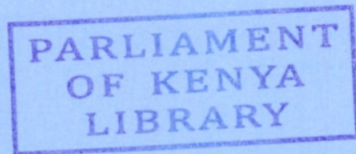


REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 13 JUN 2026	DAY: Tuesday
TABLED BY:	Hon. Naomi Wago. CBS, MP (Deputy Majority Whip)
CLERK-AT THE-TABLE:	Carale.

REPORT

OF

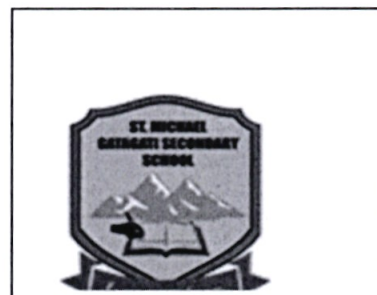
THE AUDITOR-GENERAL

ON

**ST MICHAEL GATAGATI
SECONDARY SCHOOL**

**FOR THE YEAR ENDED
30 JUNE, 2025**

NAKURU COUNTY



St. MICHAEL GATAGATI
Secondary School
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

Transitional Financial Statements Prepared under the International Public Sector Accounting Standards (IPSAS)

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

1. Key School Information and Management

(a) Background information

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

The school was registered in 02/2017 under registration number 32S30000172 and is currently categorized as a Sub County public school established, owned or operated by the Government.

The school is a day and had 360 number of students as at 30th June 2022. It has two streams and 16 teachers of which 6 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

Ref:	Name of Board Member	Designation	Date of appointment
1	Martin Kaigwa	Chairperson	22/05/2022
2	Hesborn Maina	Secretary - Principal	22/05/2022
3	Jemimah Wambui	Member	22/05/2022
4	Thomas Agui	Member	22/05/2022
5	Millicent Maina	Member	22/05/2022
6	Mary Wairimu	Member	22/05/2022
7	Dickson Gikonyo	Member	22/05/2022
8	Margaret Wangui Gichuhi	Member – Rep CEB	22/05/2022
9	StephenKaranja Kangethe	Member Rep Teachers	22/05/2022
10	John Waiharo Kaigua	Members - Sponsor	22/05/2022
11	Elizabeth Kabera	Member - Community	22/05/2022
12	Monica Wanjiru Njuguna	MemberSpecial Needs	22/05/2022
13	Thomas Agui Kipkoech	Rep Students	22/05/2022
14	Martha Wambui	Member	22/05/2022
15	Naomi Boyani	Member	22/05/2022
16	Isaac Mwangi	Member	22/05/2022
17	Jackson Toroitich	Member	22/05/2022

The functions of the School Board of Management are to:

- 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, of 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.Martin Kaigwa	chairperson	
		2. Joseph Mukangula	secretary	
		3. Millicent Maina	member	
		4. John Waiharo	member	
		5. Margaret Wangui	member	
2	Audit Committee	-Jemimah Wambui -Margaret Wangui -Dickson Gikonyo	Chairperson Member Member	3 out of 3
3	Finance,procurement and general purposes Committee	1.Mr. Thomas Koech 2.Cecilia Warui 3.Md .Monicah Njuguna	Chairperson Member Member	
4	Academic Committee	1. Millicent Maina 2.Isaac Mwangi 3.Naomi Boyani	Chairperson Member Member	
5	Development Committee	1. John Waiharo	chairperson	
		2. Samuel Ngugi	secretary	
		3. Martin Kaigwa	member	
		4. Millicent Maina	member	
		5. Hesborn MWainaina	member	
		6. Martha Wambui	member	

(d) School operation Management

Ref:	Designation	Name	Identification
1	Principal	Hesborn Maina W ainaina	TSC No.408801
2	Deputy Principal	Samuel Maina Ngugi	TSC No.352863
3	School Bursar	Cecilia Wamaitha Warui	NA
4	Other (specify)		

(e) Schools contacts

Post Office Box: 204-20109
 Telephone: 0712-156-897
 E-mail: smgatagati@gmail.com
 Website:
 Facebook:
 Twitter:

(f) School Bankers

- Name of Bank: National Bank of Kenya
 Branch: Nakuru
 Account Number: 01025021171500
- Name of Bank: National Bank of Kenya
 Branch: Nakuru
 Account Number: 01025021073000
- Name of Bank: National Bank of Kenya
 Branch: Nakuru
 Account Number: 01022224146800
- Name of Bank: Cooperative Bank
 Branch: Nakuru
 Account Number: 01120026084000
- Name of Bank: Equity Bank
 Branch: Nakuru Westside Mall
 Account Number: 1460262247499

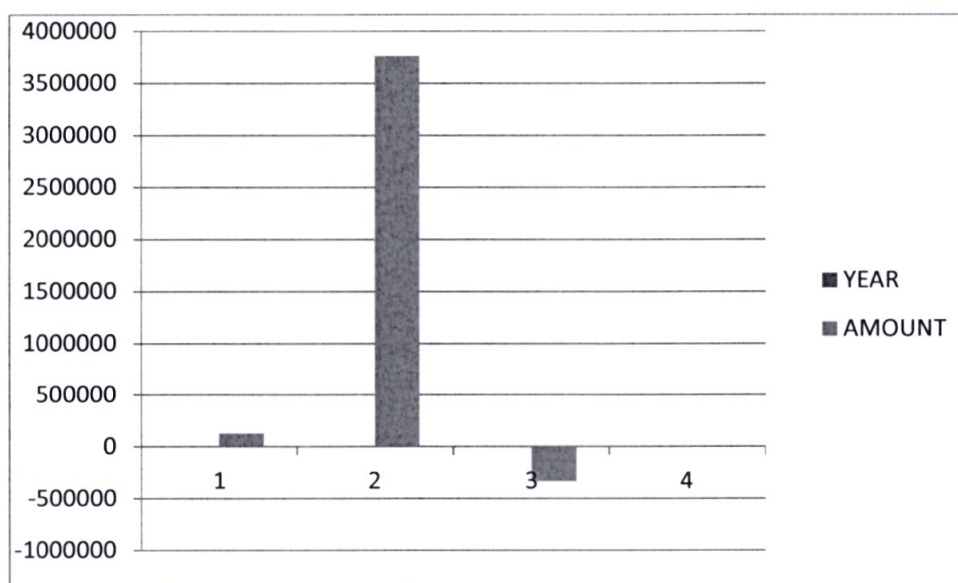
(g) Independent Auditors

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

a) Financial performance:

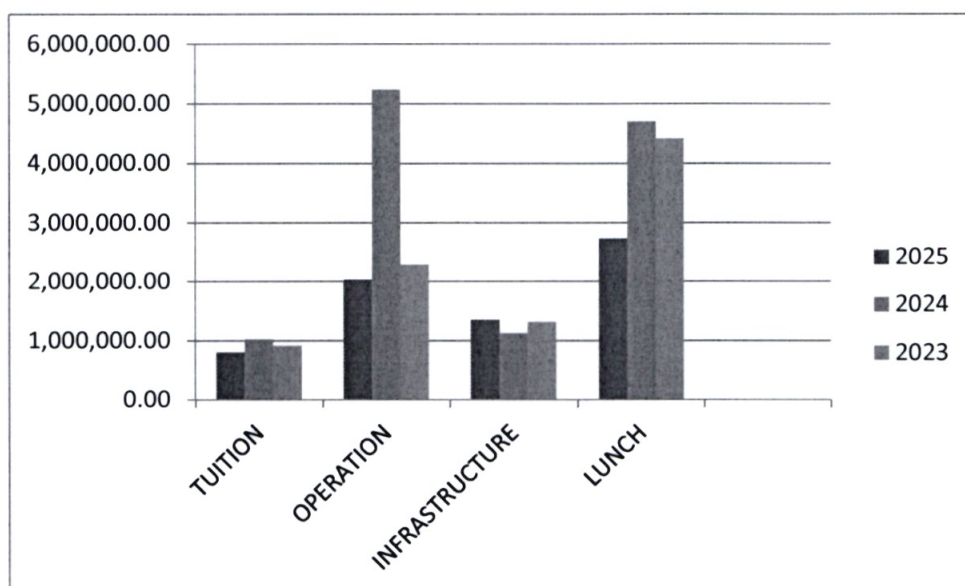
- Surplus/ deficit for the year and a comparison of the same for the last three years

YEAR	AMO UNT
2022	123,84 8.25
2023	3,760, 608.26
2024	- 333,65 4.00



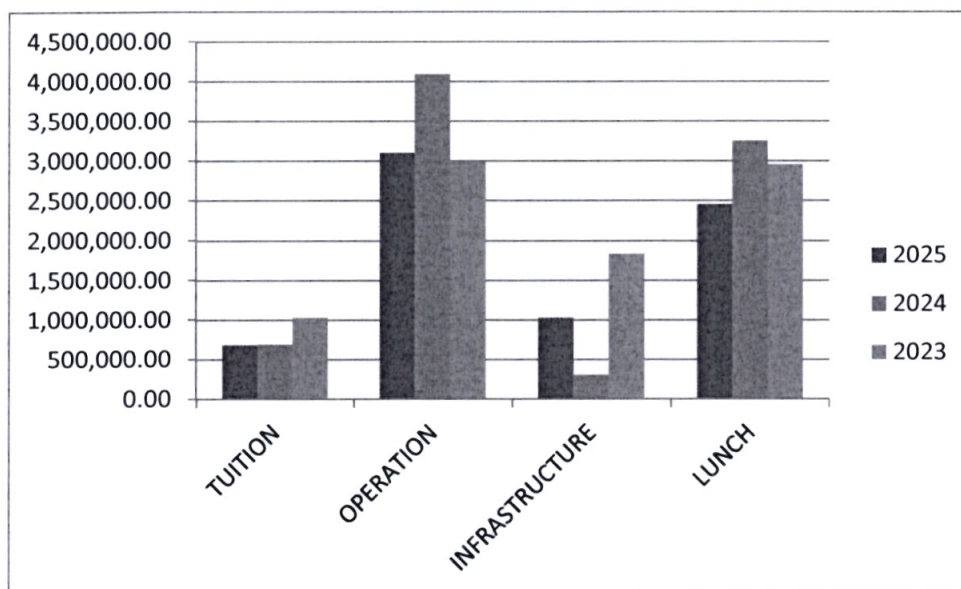
Capitation grants from the Ministry of Education for the last three years

	2025	2024	2023
TUITION	798,822.00	1,023,081.00	914,709.25
OPERATION	2,029,335.00	5,230,373.00	2,290,227.00
INFRASTRUCTURE	1,347,750.00	1,125,800.00	1,308,000.00
LUNCH	2,733,581.00	4,698,273.00	4,413,683.00

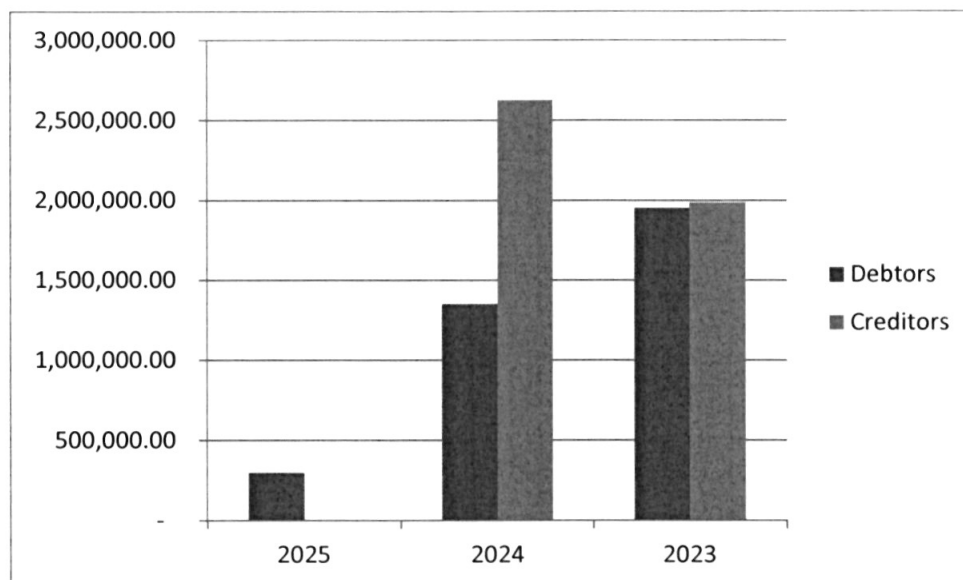


- A three-year overview of growth in expenditure of the school

	2025	2024	2023
TUITION	676,135.00	685,290.00	1,026,962.00
OPERATION	3,094,820.00	4,085,665.00	2,993,023.00
INFRASTRUCTURE	1,022,220.00	300,720.00	1,830,000.00
LUNCH	2,449,967.00	3,245,245.00	2,952,786.00



	2025	2024	2023
Debtors	296,750.00	1,350,000.00	1,950,695.00
Creditors	-	2,625,720.00	1,983,825.00

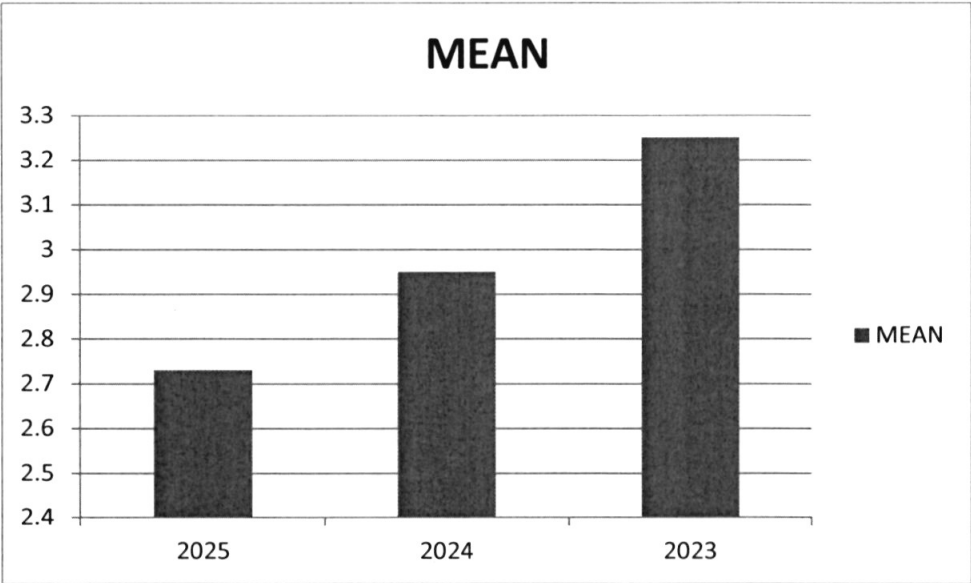


*Teacher : Student**16 : 360***LIST OF TEACHERS EMPLOYED BY TSC**

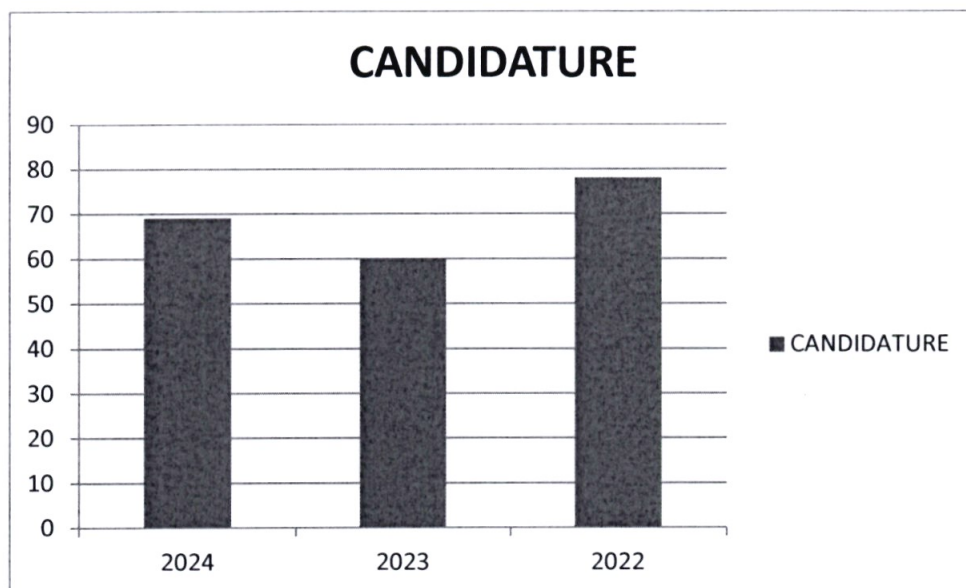
S/N	NAME	TSC NO.	TEACHING SUBJECT COMBINATION	TEACHING LOAD
1	Hesborn Maina	271795	Mat/Geo	13
2	Samuel Ngugi	352863	Bst/Geo	22
3	Evans Kamau	463165	Math/Bst	27
4	Christine K Musau	721105	Eng/Lit	28
5	Wesley Koros	697200	Bio/Agr	27
7	Godfrey Chelelgo	712965	Phy/Math	26
9	Alice Njeri	655542	Cre/Hist	27
10	Veronicah Wangui	533691	Cre/Hist	27
11	Martin Ndiba	553840	Hist/Kisw	26
	EMPLOYED BY BOM			
1	Enock Ngetich	694392	Bio/Chem	26
2	Albert Mwangi	1006700	Bio/Agr	24
3	Caroline N Wamweya	1009940	Eng/Lit	28
4	Alfred K Koech	833681	Kisw/Geo	28
5	Victor Kiprono	902231	Bst/Math	26
6	Cecilia N Mulela	931468	Math/Geo	25

Catherine ndwiga TSC 399355 for Chem /Geo TRANSFERED

	2025	2024	2023
MEAN	2.73	2.95	3.25



	2024	2023	2022
CANDID ATURE	69	60	78



CLASSROOMS

There are Eleven classrooms

	<i>USES</i>
<i>1 Classroom</i>	<i>Form 1 - 4</i>
<i>1 Administration Block</i>	
<i>1 Laboratory</i>	
<i>1 Kitchen</i>	
<i>1 Kitchen store</i>	
<i>1 General Store</i>	

a. SANITATION

- 1. Girls toilets- 10 cubicles*
- 2. Boys Toilets- 16 cubicles*
- 3. Male toilet- 1 cubicle*
- 4. Female toilet- 1 cubicle*
- 5. Concrete tank- 30,000 litres*
- 6. Plastic Kitchen tank- 5,000 litres*
- 7. Plastic Laboratory tank-5,000litres*
- 8. 2 Plastic general use tank – 5,000 litres*
- 9. 12 plastic containers (washing hands)- @100 litres*

b. INVENTORY IN EXISTING INFRASTRUCTURE STRUCTURES

OFFICES	ITEMS
Principal office	Office table ,executive chair, 2 metallic cabinets and 1 wooden, Epson printer, portrait, wall clock , cross,dispenser
Deputy principal	Office table, computer, wooden stand shelves, Executive chair, dispenser
Secretary office	Office table, chair, computer, Task alfa 300i printer
Bursar office	Executive chair, office table, computer, chair, cabinet,dispenser
Staffroom	10 chairs,5 tables , dispenser, computer
DOS office	Table

b) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Aquissition of assets	MOE	Complete		904000	
Renovation of classroom	MOE	Complete		394,500.00	
Conversion of classroom into library	MOE	Ongoing			


School Principal


2. 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 keep all proper books and records of accounts of the income, expenditure, and assets of the institution.

The Board of Management of St Michael Gatagati Sec 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, 2025, and of the school's financial position as at that date.

Martin kaigwa

Name: *Martin Kaigwa*

Designation: Chairman, School Board of Management

Date: 17/3/2026

Hesborn Maina

Name: *Hesborn Maina*

Designation: School Principal & Secretary to Board of Management

Date: 17/3/2026



Cecilia Warui.

Name: *Cecilia Warui*

Designation: Bursar/ Finance Officer

Date: 17/3/2026

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ST. MICHAEL GATAGATI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2025 – NAKURU COUNTY

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on 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 the 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 that the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 transitional IPSAS financial statements of St. Michael Gatagati Secondary School set out on pages 1 to 22, which comprise of the statement of assets and liabilities as at 30 June, 2025, and the statement of financial performance, statement of cash flows and the statement of budgeted versus actual amounts, for the

Report of the Auditor-General on St. Michael Gatagati Secondary School for the year ended 30 June, 2025 – Nakuru County

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 transitional IPSAS financial statements present fairly, in all material respects, the financial position of St. Michael Gatagati Secondary School as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the Basic Education Act, 2013, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following inaccuracies;

- i. The statement of financial performance reflects a deficit for the year amount of Kshs.333,654. However, the recomputed amount is Kshs.630,404 resulting in an unexplained variance of Kshs.296,750. Further, the statement reflects school fund income – parents' contributions amount of Kshs.2,436,831. However, the corresponding Note 4 to the financial statements reflects an amount of Kshs.2,733,581 resulting in an unexplained variance of Kshs.296,750. In addition, the statement reflects a comparative balance of Kshs.686,290 in respect of expenditure on tuition. However, the previous year's financial statements reflect an amount of Kshs.685,289 resulting in an unexplained variance of Kshs.1,001.
- ii. The statement of cash flows reflects total receipts and payments amounts of Kshs.6,612,738 and Kshs.6,550,920. However, the statement of budgeted versus actual amounts reflects actual amounts of Kshs.6,909,488 and Kshs.6,405,334 resulting in unexplained variances of Kshs.296,750 and Kshs.145,586 respectively.
- iii. The statement of assets and liabilities reflects accounts payables balance of Kshs.1,604,130. However, Annex 1 to the financial statements on analysis of pending accounts payable reflects a Nil balance resulting in an unexplained variance of Kshs.1,604,130.
- iv. The statement of cash flows reflects an amount of Kshs.1,654,220 in respect of acquisition of assets which was not supported with any documentation or explanation. Further, Annex 2 to the financial statements on the summary of fixed assets register reflects a Nil amount in respect of additions of assets for the year resulting in an unexplained variance of Kshs.1,654,220.

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

2. Unsupported Government Grants for Operations

The statement of financial performance reflects Government grants for operations amount of Kshs.2,029,355 as disclosed in Note 2 to the financial statements. However, the reported income was not supported by a Ministry of Education (MOE) circulars of the disbursed amount, bank statements, respective ledger or a detailed schedule indicating the breakdown of the receipts received.

In the circumstances, the accuracy and completeness of the Government grants for operations amount of Kshs.2,029,355 could not be confirmed.

3. Unsupported School Fund Income – Parents' Contribution

The statement of financial performance reflects school fund income – parents' contributions amount of Kshs.2,436,831 and as disclosed in Note 4 to the financial statements. However, the amount was not supported with the relevant documents such as official receipts issued to parents, a ledger or a detailed schedule indicating the breakdown of the receipts received, bank deposit confirmations, student fees statements, or a reconciliation between the amounts collected and the amounts deposited in the School's bank account.

In the circumstances, the accuracy and completeness of the school fund income – parents' contributions amount of Kshs.2,436,831 could not be confirmed.

4. Unsupported Expenditure

The statement of financial performance reflects expenditure for tuition, operations, (including teaching/learning materials), infrastructure and boarding and school fund amounting to Kshs.676,135, Kshs.3,094,820, Kshs.1,022,220 and Kshs.2,449,967 as disclosed in Notes 6, 7, 8 and 9 to the financial statements respectively. However, the expenditure was not supported by the respective ledgers or schedules detailing the breakdown of payments made. Further, review of the payment vouchers submitted for audit verification revealed that they were not supported with the necessary supporting documents, such as requisitions from the user department, Local Purchase Orders (LPOs), invoices, delivery notes, and receipts.

In the circumstances, the accuracy and completeness of the total payments amount of Kshs.7,243,142 could not be confirmed.

5. Unsupported Cash and Cash Equivalents Balance

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.511,532 as disclosed in Note 10 to the financial statements. However, the bank balances were not supported with the respective bank reconciliation statements and board of survey reports.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.511,532 could not be confirmed.

6. Unsupported Account Receivables Balance

The statement of assets and liabilities reflects accounts receivables balance of Kshs.5,340,534 as disclosed in Note 13 to the financial statements. However, Management did not provide for audit review the supporting documents such as the detailed accounts receivable aging report, student enrollment data, fee payment record/receipts, school fees invoices and approved fee structure for the year under review to confirm the student arrears.

In the circumstances, the accuracy and completeness of the accounts receivables balance of Kshs.5,340,534 could not be confirmed.

7. Unsupported Accounts Payables Balance

The statement of assets and liabilities reflects accounts payables balance of Kshs.1,604,130 and as disclosed in Note 14 to the financial statements. However, no supporting documents were provided for audit including the respective ledger or schedule with detailed list of the suppliers, complete invoices, delivery notes, local service or local purchase order numbers, receipts vouchers and the dates when the bills were incurred to confirm the validity of the payables.

In the circumstances, the accuracy and completeness of the account's payables balance of Kshs.1,604,130 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the St. Michael Gatagati Secondary School Management in accordance with ISSAI 130 on the 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 budgeted versus actual amounts reflects budgeted income and actual on comparable basis amounts of Kshs.10,042,380 and Kshs.6,909,488 respectively, resulting in an under-funding of Kshs.3,132,892 or 31%. Further, the statement reflects that the School spent an amount of Kshs.6,405,334 against actual receipts of Kshs.6,909,488 resulting in under absorption of Kshs.504,154 or 7% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Significant Exemptions by PSASB in the Financial Reporting Template

The financial statements have been prepared using the financial year 2024/2025 reporting template issued by the Public Sector Accounting Standards Board (PSASB). As communicated by PSASB on 25 February, 2026, the template was designed to facilitate a phased transition to accrual-based IPSAS for public secondary schools and, therefore, does not include certain statements and disclosures required under the full IPSAS transition. These omissions include the Opening Statement of Financial Position, the Statement of Changes in Net Assets/Equity, detailed disclosures of transitional provisions under IPSAS 33, and a reconciliation of budgeted amounts to actual accrual amounts. The absence of these elements arises from limitations inherent in the prescribed template and does not constitute non-compliance on the part of the School.

Other Information

Management is responsible for the Other Information set out on page iii to xvii which comprise of Key School Information and Management, Summary Report of Performance of the School and Statement of School Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the School's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

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

Basis for Conclusion

1. Late Submission of Financial Statements

The financial statements of the School for the year ended 30 June, 2025 were submitted for audit on 17 March, 2026 which is more than five (5) months after the statutory requirement to submit not later than 30 September, 2025. This was contrary to Section 47 (1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor - General within three months after the end of the fiscal year to which the accounts relate.

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

2. Non-Compliance with the Recommended Reporting Template

Review of the financial statements revealed the following errors and omissions in the presentation and disclosure of the financial statements;

- i. The table of contents has not been properly presented as required by the recommended reporting template.
- ii. The financial statements and the respective disclosure Notes did not indicate the current financial year and the comparative year as required.

In the circumstances, Management did not comply with the recommended reporting template as prescribed by the Public Sector Accounting Standards Board (PSASB).

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

The statement of financial performance reflects boarding and school fund payments amount of Kshs.2,449,977 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.282,050 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. Further, 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.282,050 could not be confirmed.

4. Failure to Adhere to Procurement Laws and Regulations

The statement of financial performance reflects boarding and school fund payments amount of Kshs.2,449,967 as disclosed in Note 9 to the financial statements. However,

review of records provided for audit revealed that the entity made payments of Kshs.1,442,732 in respect of lunch programme and Kshs.817,780 in respect of operation expenses that were not supported with the respective ledgers, tender advertisement, tender opening minutes, tender evaluation reports, professional opinions, local purchase/service orders (LPOs/LSOs), and certificates of practical completion/interim certificates. In addition, there was no evidence inform of inspection and acceptance reports/certificates that the School appointed Inspection and Acceptance Committees to inspect the works in order to ensure compliance with the terms and specifications of the contract and to accept or reject the works on behalf of the School. This was contrary to Parts V, VI and VII of the Public Procurement and Asset Disposal Act, 2015 which provide for internal organization of procuring entities, general procurement principles and basic procurements rules for procuring entities.

Further, the School lacks capacity in form of a procurement function to carry out the functions outlined in Regulation 33(3) of the Public Procurement and Asset Disposal Regulations, 2020.

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

5. Non-Deduction of Capacity Building Levy

The statement of financial performance reflects infrastructure expenditure of Kshs.1,022,220. However, review of payment vouchers revealed that School did not deduct the Public Procurement Capacity Building Levy from the payments made. This was contrary to Section 3(1) and 5(1) of the Public Procurement Capacity Building Levy Order, 2023, which requires all procuring entities to deduct and remit the prescribed levy on applicable procurement payments.

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

6. Non-Submission of Annual Governance Report to the Director of Basic Education

Review of the School's governance and reporting records established that the School did not prepare and submit an annual report to the Director of Basic Education during the year under review. This was contrary to Section 60 of the Basic Education Act, 2013 which states that "every public school or institution of basic education shall, on an annual basis, submit a report to the Director of Basic Education".

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

7. Non-Compliance with Law on Affirmative Action

Review of the human resources records revealed that the School had eighteen (18) staff out of which thirteen (13) or 72% are male and five (5) or 28% are female. This was contrary Article 27(8) of the Constitution of Kenya which states that in addition to the measures contemplated in clause (6), the State shall take legislative and other measures

to implement the principle that not more than two thirds of the members of elective or appointive bodies shall be of the same gender.

In addition, a review of the staff records revealed that out of the eighteen (18) employees in the School, none was a person with disability. This was contrary to Article 54(2) of the Constitution of Kenya that requires at least 5% of employment opportunities to be given to persons with disabilities.

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

8. Failure to Deduct and Remit Statutory Deductions

The statement of financial performance reflects expenditure on operations amounting to Kshs.3,094,820 which as disclosed in Note 7 to the financial statements includes personnel emoluments totaling Kshs.1,311,590. Review of the payroll records revealed that Management did not deduct and remit Social Health Authority (SHA) and Housing Levy contributions as required by the law. This was contrary to Regulation 23(2)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that in addition to the responsibilities of Accounting Officers provided for in the Act, an Accounting Officer designated under the Constitution, the Act or any other Act, shall - comply with any tax, levy, duty, pension, commitments and audit commitments as may be provided for by legislation.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of 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. Effectiveness in Use of Capitation for Students - Tuition and Operations

During the year under review, the Government grants for tuition and operations amounted to Kshs.798,822 and Kshs.2,029,335 respectively. However, the School enrollment

register was not provided for audit to confirm the number of students in the School, and there was no evidence of copies of official receipts uploaded in the National Education Management Information System (NEMIS). Further, there was no evidence provided to confirm whether the Principal submitted to the County Director of Education, an Allocation of funds duly signed by individual students and whether the School displayed the capitation receipts and the accompanying circular on the School's noticeboard, as required.

In the circumstances, the effectiveness of internal controls related to and utilization of the capitation grants for students could not be confirmed.

2. Lack of an Approved Fraud Management Policy

The School did not have in place an approved Fraud Management Policy to assist in detecting and preventing fraud during the year under review. The Policy provided for audit verification had not been approved and Board minutes showing the process of establishing and adopting the policy were not provided for audit verification. Further, Management had not implemented the Policy and it was therefore not possible to determine what measures Management had put in place that could assist in detection and prevention of fraud.

In the circumstances, Management may not be in a position to identify, detect and prevent fraud in the School.

3. Lack of Risk Management Strategies and Other Key Policies

Management had not implemented the Risk Management Policy. Management did not provide any evidence in form of a risk register or risk assessment report to prove that formal risk assessments had been conducted or that the School had any strategy or any specific controls that had been put in place to mitigate operational, legal and financial risks. In addition, it was observed that the School did not have key policies like the Disaster Recovery Plan/Business Continuity Plan, Human Resource Policy and Finance Policy.

In the circumstances, the School is exposed to operational, financial and legal risks as it has not put a strategy in place to identify, rank, prioritize and mitigate risks.

4. Lack of Information Technology Policy, Strategic Plan and Committee

Review of Information Technology (IT) environment and system in use revealed that the School does not have an Approved ICT Policy, user management standards and procedures addressing IT users, security, access to IT environments and environmental controls. Further, the School has not established IT Strategic and Steering Committees, and an Approved IT Strategic Plan that supports business requirements. In addition, there is no back-up retention strategy and there are no formal documented and approved processes to manage upgrades which means that unauthorized changes can be made without change request documentation. The IT department lacks a formal emergency

procedure which stipulates the procedures and steps for the users to follow in case of an emergency or a disruption which would lead to business interference.

In the circumstances, failure to establish an IT Policy, IT strategic plan and committee could result in data loss, theft and disruption of services while the lack of back-up retention strategy exposes the School to possible loss of data in case of a disaster.

5. Weaknesses in the Board of Management

The School's Board of Management was constituted under Section 56 of the Basic Education Act, 2013. However, the gazette notice confirming the appointment of the Board members was not provided for audit review. In addition, the attendance registers and minutes of the meetings held by the Board were not provided. Further, details of the amounts paid to Board members were not provided for audit verification, and therefore it was difficult to confirm the total expenditure incurred by the Board.

In addition, the financial statements indicate that the Board consists of seventeen (17) members instead of the statutory requirement of fourteen (14) members. This was contrary to Section 56 (1) of the Basic Education Act, 2013 which provides for the number of Board members.

In the circumstances, the effectiveness of the School's governance and oversight mechanism could not be confirmed.

6. Failure to Develop a School Improvement Plan

During the year under review, Management did not develop a School Improvement Plan to be used to measure the School's improvement activities, improve accountability, keep the School in focus in achieving its targets, prioritize its needs, ensure prudent utilization of resources and to help improve the School's performance as well as promote teamwork. There was also no evidence that the School had formed a school improvement planning team as required.

In the circumstances, Management may not be able to focus in achieving the School's targets, prioritize its needs, ensure prudent utilization of resources which would in turn help to improve the School's performance.

7. Lack of an Approved Staff Establishment

Review of the School's staff complement data revealed that the School engaged six (6) Board of Management (BOM) teachers and seven (7) support staff during the year under review yet the School does not have an Approved Staff Establishment. The lack of an Approved Staff Establishment implies that the school is yet to determine the skills and optimal staffing levels required to achieve its goals and objectives. Further, it was not possible to determine the approved staffing level.

In the circumstances, the effectiveness of internal controls in relation to management of human resources could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are is 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 May, 2026

4. Statement Of Financial Performance for the Year Ended 30th June 2025

Description Of Vote Head	Note	Insert Current FY	Insert Comparative FY
		Kshs	Kshs
Revenue			
Government grants for tuition	1	798822.00	1,023,082.00,
Government grants for operations	2	2029335.00	5230373.00
Government Grants for infrastructure	3	1347750.00	1125800.00
School fund income- parents' contributions	4	2436831.00	4698273.00
Miscellaneous incomes	5	00	00
Total Revenue		6612738	12077528
Expenditure			
Tuition	6	676135.00	686290.00
Operations	7	3094820.00	4085665.00
Infrastructure	8	1022220.00	300720.00
Boarding and school fund	9	2449967.00	3245245.00
Total Expenditure		7243142.00	8316920.00
Surplus/Deficit		(333,654.00)	3760608.00

The school financial statements were approved on 17/3/ 2026 and signed by:

M. Kaigwa
Name: Martin Kaigwa

Chair BOM

Date: 17/3/ 2026

H. Maina
Name: Hesborn Maina
School Principal/ Secretary to
BOM

Date: 17/3/ 2026



C. Warui
Name: Cecilia Warui

Bursar/ Finance Officer

Date: 17/3/ 2026

5. Statement of Assets and Liabilities As At 30th June 2025

Description	Note	Insert Current FY Kshs	Insert Comparative FY Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	511532.00	2103934.00
Cash balances	11	0.00	0.00
Short term investments	12	0.00	0.00
Total cash and cash equivalent		<u>511532.00</u>	<u>2103934.00</u>
Account's receivables	13	5,340,534.00	5,103,376.00
Total financial assets (a)		5,852,066.00	7,207,310.00
Financial liabilities			
Accounts payables	14	1,604,130.00	2,625,720.00
Total Financial Liabilities (b)		1,604,130.00	2,625,720.00
Net financial assets (a-b)		4,247,936.00	4,581,590.00
Represented by			
Accumulated fund b/fwd	15	4581590.00	820981
Surplus/deficit for the year		/(333654.00)	3760608.00
Net Assets		4247936.00	4581589.00

The school's financial statements were approved on 17/3/ 2026 and signed by:

Martin Kaigwa for
Name: Martin Kaigwa

Chair BOM

Date: 17/3/ 2026

Hesborn Maina
Name: Hesborn Maina
School Principal/ Secretary to
BOM

Date: 17/3/ 2026

Cecilia Warui
Name: Cecilia Warui
Bursar/ Finance Officer
Date: 17/3/ 2026



6. Statement of Cash Flows for the Year Ended 30th June 2025

Description	Note	Insert Current FY	Insert Comparative FY
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition		798822.00	1023082.00
Government grants for operations		2029335.00	5230373.00
Government grants for infrastructure		1347750.00	1125800.00
School fund income- parents contributions/ fees		2436831.00	4698273.00
Other income		0.00	0.00
Total receipts		6612738.00	12077528.00
Payments			
Cash outflows for tuition		1065725.00	685289.00
Cash outflows for operations		3094820.00	4085665.40
Cash outflows Boarding/lunch and school fund payments		2390375.00	3245244.00
Total payments		6550920.00	8016199.6
Net cash inflow/outflow from operating activities		61818.00	4061328.00
Cash flow from investing activities			
Acquisition of assets		(1654220.00)	(300720.00)
Proceeds from sale of Assets		0.00	0.00
Proceeds from investments		0.00	0.00
Purchase of investments		(0.00)	(0.00)
Net cash inflow/outflows from investing activities		(1654220.00)	(300720.00)
Cash flow from Financing activities			
Proceeds from borrowings/ loans	18	0.00	0.00
Repayment of principal borrowings		(0.00)	(0.00)
Net cash inflow/outflow from financing activities		0.00	0.00
Net increase/decrease in cash and cash equivalents		(1592402.00)	(3760608)
Cash and cash equivalent at beginning of the FY		2103934.00	55417.00
Cash and cash equivalent at end of the FY		511532.00	2103934.00

Note: Cash and Cash Equivalent is the summation of Note 10, 11 and 12.

The school's financial statements were approved on 17/3/ 2026 and signed by:

M. Kaigwa for

Name: Martin Kaigwa

Chair BOM

Date: 17/3/ 2026

H. Maina

Name: Hesborn Maina
School Principal/ Secretary to
BOM

Date: 17/3/ 2026

C. Warui

Name: Cecilia Warui

Bursar/ Finance Officer

Date: 17/3/ 2026



St. MICHAEL GATAGATI SEC SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

7. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2025

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
Receipts					
<i>(1) Capitation Grant on Tuition</i>					
Reference Materials	0.00	0.00	0.00	0.00	0
Exercise Books	0.00	0.00	0.00	0.00	0
Laboratory Equipment	0.00	0.00	0.00	0.00	0
Tuition	1118880	0.00	1118880	798822	71.39%
Internal Exams	0.00	0.00	0.00	0.00	0
Teaching / Learning Materials	0.00	0.00	0.00	0.00	0
Exams And Assessment	0.00	0.00	0.00	0.00	0
Sub Totals	1118880	0.00	1118880	798822	71.39%
<i>(2) Capitation Grant on Operations</i>					
Personnel Emoluments	0.00	0.00	0.00	0.00	0
Operations	4887000	0.00	4887000	2029335	41.53%
Repairs And Maintenance	0.00	0.00	0.00	0.00	0
Local Transport / Travelling	0.00	0.00	0.00	0.00	0
Electricity And Water	0.00	0.00	0.00	0.00	0
Medical	0.00	0.00	0.00	0.00	0
Administration Costs	0.00	0.00	0.00	0.00	0
Activity	0.00	0.00	0.00	0.00	0

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
Gratuity	0.00	0.00	0.00	0.00	0
Sub totals	4887000	0.00	4887000	2029335	41.53%
3) FDSE for infrastructure					
Maintenance &Improvement MoE	1350000	0.00	1350000	1347750	99.83%
M&I parents' contribution	0.00	0.00	0.00	0.00	0
Economic Stimulus Programs	0.00	0.00	0.00	0.00	0
Transition Infrastructure Grants	0.00	0.00	0.00	0.00	0
Administration Block	0.00	0.00	0.00	0.00	0
Sub Total	1350000	0.00	1350000	1347750	99.83%
(4) Fees Charged on Parents					
Personnel Emoluments	0.00	0.00	0.00	0.00	0
Repairs And Maintenance	0.00	0.00	0.00	0.00	0
Local Transport / Travelling	0.00	0.00	0.00	0.00	0
Electricity And Water	0.00	0.00	0.00	0.00	0
Medical	0.00	0.00	0.00	0.00	0
Administration Costs	0.00	0.00	0.00	0.00	0
Activity	0.00	0.00	0.00	0.00	0
SMASSE	0.00	0.00	0.00	0.00	0
Fee On Boarding Equipment and Stores	2686500	0.00	2686500	2733581	101.75%
5) Miscellaneous Income					
Loans / Borrowing	0.00	0.00	0.00	0.00	0

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
Rent income	0.00	0.00	0.00	0.00	0
Income From Farming Activities	0.00	0.00	0.00	0.00	0
Insurance Compensation	0.00	0.00	0.00	0.00	0
Income From Posho Mill	0.00	0.00	0.00	0.00	0
Income From Bus Hire	0.00	0.00	0.00	0.00	0
Fee For Hire of Ground and Equipment	0.00	0.00	0.00	0.00	0
Interest Income	0.00	0.00	0.00	0.00	0
Income From Any Other Investment	0.00	0.00	0.00	0.00	0
GrandTotal Income	10042380.00	0.00	10042380.00	6909488	64.36
(6) Expenditure For Tuition					
Textbooks	0.00	0.00	0.00	0.00	0
Reference Materials	0.00	0.00	0.00	0.00	0
Exercise Books	417420	0.00	417420	268400	64.0%
Laboratory Equipment	292,950	0.00	292950	345000	117.77%
Internal Exams	0.00	0.00	0.00	0.00	0
Teaching / Learning Materials	58860	0.00	58860	58860	100%
Chalks	0.00	0.00	0.00	0.00	0
Exams And Assessment	0.00	0.00	0.00	0.00	0
Teachers Guides	0.00	0.00	0.00	0.00	0
Administration Costs	0.00	0.00	0.00	0.00	0
Bank Charges	0.00	0.00	0.00	230	
Sub totals	769230	0.00	769230	672490	87.42%

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
<i>(7) Expenditure For Operations</i>					
Personnel Emoluments	1688850	0.00	1688850	1311590	77.66%
Repairs, Maintenance & Improvements	0.00	0.00	0.00	507100	0
Local Transport / Travelling	256500	0.00	256500	61100	0
Electricity, Water and Conservancy	0.00	0.00	80000	0.00	0
Medical	0.00	0.00	0.00	0.00	0
Administration Costs	525150	0.00	525150	506167	96.39
Activity Expenses	405000	0.00	405000	496550	122.6
Gratuity	0.00	0.00	0.00	0.00	0
Tuition	0.00	0.00	0.00	125540	0
SMASSE	0.00	0.00	0.00	0.00	0
	2875500	0.00	2875500	2552147	90.15
<i>(8) Expenditure For infrastructure</i>					
Construction of classrooms	1350000	0.00	1350000	823710	61.02%
Construction of LAB	0.00	0.00	0.00	0.00	0
Construction of DORMS	0.00	0.00	0.00	0.00	0
Purchase of furniture	0.00	0.00	0.00	0.00	0
Operations	0.00	0.00	0.00	197060	0
Purchase of equipment	0.00	0.00	0.00	0.00	0
Bank Charges	0.00	0.00	0.00	1450	0
Sub total	1350000	0.00	1350000	1548510	114.70%

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
<i>(9) Expenditure For school fund/lunch/boarding</i>					
Personnel Emoluments	2474523	0.00	2474523	1442732	58.30
Repairs, Maintenance and Improvements	66137.00	0.00	66137	20000	30.24%
Local Transport / Travelling	0.00	0.00	0.00	0.00	0
Electricity, Water and Conservancy	242500	0.00	242500	117000	48.25%
Medical Expenses	0.00	0.00	0.00	0.00	0
Administration Costs	0.00	0.00	0.00	24000	0
Activity	0.00	0.00	0.00	0.00	0
Gratuity	0.00	0.00	0.00	0.00	0
Lunch Programme	0.00	0.00	0.00	0.00	0
Boarding Equipment and Stores	0.00	0.00	0.00	0.00	0
Expenditure For Income Generating Activity	0.00	0.00	0.00	0.00	0
Insurance Costs	0.00	0.00	0.00	0.00	0
Other Expenses On Investments	0.00	0.00	0.00	0.00	0
Rent Expenses	0.00	0.00	0.00	0.00	0
Bank Charges	0.00	0.00	0.00	28455	0
Loan Interest Repayment	0.00	0.00	0.00	0.00	0
Loan Principal Repayment	0.00	0.00	0.00	0.00	0
Acquisition Of Assets	0.00	0.00	0.00	0.00	0
Sub Total	2783160	0.00	2783160	1632187	58.65%
Grand Total	7,777,890.00	0.00	7,777,890.00	6405334	83.64%

8. 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

Statement of Compliance

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The entity has taken advantage of the transitional provisions under IPSAS 33, and therefore, these first/second/third/year financial statements are transitional financial statements.

Basis of Preparation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, statement of cash flow). Under an accrual basis, revenues are recognized when rights to assets are earned or levied rather than when cash is received, and expenses are recognized when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of revenue and expenditure

The school recognizes all revenue from various sources when earned and all expenses when incurred.

The capitation grants include recurrent and development grants. Recurrent capitation are recognised in the statement of financial performance while development grants are recognised in the statement of financial position after meeting the revenue recognition criteria. The conditional grants will be recognised as revenue upon fulfilment of the set conditions.

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 financial

performance both as revenue and as expenditure 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 an 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 the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditures incurred for the purchase of goods, works and services that have 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 St. Michael Gatagati senior 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 2025

9. Notes To the Financial Statements

1 Government Grants for Tuition

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Reference Materials	0.00	0.00
Tuition	798822.00	1023082.00
Exercise Books	0.00	0.00
Laboratory Equipment	0.00	0.00
Internal Exams	0.00	0.00
Teaching / Learning Materials	0.00	0.00
Others (specify)*	0.00	0.00
Total	798822.00	1023082.00

*Include others as per MOE circulars

2 Government Grants for Operations

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Personnel Emoluments	0.00	0.00
Operations grants	2029335.00	5228873.00
Repairs And Maintenance	0.00	0.00
Local Transport / Travelling	0.00	0.00
Electricity And Water	0.00	0.00
Medical	0.00	0.00
Administration Costs	0.00	0.00
Activity	0.00	0.00
Other Vote Heads (specify)*	0.00	0.00
Total	2029335.00	5228873.00

*Include others as per MOE circulars

3 Government Grants for infrastructure

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Maintenance & Improvement	1347750.00	1125800.00
Transition infrastructure grants	0.00	0.00
Administration Block	0.00	0.00
Economic stimulus grants	1347750.00	1125800.00

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Other (specify)(NGCDF and County govt.	0.00	0.00
Total	0.00	0.00

4 School Fund Income - Parents Contribution/Fees

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Personnel emoluments	0.00	0.00
Repairs and maintenance	0.00	0.00
Local transport / travelling	0.00	0.00
Electricity and water	0.00	0.00
Medical	0.00	0.00
Administration costs	0.00	0.00
Activity	0.00	0.00
Fee on Boarding Equipment and stores/Lunch	2733581.00	4698273.00
PA Levies*	0.00	0.00
Others (specify)	0.00	0.00
Total	2733581.00	4698273.00

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

5 Miscellaneous Incomes

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Rent Income	0.00	0.00
Income From Farming Activities	0.00	0.00
Insurance Compensation	0.00	0.00
Income From Posho Mill	0.00	0.00
Income From Bus Hire	0.00	0.00
Fee For Hire of Ground and Equipment	0.00	0.00
Income From Grants and Donations*	0.00	0.00
Interest Income	0.00	0.00
Dividends Income	0.00	0.00
Loans/Borrowings*	0.00	0.00
Other Income (specify)*	0.00	0.00
Total	0.00	0.00

6 Tuition

Description	<i>Insert Current FY</i>	<i>Insert Comparative FY</i>
	Kshs	Kshs
Exercise Books	268400.00	0.00
Textbooks	0.00	20,000.00
Reference materials	0.00	0.00
Laboratory Equipment	345,000.00	305,000.00
Teaching / Learning Materials	62,505.00	200,000.00
Exams And Assessment	0.00	160,000.00
Teachers Guides	0.00	0.00
Bank Charges	230.00	289.50
Others (<i>specify</i>)	0.00	0.00
Total	676135.00	685,289.00

7 Operations

Description	<i>Insert Current FY</i>	<i>Insert Comparative FY</i>
	Kshs	Kshs
Personnel Emoluments	1,311,590.00	1,272,080.00
Service Gratuity	xxx	xxx
Administration Cost	506,167.00	195657.00
Repairs And Maintenance & Improvements	507,100.00	1212215.00
Local Transport / Travelling	61100.00	338945.00
Electricity And Water	80650.00	133740.00
Bank Charges	173.00	3708.4
Activity Expenses	496550.00	762000.00
Insurance Cost	0.00	0.00
Tuition	125540.00	8200
Others (<i>specify</i>) Lunch	5950.00	138560.00
NSSF	0.00	20560
Total	3,094,820.00	4,085,665.40

8 Infrastructure

Description	<i>Insert Current FY</i>	<i>Insert Comparative FY</i>
	Kshs	Kshs
Renovation of classrooms	823,710.00	300,000.00
Construction of laboratory	0.00	0.00
Construction of dormitory	0.00	0.00
Purchase of furniture	0.00	0.00
Purchase of equipment	0.00	0.00
Purchase of apparatus	0.00	0.00
Drilling of boreholes	0.00	0.00
Bank Charges	1450.00	720.00
Others (specify) Operations	197,060.00	0.00
Total	1,022,220.00	300,720.00

9 Boarding And School Fund

Description	<i>Insert Current FY</i>	<i>Insert Comparative FY</i>
	Kshs	Kshs
Personnel Emoluments	0.00	0.00
Service Gratuity	0.00	0.00
Repairs And Maintenance & Improvements	20,000.00	0.00
Local Transport / Travelling	0.00	0.00
Electricity And Water	0.00	0.00
Medical Expenses	0.00	0.00
Activity Expenses	117,000.00	0.00
Administration Costs	24,000.00	0.00
Lunch Programme	1,442,732.00	1,942,699.00
Bank Charges	28,455.00	16,345.7
Expenses On Income Generating Activities**	xxx	xxx
Operations Expenses	817,780.00	1,285,060.00
Fee On Boarding Equipment and Stores	0.00	0.00
Rent Expenses	0.00	0.00
Loan Principal Repayment	0.00	0.00
Loan Interest Repayment	0.00	0.00
Acquisition Of Assets	0.00	0.00
PA expenses	0.00	0.00
Others (specify)	0.00	0.00
Total	2,449,967.00	3,245,244.7

10 Bank Accounts

Account Name & Currency	Status	Bank Account Number	Insert Current FY	Insert Comparative FY
	Active/Dormant		Kshs	Kshs
Tuition Account			2,233.00	269,136.00
Operations Account			2,670.00	1,068,155.00
School Fund Account/Boarding			83,797.00	37,341.00
Savings Account			0.00	0.00
Parent Association Development Account			0.00	0.00
Income Generating Activities Account			0.00	0.00
Infrastructural Account			422,832.00	729302.00
Total			511532.00	2103934.00

11 Cash In Hand

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Notes and Coins	0.00	0.00
Total	0.00	0.00

12 Short Term Investments

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Cooperative Shares	0.00	0.00
Treasury Bills	0.00	0.00
Fixed Deposit accounts	0.00	0.00
Other Investments	0.00	0.00
Total	0.00	0.00

13 Accounts Receivable

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Fees Arrears	5,340,534.00	5,043,784.00
Other Non-Fees Receivables		
Salary Advances (list/schedule attached)	0.00	0.00
Imprest (list/schedule attached)	0.00	0.00
Rent arrears (list/schedule attached)	0.00	0.00
Suspense		59592.00
Total	5,340,534.00	5,103376.00

13 b) Ageing Analysis of Accounts Receivable

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	296,750.00	5.56%	2625720.00	100%
Between 1- 2 years	1350,000.00	25.28%	0.00	%
Between 2-3 years	3693784.00	69.17%	0.00	%
Over 3 years	0.00	%	0.00	%
Total (should tie to note 13 a)	5,340,534.00	100%	2625720.00	100%

14 Accounts Payable

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	1,604,130.00	2,625,720.00
Prepaid Fees	0.00	0.00
Retention Monies	0.00	0.00
Unpaid salaries and statutory deductions	0.00	0.00
Caution money	0.00	0.00
Other payables (<i>specify</i>)	0.00	0.00
Total	1,604,130.00	2,625,720.00

14a. Ageing Analysis of Accounts Payable

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	xxx	%	2625720.00	100%
Between 1- 2 years	1,604,130.00	100%	0.00	%
Between 2-3 years	0.00	%	0.00	%
Over 3 years	0.00	%	0.00	%
Total (should tie to note 14)	1,604,130.00	100%	2625720.00	100%

15 Fund Balance Brought Forward

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Bank Balances	2,103,934	53,417.00
Cash Balances	0.00	2000.00
Short Term Investments	xxx	xxx
Receivables	5103376.00	3,693784.00
Payables	(2625720.00)	(2928220.00)
Total	4,581,590.00	820,981.00

Other important disclosure notes

IPSAS Cash Standard 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.

16 Non-current Liabilities Summary

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Bank Loans	0.00	0.00
Outstanding Leases	0.00	0.00
Hire Purchase	0.00	0.00
Gratuity And Leave Provision	0.00	0.00
Others (specify)	0.00	0.00
Total	0.00	0.00

17 Biological assets

Description	Numbers	Insert Current FY	Insert Comparative FY
		Kshs	Kshs
Cattle		0.00	0.00
Goats		0.00	0.00
Trees		0.00	0.00
Coffee Or Tea Plantation		0.00	0.00
Poultry		0.00	0.00
Others (specify)		0.00	0.00
Total		0.00	0.00

18 Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year	0.00	0.00
Borrowings during the year	0.00	0.00
Repayments during the year	0.00	0.00
Balance at the end of the year	0.00	0.00

Other important disclosure notes

19 Stock/ Inventory

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Food stuffs	xx	xx
Lab consumables	xx	xx
Farm produce	xx	xx
Medication	xx	xx
Construction Materials	xx	xx
Others (specify)	xx	xx
	xx	xx

(Stock to be measured at lower of cost and net realisable value. Net realisable value is the difference between selling costs less costs to sell)

20 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

Date 17/3/ 2026

Principal



St. MICHAEL GATAGATI SEC SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

10. 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						

St. MICHAEL GATAGATI SEC SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2025

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1 st July 20XX	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 20XX
Land				
Buildings And Structures				
Motor Vehicles				
Office Equipment, Furniture and Fittings				
Textbooks				
ICT Equipment				
Tools And Apparatus				
Other Machinery and Equipment				
Heritage And Cultural Assets				
Intangible Assets- Soft Ware				
Total				

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