REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

ARABIA BOYS SECONDARY SCHOOL

FOR THE YEAR ENDED 30 JUNE, 2022

MANDERA COUNTY

ARABIA BOYS' SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022

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

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I. Key School Information and Management

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

(a) Background information

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

The school was registered in 2/1998 under registration number GP/A/3566/2005 (was initially issued with a registration number GP/A/795/1997) and is currently categorized as a County public school established, owned or operated by the Government.

The school is a boarding school and had 324 number of students as at 30th June 2022. It has 8 streams and 13 teachers of which 5 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	Hassan Abdullahi Abdikadir	Chairman	26/6/2019
2	Mohamed Abdirahman M	Secretary – Principal	26/6/2019
3	Habiba Ali Omar	Member	26/6/2019
4	Fatuma Abdikadir Kassim	Member	26/6/2019
5	Mohamed Adan Manur	Member	26/6/2019
6	Abdirahman Muktar	Member	26/6/2019
7	Abdinoor Dakane	Member	26/6/2019
8	Abdikheir Adan Hussein	Member – Rep CEB	26/6/2019
9	Abdiaziz Hassan Noor	Member Rep Teachers	26/6/2019
10	Maryam Dubow Dahir	3 Members – Sponsor	26/6/2019
11	Ali Salat Abdi	Member – Community	26/6/2019
12	Markaba Hassn	Member Special Needs	26/6/2019
13	Adan Noor Mohamud	Rep Students	26/6/2019
14.	Mohamed Hussein Y	Member	26/6/2019

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			
		Hassan Abdullahi	Chairperson	5 out of 5
		Mohamed Abdirahmn	Secretary	5 out of 5
		Abdikheir Adan Hussein	Member	5 out of 5
		Maryam Dubow Dahir	Member	5 out of 5
2	Audit Committee			
		Hassan Abdullahi	Chairperson	3 out of 3
		Mohamed Hussein	Secretary	3 out of 3
		Abdiaziz Hassan Noor	Member/Dep. Princ	3 out of 3
3	Finance,procurement and general purposes Committee			
		Hassan Abdullahi	Chairperson	4 out of 4
		Abdiaziz Hassan Noor	Secretary	4 out of 4
4	Academics Committee	Abdiaziz Hassan Noor	Chairperson	8 out of 8

5	Development Committee	Hassan Abdullahi	Chairperson	4 out of 4
		Mohamed Abdirahman	Secretary	4 out of 4
		Habiba Ali Omar	Member	4 out of 4
6	Discipline and welfare Committee	Abdiaziz Hassan Noor	Chairperson	8 out of 8
		Fatuma Abdikadir	Secretary	8 out of 8
		Ali Salat Abdi	Member	7 out of 8
7	Adhoc Committee (if any during the year)			

(d) School operation Management

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

Ref:	Designation	Name	TSC Number/ID NO
1	Principal	MOHAMED ABDIRAHMAN M	658876
2	Deputy Principal	ABDIAZIZ HASSAN NOOR	723599
3	School Bursar	AMIN ABDI NOOR	34114641

(e) Schools contacts

Post Office Box: 252-70300
Telephone: +254728506467
E-mail: arabiasecondaryschool@gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

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

1. Name of Bank: KCB
   Branch: MANDERA
   Account Numbers: **1103913956, 1103919822, 1103921290** and **1117861457**

2. Name of Bank: EQUITY BANK
   Branch: MANDERA
   Account Number: **1000264454661**

3. MPESA Pay Bill No. **522522** attached to **1103913956** 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

II. Summary Report of Performance of The School

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

a) **Financial performance**:

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

- Surplus/ deficit for the year and a comparison of the same for the last three years
- Capitation grants from the Ministry of Education for the last three years
- Ratio of capitation grant per student over the last three years
- A three-year overview of growth of other income(s) earned by the school.
- A three-year overview of growth in expenditure of the school
- Movement of debtors and creditors of the school over the last three years
- Movement of cash and bank balances over the last three years

Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends).

b) **Teacher Student ratio**:

Teacher: Student	1:29
Teachers recruited by TSC	0
Teachers recruited by BoM	4

c) **Mean score in the *2021* KCSE**:

Year	**Mean Score**
2019	**2.8901 D**
2020	**4.460 D**
2021	**4.350 D+**

d) **Number of Candidates in the 2021 KCSE:**

Year	**Number of Candidates**	**Transition to higher learning**
2019	**91**	**10**
2020	**50**	**26**
2021	**65**	**27**

e) **Capacity of the school**:

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

Facility	Number
Dormitories	7
Dining Hall	1
Laboratories	2
Classrooms	10
Toilets	15

Summary Report of the Performance of the School (Continued)

f) Development projects carried out by the school:

PROJECT NAME	*SOURCE OF FUND*	*STATUS*
Renovation of 8NO classrooms	MoE (M&I)	Done

MOHAMED ABDIRAHMAN

School Principal

PRINCIPAL / BOM SECRETARY
ARABIA BOYS' SEC. SCHOOL
P. O. Box 252 - 70300, MANDERA
Date: 9/4/26 Sign:

III. 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 Arabia Boys 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, 2021, and of the school's financial position as at that date.

………………………………………

Name: HASSAN ABDULLAHI ABDIKADIR

Designation: Chairman, School Board of Management

Date: 05/4/026

………………………………………

Name: MOHAMED ABDIRAHMAN

Designation: School Principal& Secretary to Board of Management

Date:

PRINCIPAL/BOM SECRETARY
ARABIA BOYS SEC. SCHOOL
P.O. BOX ... MANDERA
Date: 5/4/26 Sign: ……

………………………………………

Name: AMIN ABDI NOOR

Designation: Bursar/ Finance Officer

Date: 05 - 4 - 26

REPUBLIC OF KENYA

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

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON ARABIA BOYS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – MANDERA COUNTY

PREAMBLE

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

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

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

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Arabia Boys Secondary School set out on pages 1 to 11, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Arabia Boys Secondary School 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 Basic Education Act, 2013, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported School Fund Income – Parent's Contributions

The statement of receipts and payments reflects an amount Kshs.4,436,137 in respect of school fund income-parent's contributions which relates to school fees paid as disclosed in Note 3 to the financial statements. However, school fee payment receipt books and students' fee registers detailing names of students, admission number, amounts invoiced, amount paid, amount outstanding, bank deposit slips and bank statements were not provided for audit to support the fees collected.

In the circumstances, the accuracy and completeness of the school fund income-parent's contributions amount of Kshs.4,436,137 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.9,000,000 and Kshs.10,061,780 respectively, resulting in an over-funding of Kshs.1,061,780 or 12% of the budget. However, the School spent an amount of Kshs.8,759,833 against actual receipts of Kshs.10,061,780 resulting in an under-utilization of Kshs.1,301,947 or 13% of actual receipts.

The under-utilization affected the planned activities and may have impacted negatively on the operations of the School.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements for Audit

The financial statements for the year ended 30 June, 2022 were submitted to the Auditor-General on 11 March, 2024 instead of the statutory deadline of 30 September, 2022. This was contrary to Section 68(2) of Public Finance Management Act, 2012 which requires financial statements to be submitted to the Auditor-General within three (3) months after the end of each financial year.

In the circumstance, Management breached the law.

2. Under-Disbursement of Capitation Grants from Ministry of Education

The statement of receipts and payments reflects an amount Kshs.5,626,642 in respect of Government grants as disclosed in Notes 1 and 2 to the financial statements. However, during year under review the School had a total three hundred and seventy-seven (377) students as per NEMIS data.

The Ministry of Education Circulars for the year under review showed that the Ministry disbursed total capitation grants for tuition and operations at a rate of Kshs.15,780 per student instead of the approved amount of Kshs.22,244 therefore resulting in an under-disbursement of Kshs.6,464 per student translating to total under-disbursement of Kshs.2,436,928. This was contrary Ministry of Education Circular ref MOE/CONF/G5 dated 26 November, 2019 which provides that the Government will continue to disburse the Government of Kenya (GOK) Subsidy (Capitation) to schools to actualize Free Day Secondary Education following the normal financial calendar at the rate of Kshs.22,244 annually per learner.

In the circumstances, under-funding of the school may have affected service delivery to the students.

3. Lack of a Functional Procurement Unit

The School did not have an established procurement function managed by qualified procurement professionals as required under Section 47(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 33 of the Public Procurement and Asset Disposal Regulations, 2020. Procurement activities were undertaken by individuals lacking the requisite qualifications.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE.

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of 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 governance were not effective.

Basis for Conclusion

Lack of Internal Audit Function and Audit Committee

The School did not have an audit committee and an internal audit unit. This was contrary to Regulation 174(1) of the Public Finance Management (National Government) Regulations, 2015, which requires each National Government entity to establish an audit committee and Section 73(1)(a) of the Public Finance Management Act, 2012, which provides that every National Government entity shall ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the existence of an effective oversight mechanisms could not be confirmed.

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

Responsibilities of the Management and Those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 May, 2026

V. Statement Of Receipts and Payments Period To 30TH JUNE 2022

Description Of Vote Head	Note	2021-2022	JAN-JUNE2021
Receipts			
Capitation grants for tuition	1	1,057,765.80	226,890.00
Capitation grants for operations	2	4,568,877.00	2,809,879.90
School fund income- parents' contributions	3	4,436,137.00	1,012,700
Proceeds from borrowings			
Total Receipts		**10,062,779**	**4,049,470.00**
Payments			
Payments for tuition	4	992,476.00	441,076.00
Payments for operations	5	4,883,852.00	2,265,504.00
Boarding and school fund payments	6	3,782,481.00	1,324,298.00
Total Payments		**9,658,809**	**4,030,878**
Surplus		**403,970**	**18,592**

The school financial statements were approved on 30.6. 2022 and signed by:

Name: Hassan Abdullahi

Chair BOM

Date: 05/04/026

Name: MOHAMED ABDIRAHMAN M.
School Principal/ Secretary to BOM

Date: 05/04/026

Name: Amin Abdi Noor

Bursar/ Finance Officer

Date: 05-4-26

PRINCIPAL / BOM SECRETARY
ARABIA BOYS' SEC. SCHOOL
P. O. Box 262 - 70300, MANDERA

Statement Of Financial Assets And Financial Liabilities As At 30TH JUNE 2022

Description	Note	2021-2022	JAN – JUNE2022
Financial Assets			
Cash and cash equivalents			
Bank Balances	7	1,603,407.30	1,471,240.00
Cash Balances			
Short term Investment			
Total Cash and Cash Equivalents		**1,603,407.30**	**1,471,240.00**
Account's receivables	8	2,128,929	1,700,030
Total financial assets (a)		**3,732,336**	**3,171,270**
Financial liabilities			
Accounts Payable			
Total Financial Labilities (b)			
Net financial assets (a-b)		**3,732,336**	**3,171,270**
Accumulated fund b/fwd	9	**3,732,336**	3,171,270
Surplus/Deficit for the year		403,970	18,592
Net financial position		**4,136,306**	**3,189,862**

The school's financial statements were approved on 30. 6. 2022 and signed by:

………………………………	………………………………	………………………………
Name: Hassan Abdullahi	**Name: Mohamed Abdirahman**	**Name: Amin Abdi**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 05/04/026	**Date:** 05/04/26	**Date:** 05-4-26

PRINCIPAL / BOM SECRETARY
ARABIA BOYS' SEC. SCHOOL
P. O. Box 252 - 70300, MANDERA
Date:……………Sign……………

VI. Statement of Cash Flows for The Period Ended As At 30th June 2022

Description	Notes	2021-2022	JAN – JUNE2021
Operating activities			
Receipts			
Government grants for tuition	1	1.057,765.80	226,890
Government grants for operations	2	4,568,877.00	2,809,879.90
Government grants for infrastructure	3	0.00	
School fund income-parents contribution/fees	4	4,436,137.00	1,012,700.00
Other income			
Total receipts		**10,062,779.00**	**4,049,470.00**
Payments			
Payment for tuition	5	992,476.00	441,076.00
payment for operations	6	4,883,852.00	2265,504.00
Building and school fund payments	7	3,782,481.00	1,324,298.00
Total Payments		**9,658,809.00**	**4,030,878.00**
Net cash flow from operating activities		**403,970.00**	**18,592**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			
Acquisition of Assets	8		
Proceeds from investments			
Net cash flows from Investing Activities			
NET CASHFLOW FROM FINANCING ACTIVITIES			
Net cash flows from Financing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		**403,970**	**18,592**
Cash and cash equivalent at beginning of the year		**1,471,240**	**1,452,648**
Cash and cash equivalent at END of the year		**1,603,407**	**1,471,240**

(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).

VII. 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						
Teaching / Learning Materials	2,000,000.00		2,000,000.00	1,057,765	942,235.00	52.89%
(2) Capitation Grant on Operations						
Personnel Emoluments	2,000,000		2,000,000	2,951,971	951,971.00	147.60%
Local Transport / Travelling	500,000		500,000	468,949	31,051.00	93.79%
Electricity And Water	700,000		700,000	556,979	143,021.00	79.57%
Administration Costs	500,000		500,000	589,979	89,979.00	118.00%
(3) Fees Charged on Parents						
Boarding and other expenses	2,500,000		2,500,000	3,591,300	1,091,300.00	143.65%
Electricity And Water	600,000		600,000	399,837	200,163.00	66.64%
Administration Costs	200,000		200,000	445,000	245,000.00	222.50%
Total Income	**9,000,000.00**		**9,000,000.00**	**10,061,780**	**1,061,780.00**	**112%**
(1) ***EXPENDITURE FOR TUITION***						
Teaching / learning materials	2,000,000		2,000,000	254,000	1,746,000.00	12.70%
Lab expenses	500,000		500,000	380,850	119,150.00	76.17%
Exercise books	700,000		700,000	239,400	460,600.00	34.20%
exams	500,000		500,000	116,000	384,000.00	23.20%

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
Administration costs	600,000		600,000		600,000.00	0.00%
Bank Charges	5000		5000	2,226	2,774.00	44.52%
					0.00	
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	500,000		500,000	2,381,200	-1,881,200.00	476.24%
Repairs, maintenance & improvements	1,000,000		1,000,000	1,078,500	-78,500.00	107.85%
Local transport / travelling	200,000		200,000	295,200	-95,200.00	147.60%
Electricity, water and conservancy	600,000		600,000	546,300	53,700.00	91.05%
Administration costs	900,000		900,000	580,300	319,700.00	64.48%
Bank charges	5,000		5,000	2,352	2,648.00	47.04%
(3) EXPENDITURE FOR BOARDING						
Personnel emoluments	500,000		500,000	124,600	375,400.00	24.92%
Boarding fees	1,000,000		1,000,000	3,332,700	-2,332,700.00	333.27%
Repairs And Maintenance	200,000		200,000	104,500	95,500.00	52.25%
Electricity, water and conservancy	600,000		600,000	93,500	506,500.00	15.58%
NSSF	-		-	40,200	-40,200.00	
NHIF	-		-	12,000	-12,000.00	
Administration costs	200,000		200,000	165,085	34,915.00	82.54%

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
Bank charges	5,000		5,000	3,396	1,604.00	67.92%
Total	**10,015,000**		**10,015,000**	**8,759,833**	**1,255,167**	**87%**

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

i. *Xxxx*
ii. *Xxxx*

VIII. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

Significant Accounting Policies (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

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

IX. Notes to the Financial Statements

1 Capitation Grant for Tuition

Description	2021-2022	JAN - JUNE21
Teaching / Learning Materials	1,057,765.80	226,890.00
Total	**1,057,765.80**	**409,290.00**

2 Capitation Grant for Operations

Description	2021-2022	JAN - JUNE21
Personnel Emoluments	2,951,971	1,240,000.00
Repairs And Maintenance		17,520.00
Local Transport / Travelling	468,949	230,880.00
Electricity And Water	556,979	737,360.00
Administration Costs	590,979	
Total	**4,568,877.00**	**2,809,879.90**

3 Parents Contribution/Fees - School Fund Account

Description	2021-2022	JAN - JUNE2021
Personnel emoluments		
Boarding and other equipment	3,591,300	150,00.00
Local transport / travelling	445,200	98,600.00
Electricity and water	399,837	40,000.00
BOARDING		724,100.00
TOTAL	**4,436,137.00**	**1,012,700.00**

4 Payments For Tuition

Description	2021-2022	JAN - JUNE2021
Textbooks And Reference Materials		
Exercise Books	239,400.00	177,700.00
Laboratory Equipment	380,850.00	262,500.00
Exams and assessment	116,000.00	
Teaching / Learning Materials	254,000.00	
Bank Charges	2,226.00	876.00
Total	**992,476.00**	**441,076.00**

5 Payments For Operations

Description	2021-2022	JAN - JUNE2021
Personnel Emoluments	2,381,200.00	753,600.00
Service Gratuity		
Administration Cost	580,300.00	201,600.00
Maintenance & Improvements	1,078,500.00	1,160,000.00
Local Transport / Travelling	295,200.00	73,800.00
Electricity And Water	546,300.00	30,000.00
nssf		12,000.00
Bank Charges	2,352.00	504.00
TOTAL	**4,883,852**	**2,265,504**

6 Boarding And School Fund Payments

Description	2021-2022	JAN - JUNE 2021
Personnel Emoluments	124,600.00	190,400.00
Administration costs	165,085.00	3,000.00
Repairs And Maintenance & Improvements	104,500.00	42,700.00
NHIF	40,200.00	
Electricity And Water		93,500.00
Fee on boarding equipment and stores	3,332,700.00	991,800.00
NSSF	12,000.00	
Bank charges	3,396.00	2898.00
Acquisition Of Assets		
Bank Charges	**3,782,481.00**	**1,324,298.00**

*(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).*

Notes To The Financial Statements (Continued)

7 Bank Accounts

Name Of Bank, Account No. & Currency	Bank Account Number	2021-2022	JAN - JUNE 2021
Tuition Account		132,163.00	66,874.00
Operations Account		76,669.50	391,644.00
School Fund Account/Boarding		1,391,744.75	803,888.75
Infrastructural Account		2,829.15	208,833.15
Total		**1,603,407.30**	**1,471,240.00**

8 Accounts Receivable

Description	2021-2022	JUNE 21
Fees Arrears	2,128,929	1,700,030
Other Non-Fees Receivables		
Salary Advances		
Imprest		
Total	**2,128,929**	**1,700,030**

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

Description	2021-2022	JUNE 21
Fees Arrears For Current Year	428,899	500,000
Fees Arrears For The Previous Year	1,700,030	1,200,000
Fees Arrears For Prior Periods (Over Two Years)		
Total	**2,128,929**	**1,700,030**

9 Fund Balance Brought Forward

Description	2021-2022	JUNE 21
Bank Balances	**1,603,407.30**	1,471,240.00
Cash Balances		
Short Term Investments		
Receivables	**2,128,929**	1,700,030

Payables		
Total	**3,732,336**	**3,171,270**

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.

10 Biological assets

Description	Numbers	JUNE2021
		Kshs
Cattle		xxx
Goats		xxx
Trees		xxx
Coffee Or Tea Plantation		xxx
Poultry		xxx
Total		**xxx**

Other important disclosure notes

11 Stock/ Inventory

Description	2021-2022	JUNE 21
		Kshs
a) Inventory		
Stock/ inventory at beginning of the year	3,610.00	11,200.00
Stock/ inventory purchased during the year	3,568,785.00	3,863,250.00
Stock/ inventory issued during the year	(3,579,550.00)	(3,870,840.00)
Balance at end of the year	**7,155.00**	**3,610.00**

12 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)*

PRINCIPAL / BOM SECRETARY
ARABIA BOYS' SEC. SCHOOL
P. O. Box 252 - 70300, MANDERA
Date: 14/26 Sign:

Sign and Date
Principal

Annex 1 - Analysis Of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2023	Outstanding Balance 30/6/2024	Comments
	a	B	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
Sub-Total						
Supply Of Goods						
1. Foodstuff						
2. Meat						
Sub-Total						
Supply Of Services						
Sub-Total						
Grand Total						

Annex 2 – Summary Of Fixed Assets Register

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

Asset Class	Date purchased	Location	Historical Cost b/f (Kshs) 1st July 2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2023
Land 1						
Land 2						
Buildings And Structures						
Motor Vehicles (School Bus)	**1/7/2015**	**Arabia**	**3,150,000.00**	**NIL**	**NIL**	**3,050,000.00**
Office Equipment, Furniture and Fittings						
ICT Equipment, And Other ICT Assets	**4/4/2019**	**Arabia**	**650,000.00**	**NIL**	**NIL**	**607,860.00**
Tools And Apparatus						
Textbooks						
Other Machinery and Equipment						
Heritage And Cultural Assets						
Intangible Assets- Soft Ware	**10/4/2016**	**Arabia**	**94,800.00**	**NIL**	**NIL**	**1,000,000.00**
Total			**3,894,800.00**			**3,757,860.00**