

REPUBLIC OF KENYA



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REPORT

OF

THE AUDITOR-GENERAL

ON

CHILD WELFARE SOCIETY OF KENYA

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

CHILD WELFARE SOCIETY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2020



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

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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 reunification 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 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
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	Cynthia Nderitu
6.	Information Communication and Technology	Geofrey 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

9. Mombasa, Kenya
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

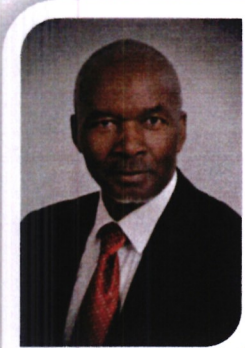


Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(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>1. Joseph Gichuru</p> 	<p>Mr. Joseph Gichuru is a Trustee of Child Welfare Society of Kenya and was previously the National Chairman and Nakuru Branch Chairman in Child Welfare Society of Kenya. He is also a Life Governor of Agricultural Society of Kenya.</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>2. Joseph Gitau, HSC</p> 	<p>Mr. Gitau is the Chairman of the CWSK Board of Trustee. 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>3. Hon. Senator Nathan Munoko</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>4. William Kipkoech Ruto</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>5. Prof. Charles N. Chungu</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 & 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>6. Mrs Haida Bruno</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>7. Irene Mureithi</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 Joint Secretary and Technical Advisor to the Expert/Steering Committee to Review the Framework for Child Adoption in Kenya; Member of the Project Implementation Committee of the Inter-Agency Steering Committee to Fast-Track Implementation of Government Priority Development Projects Including Development Partner Financial Projects & Member of the National Multi-Disciplinary Committee to Coordinate the Development of the Social Workers Bill.</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>

3. MANAGEMENT TEAM

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

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<p>4. Marcella Obaga</p> 	<p>Head of Human Resource</p>
<p>5. Geofrey Yegon</p>  <ul style="list-style-type: none">• Higher Dip in IMIS	<p>Information Communication and Technology</p>
<p>6. Jerusha Chepsat</p>  <ul style="list-style-type: none">• BA in Public Admin in Sociology• Dip in Social Work	<p>Education and Skills Development</p>

4. CHAIRMAN'S STATEMENT

We thank God for a successful ending of the financial year 2019/20.

The Board of Trustees of Child Welfare Society of Kenya 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.

However, during the year 2019/20, the organisation experienced major disruptions owing to several factors. For example, there was an attempt by certain forces (external) to take control of the organisation without authority and thus caused serious confusion and disorganisation. Another challenge was the problem of child trafficking instigated through intercountry adoptions, which the organisation had to fight even though the government had banned intercountry adoptions. The Board reiterates, therefore, that child trafficking in Kenya is still rampant and calls for a concerted effort by all the stakeholders to augment the interventions that have been put in place by the organisation.

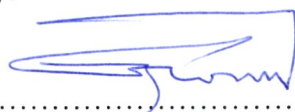
At the same time, in the year under review, the organization was greatly affected by the current Covid-19 pandemic. That is, the organization's activities such as community programmes were hampered owing to mitigating measures that had to be taken in line with the Ministry of Health Protocols for Covid-19 control. These included social distancing and the quarantining of children and essential staff in the temporary places of safety, which in turn led to substantial increase in operational costs in respect of food, medical expenses, personal protective equipment (PPE) and sanitizers, among others. Staff remuneration also increased due allowances paid to staff quarantined in the temporary places of safety. To make matters worse, in the same year, CWSK received only 29% of its allocated budget, which constrained the organization further.

To address the above issues, and others, the Board of Trustees convened several meetings to pass various resolutions in order to strengthen the organisation's existing systems for the better management of the Society.

As we move into the next financial year, the Board of Trustees is committed to providing policy direction to the organisation for the best interest of children in Kenya as it has done in the past 65 years.

God bless CWSK!

Signed by:



.....
Mr. Joseph Gichuru
CHAIRMAN, BOARD OF TRUSTEES

DATE: 31/3/2021

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

During the Financial Year 2019/2020, Child Welfare Society of Kenya (CWSK) has made several gains, despite the challenging times. Through its programmes, CWSK was able to reach children, vulnerable young persons, families and communities thus creating a positive impact in child protection and enhancing the welfare of children.

CWSK reached 78,429 children directly and 4,000 children indirectly through various interventions such as provision of education, counselling, food support, mediation services, economic empowerment, family reintegration, alternative family care, as well as other forms of psycho-social support. This notwithstanding the organization facing various challenges emanating from the effects of the Covid-19 Pandemic.

During the period, CWSK tailored much of its programming towards mitigation of the Covid-19 Pandemic. The pandemic came with a lot of uncertainties and unpredictable situations for children thus shifting the programming of CWSK towards prevention of Covid-19, especially at the temporary places of safety.

In line with the Ministry of Health guidelines on Covid-19 prevention, CWSK put in place several measures including having staff at the Temporary Places of Safety living inside the premises to avert the risk of Covid-19 spread from the community to the children. In addition, CWSK undertook Covid-19 testing of staff accessing the Temporary Places of Safety. CWSK also encouraged proper use of facemasks, provided several water points for hand washing at all CWSK offices and ensured social distancing among staff in the CWSK offices. These measures are continually being undertaken at CWSK as per the government directives to combat Covid-19.

Furthermore, CWSK provided care and protection to over 1,500 children who received various services from a dedicated team of staff, during the period. In addition, CWSK made a concerted effort to respond to emergencies, especially rescuing children who were in distress, even in the midst of the Covid-19 Pandemic. This was done through providing separate house units; mainly rented premises as a preventive measure. The houses received children for isolation and testing of COVID – 19 before placement in the Temporary Places of Safety.

Moreover, the welfare of CWSK staff being of paramount consideration, made CWSK seek designated centers that would serve as testing and isolation places for staff before they could resume work. This minimized the possible chances of the children in the temporary places of safety, contacting Corona Virus from staff who had already been in the community.

In the Financial Year 2019/2020, CWSK received Kshs.393, 775,000 out of a budgetary allocation of Kshs. 1,355,750,000 by the Government. Out of which Kshs. 1,194,250,000 was recurrent while Kshs. 161,500,000 was development. Currently, CWSK programme operations and activities are in progress. We hope to continue scaling up the implementation of CWSK programmes in the coming years despite the Covid-19 Pandemic effects. This will ensure continual well-being of children so that they can thrive to their full potential.

5.1 ACHIEVEMENT PER CWSK PROGRAMME

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

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

CWSK runs 13 temporary places of safety countrywide. i.e. CWSK Mama Ngina Kenyatta 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.

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



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

Achievements in rapid response and rescue of children

214 Rescued children and in temporary places of safety were provided with psychosocial support against a target of **15,000**.

(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

50 foster and adoptive parents out of a target of 320 were assessed and eligible cases placed with children. 50 parents out of the targeted 2,000 were trained on alternative family care, parenting among others. Case follow ups for 97 children out of the targeted 100 were undertaken and 23 court reports for children were prepared and presented in court; against a target of 72.

(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

- **23,980** children from an annual target of **81,312** affected by emergencies were provided with psychosocial support which includes food and nutrition, health care, shelter, clothing, education, counseling among others.
- **64** children out of the targeted **2,921** children affected by emergencies were identified, documented, families traced, mediation undertaken and re-unified with their families.
- While CWSK did not reach its targets due to the allocated funds not disbursed, CWSK made positive impact at community level.

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 1: Pupils at Matagari Public Primary School, Isiolo County receive food and education items from CWSK Emergency Preparedness and Response team



Photo 2: Garbatura Primary School, Isiolo County- Children receives food and education items from CWSK Emergency Preparedness and Response team



Photo 3: CWSK officers and local leaders planning on food and non-food distribution at the Chief's office in Kinna Isiolo

(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 2019/20 a total of **31,575** out of a target of **109,590** families and children were provided with one or more psychosocial support service; including mediation, rehabilitation and counseling.
- 72 families with vulnerable children were identified, trained and supported to set up various income generating activities for economic empowerment. A total of 5,000 were targeted in the year.



Above: A food restaurant built, furnished and stocked by CWSK for support of a client to generate income for the family for child protection in Murera, Naivasha.

(e) FAMILY TRACING AND REUNIFICATION PROGRAMME.

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



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



HELP ME FIND MY FAMILY

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



Name: Baby Abigail Cynthia aka Pia Age: 2 Weeks Rescued: Kanyanyali dispensary	Name: Terriari Amido Age: appx 12 Years Rescued: Vihiga County	Name: Vivian Cherop & Jackson Tanui Age: 4 1/2 years & 3 1/2 years Rescued: Eldoret	Name: Deborah Ayileah Age: 7 Years Rescued: Makadara	Name: Baby Deborah Age: 4 Months Rescued: Elgeyo Marakwet	Name: Ezekiel Age: Appx. 1 year Rescued: Migombani - Likoni	Name: Elizabeth Njeri Age: 12 years Rescued: Eldoret	Name: Esther Age: 15 Years Rescued: Nyeri
Name: Kevin Kamau Age: 13 years Rescued: Nakuru	Name: Baby Imari Age: 4 days Rescued: Murang'a level 5 hospital	Name: Baby Kayden alias Benta Navira Age: 2 Weeks Rescued: Mbagathi	Name: Baby Meshack Muuo Age: 4 Months Rescued: Michakos	Name: Khalid & Remmy Adlungu Age: 2 Years & 4 Years Rescued: Eldoret	Name: Ian Mureithi Age: 4 Years Rescued: Majengo in Nanyuki	Name: Sarah Warimu & Mercy Waithira Age: 8 Years & 11 Years Rescued: Dandora	
Name: Mwendu Hellen Age: appx 3 years Rescued: Televiv bar, Kithika Market	Name: Essy Kamau & Ngendo Kamau Age: 6 Years & 7 Years respectively Rescued: Nakuru	Name: Queen Akinyi Age: 7 years Rescued: Kamulu-Eldoret	Name: Javan Otieno Age: 9 years Rescued: Eldoret	Name: Ephraim Mbaire & Esther Wambui Age: 3 & 5 years respectively Rescued: Mukurweini	Name: Ann Wanjugu & Kelvin Gatimu Age: 6 Years & 11 Years respectively Rescued: Nanyuki		
Name: Baby Naomi Age: 3 Months Rescued: Changamwe	Name: Anne Age: 13 Years Rescued: Eldoret	Name: Unknown Baby blessing Age: 2 months Rescued: Likoni	Name: Blessings Age: 10 Years Rescued: Malil Nne Centre	Name: Albanus Mutinda & Charles Kyalo Age: 12 years & 16 years Rescued: Kitui	Name: Dominic Oigo Age: 17 years Rescued: Busia(2008)	Name: Patrick Ngome Age: 6 years Rescued: Eldoret	Name: Miriam Chepkoech Age: 11 Years Rescued: Nairobi
Name: Eloto Ekuwom Age: 6 Years Rescued: Kawalale-Lodwar (2013)	Name: Baby Moses Mwanja Age: 1 Month Rescued: Machakos Town	Name: Erick Methu Age: 3 Years Rescued: Nyeri Town	Name: Patil Ngunjiri Age: 4 Years Rescued: Nanyuki old market	Name: Unbornw Alias Elizabeth Age: 16 years Rescued: Amagoro-Teso North	Name: Wilson Kariuku Age: 4 Years Rescued: Nanyuki	Name: Pato Junior Age: 3 Years Rescued: Changamwe	Name: Anne Wangari & Peter Kimani Age: 11 years & 12 years (2014) Rescued: Nyandarua
Name: Moses Erukudi Age: 5 Months Rescued: Kakuma	Name: Rihard Bilha Wanjiku Age: 15 Years Rescued: Nakuru	Name: David Maina Age: 7 Years Rescued: Githurai	Name: Baby Prince Age: 2 Weeks Rescued: Kangundo Level 5 Hospital	Name: Hosea Age: 9 Years Rescued: Moi Referral Hospital- Eldoret	Name: Levis Odiambo Age: 3 years Rescued: Kisii Town	Name: Walcot Wangila Age: 3 years Rescued: Chwele town	Name: Jane Kamau Kazi Age: 11 Years Rescued: Kamukunji Police Station(May 2010)
Name: Baby Peter Precibus Age: 6 Weeks Rescued: Mama Lucy							

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

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

Achievements in family Tracing and Reunification

323 children from a target of 11,500 separated children were provided with family tracing services through Identification, Documentation, Tracing and Re-unification (IDTR).

(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

- A total of **1,635** out of a target of **6,890** children were supported complementary education materials. These include text books and stationery, school uniforms, shoes and school bags. This enabled them to continue with education.
- CWSK paid school fees and levies to **2,690** orphaned and vulnerable children rescued at CWSK temporary places of safety and at the community drawn from the annual target of **6,059** children.



Photo 1: A CWSK beneficiary, during her graduation ceremony held at one of the TPS sharing a graduation cake with the rescued children at the TPS. She graduated in September 2019.



A CWSK officer (left) in a home visit in Kisii to assess the family for education support of a child (right)



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

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

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

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

Achievements

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

(h) CAPACITY BUILDING PROGRAMME

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

Achievements in capacity building

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



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

(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.



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



CWSK Isiolo: Foster house 3 in progress



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

CONCLUSION

We are grateful to God for the tremendous achievements that Child Welfare Society of Kenya accomplished in the year 2019/20 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.

The main challenge faced by the organization has been inadequate funding as per the budget. Also Child welfare Society of Kenya has been facing a conflict in its legal structure, which became more conspicuous in the financial year 2019/20. This is in relation to;

- The Irrevocable Trust Deed
- The Society's Constitution

The Trustees are accountable for funds received by the Society. 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: 31/3/2021

6. CORPORATE GOVERNANCE STATEMENT

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



Joseph Gichuru,
Chairman, Board of Trustees

Date:

Date:

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, 2020.

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 1,355,750,000 CWSK received Ksh 393,375,000 (29%). 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 third 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 in the balance sheet are held under a trust managed by a Board of Trustees registered under an irrevocable trust deed of the Child Welfare Society of Kenya on 12th June 1970, Established from 1955.


Signed:



.....
Irene Mureithi

Chief Executive Officer/ Managing Trustee

Date: 31/3/2021



.....
Joseph Gichuru, HSC

Chairman, Board of Trustees

Date: 31/3/2021

7. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2020, 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, 2020 are set out on page 1-6.

Directors

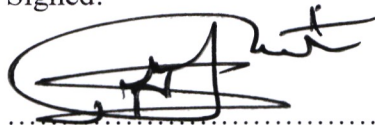
The members of the Board of Trustees who served during the year are shown on page vii-viii.

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: 31/3/2021.....

8. 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, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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, 2020, 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.

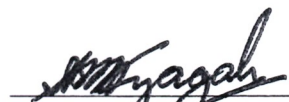
Nothing has come to the attention of the Trustees to indicate that the Society will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Society's financial statements were approved by the Board on 31/3/2020 and signed on its behalf by:



Joseph Gichuru,
**Chairman, Board of
Trustees**



Basiliano Nyaga
Treasurer



Irene Mureithi
CEO/ Managing Trustee

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON CHILD WELFARE SOCIETY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2020

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 24, which comprise the statement of financial position as at 30 June, 2020, and 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, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Child Welfare Society of Kenya Order, 2014.

Basis for Qualified Opinion

1. Work-In-Progress

Note 12 to the financial statements reflects construction works in progress of Kshs.1,468,377,957. Examination of supporting records revealed the following anomalies:

- i) Most of the projects did not have a specified completion period, therefore, the implementation is open ended rendering the initial project cost estimates unsustainable since progress of works was based on availability of materials which was also dependent on finances. The Project in Joska which had a specified time period of 52 weeks from 4 April, 2014 had not been completed by the time of the audit in March, 2021.

- ii) The cost variations ranging from 4.7% to 199% on the estimated costs of the projects were noted as analyzed below and no satisfactory explanation was given to justify the variations.

	Project Name	Initial Project Cost Estimates (Kshs.)	Project Budget Estimates 2018/19 /20 (Kshs.)	Variation Percentage %
1	Proposed Foster Care Centers CWSK Isiolo	357,000,000	665,052,012	86
2	Proposed Foster Care Centers CWSK Nanyuki	394,971,904	613,363,838	55
3	Proposed Foster Care Centers CWSK Mama Ngina	258,000,000	593,560,457	130
4	Proposed Foster Care Centers CWSK Murang'a	211,000,000	494,866,167	136
5	Proposed Foster Care Centers CWSK Joska	300,000,000	628,766,776	110
6	Proposed Foster Care Centers CWSK Bungoma	218,021,007	465,255,303	113
7	Proposed Foster Care Centers CWSK Embu	147,432,032	440,752,481	199
8	Proposed foster care centers CWSK Kisumu	371,000,000	615,452,481	66
9	Proposed Foster Care Centers CWSK Bomet	155,755,914	436,452,481	180
10	Proposed Foster Care Centers CWSK Kisii	220,444,635	241,000,000	9
11	Proposed Foster Care Centers CWSK Nyahururu	217,800,000	228,000,000	4.7
12	Proposed Foster Care Centers CWSK Lodwar	218,250,000	433,252,481	98
13	Proposed Foster Care Centers CWSK Baringo	218,100,000	419,252,481	92
14	Proposed Perimeter Wall CWSK HQS	11,400,000	14,775,000	29.6
	Total	3,299,175,492	6,289,801,958	91

In addition, the viability of the projects that have not started in Embu, Baringo and Bomet could not be ascertained. The projects in Kisumu, Kisii, Nyahururu and Lodwar, which had stalled and had no budgetary allocation face uncertainty on completion timelines which may further lead to project cost escalation.

Further, the final budget for the Projects during the year under review was Kshs.161,500,000 but the actual amount received was Kshs.40,375,000 which had minimal impact on the progress of works.

In the circumstances, it was not possible to confirm the accuracy and completeness of the works-in-progress balance of Kshs.1,468,377,957 as at 30 June, 2020.

2. Property, Plant and Equipment

The statement of financial position as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.2,913,722,900 which includes an amount of Kshs.1,151,313,276 in respect of land. As previously reported, eighteen (18) parcels of land spread across the country had partial or no ownership documents. Although evidence availed by the Society shows progress in acquiring the ownership documents for some of the parcels of land, the process of resolving disputed land issues and Court cases appears to be slow.

Further the Society did not maintain a comprehensive register for property, plant and equipment with necessary details such as; record of each parcel of land and each building and the terms in which it is held, the conveyance, address, area, dates of acquisition, disposal or major change, capital expenditure, lease hold terms and maintenance contracts. Only a listing of various properties was maintained.

In the circumstances, it has not been possible to confirm the accuracy, custody, security, valuation and completeness of the property, plant and equipment balance of Kshs.2,913,722,900 as at 30 June, 2020.

3. Unsupported Airfare Expenses

An amount of Kshs.1,788,800 was incurred on airfare. However, supporting documents including, the requisition, authorization and professional opinion on how the procurement for the service was approved were not provided for audit review.

In view of the foregoing, the propriety of Kshs.1,788,800 could not be ascertained.

4. Outstanding PAYE

The Society had unremitted PAYE at the beginning of the financial year amounting to Kshs.18,954,676. However, a scrutiny of the PAYE ledger account revealed that the amount had not been remitted to KRA at the close of the financial year and was part of the accounts payable balance of Kshs.73,608,261. The continued failure to remit PAYE on due dates attracts interest and penalties.

In addition, the accounts payable balance include a brought forward amount of Kshs.1,485,669 referred to as other creditors which has not been analyzed.

Consequently, the accuracy and completeness of the account payables of Kshs.73,608,261 could not be confirmed.

5. Irregular Payment of Salaries for Officers on Secondment

During the year under review the Society paid salaries for the months of October and November, 2019 to three officers totalling Kshs.1,146,650 who are not their employees. No secondment letters or any communication from the Parent Ministry indicating the terms and conditions of their services in the Society.

In the circumstances it's not possible to confirm the propriety of the expenditure of Kshs.1,146,650.

6. Unsupported Expenditure

The Society procured conference facilities, hotel accommodation and repair for motor vehicles amounting to Kshs.1,013,750 through cash which was not supported with cash sale receipts, work tickets and motor vehicle pre and post repair inspection reports.

In the circumstances, it is not possible to confirm propriety of Kshs.1,013,750 incurred as at 30 June, 2020.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation: recurrent and development combined reflects final payments budget and actual payments on comparable basis of Kshs.1,355,750,000 and Kshs.413,453,497 respectively resulting to an under-funding of Kshs.942,296,503 or 70% of the budget. The underperformance implies that the Society may have not achieved all the planned outcomes.

Further, the Society had an expenditure budget of Kshs.1,355,750,000 and actual expenditure of Kshs.627,918,274 resulting to a net under absorption of Kshs.727,831,726 or 54% of the budget.

The under expenditure implies that the overall goals and objectives of the Society may not have been met.

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.

Report of the Auditor-General on Child Welfare Society of Kenya for the year ended 30 June, 2020

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

Basis for Conclusion

1. Failure to Appoint an Audit Committee

Section 174(1), (2) and (4) of the Public Finance Management (PFM) Act, Regulations, 2015 requires each National Government entity to establish an Audit Committee. During the year under audit, the Society operated without an Audit Committee contrary to the law.

2. Information Technology (IT) Internal and Management Controls

A review of the Information Technology Environment revealed the following matters:

- i. The Society did not have an IT strategic committee. Non-establishment of an IT Strategic Committee at the Board level may have resulted in IT governance not being addressed adequately;
- ii. The Society did not have a formally approved IT security policy to ensure data confidentiality, integrity and availability;
- iii. The Society did not have an IT continuity plan and a disaster recovery plan and its operations could have been affected in case there was a disaster.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Society's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the 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.

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

Auditor-General's Responsibilities for the Audit

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

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

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

Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 to 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

04 April, 2022

**10. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2020**

REVENUE FROM NON-EXCHANGE TRANSACTIONS	Note	2019/2020	2018/19
		KShs	KShs
RECURRENT FUNDS			
Government Grant	6	353,400,000	935,424,000
Other Grants	7	17,593,778	19,885,901
Other Income	7(b)	2,084,719	2,858,489
Total Recurrent Revenue		<u>373,078,497</u>	<u>958,168,390</u>
Recurrent Expenses			
Compensation of Employees	8	290,624,450	306,579,373
Directors Expenses	9	1,351,000	1,615,000
Programs Support Expenses	10	97,073,896	137,542,155
OVC Development	11	149,247,763	245,903,942
Subtotal - Recurrent Expenses		<u>538,297,109</u>	<u>691,640,470</u>
SURPLUS/(DEFICIT) FROM RECURRENT ACTIVITIES		<u>(165,218,612)</u>	<u>266,527,920</u>

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


**11. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	2019/20 KShs	2018/19 KShs
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	12	2,913,722,900	2,853,099,079
Investments			
Safaricom shares	13	3,652,875	3,582,750
		2,917,375,775	2,856,681,829
Current Assets			
Inventories	14	-	2,894,020
Receivables	15	5,296,695	6,136,717
Cash and Cash Equivalents	17	90,271,303	236,968,776
Trustees Account	16	114,087,030	114,087,030
		209,655,028	360,086,543
Total Assets		3,127,030,803	3,216,768,373
Financed by:			
Current Liabilities			
Accounts Payable and Accruals	18	73,608,261	40,108,718
		73,608,261	40,108,718
Net Assets			
Accumulated Fund		167,994,350	331,606,462
Revaluation Reserve		1,204,907,081	1,204,907,081
Capital Reserve		1,680,521,111	1,640,146,111
Total Net Assets		3,053,422,542	3,176,659,654
Total Net Assets & Liabilities		3,127,030,803	3,216,768,373

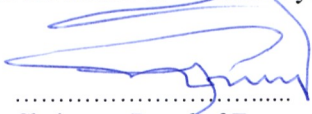
The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Trustees by:


.....
Chief Executive Officer/Managing Trustee
Name: Irene Mureithi

Date 31/3/2021


.....
National Treasurer
Name: Basiliano Nyagah

Date 31/3/2021


.....
Chairman, Board of Trustees
Name: Joseph Gichuru

Date 31/3/2021

**12. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2020**

	Accumulated Fund	Revaluation Reserves	Capital Reserves	Total
	KShs	KShs	KShs	KShs
Balance as at 1st July 2018	65,078,542	1,204,907,081	1,358,646,111	2,628,631,734
Capital Grants Received	-	-	281,500,000	281,500,000
Surplus (Deficit) for the Period	266,527,920	-	-	266,527,920
Balance as at 30th June 2019	331,606,462	1,204,907,081	1,640,146,111	3,176,659,654
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
Balance as at 30th June 20120	167,994,350	1,204,907,081	1,680,521,111	3,053,422,542

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.

**13. STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	2019/20 KShs	2018/19 KShs
Cash flows from operating activities		
Net Surplus /(Deficit) for the year	(165,218,612)	266,527,920
Adjusted for item not involving movement of cash		
Depreciation	28,997,344	19,890,606
Unrealised Gain/(Loss) on investments	(70,125)	114,750
Operating Surplus/(Deficit) before Working Capital Changes	<u>-136,291,393</u>	<u>286,533,277</u>
(Increase)/decrease in inventory	2,894,020	14,892,171
(Increase)/decrease in receivables	840,022	(4,945,676)
Increase/(decrease) in payables	33,499,543	(30,992,760)
Increase/(decrease) in Trustee Account	-	6,572,717
Net cash generated from operating activities	<u>(99,057,809)</u>	<u>272,059,728</u>
Investing activities		
Purchase of Fixed Assets	(89,621,165)	(372,905,970)
Cash from operating and investing activities	<u>(188,678,974)</u>	<u>(100,846,241)</u>
Financing activities		
Development Government Fund	40,375,000	281,500,000
Reversed Stale Cheques-Previous Financial Year	1,606,500	-
Net cash from financing and investing activities	<u>41,981,500</u>	<u>281,500,000</u>
Net cash in/(out) flow for the year	<u>(146,697,474)</u>	<u>180,653,759</u>
Cash and cash equivalents at 1st July	<u>236,968,776</u>	<u>56,315,017</u>
Cash and cash equivalents as at 30th June	<u>90,271,303</u>	<u>236,968,776</u>

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**14. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2020**

REVENUE	Original Budget		Adjustments		Final Budget		Actual Comparable basis		Performance difference	
	2019-2020	KShs	2019-2020	KShs	2019-2020	KShs	2019-2020	KShs	2019-2020	%
Government grants –										
Recurrent	1,500,000,000		-		468,250,000	117,200,000	351,050,000	75%		
Government grants - Development	1,229,383,500		-		161,500,000	40,375,000	121,125,000	75%		
Government grants - Moratorium	-		-		450,000,000	-	450,000,000	100%		
Orphans and Vulnerable Children (OVC) Development	1,470,616,500		-		276,000,000	236,200,000	39,800,000	14%		
Project Grants: Nakuru Lapsetry	-		-		-	16,653,532	(16,653,532)	0%		
Donations/Other Incomes	-		-		-	3,024,965	(3,024,965)	0%		
TOTAL INCOME	4,200,000,000		-		1,355,750,000	413,453,497	942,296,503	70%		
RECURRENT										
Programs Support Expenses	285,823,624		-		105,751,000	97,073,896	8,677,104	8%		
Moratorium Expenses	213,344,429		-		450,000,000	-	450,000,000	100%		
Family Strengthening and Tracing Programme	40,478,229		-		46,365,000	1,188,153	45,176,847	97%		
Capital Expenditure	60,486,573		-		26,000,000	2,676,254	23,323,746	90%		
Personnel Costs	998,231,947		-		324,000,000	290,624,450	33,375,550	10%		
Trustees Expenses	2,600,000		-		2,500,000	1,351,000	1,149,000	46%		
TOTAL RECURRENT EXPENDITURE	1,601,270,802		-		954,616,000	392,913,753	561,702,247	59%		
DEVELOPMENT PROGRAMME										
OVC DEVELOPMENT										
Capacity Building, Research and Advocacy Programme	138,485,720		-		26,031,757	7,085,213	18,946,544	73%		
Education and Skills Development for Unreached Children at the Community Level	459,129,546		-		50,223,993	24,901,382	25,322,611	50%		
Emergency, Preparedness Response Programs	187,286,023		-		45,438,250	21,837,638	23,600,612	52%		
Temporary Places of Safety (including Children's Home) Programme	333,789,909		-		104,345,000	84,310,059	20,034,941	19%		
Alternative Family Care	250,654,500		-		13,595,000	9,925,318	3,669,682	27%		
TOTAL OVC DEVELOPMENT	1,369,345,698		-		239,634,000	148,059,610	91,574,390	38%		

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PROJECTS DEVELOPMENT						
Upgrading CWSK Places of safety (Development projects)	1,229,383,500	-	161,500,000	86,944,911	74,555,089	46%
TOTAL PROJECTS DEVELOPMENT	1,229,383,500	-	161,500,000	86,944,911	74,555,089	46%
TOTAL CWSK BUDGET YEAR 2018/2019	4,200,000,000	-	1,355,750,000	627,918,274	727,831,726	54%

Variance Explanations

A Recurrent Expenditure	Variance %	Variance Comments
PROGRAMME/ACTIVITY		
Government grants – Recurrent	75%	Exchequer Not Received
Government grants - Development	14%	Exchequer Not Received
Orphans and Vulnerable Children (OVC) Development	100%	Exchequer Not Received
Government grants - Administration		
RECURRENT		
Programme Support Expenses	8%	
Moratorium Expenses	100%	Exchequer Not Received
Family Strengthening & Family Tracing Programmes	97%	Exchequer Not Received
Capital Expenditure	90%	Exchequer Not Received
Personnel Costs	10%	
Directors Expenses	46%	Exchequer Not Received
B DEVELOPMENT PROGRAMME		
OVC DEVELOPMENT		
Capacity Building, Research and Advocacy Programme	73%	Exchequer Not Received
Education and Skills Development for Unreached Children at the Community Level	50%	Exchequer Not Received
Emergency, Preparedness and Response Programmes	52%	Exchequer Not Received
Temporary Places of Safety (including Children's Home) Programme	19%	Exchequer Not Received
Alternative Family Care	27%	Exchequer Not Received
C PROJECTS DEVELOPMENT		
Upgrading CWSK Places of safety (Development projects)	46%	Exchequer Not Received

15. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Child Welfare Society of Kenya is a membership society under the society's Act, with an irrevocable Trust 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 2019

Standard	Impact
IPSAS 39: Employee Benefits	Applicable: 1st January 2019 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 2020

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

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Government grants and donor funds

The organization recognizes revenues from fees, government grants and donor funds when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

Other non-exchange revenues are recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the organization and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions

Rental income

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

Other Income

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

b) Taxes

i) Current income tax

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

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred tax

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

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

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

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

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

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

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

c) Property, plant and equipment

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

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

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

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

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

d) Intangible assets

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

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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.

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

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

k) Budget information

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

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

l) Comparative figures

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

m) Subsequent events

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

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	2017-2018
	KShs	KShs	KShs	KShs	KShs
Ministry of Labour and Social Protection	353,400,000	-	40,375,000	393,775,000	1,216,924,000
Total	353,400,000	-	40,375,000	393,775,000	1,216,924,000

7. OTHER GRANTS

Description	2019-2020	2018-2019
	KShs	KShs
Project Grants: Nakuru Lapsetry	16,653,532	8,476,004
Project Grants: Katian Diesel	404,770	323,253
Donations/Other Incomes	535,476	11,086,211
Total other grants	17,593,778	19,885,901

7(b) OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Interest Received	262,594	211,838
Dispensary Income	34,750	29,000
School Tuition Fees	1,717,250	2,732,401
Unrealized Loss/ gains on investments	70,125	(114,750)
Total other income	2,084,719	2,858,489

8. EMPLOYEE COSTS

Description	2019-2020	2018-2019
	KShs	KShs
Basic salaries	288,168,891	293,289,674
Allowances	1,419,959	12,206,499
NSSF employer contribution	1,035,600	1,083,200
Total Employee costs	290,624,450	306,579,373

9. REMUNERATION OF TRUSTEES

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria	508,750	1,020,000
Other members allowances	842,250	595,000
Total director's emoluments	1,351,000	1,615,000

10. PROGRAM SUPPORT EXPENSES

Description	2019-2020	2018-2019
	KShs	KShs
Depreciation Charge	28,997,344	19,890,606
Programs support Expenses	68,076,552	84,228,562
Moratorium Expenses	-	33,422,987
Total Program Support Expenses	97,073,896	137,542,155

11. OVC DEVELOPMENT EXPENDITURE

Description	2019-2020	2018-2019
	KShs	KShs
Capacity building & Institutional strengthening	7,085,213	3,931,824
Education & skills development	24,901,382	59,861,488
Emergency Response	21,837,638	24,717,061
Family tracing & reunification	1,188,153	15,727,825
Alternative Family Care	9,925,318	12,751,891
Temporary places of safety	84,310,059	127,059,778
OVC Without Families	-	1,854,074
Total OVC Expenses	149,247,763	245,903,942

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12. PROPERTY, PLANT AND EQUIPMENT

Description	Land	Land & buildings	Motor vehicles	Computers	Furniture and Equipment	Construction in progress	TOTALS
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
COST							
At 1 July 2018	1,151,313,276	210,073,007	114,345,266	10,203,227	46,376,267	1,069,406,303	2,601,717,346
Additions	-	6,449,076	36,974,699	6,474,200	10,981,252	312,026,743	372,905,970
At 30 June 2019	<u>1,151,313,276</u>	<u>216,522,083</u>	<u>151,319,965</u>	<u>16,677,427</u>	<u>57,357,519</u>	<u>1,381,433,046</u>	<u>2,974,623,316</u>
DEPRECIATION							
At 1 July 2018	-	9,456,783	68,988,556	8,039,091	15,149,200	-	101,633,630
Charge for the year	-	4,012,324	11,325,658	649,241	3,903,383	-	19,890,606
At 30 June 2019	-	13,469,107	80,314,214	8,688,332	19,052,583	-	121,524,236
NBV at 30 June 2019	<u>1,151,313,276</u>	<u>203,052,976</u>	<u>71,005,752</u>	<u>7,989,095</u>	<u>38,304,936</u>	<u>1,381,433,046</u>	<u>2,853,099,079</u>
COST							
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
At 30 June 2020	<u>1,151,313,276</u>	<u>216,522,083</u>	<u>151,319,965</u>	<u>18,245,427</u>	<u>58,465,773</u>	<u>1,468,377,957</u>	<u>3,064,244,481</u>
DEPRECIATION							
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
At 30 June 2020	-	17,530,167	98,065,652	11,085,062	23,840,700	-	150,521,580
NBV at 30 June 2020	<u>1,151,313,276</u>	<u>198,991,916</u>	<u>53,254,313</u>	<u>7,160,365</u>	<u>34,625,073</u>	<u>1,468,377,957</u>	<u>2,913,722,900</u>

13 INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
a) Equity investments (specify)		
127500 Safaricom Limited Shares @KShs.5.00	3,582,750	3,697,500
Revaluation Surplus/(Loss) as at 30th June (2020: Kshs 28.65; 2019: Kshs 28)	70,125	(114,750)
Total investments	3,652,875	3,582,750

14 INVENTORIES

Description	2019-2020	2018-2019
	KShs	KShs
Beddings & Cutlery	-	2,894,020
Tiles	-	-
Roof Trusses	-	-
EPS panels	-	-
Iron Sheets	-	-
Cement	-	-
Paints	-	-
Electrical cables	-	-
Total inventories at the lower of cost and net realizable value	-	2,894,020

15 RECEIVABLES

Description	2019-2020	2018-2019
Current receivables	KShs	KShs
Deposits refundable	827,525	827,525
Staff debtors	4,469,170	5,309,192
Total current receivables	5,296,695	6,136,717

16 TRUSTEES ACCOUNT

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

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Description	2019-2020	2018-2019
Trustees Account	KShs	KShs
Bal B/f	114,087,030	120,659,747
Trustees Injections/Drawings	-	(6,572,717)
Total Trustees Account	114,087,030	114,087,030

17 CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	85,530,159	233,019,268
Others(Petty cash)	4,741,144	3,949,508
Total cash and cash equivalents	90,271,303	236,968,776

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

Financial Institution	Account number	2019-2020	2018-2019
		KShs	KShs
KCB Bank HQ	1267069430	56,467,810	-
Sidian (formerly K-Rep) Bank(USD)	10030100027	220,248	220,248
Sidian (formerly K-Rep) Bank(KShs)	10030200057	23,122	468,612
Bank of Africa- ArapMoi 0004	8013140004	1,121,638	1,397
Bank of Africa- ArapMoi 0012	8013150012	3,668,877	408,463
Bank of Africa Bungoma branch	2605510009	1,869	18,719
Bank of Baroda- Kisumu branch	95850100001696	49,404	49,404
BBK- Nanyuki Children's Home	948522934	156,231	176,166
BBK-Kisii Children Home	81053979	13,040	26,288
BBK - Embu		590,000	590,000
BBK -Nanyuki branch	308017389	(3,095)	(3,095)
BBK 1330	948551330	76,535	76,535
BBK Fin 8484	941258484	207,922	390,143
BBK HQ 8468	941258468	656,225	1,537,747
BBK Isiolo		451,278	451,278
BBK Mama Ngina	948003112	2,411,514	336,050
BBK Murang'a 1137(Donation a/c)	2026601137	1,081	78,590
BBK TBP 1349	948551349	61,675	8,966,840
Coop Bank A/c 6900		(56,276)	(56,276)
DTB NakuruArapMoi 5123		171,218	21,150

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Equity Bank EURO 458	1470262150458	283,813	283,813
Equity-CWSK-Kisii 8384	1470262758384	2,108,840	108,840
Equity Bank-Bungoma 6992	480299936992	2,010,738	855,505
Equity Bank (Towa)488	150295282488	1,450,486	19,201,890
Equity Bank A/c 416	150291898416	413,792	9,867,216
Equity Bank CESVI EURO 478	1470262150478	3,014,633	3,014,633
Equity Bank Development 4154	1470262374154	1,467,057	11,350,648
Equity Bank KSHS(CESVI)271	1470262150271	50,309	33,151,375
Equity Bank Murang'a 7226	220299937226	1,999,953	2,405
Equity bank supreme 225	1470262150225	125,624	38,363,136
Equity Bank USD	150291898436	88,584	88,584
Equity Off A/c 458	150291898458	675,014	36,700,656
Equity salary Account - 253	1470262150253	1,255,606	63,941,499
Family Bank Bungoma		442	442
KCB Bungoma branch	1126858692	126,424	1,871
Mama Ngina -Equity Bank		41,000	41,000
NBK MjiWaSalama	1038075304600	1,891,804	2,015,761
Standard Chartered Mombasa		2,235,724	271,737
Total		85,530,159	233,019,268

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Operations	38,001,740	7,250,700
Staff creditors	13,738,418	13,738,418
Salary deductions	21,868,104	19,119,601
Total trade and other payables	73,608,261	40,108,718

19. CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation	28,997,343	19,890,606
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	2,894,020	14,892,171
Increase in receivables	840,022	(4,945,676)
Increase in deferred income	-	-
Increase in payables	33,499,543	(30,992,760)
Increase in payments received in advance	-	-
Net cash flow from operating activities	66,230,929	(1,155,659)

20. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

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

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

21. EVENTS AFTER THE REPORTING PERIOD

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

22. ULTIMATE AND HOLDING ENTITY

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

23. Currency

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

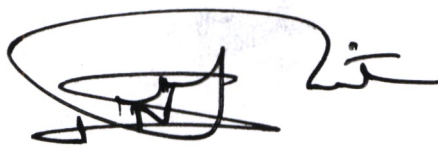
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

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



Irene Mureithi

Chief Executive Officer/ Managing Trustee

Date.....31/3/2021