

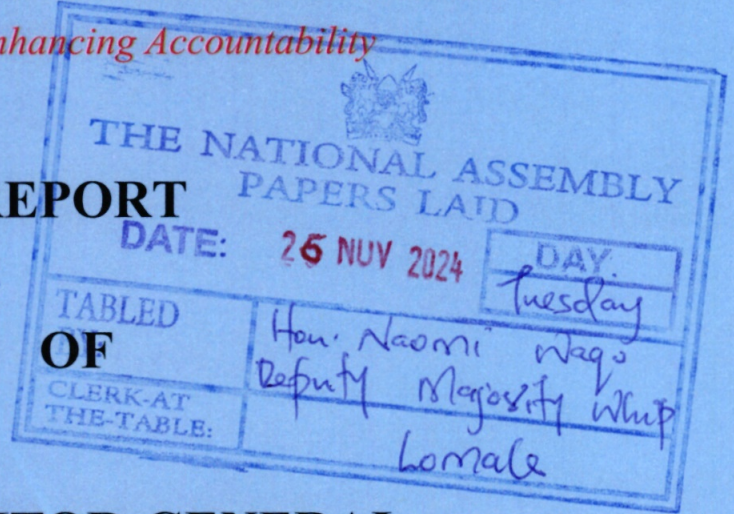
REPUBLIC OF KENYA



Enhancing Accountability



REPORT



THE AUDITOR-GENERAL

ON

MACHAKOS SCHOOL

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

MACHAKOS COUNTY



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00103, NAIROBI
REGISTRY

17 SEP 2024

RECEIVED



MACHAKOS 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)

Table of Contents	Page
1. Acronyms and Glossary of Terms	ii
2. Key School Information and Management	iii
3. Summary Report of Performance of The School	viii
4. Statement of School Management Responsibility.....	xiii
5. Report Of The Independent Auditors <i>(To be attached)</i>	xiv
6. Statement Of Receipts and Payments For the Year Ended 30 th June 2023.....	1
7. Statement of Assets and Liabilities As At 30 th June 2023.....	2
8. Statement of Cash Flows for the Year Ended 30 th June 2023	3
9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2023.....	5
10. Significant Accounting Policies.....	10
11. Notes To The Financial Statements	12
12. Annexes.....	22

Table of Contents	Page
1. Acronyms and Glossary of Terms	ii
2. Key School Information and Management	iii
3. Summary Report of Performance of The School	viii
4. Statement of School Management Responsibility	xiii
5. Report Of The Independent Auditors <i>(To be attached)</i>	xiv
6. Statement Of Receipts and Payments For the Year Ended 30 th June 2023	1
7. Statement of Assets and Liabilities As At 30 th June 2023	2
8. Statement of Cash Flows for the Year Ended 30 th June 2023	3
9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2023.....	5
10. Significant Accounting Policies	10
11. Notes To The Financial Statements.....	12
12. Annexes	22



1. Acronyms and Glossary of Terms

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

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

2. Key School Information and Management

(a) Background information

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

The school was registered in 11/2012 under registration number PU/S/3/9914/12 and is currently categorized as a National public school established, owned or operated by the Government.

The school is a boarding school and had 2238 number of students as at 30th June 2023. It has 10 streams and 82 teachers of which 16 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	Dr. Jonathan Mwanja	Chairman	6th March 2022
2	Mr. Indimuli Kahi	Secretary – Principal	6th March 2022
3	Mr. Peter Muema Mbatha	Member	6th March 2022
4	Mr. Joshua Gwara	Member	6th March 2022
5	Ali Noor Hussein	Member	6th March 2022
6	Dr. Winfred N. Mutuku	Member	6th March 2022
7	Mr. Josephat M. M.	Member	6th March 2022
8	Dr. Anthony Kihuga	Member	6th March 2022
9	Ms. Elizabeth Umira	Member	6th March 2022
10	Dr. Josephine Munyao	Member	6th March 2022
11	Dr. Lucas M. Mwove	Member	6th March 2022
12	Ms. Annastacia W. M.	Member – Rep CEB	6th March 2022
13	Mr. Musela Benjamin	Member Rep Teachers	6th March 2022
14	Mr. Peter M. Mbatha	3 Members – Sponsor	6th March 2022
15	Dr. Benard M. Muia	Member – Community	6th March 2022
16	Mr. Nzioka John Nzomo	Member Special Needs	6th March 2022
17	Anthony Mutuku Nzioka	Rep students	6th 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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1.Jonathan Mwanja 2.Indimuli Kahi 3.Winfred N Mutuku 4.Peter M Mbatha 5.Josephat Musyoka 6. Joshua Gwara	Chairperson Secretary Member Member Member PA Chair	1/1 1/1 1/1 1/1 1/1 1/1
2	Audit Committee	1.Peter Muema 2.Anthony Githinji 3.Annastacia Wayua 4.Benard Muia	Chairperson Member Member Member	0/0 0/0 0/0 0/0
3	Finance,procurement and general purposes Committee	1.Peter Muema 2.Anthony Githinji 3.Annastacia Wayua 4.Benard Muia	Chairperson Member Member Member	0/0 0/0 0/0 0/0
4	Academic Committee	1.Nzioka Nzomo 2.Indimuli Kahi 3.Josephine Munyao 4.Jonathan Mwanja 5.Benard Muia	Chairperson Secretary Member Member Member	0/0 0/0 0/0 0/0 0/0

		5. Winfred Nduku	Member	0/0
5	Development Committee	1. Benard Muia 2. Lucas M. Mwove 3. Joyce N. Wamalwa 4. Joshua Gwara 5. Elizabeth U. Sakwa 6. Josephat Musyoka 7. Indimuli Kahi	Chairperson Member Member Member Member Member Secretary	1/1 1/1 1/1 1/1 1/1 1/1 1/1
6	Discipline and welfare Committee	1. Josephat Mutunga 2. Joshua Gware 3. Josephine Munyao 4. Jonathan Mwanja 5. Elizabeth Umira 6. Nzioka Nzomo 7. Indimuli Kahi 7. Benjamin Musela	Chairperson Member Member Member Member Member Secretary Member	2/2 2/2 2/2 2/2 2/2 2/2 2/2 2/2
7	Adhoc Committee (if any during the year)	1. Jacob Nyamancha 2. Rachael Katiku 3. Kilonzo Nancy 4. Mwanthi Ndolo 5. Margaret Nzuma 6. Rick Kaindi	Chairperson Secretary Member Member Member Member	0/0 0/0 0/0 0/0 0/0 0/0

(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	INDIMULI KAHU, OGW	240280
2	Deputy Principal Adm	BENJAMIN MUSELA	348647
3	Deputy Principal academic	JACOB NYAMACHA	22039352
4	School Bursar	RACHAEL KATIKU	ID No: 14426151

(e) Schools contacts

Post Office Box: 39-90100
Telephone: 0721796771
E-mail: machakoschool@yahoo.com
Website: machakoschool.ac.ke
Facebook: Machakos
Twitter: Machakos

(f) School Bankers

1. Name of Bank: Equity Bank (Boarding)
Branch: Machakos
Account Number: 0600263557298
2. Name of Bank: Equity Bank (Tuition)
Branch: Machakos
Account Number: 0600283594818
3. Name of Bank: Equity Bank (Operation)
Branch: Machakos
Account Number: 0600283594833
4. Name of Bank: Equity Bank (Infrastructure)
Branch: Machakos
Account Number: 0600283594837
5. Name of Bank: KCB (Savings)
Branch: Machakos
Account Number: 050194117338
6. Name of Bank: KCB (boarding)
Branch: Machakos
Account Number: 1305355695

7. Name of Bank: Co-operative Bank (Current)
Branch: Machakos
Account Number: 0113974933000

8. Name of Bank: KCB (Needy Kitty Account)
Branch: Machakos
Account Number: 1224693841

9. Name of Bank: Daima Bank (Dormant)
Branch: Machakos
Account Number: 5001880006

10. MPESA Pay Bill No. 146523 attached to KCB bank account (boarding)

(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:

Criteria	2022-2023	2021-2022
Surplus/deficit for the year	15,373,156.61	(22,702,459)
Capitation grants from the Ministry of Education	26,190,358.35	32,229,300
Enrolment	2238	2150
Ratio of capitation grant per student	1:11718	1:14990
Other income(s) earned by the school	231,827,920	230,710,815
Overview of growth of other income(s)	1,117,105	160,311,046
Total expenditure of the school	242,645,122	285,642,574
Overview of growth in expenditure of the school	(42,997,452)	219,941,083
Debtors/receivables	24,988,459	29,967,568
Creditors/payables	32,746,029	40,081,811
Cash and bank balances	19,856,947	6,840,463

b) Teacher Student ratio:

	2022-2023	2021-2022
Number of teachers –TSC	66	65
Number of teachers –BOM	16	16
Total number of teachers	82	81
Enrolment	2238	2150
Teacher student ratio	1:27	1:26
Number of teachers recruited during the year	1	4
Number of teachers transferred/retired during the year	1	4

CBE	96
Total no. of teachers	66
Teachers surplus/shortage as per CBE	30

Subject combination on shortage

(a)Biology/Chemistry	4
(b) Maths/Physics	3
(c)Maths/Chemistry	3
(d) Biology/Agriculture	4
(e)English/Literature	3
(f) Physics/Chemistry	3
(g) Geography/Business Studies	3
(h) History/Geography	3
(i) Computer/Business Studies	1
(j) French/Geography	1
(k) Computer/Maths	1
(l) Geography/IRE	1

Total 30

c) Mean score in the 2022 KCSE:

	2022-2023	2021-2022
Target score for the year	9.14	9.24
Mean score in KCSE	8.0081	7.9756
Mean Grade in KCSE	B-	B-
Deviation	+0.0325	-0.7135
Total number of candidates	372	457
Number of candidates transited to university	300	345
% of candidates transited to university	80.65%	75.50%
No. of candidates transited to other colleges/polytechnics	72	112
% of candidates transited to other colleges/polytechnics	19.35%	24.5%

d) Number of Candidates in the 2022 KCSE:

2022	2021	2020
372	457	313

e) Capacity of the school:

With 2238 Students	Ideal no. Capacity	2022/2023	Surplus/shortage	Ideal capacity	1 st Jan-30 th June 2023
Land with title (LR No 909/409 Machakos Township)	115	115	0	115	115
45 Capacity classrooms	36	40	4	47.00	32
Science laboratories	10	5	5	12.00	5
Toilets-tuition area	53	38	19	71.67	34
Toilets-Boarding area	53	44	9	61.67	44
Mwatu-Dormitory.....Capacity	192	196	4	192.00	197
Masaku-Dormitory.....Capacity	192	198	6	192.00	202
Ngei-Dormitory.....Capacity	192	242	50	192.00	189
Muindi Mbingu-Dormitory.....Capacity	152	182	30	152.00	180
Musau-Dormitory.....Capacity	192	218	26	192.00	137
Omondi-Dormitory.....Capacity	200	252	52	200.00	204
Mathendu-Dormitory.....Capacity	192	206	17	192.00	183
Total dorm capacity	1312	1494	182	1312.00	1292

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

Assembly hall-converted to dorm		302			298
General Lab – converted to dorm		94			0
Art room – converted to dorm		90			0
Dorm X – classroom		82			80
Dorm Y – classroom		72			72
Total students sleeping in other areas		640			450
Student capacity needing dorms		822	430	430	
Boreholes		2	0		
Dining Hall 1-used in 2 shifts	900		900		

f) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Dormitory	PTA	Ongoing	44,543,263.40	28,431,365.00	30/12/2023
Container toilets	PTA	Completed	7,600,000.00	7,600,000.00	31/01/2023



School Principal

CHIEF PRINCIPAL
MACHAKOS SCHOOL
P.O. BOX 39-90100,
MACHAKOS

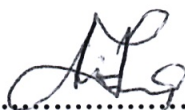
4. Statement of School Management Responsibility

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 Machakos 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: Dr. Jonathan Mwanja

Designation: Chairman, School Board of Management

Date: 12/09/2024



.....
Name: B.S. Manoo

Designation: School Principal & Secretary to Board of Management

Date: 12/09/2024

CHIEF PRINCIPAL
MACHAKOS SCHOOL
P.O. BOX 39-90100,
MACHAKOS

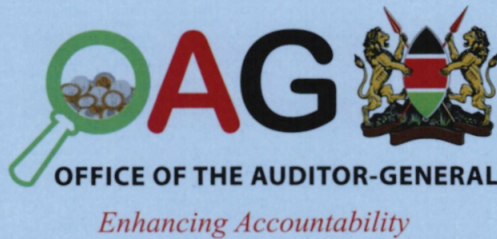


.....
Name: Rachael W. Katiku

Designation: Bursar/ Finance Officer

Date: 12/09/2024

REPUBLIC OF KENYA



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

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

AUDIT REPORT OF THE AUDITOR-GENERAL ON MACHAKOS SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 - MACHAKOS COUNTY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and 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 purposes.
- C. Report on the Effectiveness of Internal Control, 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 under 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 Machakos School - Machakos County set out on pages 1 to 21, which comprise of the statement of assets and financial

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

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

Basis for Qualified Opinion

1. Presentation and Disclosure of the Financial Statements

Review of the annual reports and financial statements for the year ended 30 June, 2023 revealed the following errors and omissions: -

- i. A page was not left blank page after the cover page contrary to reporting template by Public Sector Accounting Standards Board;
- ii. The table of contents was duplicated at page I;
- iii. The guiding information on page II on acronyms includes "Provide a list of all applicable acronyms and glossary of terms" was not deleted;
- iv. The reporting of figures in the financial statements was inconsistent where some figures were presented with cents while others without;
- v. At page 10 and 11, the guiding information in italics "*school*" was not replaced with the name of the School; and
- vi. Disclosure note 17 on biological assets did not indicate their values.

In the circumstances, the financial statements for the year ended 30 June, 2023 do not conform to the format prescribed by the Public Sector Accounting Standards Board (PSASB).

2. Unsupported Income Generating Activities

The statement of receipts and payments reflects other receipts-school fund account of Kshs.51,644,544 and as detailed in Note 5 to the financial statements. Included in the balance is rent income, school magazine, income from bakery and income from farming activities of Kshs.253,300, Kshs.5,500, Kshs.3,896,635 and Kshs.790,490 respectively. However, the Management did not provide supporting documents for separate bank accounts and separate cashbooks for the streams of income.

In the circumstances, the accuracy and completeness of the other receipts-school fund account of Kshs.51,644,544 could not be confirmed.

3. Un-Accounted Savings Account

The statement of asset and liabilities reflects bank balances and cash balances of Kshs.18,948,643 and Kshs.908,304 as disclosed in Note 10 and 11 of the financial statements. Included in the bank balance is a saving account with a balance of Kshs.1,777,185 in a Bank which was liquidated in June, 2023.

In the circumstance, the accuracy and recoverability of Kshs.1,777,185 could not be confirmed.

4. Inaccurate Rental Income

The statement of receipts and payments reflects miscellaneous incomes of Kshs.51,644,544 and as detailed in Note 5 to the financial statements. Included in amount is rent income of Kshs.253,300. However, audit inspection revealed the School owned fifty-nine (59) rental houses which had been rent out to teachers and other staff for a monthly rent ranging between Kshs.400 to Kshs.1500. However, rent was not charged as per rent valuation by the relevant ministry or market survey on rent charged for similar houses in the locality.

In the circumstances, the accuracy and completeness of the rent income amount of Kshs.253,300 could not be confirmed.

5. Unsupported Stock/Inventory

Disclosure Note 19 reflects various categories of stocks totalling Kshs.9,468,349. However, Management did not provide quarterly and annual stock take reports.

In the circumstances, the propriety, accuracy and completeness of stock/inventory valued at Kshs.9,468,349 could not be confirmed.

6. Long Outstanding Receivables

The statement of assets and liabilities reflects receivable of Kshs.24,988,459 and as detailed in Note 13 to the financial statements. Included in the receivables is Kshs.12,279,854 which had been outstanding for over two years and Kshs.4,636,684 which had been outstanding for over three-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 recoverability of the accounts receivables of Kshs.24,587,059 cannot not be confirmed.

7. Unsupported Cash and Cash Equivalent

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.19,856,947, as disclosed in Notes 10 & 11. Included in the balance are nine (9) bank balances totaling Kshs.18,948,643. However, Management did not provide the bank reconciliation statements of the nine accounts and authorizations to open and operate the accounts.

In the circumstances, the accuracy of cash and cash equivalent of Kshs.18,948,643 could not be ascertained.

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

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.

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, 2023.

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. Late Submission of Financial Statements

The annual report and financial statements for period ended 30 June, 2022 were submitted for audit on 6 March, 2024 instead of the statutory deadline of 30 September 2023. This was contrary to the Ministry of Education circular

Report of the Auditor-General on Machakos School for the year ended 30 June, 2023 - Machakos County

Ref.No:MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be ready by 30 September, 2021 in compliance which Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

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

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.222,601,950 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.1,626,839 transferred to Kenya Secondary Schools Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.1,626,839 could not be confirmed.

3. Lack of a List of Registered Suppliers

The statement of receipts and payments reflects total payments of Kshs.242,645,122. The Management did not provided List of registered suppliers for the total expenditure of Kshs.242,645,122 incurred during the financial year ended 30 June, 2023. This is contrary to Section 57(1&2) of PPDA Act 2015, which provides, the head of the procurement function of a procuring entity shall maintain and update lists of registered suppliers, contractors and consultants in the categories of goods, works or services according to its procurement needs.

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

4. Irregular Supply of School Uniform

The statement of receipts and payments reflects boarding and fund payments of Kshs.222,601,950 as detailed in Note 9 to the financial statements. Included in boarding and school fund payments is uniform expenses of Kshs.13,592,941 whose procurement documents were not provided for audit review. Further, this expenditure was contrary to Section 67(3) of the Basic Education Regulations, 2015, which states no institution shall prescribe a specific supplier of school uniforms or any other materials for the parent or guardian.

In the circumstances, Management was in breach of law.

5. Unsupported and Inadequate System

The statement of receipts and payments reflects an amount of Kshs.258,018,278 and Kshs.242,645,122 in respect of total receipts and payments respectively. Physical

Report of the Auditor-General on Machakos School for the year ended 30 June, 2023 - Machakos County

verification in the month of May, 2024 revealed the School was using a software to manage school fees and student receivables. However, service level agreement between the School and service provider was not provided for audit review.

Further, the certificate of approval of the software by the relevant government ministry was not provided for review. In addition, a review of the software revealed that: It could not generate school students master data, monopoly in purchase of papers for printing receipts, could not generate aging analysis of student debtors and prepayments and could not generate reports of amount invoiced, amount paid and balance at 30 June.

In the circumstances, value for money for the procurement of the systems could not be confirmed.

6. Unapproved Fees on Parents Association Support Programme

The statement of receipts and payments reflects school fund income - parents' contributions amount of Kshs.180,183,376 as disclosed in Note 4 to the financial statements. Examination of the records revealed that the School charged an amount of Kshs.53,554 to Kshs.60,554 for form 2, 3 and 4 for the year 2023. This resulted to fees overcharge by Kshs.7000. This is contrary to Regulation 44 of the Basic Education Regulations, 2015 states that no public school or institution shall issue alternative fee structures other than those approved by the Cabinet Secretary. In addition, Regulation 45 of the same regulations indicates that no person or Board of Management in a public institution of basic education and training shall alter or increase fees without written authority from the Cabinet Secretary, Ministry of Education.

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

7. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations and infrastructure grants totaling Kshs.18,898,359 as disclosed in Note 2 and 3 to the financial statements from the Ministry of Education. Included in the amount is Kshs.12,952,800 in respect of maintenance and improvement grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, only Kshs.12,930,800 was transferred to the school infrastructure bank account resulting to a variance of Kshs.22,000 as at 30 June 2023. This was contrary to the Ministry of Education circular No. MOE.HQS/3/13/3 dated 16 June, 2021 that requires Schools to transfer infrastructure grants from operations accounts within fifteen days from date the funds are credited.

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

8. Long Outstanding payables

The statement of Assets and liabilities, reflects accounts payables of Kshs.32,746,029 as disclosed under Note 14 to the financial statements. Included in the balance is

Report of the Auditor-General on Machakos School for the year ended 30 June, 2023 - Machakos County

Kshs.4,636,684 which had been outstanding for more two 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 contract (s) are reflected in approved budget estimates'.

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

9. Failure to Prepare a School Improvement Plan

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

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

10. Over Supply of Textbooks

During the year/period under review, the Ministry of Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD). Review of the text books issued to Machakos School for the financial year ended 30 June, 2023 revealed a delivery of 1121 set books each for the four different categories of set-books. However, the school has 1055 students, resulting to an excess supply of 264 set-books.

In the circumstances, value for money on the excess 264 set books could not be confirmed.

11. Lack of Strategic Plan

The management of Machakos Schools did not provide a strategic plan covering the financial year ended 30 June, 2023. In the circumstance, the budget proposal for the financial year 30 June, 2022 was not supported with a strategic plan contrary to Regulation 32(5), of the PFM Act Regulations, 2015 which provides all budget proposals shall be supported by the national government entity's strategic plan.

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

12. Inaccuracy of Student Enrollment Data

The statement of receipts and payments reflects capitation grants for tuition, capitation grants for operations and infrastructure grants totalling Kshs.26,190,359. Comparison of data from National Education Management and information System (NEMIS) with records

Report of the Auditor-General on Machakos School for the year ended 30 June, 2023 - Machakos County

from the school revealed that during the financial year NEMIS reported a total number of 2020 students while the records from the enrolment record provided by the Machakos School indicated a total of 2151 students resulting to 131 students not being registered in NEMIS. At annual capitation of Kshs.22,444, the School was under funded by Kshs.2,940,164 for the period ended 30 June, 2023.

In the circumstances, the School may have been underfunded due to inaccurate enrolment data.

13. Non-Compliance on Awarding of Tenders to Special Groups

The statement of receipts and payments reflects total payment of Kshs.242,645,122. However, Management did not provide any data on contracts awarded to Special groups out of the total expenditure of Kshs.242,645,122 incurred during the financial year ended 30 June, 2023. This is contrary to Section 53 of the Public Procurement and Disposal Act, 2015 which requires that thirty percent of the contracts awarded should be for special groups.

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

14. Losses Incurred in Revenue Generating Activities

The statement of receipts and payments reflects parents contributions/fees of Kshs.180,183,376 as detailed in Note 4 to the financial statements. Included in parents contributions is income from uniforms of Kshs.12,751,184 while Note 8 reflects uniform expenses of kshs.13,592,941 resulting to a loss of Kshs.841,757. In addition, Note 5 reflects income from farming activities of Kshs.790,490 while Note 8 to the financial statements reflects expenses on farming activities of Kshs.3,210,000 resulting to a loss of Kshs.2,419,510.

In the circumstances, the accuracy, existence and going concern of the uniform and farming activities cannot be ascertained.

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 matters described in the Basis for Conclusion on

Report of the Auditor-General on Machakos School for the year ended 30 June, 2023 - Machakos County

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 in respect of fixed assets which includes land and motor vehicles which is not valued. Review of records revealed that Machakos School is located in a land of one hundred and fifteen (115) acres, LR No.909/409 within Machakos County. However, ownership documents presented for audit review were not in the name of the School. No supporting documents were produced to show transfer of land to the School.

Additionally, physical inspection of motor vehicles ownership logs books revealed that a New Holland Tractor Registration Number KBU 785T is jointly owned by the School and CMC Motors through log book K282033H. Supporting documents to show transfer of ownership to School were not provided.

In the circumstances, the existence and ownership of the School land and the motor vehicle could not be ascertained

2. Summary of Fixed Asset Register

Annex 2 to the financial statements reflects a summary of the fixed assets registers. However, the asset register provided does not indicate the historical cost of the and the method applied on the valuation of assets. In addition, the assets serial numbers and code numbers were not disclosed in the asset register hence not possible to confirm their existence.

In the circumstances, the accuracy and completeness of the asset register could not be confirmed.

3. Asset Identification/Tagging

Annex 2 to the financial statements is a summary of the fixed assets register. However, physical verification revealed that the assets owned by the School had no identification or tag numbers, which is contrary to the guidelines on asset and liability management by national treasury of March, 2020. Further the value of the assets are not disclosed in the asset register.

In the circumstances, identification and tracking of movement of assets may not be possible and the assets may be lost through theft/pilferage.

4. Lack of Approved Human Resource Instruments

The management of the School did not provide an approved Human resource policy, procedure manual, Staff establishment, Scheme of service and salary structure for the

financial year ending 30 June, 2022 despite having board teachers and non-teaching staffs. In absence of the above, it is unclear how vacancies were identified, filled and remunerated. Further, no records were available to confirm that the school has a qualified Human Resource personnel as per the Human Resource Management Professionals Act No. 29 of 2012.

In the circumstances, the School did not benefit from the advisory role of the Human Resource expert.

5. Lack of Risk Management Policy

During the financial year ended 30 June, 2023, Machakos School did not have a risk management strategy in place. In the circumstances, there was no approved processes and guidelines on how to mitigate operational, legal and financial risks. Consequently, the management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure.

Additionally, it was noted that the management lacks a disaster recovery plan/business continuity plan and therefore crucial information may not be recovered in the event of a disaster.

In the absence of a risk management policy, the Management was not in a position to identify individual risks, significance areas, likelihood of occurrence of identified risks and the appropriate control measures.

6. Inadequate Management of Text Books

In the financial year under review the School received the various books. However, stores records, issuance of the books list, returned books list, list of lost books and replaced and closing balances of books in the library were not provided for audit review.

In the circumstances, the adequacy of internal controls on textbooks management could not be confirmed.

7. Management of Scholarships and Bursaries

Management of Machakos School did not maintain a control account of all bursaries received, amount credited to each beneficiary and the balance for which the beneficiaries have not been communicated or identified. In the circumstances, the School fund Income-parents' contributions may include bursary funds receipts which have not been allocated to the students.

In the circumstances, the accuracy and completeness of Parents contributions could not be confirmed.

8. Lack of Board Committees and Meetings

Review of the various committee minutes revealed that the Finance, procurement and General purposes, Audit and Academic committees did not meet during the financial year

contrary Section 6(1) of the fourth schedule of the Basic Education Act, 2013, which states that a Board of Management committees shall meet at least once every four months.

Further, 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 adequacy of oversight provided by the Board of Management could not be confirmed.

10. Inadequate Capacity

Physical verification carried out on 27 May, 2024 in four dormitories revealed that the spacing of beds was 0.3 meters with corridors of 0.4 Meters which is contrary to Regulation 83(k) of the Basic Education Regulations, 2015 which provides that institutions with boarding facilities, the space between the beds shall be at least 1.2 metres while the corridors or pathways shall be at least 2 metres wide. contrary to Regulation 83(k) of the Basic Education Regulations, 2015.

Further, the School was registered under the certificate of registration number PU/S/9914/12 dated 27 November, 2012. The School was permitted to enroll students up to a maximum number of 960 students from Form 1-4 at 40 students per class up to six streams. However, the forwarding information to the financial statements at Page 6 reflects an enrolment of 2,238 students with 10 streams in Form 1, 3 and 4 and 9 streams in Form 2. As a result, the school capacity has been exceeded by four classroom streams and one thousand two hundred and seventy-eight (1,278) students.

In the circumstances, the capacity of the existing infrastructure to offer quality of education and the welfare of the students cannot be confirmed.

11. Lack of Register and other Records

The management of the School did not provide Admissions registers, indicating the date and admission number of the learners, Parents register, Daily attendance registers for learners, Register of learners' transfers, drop-out and completion; and Register of disciplinary action taken against learners and an inventory of all instructional materials, stationery, equipment and assistive devices available and their state of repair or use. Contrary to Regulation 63. of Basic Education Regulation, 2015 which states that every institution shall establish and maintain the registers and records in both hard and soft copies.

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

The audit was conducted in accordance with the ISSAI 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 the Board of Management

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

In preparing the financial statements, Management is responsible for assessing the School's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease its operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment 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 Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's

ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


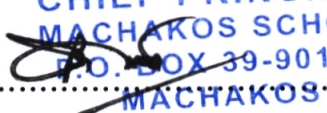

Nairobi

25 October, 2024

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	4,330,348	6,030,860
Government grants for operations	2	14,568,011	26,198,440
Government Grants for infrastructure	3	7,292,000	-
School fund income- parents' contributions	4	180,183,376	206,040,346
Miscellaneous incomes	5	51,644,544	24,670,469
Total Receipts		258,018,278	262,940,115
Payments			
Tuition	6	13,731,855	7,940,561
Operations	7	4,112,476	29,740,776
Infrastructure	8	2,198,841	
Boarding and school fund	9	222,601,950	247,961,237
Total Payments		242,645,122	285,642,574
Surplus/Deficit		15,373,156.61	(22,702,459)

The school financial statements were approved on 12th of September 2024 and signed by:

 Name: Dr. Jonathan Mwanja Chair BOM Date: 12/09/2024	 Name: Mr. B.S. Manoo School Principal/ Secretary to BOM Date: 12/09/2024	 Name: Rachael W. Katiku Bursar/ Finance Officer Date: 12/09/2024
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CHIEF PRINCIPAL
MACHAKOS SCHOOL
 P.O. BOX 39-90100,
MACHAKOS


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	18,948,643	6,589,789
Cash balances	11	908,304	250,674
Short term investments	12	-	-
Total cash and cash equivalent		19,856,947	6,840,463
Account's receivables	13	24,988,459	29,967,568
Total financial assets		44,845,406	36,808,031
Financial liabilities			
Accounts payables	14	32,746,029	40,081,811
Net financial assets		12,099,377	(3,273,780)
Represented by			
Accumulated fund b/fwd	15	(3,273,780)	19,428,679
Surplus/deficit for the year		15,373,157	(22,702,459)
Net financial position		12,099,377	(3,273,780)

The school's financial statements were approved on 12th of September 2024 and signed by:

.....


Name: Dr. Jonathan Mwanja
 Chair BOM
 Date: 12/09/2024

.....

 Name: B.S. Manoo
 School Principal/ Secretary to BOM
 Date: 12/09/2024

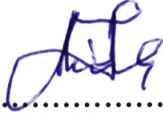
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Name: Rachael W. Katiku
 Bursar/ Finance Officer
 Date: 12/09/2024

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	4,330,348	6,030,860
Government grants for operations	2	14,568,011	26,198,440
Government grants for infrastructure	3	7,292,000	
School fund income- parents contributions/ fees	4	155,194,917	176,072,778
Other income	5	5,183,556	9,670,469
Total receipts		186,543,281	217,972,547
Payments			
Cash outflows for tuition	6	13,731,885	7,940,561
Cash outflows for operations	7	4,112,476	10,117,332
Cash outflows for infrastructure	8	-	-
Cash outflows Boarding/lunch and school fund payments	9	143,505,067	151,089,400
Total payments		161,349,398	169,147,293
Net cash inflow/outflow from operating activities		25,193,883	48,825,255
Cash flow from investing activities			
Acquisition of assets		(50,685,379)	(62,984,076)
Proceeds from sale of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash inflow/outflows from investing activities		(50,685,379)	(62,984,076)
Cash flow from Financing activities			
Proceeds from borrowings/ loans	18	46,486,538	15,000,000
Repayment of principal borrowings		(7,978,559)	(4,754,454)
Net cash inflow/outflow from financing activities		38,507,979	10,245,546
Net increase/decrease in cash and cash equivalents		13,016,484	(3,913,276)
Cash and cash equivalent at beginning of the FY		6,840,463	10,753,739
Cash and cash equivalent at end of the FY		19,856,947	6,840,463

The school's financial statements were approved on 12th of September 2024 and signed by:



.....
Name: Dr. Jonathan Mwanja
Chair BOM
Date: 12/09/2024



.....
Name: B.S. Manoo
School Principal/ Secretary to BOM
Date: 12/09/2024

CHIEF PRINCIPAL
MACHAKOS SCHOOL
P.O. BOX 39-90100,
MACHAKOS

RW.....

Name: Rachael W. Katiku
Bursar/ Finance Officer
Date: 12/09/2024

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					
Reference Materials	-	-	-	-	-
Exercise Books	-	-	-	-	-
Laboratory Equipment	-	-	-	-	-
Internal Exams	-	-	-	-	-
Teaching / Learning Materials	6,174,560.00	-	6,174,560.00	4,330,347.50	70.1%
Exams And Assessment	-	-	-	-	-
(2) Capitation Grant on Operations					
Personnel Emoluments	-	-	-	-	-
Repairs And Maintenance	-	-	-	-	-
Local Transport / Travelling	-	-	-	-	-
Electricity And Water	-	-	-	-	-
Medical/Insurance	4,220,000.00	-	4,220,000.00	385,000.00	9.1%
Administration Costs	-	-	-	-	-
Activity	3,165,000.00	-	3,165,000.00	1,029,675.00	32.5%
Gratuity	-	-	-	-	-
Other voteheads (P.E, LTT, EWC, ADM COST)	19,834,000.00	-	19,834,000.00	13,153,335.85	66.3%

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
3) FDSE for infrastructure					
Maintenance &Improvement MoE	10,550,000.00	-	10,550,000.00	7,292,000.00	69.1%
M&I parents' contribution	-	-	-	-	-
Economic Stimulus Programs	-	-	-	-	-
Transition Infrastructure Grants	-	-	-	-	-
Administration Block	-	-	-	-	-
(4) Fees Charged on Parents					
Personnel Emoluments	16,920,000.00	-	16,920,000.00	-	0.0%
Maintenance And Improvement	5,927,600.00	-	5,927,600.00	5,739,180.00	96.8%
Local Transport / Travelling	-	-	-	-	-
Other voteheads (P.E, EWC, LTT, ADM COST)	57,289,834.00	-	57,289,834.00	56,475,382.00	98.6%
Income from PA Development fund (dormitory)	19,000,000.00	-	19,000,000.00	15,514,553.00	81.7%
Administration Costs	-	-	-	-	-
Activity	2,366,544.00	-	2,366,544.00	2,123,268.00	89.7%
SMASSE	422,000.00	-	-	-	-
Fee On Boarding Equipment and Stores	73,901,022.00	-	73,901,022.00	87,477,309.00	118.4%
5) Miscellenous Income					
Loans / Borrowing	-	-	-	-	-
Rent income	-	-	-	-	-
Income From Farming Activities	2,463,905.00	-	2,463,905.00	253,030.00	10.3%
Insurance Compensation	-	-	-	790,490.00	-

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
University registration	224,000.00	-	224,000.00	212,351.00	94.8%
Bakery	8,000,190.00	-	8,000,190.00	3,896,635.00	48.7%
Fee For Hire of Ground and Equipment	-	-	-	-	-
School magazine	300,000.00	-	300,000.00	5,500.00	1.8%
Income From Any Other Investment	-	-	-	-	-
Total Income	230,336,655.00	-	230,336,655.00	211,531,740.35	
(6) Expenditure For Tuition					
Textbooks	-	-	-	-	-
Reference Materials	-	-	-	-	-
Exercise Books	-	-	-	-	-
Laboratory Equipment	-	-	-	-	-
Internal Exams	-	-	-	-	-
Teaching / Learning Materials	6,174,560.00	-	6,174,560.00	-	222.4%
Chalks	-	-	-	-	-
Exams And Assessment	-	-	-	-	-
Teachers Guides	-	-	-	-	-
Administration Costs	-	-	-	-	-
Bank Charges	-	-	-	-	-
(7) Expenditure For Operations					
Personnel Emoluments	-	-	-	-	-
Repairs, Maintenance & Improvements	-	-	-	-	-

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
Local Transport / Travelling	-	-	-	-	-
Other voteheads (P.E, LTT, EWC, ADM cost)	19,834,000.00	-	19,834,000.00	2,600,117.00	13.1%
Medical/Insurance	4,220,000.00	-	4,220,000.00	-	0.0%
Administration Costs	-	-	-	-	-
Activity Expenses	3,165,000.00	-	3,165,000.00	1,515,359.00	47.5%
Gratuity	-	-	-	-	-
SMASSE	-	-	-	-	-
(8) Expenditure For infrastructure					
Construction of classrooms	6,934,158.20	-	6,934,158.20	1,199,701.00	17.3%
Construction of LAB	-	-	-	-	-
Renovation of burned DORMS	3,615,841.80	-	3,615,841.80	99,140.00	27.6%
Purchase of furniture	-	-	-	-	-
Purchase of equipment	-	-	-	-	-
Purchase of machinery	-	-	-	-	-
(9) Expenditure For school fund/lunch/boarding					
Personnel Emoluments NT/staff	5,343,096.00	-	5,343,096.00	6,299,175.90	117.9%
Personnel Emoluments S/staff	8,964,420.00	-	8,964,420.00	11,514,603.00	137.5%
Repairs, Maintenance and Improvements	5,927,600.00	-	5,927,600.00	23,714,548.00	400.1%
Local Transport / Travelling	-	-	-	-	-

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
Electricity, Water and Conservancy	-	-	-	-	-
Medical Expenses	-	-	-	-	-
Other voteheads (P.E EWC, LTT AND ADM cost)	57,289,834.00	-	57,289,834.00	36,506,770.84	63.7%
Activity	2,366,544.00	-	2,366,544.00	5,259,090.00	222.2%
Gratuity	3,200,000.00	-	3,200,000.00	-	0.0%
Lunch Programme	-	-	-	-	-
Boarding Equipment and Stores	73,901,022.00	-	73,901,022.00	94,277,222.00	127.6%
Expenditure For Income Generating Activity	-	-	-	-	-
University registration	224,000.00	-	224,000.00	411,000.00	183.5%
Expenses from farming activity	2,463,905.00	-	2,463,905.00	3,210,000.00	130.3%
Expenses on Bakery	8,000,190.00	-	8,000,190.00	3,057,346.00	38.2%
School Magazine	300,000.00	-	300,000.00	5,500.00	1.8%
P.A DORM	19,000,000.00	-	19,000,000.00	174,275.00	0.9%
Rent Expenses	-	-	-	-	-
Bank Charges	-	-	-	-	-
Loan Interest Repayment	-	-	-	-	-
Loan Principal Repayment	-	-	-	-	-
Acquisition Of Assets	-	-	-	-	-
Totals	230,336,655.00		230,336,655.00	232,020,661.74	100.7%

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
Reference Materials	-	-
Exercise Books	-	-
Laboratory Equipment	-	-
Internal Exams	-	-
Teaching / Learning Materials	4,330,348	6,030,860
Others	-	-
Total	4,330,348	6,030,860

2 Government Grants for Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	-	-
Repairs And Maintenance	-	9,545,000
Local Transport / Travelling	-	-
Electricity And Water	-	-
Medical	385,000	385,400
Administration Costs	-	-
Activity	1,029,675	-
Other Vote Heads (P.E, EWC, LTT, ADM costs)	13,153,336	16,268,040
Total	14,568,011	26,198,440

3 Government Grants for infrastructure

Description	2022-2023	2021-2022
	Kshs	Kshs
Maintenance & Improvement	7,292,000	-
Transition infrastructure grants	-	-
Administration Block	-	-
Economic stimulus grants	-	-
Other (<i>specify</i>)(NGCDF and County govt.	-	-
Total	7,292,000	-

4 School Fund Income - Parents Contribution/Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	-	-
Repairs and maintenance	5,739,180	7,290,452
Medical	102,500	940,583
Income from uniforms	12,751,184	24,976,079
Activity	2,123,268	2,419,699
Fee on Boarding Equipment and stores	87,477,309	96,220,550
Income from PA Development funds (dormitory)	15,514,553	3,476,613
Others (P.E, LTT, EWC, ADM cost)	56,475,382	70,716,370
Total	180,183,376	206,040,346
Less. Receivables	24,988,459	29,967,568
Total to cash flow	155,194,917	176,072,778

5 Miscellaneous Incomes

Description	2022-2023	2021-2022
	Kshs	Kshs
Rent Income	253,300	509,539
Income From Farming Activities	790,490	1,768,810
School magazine	5,500	675,500
Income From Bakery	3,896,635	4,983,010
University registration	212,351	256,084
Income From Grants and Donations	-	-
Interest Income	-	-
Dividends Income	-	-
Loans/Borrowings	46,486,538	15,000,000
Other Income	-	-
Total	51,644,544	24,670,469
Less: loans/ borrowings	46,486,538	15,000,000
Total to cash flow	5,183,556	9,670,469

6. Tuition

Description	2022-2023	2021-2022
	Kshs	Kshs
Exercise Books	-	-
Textbooks	-	-
Reference materials	-	-
Laboratory Equipment	-	-
Teaching / Learning Materials	13,731,855	7,940,561
Exams And Assessment	-	-
Teachers Guides	-	-
Bank Charges	-	-
Others (<i>specify</i>)	-	-
Total	13,731,855	7,940,561

7. Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	-	-
Service Gratuity	-	-
Administration Cost	-	-
Repairs And Maintenance & Improvements	-	4,526,360
Local Transport / Travelling	-	-
Electricity And Water	-	-
Medical	-	-
Activity Expenses	1,512,359	400,240
Insurance Cost	-	-
Others (P.E, LTT, EWC, ADM cost)	2,600,117	5,190,732
Acquisition of Assets		19,623,444
Total	4,112,476	29,740,776
Less: Acquisition of assets	-	19,623,444
Total to cash flow	4,112,476	10,117,332

8. Infrastructure

Description	2022-2023	2021-2022
	Kshs	Kshs
Construction of classrooms	1,199,140	-
Construction of laboratory	-	-
Construction of dormitory	-	-
Purchase of furniture	-	-
Purchase of equipment	-	-
Purchase of apparatus	-	-
Drilling of boreholes	-	-
Renovation of burned dormitory	999,140	-
Total	2,198,841	-
Less: acquisition of assets	2,198,841	-
Total to cash flow	-	-

9. Boarding And School Fund

Description	2022-2023	2021-2022
	Kshs	Kshs
P.E N/staff	6,299,176	12,031,200
P.E S/staff	11,514,603	8,515,563
Repairs And Maintenance & Improvements	7,223,019	5,391,241
Uniform expense	13,592,941	25,633,515
BOM teachers	4,208,405	2,793,600
Medical Expenses	571,093	1,329,288
Bakery expenses	3,057,346	4,760,781
M & I	21,888,823	-
Fees refunds	47,350	-
Tuition expense		6,272,157
BOM Allowances	1,601,378	680,000
Expenses on farming activities	3,210,000	3,402,390
Fee On Boarding Equipment and Stores	94,277,222	88,047,306
School magazine	5,500	1,251,375
Other vote heads (EWC, LTT, ADM Cost)	36,857,894	35,857,586
Infrastructure (acquisition of asset)	-	567,320
Loan Principal Repayment-old loan	5,021,866	4,754,454
Loan Interest Repayment- old loan	1,122,593	1,390,005
Loan Principal Repayment- new loan	2,956,693	-
Loan Interest Repayment-new loan	322,192	-
Acquisition of asset (P.A Dorm)	2,000,000	42,793,312
Insurance Cost (<i>Life Property</i>)	1,153,766	1,811,028
Activity	5,259,090	678,160
University registration	411,000	-
Total	222,601,950	247,961,237
Less: Acquisition of Assets	2,000,000	43,360,632
Less: Payables	32,746,029	40,081,811
Less: Creditors paid	44,350,854	13,429,394
Total to cash flow	143,505,067	151,089,400

10. Bank Accounts

Account Name & Currency	Status	Bank Account Number	2022-2023	2021-2022
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	0600283594818	144,520	18,575
Operations Account	Active	0600283594833	883,681	542,735
School Fund Account/Boarding	Active	0600263557298	1,421,824	2,250,042
Savings Account	Active	050194117338	(2,575,905)	1,094,087
School Fund Account/Boarding	Active	1305355695	12,959,003	-
Savings Account needy kitty	Active	1224693841	469,095	297,062
Infrastructural Account	Active	0600283594837	3,591,300	610,103
Savings account	Dormant	5001880000	1,777,185	1,777,185
School Fund Account/Boarding	Active	01139749330000	277,938	-
Total			18,948,643	6,589,789

11. Cash In Hand

Description	2022-2023	2021-2022
	Kshs	Kshs
Notes and Coins	908,304	250,674
Total	908,304	250,674

12. Short Term Investments

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

13. Accounts Receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees Arrears	24,587,059	29,731,858
Other Non-Fees Receivables		
Salary Advances (list/schedule attached)	218,000	26,760
Imprest (list/schedule attached)	110,000	122,000
Rent arrears (list/schedule attached)	73,400	86,950
Total	24,988,459	29,967,568

13 b Ageing Analysis of Accounts Receivable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	7,670,521	31.2%	12,279,854	41.3%
Between 1- 2 years	12,279,854	49.9%	-	-
Between 2-3 years	4,636,684	18.9%	17,452,004	58.7%
Over 3 years	-	-	-	-
Total (should tie to note 13 a)	24,587,059	100.0%	29,731,858	100.0%

14. Accounts Payable

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	29,856,647	38,692,929
Prepaid Fees	2,086,126	585,626
Retention Monies	-	-
Unpaid salaries and statutory deductions	-	-
Caution money	803,256	803,256
Other payables	-	-
Total	32,746,029	40,081,811

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	14,288,012	47.9%	37,423,652	96.7%
Between 1- 2 years	15,568,635	52.1%	1,269,297	3.3%
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (should tie to note 14)	29,856,647	100.0%	38,692,929	100.0%

15. Fund Balance Brought Forward

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Bank Balances	18,948,643		6,589,789	
Cash Balances	908,304		250,674	
Short Term Investments	-		-	
Receivables	24,988,459		29,967,568	
Payables	32,746,029		40,081,811	
Total	12,099,377		(3,273,780)	

IPSAS Cash Standard encourages an entity to disclose accrual related information in relation to an entity's assets and liabilities. The notes outlined below are disclosure notes in relation to the school's non- financial assets and liabilities.

16. Non-current Liabilities Summary

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Bank Loans	48,753,525		10,245,546	
Outstanding Leases	-		-	
Hire Purchase	-		-	
Gratuity And Leave Provision	-		-	
Others (specify)	-		-	
Total	48,753,525		10,245,546	

17. Biological assets

Description	Numbers	2022-2023	2021-2022
		NO.	NO.
Cattle		10	5
Pigs		9	5
Trees		2341	1920
Rabbits		3	24
Poultry		-	-
Others (specify)		-	-
Total		2363	1954

18. Borrowings

Description	2022-2023 Kshs	2021-2022 Kshs
Borrowings at beginning of the year	10,245,546	-
Borrowings during the year	46,486,538	15,000,000
Repayments during the year	(7,978,559)	(4,754,454)
Balance at the end of the year	48,753,525	10,245,546

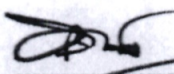
19. Stock/ Inventory

Description	2022-2023 Kshs	2021-2022 Kshs
Food stuffs	122,644	-
Lab consumables	6,006,595	-
Farm produce	583,000	-
Medication	-	-
Construction Materials	59,800	-
Stationery	2,696,310	-
	9,468,349	-

19. 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)



CHIEF PRINCIPAL
MACHAKOS SCHOOL
P.O. BOX 39-90100,
MACHAKOS

Sign and Date
Principal

17/9/2024

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022/23	Outstanding Balance 2021/22	Comments
	A	B	C	d=a-c	e= a-c	
	Kshs		Kshs	Kshs	Kshs	
Construction Of Buildings						
Warrior construction ltd	27,721,993.00	2021/2022	(13,153,358.00)	-	14,568,635.00	
Institutional gas kenya ltd	2,376,460.00	2021/2022	(1,376,460.00)	-	1,000,000.00	
Tilemasters stores	868,350.00	2022/2023	-	868,350.00		
Simunde supplies	1,297,530.00	2022/2023	-	1,297,530.00		
Smascon construction co.ltd	99,000.00	2022/2023	-	99,000.00		
Sub-Total	32,363,333.00		(14,529,818.00)	2,264,880.00	15,568,635.00	
Supply Of Goods	k		k	k	k	
Watamu butchery & sons	392,000.00	2022/2023	-	392,000.00		
Sidchem agrodealer	133,050.00	2022/2023	-	133,050.00		

Sons n' son pharmaceutical	280,050.00	2022/2023	-	280,050.00		
Madiselah solutions	47,500.00	2022/2023	-	47,500.00		
Damaris kiio	47,500.00	2022/2023	-	47,500.00		
Emstar electro works	111,900.00	2022/2023	-	111,900.00		
Samkya water services	489,500.00	2022/2023	-	489,500.00		
Wamariga plumbing services	37,530.00	2022/2023	-	37,530.00		
Wasomi clouds	225,000.00	2022/2023	-	225,000.00		
Alfani co. ltd	400,000.00	2022/2023	-	400,000.00		
Tsalack investment	214,700.00	2022/2023	-	214,700.00		
Mumbuni pharmacy	104,300.00	2022/2023	-	104,300.00		
School uniform retailers	964,435.00	2022/2023	-	964,435.00		
Nairobi sports limited	851,000.00	2022/2023	-	851,000.00		
Liam general supplies	1,039,500.00	2022/2023	-	1,039,500.00		

Massmart kenya ltd	766,970.00	2022/2023	-	766,970.00		
Forevergreen E.A ltd	430,320.00	2022/2023	-	430,320.00		
Benflo eat healthy stay healthy	568,180.00	2022/2023	-	568,180.00		
Vinmato chemicals	297,000.00	2022/2023	-	297,000.00		
Gentleson supplies	159,000.00	2022/2023	-	159,000.00		
Stashan traders	250,000.00	2022/2023	-	250,000.00		
Kaviani transporters ltd	442,000.00	2022/2023	-	442,000.00		
Quizy general supplies	1,010,000.00	2022/2023	-	1,010,000.00		
New friends butchery	313,500.00	2022/2023	-	313,500.00		
Naivas limited	244,594.00	2022/2023	-	244,594.00		
Margaret mueni	190,500.00	2022/2023	-	190,500.00		
Raphanne agencies ltd	414,712.00	2022/2023	-	414,712.00		
Kitovoto investments	413,000.00	2022/2023	-	413,000.00		

Terry kenya ltd	508,180.00	2022/2023	-	508,180.00		
The copy cat ltd	343,870.00	2022/2024	-	343,870.00		
Sub-Total				11,689,791.00		
Supply Of Services						
Gadaffi tents investments	30,000.00	2022/2023	-	30,000.00		
Rentoline ltd	13,100.00	2022/2023	-	13,100.00		
Laundry depot	16,374.00	2022/2023	-	16,374.00		
The copy cat ltd	92,232.00	2022/2023	-	92,232.00		
Hemmssoft solutions	10,680.00	2022/2023	-	10,680.00		
Memtech electrical services ltd	71,007.00	2022/2023	-	71,007.00		
APA insurance	99,948.00	2022/2023	-	99,948.00		
Sub-Total				333,341.00		
Grand Total				14,288,012.00	15,568,635.00	

Annex 2 – Summary of Fixed Assets Register

Asset Class	Opening balance (No) 1 st July 2022	Additions during the year (No)	Disposals during the year (No)	Closing balance (Kshs) 30 th June 2023
Land	115 acres	0	0	115 acres
Buildings And Structures	234	55	0	89
Motor Vehicles	4	0	0	4
Office Equipment, Furniture And Fittings	3878	444	0	4322
Textbooks	115300	0	0	115300
ICT Equipment	126	0	0	126
Tools And Apparatus	33808	1067	2110	32765
Other Machinery And Equipment	1288	120	0	1408
Heritage And Cultural Assets	79	0	0	79
Intangible Assets- Soft Ware	5	0	0	5
Total	154837	1686	2110	154213