scientist of Western Community Health Association (WECOHAS) and the Director and Consultant Specialist at the Centre for Tropical and Travel Medicine, Nairobi.</p>
<p><b>6. Mrs Haida Bruno</b></p> 	<p>Mrs. Bruno is a Member of the CWSK Board of Trustee. She is a trained Social Worker who has a special passion to provide childcare 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.</p> <p>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.</p> <p>Mrs. Bruno is currently the chairlady of Coast Women Council of Clergy.</p>
<p><b>7. Irene Mureithi</b></p> 	<p>Irene is the Chief Executive Officer/Managing Trustee of Child Welfare Society of Kenya. A professional in Social work.</p> <p>She was the <b>Joint Secretary and Technical Advisor</b> to the Expert/Steering Committee to Review the Framework for Child Adoption in Kenya; <b>Member</b> 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 &amp; <b>Member</b> of the National Multi-Disciplinary Committee to Coordinate the Development of the Social Workers Bill.</p> <p>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.</p>

#### 4. CHAIRMAN'S STATEMENT

We thank God for a successful ending of the financial year 2020/21.

The Board of Trustees of Child Welfare Society of Kenya (CWSK) has continued to undertake its mandate in the overall policy direction and oversight of the Society. The Board is greatly indebted to the members of the Society across the country who have continued to support the organization to achieve its objectives. Secondly, the Board appreciates the partnership that exists between the Society and the Government through the Ministry of Labour and Social Protection, which strives to ensure that children are well protected as a shared responsibility.

The Board also acknowledges the excellent work of the Society's Secretariat and the organisation's staff as they continue to ensure that vulnerable children under the organization's care are served diligently and efficiently.

The Board of Trustees has continued to give leadership to the Society in terms of driving the vision of the Society and I can report positive direction especially coming out of a difficult previous year where certain outside forces tried to forcibly take over the organisation, which caused a lot of confusion.

During this financial year, the board has ensured protection of CWSK properties across the country and has in this regard processed several titles for the Society's land. This has been done to ensure that all the properties are secure.

At the same time, in the year under review, the organization was greatly affected by the Covid-19 pandemic. The organization's activities especially community programmes were hampered owing to mitigating measures that had to be taken in line with the Ministry of Health Protocols for Covid-19 control. However, the Trustees encouraged the Society to carry on with its work, trusting that it shall weather the storm. Given the circumstances, the Trustees are satisfied with the work done by the Secretariat and staff across the Republic.

As we move into the next financial year, the Board of Trustees is committed to providing policy direction to the organisation it has done in the past 66 years to ensure the best interest of the child is served.

God bless CWSK!

Signed by:

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

DATE: 04/05/2022  
.....

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

We have come to the end of the Financial Year 2020/2021. We thank God for this milestone. The year has been successful and Child Welfare Society of Kenya (CWSK) had made several strides in positively impacting the lives of children both at the Temporary Places of Safety and in the Community thus creating a positive impact in child protection and enhancing the welfare of children.

To enhance child protection and promote the well-being of children, CWSK reached 95,495 directly during the year and also enhanced support to families; reaching over 102,700 by providing of psycho-social support and capacity building. These children and families have been accorded different psycho-social support including food, shelter, education, medical support, capacity building, counselling, family mediation, reintegration, alternative family care, economic empowerment, among others.

In the wake of Covid -19 impact to children and families, CWSK continued to implement the strategies that would reduce the possible spread of the virus. Some of the strategies include ensuring that school going children are enrolled and supported with education while in boarding schools. This has reduced community transmission of the virus within the temporary places of safety. CWSK also facilitated Covid-19 testing and resulting support to staff to ensure that children, and the staff themselves, are protected. Other measure that have been continually implemented at the CWSK offices and temporary places of safety include; ensuring proper use of face marks, observing social distancing as well as encouraging hand washing and general sanitization, in order to be in line with the Ministry of Health guidelines on Covid-19 prevention.

Some of the notable achievements by the organization include responding to victims of floods in Starehe and Langata Sub-Counties reaching over 2,000 households and over 9,000 children under the Emergency Programme, in Nairobi County. The children and families were supported with stationaries, blankets, mattresses, food supplies and iron sheets for reconstructing their houses. These interventions had very positive impact to the children and families who had lost most of their household items through the floods as most families had young children who were left with no food to eat or a place to sleep. CWSK also supported over 1,500 vulnerable children in the temporary places of safety and 9,300 community children with Education to ensure that they realize their full potential.

Of special mention is that CWSK supported 38 vulnerable young persons from the CWSK temporary places of safety and the community to join the National Youth Service (NYS). The young persons were taken to NYS and have now been enrolled in various courses to keep them engaged and also to give them an opportunity for growth. Several of the young people were also given leadership roles.

It is noteworthy to state that CWSK received Kshs 492,340,000 out of a budgetary allocation of Kshs. 872,340,000 by the Government for the Financial Year 2020/2021. Kshs. 872,340,000 out of this was recurrent while No grants were allocated for development. At the moment, CWSK continues to undertake its operations and programmes in the best interest of children. We hope to continue implementing CWSK programmes and offer services to children and families with an aim of ensuring care, protection and development of children throughout the country.

**a. ACHIEVEMENT PER CWSK PROGRAMME**

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

CWSK provides Rapid Response and Rescue Services to children in need of care and protection. The programme entails addressing the needs of children who are lost, abandoned, neglected, abused, offered, or those needing other forms of care and protection whereby some are placed in temporary places of safety.

The CWSK temporary places of safety include i.e. CWSK Mama Ngina Kenyatta with other extensions- 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. CWSK rescues and offers shelter to children in need of temporary care and protection. CWSK also provides them with psychosocial support while at the temporary places of safety. In addition, CWSK also networks with other charitable children's institution to offer services to children and ensure that they are reintegrated back into communities other than being raised in institutions.



**Photo 1:** *Child Welfare Society of Kenya CEO (Irene Mureithi) accompanied by the Ambassador for Greece H.E. Mr. Antonios Sgouropoulos during a visit to the children at CWSK Mama Ngina Temporary Place of Safety*



**Photo 2:** *Re-looking at history, down the memory lane; a photo showing one of Child Welfare Society of Kenya's Temporary Places of Safety (CWSK EMBU TPS)*

#### **Achievements in rapid response and rescue of children**

- During the period **11,490** children were provided with Rapid Response and Rescue Services against a target of **20,000**.

#### **(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**

During the period, **169** foster and adoptive parents were reached; out of a target of **250**. Training was also undertaken to **173** foster and adoptive parents out of a target of **150** while case follow ups were done in **133** cases out of a target of **120**. The trainings that were undertaken were on child care, alternative family care and parenting. In addition, **64** court reports for children were prepared and filed; out of a target of **55**.

#### **(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**

- Despite the guidelines on prohibition of community gatherings as a measure to curb the spread of Covid-19 Pandemic, CWSK reached **12,200** children from a target of **91,722** and provided

them with various forms of psycho-social support including: education support (for example stationery), food, beddings, building materials (for example iron sheets), counselling.

**The impact of the programme is**

- Significant change in the lives of children affected by emergencies after provision of psycho-social support.
- Increased school admission and retention in school for children affected by emergencies
- Increased awareness on issues affecting children in emergencies
- Increased protection of children in emergencies
- Provision of adequate food and nutrition for food security
- Prevention of children from separation



**Photo 3:** *CWSK intervenes under the Emergency Preparedness and Response Programme, to support affected families in Langata Sub-County, Nairobi County. The families were affected by floods that washed away their food supplies, beddings, books for children among other house-hold items.*



**Photo 4:** Registration by CWSK staff during Emergency Response in Nairobi County. To observe social distancing as one of the Covid -19 mitigation measures, different registration points had been set up.



**Photo 5:** CWSK officers and the CEO ( Irene Mureithi) make sure that all points are well set up for the beneficiaries to occupy. The beneficiaries were families that had been affected by flooding in Nairobi County and CWSK supported them with beddings, mattresses and 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**

- In FY 2020/21 a total of **70,725** families out of a target of **94,300** were reached during the period and accorded psycho-social support. In addition, **266** families of vulnerable that had vulnerable children were identified, trained and empowered. This was against a target of **250** families.



**Photo 6:** *The CEO of Child Welfare Society of Kenya, joins staff in distributing support items to families in Nairobi County; these included mattresses, blankets, food supplies and stationery for children (i.e. books, pencils and pens).*



**Photo 7:** *Girls happy and smiling through the masks as they receive sanitary supplies from CWSK staff in one of the schools.*

**(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.



**Photo 8:** A family in Kiambu smiles during family re-integration as they show some of the items in the reintegration kit (including school bags, blankets and food items). Wearing a blue t-shirt is a CWSK social worker.



**Photo 9:** CWSK officers give psycho-social support to a family during reintegration of children in Narok County. The children continue to be under CWSK Education support programme to caution them from risks of child marriage or FGM (Female Genital Mutilation) within the area which could result to their dropping out of school.



# 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 county



Name: Baby Muthoni Age: 1 year 10 months Residential: Mt. Kenya Police Station Date of rescue: 20190818	Name: Baby Emmanuel Age: 2 years Residential: Nairobi City Police Station Date of rescue: 20171217	Name: Baby Muthoni Age: 1 year 10 months Residential: Nairobi City Police Station Date of rescue: 20190818	Name: Baby Muthoni Age: 1 year 10 months Residential: Nairobi City Police Station Date of rescue: 20190818	Name: Baby Muthoni Age: 1 year 10 months Residential: Nairobi City Police Station Date of rescue: 20190818	Name: Baby Muthoni Age: 1 year 10 months Residential: Nairobi City Police Station Date of rescue: 20190818	Name: Baby Muthoni Age: 1 year 10 months Residential: Nairobi City Police Station Date of rescue: 20190818	Name: Baby Muthoni Age: 1 year 10 months Residential: Nairobi City Police Station Date of rescue: 20190818

***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**

- During the period **3,329** separated children were provided with family tracing services through Identification, Documentation, Tracing and Re-unification (IDTR). The target for the period was **11,685**.

**(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**

- **25,800** children out of a target of **33,445** children were supported with complementary education materials including: stationery, school uniforms, shoes and school bags to enable them continue with education. In addition, CWSK paid school fees and levies to **2,350** OVCs and young persons at the temporary places of safety and in the community; against a target of **3,030**.



**Photo 10:** *CWSK supporting school retention by providing food supplies to children. This will go a long way to feed children in school thus lowering absenteeism that is at times occasioned by lack of school feeding programme in schools.*



**Photo 11:** *Young persons supported under the Education Programme assemble at CWSK Mama Ngina TPS to receive supplies (buckets, tracksuits, sports shoes, bags, iron boxes and personal effects) in readiness to join Natational Youth Service (NYS).*



**Photo 12:** *CWSK Social Worker at CWSK Mama Ngina Temporary Place of Safety issues items for personal use to a young person who was recruited to join National Youth Service (NYS).*

**(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**

- During the period **2,793** children involved and at risk of child labour and CSEC were identified and also provided with psychosocial support to enable them go to school and increase their retention in school. This was against a target of **4,500** children.

**(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**

- During the period **31,370** duty bearers were sensitized/trained on OVC protection as well as on their roles; against a target of **40,000**. In addition, **2,800** children were sensitized through child participation against a target of **850** children.



**Photo 13:** Institutional strengthening- CWSK provides food support to Angel Centre for Abandoned Children in Nairobi County. Other support given include undertaking family tracing for children at

*the institution whereby so far, families of 12 children have been identified and the cases are ongoing to inform the reintegration process of the children with their families.*



**Photo 14:** *Children keenly listening to a CWSK staff during sensitization on hygiene, their responsibilities as children, protection from strangers as well as danger signs and need to focus on education; in Nairobi 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 %; Equipping and official Launching of the Health centre is required for operationalization. Phase 2 in progress i.e. three Storey house blocks at 87%. Finishing and equipping of the House blocks is required for occupation.
2. **CWSK Nanyuki-** Phase 1 complete comprising of Perimeter wall, health centre, office, guard house -100 %; Equipping and official launching of the Health centre is required for operationalization. Phase 2 in progress i.e. three three Storey house blocks 87%. Finishing and equipping of the House blocks is required for occupation.
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 %; Equipping and official Launching of the Health centre is required for operationalization. Phase 2 of 4 Storey house blocks in progress at 87 % completion. Finishing and equipping of the house blocks is required for occupation.
5. **CWSK JOSKA**- Phase 1 in progress-comprising of 3 foster houses i.e 1 Bungalow house block - 86%, Two 1 Storey house blocks at 86 %, Administration/office unit 60%, Phase 2 in progress- comprising One 3 storey house block at 50%, dining/kitchen unit - 87%, 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%. Finishing and equipping of the house blocks is required for occupation.
6. **CWSK BUNGOMA**- Phase 1 in progress- One Bungalow house block is at 87%, The house block requires Finishing and equipping for occupation, perimeter fencing 20%, bio-digester works 70%, drainage works 80%, landscape works 20%.

#### Impact of the Projects

- When complete, the integrated child and family centres will rescue an annual turnover of 20,000 most vulnerable children.
- Children will receive holistic professional services under one roof. These are rescue and temporary care of separated children, nutrition, physiotherapy, counselling, health, education, psychosocial support.
- Protection of children living outside family households will be improved.
- Spacious accommodation to children will be provided, therefore providing adequate social distancing for mitigation of Covid 19.
- Children will be moved from rented premises, therefore saving on rent.
- Education will be provided to the children in the centres, therefore improving the security of the children.
- Capacity building of duty bearers (parents, teachers, children officers, health workers among others) will be strengthened.

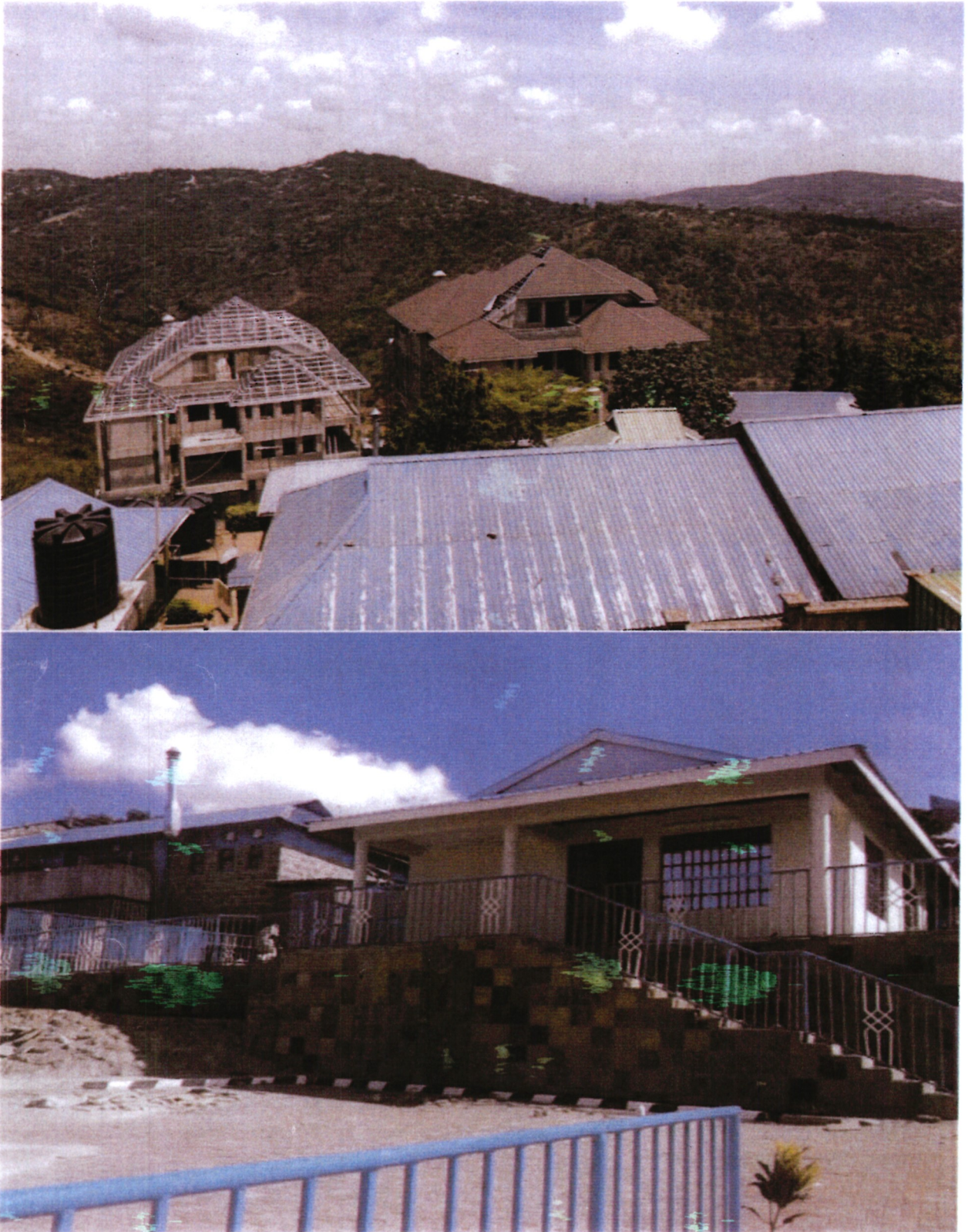
**Sample project photographs**



*Photo 1. A section of Mutrang'a project- Main entry*



*Photo 2. CWSK Murang'a Integrated child & family centre – Murang'a House block 1*



*Photo 3: CWSK Integrated child & family centre Murang'a – Work in progress House blocks 1&2 (above)– Health centre, guard house, parking complete(below)*



*Photo 4: CWSK Integrated child & family centre Joska (Maisonette block 1, Bungalow, dining/kitchen unit*



*Photo 5: CWSK Integrated child & family centre Joska – project components (work in progress)*





*Photo 6: CWSK Integrated child and family centre - Isiolo – A section of perimeter wall - complete*



*Photo 7: CWSK Integrated child and family centre - Isiolo – Health centre and guard house units complete*



*Photo 8: CWSK Integrated child and family centre - Isiolo –house block unit 1*



*Photo 9: CWSK Integrated child and family centre - Isiolo –house block unit 2*



*Photo 10: CWSK Nanyuki – Integrated child and family centre – Health centre, guard house, parking complete*



*Photo 11: CWSK Nanyuki – Integrated child and family centre – Three house blocks above*

## CONCLUSION

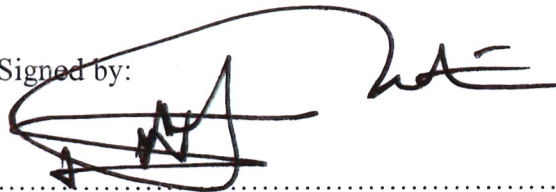
We are grateful to God for the tremendous achievements that Child Welfare Society of Kenya accomplished in the year 2020/21 and for the remarkable growth to a higher level of glory that has seen CWSK continue to expand the provision of services to children across the country.

CWSK has made a tremendous impact on a total of One Hundred and Two Thousand Seven Hundred Sixty-Two through its programs and made good progress in the implementation of the vision 2030 flagship projects namely; alternative family care, 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 OFFICE**

DATE: 04/05/2022

## **6. STATEMENT OF CWSK's PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021**

### **(a) 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**

During the period, **169** foster and adoptive parents were reached; out of a target of **250**. Training was also undertaken to **173** foster and adoptive parents out of a target of **150** while case follow ups were done in **133** cases out of a target of **120**. The trainings that were undertaken were on child care, alternative family care and parenting. In addition, **64** court reports for children were prepared and filed; out of a target of **55**.

### **(b) 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**

- Despite the guidelines on prohibition of community gatherings as a measure to curb the spread of Covid-19 Pandemic, CWSK reached **12,200** children from a target of **91,722** and provided them with various forms of psycho-social support including: education support (for example stationery), food, beddings, building materials (for example iron sheets), counselling.

#### **The impact of the programme is**

- Significant change in the lives of children affected by emergencies after provision of psycho-social support.
- Increased school admission and retention in school for children affected by emergencies
- Increased awareness on issues affecting children in emergencies
- Increased protection of children in emergencies
- Provision of adequate food and nutrition for food security
- Prevention of children from separation

### **(c) 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**

- In FY 2020/21 a total of **70,725** families out of a target of **94,300** were reached during the

period and accorded psycho-social support. In addition, **266** families of vulnerable that had vulnerable children were identified, trained and empowered. This was against a target of **250** families.

**d) 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.

**Achievements in family Tracing and Reunification**

- During the period **3,329** separated children were provided with family tracing services through Identification, Documentation, Tracing and Re-unification (IDTR). The target for the period was **11,685**.

**e) 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**

- **25,800** children out of a target of **33,445** children were supported with complementary education materials including: stationery, school uniforms, shoes and school bags to enable them continue with education. In addition, CWSK paid school fees and levies to **2,350** OVCs and young persons at the temporary places of safety and in the community; against a target of **3,030**.

**f) 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**

- During the period **2,793** children involved and at risk of child labour and CSEC were identified and also provided with psychosocial support to enable them go to school and increase their retention in school. This was against a target of **4,500** children.

**g) 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**

- During the period **31,370** duty bearers were sensitized/trained on OVC protection as well as on their roles; against a target of **40,000**. In addition, **2,800** children were sensitized through child participation against a target of **850** children.

## **7. 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, having existed as a body cooperate since 1955.

### **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 and is entrenched in CWSK Constitution. 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.

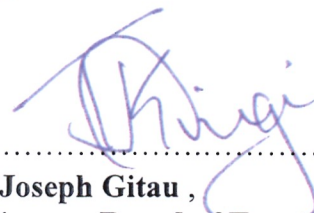
Signed:



Irene Mureithi

**Chief Executive Officer/Managing Trustee**

Date: ...04/05/2022.....



**Mr. Joseph Gitau ,  
Chairman, Board of Trustees**

Date: ...04/05/2022.....

## **8. 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, 2021.

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:

- a. To receive budgetary allocation from the Government of Kenya.
- b. To collect donations (whether periodical or otherwise).
- c. To elect the Chairman of the Board of Trustees.
- d. To appoint the Board of Directors and the Chairman of Board of Directors.
- e. To appoint the Managing Trustee who shall be the Chief Executive Officer of the Society.
- f. To appoint the Treasurer.
- g. To be the custodian of all the assets, legal documents, and liabilities of the society.
- h. To establish the Secretariat which runs from the National level to the County level.
- i. To issue appeals for donations and periodical reports on the work of Trustees.
- j. 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.

In the year under review, CWSK did not receive its full budgetary allocation. Out of the total of allocation of Ksh 872,340,000 CWSK received Ksh 492,340,000 (44%). This grossly affected the normal implementation of programmes in terms of achievement of the annual targets as well as projects. This was compounded by the emergence of Covid- 19 Pandemic in the first quarter. The performance of CWSK programmes, which are essentially community-based were affected due to the observance of the Ministry of Health protocols such as social distancing and minimal movement due to imposed lock down of some counties.

The fixed assets 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, Established from 1955.

Signed: 

.....  
Irene Mureithi

**Chief Executive Officer/ Managing Trustee**

Date: ..... 04/05/2022 .....

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

Date: ..... 04/05/2022 .....

## **9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The Child Welfare Society of Kenya is very clear that its mandate of caring for and the protection and control of children, cannot succeed unless it is matched by the care for the environment. CWSK has, therefore, taken a conscious decision to make environmental conservation an agenda which must be considered in all our work with children and in all our projects including infrastructural developments.

Tree planting and beautification of our temporary places of safety and in all our held land across the county is an endeavour we take seriously. In especially all our upcoming construction sites, we have set aside ample spaces to grow trees, grass and flowers, giving the site fresh air, beauty and a cooling effect.

We are working on reducing waste from our centres including kitchens by constructing biogas digesters which also help in solving a variety of energy and health issues in our centres and their surroundings. For starters, the waste that is used in the digesters does not reach the dumpsites that have become an eyesore and a source of a variety of diseases affecting communities.

Secondly, the energy from the system which is used for cooking, heating and lighting, is a major boost to environment conservation as it saves on firewood and charcoal, diesel and water. This reduces carbon emitted into the atmosphere thus ensuring a clean environment. The residue from the digesters is also used in our gardens as fertilizer for the vegetables and other plants.

This technology will eventually be replicated in all our centres and the net effect in terms of environmental conservation will be immense.

At CWSK, the use of the printing machine has been cut to below 20 percent as we emphasis on digital documents which are stored and shared online. This has minimized the use of printing paper, which has a direct impact on the environment as paper is a by-product of wood from trees.

We also have an in-house policy that sees to it that electricity is used only when necessary, encouraging the use of natural light through windows in our offices and ensuring that all electrical equipment is shut down whenever not in use.

Outside our centres, the CWSK has been giving out water tanks to schools and communities for use in harvesting rain water. This has been the case especially in drought prone areas with water scarcity.

## **10. REPORT OF THE TRUSTEES**

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2021, 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, 2021 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 of Trustees

Signed:



.....  
Irene Mureithi  
**Chief Executive Officer/ Managing Trustee**

Date: ..... 04/05/2022 .....

## **11. STATEMENT OF TRUSTEE'S RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14, 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.

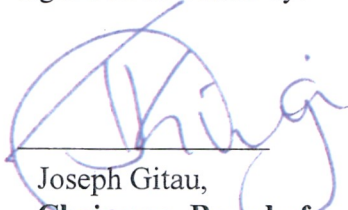
The Trustees are responsible for the preparation and presentation of the Society's financial statements, which give a true and fair view of the state of affairs of the Society for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial 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. The Trustees 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, 2021, 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 4<sup>th</sup> May 2022 and signed on its behalf by:

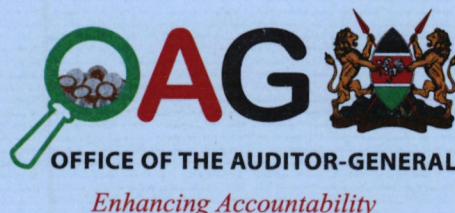
  
Joseph Gitau,  
**Chairman, Board of Trustees**

  
Basilian Nyaga  
**Treasurer**

  
Irene Mureithi  
**CEO/ Managing Trustee**

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR GENERAL ON CHILD WELFARE SOCIETY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2021

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Child Welfare Society of Kenya (CWSK) set out on pages 1 to 27, which comprise of the statement of financial

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*Report of the Auditor-General on Child Welfare Society of Kenya for the year ended 30 June, 2021*

position as at 30 June, 2021, the statement of financial performance, the statement of changes in net assets, statement of cash flows and the 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, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Child Welfare Society of Kenya Order, 2014.

### **Basis for Qualified Opinion**

The financial statements reflect the following balances that are not supported with sufficient appropriate records, or are not fairly stated, as explained in the following paragraphs:

#### **1.0 Property, Plant and Equipment**

##### **1.1 Lack of Ownership Documents**

The statement of financial position reflects property, plant and equipment totalling Kshs.2,902,844,957 which includes land balance of Kshs.1,151,313,276 as further disclosed in Note 20 to the financial statements. However, as previously reported, the eighteen (18) parcels of land located in various Counties lacked or did not have complete ownership documents registered in the name of the Society. Although records provided by Management indicated progress had been made in obtaining documents for some parcels of land, there was no indication on when all the documents would be acquired.

Further, Management did not maintain a comprehensive asset register for property, plant and equipment with details on records of each parcel of land and building and the terms under which these were held, having reference to factors such as location, area, dates of acquisition, disposal or major change in use, and capital expenditure, among other important factors.

In the circumstances, the valuation, custody, security, value and completeness of the property, plant and equipment balance totalling Kshs.2,902,844,957 as at 30 June, 2021 could not be confirmed.

##### **1.2 Work-in -Progress**

The property plant and equipment balance further includes work-in-progress totalling Kshs.1,473,374,925, as disclosed in Note 20 to the financial statements. However, examination of records on the balance revealed the following anomalies:

- i) An ongoing project at Joska in Machakos County contracted for completion in one year from 4 April, 2014 had not been completed as at 30 June, 2021, more than six years after its due date of completion.
- ii) As previously reported, the estimated initial cost of thirteen (13) out of fourteen (14) ongoing construction projects was Kshs.5,004,347,220. Note 20 to the financial statements indicates that expenditure totalling Kshs.1,473,374,925 had been incurred on the projects as at 30 June, 2021. However, the accuracy and fair statement of the balance could not be confirmed due to the following reasons:
  - (a) Although no funds were received by the Fund for development expenditure in the year under review, Note 20 to the financial statements indicates that Kshs.4,996,968 was spent on development projects and reflected in the financial statements as Work-in-Progress(WIP) as at 30 June, 2021. However, examination of the respective payment vouchers indicated that the expenditure related to maintenance of buildings under construction and was not, therefore, fairly stated in the financial statements.
  - (b) The Bills of Quantities(BQs) for a project in Bomet County were not provided for audit verification. As a result, the value of work completed on the project could not be confirmed.
  - iii) Three (3) construction projects planned for Embu, Baringo and Bomet Counties had not started whereas those started in Kisumu, Kisii, Nyandarua and Turkana Counties had stalled and did not receive budgetary allocation in the year under review. As a result, it was uncertain when the projects would be completed for use by the children they were intended for.

In view of these issues, the fair statement and valuation of the work- in-progress balance totalling Kshs.1,473,374,925 as at 30 June, 2021 could not be confirmed.

## **2.0 Cash and Cash Equivalents**

### **2.1 Petty Cash**

The statement of financial position as at 30 June, 2021 reflects cash and bank balance of Kshs.43,410,474 as further disclosed in Note 24 to the financial statements. The balance includes petty cash of Kshs.4,238,790, which in turn includes 3,079,677 recoverable from staff who were no longer employed by the Society and from whom cash recoveries were uncertain.

### **2.2 Cash at Bank**

The cash and cash equivalents balance includes a bank balance totalling Kshs.7,891,804 as at 30 June, 2021. However, the bank reconciliation statements and bank certificate for the account were not provided for audit review.

In addition, review of cash books and other records indicated that three (3) bank accounts had been overdrawn by a total of Kshs.129,161 as at 30 June, 2021. This

was contrary to Regulation 82(7) of the Public Finance Management (National Government) Regulations, 2015, which provides that no official National Government bank account shall be overdrawn, or any advance or loan be obtained from a bank account for official purposes beyond the limit authorized by The National Treasury in line with Section 28(4) of the Act.

Further, several of the Society's bank accounts with bank balances totalling Kshs.4,649,200 as at 30 June, 2021 were dormant during the year under review. Management did not provide an explanation on why the accounts were not closed to save on bank charges.

In the circumstances, the accuracy and completeness of cash and bank balance totalling Kshs.43,410,474 as at 30 June, 2021 could not be confirmed.

### **3.0. Receivables**

The statement of financial position reflects receivables totalling Kshs.16,036,895 as further disclosed in Note 23 to the financial statements. Included in the balance are long outstanding receivables totalling Kshs.7,658,413. Evidence of efforts made by Management to recover the balances was not disclosed. Further, in spite of the debts being old, Management did not make any provision for bad and doubtful debts in the financial statements.

In the circumstances, the accuracy and recoverability of the long outstanding receivables balance totalling Kshs.7,658,413 could not be confirmed.

### **4.0 Accounts Payables and Accruals**

The statement of financial position reflects account payables and accruals totalling Kshs.70,587,131, as further disclosed in Note 26 to the financial statements. However, the balance includes payables with anomalies, as explained below:

- (i) Long outstanding pensions totalling Kshs.10,923,971 reported by Management to have resulted from overprovision of pension in the accounts. No disclosure was made on how this had occurred and why the error was not corrected.
- (ii) Unremitted Pay As You Earn (PAYE) taxes totalling Kshs.20,234,043 at the beginning of the financial year. Review of the PAYE ledger indicated that Kshs.25,528,942 was outstanding as at 30 June, 2021. The balance included penalties and interest totalling Kshs.18,412,243 that resulted from delay in payment of taxes. No satisfactory explanation was provided for the failure to settle the taxes in due time.
- (iii) Unanalyzed other payables balance totalling Kshs.1,485,670.
- (iv) Other outstanding statutory deductions totalling Kshs.694,693 for which Management did not provide a satisfactory explanation for not prioritizing the payment of statutory deductions so as not to jeopardize the welfare of the Society's employees and avoid nugatory costs in interest and penalties.

In view of the delayed payments, the accuracy and fair statement of the account payables balance totalling Kshs.70,587,131 as at 30 June, 2021 could not be confirmed.

## **5.0 Statement of Comparison of Budget and Actual Amounts**

Review of the statement of comparison of budget and actual amounts for the year ended 30 June, 2021 indicated that the original revenue budget was reduced from Kshs.4,200,000,000 to the final budget totalling Kshs.872,340,000. Similarly, the original total expenditure budget was reduced from Kshs.4,200,000,000 to the final total expenditure budget of Kshs.872,340,000. However, the statement reflects Nil adjustments to the original revenue and expenditure budgets. Further, the revenue performance difference was erroneously reflected as Kshs.380,000,000, instead of Kshs.359,040,391 resulting in an unexplained variance of Kshs. 20,959,609.

In the circumstances, the accuracy and fair statement of the statement of comparison of budget and actual amounts 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.

## **Other Matter**

### **1.0. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a final revenue budget and actual revenue totalling Kshs.872,340,000 and Kshs.513,299,609 respectively resulting to a revenue shortfall of Kshs.359,040,391 or 41% of the budget. Further, the statement reflects an expenditure budget of Kshs.872,340,000 and actual expenditure of Kshs.573,185,882 resulting to under-expenditure of Kshs.299,154,118 or 34% of the budget.

The significant shortfall in revenue and the under-expenditure may have constrained implementation of the Society's programs and services and provision of its services in the year under review. Management attributed the unsatisfactory performance to unremitted Exchequers.

### **2.0. Unresolved Prior Year's Issues**

The audit report for the prior year ended 30 June, 2020 raised several issues in relation to the Report of Financial Statements, Report on Lawfulness and Use of Resources and Report on Effectiveness of Internal Control and Risk Management. As disclosed by Management in the Report on Follow-up of Progress in Follow-up of Auditor's Recommendations attached to the Financial Statements, the issues had not

been resolved as at 30 June, 2021. Management did not provide a satisfactory explanation for the delay in resolving the issues.

### **Key Audit Matters**

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

## **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 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**

#### **Lack of Functional Internal Audit Department**

Review of the internal control system indicated that the Society did not have a functional internal audit unit. This was contrary to Section 73(1)(a) of Public Finance Management Act, 2012 which requires every National Government entity to establish means for conducting internal audit reviews in accordance with the guidelines issued by the Accounting Standards Board.

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

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

### **Responsibilities of Management and Board of Trustees**

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 overall governance.

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Society to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**


**Nairobi**

**22 July, 2022**

**13. STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>	<b>Note</b>	<b>2020/2021</b>	<b>2019/20</b>
		<b>KShs</b>	<b>KShs</b>
<b>RECURRENT FUNDS</b>			
Government Grant	6	492,340,000	353,400,000
Other Grants	15	18,107,502	17,593,778
Other Income	15(b)	2,852,106	2,084,719
<b>Total Recurrent Revenue</b>		<b><u>513,299,609</u></b>	<b><u>373,078,497</u></b>
<b>Recurrent Expenses</b>			
Compensation of Employees	16	232,300,495	290,624,450
Directors Expenses	17	4,822,850	1,351,000
Depreciation Charge	18	23,769,661	28,997,344
Programs Support Expenses	18	67,847,457	68,076,552
OVC Development	19	231,553,700	149,247,763
<b>Subtotal - Recurrent Expenses</b>		<b><u>560,294,164</u></b>	<b><u>538,297,109</u></b>
<b>SURPLUS/(DEFICIT) FROM RECURRENT ACTIVITIES</b>		<b><u>(46,994,555)</u></b>	<b><u>(165,218,612)</u></b>

The notes set out on pages 7 to 26 form an integral part of these Financial Statements.



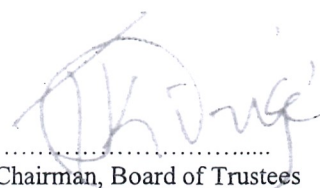
Chief Executive Officer/Managing Trustee  
 Name: Irene Mureithi

Date 04/05/2022



National Treasurer  
 Name: Basiliano Nyagah

Date 04/05/2022



Chairman, Board of Trustees  
 Name: Joseph Gitau

Date 04/05/2022

**13. STATEMENT OF FINANCIAL PERFORMANCE  
 FOR THE YEAR ENDED 30 JUNE 2021**

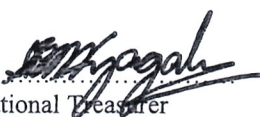
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>	<b>Note</b>	<b>2020/2021</b>	<b>2019/20</b>
		<b>KShs</b>	<b>KShs</b>
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The notes set out on pages 7 to 26 form an integral part of these Financial Statements.



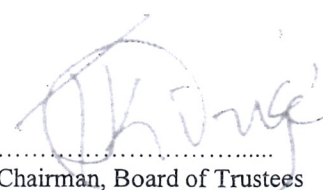
Chief Executive Officer/Managing Trustee  
 Name: Irene Mureithi

Date 04/05/2022



National Treasurer  
 Name: Basiliano Nyagah

Date 04/05/2022



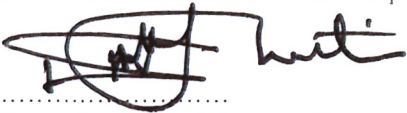
Chairman, Board of Trustees  
 Name: Joseph Gitau

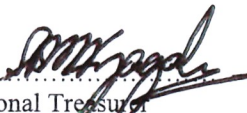
Date 04/05/2022

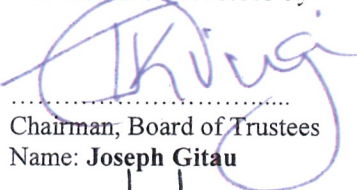
**14. STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	Note	2020/21 KShs	2019/20 KShs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	20	2,902,844,957	2,913,722,900
<b>Investments</b>			
Safaricom shares	21	5,208,375	3,652,875
		<b>2,908,053,332</b>	<b>2,917,375,775</b>
<b>Current Assets</b>			
Inventories	22	1,355,000	-
Receivables	23	16,036,895	5,296,695
Cash and Cash Equivalents	24	43,410,474	90,271,303
Trustees Account	25	108,159,417	114,087,030
		<b>168,961,786</b>	<b>209,655,028</b>
<b>Total Assets</b>		<b>3,077,015,118</b>	<b>3,127,030,803</b>
Financed by:			
<b>Current Liabilities</b>			
Accounts Payable and Accruals	26	70,587,131	73,608,261
		<b>70,587,131</b>	<b>73,608,261</b>
<b>Net Assets</b>			
Accumulated Fund		120,999,795	167,994,350
Revaluation Reserve		1,204,907,081	1,204,907,081
Capital Reserve		1,680,521,111	1,680,521,111
<b>Total Net Assets</b>		<b>3,006,427,987</b>	<b>3,053,422,542</b>
<b>Total Net Assets &amp; Liabilities</b>		<b>3,077,015,118</b>	<b>3,127,030,803</b>

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

  
.....  
Chief Executive Officer/Managing Trustee  
Name: Irene Mureithi  
Date 04/05/2022

  
.....  
National Treasurer  
Name: Basiliano Nyagah  
Date 04/05/2022

  
.....  
Chairman, Board of Trustees  
Name: Joseph Gitau  
Date 04/05/2022

**15. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2021**

	Accumulated Fund	Revaluation Reserves	Capital Reserves	Total
	KShs	KShs	KShs	KShs
Balance as at 1st July 2019	331,606,462	1,204,907,081	1,640,146,111	3,176,659,654
Capital Grants Received	-	-	40,375,000	40,375,000
Surplus (Deficit) for the Period.	(165,218,612)	-	-	(165,218,612)
Prior Year Adjustments (Stale Cheques reversed relating to previous years)	1,606,500	-	-	1,606,500
<b>Balance as at 30th June 2020</b>	<b><u>167,994,350</u></b>	<b><u>1,204,907,081</u></b>	<b><u>1,680,521,111</u></b>	<b><u>3,053,422,542</u></b>
Balance as at 1st July 2020	167,994,350	1,204,907,081	1,680,521,111	3,053,422,542
Capital Grants Received	-	-	-	-
Surplus (Deficit) for the Period	(46,994,555)	-	-	(46,994,555)
<b>Balance as at 30th June 2020</b>	<b><u>120,999,795</u></b>	<b><u>1,204,907,081</u></b>	<b><u>1,680,521,111</u></b>	<b><u>3,006,427,987</u></b>

**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.

**Child Welfare Society of Kenya**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2021**

**16. STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	2020/21 KShs	2019/20 KShs
<b>Cash flows from operating activities</b>		
Net Surplus /(Deficit) for the year	(46,994,555)	(165,218,612)
<b>Adjusted for item not involving movement of cash</b>		
Depreciation	23,769,661	28,997,344
Unrealised Gain/(Loss) on investments	(1,555,500)	(70,125)
<b>Operating Surplus/(Deficit) before Working Capital Changes</b>	<b>-24,780,394</b>	<b>-136,291,393</b>
(Increase)/decrease in inventory	(1,355,000)	2,894,020
(Increase)/decrease in receivables	(10,740,200)	840,022
Increase/(decrease) in payables	(3,021,130)	33,499,543
Increase/(decrease) in Trustee Account	5,927,613	-
<b>Net cash generated from operating activities</b>	<b>(33,969,110)</b>	<b>(99,057,808)</b>
<b>Investing activities</b>		
Purchase of Fixed Assets	(12,891,718)	(89,621,165)
<b>Cash from operating and investing activities</b>	<b>(46,860,828)</b>	<b>(188,678,974)</b>
<b>Financing activities</b>		
Development Government Fund	-	40,375,000
Reversed Stale Cheques-Previous Financial Year	-	1,606,500
<b>Net cash from financing and investing activities</b>	<b>-</b>	<b>41,981,500</b>
<b>Net cash in/(out) flow for the year</b>	<b>(46,860,828)</b>	<b>(146,697,474)</b>
<b>Cash and cash equivalents at 1st July</b>	<b>90,271,303</b>	<b>236,968,776</b>
<b>Cash and cash equivalents as at 30th June</b>	<b>43,410,475</b>	<b>90,271,303</b>
..... Chief Executive Officer/Managing Trustee Name: Irene Mureithi Date .. 04/05/2022 .....	..... National Treasurer Name: Basiliano Nyagah Date .. 04/05/2022 .....	..... Chairman, Board of Trustees Name: Joseph Gitau Date .. 04/05/2022 .....

*Child Welfare Society of Kenya*  
Annual Reports and Financial Statements  
For the year ended June 30, 2021

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2021**

REVENUE	Original Budget 2020-2021 KShs	Adjustments 2020-2021 KShs	Final Budget 2020-2021 KShs	Actual Comparable basis 2020-2021 KShs	Performance difference 2020-2021 KShs	%
Government grants – Recurrent	1,500,000,000	-	872,340,000	492,340,000	380,000,000	44%
Government grants - Development	1,229,383,500	-	-	-	-	0%
Government grants - Moratorium	-	-	-	-	-	0%
Orphans and Vulnerable Children (OVC) Development	1,470,616,500	-	-	-	-	0%
Project Grants: Nakuru Lapsetry	-	-	-	16,202,855	-	-0%
Donations/Other Incomes	-	-	-	4,756,753	-	0%
<b>TOTAL INCOME</b>	<b>4,200,000,000</b>	<b>-</b>	<b>872,340,000</b>	<b>513,299,609</b>	<b>380,000,000</b>	<b>44%</b>
<b>RECURRENT</b>						
Programs Support Expenses	285,823,624	-	118,604,298	91,617,118	26,987,180	23%
Moratorium Expenses	213,344,429	-	-	-	-	0%
Family Strengthening and Tracing Programme	40,784,229	-	31,110,000	1,468,700	29,641,300	95%
Capital Expenditure	60,486,573	-	12,000,000	7,894,750	4,105,250	34%
Personnel Costs	998,231,947	-	276,375,000	232,300,495	44,074,505	16%
Trustees Expenses	2,600,000	-	3,000,000	4,822,850	(1,822,850)	-61%
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>1,601,270,802</b>	<b>-</b>	<b>441,089,298</b>	<b>338,103,913</b>	<b>102,985,385</b>	<b>23%</b>
<b>DEVELOPMENT PROGRAMME</b>						
<b>OVC DEVELOPMENT</b>						
Capacity Building, Research and Advocacy Programme	138,485,720	-	23,000,000	118,210	22,881,790	99%
Education and Skills Development for Unreached Children at the Community Level	459,129,546	-	62,100,000	55,663,284	6,436,716	10%
Emergency, Preparedness Response Programs	187,286,023	-	150,748,000	61,255,396	89,492,604	59%
Temporary Places of Safety (including Children's Home) Programme	333,789,909	-	179,469,702	100,017,246	79,452,456	44%
Alternative Family Care	250,654,500	-	15,933,000	13,030,864	2,902,136	18%
<b>TOTAL OVC DEVELOPMENT</b>	<b>1,369,345,698</b>	<b>-</b>	<b>431,250,702</b>	<b>230,085,000</b>	<b>201,165,702</b>	<b>47%</b>
<b>PROJECTS DEVELOPMENT</b>						

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For the year ended June 30, 2021**

Upgrading CWSK Places of safety (Development projects )	1,229,383,500	-	-	4,996,968	(4,996,968)	0%
<b>TOTAL PROJECTS DEVELOPMENT</b>	<b>1,229,383,500</b>	<b>-</b>	<b>-</b>	<b>4,996,968</b>	<b>(4,996,968)</b>	<b>0%</b>
<b>TOTAL CWSK BUDGET YEAR 2020/2021</b>	<b>4,200,000,000</b>	<b>-</b>	<b>872,340,000</b>	<b>573,185,882</b>	<b>299,154,118</b>	<b>34%</b>

**Variance Explanations**

A	Recurrent Expenditure	Variance %	Variance Comments
<b>PROGRAMME/ACTIVITY</b>			
Government grants – Recurrent		44%	Exchequer Not Received
Government grants - Development			
Orphans and Vulnerable Children (OVC) Development			
Government grants - Administration			
<b>RECURRENT</b>		24%	Exchequer Not Received
Programme Support Expenses			
Family Strengthening & Family Tracing Programmes		95%	Exchequer Not Received
Capital Expenditure		34%	Exchequer Not Received
Personnel Costs		16%	Exchequer Not Received
<b>B DEVELOPMENT PROGRAMME</b>			
<b>OVC DEVELOPMENT</b>			
Capacity Building, Research and Advocacy Programme		91%	Exchequer Not Received
Education and Skills Development for Unreached Children at the Community Level		11%	Exchequer Not Received
Emergency, Preparedness and Response Programmes		59%	Exchequer Not Received
Temporary Places of Safety (including Children's Home) Programme		44%	Exchequer Not Received
Alternative Family Care		18%	Exchequer Not Received
<b>C PROJECTS DEVELOPMENT</b>			
Upgrading CWSK Places of safety (Development projects )			

## **18. 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 under perpetual succession Act 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. A Legal Order No.58 of 2014 was put in place which is in conflict with all the existing Cwsk Legal Instruments. Cwsk has existed as a body cooperate since 1955 as an irrevocable Trust and a membership Society.

### **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, 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 2021**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2019</b> 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 2021**

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

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2021.

**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

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all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed 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.

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:

- a. Raw materials: purchase cost using the weighted average cost method
- b. 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.

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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 2020-2021 on 21 June 2020. 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, 2021.

**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:

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

**Provisions**

Provisions 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	2019-2020
	KShs	KShs	KShs	KShs	KShs
Ministry of Labour and Social Protection	492,340,000	-	-	492,340,000	393,775,000
<b>Total</b>	<b>492,340,000</b>	<b>-</b>	<b>-</b>	<b>492,340,000</b>	<b>393,775,000</b>

**7. Levies, Fines and Penalties**

Description	2020-2021	2019-2020
	KShs	KShs
Fuel levy	-	-
Other levies (Specify)	-	-
Fines	-	-
Penalties	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**8. Public Contributions and Donations**

Description	2020-2021	2019-2020
	KShs	KShs
The Green Belt Movement	-	-
Health donations	-	-
Research donations	-	-
Other public donations (specify)	-	-
<b>Total transfers and sponsorships</b>	<b>-</b>	<b>-</b>
<b>Reconciliation of public contributions and donations</b>		
Balance unspent at beginning of the year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9. Property Taxes Revenue**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Taxable land and buildings</b>		
Residential	-	-
Commercial	-	-
State	-	-
Penalties	-	-
<b>Sub- total property and taxes</b>	-	-
Income forgone	-	-
<b>Total property taxes revenue</b>	-	-

**10. Licenses, Fees and Permits**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Licenses	-	-
Fees	-	-
Permits	-	-
<b>Total</b>	-	-

(Provide brief explanation for this revenue)

**11. Rendering Of Services**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Waste management (solid waste)	-	-
Waste management (sewerage and sanitation)	-	-
Service fees	-	-
Water quality	-	-
Quality assurance	-	-
<b>Total revenue from the rendering of services</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12. Sale of Goods**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>Sale of goods</b>		
Sale of electricity	-	-
Sale of water	-	-
Sale of books	-	-
Sale of publications	-	-
Other (include in line with your organisation)	-	-
<b>Total revenue from the sale of goods</b>	<b>-</b>	<b>-</b>

**13. Rental Revenue from Facilities and Equipment**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Operating lease revenues	-	-
Staff houses	-	-
Contingent rentals*	-	-
<b>Total rentals</b>	<b>-</b>	<b>-</b>

**14. Finance Income**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
<b>Total finance income</b>	<b>-</b>	<b>-</b>

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15. (a) OTHER GRANTS

Description	2020-2021	2019-2020
	KShs	KShs
Project Grants: Nakuru Lapsetry	16,202,855	16,653,532
Project Grants: Katian Diesel	-	404,770
Donations/Other Incomes	1,904,647	535,476
<b>Total other grants</b>	<b>18,107,502</b>	<b>17,593,778</b>

15(b) OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Interest Received	7,406	262,594
Dispensary Income	118,500	34,750
School Tuition Fees	1,170,700	1,717,250
Unrealized Loss/ gains on investments	1,555,500	70,125
<b>Total other income</b>	<b>2,852,106</b>	<b>2,084,719</b>

16. COMPENSATION OF EMPLOYEES

Description	2020-2021	2019-2020
	KShs	KShs
Basic salaries	212,225,138	288,168,891
Allowances	19,157,157	1,419,959
NSSF employer contribution	918,200	1,083,600
<b>Total Employee costs</b>	<b>232,300,495</b>	<b>290,624,450</b>

17. DIRECTORS EXPENSES

Description	2020-2021	2019-2020
	KShs	KShs
Chairman's Honoraria	1,156,000	508,750
Sitting allowances	1,681,850	-
Medical Insurance	-	-
Induction and Training	-	-
Travel and accommodation	323,500	-
Other members allowances	1,686,500	842,250
<b>Total director's emoluments</b>	<b>4,822,850</b>	<b>1,351,000</b>

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18. PROGRAM SUPPORT EXPENSES

Description	2020-2021	2019-2020
	KShs	KShs
Depreciation Charge	23,769,661	28,997,344
Programs support Expenses	67,847,457	68,076,552
Moratorium Expenses	-	-
<b>Total Program Support Expenses</b>	<b>91,617,118</b>	<b>97,073,896</b>

19. OVC DEVELOPMENT EXPENDITURE

Description	2020-2021	2019-2020
	KShs	KShs
Capacity building & Institutional strengthening	118,210	7,081,13
Education & skills development	55,663,284	24,901,82
Emergency Response	61,255,396	21,837,638
Family tracing & reunification	1,468,700	1,188,153
Alternative Family Care	13,030,864	9,925,318
Temporary places of safety	100,017,246	84,310,059
OVC Without Families	-	-
<b>Total OVC Expenses</b>	<b>231,553,700</b>	<b>149,247,763</b>

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20. PROPERTY, PLANT AND EQUIPMENT							
Description	Land Kshs	Land & buildings Kshs	Motor vehicles Kshs	Computers Kshs	Furniture and Equipment Kshs	Construction in progress Kshs	TOTALS Kshs
<b>COST</b>							
At 1 July 2019	1,151,313,276	216,522,083	151,319,965	16,677,427	57,357,519	1,381,433,046	2,974,623,316
Additions	-	-	-	1,568,000	1,108,254	86,944,911	89,621,165
<b>At 30 June 2020</b>	<b><u>1,151,313,276</u></b>	<b><u>216,522,083</u></b>	<b><u>151,319,965</u></b>	<b><u>18,245,427</u></b>	<b><u>58,465,773</u></b>	<b><u>1,468,377,957</u></b>	<b><u>3,064,244,481</u></b>
<b>DEPRECIATION</b>							
At 1 July 2019	-	13,469,107	80,314,214	8,688,332	19,025,583	-	121,524,236
Charge for the year	-	4,061,060	17,751,439	2,396,731	4,788,117	-	28,997,344
<b>At 30 June 2020</b>	<b>-</b>	<b><u>17,530,167</u></b>	<b><u>98,065,652</u></b>	<b><u>11,085,062</u></b>	<b><u>23,840,700</u></b>	<b>-</b>	<b><u>150,521,580</u></b>
<b>NBV at 30 June 2020</b>	<b><u>1,151,313,276</u></b>	<b><u>198,991,916</u></b>	<b><u>53,254,313</u></b>	<b><u>7,160,365</u></b>	<b><u>34,625,073</u></b>	<b><u>1,468,377,957</u></b>	<b><u>2,913,722,900</u></b>
<b>COST</b>							
At 1 July 2020	1,151,313,276	216,522,083	151,319,965	18,245,427	58,465,773	1,468,377,957	3,064,244,481
Additions	-	3,981,600	106,500	71,200	3,735,450	4,996,968	12,891,718
<b>At 30 June 2021</b>	<b><u>1,151,313,276</u></b>	<b><u>220,503,683</u></b>	<b><u>151,426,465</u></b>	<b><u>18,316,627</u></b>	<b><u>62,201,223</u></b>	<b><u>1,473,374,925</u></b>	<b><u>3,077,136,199</u></b>
<b>DEPRECIATION</b>							
At 1 July 2020	-	17,530,167	98,065,652	11,085,062	23,840,700	-	150,521,582
Charge for the year	-	3,979,838	13,313,578	2,148,111	4,328,134	-	23,769,661
<b>At 30 June 2021</b>	<b>-</b>	<b><u>21,510,005</u></b>	<b><u>111,379,231</u></b>	<b><u>13,233,174</u></b>	<b><u>28,168,834</u></b>	<b>-</b>	<b><u>174,291,242</u></b>
<b>NBV at 30 June 2021</b>	<b><u>1,151,313,276</u></b>	<b><u>198,993,678</u></b>	<b><u>40,047,234</u></b>	<b><u>5,083,453</u></b>	<b><u>34,032,389</u></b>	<b><u>1,473,374,925</u></b>	<b><u>2,902,844,957</u></b>

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**21. INVESTMENTS**

Description	2020-2021	2019-2020
	KShs	KShs
a) Equity investments (specify)		
127500 Safaricom Limited Shares @ KShs.5.00	3,652,875	3,582,750
Revaluation Surplus/(Loss) as at 30th June (2020: Kshs 28.65; 2019: Kshs 28)	1,555,500	70,125
<b>Total investments</b>	<b>5,208,375</b>	<b>3,652,875</b>

**22. INVENTORIES**

Description	2020-2021	2019-2020
	KShs	KShs
Beddings & Cutlery	1,355,000	-
Tiles	-	-
Roof Trusses	-	-
EPS panels	-	-
Iron Sheets	-	-
Cement	-	-
Paints	-	-
Electrical cables	-	-
Total inventories at the lower of cost and net realizable value	<b>1,355,000</b>	-

**23. RECEIVABLES**

Description	2020-2021	2019-2020
Current receivables	KShs	KShs
Deposits refundable	7,658,413	827,525
Staff debtors	8,378,482	4,469,170
<b>Total current receivables</b>	<b>16,036,895</b>	<b>5,296,695</b>

**24. CASH AND CASH EQUIVALENTS**

Description	2020-2021	2019-2020
	KShs	KShs
Current account	39,171,684	85,530,159
Others(Petty cash)	4,238,790	4,741,144
<b>Total cash and cash equivalents</b>	<b>43,410,474</b>	<b>90,271,303</b>

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**24 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

Financial Institution	Account number	2020-2021	2019-2020
		KShs	KShs
KCB Bank HQ	1267069430	987,837	56,467,810
Sidian (formerly K-Rep) Bank(USD)	1003010002 7	213,047	220,248
Sidian (formerly K-Rep) Bank(KShs)	1003020005 7	1,014,352	23,122
Bank of Africa-ArapMoi 0004	8013140004	155,848	1,121,638
Bank of Africa-ArapMoi 0012	8013150012	2,107,978	3,668,877
Bank of Africa Bungoma branch	2605510009	118,389	1,869
Bank of Baroda-Kisumu branch	9585010000 1696	49,404	49,404
BBK-Nanyuki Children's Home	948522934	56,231	156,231
BBK-Kisii Children Home	81053979	218,057	13,040
BBK - Embu		590,000	590,000
BBK - Nanyuki branch	308017389	(3,095)	(3,095)
BBK 1330	948551330	3,467,715	76,535
BBK Fin 8484	941258484	12,408	207,922
BBK HQ 8468	941258468	1,467,618	656,225
BBK Isiolo		451,278	451,278
BBK Mama Ngina	948003112	500,000	2,411,514
BBK Murang'a 1137( Donation a/c)	2026601137	3,922,977	1,081
BBK TBP 1349	948551349	131,620	61,675
Coop Bank A/c 6900		(56,276)	(56,276)

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DTB NakuruArap Moi 5123		171,218	171,218
Equity Bank EURO 458	1470262150 458	283,813	283,813
Equity- CWSK-Kisii 8384	1470262758 384	1,035,706	2,108,840
Equity Bank- Bungoma 6992	4802999369 92	1,394,947	2,010,738
Equity Bank (Towa)488	1502952824 88	1,905	1,450,486
Equity Bank A/c 416	1502918984 16	407,332	413,792
Equity Bank CESVI EURO 478	1470262150 478	3,014,633	3,014,633
Equity Bank Development 4154	1470262374 154	1,334,417	1,467,057
Equity Bank KSHS(CESVI )271	1470262150 271	153,370	50,309
Equity Bank Murang'a 7226	2202999372 26	1,346,108	1,999,953
Equity bank supreme 225	1470262150 225	25,790	125,624
Equity Bank USD	1502918984 36	88,584	88,584
Equity Off A/c 458	1502918984 58	438,975	675,014
Equity salary Account - 253	1470262150 253	29,754	1,255,606
Family Bank Bungoma		442	442
KCB Bungoma branch	1126858692	4,508,039	126,424
Mama Ngina -Equity Bank		41,000	41,000
NBK MjiWaSalama	1038075304 600	7,891,804	1,891,804
Standard Chartered Mombasa		1,598,462	2,235,724
<b>Total</b>		<b>39,171,684</b>	<b>85,530,159</b>

**25. TRUSTEES ACCOUNT**

This relates to activities and properties held thereunder which continue to be presided over by the Trustees for the purpose of generating income for the Society.

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Description	2020-2021	2019-2020
Trustees Account	KShs	KShs
Bal B/f	114,087,030	114,087,030
Trustees Injections/Drawings/Reversals	(5,927,613)	-
<b>Total Trustees Account</b>	<b>108,159,417</b>	<b>114,087,030</b>

**26. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2020-2021	2019-2020
	KShs	KShs
Operations	27,936,450	38,001,740
Staff creditors	13,738,418	13,738,418
Salary deductions	28,912,263	21,868,104
<b>Total trade and other payables</b>	<b>70,587,131</b>	<b>73,608,261</b>

**27. CASH GENERATED FROM OPERATIONS**

	2020-2021	2019-2020
Surplus for the year before tax	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	23,769,661	28,997,343
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-1,355,000	2,894,020
Increase in receivables	-10,740,200	840,022
Increase in deferred income	-	-
Increase in payables	-3,021,130	33,499,543
Increase in payments received in advance	-	-
<b>Net cash flow from operating activities</b>	<b>8,653,331</b>	<b>66,230,929</b>

**28. 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**

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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.

**29. EVENTS AFTER THE REPORTING PERIOD**

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

**30. 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

**31. 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)
2	PPE, Ownership of Documents(Land Title Deeds	Progress has been registered in some of the properties.	C.E.O	Work In Progress	
4	Outstanding PAYE	PAYE of Ksh 18,954,676 are penalties and Interests which waiver of the same is being worked on.	Finance Officer	Work In Progress	

**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 Murcith**

**Chief Executive Officer/ Managing Trustee**

Date 04/05/2022