REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

SABUNLEY SECONDARY SCHOOL

FOR THE ENDED 30 JUNE, 2023

WAJIR COUNTY

SABUNLEY SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL

REPORT AND FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED
30th June, 2021

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

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1. Acronyms and Definition of Key Terms

A. Acronyms.

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day Secondary Education
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary Education

B. Definition of Key Terms

Comparative Year- Means the prior period.

(This list is an indication of the common acronyms and abbreviations; the Entity should include all from the annual report and financial statements prepared)

I. 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 wajir County, wajir east Sub-County

The school was registered in 9.06.2016 under registration number 08/S/3000/012/16 and is currently categorized as an extra county public school established, owned or operated by the Government.

The school is a day/boarding school and had 789 number of students as at *30th June 2021*. It has4 streams and 34 teachers of which 9 teachers are employed by the School Board of Management.

(b) School Board of Management –Board Members

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

Ref:	Name of Board Member	Designation	Date of appointment
1.	SALAH ADAN	Chairman	2019
2.	ABDINOOR HAJI	Secretary–Principal	2019
3.	ABDILLE YUSSUF	Member	2019
4.	ABDIFATAH YARE DAGANE	MEMBER	2019
5.	OMAR ALI	Member	2019
6.	ABDIRAHMAN NOOR		
7.	HALIMA ALI	Member	2019
8.	ABDIHAKIM ALI ADAN	Member– Rep CEB	2019
9.	ISSACKO KONCHORO	Member Rep Teachers	2019
10.	MOHAMED HASSAN HASSAN OSMAN FARHIYA BISHAR	3Members–Sponsor	2019
11.	HALIMA KAHIYE	Member–Community	2019
12.	HALIMA ALI OMAR	Member Special interest group	2019
13.	Hussein Hassan ali	Person with special needs	2019
14.	ABDINOOR HAJI	Student council Rep	2019

KEY SCHOOL INFORMATION AND MANAGEMENT

The function of the School Board of Management includes:

- 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.

(a) 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	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	SALAH ADAN ABDINOOR HAJI HALIMA KAHIYE OMAR HASSAN	CHAIR SECRETARY V-CHAIR PTA	2
2	Audit Committee& finance	FARHIYA BISHAR ABDILLE YUSSUF HUSSEIN ALI MOHAMUD HASSAN	CHAIR	2
3	Academic Committee	MOHAMUD HASSAN HASSAN OSMAN HALIMA ALI HASSAN OMAR	CHAIR	3
4	Development Committee	SALAH ADAN HALIMA KAHIYE ABDINOOR HAJI	CHAIR V-CHAIR SECRETARY	2
5	Discipline and welfare Committee	ABDILLE YUSSUF HASSAN OSMAN HALIMA ALI HASSAN OMAR	CHAIR	3
6	Adhoc Committee (if any during the year)	ISMAIL ABDIRASHID ABDIRAHMAN HUSSEIN BISHAR BONTORE ABDIFATAH ISMAIL LYDIAH GYACHU	CHAIR	1

(b) School operation Management

For the financial ended six months *30th June 2021* the School day-to-day management was under thefollowing persons:

Ref:	Designation	Name	TSC Number
1	Principal	ABDINOOR HAJJI	416457
2	Deputy Principal	ISMAIL ABDIRASHID	598382
3	School Bursar	MOHAMED GAIYE	

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(a) Schools contacts

Post Office Box: 42-70200
Telephone: 0720382729
E-mail: sabunleysecondary@gmail

Website:
Facebook:
Twitter:

(b) School Bankers

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

1. Name of Bank: KCB
   Branch: WAJIR
   Account Number: 1105226832-tuition
   Name of Bank: KCB
   Branch: Wajir
   Account number: 1105227219-operation
   Name of Bank: KCB
   Branch: Wajir
   Account number: 1105197654/ Business number: 522123 fund acc
   Account number: 89181k

2. ACCOUNT NO 1113803754 INFRASTRUCTURE ACCOUNT

(c) 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**:

The expenditure was higher than what the school received and therefore, the school has encountered a deficit.

year	202 Jan-June	2021-2022	2022-2023
Surplus/deficit	61827	32000	33000

For the capitation grants from the ministry for the last three (3) years is tabulated as follows:

year	2019	2020	2021 Jan-June
amount	11,656,734	10,583,450	7,616,529

I. RATIO OF CAPITATION GRANT PER STUDENT FOR THE LAST THREE YEARS:

From 2020 to six month of JUNE 2021 OPERATION:

year	No of students	amount
2021 (Jan-June)	789	7,616,529
2020	811	10,583,450
2019	826	11,656,734

A two-year overview of growth of incomes earned by the school

year	amount
2021 (jan-june)	10,211,464
2020	17,047,007

Movement of deptors and creditors of the school over the last two years

year	debtors	creditors
2021 (jan-june)	3,274,178	-
2020	3,554,178	-

Movement of cash and bank balances over the last two years

year	Bank balances	Cash balances
2021 (jan-june)	3,675,712.42	-
2020	844,782.78	-

Graphical presentation, ratios, tables and pie chart should be used to indicate trends

b) **Teacher Student ratio**:

RATIO OF TEACHERS TO STUDENTS 1:23.2

NUMBER OF TSC TEACHERS 25

NUMBER OF B.O.M TEACHERS 9

c) **Mean score in the *2021* KCSE**:

Mean score in the 2021 KCSE

YEAR	MEAN SCORE	MEAN GRADE
2019	3.328	D (PLUS)
2020	4.733	C (MINUS)
2021	7.397	C (PLUS)

d) Number of Candidates in the 2021 KCSE:

Year	Number of students
2019	202
2020	166
2022	136

e) **Capacity of the school**:

Sabunley Secondary School is an extra county school, with an enrolment of 789 students. It is a four streamed school, the school has five (5) dormitories, four (4) laboratories and thirteen (13) toilets for both students and teachers.

The estimate cost of fencing the 63.63 hectares of the school land.

F) development project carried out by the school

Year	Description	Source Of Fund	Remarks
2021 JAN-JUNE	Renovation of 3 no. laboratories	Ministry of education	complete

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

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

Name: HALIMA KALUYU
Designation: Chairman, School Board of Management
Sign: .....
Date: 30/06/2021

Name: ABDI NOOR HAJI
Designation: School Principal& Secretary to Board of Management
Sign: .....
Date: 30/06/2021

Name: MOHAMED GANE
Designation: Bursar/ Finance Officer
Sign: .....
Date: 30/06/2021

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON SABUNLEY SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 – WAJIR 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

Opinion

I have audited the accompanying financial statements of Sabunley Secondary School – Wajir County set out on pages 1 to 10, which comprise of the statement of assets and

liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows and the statement of comparison of budgeted versus actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with 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, the financial statements present fairly, in all material respects, the financial position of the Sabunley Secondary School – Wajir County as at 30 June, 2023 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 Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sabunley Secondary School – Wajir County 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 opinion.

Key Audit Matters

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

Other Matters

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resource, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2023.

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 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. Late Submission of Financial Statements

During the year under review, the School Management did not submit the financial statements to the Auditor-General by the statutory date of 30 September, 2023. The financial statements were submitted on 11 March, 2024, which was six months after the statutory deadline. This was contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. Late submission of financial statements adversely affects the Office of the Auditor-General in meeting the statutory timelines.

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

2. Non-Compliance with the Public Sector Accounting Standards Board

Review of the financial statements revealed that the values in the financial statements are not rounded to the nearest Kenya Shillings as provided in the Public Sector Accounting Standards Board PSASB Template for Schools under the significant accounting policy on statements of compliance and basis of preparation of the financial statements.

In the circumstances, Management did not comply with the PSASB reporting template requirements.

3. Management Failure to Prepare School Improvement Plan (SIP)

During the year under review, Management did not prepare a School Improvement Plan (SIP) showing priority areas to ensure the school has adequate textbooks, reference books and supplementary readers as required in Section 2.2.1 of the Operation Manual from the Ministry of Education. This has resulted in the Ministry distributing 3,105 textbooks copies less than the student numbers.

In the absence of the School Improvement Plan, the school risks over /under supply of textbooks or receipt of books not needed.

4. Failure to Reconcile Student Enrolment Data

Review of student records revealed unexplained variance in student numbers between the National Education Management Information System (NEMIS) and School registers resulting in tuition fees under disbursement on both capitation grants for tuition and operation fees balance of Kshs.2,589,368 as analyzed below:

Month	No. of Students Per NEMIS	No. of Students Per School Register	Expected Capitation Per Student (Kshs)	Total Expected Capitation Per School Register (Kshs)	Actual Capitation Received (Kshs)	Capitation Not Received (Kshs)
Enrolled Form 1 Operation	336	730	4,500	3,285,000	1,512,000	1,773,000
Enrolled Form 1 Tuition	336	730	2,072	1,512,560	696,192	816,368
Total						**2,589,368**

Management explained that the difference was due non-registration of students in the NEMIS register due to lack of birth certificates and cases of over age students. This was contrary to the Ministry of Education Circular No.MOE.HQ/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, Management was in breach of the circular and the underfunding of the School may have affected service delivery to the students.

5. Transfer of Funds to Kenya Secondary Schools Heads Association

During the year under review, the School transferred an amount of Kshs.250,000 to Kenya Secondary Schools Heads Association (KESSHA) to support the association activities through the operations bank account. However, KESSHA is a welfare organization that draws its membership from school Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by the Schools.

In the circumstances, the value for money transferred to KESSHA 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 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

1. Failure to Establish Board of Management Committees and Other Internal Controls Structures

During the year under review, Management has not put in place an Internal Audit Committee. This was contrary to Section 61(2) of the Basic Education Act, 2013 which requires the Board of Management to establish Finance, Procurement and General Purposes Committee, Academic Standards, Quality and Environment Committee, Ethics and Integrity Committee, Audit Committee and Human Rights and Student Welfare Committee to perform such functions and discharge such responsibilities as the Board may deem necessary.

Further, Management did not prepare and implement key internal control policies. The School lacked an IT Strategy Committee and an IT Steering Committee. This resulted in inadequacy in IT governance, which forms a critical part of the school governance structure.

In addition, the School did not have a Disaster Management and Recovery Policy including fire suppression systems and a Business and IT Continuity Plan including off-site back-ups and also lacked Accounting Software to manage accounts payables, accounts receivables, ledgers, invoices and assets.

In the circumstances, the existence of effective internal controls and governance mechanisms could not be confirmed.

2. Lack of Fixed Assets Register

Management did not maintain an asset register indicating the item, cost, location and serial/tag number. Further, Management did not provide land ownership documents for a parcel of land worth Kshs.12,600,000 where the School is built.

In the circumstances, the ownership and safety of the School assets 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and 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 policies and procedures may deteriorate.

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 September, 2024

I. STATEMENT OF RECEIPTS AND PAYMENTS			
DESCRIPTION OF VOTE HEAD	**Note**	**Jan-June2021**	**2020-2020**
		Kshs	**Kshs**
RECEIPTS			
Capitation grants for tuition	1	1,052,586.50	1,501,063.00
Capitation grants for operations & infrastructure	2	6,788,114.95	9,503,098.80
School Fund Income- Parents' Contributions	3	10,211,464.00	17,047,007.00
School Fund Income- Other receipts	4	-	-
Proceeds from borrowings			
TOTAL RECEIPTS		**18,052,165.45**	**28,051,168.80**
PAYMENTS			
Payments for Tuition	5	663,800.00	1,593,660.00
Payments for operations and infrastructure	6	3,123,125.56	11,313,340.76
Boarding and school fund payments	7	14,708,488.69	13,691,915.81
TOTAL PAYMENTS		**18,495,414.25**	**26,598,916.57**
SURPLUS/DEFICIT		**(443,248.80)**	**1,452,252.23**

The school financial statements were approved on 30/06/ 2021 and signed by:

Sign:

Name: Halima Kahiya

air BOM

Date 30/06/2021

Sign

Name: Abdi Noor Haji

School Principal/ Secretary to BOM

Date 30/06/2021

Sign

Name: Mohameed Gaiye Mude

Bursar/ Finance Officer

Date 30/06/021

II. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES			
	Note	**jan-june2021**	**2020-2020**
		Kshs	**Kshs**
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	3,675,712.42	844,782.78
Cash Balances	9	-	-
Short term Investment	10	-	-
Total Cash and Cash Equivalents		**3,675,712.42**	**844,782.78**
Account's receivables	11	-	**3,554,178.00**
TOTAL FINANCIAL ASSETS		**3,675,712.42**	**4,398,960.78**
FINANCIAL LIABILITIES			
Accounts Payable	12	-	280,000.00
NET FINANCIAL SSETS		**3,675,712.42**	**4,118,960.78**
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	4,118,960.78	2,666,708.55
Surplus/Defict for the year		(443,248.80)	1,452,252.23
NET FINANCIAL POSITION		**3,675,711.98**	**4,118,960.78**

The school financial statements were approved on 30/06/ 2021 and signed by:

Sign:

Name: Halima Kafiya

Chairman BOM

Date 30/06/2021

Sign

Name: Abdi Noor Haji

School Principal/ Secretary to BOM

Date 30/06/2021

Sign

Name: Mohamed Gaiye Mude

Bursar/ Finance Officer

Date 30/06/021

STATEMENT OF CASH FLOW			
		Jan-June-2021	2020-2020
		Kshs	Kshs
Receipts from operating activities			
Capitation grants for tuition	1	1,052,586.50	1,501,063.00
Capitation grants for operations	2	6,788,114.95	9,503,099.00
School fund income- Parents contributions/ fees	3	10,211,464.00	17,047,007.00
School fund income- other receipts	4		-
Total receipts		**18,052,165.45**	**28,051,169.00**
Payments			
Payments for Tuition		663,800.00	15,930,660.00
Payments for operations		3,123,125.56	11,313,341.00
Boarding and school fund payments		14,708,488.44	13,691,916.00
Total payments		**18,495,414.00**	**26,598,917.00**
Net cash flow from operating activities		(443,248.55)	**1,452,252.00**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			
Acquisition of Assets		-	
Proceeds from investments		-	
Net cash flows from Investing Activities		-	
NET CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		**(443,248.55)**	**1,452,252.00**
Cash and cash equivalent at BEGINNING of the year		**4,118,961.00**	**2,666,709.00**
Cash and cash equivalent at END of the year		**3,675,712.45**	**4,118,961.00**

The school financial statements were approved on 30/06/ 2021 and signed by:

Sign:

Name: Halima Kahiya

air BOM

Date 30/06/2021

Sign

Name: Abdi Noor Hagi

School Principal/ Secretary to BOM

Date 30/06/2021

Sign

Name: Mohameed Gaiye Mude

Bursar/ Finance Officer

Date 30/06/2021

STATEMENT OF COMPARISON OF BUDGETED VERSUS ACTUAL AMOUNT FOR THE SI MONTHS PERIOD ENDED 30TH JUNE 2021

Code	Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
		a	b	c=a+b	d	e=c-d	f=d/c %
	RECEIPTS						
1	Capitation grants for tuition	1,052,587	0	1,052,587	1,052,587	0	100%
2	Capitation grants for operations	6,788,115	0	6,788,115	6,788,115	0	100%
3	School Fund Income- Parents' Contributions	10,211,464	0	10,211,464	10,211,464	0	100%
	School Fund Income- Other receipts	0	0	0	0	0	0%
	Proceeds from borrowings	0	0	0	0	0	0%
	Total Receipts	**18,052,166**	**0**	**18,052,166**	**18,052,166**	**0**	**100%**
	Payments						
	Personnel emoluments	3,661,442	0	3,661,442	4,791,063	(1,129,621)	131%
	Gratuity	126,600	0	126,600	126,600	0	100%
	Administration costs	1,089,750	0	1,089,750	1,582,600	(492,850)	145%
	Teaching, learning and examination materials	1,052,587	0	1,052,587	663,800	388,787	63%
	Repairs , maintenance and improvements	1,889,988	0	4,889,988	480,750	4,409,238	10%
	Local transport / travelling	348,300	0	348,300	258,312	89,988	74%
	Electricity , water and conservancy	1,112,977	0	1,112,977	893,492	219,485	80%
	Medical expenses	0	0	0	10,400	(10,400)	100%
	Activity expenses	77,117	0	77,117	8,000	69,117	10%
	Boarding Equipment and Stores	5,693,405	0	5,693,405	6,399,780	(706,375)	112%
	Insurance costs	0	0	0	0	0	0%
	Bank charges	0	0	0	6,439	(6,439)	100%
	Grand Total	**18,052,166**	**0**	**18,052,166**	**15,221,236**	**2,830,930**	**84%**
	Surplus/Deficit	**0**	**0**	**0**	**15,221,236**	**2,830,930**	

V. 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 fulfillment 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 six months ended 30th June, 2021.

NOTES TO THE FINANCIAL STATEMENTS				
1	**CAPITATION GRANT FOR TUITION**			
			Jan-June-2021	**2020-2020**
			Kshs	**Kshs**
	Laboratory equipments and apparatus		68,051.25	
	Teaching/learning materials		889,263.50	1,500,350.00
	chalks		13,610.25	713.00
	Internal exams		27,220.50	
	Reference and library books		54,441.00	
	Total		**1,052,586.50**	**1,501,063.00**
2	**CAPITATION GRANT FOR OPERATIONS AND INFRASTRUCTURE ACCOUNT**			
			Jan-June-2021	**2020-2020**
			Kshs	**Kshs**
	Personnel emoluments		1,996,700.00	2,556,471.00
	Maintenance and improvement funds		3,496,000.00	3,244,000.00
	Local transport / travelling		165,400.00	269,657.00
	Electricity and water		620,140.00	1,876,056.20
	Medical and insurance			162,200.00
	Administration costs		509,874.95	1,070,314.60
	Activity		-	324,400.00
	Total		**6,788,114.95**	**9,503,098.80**
3	**PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT**			
			Jan-June-2021	**2020-2020**
			Kshs	**Kshs**
	Fee on Boarding Equipment and Stores		5,693,315.00	9,456,714.00
	Personnel emoluments		1,664,742.00	4,158,093.00
	Maintenance and improvement funds		1,393,988.00	1,144,000.00
	Local transport / travelling		182,900.00	226,500.00
	Electricity, water and conservancy		492,837.00	1,296,700.00
	Administration costs		579,875.00	498,500.00
	Workers service gratuity		126,600.00	145,000.00
	Activity		77,117.00	121,500.00
	Total		**10,211,374.00**	**17,047,007.00**

5	**PAYMENTS FOR TUITION**			
			Jan-June-2021	**2020-2020**
			Kshs	**Kshs**
	Teaching/learning materials		613,200.00	1,593,420.00
	Internal exams		50,000.00	-
	Bank charges		600.00	240.00
	Total		**663,800.00**	**1,593,660.00**
6	**PAYMENTS FOR OPERATIONS AND INFRASTRUCTURE ACCOUNT**			
			Jan-June-2021	**2020-2020**
			Kshs	**Kshs**
	Personal Emoluments		1,771,336.50	2,288,506.00
	Administration Cost		658,600.00	1,190,650.00
	Repairs and maintenance & improvements		78,200.00	6,899,427.76
	Local transport / travelling		120,000.00	168,672.00
	Electricity and water		483,629.06	648,885.00
	Medical and insurance		10,400.00	43,000.00
	Activity Expenses			74,200.00
	Bank Charges		960.00	-
	TOTAL		**3,123,125.56**	**11,313,340.76**
7	**BOARDING AND SCHOOL FUND PAYMENTS**			
			Jan-June-2021	**2020-2020**
			Kshs	**Kshs**
	Activity		8,000.00	373,930.00
	Personnel emoluments		3,019,726.25	4,628,353.00
	Workers Service Gratuity		126,600.00	145,000.00
	Maintenance & Improvements		402,550.00	416,240.00
	Local transport / travelling		138,312.00	424,763.00
	Electricity ,water and conservancy		409,863.00	533,251.00
	Administration costs		924,000.00	1,366,690.00
	Contigencies		5,479.00	-
	Fee on Boarding Equipment and Stores		9,673,958.44	5,803,688.81
	TOTAL		**14,708,488.69**	**13,691,915.81**

8	BANK ACCOUNTS			
	Name of Bank, Account No. & currency	**Bank Account Number**	**Jan-June-2021**	**2020-2020**
			Kshs	**Kshs**
	Tuition Account		411,630.25	22,843.75
	Operations Account		1,040,097.39	374,108.00
	School Fund Account/Boarding		1,458,776.94	444,625.19
	Infrastructural Account		765,207.84	3,205.84
	Total		**3,675,712.42**	**844,782.78**
11	**ACCOUNTS RECEIVABLE**			
	Description		**Jan-June-2021**	**2020-2020**
			Kshs	**Kshs**
	Fees arrears		-	3,554,178.00
	Total		-	3,554,178.00
	Description		**Jan-June-2021**	**2020-2020**
			Kshs	**Kshs**
	Fees arrears for current year		-	3,554,178.00
	Total		-	3,554,178.00
12	**ACCOUNTS PAYABLE**			
	Description		**Jan-June-2021**	**2020-2020**
			Kshs	**Kshs**
	Trade creditors (See ageing below and appendix 1)		-	280,000.00
	Total		-	**280,000.00**
13			**FUND BALANCE BROUGHT FORWARD**	
	Description		**Jan-June2021**	**2020-2020**
			Kshs	**Kshs**
	Bank balances		4,118,961.00	2,666,709.00
	Receivables		-	1,732,252.00
	Payables		-	(280,000.00)
	Total		**4,118,961.00**	**4,118,961.00**

ANNEX 4– SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs)
Land	12,600,000	0	0	12,600,000
Buildings and structures	39,600,000	0	0	39,600,000
Transport equipment	1,200,000	0	0	1,200,000
Office equipment, furniture and fittings	1,300,000	0	0	1,300,000
ICT Equipment, Software and Other ICT Assets	1,000,000	0	0	1,000,000
Other Machinery and Equipment	180,000	0	0	180,000
Heritage and cultural assets	200,000	0	0	200,000
Intangible assets	300,000	0		300,000
Total	**56,380,000**	**0**	**0**	**56,380,000**