REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

NGUIRUBI MIXED SECONDARY SCHOOL

FOR THE YEAR ENDED 30 JUNE, 2023

KIAMBU COUNTY

NGUIRUBI MIXED SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2023

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

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1. Acronyms and Glossary of Terms

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

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day Secondary Education

2. Key School Information and Management

[Customise the details in this section to suit your School]

(a) Background information

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

The school was registered in 10/2015 under registration number 22S003000126 and is currently categorized as a *Sub County* public school established, owned or operated by the Government.

The school is a day school and had 357 number of students as at *30th June 2023* It has Two streams and 19 teachers of which 0 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	James Kamau Mbugua	Chairman	7th march 2022
2	Winfred Kambua William	Secretary - Principal	7th march 2022
3	Stephen Kigathi	Member - Community	7th march 2022
4	Samuel Mwangi Ngumi	Member	7th march 2022
5	David Ndung'u Muthoki	Member	7th march 2022
6	Alice Njeri Karanja	Member	7th march 2022
7	Simon Kabui Waruru	Member	7th march 2022
8	Peter Gacibi Gicheha	Member – Rep CEB	7th march 2022
9	Daniel muchai Karanja	Member Rep Teachers	7th march 2022
10	Serah Njeri Gathu	Members – Sponsor (3)	7th march 2022
11	Pst Peter N . Chege	Member	7th march 2022
12	Peter Ndorongo	Member	7th march 2022
13	Solomon Githinji	Member Special Needs	7th march 2022
14	Jane wanjiku Mwaniki	Member	7th march 2022
15	Surveyor Mary njambi	Member	7th march 2022
16	Surveyor Moses Matindi	Member	7th march 2022
17	Francis Chege	Member	7th march 2022
18	Francis Waweru	Rep Students	7th march 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, 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

(Provide the names of the various committees of the Board established by the Board and the names of the committee members):

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1. James kamau Mbugua 2. winfred. k .William 3. Peter Gacibi 4. Alice Njeri Karanja 5. Pst Peter Chege	Chairman Secretary Member Member Member	0 out of 0

2	Audit Committee	1. Stephen Kigathi 2. Winfred kambua 3. Alice Njeri Karanja 4. James Kamau 5. Serah Njeri 6. Solomn Githinji	chairman Member Member Member Member Member	0 out of 0
3	Finance,procurement and general purposes Committee	1. Stephen kigathi 2. Peter ndorongo 3. Winfred Kambua 4. Peter Gacibi 5. .James Kamau 6. Francis chege	Chairman Member Secretary Member Member Member	2 out of 2

4	Academic Committee	1. Simon kabui 2. Winfred Kambua 3. James kamau 4. Peter Gacibi 5. Samuel mwangi 6. Jane wanjiku	Chairman Secretary Member Member Member Member	2 out of 2
5	Development Committee	1. Stephen kigathi 2. Peter ndorongo 3. Winfred Kambua 4. Peter Gacibi 5. James Kamau 6. Francis chege	Chairman Member Secretary Member Member	6 out of 6

			Member	
6	Discipline and welfare Committee	1. Simon kambui 2. Peter Gacibi 3. Winfred Kambua 4. Jane wanjiku 5. Daniel karanja 6. James kamau	Chairman Member Secretary Member Member Member	2 out of 2
7	Adhoc Committee (if any during the year)	NONE		none

(d) School operation Management

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

Ref:	Designation	Name	Identification
1	Principal	Winfred Kambua William	TSC No.352848
2	Deputy Principal	Julius .O.Momanyi	TSC No.314294
3	School Bursar	Paul Macharia.Kiguru	ICPAK No. 22339

(e) Schools contacts

Post Office Box: 944-00217
Telephone: 0722174651/0720841922

E-mail: nguirubimixedsecondaryschool@gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

Provide details of the school bankers

1. Name of Bank: National bank of Kenya
   Branch: Limuru
   Account Number: 01025050701201

2. Name of Bank: National bank of Kenya
   Branch: Limuru
   Account Number: 01025050701200
3. Name of Bank: National bank of Kenya
   Branch: Limuru
   Account Number: 01021050701200
4. Name of Bank: National bank of Kenya
   Branch: Limuru
   Account Number: 01242050701201

5. Name of Bank: National bank of Kenya
   Branch: Limuru
   Account Number: 01021020501201

(g) Independent Auditors

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

3. Summary Report of Performance of The School

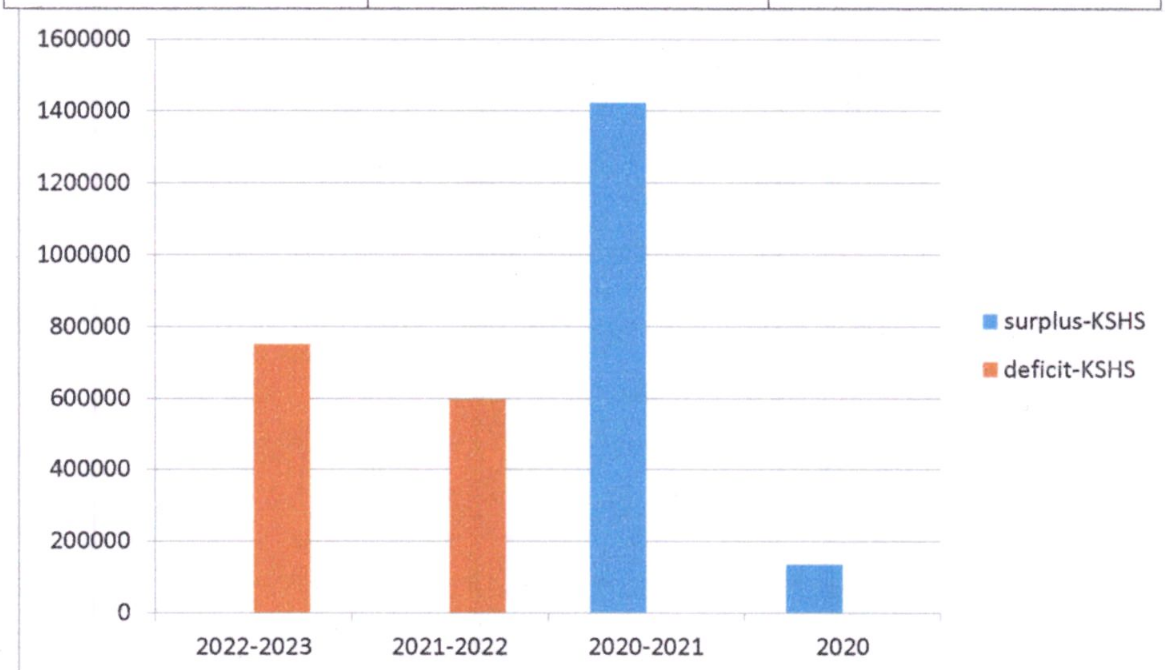
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

(Under this section, the following information should be given:

- *Surplus/ deficit for the year and a comparison of the same for the last three years*
- *The school recorded a deficit of Ksh 751,754.00.00 in the financial year ending June 2023 as compared below for the last three years*

-	- surplus	- deficit
- 2022-2023	-	- 751,754.00
- 2021-2022	-	- 598,636.00
- 2020-2021	- 1,422,631.00	-
- 2020	- 134,713.00	-



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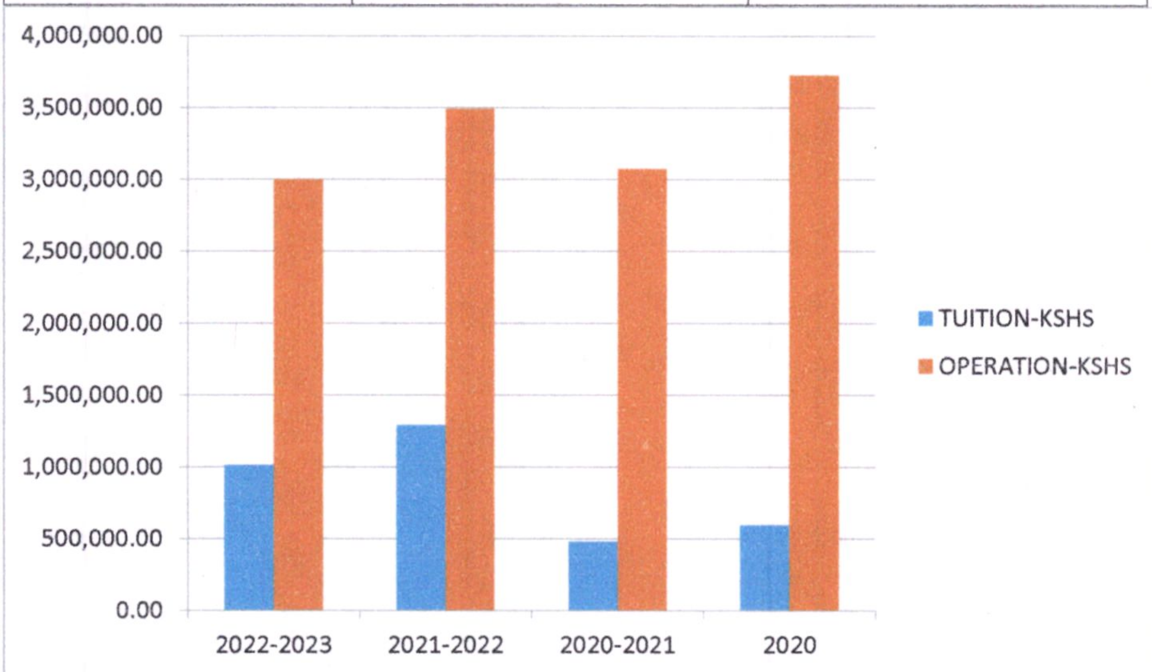
- *Capitation grants from the Ministry of Education for the last three years*

- YEARS	- TUITION	- OPERATION
- 2022-2023	1,012,923.00	- 3,000,356.00
- 2021-2022	- 1,291,767.00	- 3,495,510.00
- 2020-2021	- 482,125.00	- 3,075,701.00
- 2020	- 596,888.00	- 3,726,884.50



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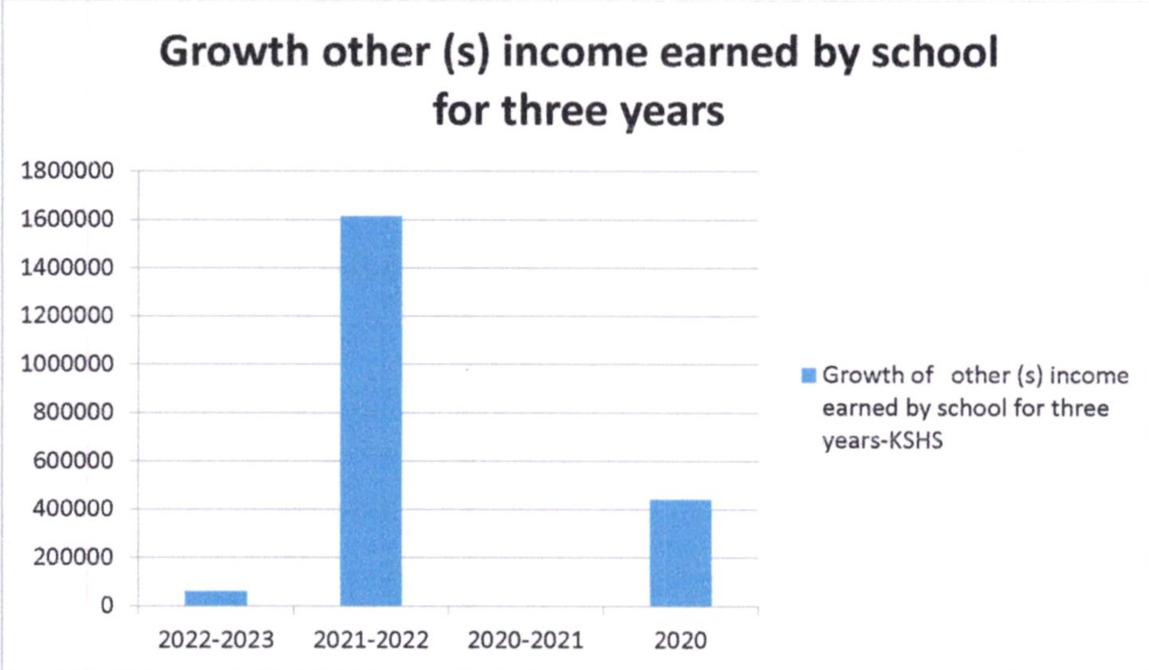
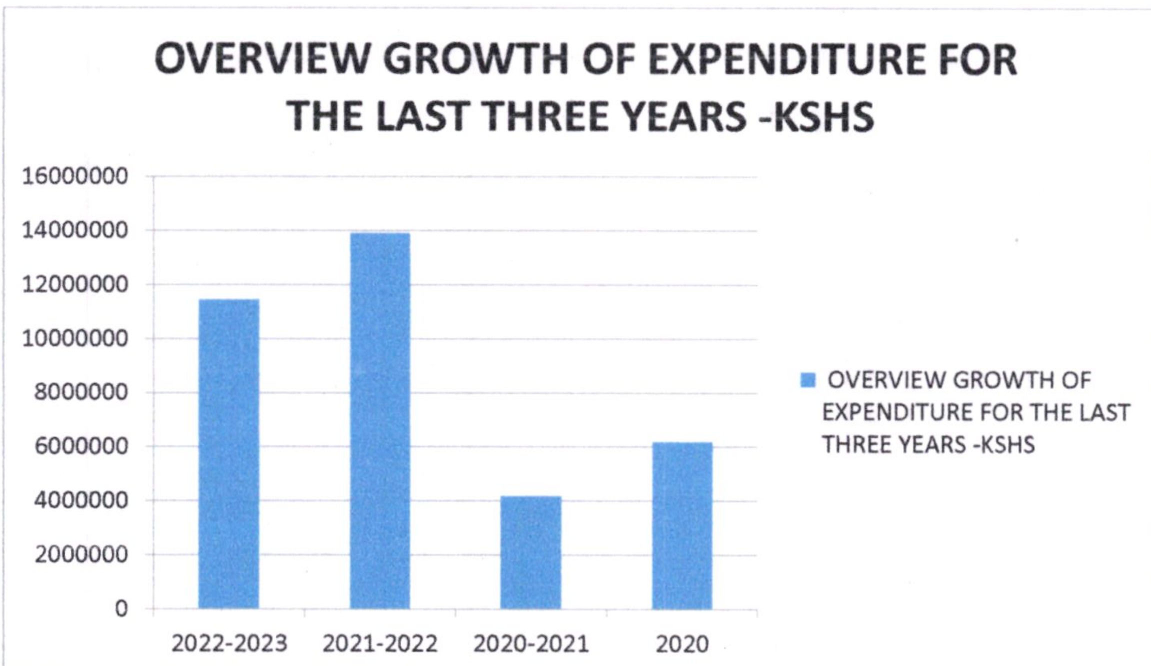
A three-year overview of growth of other income(s) earned by the school.

- years	- other income(s)
- 2022-2023	61,160.00
- 2021-2022	- 1,615,093.00
- 2020-2021	2400.00
- 2020	442,230.00



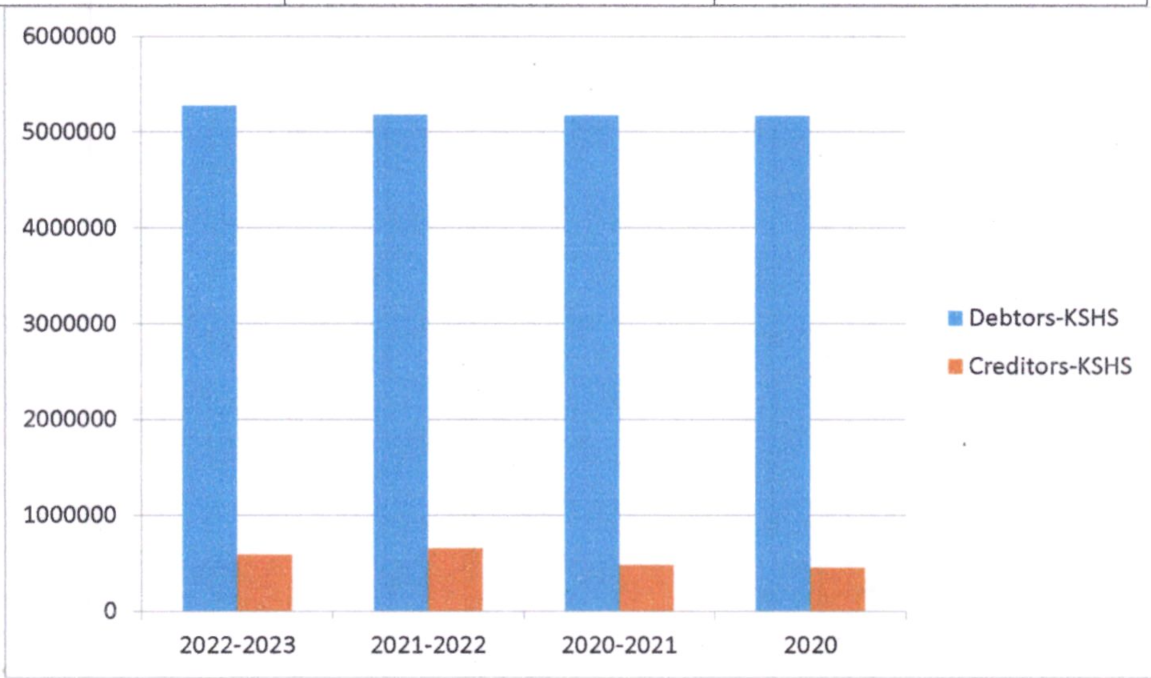
three-year overview of growth in expenditure of the school

-	*years*	-	*Expenditure*
-	*2022-2023*	-	*11,453,056.00*
-	*2021-2022*	-	*13,895,681.00*
-	*2020-2021*	-	*4,182,993.00*
-	*2020*	-	*6,187,398.00*



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

- years	- Debtors	- Creditors
- 2022-2023	5,276,651.00	590,410.00
2021-2022	5,182,332.00	653,094.00
2020-2021	5,173,932.00	484,027.00
- 2020	5,171,460.00	455,727.00



Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends unless the school is new).

b) Teacher Student ratio:

(Include the teacher to student ratio, number of teachers recruited and posted to the school within the year, number of teachers that were transferred/ retired during the period as well as number of teachers employed by TSC, and number employed by BOM. One may also include how many teachers the school has for each subject in order to indicate shortage/ allocation of resources).

TEACHER/ STUDENTS RATIO	RECRUITED/ POSTED	TRANSFERRED RETIRED/	EMPLOYER	
			TSC	BOM
1:19	1	1	0	0

c) Mean score in the *2022* KCSE:

Give performance of the school for each over the last three years. Include the number of students that have since transitioned to i

Institutions of higher learning. Include the mean score and comment on improvement or otherwise as compared to the school's set score.

KCSE	MEAN SCORE			TRANSLATION TO HIGHER LEANING		
	2022	2021	2020	2022	2021	2020
	2.8246	2.0536	2.4262	1	0	0

d) Number of Candidates in the 2022 KCSE:

(Tabulate the number of candidates sitting for KCSE over the last three years).

KCSE	2022	2021	2020	2019
ENTRY	57	56	62	56

e) Capacity of the school:

(Indicate the number of students in the school vis a vie the facilities like the dormitories, the dining hall, the laboratories, toilets and other amenities. This information will provide useful details for the Ministry of Education).

Facilities	Ratio
Classroom (9)	1:40
Toilets (22)	1:16
Laboratory (2)	1:178
Library (1)	1:357

f) Development projects carried out by the school:

(Development projects carried out in the year and on-going projects including a disclosure of project fund sources in a tabular format).

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
water harvesting and reservoir tanks	M&I	ON-GOING	1,800,000.00	1,800,00.00	PHASE 1 COMPLETE

NGUIRUBI MIXED SECONDARY SCHOOL P. O. BOX 444 - 00217 LIMURU

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School Principal

16/10/2023

4. Statement of School Management Responsibility

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board (PSASB) of Kenya from time to time.

Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

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

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

....

Name: James Kamau Mbugua

Designation: Chairman, School Board of Management

Date: 16/10/2023

NGUIRUBI MIXED SECONDARY SCHOOL P. O. Box 994 - 00217 LIMURU

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Name: Winfred Kambua William

Designation: School Principal & Secretary to Board of Management

Date: 16/10/2023

....

Name: Paul Macharia kiguru

Designation: Bursar/ Finance Officer

Date: 16/10/2023

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website:www.oagkenya.go.ke

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NGUIRUBI MIXED SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 - KIAMBU COUNTY

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on the 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.

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 Nguirubi Mixed Secondary School - Kiambu County set out on Pages 1 to 17, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the period then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nguirubi Mixed Secondary School - Kiambu County as at 30 June, 2023 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standard (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Inaccuracy in Financial Statements

The statements of receipts and payments reflects total receipts of Kshs.10,701,302 whereas the statement of budget versus actual reflects Kshs.10,640,142 resulting to unreconciled variance of Kshs.61,160. The statement of receipts and payments reflects total payments of Kshs.11,453,056 resulting to unreconciled variance of Kshs.3,801.

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

2. Unsupported Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.5,276,651 as disclosed in Note 13 to the financial statements. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review. Included in the balance are receivables amounting to Kshs.5,039,122 which had 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, recoverability and completeness of the accounts receivables balance of Kshs.5,276,651 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Nguirubi Mixed 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 final receipts budget and actual on a comparable basis of Kshs.11,887,047 and Kshs.10,640,142 respectively, resulting to an under-funding of Kshs.1,246,905 or 12% of the budget. However, the School spent a balance of Kshs.11,449,255 against actual receipts of Kshs.3,000,356 resulting to an over-utilization of Kshs.809,113 or 8% of actual receipts.

The under-funding and over-utilization affected the planned activities and may have impacted negatively 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. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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. 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.4,104,832 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.263,500 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.263,500 could not be confirmed.

2. Long Outstanding Payables

The statement of financial assets and financial liabilities and as disclosed in Note 14 to the financial statements reflects payables balance of Kshs.590,410. However, included in the balance are trade payables balance of Kshs.327,900 which had been outstanding for more than three (3) years. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates.

In the circumstances, the School Management was in breach of the law and there is risk of loss of public funds through litigations, interests and penalties.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.48,218,390 in respect of fixed assets which includes land with a balance of Kshs.3,500,000. However, land ownership documents was not provided for audit.

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

2. Lack of Risk Assessment Policy and Disaster Recovery Plan

Review of the internal controls revealed that the school management had not developed risk management policy and risk assessments were not performed for the year ended 30 June, 2023 contrary to Regulation 165(1) of the Public Finance Management Regulations (National Government), 2015 which requires each National Government entity to develop risk management strategies and a system of risk management. Further, a disaster recovery plan or business continuity plan was not in place to ensure that the school recovers its functionality in case of an unplanned incident or disaster.

In the circumstances, the effectiveness of the risk management policy of the school could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of an intention to terminate the School or to cease operations.

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

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

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

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

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

- Conclude on the appropriateness of the Management's use of applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to 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 control that are identified during the audit.

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 January, 2025

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

Description Of Vote Head	Note	*2022-2023*	*2021-2022*
		Kshs	**Kshs**
Receipts			
Government grants for tuition	1	1,012,923.00	1,291,767.00
Government grants for operations	2	3,000,356.00	3,495,510.00
Government Grants for infrastructure	3	1,482,000.00	2,123,000.00
School fund income- parents' contributions	4	5,144,863.00	4,771,674.00
Miscellaneous incomes	5	61,160.00	1,615,093.00
Total Receipts		**10,701,302.00**	**13,297,045.00**
Payments			
Tuition	6	1,077,420.00	1,587,715.00
Operations	7	4,104,733.00	3,709,270.00
Infrastructure	8	2,166,071.00	2,762,895.00
Boarding and school fund	9	4,104,832.00	5,835,801.00
Total Payments		11,453,056.00	**13,895,681.00**
Surplus/Deficit		**(751,754.00)**	**(598,636.00)**

The school financial statements were approved on 16/10/ 2023 and signed by:

NGUIRUBI MIXED SECONDARY SCHOOL P. O. BOX 44 - 00217 LIMURU

………………………………	………………………………	………………………………
Name: James .K.Mbugua	**Name: Winfred .K.William - School Principal/ Secretary to BOM**	**Name: Paul .M. Kiguru**
Chair BOM		**Bursar/ Finance Officer**
Date: 16/10/2023	**Date:** 16/10/2023	**Date:** 16/10/2023

(Comparative FY refers to the financial year preceding the current financial year.)

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

Description	Note	*2022-2023*	*2021-2022*
		Kshs	**Kshs**
Financial Assets			
Cash and cash equivalents			
Bank balances	10	225,288.00	1,133,400.00
Cash balances	11	92.00	736.00
Short term investments	12	0.00	0.00
Total cash and cash equivalent		**225,380.00**	**1,134,136.00**
Account's receivables	13	5,276,651.00	5,182,332.00
Total financial assets		**5,502,031.00**	**6,316,468.00**
Financial liabilities			
Accounts payables	14	590,410.00	653,094.00
Net financial assets		**4,911,621.00**	**5,663,374.00**
Represented by			
Accumulated fund b/fwd	15	5,663,374.00	6,262,011.00
Surplus/deficit for the year		(751,754.00)	(598,636.00)
Net financial position		**4,911,621.00**	**5,663,374.00**

The school's financial statements were approved on 16/10/2023 and signed by:

NGUIRUBI MIXED SECONDARY SCHOOL P. O. BOX ... - 00217 LIMURU

....	....	....
Name: James .K.Mbugua	**Name: Winfred .K.William**	**Name: : Paul .M. Kiguru**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 16/10/2023	**Date:** 16/10/2023	**Date:** 16/10/2023

(Comparative FY refers to the financial year preceding the current Financial year.)

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

Description	Note	*2022-2023*	*2021-2022*
		Kshs	**Kshs**
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	1,012,923.00	1,291,767.00
Government grants for operations	2	3,000,356.00	3,495,510.00
Government grants for infrastructure	3	1,482,000.00	2,123,000.00
School fund income- parents contributions/ fees	4	4,987,860.00	4,932,341.00
Other income	5	61,160.00	1,615,093.00
Total receipts		**10,544,299.00**	**13,457,712.00**
Payments			
Cash outflows for tuition	6	1,077,420.00	1,587,715.00
Cash outflows for operations	7	4,104,733.00	3,709,270.00
Cash outflows Boarding/lunch and school fund payments	9	4,104,832.00	5,835,801.00
Total payments		**(9,286,985.00)**	**(11,132,786.00)**
Net cash inflow/outflow from operating activities		**1,257,314.00**	**2,324,926.00**
Cash flow from investing activities			
Acquisition of assets	8	(2,166,071.00)	(2,762,895.00)
Proceeds from sale of Assets			
Proceeds from investments			
Purchase of investments			
Net cash inflow/outflows from investing activities		**(2,166,071.00)**	**(2,762,895.00)**
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		**(2,166,071.00)**	**(2,762,895.00)**
Net increase/decrease in cash and cash equivalents		**(908,757.00)**	**(437,970.00)**
Cash and cash equivalent at beginning of the FY	10	1,134,136.00	1,572,106.00
Cash and cash equivalent at end of the FY		**225,380.00**	**1,134,136.00**

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

(The above presentation of cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS. Schools should therefore adopt the direct method of cashflow as recommended by PSASB).

- ADJUSTMENT FOR School fund income- parents contributions/ fees SEE NOTE -16

The school's financial statements were approved on 16/10/ 2023and signed by:

…………………………………	…………………………………	…………………………………
Name: James .K.Mbugua	**Name: Winfred .K.William**	**Name: Paul .M. Kiguru**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 16/10/2023	**Date:** 16/10/2023	**Date:** 16/10/2023

NGUIRUBI MIXED SECONDARY SCHOOL P. O. BOX 344 - 00217 LIMURU

(Comparative FY refers to the financial year preceding the current Financial year.)

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
(1) Capitation Grant on Tuition					
Exercise Books	470,000.0		470,000.0	470,000.00	100%
Laboratory Equipment	172,000.00		172,000.00	171,831.00	99%
Internal Exams	364,000.00		364,000.00	363,092.00	99%
Teaching / Learning Materials	8000.00		8000.00	8,000.00	100%
Total	**1,014,000.00**		**1,014,000.00**	**1,012,923.00**	**99%**
(2) Capitation Grant on Operations					
Personnel Emoluments	2,176,000.00		2,176,000.00	1,995,951.70	91.9%
Local Transport / Travelling	512,000.00		512,000.00	338,356.25	66%
Electricity And Water	304,400.00		304,400.00	0.00	0%
Medical	75,499.00		75,499.00	75,499.00	100%
Administration Costs	785,585.00		785,585.00	381,536.25	49%
Activity	392,700.00		392,700.00	209,013.00	100%
Total	**4,246,184.00**		**4,246,184.00**	**3,000,356.20**	**86.2%**
3) FDSE for infrastructure					
Maintenance &Improvement MoE	**1482,000.00**		**1,482,000.00**	**1,482,000.00**	**100%**
(4) Fees Charged on Parents					
Lunch program	**4,590,000.00**	**554,863.00**	**5,144,863.00**	**5,144,863.00**	**100%**

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
Total Income	11,332,184.00	554,863.00	11,887,047.00	10,640,142.20	**89.5%**
(6) Expenditure For Tuition					
Exercise Books	424,800.0		424,800.00	428,400.00	100%
Laboratory Equipment	170,000.00	(32,470.00)	137,530.00	137,530.00	100%
Internal Exams	362,750.00	139,050.00	501,800.00	501,800.00	100%
Teaching / Learning Materials	8000.00		8,000.00	8000.00	100%
Total	**965,550.00**	**106,580.00**	**1,072,130.00**	**1,075,730.00**	**100%**
(7) Expenditure For Operations					
Personnel Emoluments	2,176,000.00		2,176,000.00	2,175,959.00	99%
Local Transport / Travelling	512,000.00		512,000.00	511,515.00	99.%
Electricity And Water	304,400.00		304,400.00	272,192.00	89%
Medical	75,499.00		75,499.00	3,000.00	4%
Administration Costs	785,585.00		785,585.00	784,876.00	100%
Activity	392,700.00		392,700.00	355,500.00	90%
Total	**4,246,184.00**		**4,246,184.00**	**4,103,042.00**	**96.6%**
(8) Expenditure For infrastructure					
Construction of water reservoirs	1,482,000.00		1,482,000.00	2,166,071.00	146%
(9) Expenditure For school fund/lunch/boarding					
Lunch Programme	4,590,000.00	(485,168.00)	4,104,832.00	4,104,412.00	100%
Totals	**11,283,734.00**	**(378,588.00)**	**10,905,146.00**	**11,449,255.00**	**105%**

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

- *INFRASTRUCTURE project exceeded 100% because the project for the financial year 2021-2022 was completed in 2022-2023*

- *MEDICAL – The vote head Was underutilised to boost the underfunded vote heads*

- *E.W.C ,ADM.COST, and ACTIVITY Voteheads were underfunded as compared to approved budget estimate.*

10. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

The *school* recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the *school*. In addition, the *school* recognises all expenses when the event occurs, and the related cash has actually been paid out by the *school*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

3. In-kind contributions

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

4. Cash and cash equivalents

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

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. Accounts receivables also include school fees billed to parents for services rendered but not paid. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2023

11. Notes To The Financial Statements

1 Government Grants for Tuition

Description	*2022-2023*	*2021-2022*
	Kshs	Kshs
Exercise book	470,000.00	0.00
laboratory equipment	171,831.00	0.00
Internal Exams	363,092.00	0.00
Teaching / Learning Materials	8,000.00	1,291,767.40
Total	**1,012,923.00**	**1,291,767.40**

**Include others as per MOE circulars*

2 Government Grants for Operations

Description	*2022-2023*	*2021-2022*
	Kshs	Kshs
Personal Emoluments	1,995,951.70	0.00
LT&T	338,356.25	0.00
Administration cost	381,536.25	0.00
Other Vote Heads (P.E ,EWC,LT&T ,ADM COST)	0.00	3,495,510.30
Medical	75,499.00	0.00
Activity	209,013.00	0.00
Total	**3,000,356.20**	**3,495,510.30**

3 Government Grants for infrastructure

Description	*2022-2023*	*2021-2022*
	Kshs	Kshs
Maintenance & Improvement	1,482,000.00	2,123,000.00
Total	**1,482,000.00**	**2,123,000.00**

4 School Fund Income - Parents Contribution/Fees

Description	*2022-2023*	*2021-2022*
	Kshs	Kshs
Lunch program	5,144,863.00	4,771,674.00
Total	**5,144,863.00**	**4,771,674.00**

CASH FLOW ADJUSTMENTS SEE NO 16.

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

5 Miscellaneous Incomes

Description	2022-2023	2021-2022
	Kshs	Kshs
Student I.D	3,550.00	15,450.00
Donation	0.00	1,599,643.00
Loses and Damages	42,610.00	
Tender document	15,000.00	
Total	**61,160.00**	**1,615,093.00**

(Include an explanation on the kind and source of grants/ donations received by the school.)
**Ensure proper authorization from MOE before obtaining loans/borrowings.*
**Indicate what other income relates to including income arising from write backs if any*

Notes to the Financial Statements (continued)

6 Payment for Tuition

Description	2022-2023	2021-2022
	Kshs	Kshs
Internal Exam	501,800.00	0.00
Exercise books	428,400.00	0.00
Lab-equipment	137,530.00	0.00
Teaching / Learning Materials	8,000.00	1,587,715.00
bank charges	1,690.00	0.00
Total	**1,077,420.00**	**1,587,715.00**

7 Payment for Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Personal emolument	2,175,959.00	0.00
LT&T	511,515.00	0.00
Medical &insurance	3,000.00	0.00
Activities	355,500.00	161,410.00
E.W.C	272,193.00	0.00
ADM.COST	784,876.00	0.00
OTHERS	0.00	3,546,410.00

bank charges	1,690.00	1,450.00
Total	**4,104,733.00**	**3,709,270.00**

Notes to the Financial Statements (continued)

8 Infrastructure

Description	2022-2023	2021-2022
	Kshs	Kshs
Construction of water reservoir tanks	1800,000.00	0.00
Lab renovation and lockers repair	366,071.00	2,762,895.00
Total	**2,166,071.00**	**2,762,895.00**

9 Boarding And School Fund

Description	2022-2023	2021-2022
	Kshs	Kshs
Lunch program	4,104,412.00	5,112,979.00
Student I.D	0.00	13,650.00
Development	0.00	689,172.00
School farm	0.00	20,000.00
Bank charges	420.00	
Total	**4,104,832.00**	**5,835,801.00**

*(Expenses on income generating activities** should include all costs relating to the school earnings on miscellaneous receipts as recorded in note 5. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others).*

Notes to the Financial Statements (continued)

10 Bank Accounts

Account Name & Currency	Status	Bank Account Number	2022-2023	2021-2022
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	01025050701200	4,880.25	23,377.00
Operations Account	Active	01025050701201	212,665.75	60,479.55
School Fund Account/Boarding	Active	01021050701200	5,828.85	131,828.85
Savings Account	Active	01242050701201	1,092.83	22512.83
Infrastructure	Active	01021050701201	820.05	895,202.05
			225,287.73	**1,133,400.28**

11 Cash In Hand

Description	2022-2023	2021-2023
	Kshs	Kshs
Notes and Coins	92.00	736.00

Total	**92.00**	**736.00**

12 Short Term Investments

Description	2022-2023	2021-2022
	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**

Notes to the Financial Statements (continued)

13 Accounts Receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees Arrears	5,276,651.00	5,182,332.00
Other Non-Fees Receivables		
Salary Advances (list/schedule attached)		
Imprest (list/schedule attached)		
Rent arrears (list/schedule attached)		
Total	**5,276,651.00**	**5,182,332.00**

13 b Ageing Analysis of Accounts Receivable

Description	2022-2023 Kshs		2021-2022 Kshs	
	2022-2023	**% of the total**	**2021-2022**	**% of the total**
Less than 1 year	235,799.00	4.5%	143,210.00	2.8%
Between 1- 2 years	14,530.00	0.3%	12,800.00	0.2%
Between 2-3 years	114,612.00	2.2%	114,612.00	2.2%
Over 3 years	4,911,710.0	93.1%	4,911,710.00	94.8%
Total (should tie to note 13 a)	**5,276,651.00**	**100%**	**5,182,332.00**	**100%**

14 Accounts Payable

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	327,900.00	327,900.00

Prepaid Fees	262,510.00	325,194.00
Total	**590,410.00**	**653,094.00**

Notes to the Financial Statements (continued)

14a. Ageing Analysis of Accounts Payable

Description	*2022-2023*		*2021-2022*	
	Kshs		*Kshs*	
	2022-2023	**% of the total**	**2021-2022**	**% of the total**
Less than 1 year				
Between 1- 2 years				
Between 2-3 years				
Over 3 years	327,900.00	100%	327,900.00	100%
Total (should tie to note 14)	**327,900.00**	**100%**	**327,900.00**	**100%**

15 Fund Balance Brought Forward

Description	***2022-2023***	***2021-2022***
	Kshs	**Kshs**
Bank Balances	225,287.73	1,133,400.28
Cash Balances	92.00	736.00
Short Term Investments	0.00	0.00
Receivables	5,276,651.00	5,182,332.00
Payables	(590,410.00)	(653,094.00)
Total	**4,911,620.73**	**5,663,374.28**

16 ADJUSTMENT FOR CASH FLOW AND PARENT CONTRIBUTION –SCHOOL FUND ACCOUNT

a) ADJUSTMENT IN PARENT CONTRIBUTION- SCHOOL FUND

		Prepaid fees b/f 2021/2022note 14	325,194.00
To receipt and payment	5,144,863.00	add receipt for the year	4,846,380.00
		add outstanding fee as at 30/6/2023	235,799.00
prepaid fees c/f as at 30/6/2023	262,510.00		5,407,373.00
	5,407,373.00		

b) **ADJUSTMENT FOR CASH FLOW**

Receipt for the year	4,846,380.00
ADD Areas recovered during the year	141,480.00
	4,987,860.00

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.

17 Biological assets

Description	Numbers	2022-2023	2021-2022
		Kshs	Kshs
Cattle			
Goats	24		
Trees	6000		
Coffee Or Tea Plantation			
Poultry			
Others (specify)			
Total			

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	2022-2023	2021-2022
	Kshs	Kshs
Food stuffs	390,000.00	350,000.00
Lab consumables	260,000.00	200,000.00
Farm produce	2800,00	5000,00
Medication	360.00	350.00
Construction Materials	**1000.00**	**5000.00**
TOTAL	**654,160.00**	**560,350.00**

(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)*

NGUIRUBI MIXED SECONDARY SCHOOL P.O. Box 944 - 00217 LIMURU

Sign and Date 16/10/2023
Principal

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid BY 30/6/2023	Outstanding Balance 30/6/2023	Outstanding Balance 30/6/2023	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1.						
2.						
3.						
Sub-Total						
Supply Of Goods						
4. Pesma General Merchant	644,300.00	20/1/2015	316,400.00	327,900.00	327,900.00	Foodstuff supplied to school
5.						
Sub-Total					**327,900.00**	
Grand Total	644,300.00	20/1/2015	316,400.00	327,900.00	327,900.00	

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1st July 2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2023
Land	3,500,000.00			3,500,000.00
Buildings And Structures	19,500,000.00	1,800,000.00		21,300,000.00
Office Equipment, Furniture And Fittings	3,968,860.00			3,968,860.00
ICT Equipment, and Others ICT Assets	2,000,000.00			2,000,000.00
Tools and apparatus	5,000,000.00	134,530.00		5,134,530.00
Text books	11,100,000.00	100,000.00		11,200,000.00
Other Machinery And Equipment	900,000.00			900,000.00
Heritage And Cultural Assets	15,000.00			15,000.00
Intangible Assets- Soft Ware	200,000.00			200,000.00
Total	46,183,860.00	2,034,530.00		48,218,390.00