

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

DATE: 08 NOV 2023

DAY:
Wednesday

TABLED
BY:

Hon. Naomi Wago (Deputy
Majority Whip)

OF

CLERK-AT
THE TABLE:

Mudo

THE AUDITOR-GENERAL

ON

CHALA SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2022**

TAITA/TAVETA COUNTY

Revised 30th June 2021.



(CHALA SECONDARY SCHOOL)
PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2021/2022

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



(Indicate actual name of the school)
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 20xx

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PUBLIC SECONDARY SCHOOLS - (Indicate actual name of the School)
Reports and Financial Statements
For the year ended 30th June 20xx

I. KEY SCHOOL INFORMATION AND MANAGEMENT

[Customise the details in this section to suit your School]

(a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in Taita Taveta County, Taveta Sub-County

The school was registered in 12/2013 under registration number PU/S/3/228/13 and is currently categorized as a Sub county (*National, Extra County, county and Sub County*) public school established, owned or operated by the Government.

The school is a day/boarding school and had 410 number of students as at 30th June 2021/2022. It has 3 streams and 18 teachers of which 5 teachers are employed by the School Board Of Management.

(b) School Board of Management - Board Members

The School Board of Management established under Section 55 of the Basic Education Act, 2013; is composed of the following members:

Ref.	Name of Board Member	Designation	Date of appointment
1	JANE W KUBO	Chairman	18th june 2019
2	DOUGLAS P MKONGO	Secretary - Principal	18th june 2019
3	DORA MRAMBA	Member	18th june 2019
4	FAITH MUASA	Member	18th june 2019
5	TOM ODUNDO	Member	18th june 2019
6	ELIZABETH KYENGO	Member	18th june 2019
7	HANNAH SEBEN	Member	18th june 2019
8	ISAAC FUNDI	Member – Rep CEB	18th june 2019
9	JONH HABWE	Member Rep Teachers	18th june 2019
10	PETER MTANYA	3 Members - Sponsor	18th june 2019
11	ISAAC KITHEKA	Member - Community	18th june 2019
12	JOSPHINE KINGOLA	MemberSpecial Needs	18th june 2019
13	BRIAN MWAGHOGHO	Rep Students	18th june 2019

(Indicate actual name of the school)

PUBLIC SECONDARY SCHOOL

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KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The Function of the School Board of Management include:

- Promote the best interests of the School and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013
- Ensure and assure the provision of proper and adequate facilities for the School
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the School.
- Determine cases of pupils, discipline and make reports to the CEB
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB
- Administer and manage the resources of the School
- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule para 21 and 23 of the Basic Education Act, 2013.

(c) Committees of the Board

Provide the names of the various committees of the Board established by the Board and the names of the committee members:

(Indicate actual name of the school)

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Ref.	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Jane kubo Mkongo douglas Aguilina milimito Dorah mramba Rev peter mtanya	Bom chair person Bom secretary Bom member Bom member	2
2	Audit Committee	Jimmy Muchiri Hanna Seben Peter Mtanya Isaac kitheka Isaac Fundi	Chairperson Member Member Member member	2
3	Finance, procurement and general purposes Committee	Jane kubo Aguilina milimito Paul maneno Elizabeth kyengo Tom odundo	Chair person Member Member Member member	2
4	Academic Committee	Isaac fundi Aguilina milimito John habwe Isaac kitheka Jane kubò	Chair person Member Member Meber member	2
5	Development Committee	Isaac kitheka Jane kubo John kamau Aguilina millimito Dora mramba	Chair person Member Member Member member	2
6	Discipline and welfare Committee	Faith muasa Dorah mramba John habwe Justine kimiri Aguilina milimito	Chair person Member Member Member member	2
7	Adhoc Committee (if any during the year)Tender Committee.	John kamau Eric ontiri Mary ngũruwi Beatrice magenda	Chairperson Member Member member	2

(d) School Operation Management

For the financial year ended 30th June 2021/2022 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC / ID Number
1	Principal	Douglas P Mkongo	321668
2	Deputy Principal	John N Kamau	580837
3	School Bursar	Beatrice magenda	23891605

(Indicate actual name of the school)
PUBLIC SECONDARY SCHOOL
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KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: P.o Box Taveta
Telephone: 0724028983
E-mail: chalasecondary@gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

The following School Operated 8 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

Name of Bank: KCB
Branch: Taveta
Account Number: 1103871439

Name of Bank: KCB
Branch: Taveta
Account Number: 1103873857

Name of Bank: KCB
Branch: Taveta
Account Number: 1103873547

Name of Bank: KCB
Branch: Taveta
Account Number: 1110733666

Name of Bank: KCB
Branch: Taveta
Account Number: 1116201453

Name of Bank: KCB
Branch: Taveta
Account Number: 1160259305

Name of bank: KCB
Branch: Taveta
Account Number: 1212183150

MPESA Pay Bill No. 522123 attached to KCB bank account

(Ensure all bank accounts operated by the school are disclosed and that all Pay Bill Numbers are also disclosed)

(Indicate actual name of the school)
PUBLIC SECONDARY SCHOOL
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For the year ended 30th June 20xx

(g) Independent Auditors

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

II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

Under this section, the following information should be given:

- *Surplus/ deficit for the year and a comparison of the same for the last three years*
- *Capitation grants from the Ministry of Education for the last three years*
- *Ratio of capitation grant per student over the last three years*
- *A three-year overview of growth of other income(s) earned by the school.*
- *A three-year overview of growth in expenditure of the school*
- *Movement of debtors and creditors of the school over the last three years*
- *Movement of cash and bank balances over the last three years*

Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends.

b) Teacher Student ratio:

Total number of teachers was 18, TSC teachers 13, BOM 5.

c) Mean score in the 2019 ,2020 and 2021 KCSE:

<i>Year</i>	<i>Mean Score</i>
2019	3.5
2020	3.17
2021	2.78

d) Number of Candidates in the 2021 KCSE:

<i>Year</i>	<i>No of candidates</i>
2019.	45
2020	56
2021	60

e) Capacity of the school:

(Indicate actual name of the school)

PUBLIC SECONDARY SCHOOL

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For the year ended 30th June 20xx

There was an enrolment 410 students .The facilities in the school are:3 domitries,1Dining hall,1computer lab,1 food store,2 staff houses 1 laboratory

f) Development projects carried out by the school:

Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format

Sign

School Principal

(Indicate actual name of the school)
PUBLIC SECONDARY SCHOOL
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For the year ended 30th June 20xx

III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

The Board of Management of (*Name of School*) accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2021, and of the school's financial position as at that date.

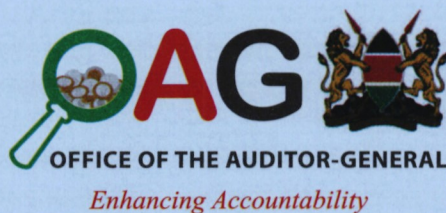
Name: Jane W. KUBO
Designation: Chairman, School Board of Management
Sign: [Signature]
Date: 29/10/2022

Name: M. D. NKONGO.
Designation: School Principal & Secretary to Board of Management
Sign: [Signature]
Date: 29-10-22

Name: BEATRICE MAGENDA
Designation: Bursar/ Finance Officer.
Sign: [Signature]
Date: 29/10/22

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON CHALA SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 -TAITA/TAVETA COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Chala Secondary School – Taita/Taveta County set out on pages 11 to 21, which comprise of the statement of

financial assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of budgeted versus 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Chala Secondary School – Taita/Taveta County as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0 Inaccuracies in the Presentation and Disclosure of the Financial Statements

Review of the financial statements submitted for audit revealed the following inaccuracies;

- i. The statement of receipts and payments reflects school fund income – parents contributions amount of Kshs.14,841,314. However, this amount differs with the corresponding amount of Kshs.8,121,209 reflected in the statement of cash flows resulting to an unexplained variance of Kshs.6,720,105;
- ii. The statement of receipts and payments reflects an amount of Kshs.5,144,042 in respect of payments for operations or infrastructure. However, the amount differs with the amount of Kshs.4,315,467 reflected in the statement of cash flows resulting to an unexplained variance of Kshs.828,575;
- iii. The statement of receipts and payments reflects an amount of Kshs.14,693,429 in respect of boarding and school fund payments. However, the amount differs with the corresponding amount of Kshs.14,327,669 reflected in the statement of cash flows resulting to an unexplained variance of Kshs.365,760;
- iv. The statement of receipts and payments reflects capitation grants for operation and infrastructure of Kshs.5,775,742 and school fund income - parents' contributions of Kshs.14,841,314 as disclosed in Notes 2 and 3 to the financial statements respectively. However, the respective cash books and bank statements reflects receipts of Kshs.5,036,088 and Kshs.12,993,113 respectively resulting to an unexplained variance of Kshs.739,654 and Kshs.1,848,201.
- v. Further, the statement of receipts and payments reflects payments for operations or infrastructure of Kshs.5,144,042 as disclosed in Note 6 to the financial statements. Included in the expenditure is an amount of Kshs.3,719,592 under

different vote heads whose respective cashbooks reflects expenditure amounting Kshs.3,628,273 resulting to an unexplained variance of Kshs.91,319.

- vi. The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.14,693,429 as disclosed in Note 7 to the financial statements. The expenditure comprises of several account balances which differed with the recorded balances in the cashbook as detailed below;

Sub-Component	Financial Statements (Kshs.)	Cashbook (Kshs.)	Variance (Kshs.)
Personnel Emoluments - Non-Teaching	1,053,630	745,478	308,152
Sundry Creditors	148,806	74,526	74,280
Administration Costs	1,037,411	1,170,230	(132,819)
Boarding Equipment and Stores	5,019,879	4,709,556	310,323
Local Transport and Travelling	1,614,302	1,718,390	(104,088)
Electricity Water and Conservancy	125,315	183,655	(58,340)
Activity	188,740	119,240	69,500
School Farm	137910	135,250	2,660
Repairs, Maintenance and Improvements	950,193	702,873	247,320
Medical	36,645	12,895	23,750
Bursary	2,340,300	2,330,800	9,500
Salary Advance	175,300	138,500	36,800
T-Shirt	75,000	25,000	50,000
National Social Security Fund	36,176	18,088	18,088
National Health Insurance Fund	13700	8,850	4850
Bank Charges	8,302	7,180	1,122
Bus Loan	939,059	573,299	365,760
School Bus	365,760	445,000	(79,240)
Kenya National Examination Council	19,000	19,000	0
Board of Management	342,000	327,000	15,000

- viii. Further, Note 7 to the financial statements reflects an amount of Kshs.2,340,300 in respect of bursary whose nature has not been explained.

- ix. The statement of receipts and payments reflects school fund income - other receipts amount of Kshs.5,688,431 as disclosed in Note 4 to the financial statements. However, the amount includes School income totalling to

Kshs.2,306,016 which ought to have been classified under school fund income – parents' contributions.

In the circumstances, the accuracy, completeness, presentation and disclosure of the financial statements could not be confirmed.

2.0 Unsupported Cash and Cash Equivalents

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.992,191 as disclosed in Notes 8, 9 and 10 to the financial statements. However, included in the cash and cash equivalents balance is an overdrawn school fund and boarding bank account with a balance of Kshs.233,130. Further, Management did not provide cashbooks and bank reconciliation statements for the school infrastructure and school bus bank account. In addition, the cashbook and bank reconciliations were not checked and signed by the preparer and reviewer at the end of every month.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.992,191 could not be confirmed.

3.0 Unsupported Student Accounts Receivables

The statement of financial assets and liabilities reflects accounts receivables balance of Kshs.21,997,191 as disclosed in Note 11 to the financial statements. However, accounts receivables schedules, ledger and aging analysis were not provided for audit.

In the circumstances, the accuracy, completeness and recoverability of the accounts receivables balance of Kshs.21,997,191 could not be confirmed.

4.0 Unsupported Procurement of Goods and Services

The statement of receipts and payments reflects total payments amounting to Kshs.21,175,453. However, review of payment vouchers revealed that Management incurred expenditure amounting to Kshs.716,504 for purchase of goods and services whose supporting documents were not attached to the payment vouchers. This is contrary to Regulation 99 (3), 104(1) and 118(3) of the Public Finance Management (National Government) Regulations, 2015 as the payment vouchers were not supported with receipts, LPO/LSO, quotations, invoices, delivery notes, inspection certificates, post and pre-inspection reports from County Mechanical Engineer, attendance sheets, itinerary and prior approvals.

In the circumstances, the accuracy, completeness and regularity of the expenditure amounting to Kshs.716,504 could not be confirmed.

5.0 Unsupported Board of Management Teachers' Contracts

The statement of receipts and payments reflects payments for operations and infrastructure amount of Kshs.14,693,429 as disclosed in Note 7 to the financial statements which includes Board of Management (BOM) teachers' expenses amount of Kshs.1,033,000. However, the BOM teacher's engagement contracts were not

acknowledged by the respective teachers and their approved monthly payrolls were not provided for audit.

In the circumstances, the completeness and regularity of personal emoluments and BOM teachers' expenses amounting to Kshs.1,033,000 could not be confirmed.

6.0 Lack of Ownership Documents

The summary of fixed asset register was not disclosed in Annex 2 to the financial statements. Further, the School Management did not provide ownership documents for the land on which the School is built and log book for the School bus.

In the circumstances, the ownership, accuracy, completeness and existence of non-current assets could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Chala Secondary School 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 adverse 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

Under Disbursement of Government Tuition Subsidy

The statement of receipts and payments reflects capitation grants for tuition amount of Kshs.1,256,438 as disclosed in Note 1 to the financial statements. However, review of the budget indicated that the Government subsidy for tuition was an amount of Kshs.1,657,600 resulting to an underfunding of Kshs.401,162 or 24 % of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the school.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based

on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Non-Compliance with the Public Sector Accounting Standards Board Requirements

Review of the annual report and financial statements submitted for audit revealed that Management did not customize the template issued through the Board but used the generic template with instructional information.

In the circumstances, the annual report and financial statements do not comply with the Board's guidelines.

2.0 Failure to Open Revenue Bank Account

The statement of receipts and payments reflects school fund income – other receipts amount of Kshs.5,688,431 as disclosed in Note 4 to the financial statements. The receipts include an amount of Kshs.350,850 and Kshs.147,300 in respect of income from bus hire and school farm respectively. However, funds from these income-generating activities were banked to the school operations bank account instead of opening a separate bank account. This is contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 on guidelines on implementation of Free Day Secondary Education (FDSE) which requires that schools with income generating activities open separate bank accounts for the stream of income and account for it in accordance with financial regulations.

In the circumstances, Management was in breach of the Ministry of Education guidelines.

3.0 Irregularities in the Procurement of Goods, Services and Infrastructure Projects

The statement of receipts and payments reflects payment for operations and infrastructure of Kshs.5,144,042 as disclosed in Note 6 to the financial statements. Included in the amount is acquisition of assets expenditure of Kshs.828,575. However, the following anomalies were noted;

- i. The requisite approvals to carry out the infrastructure projects was not provided for audit verification;
- ii. Further, Management did not maintain a list of registered suppliers as required by Section 57(1) of the Public Procurement and Asset Disposal Act, 2015 which provides that the head of the procurement function of a procuring entity to maintain and update lists of registered suppliers, contractors and consultants in the categories of goods, works or services according to its procurement needs;
- iii. In addition, Management did not use standard procurement and asset disposal documents as required by Section 57(1) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer of a procuring entity to

use standard procurement and asset disposal documents issued by the Authority in all procurement and asset disposal proceedings. Further, Section 57(2) states that the tender documents used by a procuring entity under subsection (1) shall contain sufficient information to allow fairness, equitability, transparency, cost-effectiveness and competition among those who may wish to submit their applications;

- iv. Management did not constitute tender opening committee and adhoc evaluation committee for the infrastructure projects; and
- v. Management did not prepare a contracts or agreements stipulating the terms of contract.

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

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, because of the significance of the matters discussed in the Basis for Adverse opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0 Irregularities in Board of Management Operations

Review of records and documents relating to the Board of Management operations revealed the following unsatisfactory matters;

- i. The Board of Management held only two (2) meetings on 10 January, 2021 and 25 May, 2021. This is contrary to the provision of Section 3 of the Basic Education Act, 2013 that requires the Board to meet at least three times in each year;
- ii. There was no evidence that the Board of Management constituted committees as required by Section 61(2) of the Basic Education Act, 2013 which provides for the establishment of finance, procurement and general purposes committee; academic standards, quality and environment committee; discipline, ethics and

integrity committee; audit committee; and human rights and student welfare committee; and

- iii. Management did not provide attendance registers for board meetings and payment schedules to confirm the allowances paid to the members of the Board of Management.

In the circumstances, existence of an effective Schools' governance mechanism could not be confirmed.

2.0 Lack of a Risk Management Policy and Weak Internal Controls

Review of the School's internal control and risk management environment revealed that the School did not have in place a risk management policy. Further, inadequate controls over financial processes such as authorization procedures and monitoring mechanisms were not observed. In addition, weak internal controls increases the risk of errors of omission and commission going undetected and uncorrected which may result to loss of assets

In the circumstances, effectiveness of internal controls could not be confirmed.

3.0 Lack of a School Improvement Plan

Section 2.2.1 of the Operational Manual for Utilization of Learner Capitation, Grant and Other School funds requires a school to develop improvement plan which is a road map for changes that a school needs to improve the school environment and learning outcomes. However, the School did not develop an improvement plan to be used to measure improvement activities and hold the schools accountable, keep the school in focus in achieving the target, prioritization of needs, ensuring prudent utilization of resources and to improve accountability.

In the circumstances, the School may not have an elaborate plan to enforce the School environment and learning income.

4.0 Poor Management of School Facilities

Verification of School's facilities undertaken in the month of June, 2023 revealed that there were no records of text books received and issued to the students. Further, the School has excess text books that were lying idle in the stores since the School has no library.

Further, a visit to the classes and dormitories revealed that all the classes had broken windows, cracks in the classes were not repaired and the old classrooms were not painted. Further, the Boys dormitories had no lights with windows broken posing security threat to the learners. In addition, the boys and girls dormitories were not properly secured with a secure fence and a gate and had ten (10) bathrooms with no doors which are also used as urinals.

Computer laboratory had inadequate computers such that form 1 and form 2 learners did not have practical classes while form 3 and 4 classes did their practical's in shifts. Further, the laboratory has seventeen (17) computers and only eight (8) are working.

In the circumstances, the resources of the School were not effectively and efficiently used in a manner to provide conducive learning environment for the students.

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

Responsibilities of Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

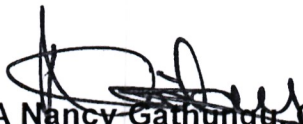
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

- Conclude on the appropriateness of 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 School'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 School 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 School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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

13 October, 2023

CHALA SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR YEAR ENDED 30TH JUNE 2021-2022

I. STATEMENT OF RECEIPTS AND PAYMENTS

DESCRIPTION OF VOTE HEAD	Note	2021 - 2022	2019 - 2020
			Kshs
RECEIPTS			
Capitation grants for tuition	1	1,256,438	405,686
Capitation grants for operations/Infrastructure	2	5,775,742	2,679,797
School Fund Income- Parents' Contributions	3	14,841,314	4,435,040
School Fund Income- Other receipts	4	5,688,431	2,501,565
Proceeds from borrowings			
TOTAL RECEIPTS		27,561,925	10,022,088
PAYMENTS			
Payments for Tuition	5	1,337,982	667,718
Payments for operations/Infrastructure	6	5,144,042	2,129,139
Boarding and school fund payments.	7	14,693,429	5,533,480
TOTAL PAYMENTS		21,175,453	8,330,337
SURPLUS/DEFICIT		6,386,472	1,691,752
		27,561,925	10,022,088

The financial statements were approved on.....2022 and signed by:

Name Jane Wambuga Kubo
Chair Bom

Name P.D Mkongo
School principal
Secretary Bom

Name Beatrice Magenda
Finance Officer
Bursar

Sign 

Sign 

Sign 

Date 29/10/2022

Date 29.10.22

Date 29/10/22

CHALA SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR YEAR ENDED 30TH JUNE 2021-2022

II. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2021 - 2022	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	986,651	948,734
Cash Balances	9	5,540	11,165
Short term Investment	10	-	-
Total Cash and Cash Equivalents		992,191	959,899
Accounts receivable	11	21,997,191	16,522,663
TOTAL FINANCIAL ASSETS		22,989,382	17,482,562
FINANCIAL LIABILITIES			
Accounts Payable	12	94,054	973,706
NET FINANCIAL SSETS		22,895,328	16,508,856
REPRESENTED BY			
Fund balance b/fwd 1st Jan 2020	12	16,508,856	14,817,104
Surplus/Defict for the year		6,386,472	1,691,752
NET FINANCIAL POSITION		22,895,328	16,508,856

The financial statements were approved on.....2022 and signed by:

Name Jane Wmbuga Kubo
Chair Bom

Name P.D Mkongo
School principal
(Secretary to Bom)

Name Beatrice Magenda
Finance Officer
Bursar

Sign 

Sign 

Sign 

Date 29/10/2022

Date 29.10.22

Date 29/10/22

**CHALA SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR YEAR ENDED 30TH JUNE 2021-2022
STATEMENT OF CASH FLOW**

	2021 - 2022 Kshs	2019 - 2020 Kshs
Receipts from operating activities		
Capitation grants for tuition	1,256,438	405,686
Capitation grants for operations	5,775,907	2,679,797
School fund income- Parents contributions/ fees	8,121,209	3,059,778
School fund income- other receipts	5,688,431	2,501,565
Total receipts	20,841,985	8,646,826
Payments		
Payments for Tuition	1,337,982	299,860
Payments for operations	4,315,467	2,129,210
Boarding and school fund payments	14,327,669	5,287,673
	19,981,118	7,716,743
Net cash flow from operating activities	860,867	930,083
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets	-	-
Acquisition of Assets-Abolition block/classrooms	(828,575)	-
Proceeds from investments	-	-
Net cash flows from Investing Activities	(828,575)	-
NET CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings/ loans	-	-
Repayment of principal borrowings	-	-
Net cash flows from Financing Activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENT	32,292	930,083
Cash and cash equivalent at BEGINNING of the year-1-1-2021	959,899	29,816
Cash and cash equivalent at END of the year-30-6-2021	992,191	959,899

CHALA SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR YEAR ENDED 30TH JUNE 2021-2022

I. NOTES TO THE FINANCIAL STATEMENTS			
1	CAPITATION GRANT FOR TUITION		
		2021-2022	2020-2021
		Kshs	Kshs
	Textbooks and reference materials	-	-
	Exercise books		
	Laboratory equipment		
	Internal exams		
	Teaching / learning materials	1,256,438.00	405,686.00
	Chalks		
	Exams and assessment		
	Teachers guides		
	Reference/Library		
	Total	1,256,438.00	405,686.00
2	CAPITATION GRANT FOR OPERATIONS & INFRASTRUCTURE		
		2021-2022	2020-2021
		Kshs	Kshs
	Personnel emoluments	-	-
	Repairs and maintenance/Infrastructure	1,922,000.00	1,544,761.10
	Local transport / travelling	-	-
	Electricity and water	-	-
	Medical	78,000.00	-
	Administration costs	80,500.00	-
	salary advance	99,654.00	90,562.00
	Activity	-	-
	Other Voteheads	3,405,244.40	948,644.00
	Nhif	52,400.00	26,500.00
	Nssf	137,944.00	69,330.00
	Total	5,775,742.40	2,679,797.10
3	PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT		
		2021-2022	2020-2021
		Kshs	Kshs
	Fees on Boarding Equipment and Stores	11,956,724.00	3,481,012.00
	Personnel emoluments	-	-
	Repairs and maintenance	421,399.00	131,576.00
	Local transport / travelling	-	-

Electricity and water		-	-
Medical		-	-
Administration costs		-	44,544.00
Activity		90,263.00	90,375.00
Other Voteheads		2,372,928.00	687,533.00
Total		14,841,314.00	4,435,040.00

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT			
		2021-2022	2019-2020
		Kshs	Kshs
Born teachers		1,361,963.00	820,433.00
T/shirts		145,752.00	11,400.00
Arrears		-1,077,714.00	83,345.00
Branding		33,200.00	-
Transfers		-	
Bursary		2,340,300.00	1,269,000.00
Income from Bus Hire		350,850.00	-
Nhif		26,200.00	13,500.00
Nssf		69,152.00	35,288.00
Tender		4,000.00	-
Salary advance		75,500.00	84,450.00
School farm income		147,300.00	179,399.00
Students Identity card		56,500.00	4,750.00
Total		5,688,431.00	2,501,565.00

5 PAYMENTS FOR TUITION			
		2021-2022	2019-2020
		Kshs	Kshs
Textbooks and reference materials		-	-
Exercise books		-	-
Laboratory equipment			174,801.00
Internal exams		-	-
Teaching / learning materials		1,037,893.00	492,557.00
Chalks		-	-
Exams and assessment		-	-
Teachers guides		-	-
Creditor		297,857.00	
Administration Costs		-	-
Bank Charges		2,232.00	360.00
Total		1,337,982.00	667,718.00

6		PAYMENTS FOR OPERATIONS/INFRASTRUCTURE	
		2022-2022	2019-2020
		Kshs	Kshs
Personal Emoluments		1,850,233.00	853,948.00
Service Gratuity		-	-
Administration Cost		424,608.00	632,377.00
Repairs and maintenance & improvements		413,570.00	-
Local transport / travelling		199,500.00	30,500.00
Electricity and water		215,540.00	72,000.00
Activity Expenses		92,800.00	50,000.00
Nhif		64,900.00	26,500.00
Nssf		154,322.00	69,330.00
Bank Charges		6,189.25	600.00
Acquisition of Assets(Abulution block/classrooms)		828,575.00	-
Hire of Bus		179,320.00	289,883.72
Transfers		-	-
Bom teachers		691,000.00	45,000.00
salary advance		20,500.00	59,000.00
Medical and Insurance		3,150.00	-
Other Voteheads		-	-
TOTAL		5,144,207.25	2,129,138.72
7		BOARDING AND SCHOOL FUND PAYMENTS	
		2021-2022	2019-2020
		Kshs	Kshs
Activity		188,740.00	-
Hire of School bus		365,760.00	534,182.95
medical		36,645.00	22,520.00
Personnel emoluments		1,053,630.00	546,846.00
Bus hire		939,059.65	-
Repairs and maintenance & Improvements		950,193.00	205,545.00
Local transport / travelling		1,614,302.00	244,200.00
Electricity and water		125,315.00	75,306.00
School farm		137,910.00	108,740.00
Bursary		2,340,300.00	1,269,000.00
Administration costs		-1,037,411.00	679,424.00
Lunch Programme		-	-
Bank Charges		8,302.00	360.00
T/shirts		75,000.00	-
Fee on Boarding Equipment and Stores		5,019,879.00	1,582,216.55
Transfer to operations		-	-

	Insurance Cost (Life Property)		-	-
	Nhif		13,700.00	20,250.00
	Nssf		36,176.00	17,644.00
	Kneck		19,000.00	
	Tender		6,000.00	
	Branding		30,000.00	
	Salary advance		175,300.00	65,300.00
	Sundry creditors		148,806.55	161,945.00
	Acquisition of Assets		-	-
	Bom teachers		342,000.00	-
	Student Identity cards		30,000.00	-
	Other Voteheads		-	-
	TOTAL		14,693,429.20	5,533,479.50
	<i>Expenses on income generating activities** should include all costs relating to the school earnings on other receipts as recorded in note 4. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others.</i>			
8	BANK ACCOUNTS			
	Name of Bank, Account No. & currency	Bank Account Number	2021-2022	2019-2020
			Kshs	Kshs
	Tuition Account		34,404.35	115,948.35
	Operations Account		93,058.78	553,886.63
	School Fund Account/Boarding		(233,130.15)	278,899.05
	Savings Account-Coop		-	-
	Income generating activities Account		-	-
	Infrastructure Account		1,092,318.02	-
	Total		986,651.00	948,734.03
9	CASH IN HAND			
	Description		2020-2021	2019-2020
			Kshs	Kshs
	Tuition Account		-	-
	Operation Account		540.00	165.00
	School Fund account		5,000.00	11,000.00

Total		5,540.00	11,165.00
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10	SHORT TERM INVESTMENTS		
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Description	2021-2022	2019-2020
	Kshs	Kshs
Cooperative shares	-	-
Treasury Bills	-	-
Fixed deposit	-	-
Equity stock	-	-
Other investments	-	-
Total	-	-

11	ACCOUNTS RECEIVABLE		
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Description	2021-2022	2019-2020
	Kshs	Kshs
Fees arrears	20,666,473.00	16,522,663.00
Other non-fees receivables	-	-
Salary advances	-	-
Imprest	-	-
Total	20,666,473.00	16,522,663.00

[Include an ageing of the fees / non fees arrears below]

Description	2021-2022	2019-2020
	Kshs	Kshs
Fees arrears for current year	6,552,242.00	1,330,718.00
Fees arrears for the previous year	-	-
Fees arrears for prior periods (over two years)	15,444,949.00	15,191,945.00
Total	21,997,191.00	16,522,663.00

12	ACCOUNTS PAYABLE		
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Description	2021-2022	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	-	616,664.10
Prepaid fees	94,054.00	357,042.00
Caution money	-	-
Total	94,054.00	973,706.10

[Include an ageing of the creditor's arrears below]

Description		2021-2022	2019-2020
		Kshs	Kshs
Trade creditors for current year		-	616,664.10
Trade creditors for the previous year		-	-
Trade creditors for prior periods (over two years)		-	-
Total		-	616,664.10

13 FUND BALANCE BROUGHT FORWARD

Description		2021-2022	2019-2020
		Kshs	Kshs
Bank balances		986,651.00	948,734.03
Cash balances		5,540.00	11,165.00
Short Term Investments		-	-
Receivables		21,997,191.00	16,522,633.00
Payables		94,054.00	973,706.10
Total		22,895,328.00	16,508,825.93

Other important disclosure notes

14 Non-current Liabilities Summary

Description		2021-2022	2019-2020
		Kshs	Kshs
Bank loan(s)		-	-
Outstanding Leases		-	-
Hire purchase		-	-
Gratuity and leave provision		-	-
Total		-	-

15 Biological assets

Description	Numbers	2021-2022	2019-2020
		Kshs	Kshs
Cattle	3	-	-
Mature blue gum	0	-	-
Trees		-	-
Coffee or tea plantation		-	-
Goats	18	-	-
Total		-	-

16 Borrowings

Description		2021-2022	2019-2020
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		KShs	KShs
a) Borrowings			
Borrowing at beginning of the year		-	-
Borrowings during the year		-	-
Repayments of during the year		-	-
Balance at end of the year		-	-

17 1 Stock/ Inventory

Description		2021-2022	2019-2020
		KShs	KShs
Stock/Inventory			
Stock/ inventory at beginning of the year		xxx	-
Stock/ inventory purchased during the year		xxx	-
Stock/ inventory issued during the year		xxx	-
Balance at end of the year		#VALUE!	-