

REPUBLIC OF KENYA



Enhancing Accountability

**PARLIAMENT
OF KENYA
LIBRARY** **REPORT**

OF

THE AUDITOR-GENERAL

ON

**MERTI SECONDARY SCHOOL
FOR THE YEAR ENDED
30 JUNE, 2022**

ISIOLO COUNTY

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 12 MAR 2025	DAY: WEDNESDAY
TABLED BY: J. LEMERELLE	DEPUTY MAJORITY WHIP (HON. NAOMI KIAGO-MP)
CLEAR AT THE TABLE:	

Revised 30th June 2022.



**MERTI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30th June 2022**

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

**MERTI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

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PUBLIC SECONDARY SCHOOLS - (MERTI SECONDARY SCHOOL)
Reports and Financial Statements
For the year ended 30th June 2022

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 Isiolo County, Merti Sub-County

The school was registered in 04/1989 under registration number H/A/1191/89 and is currently categorized as a COUNTY (*National, Extra County, county and Sub County*) public school established, owned or operated by the Government.

The school is a day/boarding school and had **106** number of students as at 30th June 2022. It has 1 stream and 9 teachers of which 2 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	Adan Jirma Duba	Chairman	29th August,2022
2	Nyencho Galgallo Dima	Secretary - Principal	"
3	Asli Abduba	Member	"
4	Jirma Hussein Kuta	Member	"
5	Kanu Guyatu Halake	Member	"
6	Guyo Godana	Member	"
7	Golo Tanu Galgalo	Member	"
8	Dade Boru	Member – Rep CEB	"
9	Jarso Jillo Abduba	Member Rep Teachers	"
10	Mohamed Okile, Hassan Duba, Boru A. Adan	3 Members - Sponsor	"
11	Abkul Godana	Member - Community	"
12	Hussein Halkano	MemberSpecial Needs	"
13	Abdulmalik Abdi	Rep Students	"

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KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

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	ADAN JIRM DUBA NYENCHO GALGALLO ABKUL GODANA DADE BORU MOHAMED OKILE	Chairman Secretary Member Member Member	2/2 2/2 0/2 0/2 2/2
2	Audit Committee	Adan Jirm Duba Nyencho Galgallo Golo Tanu Dade Boru Mohamed Okile Abkul Godana	Chairman Secretary Member Member Member Member	1/1 1/1 0/0 1/1 1/1
3	Finance, procurement and general purposes Committee	Adan Jirm Duba Nyencho Galgallo Guyatu Kanu Dade Boru Mohamed Okile Golo Tanu	Chairman Secretary Member Member Member Member	1/1 1/1 0/1 0/1 1/1 1/1

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4	Academic Committee	Jirma Hussein Kuta	Chairman	1/2
		Nyencho Galgallo	Secretary	2/2
		Adan Jirm Duba	Member	2/2
		Boru Abduba Adan	Member	1/2
		Dade Boru	Member	0/2
		Mohamed Okile	Member	1/2
		Golo Tanu	Member	2/2
		Kanu Guyatu Halake	Member	1/2
		AsliAbduba	Member	0/2
		Safo Ali Guyo	Membe	2/2
		Jarso Jillo Abduba	Member	2/2
Abkul Godana	Member	2/2		
5	Development Committee	Golo Tanu	Chairman	0/0
		Nyencho Galgallo	Secretary	0/0
		Mohamed Okile	Member	0/0
		Adan Jirma	Member	0/0
		Abkul Godana	Member	0/0
6	Discipline and welfare Committee	Abkul Godana	Chairman	
		Nyencho Galgallo	Secretary	
		Adan Jirm Duba	Member	
		Mohamed Diba	Member	2/2
		Dade Boru	Member	2/2
		Mohamed Okile	Member	1/2
		Golo Tanu	Member	0/2
		Kanu Guyatu Halake	Member	0/2
		AsliAbduba	Member	1/2
		Safo Ali Guyo	Membe	2/2
		Jarso Jillo Abduba	Member	1/2
		Mohamed Hussein	Member	1/2
		Mohamed Okile	Member	1/2
		Hassan Duba	Member	1/2
			2/2	
			1/2	
	Adhoc Committee (if any during the year)			

(d) School operation Management

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

Ref:	Designation	Name	TSC/ID Number
1	Principal	Nyencho Galgallo Dima	420206
2	Deputy Principal	Abduba Hassan Golo	490976
3	School Bursar	Abdi Adi Sora	12542492

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KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 177-60300; ISIOLO
Telephone: 0720908188
E-mail: mertisecondaryschool@gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

The following school operated 5 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: KCB
Branch: ISIOLO
Account Number: 1103343009
2. Name of Bank: CONSOLIDATED
Branch: ISIOLO
Account Number: 10111203000011
3. Name of Bank: ABSA
Branch: MERU
Account Number: 0132009708
4. Name of Bank: KCB
Branch: ISIOLO
Account Number: 1266987185
5. Name of Bank: EQUITY
Branch: ISIOLO
Account Number: 0410279919080

3. MPESA Pay Bill No. xxxxxxxx attached to XX bank account

(Ensure all bank accounts operated by the school are disclosed and that all Pay Bill Numbers are also disclosed)

(g) Independent Auditors

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

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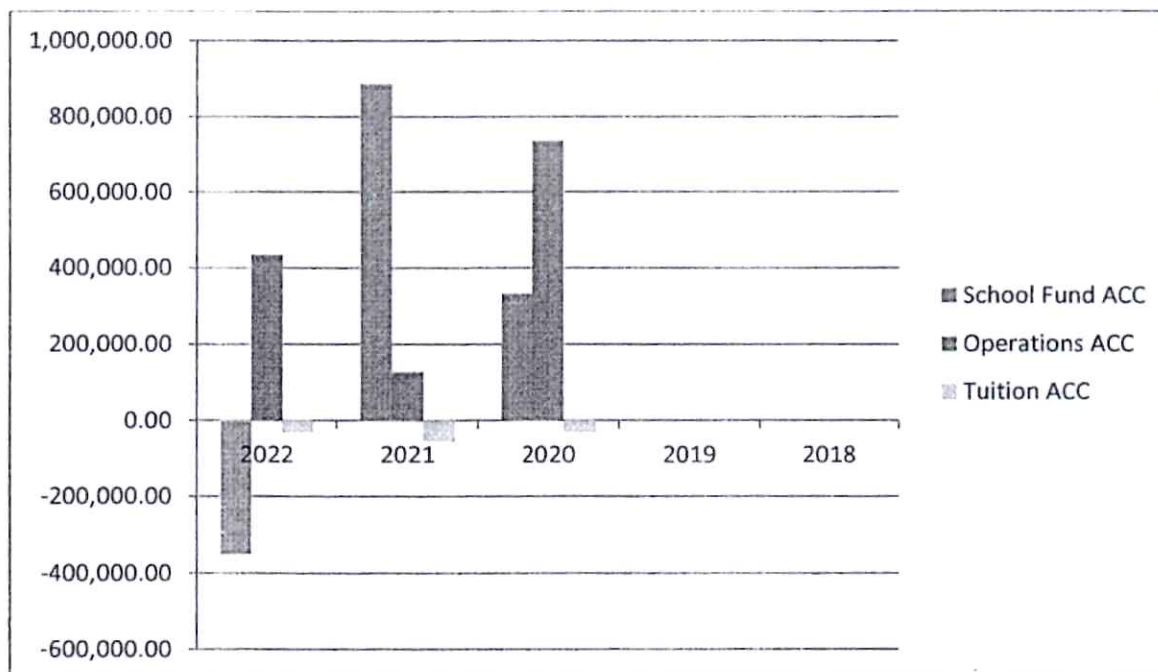
SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance:**

		SUPLUS/DEFICIT FOR THE YEAR AND A COMPARISON OF THE SAME FOR THE LAST TWO YEARS		
SNO	ACCOUNTS	2022	2021	2020
		Kshs	Kshs	Kshs
1	School Fund Account	(351,202.15)	887,520.20	333,230.80
2	Operations Account	434,981.80	127,824.95	737,119.00
3	Tuition Account	(30,825.60)	(56,031.25)	(31,535.00)
4	Infrastructure Account			
	TOTAL	52,954.05	959,313.90	1,101,884.80
	Increase/Decrease	52,954.05	959,313.90	1,038,814.80

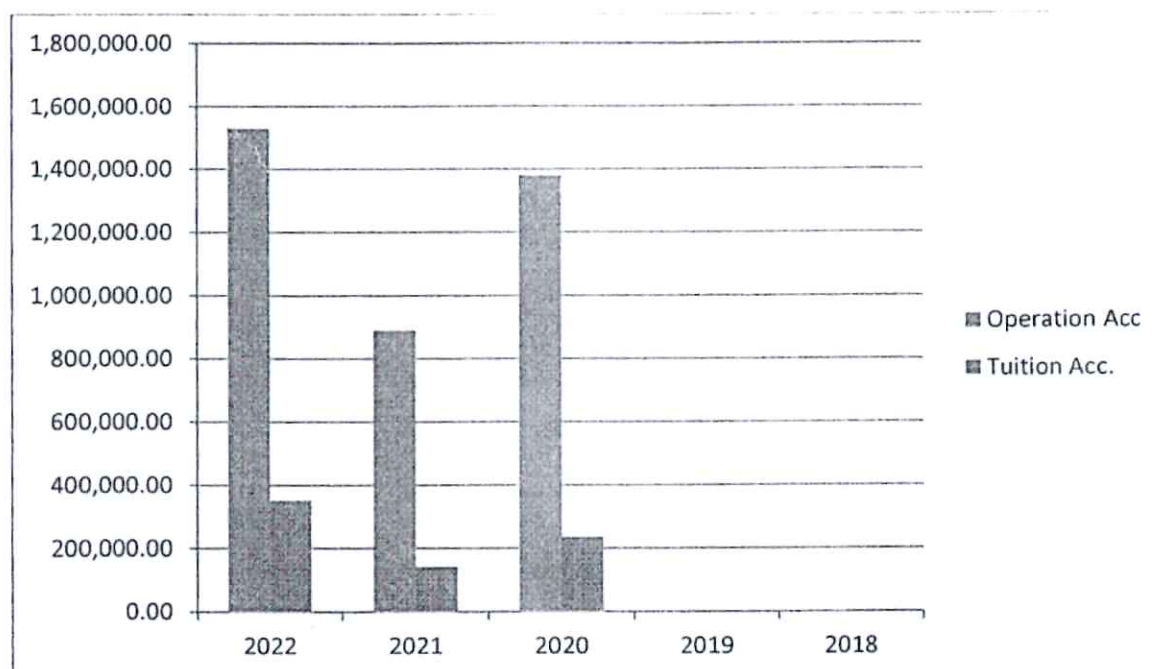
Trend over the last two years



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		CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR LAST TWO YEARS		
SNO	ACCOUNTS	2022	2021	2020
			KSHS	KSHS
1	Operations Account	1,528,832.20	890,044.95	1,378,975.00
2	Tuition Account	352,090.40	141,999.75	235,050.00
	Total	1,880,922.60	1,032,044.70	1,614,025.00
	Increase/Decrease	848,877.90	(581,980.30)	(704,654.56)
	No of students	106	112	106
	Ratio of Capitation per students	1:17,744.55	1:9214.7	1:15,226.7

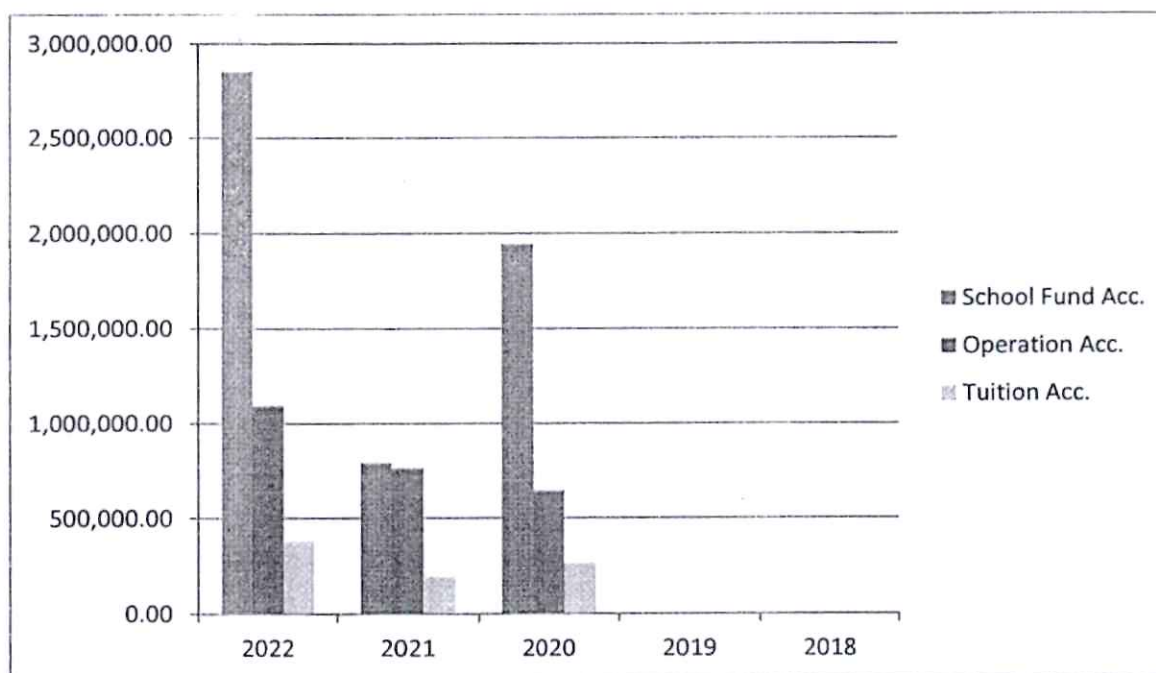
Trend over the last two years



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OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL				
SNO	ACCOUNTS	2022	2021	2020
		Kshs.	Kshs	Kshs
1	School Fund Account	2,856,062.15	791,779.80	1,944,717.20
2	Operations Account	1,093,850.40	762,220.00	641,856.00
3	Tuition Account	382,916.00	198,031.00	266,585.00
4	Infrastructure Account	-	-	-
	Total	4,332,828.55	1,752,030.80	2,853,158.20
	Increase/Decrease	(2,580,797.75)	(1,101,127.40)	

Trend over the last two years



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b) Teacher Student ratio:

Between the month of July 2021 and June 2022, the status of the teaching staff is as follows:

There are 7 teachers posted by the Teachers Service Commission and 2 recruited by the Board of Management. It was unfortunate that 2 teachers were released from the school in the period, No retiree in the period July 2021 to June 2022. Although the teacher student ratio lies at 1:15.14, we have a shortage of three teachers because of the subject combination

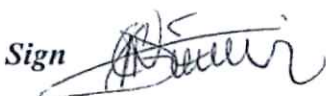
c) Mean score in the 2020,2019,2018 KCSE:

YEAR	ENTRY	MEAN	TRANSITION	TRANSITION (%)	SCHOOL TARGET	COMMENTS
2021	21	3.429	0	0	3.5	Positive deviation
2020	27	2.852	0	0	3.5	Positive deviation noted.
2019	39	2.615	0	0	2.8	Positive deviation noted
2018	36	2.176	0	0	2.5	The target was not meet.

d) Development projects carried out by the school:

Sno.	Project	Year	Status	Amount	FundSource
1	N/A				
2	N/A				

Sign



School Principal

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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 of Kenya from time to time.

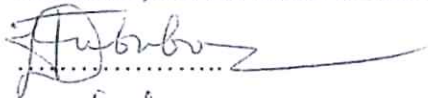
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2022, and of the school's financial position as at that date.

Name: ADAN JIRMA DUBA
Designation: Chairman, School Board of Management

Sign:



Date:

25/01/2022

Name: NYENCHO GALGALLO DIMA
Designation: School Principal & Secretary to Board of Management

Sign:



Date:

25/01/2022

Name: ABDI ADI SORA
Designation: Bursar/ Finance Officer

Sign:

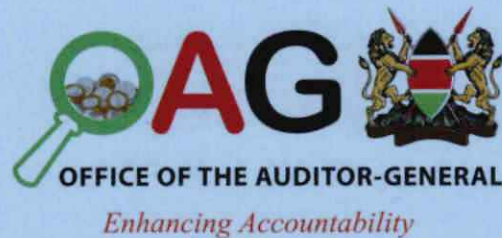


Date:

25/01/2022

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Merti Secondary School-Isiolo County set out on pages 12 to 28, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2022 and the statement of receipts and payments,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Merti Secondary School – Isiolo County as at 30 June, 2022 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 Basic the Education Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of financial statements submitted for audit revealed the following inaccuracies;

- i. Comparison of balances between the statement of receipts and payments and statement of cashflows revealed variances as detailed below;

Component	Statement of Receipts and Payments (Kshs)	Statement of Cash flows (Kshs)	Variance (Kshs)
Boarding and school fund payment	3,226,508	2,856,062	370,446
Tuition	467,106	382,916	84,190
School fund Income-parents contribution	3,418,000	2,504,986	913,014

- ii. Comparison of balances between the statement of receipts and payments and corresponding Notes to the financial statements revealed the following variances;

Component	Statement of Receipts & Payments (Kshs)	Notes to the Financial Statements (Kshs)	Variance (Kshs)
School Fund Income-Parents Contribution	3,418,000	2,504,986	913,014
Other Receipts	126	2,505,112	2,504,986
Payments for Tuition	467,106	382,916	84,190

- iii. The statement of receipts and payments reflects capitation grants for operations of Kshs.1,528,832 as disclosed in Note 2 to the financial statements. However, confirmation from the Ministry of Education reflected an amount of Kshs.1,376,450 resulting in unreconciled variance of Kshs.152,382.

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

4. Unsupported Accounts Payable Balance

The statement of financial assets and financial liabilities reflects accounts payable balance of Kshs.1,280,719. The balance includes an amount of Kshs.947,150 relating to the period under review. However, analysis of accounts payable at Annex 1 reflects a balance of Kshs.8,100 resulting in unreconciled variance of Kshs.1,272,619. Further, the balance includes an amount of Kshs.333,569 relating prior years whose detailed analysis was not provided for audit.

In the circumstances, the validity, completeness and accuracy of accounts payable balance of Kshs.1,280,719 could not be confirmed.

5. Unsupported Accounts Receivable Balance

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.14,686,251. However, detailed analysis of students with arrears of school fees was not provided for audit. Further, Management did not explain the mechanisms put in place to recover the long outstanding accounts receivable.

In the circumstances, the validity, completeness and accuracy of accounts receivable balance of Kshs.14,686,251 could not be confirmed.

6. Unsupported Cash and Bank Balances

The statement of financial assets and financial liabilities reflects bank and cash balances of Kshs.1,956,393 and Kshs.71,530 respectively as disclosed in Note 8 and Note 9 to the financial statements. However, the balances were not supported with bank reconciliation statements and board of survey report. Further, cash withdrawals amounting to Kshs.1,235,290 were made without supporting documentation of how the amount was utilized.

In the circumstances, the existence, completeness and accuracy of bank and cash balances of Kshs.1,956,393 and Kshs.71,530 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Merti 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.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2022.

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 for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 18 May, 2023 instead of the statutory deadline of 30 September, 2022. This was contrary to Section 81 of the Public Finance Management Act, 2012 on preparation and submission of the financial statements.

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

2. Non-Compliance with Public Sector Accounting Standards Board (PSASB) Reporting Template

Review of financial statements submitted for audit revealed that balances reflected in the financial statements were not rounded off to the nearest shilling. Further, the financial statements and accompanying Notes were not consistently pre-numbered and comparative balances were presented for two (2) financial years contrary to the reporting template.

In the circumstances the financial statements submitted for audit did not comply with the PSASB reporting template.

3. Late Transfer of Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflect operations capitation grants of Kshs.1,528,832 as disclosed in Note 2 to the financial statements. The amount includes Kshs.484,500 which was transferred to infrastructure account after fifteen (15) days contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds be transferred to the school infrastructure account within fifteen (15) days upon receipt of the funds in the operations account.

In the circumstances, Management was in breach of the Ministry of Education guideline.

4. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015

The statement of receipts and payments reflects boarding and school fund payments of Kshs.3,226,508. Examination of payment vouchers relating to the year under review totaling to Kshs.2,161,296 revealed that the goods received were not supported with Inspection and Acceptance Committee reports contrary to requirement of Section 48 of the Public Procurement and Assets Disposal Act, 2015.

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

5. Failure to Prepare School Improvement Plan

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

In the circumstances, the effectiveness of Management to implement a School Improvement Plan could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Land Ownership Documents and Incomplete Fixed Asset Register

Review of the fixed assets register revealed that the school had assets valued at Kshs.59,877,000. However, the asset register was incomplete as it did not disclose important details such as asset location, date of acquisition and unique identification code. Further, Management did not provide title documents for the land occupied by the school.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 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 overall 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 the intention to terminate the School or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 control may not prevent or detect misstatements and instances of non compliance. 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 Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

20 November, 2024

Report of the Auditor-General on Merti Secondary School for the year ended 30 June, 2022 - Isiolo County

**MERTI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2022

DESCRIPTION OF NOTE HEAD	Note	2021-2022 Kshs.	2020-2021 Kshs	2019-2020 Kshs
RECEIPTS				
Capitation grants for tuition	1	352,090.40	141,999.75	235,050.00
Capitation grants for operations	2	1,528,832.20	890,044.95	1,378,975.00
School Fund Income- Parents' Contributions	3	3,418,000.00	1,679,300.00	2,277,948.00
School Fund Income- Other receipts	4	126.00	-	-
Proceeds from borrowings		-	-	-
TOTAL RECEIPTS		5,299,048.60	2,711,344.70	3,891,973.00
PAYMENTS				
Payments for Tuition	5	467,106.00	198,031.00	266,585.00
Payments for operations	6	1,093,850.40	762,220.00	641,856.00
Boarding and school fund payments	7	3,226,508.15	791,779.80	1,944,717.20
TOTAL PAYMENTS		4,787,464.55	1,752,030.80	2,853,158.20
SURPLUS/DEFICIT		511,584.05	959,313.90	1,038,814.80

The school financial statements were approved on 10/Jan/22 2022 and signed by:

Sign: 

Name: Adan Jirma

Chair BOM

Date: 25/01/2023

Sign: 

Name: Nyencho Galgallo

School Principal/
Secretary to BOM

Date: 25/01/2023

Sign: 

Name: Abdi Adi Sora

Bursar/
Finance Officer

Date: 25/01/2023

**MERTI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2022

**STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH
JUNE 2022**

	Note	2021-2022	2020-2021	2019-20
		Kshs.	Kshs	Kshs
FINANCIAL ASSETS				
Cash and Cash Equivalents				
Bank Balances	8	1,956,393.26	1,001,683.21	2,160025
Cash Balances	9	71,530.00	123,770.00	0.0
Short term Investment	10	-	-	-
Total Cash and cash equivalent		<u>2,027,923.26</u>	<u>1,125,453.21</u>	2,160025
Account's receivables	10	14,686,251.00	14,221,127.00	13,490,84
TOTAL FINANCIAL ASSETS		16,714,174.26	15,346,580.21	15,650,87
FINANCIAL LIABILITIES				
Accounts Payables	11	1,280,719.00	424,709.00	1,688315
NET FINANCIAL ASSETS		15,433,455.26	14,921,871.21	13,962,55
REPRESENTED BY				
Accumulated Fund b/fwd	12	14,921,871.21	13,962,557.31	13,431,74
Surplus/Deficit for the year		511,484.05	959,313.90	1,038,81
NET FINANCIAL POSSITION		15,433,455.26	14,921,871.21	14,470,55

The School's financial statements were approved on 10/may 2022 and signed by:

Name: Adan Jirma
Chairman, BoM

Sign:

Date: 25/01/2023

Name: Nyencho Galgallo
School Principal/Secretary
to BoM

Sign:

Date: 25/01/2023

Name: Abdi Adi
Bursar/Finance

Sign:

Date: 25/01/2023

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Medical	21,800	-	21,800	21,800	0	100
Administration costs	191,006.00	-	191,006.00	191,006.44	0	100
Activity	-	-	-	-	-	
Gratuity	-	-	-	-	-	
SMASSE						
SUB-TOTAL	1,528,832.20	-	1,528,832.20	1,528,832.20	0	100
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	497,000.00	-	497,000.00	257,600.00	239,400.00	51.83
Repairs and maintenance	295,900.00	-	295,900.00	216,300.00	79,600.00	73.09
Local transport / travelling	202,100.00	-	202,100.00	101,800.00	100,300.00	50.37
Electricity and water	238,900.00	-	238,900.00	132,500.00	106,400.00	55.46
Medical	-	-	-	-	-	
Fee on Boarding Equipment and Stores	2,850,600.00	-	2,850,600.00	1,691,786.00	1,158,814.00	59.35
Administration costs	157,500.00	-	157,500.00	71,200.00	86,300.00	45.21
Activity	49,000.00	-	49,000.00	33,800.00	15,200.00	68.98
SMASSE	-	-	-	-	-	
SUB-TOTAL	4,273,000.00	-	4,273,000.00	2,504,986.00	1,768,014.00	58.62
OTHER INCOME						
Rent income	-	-	-	-	-	
Income from farming activities	-	-	-	-	-	
Insurance compensation	-	-	-	-	-	
Income from Posho mill	-	-	-	-	-	
Income from Bus Hire	-	-	-	-	-	
Fee for hire of ground and equipment	-	-	-	-	-	
Interest income	-	-	-	126.00	(126.00)	

IERTI SECONDARY SCHOOL
UBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
or the year ended 30th June 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Income from any other investment	-	-	-	-	-	
TOTAL INCOME				2,505,112.00		
(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials	25,000.00	-	25,000.00	10,000.00	15,000.00	40
Exercise books	65,000.00	-	65,000.00	54,606.00	10,394.00	84
Laboratory equipment	215,000.00	-	215,000.00	187,100.00	27,900.00	87.02
Internal exams	-	-	-	-	-	-
Teaching / learning materials	40,000.00	-	40,000.00	21,350.00	18,650.00	53.38
Chalks	9,000.00	-	9,000.00	7,640	1,360.00	84.89
Exams and assessment	18,000.00	-	18,000.00	7,000.00	11,000.00	38.89
Teachers Guide	8,000.00	-	8,000.00	-	8,000.00	-
Administration costs	132,744.00	-	132,744.00	94,500.00	38,244.00	71.19
Bank Charges	-	-	-	720.00	(720.00)	-
				382,916.00		
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	382,012.88	-	382,012.88	326,500.00	55,512.88	85.47
Service Gratuity				-	-	-
Administration costs	191,006.00	-	191,006.00	76,025.00	114,981.00	39.80

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Repairs, maintenance & improvements	552,000.00	-	552,000.00		552,000.00	-
Local transport / travelling	191,006.44	-	191,006.44	133,000.00	58,006.00	69.63
Electricity, water and conservancy	191,006.00	-	191,006.00	73,105.40	117,901.00	38.27
Medical	21,800	-	21,800	18,200	3,600	83.48
Infrastructure				484,500.00	(484,500.00)	-
Activity Expenses	-	-	-	-	-	-
SMASSE	-	-	-	-	-	-
Insurance Cost	-	-	-	-	-	-
Bank charges	720.00	-	720.00	720.00	0	100
Acquisition of Assets	-	-	-	-	-	-
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	497,000.00	-	497,000.00	680,000.00	(183,000.00)	136.82
Repairs, maintenance and improvements	295,900.00	-	295,900.00	111,150.00	184,750.00	37.56
Local transport / travelling	202,100.00	-	202,100.00	125,000.00	77,100.00	61.85
Electricity, water and conservancy	238,900.00	-	238,900.00	231,410.00	7,490.00	96.86
Medical Expenses	-	-	-	-	-	-
Administration costs	157,500.00	-	157,500.00	275,946.00	(118,446.00)	187.90
Activity	49,000.00	-	49,000.00	18,480.00	30,520.00	37.71
Gratuity	-	-	-	-	-	-
Lunch programme	-	-	-	-	-	-
Boarding Equipment and Stores	2,850,600.00	-	2,850,600.00	1,770,090.00	1,080,510.00	62.09
Expenditure for Income Generating Activity	-	-	-	-	-	-
Insurance costs	-	-	-	-	-	-

ERTI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
for the year ended 30th June 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Other expenses on investments	-	-	-	-	-	-
Rent Expenses	-	-	-	-	-	-
Bank Charges	14,432.15	-	14,432.15	14,432.15	0	100
Loan Principal Repayment	-	-	-	-	-	-
Loan Interest Repayment	-	-	-	-	-	-
Acquisition of Assets	-	-	-	-	-	-
TOTALS	4,287,432.15	-	4,287,432.15	3,226,508.15	1,060,924.00	75.26

SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

**MERTI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

NOTES TO THE FINANCIAL STATEMENTS

1. CAPITATION GRANT FOR TUITION

	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Textbooks and reference materials			
Exercise books			
Laboratory equipment			
Internal exams			
Teaching / learning materials	352,090.40	141,999.75	235,050.00
Chalks			
Exams and assessment			
Teachers guides			
Total	352,090.40	141,999.75	235,050.00

2. CAPITATION GRANT FOR OPERATIONS

	2021-2022	2020-2021	2019-2020
		Kshs	Kshs
Personnel emoluments	382,012.88		
Repairs and maintenance	552,000.00	353,500.00	557,500.00
Local transport / travelling	191,006.44		
Electricity and water	191,006.44	536,544.95	745,275.00
Medical	21,800		25,400.00
Administration costs	191,006.44		
Activity			50,800.00
Total	1,528,832.20	890,044.95	1,378,975.00

**MERTI SECONDARY SCHOOL
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Annual Report and Financial Statements
For the year ended 30th June 2022**

PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Personnel emoluments	257600.00	111,900.00	220,948.00
Repairs and maintenance	216,300.00	43,300.00	205,200.00
Local transport / travelling	101,800.00	35,800.00	124,000.00
Electricity and water	132,500.00	44,200.00	132,300.00
Medical	-	-	-
Boarding fee	1,691,786.00	565,900.00	1,446,700.00
Administration costs	71,200.00	22,700.00	91,300.00
Activity	33,800.00	500.00	57,500.00
SMASE			
Total	2,504,986.00	824,300.00	2,277,948.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Medical	-	-	-
Rent income	-	-	-
Income from farming activities	-	-	-
Insurance compensation	-	-	-
Income from Posho mill	-	-	-
Income from Bus Hire	-	-	-
Fee for hire of ground and equipment	-	-	-
Income from grants and donations*	-	-	-
Interest income	126	-	-
Dividends income	-	-	-
Total	2,505,112.00	824,300.00	2,277,948.00

(Include an explanation on the kind and source of grants/ donations received by the school.)

**MERTI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

PAYMENTS FOR OPERATIONS

	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Personnel emoluments(Non-teaching/BOM teachers)	326,500.00	250,100.00	343,600.00
Service Gratuity	-	-	-
Administration Cost	76,025.00	145,950.00	178,275.00
Repairs and maintenance & improvements		7,220.00	20,900.00
Local transport / travelling	133,000.00	85,000.00	30,000.00
Electricity and water	73,105.40	54,260.00	58,991.00
Medical	-	-	-
Infrastructure	484,500.00	218,000.00	-
Activity Expenses	-	-	9,850.00
SMASSE	-	-	-
Insurance Cost	-	-	-
Bank Charges	720.00	1,690.00	240.00
Acquisition of Assets	-	-	-
TOTAL	1,093,850.40	762,220.00	641,856.00

BOARDING AND SCHOOL FUND PAYMENTS

	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Personnel emoluments(Non teaching and BOM Teachers)	680,000.00	100,200.00	410,400.00
Repairs and maintenance & Improvements	111,150.00	3,500.00	59,010.00
Local transport / travelling	125,000.00	28,500.00	109,700.00
Electricity and water	231,410.00	112,900.00	108,290.00
Medical Expenses	-	-	-
Administration costs	275,946.00	96,300.00	120,280.00
Activity	18,480.00	-	48,250.00
Gratuity			
Lunch programme	-	-	-
Boarding Equipment and Stores	1,770,090.00	443,665.00	1,064,385.00
Expenses on Income Generating Activities	-	-	-
Insurance cost	-	-	-
Other expenses on investments	-	-	-
Rent Expenses	-	-	-
Bank Charges	14,432.15	6,724.80	24,402.20

**MERTI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

PAYMENTS FOR TUITION

	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Textbooks and reference materials	10,000.00	-	
Exercise books	54,606.00	-	
Laboratory equipment	187,100.00	-	
Internal exams	-	-	
Teaching / learning materials	21,350.00	197,671.00	265345.00
Chalks	7,640	-	
Exams and assessment	7,000.00	-	
Teachers guides	-	-	
Administration Costs	94,500.00	-	
Bank Charges	720.00	360.00	240.00
Total	382,916.00	198,031.00	266585.00

**MERTI SECONDARY SCHOOL
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Annual Report and Financial Statements
For the year ended 30th June 2022**

Loan Principal repayment	-	-	-
Loan Interest repayment	-	-	-
Acquisition of Assets	-	-	-
TOTAL	3,226,508.15	791,779.80	1,944,717.20

*Expenses on income generating activities** should include all costs relating to the school earnings on other receipts as recorded in note 4. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others.*

**MERTI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

BANK ACCOUNTS

Name of Ban, Account No. & currency	Bank Account Number	2021-	2020-2021	2019-2020
		2022	Kshs	
Tuition Account(CONSOLIDATED)	10111203000011	108,956.36	195,813.21	195,813.21
Operations Account(KCB)	1103343009	675,501.85	381,480.05	271,835.10
School Fund Account/Boarding(ABSA)	0132009708	460,966.05	253,952.20	404,377.00
Savings Account	-	-	-	-
Parent Association Development Account	-	-	-	-
Income generating activities Account	-	-	-	-
Infrastructural Account(KCB)	1266987185	710,969.00	226,469.00	1,288,469.00
Total		1,956,393.26	1,057,714.46	2,160,494.31

CASH IN HAND

Description	2021-2022	2020-2021	2019-2020
	Kshs		
Tuition Account	-	-	-
Operation Account	70,000.00	-	-
School Fund account	1,530.00	123,770.00	-
Total	71,530.00	123,770.00	0.00

SHORT TERM INVESTMENTS

Description	2021-2022	2020-2021	2019-2020
	Kshs		
Cooperative shares	-	-	-
Treasury Bills	-	-	-
Fixed deposit	-	-	-
Equity stock	-	-	-
Other investments	-	-	-
Total	-	-	-

**MERTI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2022



NOTES TO THE FINANCIAL STATEMENTS (Continued)

ACCOUNTS RECEIVABLE

Description	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Fees arrears	14,396,061.00	14,022,147.00	13,315,047.00
Other non-fees receivables	290,190.00	45,500.00	45,500.00
Salary advances	-	-	-
Imprest	-	5000.00	-
Total	14,686,251.00	14,072,647.00	13,360,547.00

[Include an ageing of the fees / non fees arrears below]

Description	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Fees arrears for current year	913,014.00	855,000.00	984,576.00
Fees arrears for the previous year	855,000.00	984,576.00	1,912,640.00
Fees arrears for prior periods (over two years)	12,628,047.00	12,182,571.00	10,417,831.00
Total	14,396,061.00	14,022,147.00	13,315,047.00

ACCOUNTS PAYABLE

Description	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	1,280,719.00	8,140.00	1,688,315.00
Prepaid fees	-	-	-
Retention monies	-	-	-
Total	1,280,719.00	8,140.00	1,688,315.00

[Include an ageing of the creditor's arrears below]

Description	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Trade creditors for current year	947,150.00	-	697,475.00
Trade creditors for the previous year	-	8,140.00	787,500.00
Trade creditors for prior periods (over two years)	333,569.00	416,569	203,340.00
Total	1,280,719.00	424,709.00	1,688,315.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FUND BALANCE BROUGHT FORWARD

Description	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Bank balances	1,956,393.26	1,001,683.21	2,160,025.31
Cash balances	71,530.00	123,770.00	-
Short Term Investments	-	-	-
Receivables	14,686,251.00	14,221,127.00	13,490,847.00
Payables	1,280,719.00	424,709.00	1,688,315.00
Total	15,433,455.26	14,921,871.21	13,963,557.31

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STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2022

		2021-2022	2020-2021	2019-2020
		Kshs,	Kshs	Kshs
Receipts for operating income				
Capitation grants for tuition	1	352,090.40	141,999.75	235,050.00
Capitation grants for operations	2	1,528,832.20	890,044.95	1,378,975.00
School fund income- Parents contributions/ fees	3	2,504,860.00	824,300.00	1,293,372.00
School fund income- other receipts	4	126.00	-	-
Total receipts		4,385,908.60	1,856,344.70	2,907,379.00
Payments				
Payments for Tuition		382,916.00	198,031.00	266,585.00
Payments for operations		1,093,850.40	762,220.00	641,856.00
Boarding and school fund payments		2,856,062.15	791,779.80	1,944,717.00
Total payments		4,332,828.55	1,752,030.80	2,853,158.20
Net cash flow from operating activities		53,080.65	104,313.90	54,238.80
CASHFLOW FROM INVESTING ACTIVITIES				
Proceeds from Sale of Assets		-	-	-
Acquisition of Assets		-	-	-
Proceeds from investments		-	-	-
Purchase of investments		-	-	-
Net cash flows from Investing Activities		-	-	-
CASHFLOW FROM BORROWING ACTIVITIES				
Proceeds from borrowings/ loans		-	-	-
Repayment of principal borrowings		-	-	-
Net cash flow from financing activities		-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		902,470.05	104,313.90	54,238.80
Cash and cash equivalent at BEGINNING of the year		1,125,453.21	2,160,025.31	1,417,836.51
Cash and cash equivalent at END of the year		2,027,923.26	2,264,339.21	1,472,075.31

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.

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STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
T/books and reference materials	25,000.00	-	25,000.00		-	66.67
Exercise books	65,000.00	-	65,000.00		-	66.7
Laboratory equipment	215,000.00	-	215,000.00		-	66.7
Internal exams	-	-	-		-	
Teaching / learning materials	40,000.00	-	40,000.00	352,090.40	(312,090.00)	66.7
Chalks	9,000.00	-	9,000.00		-	66.7
Exams and assessment	18,000.00	-	18,000.00		-	66.7
Administration costs	132,744.00	-	132,744.00		-	66.7
Teachers guides	8,000.00	-	8,000.00		-	66.7
SUB-TOTAL	512,744.00	-	512,744.00	352,090.40	160,653.60	66.67
(2) C GRANT ON OPERATIONS						
Personnel emoluments	382,012.88		382,012.88	382,012.88	0	100
Repairs and maintenance	552,000.00		552,000.00	552,000.00	0	100
Local transport / travelling	191,006.44		191,006.00	191,006.44	0	100
Electricity and water	191,006.00		191,000.00	191,006.44	0	100

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 2022	Additions during the year (Kshs)	Disposal
Land 1	1986	MERTI	17,000,000.00	-	
Land 2	1986	MERTI	13,500,000.00	-	
Buildings and structures	-		24,980,000.00	-	
Motor vehicles	-		-	-	
Office equipment, furniture and fittings			367,000.00	-	
ICT Equipment, and Other ICT Assets			1,100,000.00	-	
Tools and apparatus			920,000.00	-	
Textbooks			1,980,000.00	-	
Other Machinery and Equipment			-	-	
Heritage and cultural assets			-	-	
Intangible assets- soft ware			30,000.00	-	
Total			59,877,000.00	-	

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

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX-1	Comments
	A	b	c	d = a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1.	-			-		
2.	-			-		
3.	-			-		
Sub-Total						
Supply of goods						
1. Baranot bookshop	8,140.00	01/01/2021	-	8,100.00		
2.	-			-		
3.	-			-		
Sub-Total	8,100.00			8,100.00		
Supply of services						
1.	-			-		
2.	-			-		
3.	-			-		
Sub-Total	-			-		
Grand Total	8,100.00			8,100.00		

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Other important disclosure notes

IPSAS 1 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.

Non-current Liabilities Summary

Description	2021-2022	2020-2021	2019-2020
	Kshs.	Kshs	Kshs
Bank loan(s)	-	-	-
Outstanding Leases	-	-	-
Hire purchase	-	-	-
Gratuity and leave provision	-	-	-
Total	-	-	-

Biological assets

Description	Numbers	2021-2022	2020-2021	2019-2020
		Kshs.	Kshs	Kshs
Cattle		-	-	-
Goats		-	-	-
Trees		-	-	-
Coffee or tea plantation		-	-	-
Poultry		-	-	-
Total		-	-	-

Borrowings

Description	2021-2022	2020-2021	2019-2020
	Kshs.	KShs	KShs
a) Borrowings			
Borrowing at beginning of the year	-	-	-
Borrowings during the year	-	-	-
Repayments of during the year	-	-	(-)
Balance at end of the year	-	-	-

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Other important disclosure notes

Stock/ Inventory

Description	2021-2022	2020-2021	2019-2020
	KShs.	KShs	KShs
b) Borrowings			
Stock/ inventory at beginning of the year		20,000.00	48,000.00
Stock/ inventory purchased during the year		535,646.00	1,410,635.00
Stock/ inventory issued during the year		(505,646.00)	(1,250,000.00)
Balance at end of the year		50,000.00	208,635.00