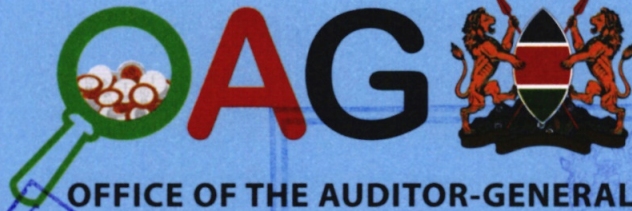


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 05 DEC 2024

DAY:

Thursday

REPORT

TABLED
BY:

Hon. Kimsani Ichungwah
(Leader of the Majority Party)

OF

CLERK AT
THE TABLE:

Anastacia

THE AUDITOR-GENERAL

ON

**BLESSED MUGUTHA SECONDARY
SCHOOL**

**FOR THE SIX (6) MONTHS PERIOD
ENDED 30 JUNE, 2021**

KIAMBU COUNTY



**BLESSED MUGUTHA SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR SIX(6)MONTHS PERIOD ENDED
30th June 2021**

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

(BLESSED MUGUTHA SECONDARY SCHOOL)
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements For Six(6) Months Period
For the year ended 30th June 2021

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KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	John Mwangi I Joseph N Muriuki Susan W Gataiga Paul Irungu M Hannah warwinu	Chairman Secretary/principal Vice chair	1 out of 3
2	Audit Committee	none		out of
3	Finance,procurement and general purposes Committee	Paul Irungu Benard Miano Susan wangari		1
4	Academic Committee	Paul Njaruba Isaac Waweru	chairman	1
5	Development Committee	John mwangi Hannah warwinu Naomi nyambura Geoffrey Ngutuku	chairman	2
6	Discipline and welfare Committee	Hannah Warwinu Geoffrey ngutuku Paul Irungu	Chairman	None
7	Adhoc Committee (if any during the year)	none		

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

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- 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
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4	Academic Committee	Paul Njaruba Isaac Waweru	chairman	1
5	Development Committee	John mwangi Hannah warwinu Naomi nyambura Geoffrey Ngutuku	chairman	2
6	Discipline and welfare Committee	Hannah Warwinu Geoffrey ngutuku Paul Irungu	Chairman	none
7	Adhoc Committee (if any during the year)	none		

(BLESSED MUGUTHA SECONDARY SCHOOL)
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements For Six(6) Months Period
For the year ended 30th June 2021

(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	Joseph Njoroge Muriuki	350415
2	Deputy Principal	Perpetua Wamoro Mutura	290088
3	School Bursar	Felistas Wanjiku Mbugwa	-

(BLESSED MUGUTHA SECONDARY SCHOOL)
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements For Six(6) Months Period
For the year ended 30th June 2021

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 1708-0232
Telephone: 0722996890
E-mail:
Website:
Facebook:
Twitter:

(f) School Bankers

The following school operated 4 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: **National bank**
Branch: Ruiru
Account Number: 01021059855400(Tuition)
01024059855400(operations)
01022242009200(infrastructure)
2. Name of Bank: **Equity bank**
Branch: Ruiru
Account Number: 0870296995118(school funds)
3. MPESA Pay Bill No. none

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

(g) Independent Auditors

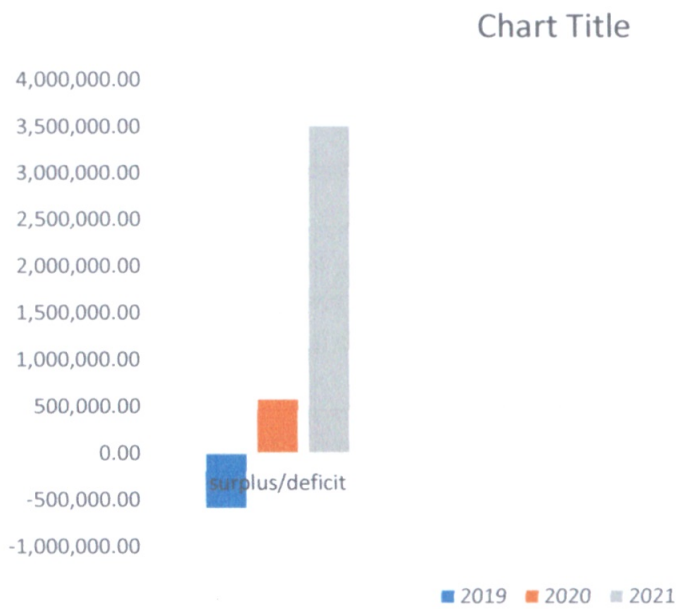
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

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:

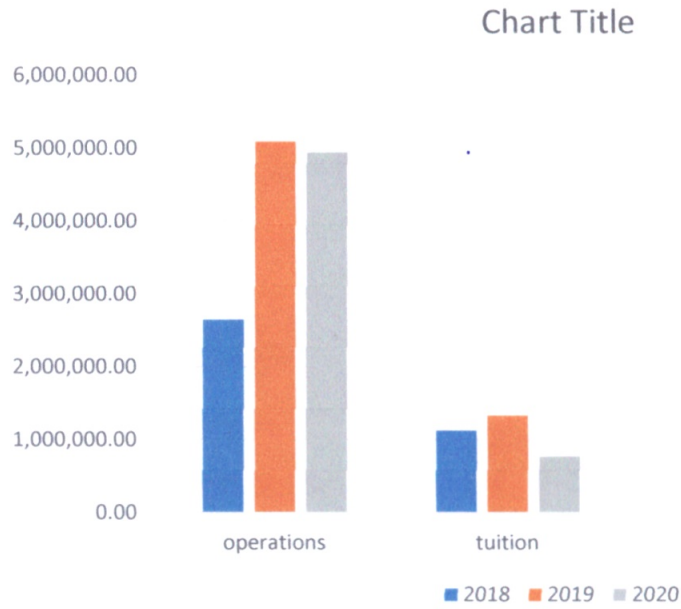
a) Financial performance:

-Surplus/deficit for the year and a comparison of the same for the same for last three years.

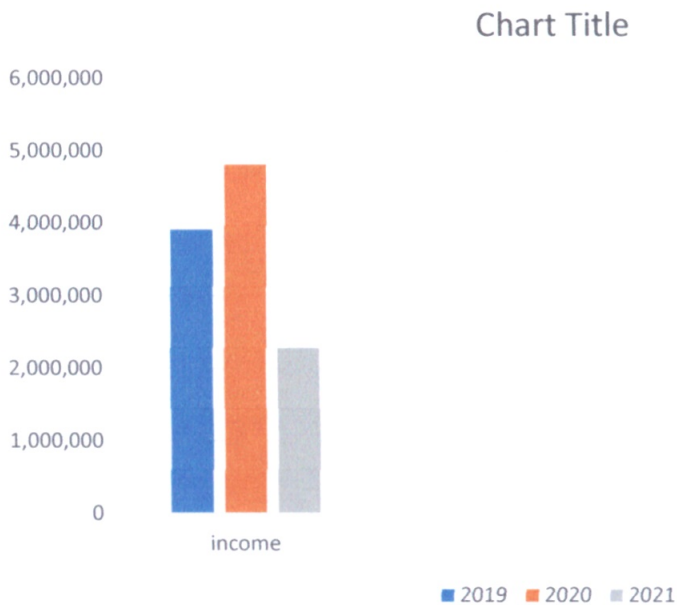


(BLESSED MUGUTHA SECONDARY SCHOOL)
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements For Six(6) Months Period
For the year ended 30th June 2021

- *Capitation grants from the Ministry of Education for the last three years*

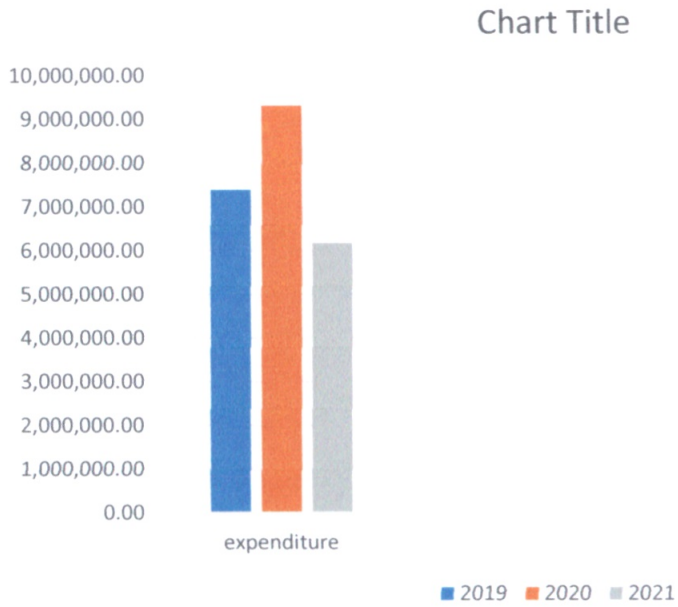


- *A three-year overview of growth of other income(s) earned by the school.*

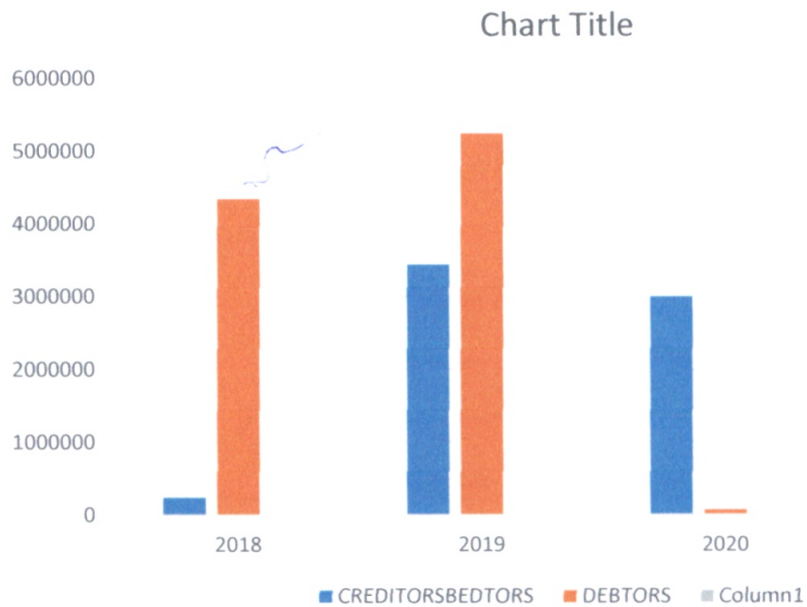


(BLESSED MUGUTHA SECONDARY SCHOOL)
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements For Six(6) Months Period
For the year ended 30th June 2021

- *A three-year overview of growth in expenditure of the school*

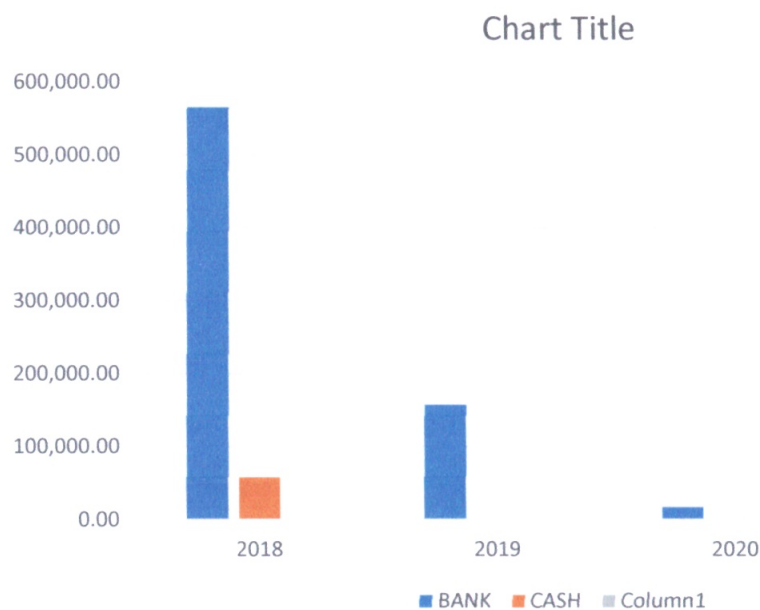


-*Movement of debtors and creditors of the school over the last three years*



(BLESSED MUGUTHA SECONDARY SCHOOL)
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements For Six(6) Months Period
For the year ended 30th June 2021

- Movement of cash and bank balances over the last three years



Teacher Student ratio: 1:20

Teachers transferred 2

Teahers employed by B.O.M 1

SUBJECT COMBINATION	NO OF TEACHERS
Maths/Bio	2
Maths/Geo	1
Maths/chem	3
Maths/phy	1
Maths/Bst	1
Bio/Geo	1
Bio/Agric	1
Eng/lit	2
Hist/kis	1
Hist/cre	1
Kisw/cre	2
Bst/Econs	1

(BLESSED MUGUTHA SECONDARY SCHOOL)
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements For Six(6) Months Period
For the year ended 30th June 2021

b) **Mean score in the 2020 KCSE:2.906**

YEAR	ENTRY	MEAN SCORE	TRANSITION INSTITUTION OF HIGHER LEARNING(UNIVERSITY)
2018	56	2.953	1
2019	60	3.15	1
2020	88	2.906	1

c) **Number of Candidates in the 2021 KCSE: 88**

d) **Capacity of the school:**

412 STUDENTS

DINNING HALL -1

CLASSROOMS -9

LIBRARY -1

LABORATORIES- 2

TOILETS: BOYS-12

: GIRLS-6

(BLESSED MUGUTHA SECONDARY SCHOOL)

PUBLIC SECONDARY SCHOOL

**Annual Report and Financial Statements For Six(6) Months Period
For the year ended 30th June 2021**

e) Development projects carried out by the school:

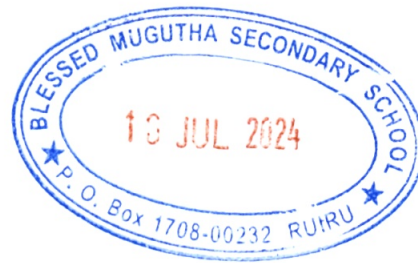
NONE

Sign



School Principal

Joseph Njoroge




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 *BLESSED MUGUTHA* 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).

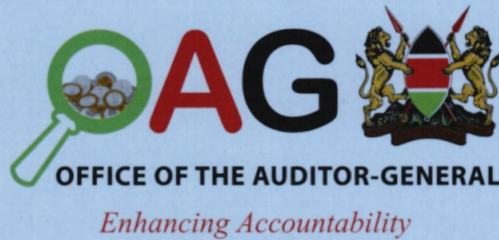
The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2021, and of the school's financial position as at that date.

Name: JOHN MBUGUA MIRINGU
Designation: Chairman, School Board of Management
Sign: 
Date: 25/7/2024

Name: JOSEPH NJOROGE MURIUKI
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 16/06/2024

Name: FELISTAS WANJIKU MBUGWA
Designation: Bursar/ Finance Officer
Sign: 
Date: 16/07/2024

REPUBLIC OF KENYA



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

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

AUDIT REPORT OF THE AUDITOR-GENERAL ON BLESSED MUGUTHA SECONDARY SCHOOL FOR THE SIX (6) MONTHS PERIOD ENDED 30 JUNE, 2021 – KIAMBU 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 period 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 of the Auditor-General on Blessed Mugutha Secondary School for the Six Months Period ended 30 June, 2021-
Kiambu County*

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Blessed Mugutha Secondary School – Kiambu County set out on pages 14 to 34, which comprise 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 statement of budgeted versus actual amounts for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Blessed Mugutha Secondary School as at 30 June, 2021-Kiambu County, and of its financial performance and its cash flows for the six months period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0. Inaccuracies in the Financial Statements

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

- a. The Statement of assets and liabilities reflects a balance of Kshs.419,105 in respect to accounts payables. However, the details of the accounts payables as disclosed under Annex 1 – analysis of pending accounts payable reported a balance of Kshs.101,500 resulting to unreconciled variance of Kshs.317, 605.
- b. Statement of budgeted versus actual amounts for the year ended 30 June, 2021 reported total Income of Kshs.7,105,909 for the final Budget. However, a re-computation of the same resulted in a balance of Kshs.7,104,109 resulting in an unreconciled variance of Kshs.1,800.
- c. The statement of budgeted versus actual amounts for the period ended 30 June, 2021 reported total expenses budget utilization difference of Kshs.3,478,600.

However, re-computation of the same resulted in Kshs.2, 527,606 giving rise to an unreconciled variance of Kshs.950, 994.

- d. Statement of budgeted versus actual amounts for the period ended 30 June, 2021 reported a budget utilization difference of Kshs.13, 624. However, re-computation of the same resulted in a balance of Kshs.11, 824 giving rise to unreconciled variance of Kshs.1, 800.
- e. Note 5 amounts for the period ended 30 June, 2021 reported a Payments for Tuition balance Kshs.4, 872,312. However, a re-computation of the same resulted in a balance of Kshs.487, 230 resulting in an unreconciled variance of Kshs.4,385,082.
- f. Note 13 amounts for the period ended 30 June, 2021 reported a Fund Balance Brought Forward balance Kshs.2, 242,033. However, a re-computation of the same resulted in a balance of Kshs.2, 225,481 resulting in an unreconciled variance of Kshs.16, 552.

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

2.0. Unsupported Receipts and Payments

The statement of receipts and payments for the six (6) months period ended 30 June, 1 reflects total receipts and total payments of Kshs.8, 321,981 and Kshs.4, 752,860 respectively. However, ledgers to support the financial statements balances and the respective Notes were not provided for audit review.

In the circumstances, the accuracy, completeness and regularity of the receipts and payments could not be confirmed.

3.0. Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects a balance of Kshs.2, 801,523 with respect to cash and cash equivalents as at 30 June, 2021. This includes Kshs.2, 622,009 and Kshs.179, 514 with respect to bank balances and cash balances, respectively. However, an examination of records relating to cash and cash equivalents revealed the following unsatisfactory matters.

3.1. Failure to Sign Cash Books

The Principal and the Bursar did not sign the cashbooks. The preparer, who is the bursar, and the Principal should check and sign the cashbooks and bank reconciliations at the end of every month. Further, the cashbooks were balanced using pencil which can be easily altered.

In the circumstances, the accuracy, correctness and validity of the prepared cashbooks could not be confirmed.

3.1 Unsupported Direct Deposits in School Fund Account

The statement of financial assets and financial liabilities reflects cash balance of Kshs. 179,154 as disclosed in Note 9 to the financial statements. The bank reconciliation for the School Fund Account No.0870296995118 held at Equity Bank revealed a direct deposit balance of Kshs.68, 791.90. However, the management could not support the reported amount.

In the circumstances, the accuracy of the direct deposits of Kshs.68, 792 could not be confirmed.

3.2. Unsupported Cash Balances

The statement of financial assets and financial liabilities reflects cash balance of Kshs. 179,154 as disclosed in Note 9 to the financial statements. Included in this balance are Operation Account and School Fund account balances of Kshs. 106,843, and Kshs. 72,671 respectively. However, the cash balances were not supported by board of survey.

In the circumstances, the accuracy, completeness, existence of cash balance of Kshs. 179,154 could not be confirmed.

3.3. Unreconciled Tuition Account

The statement of financial assets and financial liabilities reflects cash balance of Kshs. 179,154 as disclosed in Note 9 to the financial statements. Bank reconciliation statement as at 30 June, 2021 for tuition account number 01021059855400 held at the National Bank of Kenya reported a bank balance of Kshs.4, 829. However, the Certificate of Bank Balance reported a balance of Kshs.154, 883 resulting to an unreconciled balance of Kshs.150, 054.25.

In the circumstances, the accuracy and completeness of the bank balance of Kshs.4,829 for tuition account included in cash and cash equivalents could not be confirmed.

4. Unsupported Payments

The statement of receipts and payments reflects operations of Kshs. 2,619,529 as disclosed in Note 6 to the financial statements. However, examination of payment vouchers amounting to Kshs. 238,460 revealed that Management made payments without proper support documents such as requisitions, local purchase orders, delivery notes, inspection reports, goods received notes, certificate of payments.

In the circumstances, the regularity, accuracy and completeness of the operations and infrastructure amounting to Kshs.238, 460 could not be confirmed

5. Unsupported Payables

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.419, 105 under Note 11. Included in this component is Kshs.317, 605 relating to prepaid fees. However, there were no documentary evidence to support the amount reported in the financial statements.

In the circumstances, the accuracy and completeness of trade payables balance of Kshs. 317, 605 could not be confirmed.

6. Irregular Procurement of Laboratory Equipment

The statement of receipts and payments reflects an amount of Kshs.487, 231 in respect to payments for tuition as disclosed under Note 5 to the financial statements. Included in this component is a payment of Kshs.282, 925 towards laboratory equipment. However, the following anomalies were noted in the procurement process:

- a. No quotations were sought from the suppliers in line with Section 106(2) of the Public Procurement and Assets Disposal Act, 2015.
- b. The Procurement method used was not competitive, transparent and fairly conducted as the services and goods were sourced directly contrary to Section 103 of the Public Procurement and Asset Disposal Act, 2015.
- c. The management did not maintain a list of prequalified suppliers as required by Section 57(1) of the Public Procurement and Asset Disposal Act, 2015 which states that the head of the procurement function of a procuring entity shall maintain and update lists of registered suppliers, contractors, and consultants in the categories of goods, works or services according to its procurement needs.
- d. There was no financial evaluation of the tenderers/quotations as required by Section 77(1) of the Public Procurement and Assets Disposal Regulations, 2020 which states that upon completion of the technical evaluation under regulation 76 of these Regulations, the evaluation committee shall conduct a financial evaluation and comparison to determine the evaluated price of each tender.
- e. The Accounting Officer did not notify in writing all other persons submitting tenders that their tenders were not successful, disclosing the successful tenderer as appropriate and reasons thereof, contrary to Section 87(3) of Public Procurement and Assets Disposal Act, 2015.
- f. There was no evidence that there was appointment of the tender opening and evaluation committees contrary to Sections 46(1) and 78(1) of the Public

Procurement and Asset Disposal Act, 2015 which requires the accounting officer to establish both committees.

- g. The inspection and acceptance committee was not established contrary to Section 48(1) of the Public Procurement and Asset Disposal Act, 2015 which requires the Accounting Officer to establish the committee to ascertain, inspect and accept the goods if they meet the quality, quantity and other specifications as ordered.
- h. Delivery notes for the goods and services procured were not filed together with the payment vouchers or provided for audit review.
- i. Inspection and acceptance reports to ascertain whether the goods/works requisitioned were delivered and received in the correct quantity/quality were not provided for audit review casting doubt as to whether the goods were indeed delivered in the right quality and quantity.
- j. The expenditures were not supported with requisitions, evaluations and other procurement documents.

In the circumstances, the regularity of the procurement of laboratory equipment at a cost of Kshs.282, 925 could not be confirmed.

EMPHASIS OF MATTER

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs. 7,105,909 and Kshs.7,092,284 respectively, resulting to an under-funding of Kshs. 13,624 or 1% of the budget. However, the School spent a balance of Kshs. 4,475,724 against actual receipts of Kshs. 7,092,284, resulting to an under-utilization of Kshs. 2,616,560 or 37% of actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs. 2,619,529 as disclosed in Note 6 to the financial statements. Included in the expenditure is an amount of Kshs. 294,300 transferred to Kenya Secondary School Heads Association (KESSHA). 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 schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs. 294,300 could not be confirmed.

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

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows;

- a. Part D on Number of KCSE Candidates did not tabulate the number of candidates sitting for KCSE over the last three years as required by the template under summary report of performance of the School.

- b. The guide “(Include an explanation on the kind and source of grants/ donations received by the school.)” under Note 4 to the financial statements should be deleted and instead explanation given.
- c. Annex 2 on summary of fixed assets register was not filled with the required data but left blank and, further, did not disclose important information such date of purchase, location, historical costs, additions during the year and disposal during the year.
- d. Notes to the Financial Statement:

Review of the statement of financial assets and financial liabilities revealed the following mismatch between the financial statement and their respective Notes.

Component	Financial Statement	Notes
Revenue		
Accounts Receivables	10	11
Accounts Payables	11	12
Accumulated Fund b/fwd	12	13

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack relevant information may affect users’ reliance on the financial statements for decision making.

3. Failure to Prepare Procurement Plan

The statement of receipts and payments reflects an amount of Kshs. 8,321,981 and Kshs. 4,752,860 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that ‘a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process’.

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

4. Lack of Approved Budget

The statement of receipts and payments reflects an amount of Kshs. 8,321,981 and Kshs. 4,752,860 in respect of total receipts and payments respectively The School did not have in place an approved budget estimates of revenue and expenditure contrary to section 16.(1) of the Basic Education Act, 2013 which states that a Board of Management of a public institution of basic education shall prepare annual estimates of revenue and

expenditure for the institution under its charge, in such form and at such times as the Cabinet Secretary may prescribe.

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

5. Failure to Transfer Infrastructure Funds from the Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.3,705,864 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.1,645,750 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However verification of the banks statements provided for audit revealed that the school never transferred the money to the infrastructure account contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3.

6. Unapproved Fees on Parents Association Support Programme

The statement of receipts and payments reflects school fund income - parents' contributions amount of Kshs. 3,992,049 as disclosed in Note 3 to the financial statements which includes PA Support/Lunch Programme amount of Kshs. 3,992,049. Examination of the records revealed that the school charged an amount of Kshs. 2,000 per student to support the programme which had not been approved by the Ministry of Education through the County Education Board. This was contrary to Government Circular No. MOE.HQS/3/13/3 dated 16 June, 2021 on guidelines on implementation of Free Day and Secondary Education programme which stipulates that parents will only pay for school uniforms, boarding related costs as reflected in the boarding fees structure and lunch for the day scholars.

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

7. Expired Contracts for Board of Management (BOM) Staff

The statement of receipts and payments reflects payments for operations of Kshs.2,619,529 as disclosed under Note 6. Included in this item is personnel emoluments of Kshs.1,784,914 relating to salaries to Board of Management staff during the period. A review of the monthly payrolls revealed that the school had nine non-teaching staff and three teaching staff. However, engagement contacts for two non-teaching staff had expired in July, 2020 and no renewal was done.

In the circumstances, the accuracy, completeness and propriety of expenditure incurred on personnel emoluments amounting to Kshs.1,784,914 could not be confirmed.

7. Failure to Prepare School Improvement Plan

During the year/period under review, the School did not have an approved School Improvement plan, contrary to Section 2.2 of the Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which requires schools to identify in every three-year school improvement planning cycle, one priority area in each of the four key areas which include curriculum implementation, foundational literacy and numeracy outcomes, an enabling environment for learning and parental involvement and community engagement for implementation.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0 Lack of Risk Assessment Policy and Disaster Recovery Plan

An audit of the internal controls revealed that the school management had not developed a risk management policy and risk assessments were not performed for the period ended 30 June, 2021 contrary to Regulation 165(1) and 170(1) of the Public Finance Management Regulations (National Government), 2015 which requires each national government entity to develop risk management strategies and a system of risk management.

In addition, a disaster recovery plan or business continuity plan was not in place to ensure that the institution recovers its functionality in case of an unplanned incident or disaster.

In the circumstances, Management was in breach of the internal control guidelines and the law.

2.0. Lack of Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register which has nil balance in respect of fixed assets which includes land with a balance of Kshs. Nil. However, land ownership documents were not provided for audit.

In the circumstances, the ownership and safe custody of the fixed assets could not be confirmed.

3.0. Weakness in the Information Communication Technology Environment

A review of the Information Technology Internal Controls revealed the following:

- a. The School did not have an approved ICT Policy, IT security policy, policy on physical access to the IT environment, and IT continuity and disaster recovery plan in place to guide ICT operations. Such policies are vital in the effective and efficient management of the institution's IT resources.
- b. The school did not constitute an IT strategic committee which is important in performing the oversight function and formulation of policies to ensure that the IT department functions properly to assist in the achievement of organizational objectives in an economic, efficient, and effective way.
- c. The school did not have an IT steering committee and periodic IT reports which are supposed to assess the status of implementation of IT systems and suggest corrective measures.

Further, all of the procedures and functions in the finance and accounting department were manually performed as the department was yet to embrace information communication technology in all of its operational areas.

In the circumstances, management is in breach of the internal control guidelines.

4.0. Lack of Internal Audit Function and Audit Committee

During the year under review, the School had not constituted an audit committee and an internal audit unit as required by Regulation 166 (1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the School through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

In the circumstances, the School did not benefit from the oversight role and advice from the audit committee and the internal audit function

5.0. Non - Compliance with Prescription on Principals, Board of Management, and Committees' Terms of service

A review of records and documents relating to the Board of Management for the School revealed the following unsatisfactory matters:

- a. The Board did not prepare an annual work plan or schedule of activities for the period under review as required by Mwongozo - The Code of Governance for Corporations, 2015 Parameter 1.9 (1) which states that board members should ensure the development of annual board work plan.
- b. During the period under review, the Board of Management did not hold any meeting on 30 July 2021 contrary to the provision of Section 3 of the Basic Education Act, 2013 that requires the Board to meet at least three times in each year.
- c. Although minutes of the Board of Management show that various Board Committees were formed, the Discipline & Welfare Committee did not hold any meeting during the period under review.
- d. The school management did not provide attendance registers for board meetings and payment schedules to confirm the allowances paid to the members of the Board of Management.

In the circumstances, the Board of Management was in breach of the law and the Schools Governance is ineffective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the School's financial reporting process, reviewing the effectiveness of how 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi




20 September, 2024

(BLESSED MUGUTHA SECONDARY SCHOOL)
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements For Six(6) Months Period
For the year ended 30th June 2021

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 20TH JUNE 2021

DESCRIPTION OF VOTE HEAD	Note	2021 JAN-JUNE	
		Kshs	
RECEIPTS			
Capitation grants for tuition	1	535,868	-
Capitation grants for operations	2	3,705,864	-
School Fund Income- Parents' Contributions	3	3,992,049	-
School Fund Income- Other receipts	4	88,200	-
Proceeds from borrowings		-	-
TOTAL RECEIPTS		8,321,981	-
PAYMENTS			
Payments for Tuition	5	487,231	-
Payments for operations	6	2,619,529	-
Boarding and school fund payments	7	1,646,100	-
TOTAL PAYMENTS		4,752,860	-
SURPLUS/DEFICIT		3,569,121	-

The school financial statements were approved on _____ 2023 and signed by:

Sign: 	Sign: 	Sign: 
Name: John Mbugua	Name: Joseph Njiru	Name: FELISTAS W-MBUGUA
Chair BOM	School Principal/ Secretary to BOM	Bursar/ Finance Officer
Date: 27/7/2024	Date: 16/06/24	Date:



(BLESSED MUGUTHA SECONDARY SCHOOL)

PUBLIC SECONDARY SCHOOL

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For the year ended 30th June 2021

VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES FOR THE YEAR ENDED 30TH JUNE 2021

	Note	2021 JAN-JUNE	
		Kshs	
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	2,622,009	-
Cash Balances	9	179,514	-
Short term Investment	10	-	-
Total Cash and cash equivalent		2,801,523	-
Account's receivables	10	3,428,736	-
TOTAL FINANCIAL ASSETS		6,230,259	-
FINANCIAL LIABILITIES			
Accounts Payables	11	(419,105)	-
NET FINANCIAL ASSETS		5,811,154	-
REPRESENTED BY			
Accumulated Fund b/fwd	12	2,242,033	-
Surplus/Deficit for the year		3,569,121	-
NET FINANCIAL POSITION		5,811,154	-

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

Name: *John Mbugwa*
Chairman, BoM

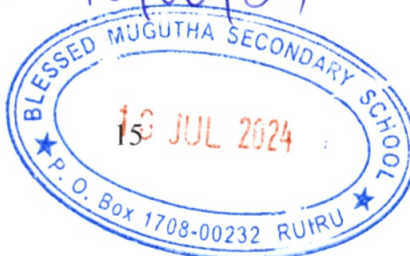
Sign: *[Signature]*
Date: *20/7/2024*

Name: *Joseph Njoroge*
School Principal/Secretary
to BoM

Sign: *[Signature]*
Date: *16/06/24*

Name: *FELISTAS W. MBUGWA*
Bursar/Finance

Sign: *[Signature]*
Date: *16/07/2024*



(BLESSED MUGUTHA SECONDARY SCHOOL)

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For the year ended 30th June 2021

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

		2021 JAN-JUNE	
		Kshs	
Receipts for operating income			
Capitation grants for tuition	1	535,868	-
Capitation grants for operations	2	3,705,863	-
School fund income- Parents contributions/ fees	3	2,794,729	-
School fund income- other receipts	4	88,200	-
Total receipts		7,124,660	-
Payments			
Payments for Tuition		385,730	-
Payments for operations		2,619,529	-
Boarding and school fund payments		1,328,405	-
Total payments		4,333,664	-
Net cash flow from operating activities		2,790,996	-
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		2,790,996	-
Cash and cash equivalent at BEGINNING of the year		10,527	-
Cash and cash equivalent at END of the year		2,801,523	-

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.

BLESSED MUGUTHA SECONDARY SCHOOL
Reports and Financial Statements
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VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials	-	-	-	-	-	100%
Exercise books	160,760.48	-	160,760.48	160,760.48	-	100%
Laboratory equipment	150,259.86	-	150,259.86	150,259.86	-	100%
Internal exams	107,173.65	-	107,173.65	107,173.65	-	100%
Teaching / learning materials	80,380.24	-	80,380.24	80,380.24	-	100%
Chalks	26,793.41	-	26,793.41	26,793.41	-	100%
Exams and assessment	-	-	-	-	-	100%
Teachers guides	10,177.36	-	10,177.36	10,177.36	-	100%
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	824,045.36	-	824,045.36	824,045.36	-	100%
Repairs and maintenance	1,645,750.20	-	1,645,750.20	1,645,750.20	-	100%
Local transport / travelling	412,022.68	-	412,022.68	412,022.68	-	100%
Electricity and water	412,022.68	-	412,022.68	412,022.68	-	100%
Medical	87,000.00	-	87,000	87,000	-	100%
Administration costs	412,022.68	-	412,022.68	412,022.68	-	100%
Activity	-	-	-	-	-	-
Gratuity	-	-	-	-	-	-
SMASSE	-	-	-	-	-	-

(BLESSED MUGUTHA SECONDARY SCHOOL)
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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	-		-	-	-	-
Repairs and maintenance	-		-	-	-	-
Local transport / travelling	-		-	-	-	-
Electricity and water	-		-	-	-	-
Medical	-		-	-	-	-
Administration costs	-		-	-	-	-
Activity	-		-	-	-	-
SMASSE	-		-	-	-	-
Fee on lunch programme	2,467,500.00	220,000.00	2,687,500.00	2,675,676.00	11,824.00	99.96%-
OTHER INCOME						
Rent income	-	-	-	-	-	-
Income from farming activities	-	-	-	-	-	-
Insurance compensation	-	-	-	-	-	-
Income from Posho mill	-	-	-	-	-	-
Income from Bus Hire	-	-	-	-	-	-
Fee for hire of ground and equipment	-	-	-	-	-	-
desks	88,200.00		88,200.00	88,200.00		100
		-				
TOTAL INCOME	6,885,908.60	220,000.00	7,105,908.60	7,092,284.60	13,624.00	99.8%
(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials	-	-	-	-	-	-
Exercise books	161,183.73		161,183.73	140,800.00	20,383.75	87.5%

(BLESSED MUGUTHA SECONDARY SCHOOL)

PUBLIC SECONDARY SCHOOL

Annual Report and Financial Statements For Six(6) Months Period

For the year ended 30th June 2021

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Laboratory equipment	150,259.86	-	150,159.86	282,925.00	(132,765.14)	188.4%
Internal exams	107,173.65	-	107,173.65	61,720.00	45,453.65	57.5%
Teaching / learning materials	80,380.24	-	80,380.24	36,900.00	43,480.24	59.90%
Chalks	26,793.41	-	26,793.41	13,200.00	13,593.41	49.26%
Exams and assessment	-	-	-	-	-	-
Teachers guides	10,177.36	-	10,177.36	-	10,177.36	0%
Administration costs	-	-	-	-	-	-
Bank Charges	240.00	-	240.00	240.00	240.00	100%
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	824,045.36	-	824,045.36	1,775,042.00	(950,996.64)	215.4%
Repairs, maintenance & improvements	1,645,750.20	-	1,645,750	86,575.00	1,559,175.00	5.26%
Local transport / travelling	412,022.68	-	412,022.68	173,495.00	238,527.68	42%
Electricity, water and conservancy	412,022.00	-	412,022.00	32,500.00	379,522.00	5.218%
Medical	87,000.00	-	87,000.00	-	87,000.00	0%
Administration costs	412,022.00	-	412,022.00	415,422.00	(3400.00)	100.825%
Activity Expenses	-	-	-	128,500.00	-	1255%
Gratuity	-	-	-	-	-	-
SMASSE	-	-	-	-	-	-
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	-	-	-	-	-	-
Repairs, maintenance and improvements	-	-	-	-	-	-

(BLESSED MUGUTHA SECONDARY SCHOOL)
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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Local transport / travelling	-	-	-	-	-	-
Electricity, water and conservancy	-	-	-	-	-	-
Medical Expenses	-	-	-	-	-	-
Administration costs	-	-	-	-	-	-
Activity	-	-	-	-	-	-
Gratuity	-	-	2,452,500.00	1,289,285.00	1,163,215.00	52.57%
Lunch programme	2,452,500.00	00.00	90,000.00	36,000.00	54,000.00	50%
Desks	90,000.00	-	-	-	-	-
Expenditure for Income Generating Activity	-	-	-	-	-	-
Insurance costs	-	-	-	-	-	-
Other expenses on investments	-	-	-	-	-	-
Rent Expenses	-	-	3,120.00	3120	-	100%
Bank Charges	3,120.00	-	-	-	-	-
Loan Interest Repayment	-	-	-	-	-	-
Loan Principal Repayment	-	-	-	-	-	-
Acquisition of Assets	-	-	6,874,691.00	4,475,724.00	3,478,599.95	-
TOTALS	6,874,691.00	-				

[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization above 100%]

- i. The lab equipments and chemichals consumes more than the allocations
- ii. The 2000 charge for desk to new students as a cost share for purchase additional chairs&desks desks which cost ksh 4000
- iii.

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.

(BLESSED MUGUTHA SECONDARY SCHOOL)
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements For Six(6) Months Period
For the year ended 30th June 2021

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2021 JAN-JUNE	
	Kshs	
Textbooks and reference materials	-	-
Exercise books	160,761	-
Laboratory equipment	150,043	-
Internal exams	107,174	-
Teaching / learning materials	80,920	-
Chalks	26,793	-
Exams and assessment	-	-
Teachers guides	10,177	-
Total	535,868	-

2 CAPITATION GRANT FOR OPERATIONS

	2021 JAN-JUNE	
	Kshs	
Personnel emoluments	951,501	-
Repairs and maintenance	1,518,294	-
Local transport / travelling	412,023	-
Electricity and water	412,023	-
Medical	-	-
Administration costs	412,023	-
Activity	-	-
Total	3,705,864	-

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2021(jan-june)	
	Kshs	
Lunch programme	3,992,049	-
Repairs and maintenance	00	-
Local transport / travelling	00	-
Electricity and water	00	-
Medical	00	-
Administration costs	00	-
Activity	00	-
Total	3,992,049	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2021(jan-june)	
	Kshs	Kshs
Fee desk	88,200	-
Rent income	-	-
Income from transfer cases to	-	-
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	88,200	-

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

5 PAYMENTS FOR TUITION

	2021(jan-june)	
	Kshs	Kshs
Textbooks and reference materials	-	-
Exercise books	242,300	-
Laboratory equipment	132,870	-
Internal exams	61,720	-
Teaching / learning materials	36,900	-
Chalks	13,200	-
Exams and assessment	-	-
Teachers guides	-	-
Administration Costs	-	-
Bank Charges	240	-
Total	487,2312	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2021(jan-june)	
	Kshs	
Personnel emoluments	1,783,037	-
Service Gratuity	-	-
Administration Cost	415,422	-
Repairs and maintenance & improvements	86,575	-
Local transport / travelling	173,495	-
Electricity and water	32,500	-
Medical	-	-
Activity Expenses	128,500	-
SMASSE	-	-
Insurance Cost	-	-
Bank Charges	-	-
Acquisition of Assets	-	-
TOTAL	2,619,529	-

7 BOARDING AND SCHOOL FUND PAYMENTS

	2021(jan-june)	
	Kshs	
Personnel emoluments	-	-
Service Gratuity	-	-
Repairs and maintenance & Improvements	-	-
Local transport / travelling	-	-
Electricity and water	-	-
Medical Expenses	-	-
Administration costs	-	-
Lunch Programme	1,606,890	-
Bank Charges	3,210	-
Expenses on desks	36,000	-
Fee on Boarding Equipment and Stores	-	-
Rent Expenses	-	-
Insurance Cost (Life Property)	-	-
Loan Principal repayment	-	-
Loan Interest repayment	-	-
Acquisition of Assets	-	-
TOTAL	1,646,100	-

*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

Name of Bank, Account No. & currency	Bank Account Number	2020-2021	
		Kshs	Kshs
Tuition Account	01021059855400	154,884.00	00.00
Operations Account	01024059855400	1,099,967.00	00.00
School Fund Account/Boarding	0870196995118	1,367,158.00	00.00
Savings Account		00.00	00.00
Parent Association Development Account		00.00	00.00
Income generating activities Account		00.00	00.00
Infrastructural Account		00.00	00.00
Total		2,622,009.00	00.00

9 CASH IN HAND

Description	2020-2021		2019-2020	
	Kshs	Kshs	Kshs	Kshs
Tuition Account	00.00	00.00	00.00	00.00
Operation Account	106,843.00	00.00	00.00	00.00
School Fund account	72,671.00	00.00	00.00	00.00
Total	179,514.00	00.00	00.00	00.00

10 SHORT TERM INVESTMENTS

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

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11 ACCOUNTS RECEIVABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears	3,428,736	-
Other non-fees receivables	00	-
Salary advances	00	-
Imprest	00	-
Total	3,428,736	-

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year	1,383,726	-
Fees arrears for the previous year	00	-
Fees arrears for prior periods (over two years)	2,045,010	-
Total	3,428,736	-

Description	2020-2021	2019-2020
	Kshs	Kshs
Non fees arrears for current year	00.00	-
Non fees arrears for the previous year	00.00	-
Non fees arrears for prior periods (over two years)	.00	-
Total	00.00	-

12 ACCOUNTS PAYABLE

Description	2021-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	101,500.00	-
Prepaid fees	317,605.00	-
Retention monies	00.00	-
Total	419,105.00	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	2021-2021	2019-2020
	Kshs	Kshs
Bank balances	6,278	-
Cash balances	4249	-
Short Term Investments	00	-
Receivables	2,231,506	-
Payables	(16,552)	-
Total	2,242,033	-

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)	00.00	-
Outstanding Leases	00.00	-
Hire purchase	00.00	-
Gratuity and leave provision	00.00	-
Total	00.00	-

15 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle		00.00	-
Goats		-	-
Trees		130,000.00	-
Coffee or tea plantation		00.00	-
Poultry		00.00	-
Total		130,000.000	-

16 Borrowings

Description	2020-2021	2019-2020
	KShs	KShs
a) Borrowings		
Borrowing at beginning of the year	00.00	-
Borrowings during the year	00.00	-
Repayments of during the year	00.00	-
Balance at end of the year	00.00	-

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Other important disclosure notes

17 Stock/ Inventory

Description	2020-2021	2019-2020
	KShs	KShs
b) Borrowings		
Stock/ inventory at beginning of the year	14,986.00	-
Stock/ inventory purchased during the year	1,133,465.00	-
Stock/ inventory issued during the year	(1,077,091.00)	-
Balance at end of the year	71,360.00	-

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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 No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Supply of goods						
4. GELKY LAB CHEMICALS AND EQUIPMENT	301,500.00		200,000.00		101,500.00	TUITION ACCOUNT
5.						
6.						
Sub-Total	301,500.00		200,000.00		101,500.00	
Supply of services						
7.						
8.						
9.						
Sub-Total						
Grand Total			200,000.00		101,500.00	

ii) PRE -PAID FEES KSH 317,500.00

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2021		
Land 1	Donated in by nyakinyua investment	Mugutha		no	no			
Land 2								
Buildings and structures	Classrooms Laboratories Dinning Hall Staffroom(Commo n),departmentals Offices Kitchen Toilets boys Girls 4						10 2 1 1 3 2 1 12 4	
Motor vehicles	none							
Office equipment, furniture and fittings								
ICT Equipment, and Other ICT Assets								
Tools and apparatus								
Textbooks								
Other Machinery and Equipment	LAWN MOWER							
Heritage and cultural assets								
Intangible assets- soft ware	none							
Total								



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

NB. There was no proper asset register