

REPUBLIC OF KENYA



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REPORT

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OF

THE AUDITOR-GENERAL

ON

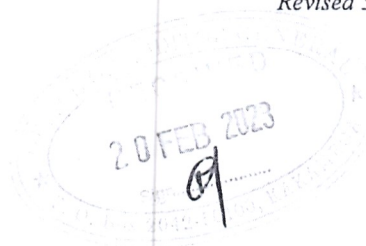
KHASOKO BOYS SECONDARY SCHOOL

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

BUNGOMA COUNTY

KHASOKO BOYS' HIGH SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022

Revised 30th June 2022.



KHASOKO BOYS' HIGH SCHOOL
PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2022

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

KHASOKO BOYS' HIGH SCHOOL
PUBLIC SECONDARY SCHOOL
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XI. KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

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

The school was registered in *January 9th 2012* under registration number *PU/S/3/322/12* and is currently categorized as an *Extra County* public school established, owned or operated by the Government.

The school is a boarding school and had 993 numbers of students as at *30th June 2022*. It has five streams and 45 teachers of which 19 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 that retired and a new Board of Management selected.

Ref:	Name of Board Member	Designation	Date of appointment	Date of Retirement
1	Prof. Okumu W. Bigambo	Chairman (sponsor)	20/05/2018	30/06/2022
2	Mr. Daniel O. Wasambo	Secretary- Principal	20/05/2018	
3	Mr. Sylvester Wandabusi	Vice-Chair	20/05/2018	30/06/2022
4	Mrs. Betty Sakwa	Member (Sponsor)	20/05/2018	30/06/2022
5	Prof. Saul Namango	Member (Community)	20/05/2018	
6	Dr. Benard Mureka	Member	20/05/2018	
7	Mr. Haron Olando	Member	20/05/2018	
8	Mrs. Sarah Barasa	Member	20/05/2018	
9	Dr. Isaac Omeri	Member	20/05/2018	
10	Mrs Carolyne M. Wanyama	Member	20/05/2018	
11	Dr. Collins Masika	Member	20/05/2018	
12	Ms Sella Mutsotso	Member	20/05/2018	
13	Mrs Christine W. Wanjala	Member Rep Teachers	20/05/2018	
14	Mr. Jonathan Barasa	3 Members - Sponsor	20/05/2018	30/06/2022
15	Mr. Moses Sande	Member (Sponsor)	20/05/2018	
16	Dr. Allan Rosh Were	Member Special Needs	20/05/2018	30/06/2022
17	Ikapel	Rep Students	20/05/2018	

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New Board of Management

Ref:	Name of Board Member	Designation	Date of appointment
1	Prof. Saul Namango	Chairman (sponsor)	01/07/2022
2	Mrs. Carolyne Wanyama	Vice-Chair	01/07/2022
3	Mr. Daniel Wasambo	Secretary-Principal	01/07/2022
4	Mr. Haron Olando	Member	01/07/2022
5	Prof. Stanley Ngome	Member	01/07/2022
6	Mr. Douglas Malala	Member	01/07/2022
7	Mr. Isaac Sikuku	Member	01/07/2022
8	Mrs. Sarah Barasa	Member	01/07/2022
9	Dr. Isaac Omeri	Member	01/07/2022
10	Dr. Benard Mureka	Member	01/07/2022
11	Eng. Mukhwana A wori	Member	01/07/2022
12	Mrs Christine W. Wanjala	Member Rep Teachers	01/07/2022
13	Mr. Moses Sande	Member	01/07/2022
14	Silas Wakwoma	Rep Students	01/07/2022
15	Mr. Humphrey Barasa	Member	01/07/2022

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The functions 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.

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(d) School Operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	Mr. Daniel O. Wasambo	336520
2	Deputy Principal	Mr. Daniel S. Mwatuni	387226
3	School Bursar	Ms. Christine M. Naliaka	22916687

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 6 – 50210 Buyofu
Telephone: 0712503107
E-mail: khasokohigh@gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

The following school operated 6 numbers of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: Absa Bank
Branch: Bungoma
Account Number: 2025345676 (School Fund Account)
2. Name of Bank: Absa Bank
Branch: Bungoma
Account Number: 2039338311 (School Bus Account)
3. Name of Bank: Cooperative Bank
Branch: Bungoma
Account Number: 01139049930500 (Tuition Account)
4. Name of Bank: Cooperative Bank
Branch: Bungoma
Account Number: 01139049930501 (Operation Account)

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5. Name of Bank: Cooperative Bank
Branch: Bungoma
Account Number: 01139049930502 (Infrastructure Account)
6. Name of Bank: Kenya Commercial Bank
Branch: Bungoma
Account Number: 1179825640 (Service Gratuity Account)
7. Mpesa Paybill
Business No. 860876 (Attached to Absa Bank A/C 2025345676)

(g) Independent Auditors

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

KHASOKO BOYS' HIGH SCHOOL
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XII 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:**

S.NO	PARTICULARS	2022	2021	2020
i)	Surplus/Deficit	3,128,260.70	10,445,267.27	1,744,088.73
ii)	Capitation: Tuition	2,792,754.60	1,201,391.75	1,546,321.00
	Operation	12,170,977.40	8,428,609.55	10,054,825.00
iii)	Ratio of Capitation	833	825	878
iv)	Other incomes (school fund)	19,030,302	27,024,025	26,566,607.50
v)	Expenditure (Tuition, Operation and school fund)	74,974,387030	26,208,759.03	36,435,034.77
vi)	Debtors	13,847,197.10	10,007,317.00	10,231,669.00
vii)	Creditors	8,414,836	1,556,439.00	1,826,397.00
ix)	Cash and bank balances : cash	12,284	693.90	6,886.90
	bank	5,436,116.88	5,953,619.23	2,149,772.08

b) **Teacher Student ratio: (July 2021 – June 2022)**

S. No	Narration	No. of Teachers
i)	Teacher/Student ratio	45 Vs 993
ii)	Teachers recruited & posted to the school	2
iii)	Teachers transferred	
iv)	T.S.C Teachers	26

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v)	BOM Teachers	19
vi)	Teacher shortage: Agric/Bio : Maths/B. Studies : English/Lit : Computer	

c) Mean score in the 2021 KCSE/Number of Candidates in the 2021 KCSE:

Year	No. of Candidates	Mean score	Mean Grade	Transition to higher learning institution
2021	188	6.026	C	69
2020	204	5.26	C-	39
2019	155	5.413	C-	48

d) Capacity of the school:

993 Students

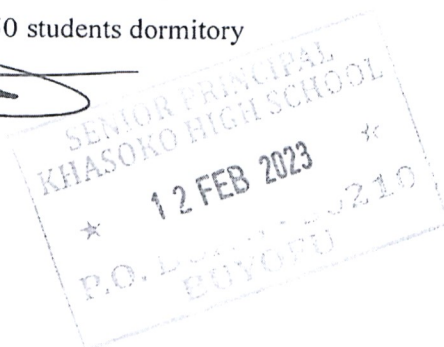
Dormitories	6
Multipurpose Hall	1
Laboratories	3
Toilets	32

e) Development projects carried out by the school:

-Erection and Completion of 16 No. students' septic based toilets

-A 150 students dormitory

Sign
School Principal



KHASOKO BOYS' HIGH SCHOOL
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XII. 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 (*Khasoko Boys High 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, 2022, and of the school's financial position as at that date.

Name: Mr. Daniel O. Wasambo

Designation: Principal

Sign: 

Date:

12/2/2023

Name: Prof. Saul Namango

Designation: Chairman BOM

Sign: 

Date:

12/2/2023

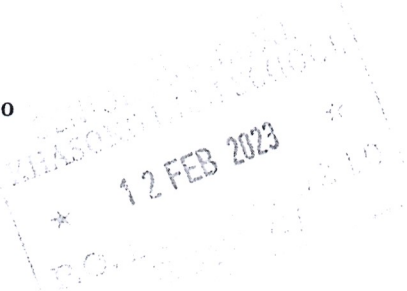
Name: Ms. Christine Naliaka

Designation: Bursar

Sign: 

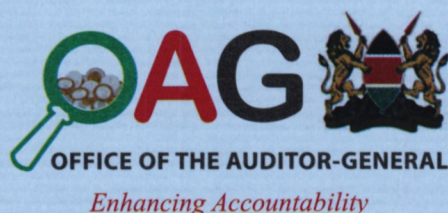
Date:

12/02/2023



REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KHASOKO BOYS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – BUNGOMA 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 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 Khasoko Boys Secondary School – Bungoma County set out on pages 10 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 for the year then ended, and a summary of significant accounting policies and other explanatory notes 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 Khasoko Boys Secondary School – Bungoma 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 comply with the Basic Education Act, 2013 and the Public Finance Management Act 2012.

Basis for Qualified Opinion

1. Inaccuracies of the Financial Statements

The statement of receipts and payments reflected various amounts that differed with those reflected in the statement of cash flows resulting in unreconciled and unexplained variances as analyzed below:

Component	Financial Statement Amount (Kshs)	Ledger Amount (Kshs)	Variance (Kshs)
Teaching materials	3,351,552	435,600	2,915,952
Administration cost -operations	2,634,257	2,363,589	270,668
Maintenance and improvement - operations	6,404,045	6,016,645	387,400
Local travelling - operations	1,314,982	1,274,982	40,000
Electricity and water - Operations	2,060,155	1,680,415	379,740
Personnel emoluments	5,324,004	4,502,130	821,874
Maintenance and improvement - Boarding	2,544,280	2,031,070	513,210

Report of the Auditor-General on Khasoko Boys Secondary School for the year ended 30 June, 2022 – Bungoma County

Component	Financial Statement Amount (Kshs)	Ledger Amount (Kshs)	Variance (Kshs)
Local travelling - Boarding	3,463,200	3,314,374	148,826
Electricity and water - Boarding	1,974,338	1,681,342	292,996
Administration cost - Boarding	2,816,831	2,717,931	98,900
Expenses on income activities	4,198,315	4,266,215	(67,900)
Boarding equipment and stores	26,078,568	23,461,978	2,616,590
Acquisition of assets	5,792,079	2,502,286	3,289,793

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

2. Unsupported Accounts Payables

The statement of financial assets and liabilities reflects accounts payables balance of Kshs.12,882,884 as disclosed in Note 12 to the financial statements. However, the schedules provided for audit only supported accounts payables balance of Kshs.8,723,916 resulting in an unexplained and an unreconciled variance of Kshs.4,158,967. In addition, the payables were not supported by procurement details, local purchase/service orders, delivery notes, inspection minutes and invoices.

In the circumstances, the accuracy and completeness of the accounts payables balance of Kshs.12,882,884 could not be confirmed.

3. Unsupported Accounts Receivable

The statement of financial assets and liabilities reflects Kshs.44,544,807, being accounts receivable which include fee arrears amount of Kshs.42,956,762. However, the School did not provide a detailed schedule of receivables to support the balance. In addition, the School did not maintain ageing analysis of the debtors.

In the circumstances, the accuracy, completeness and recoverability of the accounts receivables balance of Kshs.42,956,762 could not be confirmed.

4. Inaccuracies of School Fund Income

The statement of receipts and payments reflects total receipts amount of Kshs.78,102,648 which includes school fund income - parents' contributions amount of

Kshs.44,108,614 and other receipts of Kshs.19,030,302, all totaling to Kshs.63,138,916 as disclosed in Notes 3 and 4 respectively. However, review of the School's summary of daily receipts revealed total collections amounting to Kshs.57,736,550 resulting in an unreconciled and unexplained variance of Kshs.5,402,366.

In the circumstances, the accuracy and completeness of the school fund income and other receipts amount of Kshs.63,138,916 could not be confirmed.

5. Inaccuracies of the Cash and Cash Equivalents

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.7,744,960 as disclosed in Notes 8 and 9 to the financial statements. However, the School did not maintain cash books for the school gratuity and school bus accounts.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.7,744,960 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Khasoko 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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. Failure to Adhere to the Prescribed Financial Reporting Format

Review of the financial statements revealed that the statement of budget versus the actuals was missing, while the statement of financial assets and liabilities did not include a column for the notes to the financial statements as prescribed by the Public Sector Accounting Standards Board.

In the circumstances, Management did not adhere to the guidelines provided for in the reporting template.

2. Lack of Approved Staff Establishment

Review of the payroll records revealed that the School did not have an approved and staff establishment and salary structure which govern non-teaching staff.

In the circumstances, it was not possible to establish whether the School employed the right number of non-teaching employees and whether they were paid the correct salaries and wages.

3. Unconfirmed Repairs and Services Expenditure

The statement of receipts and payments reflects boarding and school fund payments of Kshs.53,870,826 and as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.2,544,280 which was incurred on maintenance and improvements that further included Kshs.402,450 spent on repairs and servicing of the school bus. However, defects report and pre and post inspection reports in support of the repairs and services were not provided for audit.

In the circumstances, the value for money on repairs and service of the school bus amount of Kshs.402,450 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion 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 governance were not effective.

Basis for Conclusion

1 Weak Controls on Cash Management

Review of the cash book records and bank statements revealed several cash withdrawals without any approved limits. In addition, the cashbooks were not signed by a senior officer to confirm the accuracy and completeness of the transactions.

In the circumstances, the effectiveness of controls in cash management could not be confirmed.

2 Failure to Maintain a Fixed Assets Register

Review of records revealed that the Management did not maintain a fixed asset register of the buildings, motor vehicles, office equipment, furniture and fittings and other assets. This was contrary to Regulation 143(1) of Public Finance Management (National Government) Regulations, 2015 which prescribes that 'the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws'.

In the circumstances, the effectiveness of controls in fixed assets management could not be confirmed.

3 Weaknesses in Imprests Management

Review of documents revealed that the School did not maintain an imprests register and thus imprests holders, amount applied for and outstanding imprests could not be confirmed. In addition, the imprests had not been surrendered as at the time of audit in the month of June, 2023, contrary to Regulation 93 of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the effectiveness of controls in the management of imprest could not be confirmed.

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 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 controls 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 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 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 School 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 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 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

KHASOKO BOYS HIGH SCHOOL

I. STATEMENT OF RECEIPTS AND PAYMENTS

DESCRIPTION OF VOTE HEAD	Note	2021 - 2022	2020 - 2021
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	2,792,754.60	1,201,391.75
Capitation grants for operations	2	12,170,977.40	8,428,609.55
School Fund Income- Parents' Contribution	3	44,108,614.00	18,748,275.00
School Fund Income- Other receipts	4	19,030,302.00	8,275,750.00
Proceeds from borrowings			
TOTAL RECEIPTS		78,102,648.00	36,654,026.30
PAYMENTS			
Payments for Tuition	5	5,730,436.00	1,872,038.00
Payments for operations	6	15,373,125.00	13,150,340.00
Boarding and school fund payments	7	53,870,826.30	17,761,551.03
TOTAL PAYMENTS		74,974,387.30	32,783,929.03
SURPLUS/DEFICIT		3,128,260.70	3,870,097.27

Sign : 

Name: Prof Saul
Namango

BOM CHAIRMAN

Date.....12/2/2023


Sign : 

Name :Daniel o.
Wasambo

**PRINCIPAL/
BOM SECRETARY**

Date.....12 FEB 2023

10

Sign: 

Name:Christine
M. Naliaka

**BURSAR/
FIN OFFICER**

Date.....12/02/2023

KHASOKO BOYS HIGH SCHOOL

VI. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	2021 - 2022 Kshs	2020 - 2021 Kshs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances	7,732,675.88	8,250,178.23
Cash Balances	12,284.40	696.90
Short term Investment	-	-
Total Cash and Cash Equivalents	7,744,960.28	8,250,875.13
Account's receivables	44,544,807.70	34,522,095.70
TOTAL FINANCIAL ASSETS	52,289,767.98	42,772,970.83
FINANCIAL LIABILITIES		
Accounts Payable	12,882,883.95	6,494,347.50
NET FINANCIAL ASSETS	39,406,884.03	36,278,623.33
REPRESENTED BY		
Fund balance b/fwd...	36,278,623.33	25,833,356.06
Surplus/Defict for the year	3,128,260.70	10,445,267.27
NET FINANCIAL POSITION	39,406,884.03	36,278,623.33

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022

	2021 - 2022	2020 - 2021
	Kshs	Kshs
CASHFLOW FROM OPERATING ACTIVITIES		
Capitation grants for tuition	2,792,754.60	1,201,391.75
Capitation grants for operations	12,170,977.40	8,428,609.55
School fund income- Parents contributions/ fees	44,108,614.00	18,748,275.00
School fund income- other receipts	19,030,302.00	8,275,750.00
Total receipts	78,102,648.00	36,654,026.30
Payments		
Payments for Tuition	5,730,436.00	1,872,038.00
Payments for operations	15,373,125.00	6,575,170.00
Boarding and school fund payments	53,870,826.30	17,761,551.03
	74,974,387.30	26,208,759.03
cash flow from operating activities before working capital adjustments	3,128,260.70	10,445,267.27
Add/less decrease/increase in receivables	(10,022,712.00)	(5,015,681.00)
Add/less increase/decrease in payables	6,388,536.45	(1,631,929.12)
Net cash flows from Operating Activities	(505,914.85)	3,797,657.15
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets	-	-
Acquisition of Assets	-	-
Proceeds from investments	-	-
Net cash flows from Investing Activities	-	-
NET CASHFLOW FROM BORROWING ACTIVITIES		
Proceeds from borrowings/ loans	-	-
Repayment of principal borrowings	-	-
Net cash flows from borrowing Activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENT	(505,914.85)	3,797,657.15
Cash and cash equivalent at BEGINNING of the year	8,250,875.13	4,453,217.98
Cash and cash equivalent at END of the year	7,744,960.28	8,250,875.13

VIII

KHASOKO BOYS HIGH SCHOOL

TRIAL BALANCE AS AT 30TH JUNE 2022			
		DR	CR
Cash and Cash equivalents			
	Bank Balances	7,732,675.88	
	Cash Balances	12,284.40	
	Short term investments	-	
	Receivables	44,544,807.70	
Payments			
	Payments for Tuition	5,730,436.00	
	Payments for operations	15,373,125.00	
	Boarding and school fund payments	53,870,826.30	
Receipts			
	Capitation grants for tuition		2,792,754.60
	Capitation grants for operations		12,170,977.40
	School Fund Income- Parents' Contributions		44,108,614.00
	School Fund Income- Other receipts		19,030,302.00
	Proceeds from borrowings		
Prior year			
Adjustment			
	Fund Balance b/f		36,278,623.33
	Payables		12,882,883.95
TOTAL		127,264,155.28	127,264,155.28

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		2,792,754.60	872,698.75
Chalks			
Exams and assessment			
Reference/Library			328,693.00
Teachers guides			
Total		2,792,754.60	1,201,391.75

2. CAPITATION GRANT FOR OPERATIONS

		2021-2022	2020-2021
		Kshs	Kshs
Personnel emoluments			
Maintenance and Improvement		4,389,500.00	3,457,000.00
Local transport / travelling			
Electricity and water			
Other voteheads		7,613,277.40	4,071,609.55
Medical		168,200.00	
Administration costs			
BOM Teachers			900,000.00
Activity			
Total		12,170,977.40	8,428,609.55

3. PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

		2021-2022	2020-2021
		Kshs	Kshs
Personnel emoluments		3,590,477.00	1,434,030.00
Fee on Boarding Equipment and Stores		26,996,172.00	11,741,345.00
Maintenance and Improvement		2,350,501.00	924,800.00
Local transport / travelling		3,494,632.00	1,410,320.00
Electricity and water		5,115,377.00	2,266,740.00
Lunch			
Homescience			
Other voteheads			
Medical			
Lunch			
Administration costs		2,085,960.00	855,440.00
Activity		475,495.00	115,600.00
Total		44,108,614.00	18,748,275.00

4. OTHER RECEIPTS - SCHOOL FUND ACCOUNT

	2021-2022	2020-2021
	Kshs	Kshs
Rent income		
Income from farming activities	75,900.00	1,250.00
Income from slaughter house		
Income from Posho mill	288,760.00	47,115.00
Income from Bus Hire	523,600.00	112,000.00
Income from bakery	3,599,135.00	1,170,885.00
Income from grants-infrastructure	5,799,000.00	500,000.00
Tender fees	81,000.00	47,000.00
Damages	94,134.00	6,397,500.00
PA Fund	8,454,275.00	
Motivation	114,498.00	
Dividends income		
Total	19,030,302.00	8,275,750.00

5. PAYMENTS FOR TUITION

	2021-2022	2020-2021
	Kshs	Kshs
Textbooks and reference materials		
Exercise books	712,800.00	513,000.00
Laboratory equipment	537,434.00	463,098.00
Internal exams	1,053,890.00	317,180.00
Teaching / learning materials	3,351,552.00	466,500.00
Chalks	41,160.00	21,960.00
Exams and assessment		
Ref/library	32,520.00	89,940.00
Bank Charges	1,080.00	360.00
Total	5,730,436.00	1,872,038.00

6. PAYMENTS FOR OPERATIONS

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments		
Service Gratuity	2,630,647.00	2,353,525.00
Administration Cost		
Maintenance and Improvement	2,634,257.00	1,435,504.00
Local transport / travelling	6,404,045.00	565,600.00
Electricity and water	1,314,982.00	763,742.00
Medical	2,060,155.00	536,519.00
KCSE	213,939.00	156,630.00
BOM Teachers	30,500.00	
Bank Charges		606,000.00
Activity Expenses		
Acquisition of Assets	84,600.00	157,650.00
total	15,373,125.00	6,575,170.00

7. BOARDING AND SCHOOL FUND PAYMENTS

	Kshs	Kshs
	2021-2022	2020-2021
Personnel emoluments	5,324,004.00	1,636,808.41
Service Gratuity		
Maintenance & Improvements	2,544,280.00	250,855.00
Local transport / travelling	3,463,200.00	1,382,550.00
Electricity and water	1,974,338.00	494,240.00
Medical Expenses		
Motivation	559,000.00	
Administration costs	2,816,831.60	772,635.52
KCSE	30,100.00	
Caution money	1,000.00	
PA	630,555.00	639,623.00
Bank Charges		
Expenses on Income Generating Activities	4,198,315.00	1,366,564.00
Fee on Boarding Equipment and Stores	26,078,568.50	9,425,586.10
Tender fees	84,000.00	23,500.00
Activity Expenses	234,595.00	81,500.00
Damages	140,000.00	1,106,159.00
Medical Expenses		
Acquisition of Assets(Infrastructure expenditure)	5,792,039.20	581,530.00
TOTAL	53,870,826.30	17,761,551.03

*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.*

8. BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Ac No.	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account		123,399.03	145,128.43
Operations Account		177,290.90	2,555,456.50
School Fund Account/Boarding		4,415,623.15	2,561,521.30
Savings Account		596,189.00	596,189.00
Gratuity a/c		2,016,629.00	2,016,629.00
Infrastructural Account		403,544.80	375,254.00
TOTAL		7,732,675.88	8,250,178.23

9. CASH IN HAND

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Account		
Operation Account		
Infrastrucutre A/C	734.00	48.00
School Fund A/C	11,550.40	648.90
TOTAL	12,284.40	696.90

10. SHORT TERM INVESTMENTS

Description	2021-2022	2020-2021
	Kshs	Kshs
Cooperative shares		
Treasury Bills	-	-
Fixed deposit	-	-
Equity stock	-	-
Other investments	-	-
Total	-	-

11. ACCOUNTS RECEIVABLE

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears		
Other non-fees receivables	42,956,762.70	33,507,050.70
Interborrowing-School fund a/c(to operation a/c)		
RD Cheque	804,000.00	333,000.00
Advance	24,218.00	24,218.00
Imprest	44,800.00	49,500.00
Total	715,027.00	608,327.00
	44,544,807.70	34,522,095.70

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears for current year		
Fees arrears for the previous year	13,847,197.10	10,007,317.00
Fees arrears for prior periods (over two years)	5,609,831.90	4,793,333.00
Total	23,499,733.70	18,706,400.70
	42,956,762.70	33,507,050.70

12. ACCOUNTS PAYABLE

Description	2021-2022	2020-2021
Trade creditors (See ageing below and appendix 1)		
Interborrowing-Operation a/c(by school fund a/c)	10,300,025.00	1,556,439.00
Bursary fund	804,000.00	333,000.00
PAYE	256,000.00	113,000.00
Bank loan	37,238.05	49,518.05
Prepaid fees	261,509.90	2,763,790.45
Excess fees	995,357.00	1,594,944.00
Retention monies	228,754.00	83,656.00
Total	12,882,883.95	6,494,347.50

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors for current year		
Trade creditors for the previous year	8,743,586.00	1,556,439.00
Trade creditors for prior periods (over two years)	1,556,439.00	-
Total	-	-
13. FUND BALANCE BROUGHT FORWARD	10,300,025.00	1,556,439.00

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank balances		
Cash balances	8,250,178.23	4,446,331.08
Short Term Investments	696.90	6,886.90
Receivables	-	-
Payables	34,522,095.70	29,506,414.70
Total	(6,494,347.50)	(8,126,276.62)
	36,278,623.33	25,833,356.06

Other important disclosure notes

14. Non-current Liabilities Summary

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

15. Biological assets

Poultry		-	-
Total		-	-

16. Borrowings

Description	2021-2022		2020-2021	
	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. Stock/ Inventory

Description	2021-2022		2020-2021	
	Kshs		Kshs	
Stock/ Inventory				
Stock/ inventory at beginning of the year				
Stock/ inventory purchased during the year		-		-
Stock/ inventory issued during the year		-		-
Balance at end of the year		-		-

X. 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 20XX.