

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

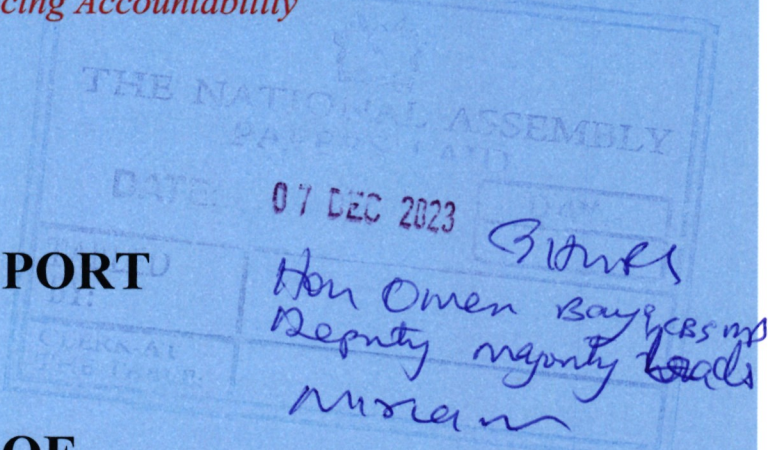
THE AUDITOR-GENERAL

ON

NG'ETHU SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2021**

KIAMBU COUNTY





17 JUL 2023

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NG'ETHU SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021**

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

NG'ETHU SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2021

NG'ETHU SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

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NG'ETHU SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

I. 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 Kiambu County, Gatundu North Sub-County

The school was registered in 22/10/2019 under registration number 22500300417 and is currently categorized as a Sub 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 209 numbers of students as at 30th June 2021. It has 02 streams and 14 teachers of which 4 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:

1	Mr. John Matheri	Chairman	06/03/2019
2	Ms. Teresa Nderitu	Secretary- Principal	06/03/2019
3	Mr. Joel Kibaara	Member	06/03/2019
4	Mr. Patrick Mugane Njihia	Co-opted member	06/03/2019
5	Ms. Hannah Njeri Wainaina	Member	06/03/2019
6	Ms. Joyce Wangari Gaturu	Co-opted member	06/03/2019
7	Mr. Samuel Mbugua Kiarie	Member	06/03/2019
8	Ms. Nancy Njoki	Member	06/03/2019
9	Mr. Fanuel Njai	Member Rep Teachers	06/03/20219
10	Mr. Peter Macharia	BOM Vice chair	07/03/2019
11	Mr. John Munyua	Co-opted member (P.A chair)	07/03/2019
12	Mr. Albert Mwenda	Member	07/03/2019
13	Mr. Peter Mavela	Member	07/03/2019
14	Ms. Irene Mukuha	Member	07/03/2019
15	Edward Githua	Member	07/03/2019
16	Ms. Rachel W. Kamau	Member	23/03/2019

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

Reports and Financial Statements For the year ended 30th June 2021

- 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 par 21 and 23 of the Basic Education Act, 2013.

(c) Committees of the Board

1	Executive Committee	<ol style="list-style-type: none"> 1. Mr. John Matheri 2. Mr. John Munyua 3. Ms. Hannah Wainaina 4. Mr. Samwel Kiarie 5. Ms. Teresa Nderitu 	Chairperson Member Member Member Member	1 out of 1
2	Audit Committee	<ol style="list-style-type: none"> 1. Ms. Nancy Njoki 2. Mr. Albert Mwenda 3. Mr. Joel Kibara 	Chairperson Member Member	1 out of 1
3	Finance, procurement and general purposes Committee	<ol style="list-style-type: none"> 1. Mr. John Matheri 2. Mr. Patrick Mugane 3. Mr. John Munyua 4. Ms. Teresa Nderitu 5. Mr. Edward Githua 	Chairperson Member Member Member Member	1 out of 1
4	Academic Committee	<ol style="list-style-type: none"> 1. Ms. Hannah Wainaina 2. Ms. Joyce Gaturu 3. Mr. Samuel Kiarie 4. Mr. Anthony Matheri 5. Mr. John Munyua 	Chair person Member Member Member Member	1 out of 1
5	Development Committee	<ol style="list-style-type: none"> 1. Ms. Hannah Njeri W 2. Mr. John Matheri 3. Mr. John Munyua 4. Mr. Samwel Kiarie 5. Mr. Fanuel Njai 6. Ms. Teresa Nderitu 7. Mr. Edward Githua 	Chaiperson Member Member Member secretary Member Member	1 out of 1
6	Discipline and welfare Committee	<ol style="list-style-type: none"> 1. Mr. Samuel Kiarie 2. Ms. Hannah Njei 3. Mr. Albert Mwenda 	Chaiperson Member Member Member	0

NG'ETHU SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

		4. Mr. Peter Mavela 5. Mr. Patrick Njihia	Member Member	
7	Adhoc Committee (if any during the year)	N/A	N/A	0

(d) School operation Management

For the financial year ended 30th June 2021 the school day-to-day management was under the following persons:

Ref.	Designation	Name	INSCN Number
1	Principal	Teresa Nderitu	351336
2	Deputy Principal	Fanuel Njai	270836
3	School Bursar	Grace Wambui	I.D 14567455

(e) Schools contacts

Post Office Box: 2369-01000
 Telephone: 0724533485
 E-mail: ngethuschool69@gmail.com
 Website: N/A
 Face book: N/A
 Twitter: N/A

(f) School Bankers

School operated four bank accounts in the following banks:

1. Name of Bank: KCB
 Branch: THIKA
 Account Number: 1106601599
2. Name of Bank: KCB
 Branch: THIKA
 Account Number: 1106603621
3. Name of Bank: KCB
 Branch: THIKA
 Account Number: 1102207985
4. Name of Bank: KCB
 Branch: THIKA
 Account Number: 1266961232

(g) Independent Auditors

NG'ETHU SECONDARY SCHOOL**Reports and Financial Statements For the year ended 30th June 2021**

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:

	Year 2019	Year 2020	Year 2021
Surplus / Deficit	1,231,727.00	53,203.00	-383,533.95
Capitation grant	6,488,618.70	4,763,225.00	3,547,999.05
Ratio of Capitation grant per student	22,767.00	16,424.90	13,092.00
Other incomes (school fund by parents)	5,235,884.00	2,932,890.00	3,181,026.00
Expenditures	10,492,775.00	7,728,503.00	6,758,201.05
Debtors	2,903,290.00	3,333,842.15	2,873,688.00
Creditors	421,001.00	398,512.00	361,389.00
Cash and Bank balances	1,585,885.55	1,178,273.60	1,217,770.60

b) Teacher Student ratio: 1st July, 2020-30th June, 2021

<i>Number of teachers recruited and posted to the school within the year</i>	<i>Number of teachers that were transferred / retired</i>	<i>Number of teachers employed by TSC</i>	<i>Number of teachers employed by BOM</i>
<i>TWO</i>	<i>N/A</i>	<i>11 (ELEVEN)</i>	<i>5 (FIVE)</i>

Summary Report of Performance of The School (continue)**Number of teachers per subject**

Subjects	Number of teachers (Excluding Bom)
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NG'ETHU SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

	<i>teachers)</i>
<i>English</i>	2
<i>Kiswahili</i>	3
<i>Maths</i>	3
<i>Biology</i>	1
<i>Physics</i>	1
<i>Chemistry</i>	3
<i>History</i>	2
<i>CRE</i>	3
<i>Geography</i>	0
<i>Agriculture</i>	1
<i>Business Studies</i>	0

Year 2021

Total population of students =271

Number of teachers =11

Teachers' student's ratio=1:25

c) Mean score in the 2019 KCSE:

<i>Year</i>	<i>Mean score</i>	<i>Total Number of candidates</i>	<i>Number of students transitioned to institutions of higher learning</i>	<i>KCSE Target</i>	<i>Remarks (Deviation)</i>
2018	2.54	37	1	3.0	0.46
2019	2.40	36	0	3.0	0.14
2020	2.537	67	0	3.0	0.137

d) Number of Candidates in the 2021 KCSE:

<i>Year</i>	<i>Total Number of Candidates</i>
2019	36
2020	67
2021	75

NG'ETHU SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

e) Capacity of the school:

<i>Year</i>	<i>Total population</i>
2019	285
2020	290
2021	271

Physical Facilities

<i>Facilities</i>	<i>Number</i>
<i>Dormitories</i>	2
<i>Dining Hall</i>	0
<i>Laboratories</i>	2
<i>Toilets</i>	
<i>Girls</i>	12
<i>Boys</i>	6
<i>Classrooms</i>	7
<i>Library</i>	1
<i>Playground</i>	0

f) Development projects carried out by the school:

<i>Year</i>	<i>Type of projects identified</i>	<i>Projected cost (Kshs)</i>	<i>Project carried out</i>	<i>Actual cost</i>	<i>Source of funding</i>	<i>Status of project</i>
2020-2021	<i>Dormitory construction</i>	1,990,250	<i>Dormitory construction</i>	1,165,540	<i>MOE (Mif)</i>	<i>Complete</i>
2020-2021	<i>Finishing classroom construction</i>	402,905	<i>Finishing classroom construction</i>	402,905	<i>Parents</i>	<i>complete</i>

.....

School Principal

PRINCIPAL
 NG'ETHU SEC. SCHOOL
 P.O. BOX 2369 THE...

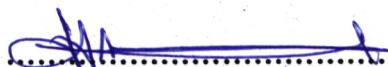
III. Statement Of School Management Responsibility

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 keep all proper books and records of accounts of the income, expenditure and assets of the institution.

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


The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2021, and of the school's financial position as at that date.


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Name: Mr. John Matheri

Designation: Chairman, School Board of Management

Date: 4/06/2023


.....

Name: Ms. Margaret W. Nyamu

Designation: School Principal & Secretary to Board of Management

Date: 4/06/2023


.....

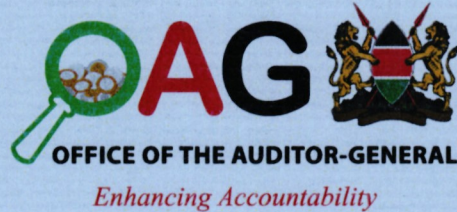
Name: Ms. Grace Wambui Mbau

Designation: Bursar/ Finance Officer

Date: 4/06/2023

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 NG'ETHU SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2021 – KIAMBU COUNTY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance, which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, 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 Ng'ethu Secondary School – Kiambu County set out on pages 1 to 19, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, and the statement receipts and

Report of the Auditor-General on Ng'ethu Secondary School for the year ended 30 June, 2021 – Kiambu County

payments, statement of cash flows and the statement of comparison of budget and 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 Ng'ethu Secondary School – Kiambu County as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis Modified) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of comparison of budget and actual amounts reflects capitation grant for operations income of Kshs.3,084,336 while the statement of receipts and payments reflects an amount of Kshs.3,113,512 resulting in an unexplained variance of Kshs.29,176.

Further, the school fund income-parent's contributions of Kshs.2,471,060 is at variance with the actual amount on the statement of receipts and payments amount of Kshs.3,072,540 by Kshs.601,480. Further, the adjusted cash flow amounts are not supported or explained

In the circumstances, the accuracy of the financial statements presented for audit could not be confirmed.

2. Misstatement of School Fund Income-Parents' Contribution

The statement of receipts and payments reflects an amount of Kshs.3,072,540 in respect of school fund income-parents' contribution. However, the ledger provided for audit reflected an amount of Kshs.3,147,142 resulting to an un-explained variance of Kshs.74,602.

In the circumstances, the accuracy and completeness of the school fund income -parents' contribution of Kshs.3,072,540 could not be confirmed.

3. Misstatement of School Fund Income-Other Receipts

The statement of receipts and payments reflects an amount of Kshs.108,486 on school fund income-other receipts. The ledger provided for audit amounted to Kshs.122,337 resulting in an unexplained variance of Kshs.13,851.

In the circumstances, the accuracy and completeness of the school fund income -other receipts of Kshs.108,486 could not be confirmed.

4. Unsupported Accounts Payables.

The statement of financial assets and financial liabilities reflects a balance of Kshs.361,389 in respect of accounts payables. Included in this balance is an unsupported amount of Kshs.108,595 on trade creditors that has been outstanding for over two years as disclosed in Note 12 to the financial statements.

In the circumstances, the accuracy and completeness of trade payables of Kshs.361,389 as at 30 June, 2021 could not be confirmed.

5. Unsupported Accounts Receivables

The statement of financial assets and financial liabilities reflects an accounts receivables balance of Kshs.2,873,688. The schedule provided for audit reflects an opening balance of Kshs.3,333,842. However, this amount was not supported by the debtor listing. Further, receivable repayments for the year have been understated by an amount of Kshs.62,209.

In the circumstances, the accuracy and completeness of accounts receivables balance of Kshs.2,873,688 as at 30 June, 2021 could not be confirmed.

6. Unsupported Payment for Building of Dormitory and Classroom

The statement of receipts and payments reflects an amount of Kshs.3,287,799 on payments for operations. Included in this amount is Kshs.1,488,040 in respect of repairs maintenance and improvements as disclosed in Note 6 to the financial statements. Examination of payment vouchers revealed that an amount of Kshs.390,000 paid to a contractor for construction of a dormitory was not supported by certificate of measured works against which he was paid. Further, he was not competitively selected since there was no advertisement for the labour requirement, quotation received and subsequently no evaluation and a contract agreement for the building works undertaken.

In the circumstances, the accuracy and completeness of payment for operations of Kshs.390,000 for construction of a dormitory could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ng'ethu 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, 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. Errors in the Presentation of the Financial Statements

Review of the financial statements submitted for audit revealed the following noncompliance issues: -

- i. Page iv -Key School Information and Management is continued within a page;
- ii. Page vii -Summary Report of Performance of the School is continued within a page; and
- iii. The statement of financial assets and financial liabilities is indicated as at 30 June, 2012 and not 30 June, 2021

In the circumstances, the financial statements prepared and presented for audit did not comply with the Public Sector Accounting Standards Board reporting template.

2. Unauthorized Variations to Dormitory Project

The statement of receipts and payments reflects an amount of Kshs.3,287,799 on payments for operations. Included in this amount is Kshs.1,488,040 in respect of repairs maintenance and improvements as disclosed in Note 6 to the financial statements. Examination of payment vouchers revealed that this amount was paid in respect of extension of a girl's dormitory phase II. However, section D to G of the bill of quantities had approved an amount of Kshs.756,000 for tiling and skirting of the dormitory floor. Physical verification carried out during audit revealed that tiling was not done for the dormitory. No approvals in support to the change of design were provided for audit.

In the circumstances, the Management was in breach of Section 139 of the Public Procurement and Assets Disposal Act, 2015.

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

The Public Sector Accounting Standards Board (PSASB) Guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Secondary Schools in Kenya of 20 August, 2021 requires the first financial statements after adoption of IPSAS to be presented for eighteen (18) months from 1 January, 2020 to 30 June, 2021 with comparatives being for twelve (12) months from 1 January, 2019 to 30 December, 2019. Further, a disclosure note ought to have been included in the financial statements that the reason for preparing for longer period is due to the adoption of IPSAS for school and the change from calendar year to government fiscal year. In addition, a disclosure note should be made in the financial statements that the comparative information may not be comparable due to the longer period covered by the current financial period.

However, Management presented the annual report and financial statements covering only one year for financial year 2020-2021 with comparative balances for financial year 2019. Therefore, the financial statements have not been prepared for eighteen-months (18) as prescribed the Public Sector Accounting Standards Board (PSASB).

Further, no disclosure was made on the change in the preparation of financial statements from calendar year to government fiscal year or on the lack of comparability due to longer period covered by the current financial period.

In the circumstances, Management did not comply with the guidelines issued by the Public Sector Accounting Standard Board.

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

1. Lack of Controls in the Management of Cash Withdrawals

During the period under review, the school made cash withdrawals from the school income fund account amounting to Kshs.640,000. The following inconsistencies were noted: -

- i. The Accounting Officer had not approved the establishment of an imprest facility including the maximum amount for the specific purpose of that facility as required by Regulation 92 of the Public Finance Management- (National Government) Regulations, 2015 since the amount withdrawn varied from time to time;
- ii. A memorandum cash book to record all receipts and payments and the balance on hand as required by Regulation 93(14) of the Public Finance Management - (National Government) Regulations, 2015 was not prepared; and
- iii. More cash withdrawals were made without evidence of surrender of the full withdrawn amount as per Regulation 93(15) of the Public Finance Management- (National Government) Regulations, 2015 that stipulates that for an imprest holder to have his or her funds replenished, he or she shall send an abstract and analysis of his memorandum cash book, plus originals of the supporting payment vouchers to accounts division.

In the circumstances, the effectiveness of the controls on cash management could not be confirmed.

2. Non-Disclosure of Fixed Assets

Annex 2 of the approved financial reporting template for secondary schools requires a school to disclose all its fixed assets. However, the School did not disclose its fixed assets as required by the template.

In the circumstances, existence of proper control systems of assets management to prevent theft, security threats, losses, wastage and misuse could not be confirmed.

3. Unsupported Disclosure of Inventories

The approved financial reporting template for secondary schools requires the schools to disclose its inventories at the close of the financial year under other important disclosures. However, the disclosure made by the school was incomplete since it did not indicate the value of the inventories as required by the template. Further, the Management did not carry out a stock take at the end of the financial year to corroborate the balances disclosed in the financial statements.

In the circumstances, the existence of controls on inventory management could not be confirmed.

4. Lack of Controls in Cashbook Maintenance

Review of the cashbooks and bank reconciliations of the four (4) bank accounts held by the school as disclosed in Note 8 to the financial statements revealed that, cash survey at the end of the financial year was not done and bank reconciliations did not capture the date they were done. Further, the bank reconciliations were not reviewed and therefore not in compliance with Regulation 90(1) of the Public Finance Management-National Government Regulations, 2015.

In the circumstances, the effectiveness of the controls on cash management could not be ascertained.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis Modified) 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue 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 abolish 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 the 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 materials weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

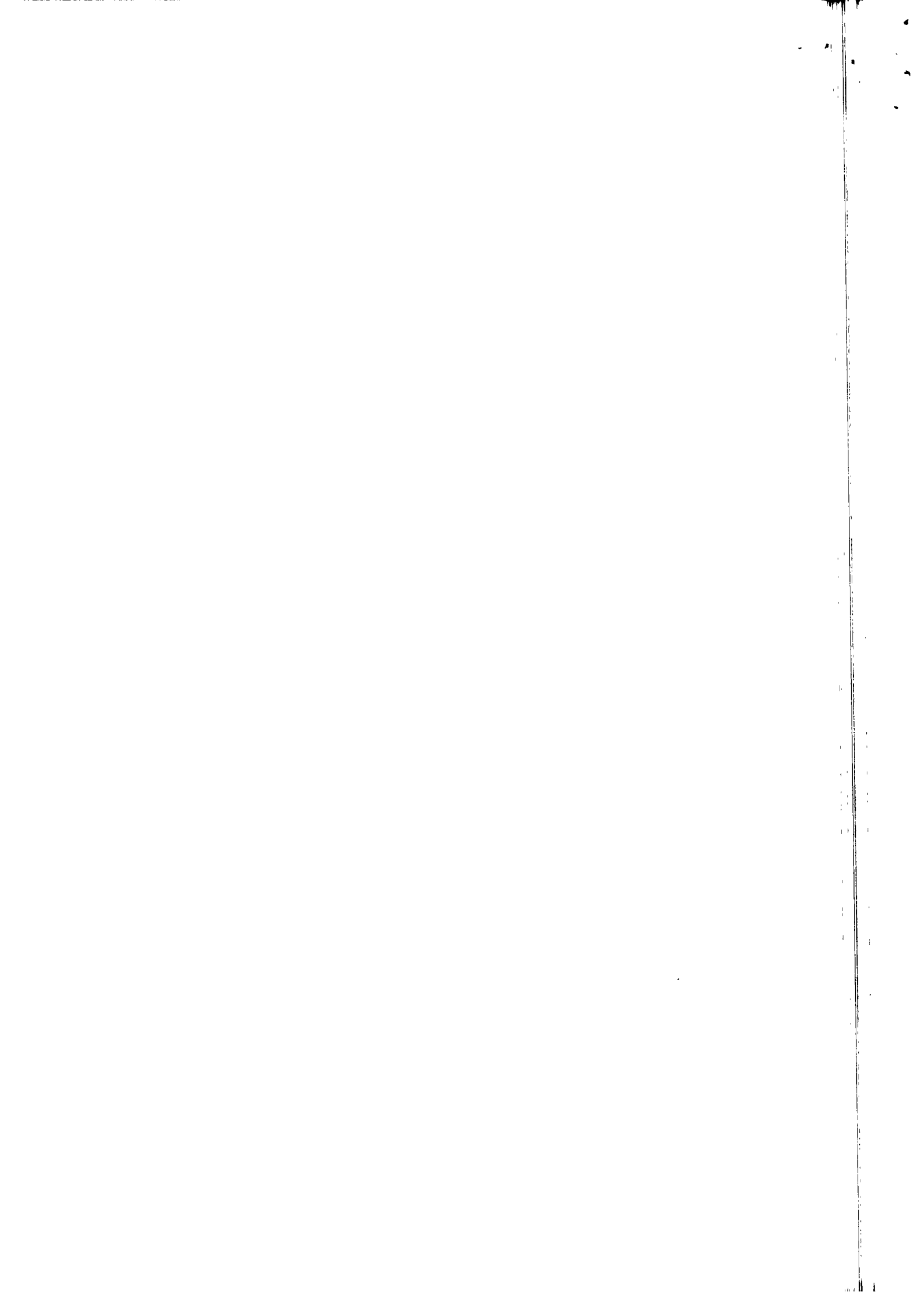
I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 October, 2023




NG'ETHU SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

V. Statement Of Receipts and Payment Period To 30th June 2021

Receipts			
Capitation grants for tuition	1	463,663.00	644,100.00
Capitation grants for operations	2	3,113,512.00	4,119,125.00
School fund income- parents' contributions	3	3,072,540.00	2,965,278.00
School fund income- other receipts	4	108,486.00	
Proceeds from borrowings			
Total Receipts		6,758,201.05	7,728,508.00
Payments			
Payments for tuition	5	543,930.00	413,852.00
Payments for operations	6	3,287,799.00	4,174,646.00
Boarding and school fund payments	7	3,310,006.00	3,310,006.00
Total Payments		7,141,735.00	7,675,203.00
Surplus/Deficit		-383,533.95	53,203.00

The school financial statements were approved on 4/06/ 2023 and signed by:


.....

Name: JOHN MATHER
Chair BOM

Date: 4/06/23


.....

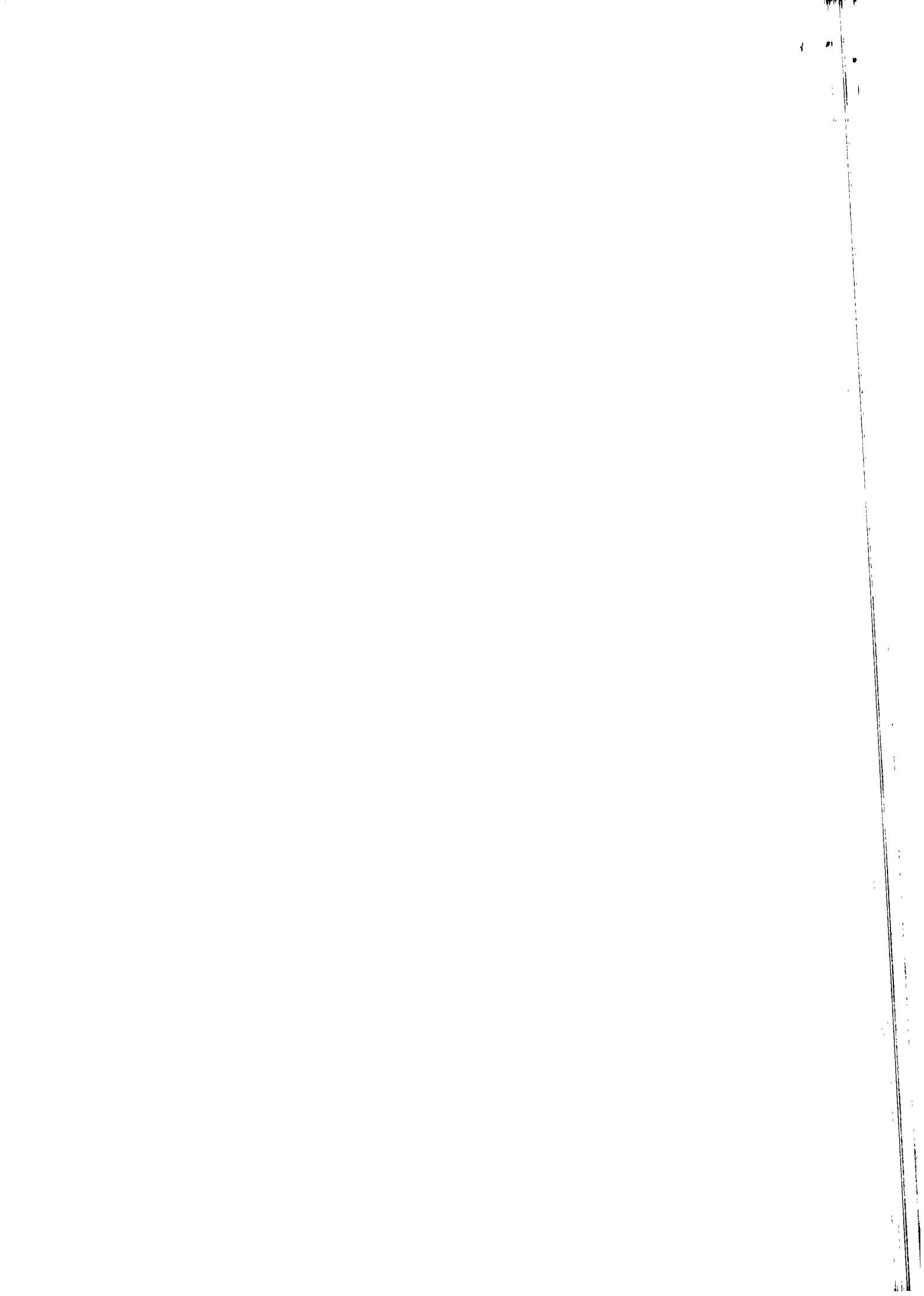
Name: Margaret W. Nyamwe
School Principal/ Secretary to
BOM

Date: 04/06/23


.....

Name: Grace W. Mbatia
Bursar/ Finance Officer

Date:




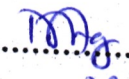
NG'ETHU SECONDARY SCHOOL
 Reports and Financial Statements For the year ended 30th June 2021

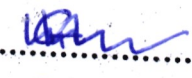
VI. Statement Of Financial Assets and Financial Liabilities As At 30th June 2012

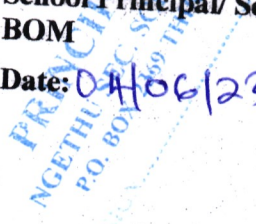
Financial Assets			
Cash and cash equivalents			
Bank balances			
Cash balances	8	1,217,770.60	1,178,273.55
Short term investment	9		
	10		
Total cash and cash equivalent		1,217,770.60	1,178,273.55
Account's receivables	11	2,873,688.15	3,333,842.15
Total financial assets		4,091,458.75	4,512,115.70
Financial liabilities			
Accounts payables	12	361,389.00	398,512.00
Net financial assets		3,730,069.75	4,113,603.70
Represented by			
Accumulated fund b/fwd.	12	4,113,603.70	4,060,400.70
Surplus/deficit for the year		-383,533.95	53,203.00
Net financial position		3,730,069.75	4,113,603.70

The school's financial statements were approved on 4/06/2023 and signed by:


 Name: JOHN MATHERU
 Chair BOM
 Date: 4/6/23


 Name: Margaret W. Nyam
 School Principal/ Secretary to
 BOM
 Date: 04/06/23


 Name: Grace
 Bursar/ Finance Officer
 Date: 4/06/23



NG'ETHU SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

VII. Statement of Cash Flows for The Period Ended 30th June 2021

Operating activities			
Receipts			
Capitation grants for tuition	1	514,273.00	644,101.00
Capitation grants for operations	2	3,125,140.05	4,119,125.00
School fund income- parents contributions/ fees	3	3,481,622.00	2,364,034.00
School fund income- other receipts	4	1,839,000.00	1,689,650.00
Total receipts		8,960,035.05	8,816,910.00
Payments			
Payments for tuition	5	543,930.00	413,850.00
Payments for operations	6	3,179,902.00	3,613,387.00
Boarding and school fund payments	7	3,302,161.00	3,065,918.00
Payments for infrastructure		1,894,545.00	2,131,367.00
Total payments		8,920,538.00	9,224,522.00
Net cash flow from operating activities		39,497.05	-407,612.00
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		39,497.05	-407,612.00
Cash and cash equivalent at beginning of the year		1,178,273.55	1,585,885.55
Cash and cash equivalent at end of the year		1,217,770.60	1,178,273.55

Smasse							
(3) Fees Charged on Parents							
Personnel Emoluments	67,0800	67,0800	315,715	355,085	47.0%		
Repairs And Maintenance	104,000	104,000	80,000	24,000	18.50%		
Local Transport / Travelling							
Electricity And Water							
Medical							
Administration Costs							
Activity	13,000	13,000	9,100	3,900	70.0%		
Smasse		0	0	0	0.0%		
Fee On Boarding Equipment and Stores	2,753,250	2,753,250	2,066,245	686,825	75.1%		
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							
Income From Any Other Investment							
Total Income	6,566,910.00	6,566,910.00	6,019,059.00	547,671.00	73.85%		

NG'ETHU SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2021

(1) Expenditure For Tuition						
Textbooks And Reference Materials	0	0	0	0	0	
Exercise Books	198,505		198,505		212,520	-14,015 107%
Laboratory Equipment	118,900		118,900		141,870	-22,970 119%
Internal Exams	76,125		76,125		138,750	-62,625 182%
Teaching / Learning Materials	38,280		38,280		4,550	33,730 118%
Chalks	33,930		33,930		8,800	25,130 26%
Exams And Assessment						
Teachers Guides	29,580		29,580		35,750	-6,170 120%
Administration Costs						
Bank Charges						
(2) Expenditure For Operations						
Others	1,298,185		1,298,185		1,571,189	273,004 121%
Repairs, Maintenance & Improvements	725,000		725,000		1,488,040	-763,040 205%
Local Transport / Travelling						
Electricity, Water and Conservancy						
Medical	289,855		289,855			289,855 0.0%
Administration Costs	0		0		3,600	-3,600 0.0%
Activity Expenses	217500		217500		188,500	29,000 86.66%
Gratuity						
Smasse						

NG EIHU SECUNDAKI SCHOUL
Reports and Financial Statements For the year ended 30th June 2021

(3) Expenditure For School Fund						
Others	670,800	670,800	315,715	355,085	47%	
Repairs, Maintenance and Improvements	104,000	104,000	193,330	-89,330	185%	
Local Transport / Travelling						
Electricity, Water and Conservancy						
Medical Expenses						
Administration Costs						
Activity	13,000					
Gratuity						
Lunch Programme						
Boarding Equipment and Stores	2,753,250	2,753,250	2,313,140	440,110	84%	
Expenditure For Income Generating Activity						
Insurance Costs						
Other Expenses On Investments						
Rent Expenses						
Bank Charges						
Loan Interest Repayment						
Loan Principal Repayment						
Acquisition Of Assets						
Totals	3,800,660.00	3,800,660	4,302,614.00	44,054.00	101%	

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

IX. 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 refigured 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.

NG'ETHU SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

X. Notes To the Financial Statements

1 Capitation Grant for Tuition

Textbooks And Reference Materials	0	0
Exercise Books	144,942.00	253,819.00
Laboratory Equipment	166,779.00	146,160.00
Internal Exams		
Teaching / Learning Materials	60,012.00	45,935.00
Chalks	13,384.00	19,140.00
Exams And Assessment	53,534.00	126,150.00
Teachers Guides	25,012.00	52,896.00
Total	463,663.00	644,100.00

2 Capitation Grant for Operations

Personnel Emoluments	1,924,336.05	2,373,225.00
Repairs And Maintenance	1,160,000.00	1,537,000.00
NHIF	7,200.00	
Nssf	21,976.00	
Medical		69,600.00
Administration Costs		
Activity		139,200.00
Total	3,113,512.05	4,119,125.00

3 Parents Contribution/Fees - School Fund Account

Personnel emoluments	477,255.00	675,853.00
Repairs and maintenance	73,400.00	106,400.00
Boarding equipment and stores	2,115,135.00	2,137,762.00
Local transport/ travelling		
Electricity and water		
Medical		
Infrastructure	397,000.00	
Activity	9,750.00	12,875.00
Total	3,072,540.00	2,932,890.00

NG'ETHU SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2021

Notes To the Financial Statements (Continued)

4 Other Receipts – School Fund Account

Fee On Boarding Equipment and Stores		
Uniforms	102,736.00	0
Income From Farming Activities		
Insurance Compensation		
Medical	5,750.00	0
Fee For Hire of Ground and Equipment		
Income From Grants and Donations*		
Interest Income		
Dividends Income		
Total	108,486.00	0

5 Payments For Tuition

Textbooks And Reference Materials	0	0
Exercise Books	212,520.00	119,350.00
Laboratory Equipment	141,870.00	54,430.00
Internal Exams		
Teaching / Learning Materials	4,550.00	9,250.00
Chalks	8,800.00	6,000.00
Exams And Assessment	138,780.00	72,250.00
Teachers Guides	35,750.00	68,960.00
Administration Costs		
Bank Charges	1,690.00	360.00
Total	543,930.00	330,600.00

NG'ETHU SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

Notes To the Financial Statements (Continued)

6 Payments For Operations

Personnel Emoluments	1,571,189.00	2,131,001.00
Service Gratuity		
Administration Cost	3,600.00	
Repairs And Maintenance & Improvements	1,488,040.00	1,845,390.00
Local Transport / Travelling		
Electricity And Water		
Medical		3850.00
Activity Expenses	188,500.00	194,505.00
NSSF	27,470.00	0
NHIF	9000.00	0
Bank Charges		
Acquisition Of Assets		
Total	3,287,799.00	4,174,646.00

7 Boarding And School Fund Payments

Others	315,715.00	888,684.00
Service Gratuity		
Repairs And Maintenance & Improvements	193,330.00	103,565.00
Local Transport / Travelling		
Electricity And Water		
Medical Expenses		
Administration Costs		
Lunch Programme		
Bank Charges		
Expenses On Income Generating Activities		
Fee On Boarding Equipment and Stores	2,313,140.00	2,052,745.00
PTA fund	402,905.00	
Insurance Cost (Life Property)		
Loan Principal Repayment		
Uniform	84,916.00	
Activity		9420.00
Total	3,310,006.00	3,054,414.00

NG'ETHU SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

Notes To the Financial Statements (Continued)

8 Bank Accounts

Tuition Account		276,710.30	306,367.30
Operations Account		842,425.35	879,644.30
School Fund Account/Boarding		95,896.95	-66,021.05
Savings Account			
Parent Association Development Account			
Income Generating Activities Account			
Infrastructural Account		2,738.00	58,283.00
Total		1,217,770.60	1,178,273.55

9 Cash In Hand

Tuition Account	0	0
Operation Account	0	0
School Fund account	0	0
Total	0	0

10 Short Term Investments

Cooperative Shares	0	0
Treasury Bills	0	0
Fixed Deposit	0	0
Equity Stock	0	0
Other Investments	0	0
Total	0	0

Notes To the Financial Statements (Continued)

11 Accounts Receivable

Fees Arrears	2,873,688.15	3,333,842.15
Other Non-Fees Receivables		
Salary Advances		
Imprest		
Total	2,873,688.15	3,333,842.15

Fees Arrears For Current Year	62,232.00	517,817.00
Fees Arrears For The Previous Year		26,427.00
Fees Arrears For Prior Periods (Over Two Years)	2,811,456.15	2,789,598.15
Total	2,873,688.15	3,333,842.15

12 Accounts Payable

Trade Creditors (See Ageing Below and Appendix 1)	292,289.00	169,854.00
Prepaid Fees		159,558.00
Retention Monies	69,100.00	69,100.00
Total	361,389.00	398,512.00

Trade Creditors for Current Year	183,694.00	61,259.00
Trade Creditors for The Previous Year		
Trade Creditors for Prior Periods (Over Two Years)	108,595.00	108,595.00
Total	292,289.00	169,854.00

Notes To the Financial Statements (Continued)

13 Fund Balance Brought Forward

Fund Balance Brought Forward		
Bank Balances	1,217,770.60	1,178,273.55
Cash Balances	-	-
Short Term Investments	-	-
Receivables	2,873,688.15	3,333,842.15
Payables	361,389.00	389,512.00
Total	4,452,847.75	4,113,603.70

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.

14 Non-current Liabilities Summary

Non-current Liabilities Summary		
Bank Loan(S)		
Outstanding Leases		
Hire Purchase		
Gratuity And Leave Provision		
Total		

15 Biological assets

Biological assets			
Description			
Cattle	0		
Goats	0		
Trees	0		
Coffee Or Tea Plantation	0		
Poultry	0		
Total			

NG'ETHU SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

16 Borrowings

a) Borrowings		
Borrowing at beginning of the year		
Borrowings during the year		
Repayments of during the year		
Balance at end of the year		

Other important disclosure notes

17 Stock/ Inventory

b) Inventory		
Stock/ inventory at beginning of the year	0	0
Stock/ inventory purchased during the year	609,940.00	359,350.00
Stock/ inventory issued during the year	(447,271.50)	(359,350.00)
Balance at end of the year	162668.50	0

NG'ETHU SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2021

18 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.

PRINCIPAL
S/S/SX 2369-11/KA
Sign and Date
Principal 24/10/23

Annex 1 - Analysis of Pending Accounts Payable

Construction Of Buildings					
1.					
2.					
3.					
Sub-Total					
Supply Of Goods					
4.	Dominic Gikobo Mundia	44,550.00	44,550.00	44,550.00	44,550.00
5.					
6.					
Sub-Total		44,550.00	44,550.00	44,550.00	44,550.00
Supply Of Services					
7.	Kilele Security Solution	24,000.00	24,000.00	24,000.00	24,000.00
8.	Non-Teaching Staff	115,144.00	115,144.00	115,144.00	115,144.00
9.	Fees arrears	62,232.00	62,232.00	62,232.00	62,232.00
Sub-Total		201,376.00	201,376.00	201,376.00	201,376.00
Grand Total		24,5926.00	24,5926.00	24,5926.00	24,5926.00

NG'ETHU SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2021

Annex 2 – Summary of Fixed Assets Register

Land 1									
Land 2									
Buildings And Structures									
Motor Vehicles									
Office Equipment, Furniture And Fittings									
ICT Equipment, And Other ICT Assets									
Tools And Apparatus									
Textbooks									
Other Machinery And Equipment									
Heritage And Cultural Assets									
Intangible Assets- Soft Ware									
Total									