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THE AUDITOR-GENERAL

ON

KING'ONG'OI SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2023**

MACHAKOS COUNTY

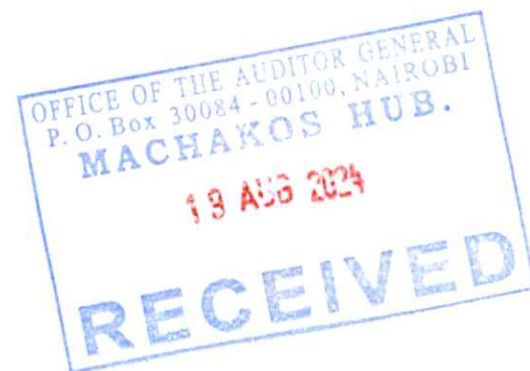


Revised 30th June 2023.



KING'ONG'OI SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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



King.org, or secondary school

Annual Report and Financial Statements For the year ended 30th June 2023

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1. Acronyms and Glossary of Terms

Provide a list of all applicable acronyms and glossary of terms e.g.

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	

2. 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 in Machakos County, Kathiani Sub-County.

The school was registered in November 2014 under registration number 12S530000097 and is currently categorized as a subcounty public school established, owned or operated by the Government.

The school is a day/boarding school and had 186 number of students as at 30th June 2023. It has 4 streams and 9 teachers of which 3 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	Benjamin Uhuru	Chairman	May 2019
2	Irene Waguama Mwai	Secretary - Principal	May 2019
3	Kennedy Nzuki	Member	May 2019
4	Paul Isika	Member	May 2019
5	Susan Nduku	Member	May 2022
6	Emma Malonza	Member	May 2019
7	Victor Musili	Member	May 2022
8	Nicholas Muunda	Member – Rep CEB	May 2019
9	Esther Mua	Member Rep Teachers	May 2019
	Josphine Mutunga		May 2019
	Esther Mwelu & Chairman		
10	Joshua Muya	3 Members - Sponsor	
11	Mary Wambua	Member - Community	May 2019
12	Peter Mulwa	Member Special Needs	May 2019
13	Elizabeth Nzisa	Rep Students	May 2022

The functions of the School Board of Management are to:

- Promote the best interests of the Sch
-
- ool 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	1.Benjamin Uhuru 2.rene Mwai 3.Paul Isika 4. Emma Malonza	Chairman Scretary P.A Chair Mamber	4 out of 4
2	Audit Committee	1.Esther Mwelu 2.Mary Mwikali 3.Joshua Muya 4.Paul Isika	Chairperson Secretary Member member	1out of 1
3	Finance,procurement and general purposes Committee	1.Benjamin Uhuru 2.Nicholas Muunda 3.Emma Malonza 4.Susan Nduku 5.Irene Mwai	Chairperson Secretary Member Member member	1out of 1
4	Academic Committee	1.Nicholas Muunda 2.Victor Musili 3.Esther Mua 4.Paul Isika 5.Susan Nduku	Chairperson Secretary Member Member Member	2 out of 2

Annual Report and Financial Statements For the year ended 30th June 2023

		6.Irene Mwai	member	
5	Development Committee	1. Mary Wambua 2.Thomas Mbithi 3.Irene Mwai 4.Bejamin Uhuru 5.Paul Isika 6.Kennedy Nzuki	Chairman Secretary Member Member MemberBe Member	4 out of 4
6	Discipline and welfare Committee	1.Emma Malonza 2.Esther Mua 3.Benjamin Uhuru 4.Irene Mwai 5.Joshua Muya	Chairperson Secretary Member Member Member	0
7	Adhoc Committee (if any during the year)			

(d) School operation Management

For the financial year ended 30th June 2023 the School day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	Irene Waguama Mwai	334611
2	Deputy Principal	Thomas Mbithi	309038
3	School Bursar	Gregory Muinde	ID 5090543
4	Other (specify)		

(e) Schools contacts

Post Office Box: 124 Mitaboni
Telephone: 0722269167
E-mail: kingongoisecschool@gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

1. Name of Bank: KCB
Branch: Machakos
Account Number: 1160588333 school fund a/c
1140915711 operations a/c
1140915916 tuition a/c
1212888618 infrastructure a/c
2. Name of Bank: Cooperative
Branch: Machakos
Account Number: 01139550116300 CDF

(g) Independent Auditors

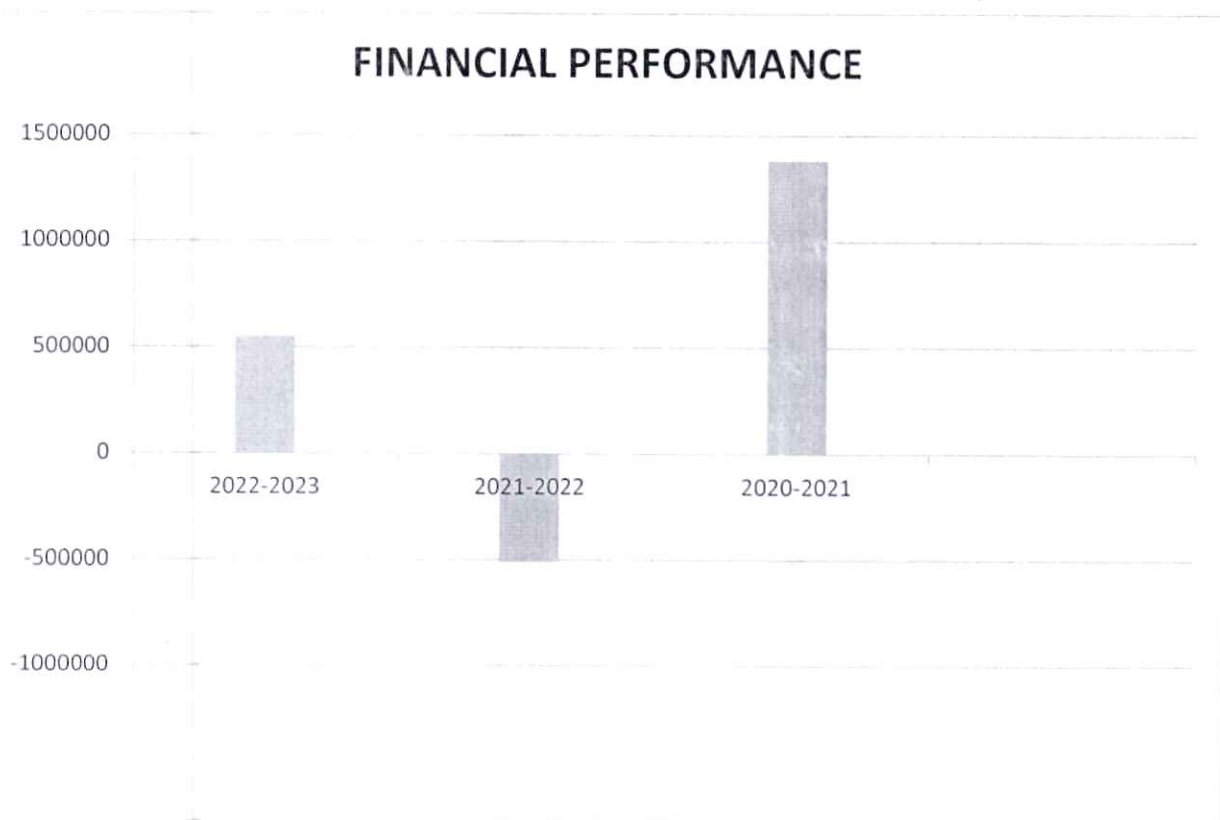
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

3. Summary Report of Performance of The School

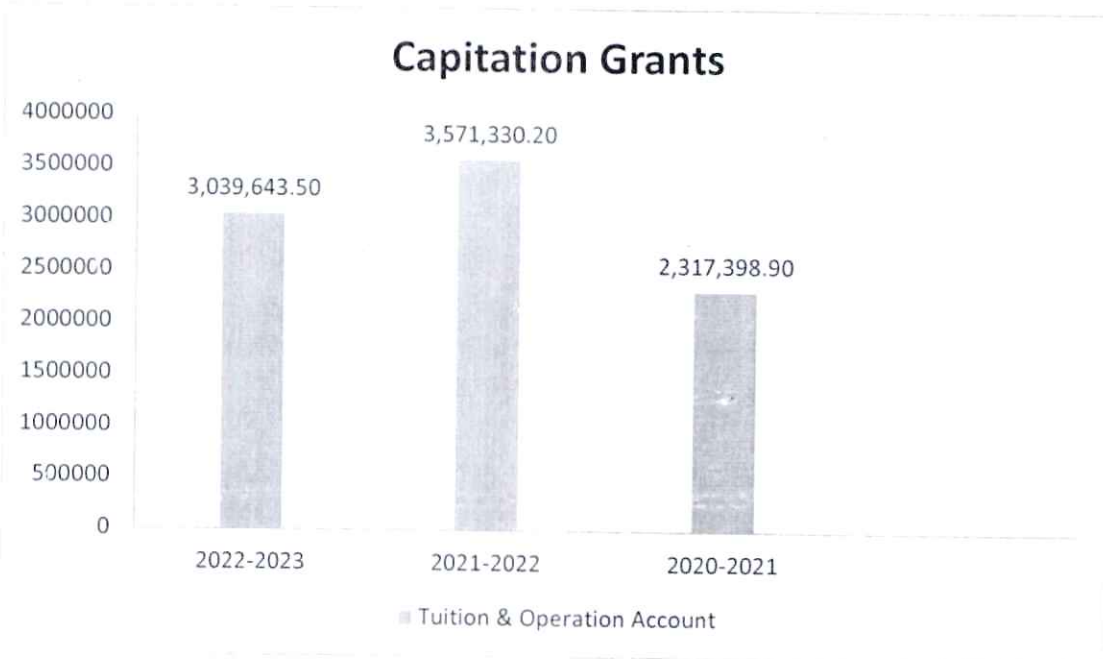
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

2022 – 2023	Surplus Of 553,098.50
2021 – 2022	Deficit Of 512,220.80
2020 – 2021	Surplus of 1,381,836.90



Capitation grants from the ministry of education for the last three years		
2022 – 2023	Kshs 3,039,643.50	(Tuition & Operation)
2021 – 2022	Kshs 3,571,330.20	(Tuition & Operation)
2020 – 2021	Kshs 2,317,398.90	(Tuition & Operation)

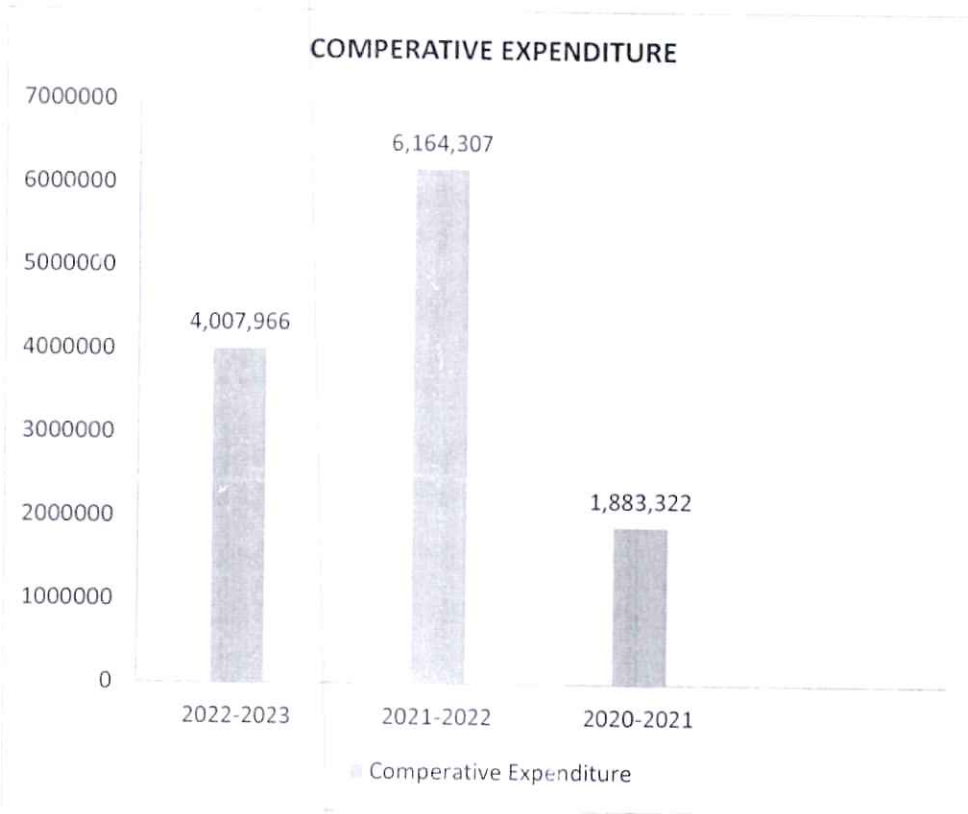


Ration of capitation grant per student over the last three years

2022 – 2023	
1:	12,158.60
2021 – 2022	
1:	14,285.30
2020 – 2021	
1:	9,269.60

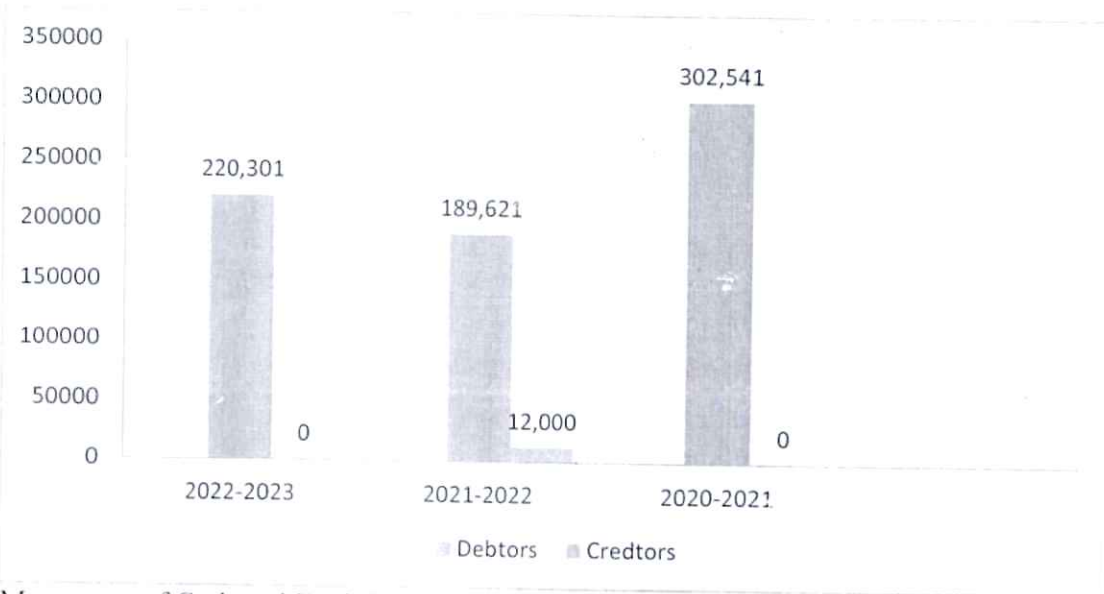
THREE YEARS OVERVIEW GROWTH IN EXPENDITURE OF THE SCHOOL

2022 – 2023	Kshs 4,007,966.00
2021 – 2022	Kshs 6,164,307.00
2020 – 2021	Kshs 1,883,322.00



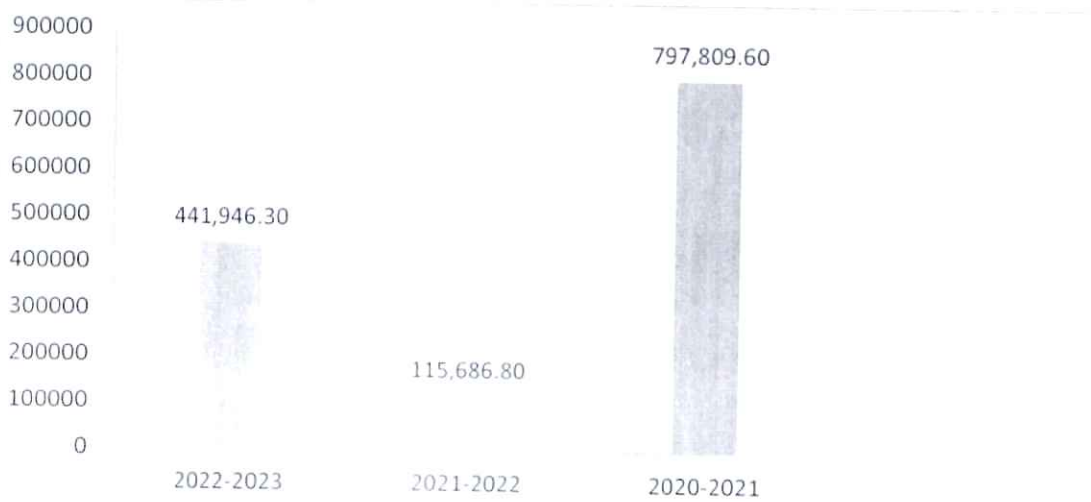
Movement of Debtors & Creditors over the last three years

Debtors	Creditors
2022 – 2023 Kshs 22,030/-	Nil
2021 – 2022 Kshs 189,621/-	Kshs12, 000/-
2020 – 2021 Kshs 302,541/-	Nil



Movement of Cash and Bank Balances over the last three years

2022 – 2023	Kshs 441,946.30
2021 – 2022	Kshs 115,686.80
2020 – 2021	Kshs 797,809.60



Movement of Cash and Bank Balances

b) Teacher Student ratio:

Teacher's student ratio 1:27

Subject	No. of teachers
English	1
Kiswahili	1
mathematics	1
Chemistry	1
Biology	1
Physics	0
History	1
C.R.E	0
Agriculture	0
B/ Studies	0
Geography	1 (Also teaching Kiswahili)

Shortage

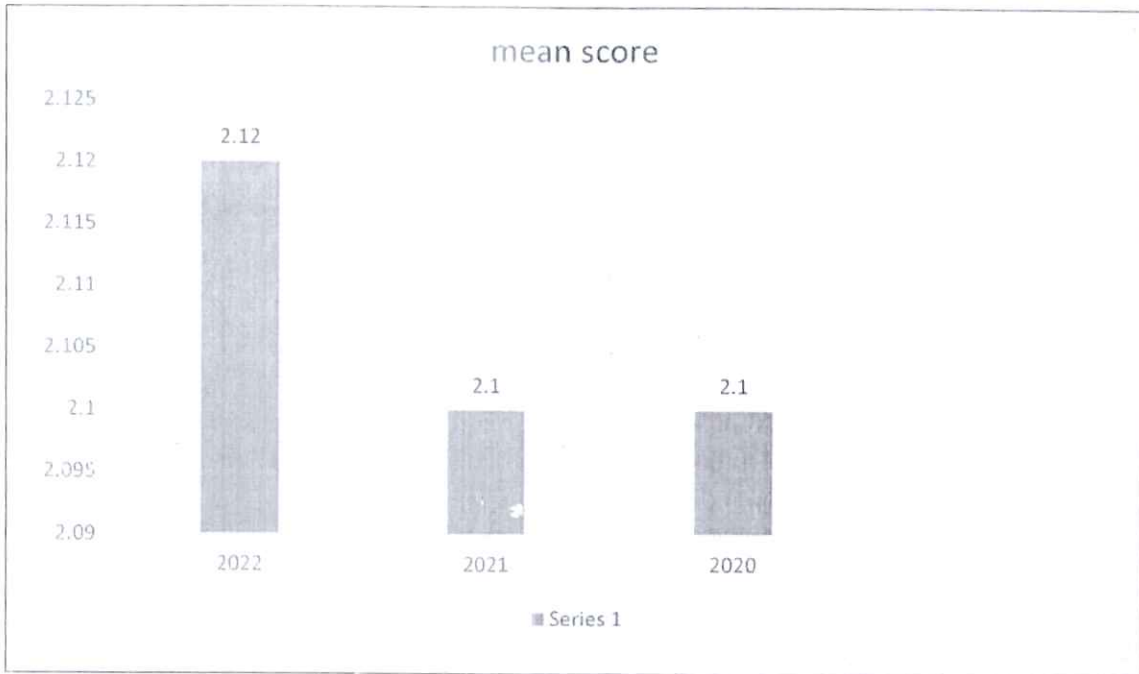
1. Physics
2. C.R.E
3. Agriculture
4. Business Studies

c) Mean score in the 2022 KCSE:

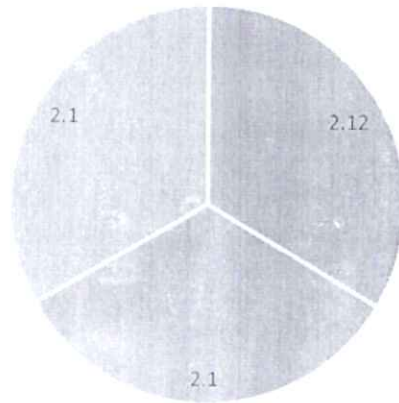
Year	Entry	Mean
2022	48	2.12
2021	58	2.1
2020	51	2.1

d) Number of Candidates in the 2022 KCSE:

Year	Entry
2022	48
2021	58
2020	51



MEAN SCORE



◀ 2022 ▶ 2020 ▶ 2019

e) Capacity of the school:

Number of students: 240

Classrooms: 5

Laboratories: 0

Toilets: 14

Dining Hall: 1

Kitchen: 1

Staffroom and offices: 1 (hosted in 1 class)

f) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Construction of multi-purpose hall	C.D.F	Completed	4,300,000	4,300,000	November 2022
Construction of science laboratory phase three and final finishes	M.O.E	Ongoing	3,318,293	1,561,294	June 2025


.....
School Principal



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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2023, and of the school's financial position as at that date.

.....
Name: Paul ISIKI
Designation: Chairman, School Board of Management
Date: 16/8/2023

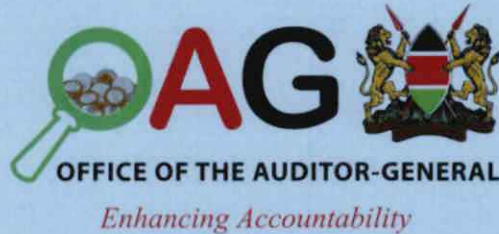
.....
Name: Irene W. Mwangi
Designation: School Principal & Secretary to Board of Management
Date: 16/8/2023



.....
Name: Gregory MUIKAL
Designation: Bursar/ Finance Officer
Date: 16/8/2023

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KING'ONG'OI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 – MACHAKOS 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 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 control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of King'ong'oi Secondary School – Machakos County set out on pages 17 to 33, which comprise of the statement of

financial assets and financial liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows, and statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kingongoi Secondary School 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 Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed errors and omissions as below;

- i. The statement of cash flows reflects school fund income-parents contribution of Kshs.1,602,184 which differs with Kshs.1,521,421 in Note 4 to the financial statements resulting unexplained variance of Kshs.80,763.
- ii. The statement of cash flows reflects cash outflow from Boarding and school fund payments of Kshs.1,648,883 which differs with Kshs.1,352,483 in Note 9 to the financial statements resulting unexplained variance of Kshs.296,400.
- iii. The statement of cash flows reflects cash outflow from Boarding and school fund payments of Kshs.2,813,118 for the previous year (2021/2022) which differs with Kshs.1,876,954 in Note 9 to the financial statements resulting unexplained variance of Kshs.936,164.
- iv. The statement of cash flows reflects cash outflow from operations payments of Kshs.3,630,579 for the previous year (2021/2022) which differs with Kshs.3,625,298 in Note 7 to the financial statements resulting unexplained variance of Kshs.5,281.
- v. The statement of budgeted versus actual amount reflects Actual on comparable basis total expenditure of Kshs.3,999,880 which differs with the computed amount of Kshs.3,998,620 resulting unexplained variance of Kshs.1260.
- vi. The financial statements are paginated from page 17 to 33 instead of beginning from page 1.
- vii. The statement of budgeted versus actual amount erroneously indicated total income amounts under the heading item of expenditure for tuition.

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

2. Accounts Receivables

2.1 Long Outstanding Receivables

The statement of assets and liabilities reflects accounts receivables of Kshs.3,598,520 as disclosed in Note 13 to the financial statements. Included in the balance are receivables amounting to Kshs.2,793,037 which had been outstanding for more than three (3) years.

In the circumstances, the accuracy, completeness and recoverability of the receivables balance of Kshs.2,793,037 could not be confirmed.

2.2 Unsupported Accounts Receivables

The statement of Assets and liabilities reflects accounts receivables of Kshs.3,598,520 as disclosed in Note 13 to the financial statements. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy of the accounts receivables balance of Kshs.3,598,520 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kingongoi Secondary School Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.8,186,000 and Kshs.4,311,563 respectively resulting to an under-funding of Kshs.3,874,437 or 47% of the budget. However, the School spent a balance of Kshs.3,999,880 against actual receipts of Kshs.4,311,564 resulting to an over-utilization of Kshs.311,684 or 7% of actual receipts.

In the circumstances the underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the school activities and may have impacted negatively on service delivery to the School.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing has else come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

1. Failure to Submit Statutory Dues of NSSF and NHIF

The statement of receipt and payment reflects capitation payments of Kshs.2,116,622. Included in the amount is personal emolument of Kshs.814,726. However, review of the payment vouchers revealed that the School was not remitting statutory dues to NSSF and NHIF as required by law. This is contrary to Section 53(A) 1 of the Retirements Benefits Act, Chapter 197, revised 2012, which requires the employer to remit the deductions within fifteen (15) days of the deduction.

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

2. 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.1,352,483 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.358,600 transferred to Kenya Secondary Schools 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.358,600 could not be confirmed.

3. Late Submission of Financial Statements

During the year under review, the financial statements were submitted on 14 May, 2024 instead of the statutory deadline of 30 September, 2023. This was contrary to the Ministry of Education Circular Ref.No:MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which

stated that the School's financial statements should be ready by 30 September, 2021 in compliance which Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

4. Failure to Transfer Infrastructure Funds from the Operations Account to the Infrastructure Account

The statement of receipts and payments reflects operations grants amount of Kshs.2,470,759 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.824,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, the entire amount had not been transferred to infrastructure account as at 30 June, 2023. This is contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the School infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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 and based on the audit procedures performed, except for the matters 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 governance were not effective.

Basis for Conclusion

1. Incomplete Assets Register

Annex 2 to the financial statements reflects a summary of fixed assets register with a historical total value of Kshs.16,311,000. However, the assets register provided for audit

review lacked mandatory information for both existing and acquired assets including dates of acquisition, persons responsible, assets' location, assets' values net of depreciation and amortization and current market values.

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

2. 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.

3. Lack of Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.16,311,000 in respect of fixed assets which includes land which is not valued. 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.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to sustain 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 its 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 November, 2024

Report of the Auditor-General on King'ong'oi Secondary School for the year ended 30 June, 2023 – Machakos County

6. Statement Of Receipts and Payments For the Year Ended 30th June 2023

Description Of Vote Head	Note	Insert Current 2022-2023 Kshs	Insert Comparative 2021-2023 Kshs
Receipts			
Government grants for tuition	1	568,884.75	678,701.60
Government grants for operations	2	2,470,758.75	2,892,628.60
Government Grants for infrastructure	3		
School fund income- parents' contributions	4	1,521,421.00	2,080,756.00
Miscellaneous incomes	5		
Total Receipts		4,561,064.50	5,652,086.20
Payments			
Tuition	6	538,851.00	662,055.00
Operations	7	2,116,622.00	3,625,298.00
Infrastructure	8		
Boarding and school fund	9	1,352,483.00	1,876,954.00
Total Payments		4,007,098.00	6,164,307.00
Surplus/Deficit		553,098.50	(512,220.80)

The school financial statements were approved on 24/7/23 2023 and signed by:

[Signature]

Name: Paul Isika
Chair BOM

Date: 16/8/23

[Signature]

Name: [Signature]
School Principal/ Secretary to BOM

Date: 16/8/23

[Signature]

Name: Gregory MUIWAR
Bursar/ Finance Officer

Date: 16/8/23

7. Statement of Assets and Liabilities As At 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	441,458.30	114,809.80
Cash balances	11	488.00	877.00
Short term investment	12	-	-
Total cash and cash equivalent		441,946.30	115,686.80
Account's receivables	13	3,598,520.00	3,406,719.00
Total financial assets		4,040,466.30	3,522,405.80
Financial liabilities			
Accounts payables	14	14,449.20	49,487.20
Net financial assets		4,026,017.10	3,472,918.60
Represented by			
Accumulated fund b/fwd	15	3,472,918.60	3,985,139.40
Surplus/deficit for the year		553,098.50	(512,220.80)
Net financial position		4,026,017.10	3,472,918.60

The school's financial statements were approved on 24/7/2023 2023 and signed by:

.....
 Name: Paul Sikig
 Chair BOM
 Date: 16/8/2024

.....
 Name: Gene Alwan
 School Principal/ Secretary
 to BOM
 Date: 15/8/2024



.....
 Name: Gregory Muidaz
 Bursar/ Finance Officer
 Date: 16/8/2024

8. Statement of Cash Flows for the Year Ended 30th June 2023

Description	Note	Insert Current FY	Insert Comparative FY
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition		568,884.75	678,701.60
Government grants for operations		2,470,758.75	2,892,628.60
Government grants for infrastructure			
School fund income- parents contributions/ fees		1,602,184	
Other income			2,870,199.00
Total receipts		4,345,427.50	6,441,592.20
Payments			
Cash outflows for tuition		538,861.00	679,955.00
Cash outflows for operations		2,127,824.00	3,630,579.00
Cash outflows Boarding/lunch and school fund payments		1,648,883.00	2,813,118.00
Total payments		4,019,168.00	7,123,652.00
Net cash inflow/outflow from operating activities		326,259.50	(682,122.80)
Cash flow from investing activities			
Acquisition of assets			
Proceeds from sale of Assets			
Proceeds from investments			
Purchase of investments			
Net cash inflow/outflows from investing activities			
Cash flow from Financing activities			
Proceeds from borrowings/ loans	18		
Repayment of principal borrowings			
Net cash inflow/outflow from financing activities			
Net increase/decrease in cash and cash equivalents			
Cash and cash equivalent at beginning of the FY		115,686.80	797,809.60
Cash and cash equivalent at end of the FY		441,946.30	115,686.80

The school's financial statements were approved on 26/11/2023 and signed by:

Name: Paul ISIKA

Chair BOM

Date: 16/12/2020

Name: Gene Mwan
School Principal/ Secretary to BOM

Date: 16/12/2020



Name: Gregory Mwindi
Bursar/ Finance Officer

Date: 16/12/2020

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	e=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
<i>(1) Capitation Grant on Tuition</i>					
Reference Materials					
Exercise Books					
Laboratory Equipment					
Internal Exams					
Teaching / Learning Materials	1,036,000.00		1,036,000.00	568,884.75	55%
Exams And Assessment					
<i>(2) Capitation Grant on Operations</i>					
Personnel Emoluments	1,441,750.00		1,441,750.00	840,254.20	58%
Repairs And Maintenance	1,250,000.00		1,250,000.00	353,209.05	28%
Local Transport / Travelling	300,000.00		300,000.00	272,521.30	90%
Electricity And Water	308,750.00		308,750.00	198,244.20	64%
Medical	500,000.00		500,000.00	304,238.50	60%
Administration Costs	299,500.00		299,500.00	294,536.70	98%
Activity	375,000.00		375,000.00	207,754.80	55%
Gratuity					
<i>3) FDSE for infrastructure</i>					

King'ong'oi secondary school
Annual Report and Financial Statements For the year ended 30th June 2023

Receipt/Expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget e=a+b Kshs	Actual On Comparable Basis d Kshs	% Of Utilization e=d/e % Kshs
Maintenance & Improvement MoE					
M&l parents' contribution					
Economic Stimulus Programs					
Transition Infrastructure Grants					
Administration Block					
(4) Fees Charged on Parents					
Personnel Emoluments					
Repairs And Maintenance					
Local Transport / Travelling					
Electricity And Water					
Medical					
Administration Costs					
Activity					
SMASSSE					
Fee On Boarding Equipment and Stores	2,625,000.00		2,625,000.00	1,271,920.00	48%
5) Miscellenous Income					
Loans / Borrowing					
Rent income					
Income From Farming Activities					
Insurance Compensation					
Income From Posho Mill					

King,ong,oi secondary school
Annual Report and Financial Statements For the year ended 30th June 2023

Receipt/Expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b Kshs	Actual On Comparable Basis d Kshs	% Of Utilization e=d/c % Kshs
Income From Bus Hire					
Fee For Hire of Ground and Equipment					
Interest Income					
Income From Any Other Investment					
Total Income					
(6) Expenditure For Tuition	8,186,000.00		8,186,000.00	4,311,563.50	52%
Textbooks					
Reference Materials					
Exercise Books					
Laboratory Equipment					
Internal Exams					
Teaching / Learning Materials	1,036,000.00		1,036,000.00	537,121.00	52%
Chalks					
Exams And Assessment					
Teachers Guides					
Administration Costs					
Bank Charges				1,740.00	
(7) Expenditure For Operations					
Personnel Emoluments	1,441,750.00		1,441,750.00	814,726.00	56%
Repairs, Maintenance & Improvements	1,250,000.00		1,250,000.00	2,000.00	0.16%
Local Transport / Travelling	300,000.00		300,000.00	256,400.00	85%

King,ong,oi secondary school
Annual Report and Financial Statements For the year ended 30th June 2023

Receipt/Expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b Kshs	Actual On Comparable Basis d Kshs	% OF Utilization e=d/c % Kshs
Electricity, Water and Conservancy	308,750.00		308,750.00	185,180.00	60%
Medical	500,000.00		500,000.00		0%
Administration Costs	299,500.00		299,500.00	778,330.00	259%
Activity Expenses	375,000.00		375,000.00	71,900.00	19%
Gratuity					
SMASSE	50,000.00		50,000.00		0
(8) Expenditure For infrastructure					
Construction of classrooms					
Construction of LAB					
Construction of DORMS					
Purchase of furniture					
Purchase of equipment					
Purchase of machinery					
(9) Expenditure For school fund/lunch/boarding					
Personnel Emoluments					
Repairs, Maintenance and Improvements					
Local Transport / Travelling					
Electricity, Water and Conservancy					
Medical Expenses					

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Administration Costs					
Activity					
Gratuity					
Lunch Programme	2,625,000.00		2,625,000.00	1,351,223.00	51%
Boarding Equipment and Stores					
Expenditure For Income Generating Activity					
Insurance Costs					
Other Expenses On Investments					
Rent Expenses					
Bank Charges					
Loan Interest Repayment					
Loan Principal Repayment					
Acquisition Of Assets					
Totals	8,186,000.00		8,186,000.00	3,999,880.00	48%

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

- i. Xxx
- ii. Xxx

10. 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 school fees from parents, 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*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

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.

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. Accounts receivables also include school fees billed to parents for services rendered but not paid. 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. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

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.

11. Notes To The Financial Statements

1 Government Grants for Tuition

Description	2022-2023	2021-2022
Reference Materials	-	-
Exercise Books	-	-
Laboratory Equipment	-	-
Internal Exams	-	-
Teaching / Learning Materials	568,884.75	678,701.00
Others		
Total	568,884.75	678,701.00

2 Government Grants for Operations

Description	2022-2023	2021-2022
Personnel Emoluments	840,254.20	810,298.10
Repairs And Maintenance	353,209.05	1,052,000.00
Local Transport / Travelling	272,521.30	165,235.10
Electricity And Water	198,244.20	180,550.20
Medical	304,238.50	309,113.20
Administration Costs	294,536.70	164,673.00
Activity	207,754.80	210,759.00
Other vote heads.	-	-
Total	2,470,758.75	2,892,628.60

3 Government Grants for Infrastructure

Description	2022-2023	2021-2022
Maintenance & Improvement		
Transition infrastructure grants		
Administration Block		
Economic stimulus grants		
Other (specify) (NGCDF and County gov)		
Total		

4 School Fund Income - Parents Contribution/Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments		
Repairs and maintenance		
Local transport / travelling		
Electricity and water		
Medical		
Administration costs		
Activity		
Fee on Boarding Equipment and stores	1,521,421	2,080,756
PA Levies*		
Others (specify)		
Total	1,521,421	2,080,756

*Includes all levies charged by the school outside the fees structure but by mutual agreement with the parents.

5 Miscellaneous Incomes

Description	2022-2023	2023-2022
	Kshs	Kshs
Rent Income		
Income From Farming Activities		
Insurance Compensation		
Income From Posho Mill		
Income From Bus Hire		
Fee For Hire of Ground and Equipment		
Income From Grants and Donations*		
Interest Income		
Dividends Income		
Loans/Borrowings*		
Other Income (specify)*		
Total		

Notes to the Financial Statements (continued)

6 Tuition

Description	2022-2023	2021-2022
	Kshs	Kshs
Exercise Books	156,050	116,350
Textbooks		
Reference materials		
Laboratory Equipment	179,750	198,550
Teaching / Learning Materials	123,861	308,720
Exams And Assessment	1,800	
Teachers Guides	56,760	13,121.00
Bank Charges	1,740	1,854.00
Others (<i>specify</i>)		
Total	538,861.00	662,055.00

7 Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	814,726	808,749.00
Service Gratuity		
Administration Cost	777,964	440,509.00
Repairs And Maintenance & Improvements	8,700	1,673,044.00
Local Transport / Travelling	256,400	434,000.00
Electricity And Water	185,180	238,470.00
Medical		
Activity Expenses	71,900	29,650
Insurance Cost		
Others - Bank Charges	1,750.00	876.00
Total	2,116,622.00	3,625,298.00

Notes to the Financial Statements (continued)

8 Infrastructure

Description	2022-2023	2021-2022
	Kshs	Kshs
Construction of classrooms		
Construction of laboratory		
Construction of dormitory		
Purchase of furniture		
Purchase of equipment		
Purchase of apparatus		
Drilling of boreholes		
Others (specify)		
Total		

9 Boarding And School Fund

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	-	-
Service Gratuity	-	-
Repairs And Maintenance & Improvements	-	-
Local Transport / Travelling	-	-
Electricity And Water	-	-
Medical Expenses	-	-
Administration Costs	-	-
Lunch Programme	1,351,223.00	1,872,976.00
Bank Charges	1,260.00	3,978.00
Expenses On Income Generating Activities	-	-
Fee On Boarding Equipment and Stores	-	-
Rent Expenses	-	-
Insurance Cost (Life Property)	-	-
Loan Principal Repayment	-	-
Loan Interest Repayment	-	-
Acquisition Of Assets	-	-
Total	1,352,483.00	1,876,954.00

10 Bank Accounts

Name Of Bank, Account No. & Currency	Bank Account Number	2022-2023	2021-2022
		Kshs	Kshs
Tuition Account	1140915616	34,172.70	4,148.95
Operations Account	1140915711	353,478.10	2,893.35
School Fund Account/Boarding	1160588333	51,496.00	97,370.00
Savings Account	-	-	-
Parent Association Development Account	-	-	-
Income Generating Activities Account	-	-	-
Infrastructural Account	1212888618	2,311.50	10,397.50
Total		441,458.30	114,809.80

11 Cash In Hand

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition Account	-	-
Operation Account	441.00	5.00
School Fund account	47.00	872.00
Total	488.00	877.00

12 Short Term Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Cooperative Shares		
Treasury Bills		
Fixed Deposit accounts		
Other Investments		
Total		

Notes to the Financial Statements (continued)

13 a)Accounts Receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees Arrears	3,586,520.00	3,394,719.00
Other Non-Fees Receivables	12,000.00	12,000.00
Salary Advances	-	-
Imprest	-	-
Total	3,598,520	3,406,719

b Ageing Analysis of Accounts Receivable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	Current 2022-2023	% of the total	Comparative 2021-2022	% of the total
Less than 1 year	220,301	6.14%	189,621.00	5.58%
Between 1- 2 years	272,341	11.4%	300,841	14.42%
Between 2-3 years	300,841	16.03%	165,100	19.27%
Over 3 years	2,793,037	77.88%	2,739,157	85.55%
Total (should tie to note 13 a)	3,586,520	100%	3,394,719	100%

14 a) Accounts Payable

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	14,449.20	20,287.20
Prepaid Fees		29,200
Retention Monies		
Unpaid salaries and statutory deductions		
Cautions money		
Other payables (specify)		
Total	14,449.20	49,487.20

Notes to the Financial Statements (continued)

b) Ageing Analysis of Accounts Payable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	Current 2022-2023	% of the total	Comparative 2021-2022	% of the total
Less than 1 year	14,449.20	100%	20, 287.20	100%
Between 1- 2 years	0	0	0	0
Between 2-3 years	0	0	0	0
Over 3 years	0	0	0	0
Total (should tie to note 14)	14,449.20	100%	20,287.20	100%

15 Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Balances	441,458.30	114,809.80
Cash Balances	488.00	877.00
Short Term Investments		
Receivables	3,598,520.00	3,406,719.00
Payables	14,449.20	49,487.20
Total	4,026,017.10	3,472,918.60

16 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)

Sign and Date
Principa

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1.						
2.						
3.						
Sub-Total						
Supply Of Goods						
4.						
5.						
Sub-Total						
Supply Of Services						
6.						
7.						
8.						
Sub-Total						
Grand Total						

Annex 2 – Summary of Fixed Assets Register

Annex 2 – Summary of Fixed Assets Register

Asset Class	Date purchased	Location	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f 30 th June 2023 (Kshs)
Land 1						
Buildings And Structures	Nov 2022		9 718 000	4 300 000		14 018 000
Motor Vehicles						
Office Equipment, Furniture And Fittings			1 223 000			1 223 000
ICT Equipment, And Other ICT Assets			200 000			200 000
Tools And Apparatus						
Textbooks	June 2023		800 000	30 000		830 000
Other Machinery And Equipment			40 000			40 000
Heritage And Cultural Assets						
Intangible Assets- Soft Ware						
Total						16 311 000