

REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT: 05 DEC 2024 DAY: Thursday

TABLED BY: Hon. Kimani Ichungwah
(Leader of the Majority Party)
CLERK-AT-TABLE: Anastacia

THE AUDITOR-GENERAL

ON

BAVUNI SECONDARY SCHOOL

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

NAKURU COUNTY

Revised 30th June 2022.



OFFICE OF THE AUDITOR GENERAL
P.O. Box 30054 - 00100, NAIROBI
REGISTRY

26 AUG 2024

BAVUNI SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022**

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

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BAVUNI SECONDARY SCHOOL**Reports and Financial Statements For the year ended 30th June 2022**

I. Key School Information And Man**(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, Nakuru North Sub-County

The school was registered in 01/84 under registration number 32S30000099 and is currently categorized as a *Sub County* public school established, owned or operated by the Government.

The school is a day/boarding school and had 1152 number of students as at 30th June 2022. It has 5 streams and 34 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; is composed of the following members:

Ref:	Name of Board Member	Designation	Date of appointment
1	Edward mureithi	Chairman	20th July 2022
2	Julius Mutahi	Secretary - Principal	20th July 2022
3	David Njogu	Member	20th July 2022
4	Jedida N. Ngugi	Member	20th July 2022
5	Gerald Kinyua	Member	20th July 2022
6	Margaret Wangechi	Member	20th July 2022
7	Veronica Wanjiru	Member	20th July 2022
8	Nelly Mutungi	Member	20th July 2022
9	Godwin k.	Member	20th July 2022
10	David k. Wamukuru	Member – Rep CEB	20th July 2022
11	Graham Kinyanjui	Member Rep Teachers	20th July 2022
12	Rev Paul Maina	3 Members - Sponsor	20th July 2022
13	Anne Gichuki		20th July 2022
14	Rev Titus K. Karanja		20th July 2022
15	Pst Jane Mwangi	Member - Community	20th July 2022
16	Judy Mirango	MemberSpecial Needs	20th July 2022
17	Joseph Nene	Rep Students	20th July 2022

Key School Information and Management (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Julius Mutahi	Secretary-Principal	2 out of 3
		Edward Mureithi	Chairman	2 out of 3
		Sammy Ngugi	PA Chairman	2 out of 3
		Anne Gichuki	BOM	2 out of 3
2	Audit Committee	Julius Mutahi	Secretary-Principal	-
		Edward Mureithi	BOM Chairman	-
		Sammy Ngugi	PA Chairman	-
		Anne Gichuki	BOM	-
3	Finance, procurement and general purposes Committee	Sammy Ngugi	PA Chairman	1 out of 3
		Julius Mutahi	Secretary-Principal	1 out of 3
		Edward Mureithi	BOM Chairman	1 out of 3
		Anne Gichuki	BOM	1 out of 3
4	Academic Committee	Graham Kinyanjui	DOS	1 out of 3
		Nelly Mutungi	Chairlady	1 out of 3
		Jedida Ngugi	Member	1 out of 3
		Paul Maina	Member	1 out of 3
5	Development Committee	Edward Mureithi	BOM Chairman	1 out of 3
		Sammy Ngugi	PA chairman	1 out of 3

BAVUNI SECONDARY SCHOOL**Reports and Financial Statements For the year ended 30th June 2022**

		Jane Mwangi	member	1 out of 3
		Titus Mwangi	member	1 out of 3
6	Discipline and welfare Committee	Julius Mutahi	Secretary- Principal	-
		Edward Mureithi	BOM Chairman	-
		Sammy Ngugi	PA Chairman	-
7	Adhoc Committee (if any during the year)	-	-	-

(d) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	Julius Mutahi	361203
2	Deputy Principal	Mary W. Stanley	314569
3	School Bursar	Naomi N. Kiratu	-

(e) Schools contacts

Post Office Box: 4061 NAKURU
 Telephone: 0769886982
 E-mail:

(f) School Bankers

The following school operated 5 number of bank accounts

1. Name of Bank: family Bank
 Branch: Nakuru
 Account Number: 018000016472

2. Name of Bank: Family Bank
 Branch: Nakuru
 Account Number: 018000014807

BAVUNI SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2022

- | | | |
|----|--|---------------|
| 3. | Name of Bank | Equity Bank |
| | Branch | Nakuru |
| | Account Number | 0130262191294 |
| 4. | Name of Bank | Equity Bank |
| | Branch | Nakuru |
| | Account Number | 0130273073408 |
| 5. | Name of Bank | Equity Bank |
| | Branch | Nakuru |
| | Account Number | 0130278997613 |
| 6. | Name of Bank | National Bank |
| | Branch | Nakuru |
| | Account Number | 0102109540500 |
| 7. | MPESA Pay Bill No. 406100 attached to Equitybank account | |

(g) Independent Auditors

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

II. Summary Report Of Performance Of The School

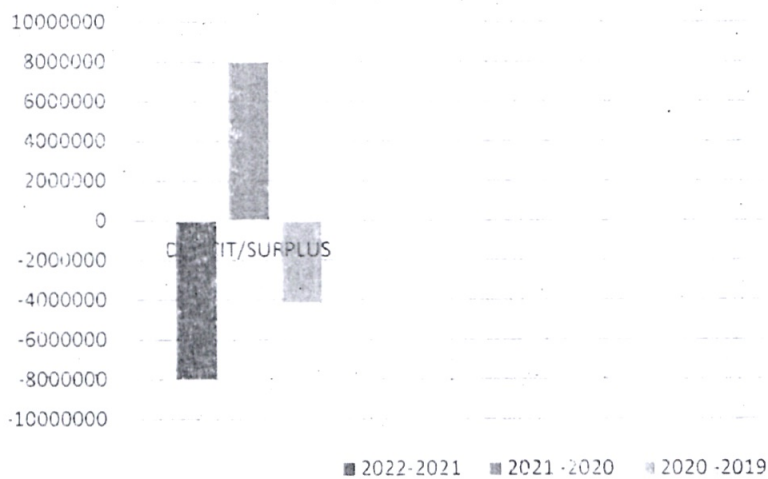
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

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

YEAR	2022-2021	2021 -2020	2020 -2019
DEFICIT/SURPLUS	(7974276)	7958934	(4165666)

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

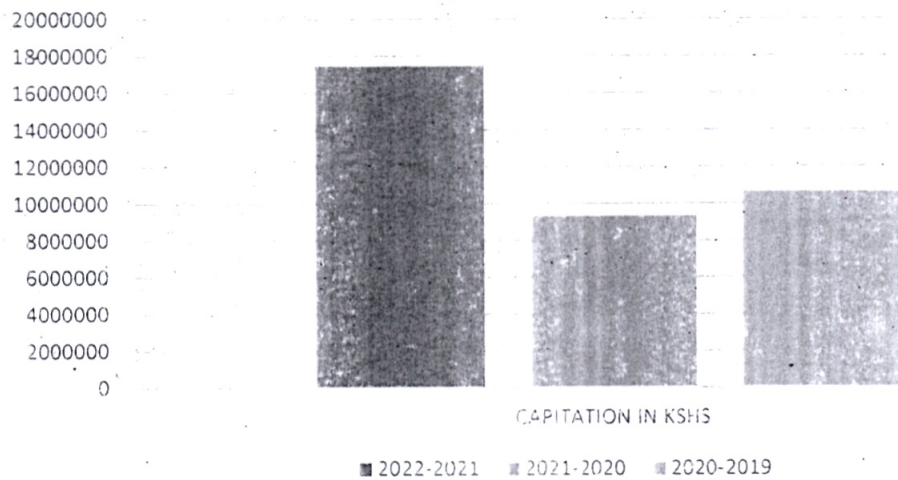


Capitation grants from the Ministry of Education for the last three years

BAVUNI SECONDARY SCHOOL**Reports and Financial Statements For the year ended 30th June 2022**

YEAR	2022-2021	2021-2020	2020-2019
CAPITATION IN KSHS	17438941.4	9324945.30	10657755

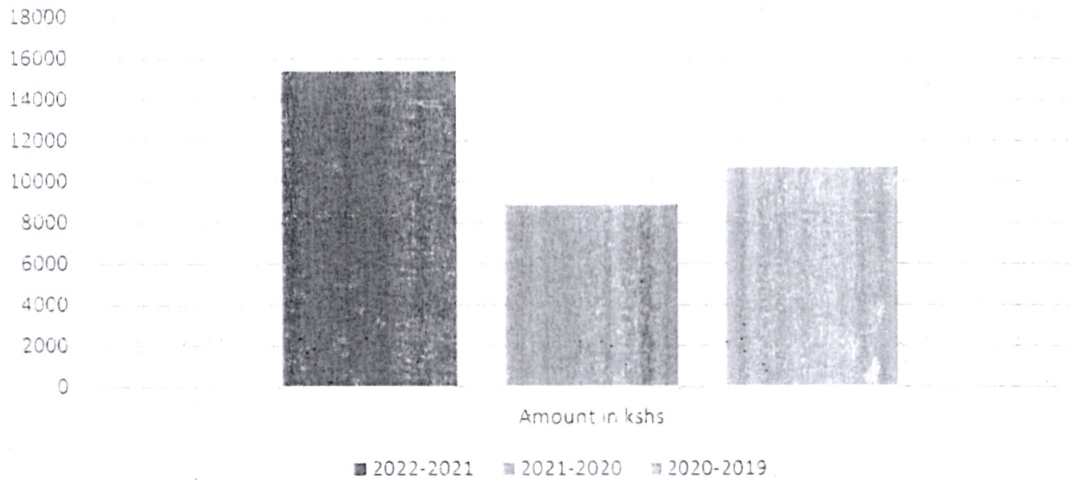
Capitation grants from the Ministry of Education for the last three years

**III.**

- Ratio of capitation grant per student over the last three years

YEARS	2022-2021	2021-2020	2020-2019
CAPITATION IN KSHS	17438941.4	9324945.30	10657755
NO OF STUDENTS	1152	1050	996
Ratio of capitation grant per student	1:15137	1:8881	1:10700

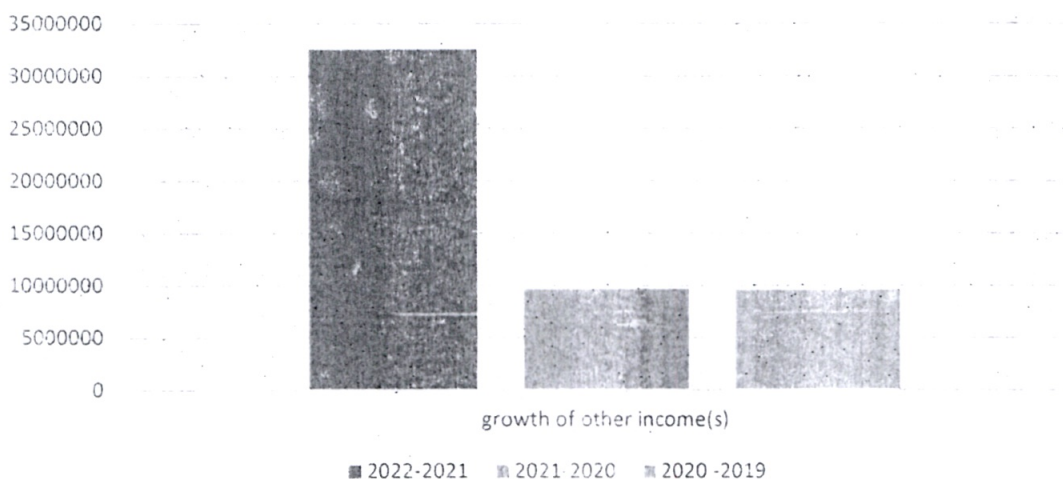
Ratio of capitation grant per student over the last three years



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

YEARS	2022-2021	2021-2020	2020 -2019
<i>growth of other income(s)</i>	32556653	9667062	9595646

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



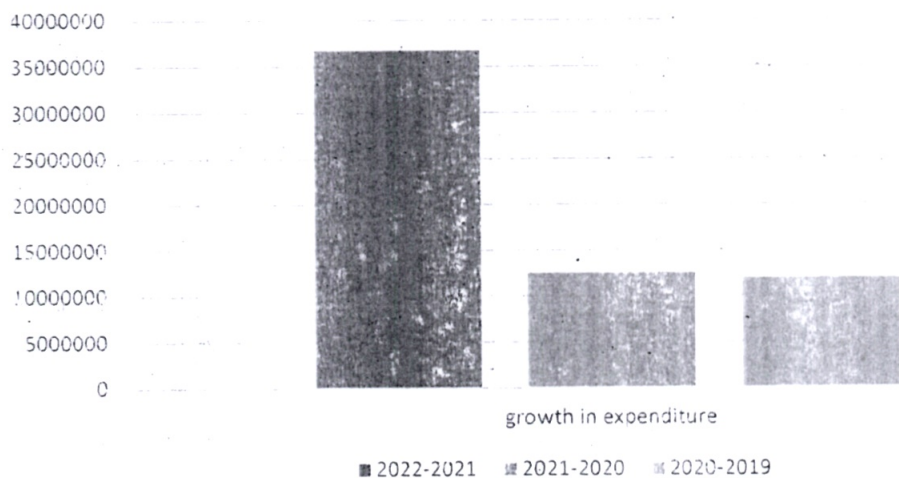
BAVUNI SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2022

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

YEARS	2022-2021	2021-2020	2020-2019
<i>growth in expenditure</i>	36729119	12533073	11967568

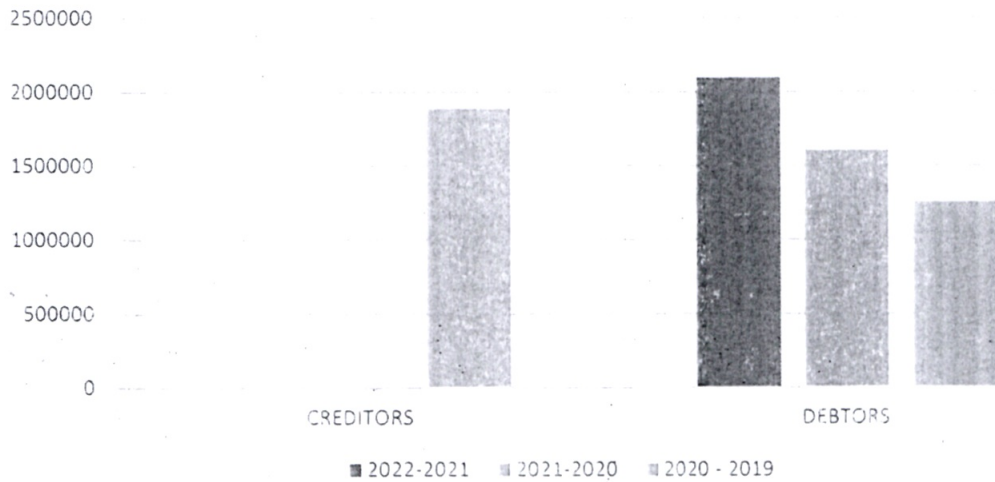
A three-year overview of growth in expenditure of the school



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

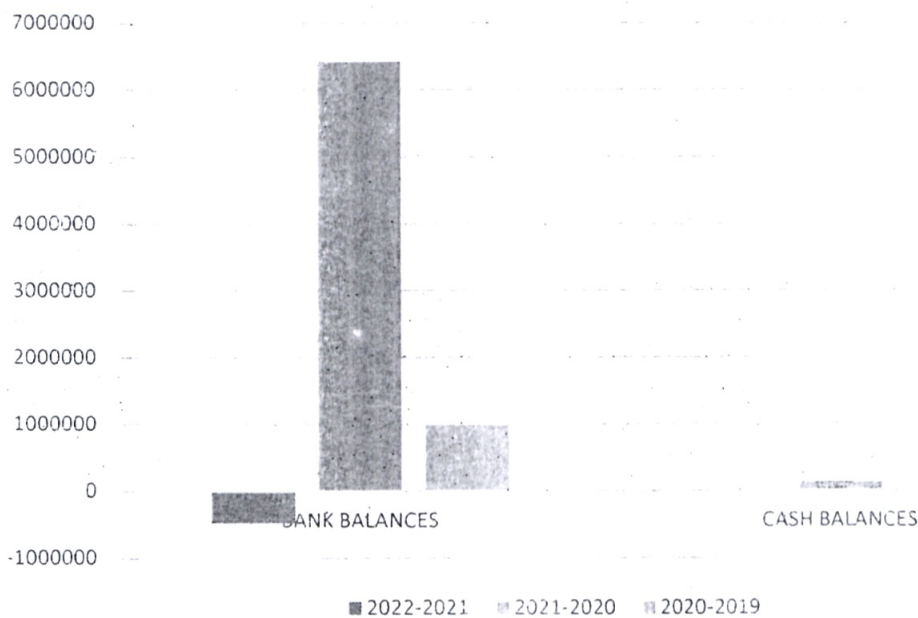
YEARS	2022-2021	2021-2020	2020 - 2019
<i>CREDITORS</i>	-	-	1891416
<i>DEBTORS</i>	2096104	1606140	1257143

Movement of debtors and creditors of the school over the last three year



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

YEARS	2022-2021	2021-2020	2020-2019
BANK BALANCES	(480448.40)	6424026.20	984187.90
CASH BALANCES	-	124589	-



b) **Teacher Student ratio:****TEACHERS**

	<i>Male</i>	<i>Female</i>	<i>Total</i>
<i>Number of teachers employed by TSC</i>	<i>10</i>	<i>18</i>	<i>28</i>
<i>Number of teachers employed by BOM</i>	<i>3</i>	<i>3</i>	<i>6</i>
<i>Number of teachers transferred or retired during the year</i>	<i>1</i>	<i>1</i>	<i>2</i>
<i>Number of TSC teachers posted during the year</i>	<i>1</i>	<i>1</i>	<i>2</i>
<i>Number of BOM teachers employed during the year</i>	<i>1</i>	<i>1</i>	<i>2</i>

TEACHERS STUDENT RATIO

<i>Number of students</i>	<i>Number of teachers</i>	<i>Teachers student ratio</i>
<i>1152</i>	<i>34</i>	<i>1:34</i>

SUBJECT DISTRIBUTION

<i>SUBJECT</i>	<i>NUMBER OF TEACHERS</i>
<i>English</i>	<i>6</i>
<i>Kiswahili</i>	<i>3</i>
<i>Mathematics</i>	<i>7</i>
<i>Biology</i>	<i>5</i>
<i>Physics</i>	<i>5</i>
<i>Chemistry</i>	<i>5</i>
<i>History</i>	<i>4</i>
<i>Geography</i>	<i>3</i>
<i>CRE</i>	<i>4</i>
<i>Agriculture</i>	<i>3</i>
<i>Business studies</i>	<i>4</i>
<i>Shortage as per CBE</i>	<i>27</i>

BAVUNI SECONDARY SCHOOLReports and Financial Statements For the year ended 30th June 2022

c) Mean score in the 2022KCSE:

YEARS	2021	2020	2019
MEAN SCORE	4.963	6.03	5.7
Number of students transitioning to institutions of higher learning	34	55	94
Number of candidates sitting for KCSE	215	198	179

d) Number of Candidates in the 2022 KCSE:

YEAR	2021	2020	2019
Number of candidates sitting for KCSE	215	198	179

e) Capacity of the school:

S\NO	AMENITY	NO OF AMENITIES	NO OF STUDENTS USING THE AMENITY
1	Classrooms	24	1152
2	Library	1	1152
3	Labcratories	2	1152
4	Kitchen	1	1152
5	Girls toilets	12	773
6	Boys toilets	12	379

f) Development projects carried out by the school:

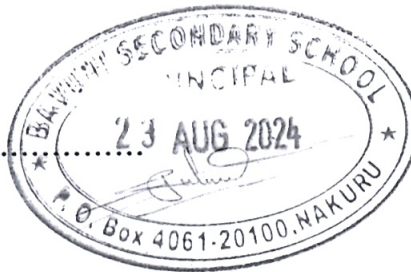
S\NO	PROJECT	SOURCE OF FUNDS	STATUS
1	Construction of 2 classrooms	parents	90% complete
2	Construction of science laboratory	Infrastructure	On going
3	Construction of perimeter wall in the boarding section	parents	Complete
4	Construction of drainage	parents	Complete
5	Construction of culverts	parents	Complete

BAVUNI SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2022

Molahi. I. G.

School Principal



IV. 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 *Bavuni 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 2022, and of the school's financial position as at that date.

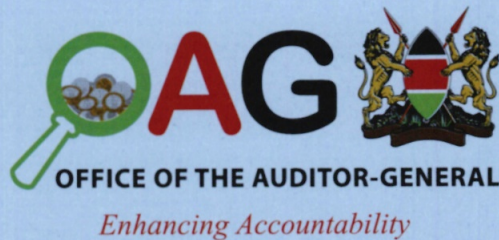
.....
Name: EDWARD MYRINI
Designation: Chairman, School Board of Management
Date: 23/08/2024

.....
Name: Malah J. a.
Designation: School Principal/ Secretary to Board of Management
Date:

.....
Name: Naomi Kivatu
Designation: Bursar/ Finance Officer
Date: 23/08/2024



REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON BAVUNI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - NAKURU COUNTY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bavuni Secondary School - Nakuru County set out on pages 1 to 15, which comprise the statement of financial assets

and financial liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows, statement of budgeted versus actual amounts for the year ended, and a summary of significant accounting policies and other explanatory notes in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly the financial position of as at 30 June, 2022, and of its financial performance Bavuni Secondary School - Nakuru County 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 Qualified Opinion

1.0 Variance in Boarding and School Fund Payments

The statement of receipts and payments reflects boarding and school fund payments of Kshs.36,675,119 as disclosed in Note 7 to the financial statements. However, the recomputed Note 7 is Kshs.35,675,119, resulting to an unreconciled variance of Kshs.1,000,000.

In the circumstances, the accuracy and completeness of the boarding and school fund payments of Kshs.36,675,119 could not be confirmed.

2.0 Overdrawn Account and Offsetting of Bank Balance

The statement of financial assets and financial liabilities reflects a negative bank balance of Kshs.480,448 as disclosed in Note 8 to the financial statements. Included in the bank balance is a bank account with an overdraft of Kshs.1,709,057 which has been netted off bank balances of Kshs.1,228,609, resulting to a negative balance of Kshs.480,448, contrary to Section 28(4)(5) of the Public Finance Management Act, 2012.

In the circumstances, the accuracy, completeness existence of the negative bank balance of Kshs.480,448 could not be confirmed.

3.0 Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.3,109,113 in respect of fees arrears as disclosed in Note 10 to the financial statements. Included in the balance are receivables amounting to Kshs.2,194,547 which has been outstanding for more than two (2) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.2,194,547 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bavuni 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 audit 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 was incomplete and therefore no analysis on final receipts budget and actual on a comparable basis could be done to determine under-funding or over collection of receipts. Similarly, the amount spent against an approved budget was also incomplete and therefore under or over expenditure could not be determined.

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.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2021.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Late Submission of Financial Statements for Audit

During the year under review, the Management submitted the financial statements to the Auditor-General on 31 May, 2024 instead of the statutory date of 30 September, 2022. This was contrary to the Ministry of Education circular Ref.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 with 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.

2.0 Failure to Transfer Infrastructure Funds from the Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.23,567,928 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.14,194,428 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, only Kshs.6,573,500 was transferred to infrastructure account, leaving a balance of Kshs.1,633,942 as at 30 June, 2022. This was 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.

3.0 Lack of Fixed Assets Register

The School has moveable and immovable assets for which no assets register was maintained. This was contrary to Regulation 143(1) of Public Finance Management (National Government) Regulations, 2015 which prescribes that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

4.0 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.36,675,119 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.914,200 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective,

efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.914,200 could not be confirmed.

5.0 Failure to Prepare School Improvement Plan

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

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

6.0 Lack of Procurement Plan

The statement of receipts and payments reflects an amount of Kshs.59,369,094 and Kshs.67,343,370 in respect of total receipts and payments respectively. However, during the year, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

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

7.0 Non-Compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements

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

- i. No commentary was given after the statement of budgeted versus actual amounts on significant underutilization (below 90% of utilization) and any overutilization above 110% on statement of budgeted versus actual amounts for the year ended 30 June, 2022 which is a requirement in the template,
- ii. The amounts and balances in the financial statements and notes have not been presented in a format that represents currency and have not been rounded off to the nearest shilling in line with Note 1 on significant accounting policies and

- iii. The annexes 1 and 2 on analysis of accounts and summary of fixed assets are missing.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue 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 operations.

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

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

Those charged with governance are responsible for overseeing the School's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

18 September, 2024

BAVUNI SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2022


VI. Statement Of Receipts And Payments Period To 30th June 2022

Description Of Vote Head	Note	2021-2022	2020-2021
		Kshs	Kshs
Receipts			
Capitation grants for tuition	1	3244513	1377635
Capitation grants for operations	2	23567928	9447310
School fund income- parents' contributions	3	32272013	9597914
School fund income- other receipts	4	284640	69148
Proceeds from borrowings		-	-
Total Receipts		59369094	20492007
Payments			
Payments for tuition	5	3707320	526064
Payments for operations	6	26960931	5093157
Boarding and school fund payments	7	36675119	6913852
Total Payments		67343370	12533073
Surplus/Deficit		(7974276)	7958934

The school financial statements were approved on __14th feb_ 2023 and signed by:

.....
 Name: **EDWARD MURIKATI**
 Chair BOM
 Date: **23/08/2024**

.....
 Name: **Melale J G**
 School Principal/ Secretary to BOM
 Date: **23 AUG 2024**



.....
 Name: **Naomi Kivuthi**
 Bursar/ Finance Officer
 Date: **23/08/2024**

BAVUNI SECONDARY SCHOOLReports and Financial Statements For the year ended 30th June 2022**VII. Statement Of Financial Assets And Financial Liabilities As At 30th June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	8	(480448.40)	6424026.20
Cash balances	9	-	124589
Short term investment		-	-
Total cash and cash equivalent		(480448.40)	6548615.20
Account's receivables	10	3109113	3800687
Total financial assets		2628664	10349302.20
Financial liabilities			
Accounts payables	11	986198	732560
Net financial assets		1642466.60	9616742.20
Represented by			
Accumulated fund b/fwd	12	9616742.20	1657807
Surplus/deficit for the year		(7974275.60)	7958934.20
Net financial position		1642466.60	9616742.20

The school's financial statements were approved on _____ 2022 and signed by:

.....
 Name: **EDWARD MURITHI**

Chair BOM

Date: **23/08/2024**

.....
 Name: **Mutahi J.G.**
 School Principal/ Secretary to BOM

Date:

.....
 Name: **Naomi Kiraku**

Bursar/ Finance Officer

Date: **23/08/2024**

BAVUNI SECONDARY SCHOOLReports and Financial Statements For the year ended 30th June 2022**VIII. Statement of Cash Flows for The Period Ended 30th June 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Operating activities			
Receipts			
Capitation grants for tuition	1	3244513.00	1377635.25
Capitation grants for operations	2	23567928.40	9447310.05
School fund income- parents contributions/ fees	3	32272013.00	9597914.00
School fund income- other receipts	4	284640.00	69148.00
Total receipts		59369094.40	20492007.30
Payments			
Payments for tuition	5	3707320.00	526064.00
Payments for operations	6	17439694.00	3593157.00
Boarding and school fund payments	7	36675119.00	6913852.00
Total payments		57822133.00	11033073.00
Surplus/Deficit		1546961.40	9458934.3
Changes in payables		253638.00	(1429035.00)
Changes in receivables		(691574.00)	1158856.00
		945212.00	2587891.00
Net cash flow from operating activities		2492173.40	6871043.30
Cashflow from investing activities			
Acquisition of assets		(9521237.00)	(1500000)
Net cash flows from investing activities		(9521237.00)	(1500000)
Net increase in cash and cash equivalents		(7029063.60)	5371043.3
Cash and cash equivalent at beginning of the year		6548615.20	1177571.90
Cash and cash equivalent at end of the year		(480448.40)	6548615.20

IX. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2022

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Receipts						
<i>(1) Capitation Grant on Tuition</i>						
Exercise Books	954777.6	-	954777.6	648902.00	305876	68%
Laboratory Equipment	954777.6	-	954777.6	648902.00	305876	68%
Internal Exams	954777.6	-	954777.6	648902.00	305876	68%
Teaching / Learning Materials	1909555.2	-	1909555.2	1297807.00	917624	48%
SUB TOTALS	2195988	-	2195988	3244513	1835252	83.6%
<i>(2) Capitation Grant on Operations</i>						
Personnel Emoluments	4331520	-	4331520	2353102	1978418	54%
Repairs And Maintenance	5760000	-	5760000	4939561	820439	86%
Local Transport / Travelling	2165760	-	2165760	1346801	818959	62%
Electricity And Water	2165760	-	2165760	1928150	1056569	89%
Medical	200000	-	200000	200000	-	0%
Administration Costs	2165760	-	2165760	3089888	(924128)	143%
Activity	1728000	-	1728000	336927	1391073	19%
Infrastructure	5650000	-	5650000	9373500	(3723500)	166%
SUB TOTAL	24166800	-	24166800	23567928	3266086	97%

BAVUNI SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2022

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
(3) Fees Charged on Parents						
Fee On Boarding Equipment and Stores	25598000	-	25598000	32272013	(6674013)	-26%
Other Income						
Income From Bus Hire	360000	-	360000	284640	76000	79%
TOTAL INCOME	46670788		46670788	49995595	2226825	5%
(1) Expenditure For Tuition						
Exercise Books	954777.6	-	954777.6	932200	22578	97%
Laboratory Equipment	954777.6	-	954777.6	1216920	(239564.8)	127%
Internal Exams	954777.6	-	954777.6	376700	578077.6	39%
Teaching / Learning Materials	1909555.2	-	1909555.2	1181500	728055.2	62%
SUB TOTALS	4773888		4773888	3707320	1089146	23%
(2) Expenditure For Operations						
Personnel Emoluments	4331520	-	4331520	2745827	1585693	63%
Repairs, Maintenance & Improvements	5760000	-	5760000	6778500	(1018500)	117%
Local Transport / Travelling	2165760	-	2165760	957244	1208516	44%
Electricity, Water and Conservancy	2165760	-	2165760	622373	1543387	28%
Medical	200000	-	200000	-	200000	-
Administration Costs	2165760	-	2165760	5046750	(2880990)	233%
Activity Expenses	1728000	-	1728000	1289000	439000	76%

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
<i>SUB TOTALS</i>	18516800		18516800	17439694	1077106	5%
<i>(3) Expenditure For School Fund</i>						
Lunch Programme	24178819	-	24178819	36675119	(14375119)	164%
Totals	45590688	-	45590688	57822133	12208867	26%

X. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprest, salary advances and other receivables and b) payables that include deposits and retentions and payables from operations.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *school*, and all values are rounded to the nearest Kenya Shilling (Kshs). The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of receipts and payments

The *school* recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the *school*. In addition, the *school* recognises all expenses when the event occurs, and the related cash has actually been paid out by the *school*.

3. In-kind contributions

In-kind contributions are donations that are made to the *school* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *school* includes such value in the statement of receipts and payments both as a receipt and as a payment in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

Significant Accounting Policies (Continued)

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years.

7. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the school fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *school's* budget was approved by the School Board of Management. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

9. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2022.

BAVUNI SECONDARY SCHOOLReports and Financial Statements For the year ended 30th June 2022**XI. Notes To The Financial Statements****1 Capitation Grant for Tuition**

Description	2021-2022	2020-2021
	Kshs	Kshs
Textbooks And Reference Materials	-	-
Exercise Books	648902.00	344408.80
Laboratory Equipment	648902.00	344408.80
Internal Exams	648902.00	344408.80
Teaching / Learning Materials	1297807.00	344408.85
Chalks	-	-
Exams And Assessment	-	-
Teachers Guides	-	-
Total	3244513.00	1377635.25

2 Capitation Grant for Operations

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel Emoluments	2353101.70	924662.01
Repairs And Maintenance	4939560.50	3324000.00
Local Transport / Travelling	1346801.00	924662.01
Electricity And Water	1928150.00	924662.01
Medical	200000.00	-
Administration Costs	3089888.00	924662.01
Activity	336927.20	924662.01
Infrastructure	9373500.00	1500000.00
Total	23567928.40	9447310.05

3 Parents Contribution/Fees - School Fund Account

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	1148529.00	441520.00
Repairs and maintenance	914067.00	321394.00
Local transport / travelling	312789.00	86457.00
Electricity and water	1817681.00	671930.00
lunch	27300824.00	7781829.00
Administration costs	721395.00	274141.00
Activity	56728.00	20643.00

BAVUNI SECONDARY SCHOOL**Reports and Financial Statements For the year ended 30th June 2022**

Description	2021-2022	2020-2021
	Kshs	Kshs
Total	32272013.00	9597914.00

Notes To The Financial Statements (Continued)**4 Other Receipts – School Fund Account**

Description	2021-2022	2020-2021
	Kshs	Kshs
Fee On Boarding Equipment and Stores	-	-
Knec repeaters	35800.00	5900.00
Damages	2390.00	2950.00
I.D Cards	90400.00	21898.00
Income From Posho Mill	-	-
Income From Bus Hire	156050.00	38400
Fee For Hire of Ground and Equipment	-	-
Income From Grants and Donations*	-	-
Interest Income	-	-
Dividends Income	-	-
Total	284640.00	69148.00

5 Payments For Tuition

Description	2021-2022	2020-2021
	Kshs	Kshs
Textbooks And Reference Materials	-	-
Exercise Books	932200	163050
Laboratory Equipment	1216920	125140
Internal Exams	376700	3 500
Teaching / Learning Materials	1181500	206374
Chalks	-	-
Exams And Assessment	-	-
Teachers Guides	-	-
Administration Costs	-	-
Bank Charges	-	-
Total	3707320	526064

Notes To The Financial Statements (Continued)**6 Payments For Operations**

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel Emoluments	2745827	1067869
Service Gratuity	-	-
Administration Cost	5046750	246120
Repairs And Maintenance & Improvements	6778500	236380
Local Transport / Travelling	957244	178000
Electricity And Water	622373	261788
Medical	-	-
Activity Expenses	1289000	103000
Infrastructure	-	1500000
Insurance Cost	-	-
Bank Charges	-	-
Acquisition Of Assets	9521237	1500000
Total	26960931	5093157

BAVUNI SECONDARY SCHOOL**Reports and Financial Statements For the year ended 30th June 2022**

Notes To The Financial Statements (Continued)**7 Boarding And School Fund Payments**

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel Emoluments	3381799	1096024
Repairs And Maintenance & Improvements	3665560	978000
Local Transport / Travelling	882975	434530
Electricity And Water	374006	22000
Administration Costs	3120476	216339
Expenses On Income Generating Activities	11000	-
Fee On Boarding Equipment and Stores	24667878	4046639
Activity	441025	109700
KCSE Repeaters	58600	-
Identity cards	71800	10620
Total	35675119	6913852

BAVUNI SECONDARY SCHOOL**Reports and Financial Statements For the year ended 30th June 2022****Notes To The Financial Statements (Continued)****8 Bank Accounts**

Name Of Bank, Account No. & Currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account		352601	722478
Operations Account		853413	4467087
School Fund Account/Boarding		(1709057)	1040151
Infrastructural Account		22595	194310
Total		(480448)	6424026

9 Cash In Hand

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Account	(67700)	(28770)
Operation Account	438009	69600
Infrastructure Account	23978	-
School Fund account	(394287)	83759
Total	0	124589

10 Notes To The Financial Statements (Continued)**11 Accounts Receivable**

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees Arrears	3109113	3800687
Total	3109113	3800687

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees Arrears For Current Year	2096104	1606140
Fees arrears received in the year	(2787678)	(177105)
Fees Arrears For The Previous Year	1606140	1257143
Fees Arrears For Prior Periods (Over Two Years)	2194547	1114509
Total	3109113	3800687

BAVUNI SECONDARY SCHOOL**Reports and Financial Statements For the year ended 30th June 2022****12 Accounts Payable**

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	-	-
Prepaid Fees	986198	732560
Total	986198	732560

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Creditors for Current Year	-	-
Trade Creditors for The Previous Year	-	1891416
Trade Creditors for Prior Periods (Over Two Years)	-	(1891416)
Total	0	0

BAVUNI SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

13 Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank Balances	6424026	1177571
Cash Balances	124589	-
Receivables	3800687	2371652
Payables	(732560)	(1891416)
Total	9616742	1657807