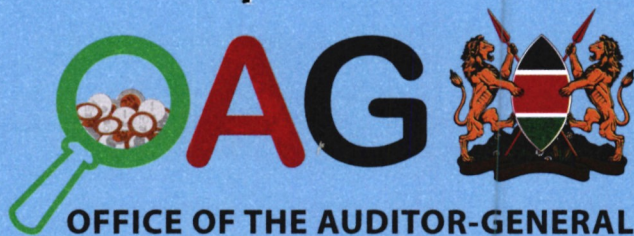
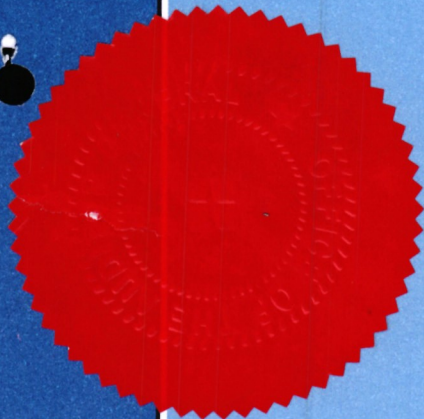


REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY P/.../.../...	
DATE: 08 NOV 2023	DAY: Wednesday
TABLED BY: Hon. Silvanus Osiro, MP Majority Party Whip	
CLERK AT THE TABLE: A. Shrubko	

PARLIAMENT
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REPORT

OF

THE AUDITOR-GENERAL

ON

DR. KIANO BOYS SECONDARY SCHOOL

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

MURANG'A COUNTY

Revised 30th June 2021.

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

18 JUL 2023

RECEIVED



**DR. KIANO BOYS
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30th June 2021**

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

**DR. KIANO BOYS SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021**

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DR. KIANO BOYS SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOLS
Reports and Financial Statements
For the year ended 30th June 2021

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 Murang'a County, Kangema Sub-County

The school was registered in November 2019, under registration number 215300002 and is currently categorized as a County public school established, owned or operated by the Government.

The school is a boarding school and had 477 students as at 30th June 2021. It has 2 and 3 streams and 19 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	Description	Date of Appointment
1	James Muritu Kariuki	Chairman	26 th March, 2019
2	Gichongi Josphat Njathi	Secretary – Principal	26 th March, 2019
3	Lucy Nduta Kionga	Member	26 th March, 2019
4	Jane Njeri Muthaa	Member	26 th March, 2019
5	Antony Maina Bilha	Member	26 th March, 2019
6	Catherine Wanja Kamau	Member	26 th March, 2019
7	Geoffrey Mbirua Chege	Member	26 th March, 2019
8	Beatrice Wambui Chege	Member	26 th March, 2019
9	Judy Wairimu Wang'oe	Member	26 th March, 2019
10	Gilbert Nyingi Nginya	Member	26 th March, 2019
11	George Wachira – SCDE - KANGEMA	Member – Rep CEB	26 th March, 2019
12	Elijah Maina Mathu	Member Rep Teachers	26 th March, 2019
13	Rev. Patrick Njuguna	3 Members - Sponsor	26 th March, 2019
14	John Nduachu Muritu	Member - Community	26 th March, 2019
15	Wilson Kanoga Mwaura	Member Special Needs	26 th March, 2019
16	Cyrus Wainaina	Rep Students	26 th March, 2019

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:

Ref.	Name of Committee	Name of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1. James Muritu	Chairman	2
		2. Benson Muriithi	PA Chairman	
		3. Lucy Kionga	V/Chairperson	
		4. Josphat Gichongi	Principal	
		5. Rev. Patrick Njuguna	Sponsor	
2	Audit Committee	1. Lucy Kionga	Chairperson	1
		2. Benson Muriithi	Member	
		3. James Muritu	Member	
		4. Josphat Gichongi	Member	
		5. Rev. Patrick Njuguna	Member	
3	Finance, procurement and general purposes Committee	1. Lucy Kionga	Chairman	1
		2. Benson Muriithi	Member	
		3. James Muritu	Member	
		4. Josphat Gichongi	Member	
		5. Rev. Patrick Njuguna	Member	
4	Academic Committee	1. Antony Bilha	Chairman	2
		2. Elijah Mathu	Member	
		3. Judy Wang'oe	Member	
		4. Josphat Gichongi	Member	
		5. George Karanja	Member	
5	Development Committee	1. John Nduachu	Chairman	1
		2. James Muritu	Member	

**DR. KIANO BOYS SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021**

		3. Beatrice Chege	Member	
		4. Benson Muriithi	Member	
		5. Josphat Gichongi	Member	
		1. Benson Muriithi	Chairman	
		2. James Muritu	Member	
		3. Josphat Gichongi	Member	
		4. George Karanja	Member	
		5. John Nduachu	Member	
		6. Catherine Wanja	Member	
6	Discipline and welfare Committee			1
7	Adhoc Committee (if any during the year)	NIL		

(d) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	Gichongi J.N	334829
2	Deputy Principal	Karanja G.M	437957
3	School Bursar	Catherine Mwangi	BOM

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 190 – 10202, KANGEMA
Telephone: 0741569450
E-mail: drkianoboy@gmail.com
Website: www.drkianoboy.ac.ke
Facebook:
Twitter:

(f) School Bankers

The following school operated XX number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

- Name of Bank: Kenya Commercial Bank
Branch: Kangema
Account Number: 1104812983, 01104824841, 1104819651
- Name of Bank: EquityBank
Branch: Kangema
Account Number: 0030101561823, 0030274451361,

**DR. KIANO BOYS SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021**

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

(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**

YEAR	CAPITATION GRANT
2019	9,001,739
2020	6,743,703
2021	4,542,866

- **Ratio of capitation grant per student over the last three years**

YEAR	CAPITATION GRANT	NO. OF STUDENTS	CAPITATION RATIO PER STUDENT
2019	9,001,739	514	17,513
2020	6,743,703	477	14,137
2021	4,542,866	477	9,524

- *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**

YEAR	CASH	BANK
2019	(1,278,640)	401,208
2020	3,720	942,656
2021	53,002	2,403,309

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

DR. KIANO BOYS SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

b) Teacher Student ratio:

YEAR	NO. OF STUDENTS	TEACHER		TRANSFERED	DEPLOYED	RECRUITED
		TSC	BOM			
2021	477	14	7	1	1	NIL

c) Mean score in the 2019 – 2021 KCSE:

SUBJECT	ENT	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MSS 2021	MSS 2020	MSS 2019	DEV
ENG	116			1	0	2	6	10	16	24	45	12	0	3.991	4.188	4.324	- 0.197
KISW	116			3	3	2	8	5	6	13	56	16	4	3.910	4.099	4.000	- 0.189
MATHS	116	2	2	1	3	1	2	3	6	6	14	47	2	2.948	2.099	3.169	+ 0.849
BIO	69				1	1	3	1	4	3	20	32	4	2.956	2.480	2.633	+ 0.476
PHY	47			1	4	1	1	2	0	2	13	17	6	3.404	3.346	3.500	+ 0.058
CHEM	116				2	2	0	1	2	6	16	55	3	2.276	2.059	2.352	+ 0.217
HIST/	67		2	2	2	1	8	2	8	3	22	17	0	4.478	4.205	4.607	+ 0.273
GEO	49	2	2	2	3	5	7	3	12	3	9	2	0	6.081	4.964	6.300	+ 1.12
CRE	113			2	1	4	3	3	5	13	48	30	4	3.407	4.216	5.380	- 0.809
AGRI	66			1	0	4	2	3	6	6	18	19	7	3.385	4.020	3.533	- 0.581
COMP/ST	13			1	3	2	1	1	4	1	0	0	0	6.923			NEW
B/ST	37				2	4	1	2	1	3	14	6	4	3.892	3.857	3.857	+ 0.04

d) Number of Candidates in the 2019 - 2021 KCSE:

	ENTRY	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MSS
KCSE 2021	116	-	-	1	3	3	3	4	9	27	35	27	4	3.638
KCSE 2020	101	-	-	-	1	1	6	4	8	15	36	29	1	3.465
KCSE 2019	71	-	-	-	1	1	5	6	4	15	29	10	-	3.878

e) Capacity of the school:

NUMBER OF STUDENTS	DORMITORIES	DINNING HALL	LABORATORY	TOILET	OTHER AMENITIES
477	5	1	2	18	NIL

**DR. KIANO BOYS SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2021

f) Development projects carried out by the school:

YEAR	PROJECT	SOURCE OF FUNDS
2021	CONSTRUCTION OF DORMITORY	- PARENTS - RM&I

Sign



School Principal

III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

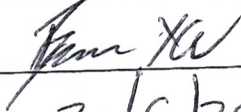
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant 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 *Dr. Kiano Boys Secondary 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, 20XX, and of the school's financial position as at that date.


Name: James Muritu
Designation: Chairman, School Board of Management

Sign: 
Date: 30/6/2023

Name: Gichongi J.N
Designation: School Principal & Secretary to Board of Management

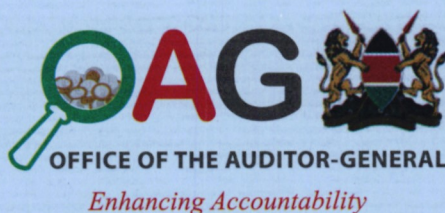
Sign: 
Date: 30/6/2023

Name: Catherine Mwangi
Designation: Bursar/ Finance Officer

Sign: 
Date: 30/6/2023

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 DR. KIANO BOYS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2021 – MURANG'A 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

Qualified Opinion

I have audited the accompanying financial statements of Dr Kiano Boys' Secondary School – Murang'a County set out on pages 11 to 27, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, and the statement of receipts and payments, 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 the Dr Kiano Boys' Secondary School – Murang'a County as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects net increase in cash and cash equivalent balance of Kshs.1,705,163. However, the cash and cash equivalents at the beginning and end of the period reflect a balance of Kshs.946,376 resulting to a cash and cash equivalent at the end of the year of Kshs.2,456,311 instead of Kshs.2,651,539. The difference of Kshs.195,228 has not been explained.

In the circumstances, the accuracy, completeness, presentation and disclosure of the statement of cash flows could not be confirmed.

2. Unsupported Boarding and School Fund Expenditure

The statement of receipts and payments reflects boarding and school fund payments of Kshs.6,297,611 as disclosed in Note 7 to the financial statements. However, review of records revealed the payments of Kshs.2,546,600 in respect of boarding, equipment and stores and Kshs.150,875 on administration costs were not supported by user requisitions, pre-qualified list of suppliers, local purchase orders, invoices and cheque counterfoils.

In the circumstances, the accuracy and completeness of boarding and school fund payments amounting to Kshs.2,697,475 for the year ended 30 June, 2021 could not be confirmed.

3. Long Outstanding Students' Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.8,863,478 as disclosed in Note 11 to the financial statements. However, the balance includes a balance of Kshs.7,370,670 (or 83%) which dates from 2020 and earlier. The ageing analysis of the receivables and ledger details were not provided to support the accounts receivable balance in the financial statements. Further, data on students who had completed school and those who had transferred was not provided for audit review. In addition, the significant accounting policies on accounts receivables as disclosed in Note 5 to the financial statements is silent on the

treatment of the students' fees balances which is the major source of income for the school.

In the circumstances, the existence, accuracy, completeness and recoverability of the accounts receivables balance of Kshs.8,863,748 as at 30 June, 2023 could not be confirmed.

4. Unsupported Accounts Payables

The statement for financial assets and financial liabilities reflects account payables balance of Kshs.2,222,455 which as disclosed Note 11 to the financial statements comprises of trade creditors and fees prepaid by the students' balance of Kshs.1,941,855 and Kshs.280,600 respectively. However, no supporting schedules for trade creditors were submitted for audit verification.

In the circumstances, the accuracy and completeness of the accounts payable balance of Kshs.2,222,455 as at 30 June, 2023 could not be confirmed.

5. Irregular Transfer of Fund

The statement of receipts and payments reflects boarding and school fund payments amounts of Kshs.6,297,611 which as disclosed in Note 7 to the financial statements. Included under administration cost is transfer to co-curricular funds of Kshs.460,000 to Kenya Secondary School Heads Association. The Association is a welfare organization that draws its membership from School Principals that is not subject to the Public Finance Management Act, 2012 or any other public finance regulations. This organization is not defined in Government funding and no approval was sought for the transfer of public resources.

In the circumstances, the regularity, propriety of the expenditure amounting to Kshs.460,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Dr. Kiano Boys' 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 qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements

The Public Sector Accounting Standards Board (PSASB) released Guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Secondary Schools in Kenya of 20 August, 2021. The guidelines required the first financial statements after adoption of IPSAS to be presented for eighteen (18) months from 1 January, 2020 to 30 June, 2021 with comparatives being for twelve (12) months from 1 January, 2019 to 30 December, 2019. Further, the guidance required that a disclosure note be included in the financial statements stating that the reason for preparing for longer period is due to the adoption of IPSAS for schools and the change from calendar year to government fiscal year. Also, the disclosure note was to be made in the financial statements that the comparative information may not be comparable due to the longer period covered by the current financial period.

However, Management presented the annual report and financial statements covering only one year for the financial year 2020-2021 with comparative balances for the financial year 2019. Therefore, the financial statements have not been prepared for eighteen months (18) as prescribed by the Public Sector Accounting Standards Board (PSASB). Management did not make disclosures on the change in the preparation of financial statements from the calendar year to the government fiscal year or on the lack of comparability due to the longer period covered by the current financial period.

In the circumstances, Management has not complied with the guidelines valued by the Public Sector accounting Standards Board.

2. Discrepancies in the Student Enrollment Data

During the financial year 2020/2021, the NEMIS reported a total number of between four hundred and seventy (470) and four hundred and seventy-eight (478) students while the records from the County Director of Education had four hundred and seven (485) students which resulted in underfunding. This is contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners to be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, the NEMIS data may not be reliable as a basis for the disbursement of capitation.

3. Excess Supply of Books by the Ministry

During the financial year 2020/2021 the Ministry of Education provided the School with seven hundred and forty-eight (748) books. One hundred and eighty-three (183) books were issued to the students leaving five hundred and fifty-nine (559) books in the

school store. Further, the books received in the financial year 2017/2018 were still lying in the store and the students did not require them while the Ministry of Education did not deliver the books that were required by the school.

In the circumstances, value for money has not been realised in the distribution of books and the learning outcomes may not have been achieved.

4. Poor Implementation of the School Management System

The School procured a School Management System (SMS) for the automation of the cashbook and the accounting system. However, the system could not post receipt and payment transactions to the relevant ledgers. As a result, the receipts and payments in the financial statements were not supported by ledgers from the system.

In the circumstances, the value for money has not been realised in the procurement of the system.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of an Internal Audit Committee and Internal Audit Function

The School did not have an established Audit Committee and had not established an Internal Audit Unit.

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

Mechanism and procedure in the School.

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 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 controls 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 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 is responsible for overseeing the School's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 control would not necessarily disclose all matters in the internal control that might be materials weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls 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 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 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 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 the 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

12 October, 2023

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V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2021

DESCRIPTION		2020	2021
RECEIPTS			
Capitation grants for tuition	1	621,044	882,928
Capitation grants for operations	2	3,921,822	5,560,775
School Fund Income- Parents' Contributions	3	2,564,397	2,529,278
School Fund Income- Other receipts	4	4,876,154	7,185,603
Proceeds from borrowings		-	-
TOTAL RECEIPTS		11,983,417	16,158,584
PAYMENTS			
Payments for Tuition	5	291,185	883,166
Payments for operations	6	3,689,458	5,465,983
Boarding and school fund payments	7	6,297,611	7,219,237
TOTAL PAYMENTS		10,278,254	13,568,386
		1,705,163	2,590,198
SURPLUS/DEFICIT			

The school financial statements were approved on _____ 2021 and signed by:

Sign: 

Name JAMES MURITU

Chair BOM

Date

30/6/2023

Sign 

Name GICHONGI J.N

School Principal/
Secretary to BOM

Date

30/6/23

Sign 

Name CATHERINE MWANGI

Bursar/
Finance Officer

Date

30/6/23

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**VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT
30TH JUNE 2021**

		2020-2021	2019-2020
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	2,403,309	942,656
Cash Balances	9	53,002	3,720
Short term Investment	10	-	-
Total Cash and cash equivalent		<u>2,456,311</u>	<u>946,376</u>
Account's receivables	11	8,863,478	9,907,531
TOTAL FINANCIAL ASSETS		11,319,789	10,853,907
FINANCIAL LIABILITIES			
Accounts Payables	11	2,222,455	3,461,736
NET FINANCIAL ASSETS		9,097,334	7,392,171
REPRESENTED BY			
Accumulated Fund b/fwd	13	7,392,171	4,801,973
Surplus/Deficit for the year		1,705,163	2,590,198
NET FINANCIAL POSSITION		9,097,334	7,392,171

The School's financial statements were approved on _____ 2021 and signed by:

Name: JAMES MURITU
Chairman, BoM

Sign: 

Date: 30/6/2023

Name: GICHONGI J.N
Secretary BoM

Sign: 

Date: 30/6/23

CATHERINE MWANGI
Bursar/Finance

Sign: 

Date: 30/6/2023

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VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021

		2020-2021 KShs	2019-2020 KShs
Receipts (or imputed income)			
Capitation grants for tuition	1	621,044	882,928
Capitation grants for operations	2	3,921,822	5,560,775
School fund income- Parents contributions/ fees	3	2,564,397	2,529,278
School fund income- other receipts	4	4,876,154	7,185,603
Total receipts		11,983,417	16,158,584
Payments			
Payments for Tuition		291,185	883,166
Payments for operations		3,689,458	5,465,983
Boarding and school fund payments		6,297,611	7,219,237
Total payments		10,278,254	13,568,386
Net cash flow from operating activities		1,705,163	2,590,198
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash flows from Investing Activities		-	-
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		-	-
Cash and cash equivalent at BEGINNING of the year		946,376	972,087
Cash and cash equivalent at END of the year		2,456,311	946,376

The above presentation of cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS. Schools' should therefore adopt the direct method of cashflow as recommended by PSASB.

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VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

RECEIPTS							
(1) CAPITATION GRANT ON TUITION							
Textbooks and reference materials					xxx		X
Exercise books					xxx		X
Laboratory equipment					xxx		X
Internal exams					xxx		X
Teaching / learning materials	1,400,000		621,044		778,956		44
Chalks					xxx		X
Exams and assessment					xxx		X
Teachers guides					xxx		X
(2) CAPITATION GRANT ON OPERATIONS							
Personnel emoluments	2,430,000		1,133,438		1,296,562		47
Repairs and maintenance	3,240,000		1,790,750		1,449,250		55
Local transport / travelling	334,800		189,566		145,234		57
Electricity and water	648,000		428,683		-180,683		173
Medical							X
Administration costs	648,000		379,385		268,616		59
Activity	247,320				24,732		0
Gratuity							X

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Internal exams																				X						
Teaching / learning materials	1,400,000												1,400,000				289,760			1,110,240	21					
Chalks																					-					
Exams and assessment																						-				
Teachers guides																						-				
Administration costs																						-				
Bank Charges																	1,425					-				
(2) EXPENDITURE FOR OPERATIONS																										
Personnel emoluments	2,430,000												2,430,000									1,220,414		1,209,586	50	
Repairs, maintenance & improvements	3,240,000												3,240,000									1,383,500		1,856,500	43	
Local transport / travelling	334,800												334,800									57,700		277,100	17	
Electricity, water and conservancy	648,000												648,000									324,299		323,701	50	
Medical																										
Administration costs	648,000												648,000									703,545		-55,545	109	
Activity Expenses	247,320												247,320											247,320	0	
Gratuity																										
SMASSE																										
(3) EXPENDITURE FOR SCHOOL FUND																										
Personnel emoluments	1,674,000												1,674,000											292,733	1,381,267	17
Repairs, maintenance and improvements	1,296,000												1,296,000											184,820	1,111,180	14
Local transport / travelling	351,000												351,000											437,846	-86,846	125
Electricity, water and conservancy	2,646,000												2,646,000											303,370	2,342,630	11
Medical Expenses																										x
Administration costs	999,000												999,000											861,910	137,090	86
Activity	81,000												81,000											553,000	-472,000	683

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Gratuity	324,000		324,000	280,000	44,000	86
Lunch programme					-	x
Boarding Equipment and Stores	14,787,900		14,787,900	3,936,932	10,850,968	27
Expenditure for Income Generating Activity					-	-
Insurance costs					-	-
Other expenses on investments					-	-
Rent Expenses					-	-
Bank Charges					-	-
Loan Interest Repayment					-	-
Loan Principal Repayment					-	-
Acquisition of Assets					-	-
TOTALS	31,107,020		31,107,020	10,831,254	20,275,766	35

[Provide below a commentary on significant under-utilization (below 90% of utilization) and any over-utilization above 100%]

- i. Xxxx
- ii. Xxxx

IX. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprest, salary advances and other receivables and b) payables that include deposits and retentions and payables from operations.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *school* and all values are rounded to the nearest Kenya Shilling (Kshs). The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of receipts and payments

The *school* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the *school*. In addition, the *school* recognises all expenses when the event occurs and the related cash has actually been paid out by the *school*.

3. In-kind contributions

In-kind contributions are donations that are made to the *school* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *school* includes such value in the statement of receipts and payments both as a receipt and as a payment in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years.

7. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the school fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *school's* budget was approved by the School Board of Management. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

9. Comparative figures

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

10. 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 30th June 2021.

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X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021	2019-2020
	KSIS	KSIS
Textbooks and reference materials	-	-
Exercise books	-	-
Laboratory equipment	-	-
Internal exams	-	-
Teaching / learning materials	621,044	882,928
Chalks	-	-
Exams and assessment	-	-
Teachers guides	-	-
Total	621,044	882,928

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021	2019-2020
	KSIS	KSIS
Personnel emoluments	1,133,438	1,832,339
Repairs and maintenance	1,790,750	2,147,000
Local transport / travelling	189,566	143,100
Electricity and water	428,683	497,676
Medical	-	95,400
Administration costs	379,385	654,460
Activity	-	190,800
Total	3,921,822	5,560,775

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	KSIS	KSIS
Personnel emoluments	693,585	660,489
Repairs and maintenance	476,162	407,136
Local transport / travelling	111,785	113,985
Electricity and water	883,088	969,657
Medical	-	-
Administration costs	379,657	336,031
Activity	20,120	41,980
Total	2,564,397	2,529,278

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores	4,876,154	7,185,603
Rent income	-	-
Income from farming activities	-	-
Insurance compensation	-	-
Income from Posho mill	-	-
Income from Bus Hire	-	-
Fee for hire of ground and equipment	-	-
Income from grants and donations*	-	-
Interest income	-	-
Dividends income	-	-
Total	4,876,154	7,185,603

(Include an explanation on the kind and source of grants/ donations received by the school.)

5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	-	-
Exercise books	-	-
Laboratory equipment	-	-
Internal exams	-	-
Teaching / learning materials	289,760	882,926
Chalks	-	-
Exams and assessment	-	-
Teachers guides	-	-
Administration Costs	-	-
Bank Charges	1,425	240
Total	291,185	883,166

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2020	2021
	KSs	KSs
Personnel emoluments	1,220,414	2,090,565
Service Gratuity	-	-
Administration Cost	703,545	697,513
Repairs and maintenance & improvements	1,383,500	1,721,250
Local transport / travelling	57,700	8,300
Electricity and water	324,299	218,795
Medical	-	12,810
Activity Expenses	-	716,750
SMASSE	-	-
Insurance Cost	-	-
Bank Charges	-	-
Acquisition of Assets	-	-
TOTAL	3,689,458	5,465,983

7 BOARDING AND SCHOOL FUND PAYMENTS

	2020	2021
	KSs	KSs
Personnel emoluments	292,733	758,409
Service Gratuity	280,000	-
Repairs and maintenance & Improvements	184,820	1,755,490
Local transport / travelling	437,846	65,400
Electricity and water	303,370	259,550
Medical Expenses	-	-
Administration costs	861,910	616,395
Lunch Programme	-	-
Bank Charges	-	-
Expenses on Income Generating Activities	-	-
Fee on Boarding Equipment and Stores	3,936,932	3,763,993
Rent Expenses	-	-
Insurance Cost (Life Property)	-	-
Loan Principal repayment	-	-
Loan Interest repayment	-	-
Acquisition of Assets	-	-
TOTAL	6,297,611	7,219,237

*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.*

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Description	Account Number	2020/2021 KShs	2019/2020 KShs
Tuition Account		313,562	13,703
Operations Account		255,886	89,242
School Fund Account/Boarding		1,833,861	839,711
Savings Account		-	-
Parent Association Development Account		-	-
Income generating activities Account		-	-
Infrastructural Account		-	-
Total		2,403,309	942,656,

9 CASH IN HAND

Description	2020/2021 KShs	2019/2020 KShs
Tuition Account	170	170
Operation Account	1,023	303
School Fund account	51,809	3247
Total	53,002	3720

10 SHORT TERM INVESTMENTS

Description	2020/2021 KShs	2019/2020 KShs
Cooperative shares	-	-
Treasury Bills	-	-
Fixed deposit	-	-
Equity stock	-	-
Other investments	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2020-2021 KShs	2019-2020 KShs
Fees arrears	8,863,748	9,907,531
Other non-fees receivables	-	-
Salary advances	-	-
Imprest	-	-
Total	8,863,748	9,907,531

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

Description	2020-2021 KShs	2019-2020 KShs
Fees arrears for current year	1,493,078	850,670
Fees arrears for the previous year	850,670	3,098,743
Fees arrears for prior periods (over two years)	6,520,000	5,958,118
Total	8,863,748	9,907,531

12 ACCOUNTS PAYABLE

Description	2020-2021 KShs	2019-2020 KShs
Trade creditors (See ageing below and appendix 1)	1,941,855	3,279,504
Prepaid fees	280,600	182,232
Retention monies	-	-
Total	2,222,455	3,461,736

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

Description	2020-2021 KShs	2019-2020 KShs
Trade creditors for current year	-	1,020,795
Trade creditors for the previous year	1,020,795	1,337,649
Trade creditors for prior periods (over two years)	921,060	921,060
Total	1,941,855	3,279,504

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

	2020-2021	2019-2020
	US\$	US\$
Bank balances	942,656	968,367
Cash balances	3,720	3,720
Short Term Investments	-	-
Receivables	9,907,531	4,850,681
Payables	3,461,736	1,020,795
Total	7,392,171	4,801,973

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Other important disclosure notes

IPSAS 1 encourages an entity to disclose accrual related information in relation to an entity's assets and liabilities. The notes outlined below are disclosure notes in relation to the school's non- financial assets and liabilities.

14 Non-current Liabilities Summary

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

15 Biological assets

Description	Numbers	2020-2021	2019-2020
		KShs	KShs
Cattle		-	-
Goats		-	-
Trees	50	150,000	150,000
Coffee or tea plantation		-	-
Poultry		-	-
Total		150,000	150,000

16 Borrowings

Description	2020-2021	2019-2020
	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	-	-

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Other important disclosure notes

17 Stock/ Inventory

Description	2020-2021 KSh	2019-2020 KSh
b) Borrowings		
Stock/ inventory at beginning of the year	1,835,229	423,625
Stock/ inventory purchased during the year	5,377,202	4,644,750
Stock/ inventory issued during the year	6,306,100	3,233,146
Balance at end of the year	906,331	1,835,229

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18 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.

Ref	Description of the issue	Management comments	Status	Date of completion

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Invoice Date	Original Invoice Amount	Original Invoice Due Date	Original Invoice Outstanding	Original Invoice Paid	Original Invoice Balance
Construction of buildings						
Sub-Total						
Supply of goods						
Sub-Total						
Supply of services						
Sub-Total						
Grand Total						

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Land 1	NIL				NIL	N/A
Land 2	NIL				NIL	N/A
Buildings and structures	NIL				NIL	N/A
Motor vehicles	NIL				NIL	N/A
Office equipment, furniture and fittings	NIL				NIL	N/A
ICT Equipment, and Other ICT Assets	NIL				NIL	N/A
Tools and apparatus	23/3/21		Laboratory	35,430	NIL	N/A
Textbooks	4/2/21		Book Store	27,950	NIL	N/A
Other Machinery and Equipment	NIL				NIL	N/A
Heritage and cultural assets	NIL				NIL	N/A
Intangible assets- soft ware	NIL				NIL	N/A
Total				63380		

(The School should ensure that a detailed fixed assets register is maintained).