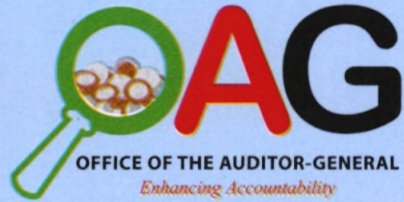


REPUBLIC OF KENYA



REPORT

OF

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 JUN 2026	DAY: Wednesday
TABLED BY:	Hon. Owen Boya (Deputy Leader of the Majority Party)
CLERK-AT THE-TABLE:	Anastacia

ON

KAPUTIEI SECONDARY SCHOOL

FOR THE SIX MONTHS PERIOD ENDED
30 JUNE, 2021

KAJIADO COUNTY



**KAPUTIEI SECONDARY SCHOOL
PUBLIC 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)**

**KAPUTIEI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021**

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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 Kajiado County, Isinya Sub-County

The school was registered in 16/01/2014. under registration number PU/S/2/8995/14 and is currently categorized as a Sub County public school established, owned or operated by the Government.

The school is a mixed day and boarding school and had xxx number of students as at 30th June 2021. It has one stream and 13 teachers of which 3 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	Douglas Keton	Chairman	30th July 2019
2	Eshery Munala	Secretary - Principal	30th July 2019
3	Kelvin Munai	Member	30th July 2019
4	Noel Tayiai	Member	30th July 2019
5	Grace Gikaru	Member	30th July 2019
6	Zipporah Maina	Member	30th July 2019
7	Naomi Tumate	Member	30th July 2019
8	Lucas Sese	Member – Rep CEB	30th July 2019
9	James Ntele	Member Rep Teachers	30th July 2019
10	Isaac Sepeina	Member - Community	30th July 2019
11	Obego Otieno	MemberSpecial Needs	30th July 2019
12	Brain Tapatayia	Rep Students	30th July 2019
13	Enock Nasuka	Member	30th July 2019
14	Thomas Runke	Pa Chairperson	30th July 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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee			
		Eshery Munala	Principal	3 of 3
		Douglas Keton	Member	3 of 3
		Naomi Tumate	Member	3 of 3
		Thomas Runke	Member	2 of 3
		Zipporah Maina	Member	3 of 3
2	Audit, Finance, procurement and general purposes Committee			
		Douglas Keton	Member	3 of 3
		Kelvin Munayi	Member	3 of 3
		Enock Nasuka	Member	3 of 3
		Grace Gikaru	Member	3 of 3
3	Academic Committee			
		Lucas Sese	Member	3 of 3
		Brain Tapatayia	Member	3 of 3
		Noel Tayiai	Member	3 of 3
		Isaac Sepeina	Member	3 of 3
4	Discipline and welfare Committee			
		Thomas Runke	Member	3 of 3
		Lucas Sese	Member	2 of 3
		Naomi Tumate	Member	3 of 3
		Eshery Munala	Member	3 of 3

(d) School operation Management

For the financial year ended 30th June 2021 the School day-to-day management was under the

Ref:	Designation	Name	TSC Number
1	Principal	ESHERY MUNALA	388457
2	Deputy Principal	SAMWEL VILEMBWA	357932

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 843- 00242
Telephone: 0706642676
E-mail: kaputieisecondarysch@gmail.com

(f) School Bankers

The following school operated 2 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: K.C.B
Branch: Kitengela
2. Equity bank ltd
Branch : kitengela
3. MPESA Pay Bill No. 522123 attached to 1129131726 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

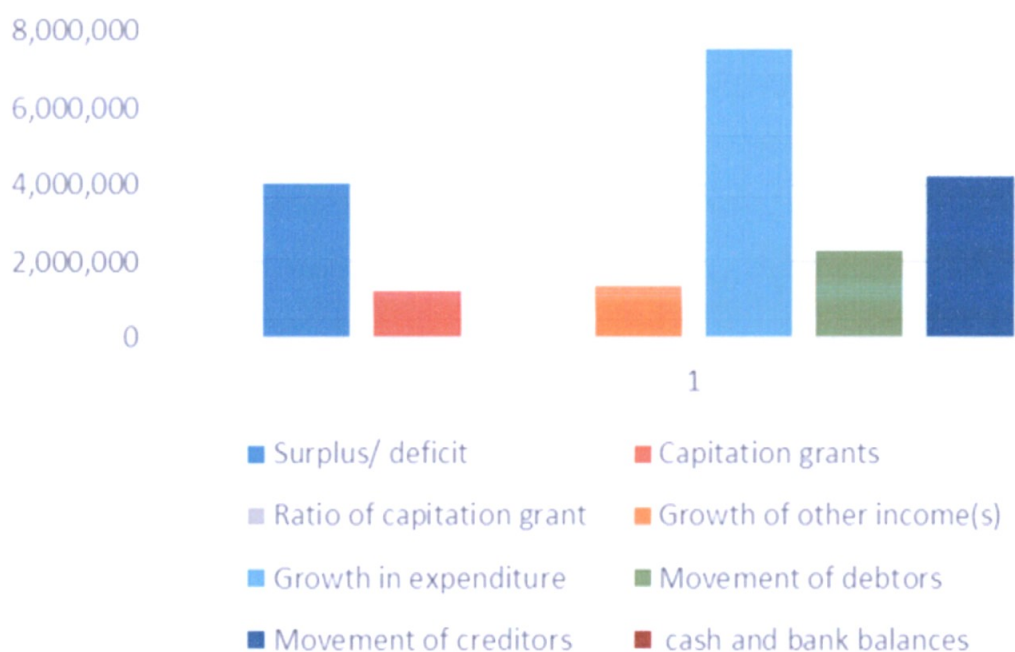
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) Financial performance:

	FY 2021
Surplus/ deficit	4,011,251
Capitation grants from the Ministry of Education	1,211,657
Ratio of capitation grant per student	1:7,343
Growth of other income(s) earned by the school	1,381,515
Growth in expenditure of the school	7,512,595
Movement of debtors of the school	2,267,522
Movement of creditors of the school	4,217,286
Movement of cash and bank balances	20,252

Chart Title



KAPUTIEI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

a) Teacher Student ratio:Teacher Student ratio:

		YEAR-2021
The teacher to student ratio,		
Number of teachers recruited and posted to the school within the year		NIL
Number of teachers that were transferred/ retired during the period		2
Number of teachers employed by TSC		7
Number employed by BOM		1
Teachers the school has for each subject	Subject	Number
	English	1
	Mathematics	2
	Kiswahili	2
	Chemistry	1
	Biology	1
	Agriculture	2
	Cre	1
	History	1
	Business Studies	1
	Geography	1

b) The mean score in the 2021 KCSE:

	YEAR-2021
Mean Score	2.425
Target Mean Score	
NO. of students who sat the exams	47
NO. of students transitioned to institutions of higher learning	1

**KAPUTIEI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021**

d) Number of Candidates in the 2021 KCSE:

	YEAR-2021
NO. of students who sat the exams	

e) The capacity of the school:

Capacity of the school: 165

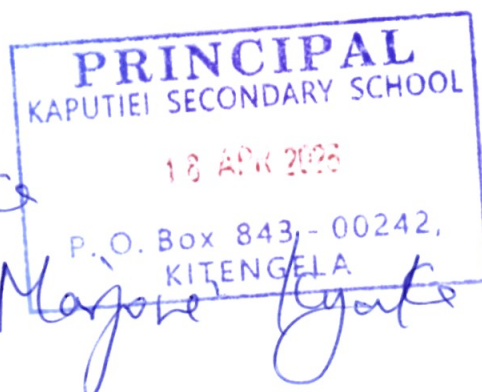
<i>Facilities</i>	No.
Temporary kitchen-	1
Science Laboratory	NIL
Dorm capacity for boys	200
Dorm capacity for girls	NIL
Ablution for boys	10
Ablution for girls	7
Dining hall	NIL
IT room	NIL
Classrooms	10

f) Development projects carried out by the school:

N0 PROJECT

Sign

School Principal



III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

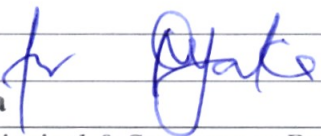
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant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

Name: Douglas Keton	for 
Designation: Chairman, School Board of Management	
Date:	17/04/2026

Name: Eshery Munala	
Designation: School Principal & Secretary to Board of Management	
Date:	17/04/2026

Name: N/A
Designation: Bursar/ Finance Officer
Date:

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KAPUTIEI SECONDARY SCHOOL FOR THE SIX (6) MONTHS PERIOD ENDED 30 JUNE, 2021 - KAJIADO 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 Kaputiei Secondary School set out on pages 12 to 26, which comprise of the statement of Financial assets and Financial liabilities as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the six (6) months period

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kaputiei Secondary School as at 30 June, 2021 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

1. Inaccuracies in Financial Statements

Review of the financial statements revealed misstatements as follows;

- i. Comparison between the summary report of performance of the School and the financial statements reflects an unexplained variance as detailed below;

Component	Financial Statements Amount (Kshs)	Summary Report of Performance Amount (Kshs)	Variance (Kshs)
Growth of other income(s)	2,289,687	1,381,515	908,172
Movement of cash and bank balance	231,326	20,252	211,074

- ii. The statement of cash flows reflects net cash outflows from operating activities amount of Kshs.4,011,251 with no other adjustments which differs with the net increase in cash and cash equivalents balance of Kshs.210,106 resulting in a variance of Kshs.4,221,357;
- iii. Computation of budget utilization difference in the statement of budgeted versus actual amounts reflects the following unexplained variances;

Receipt/expenses Item	Budget Utilization Difference (Kshs)	Recasted Amount (Kshs)	Variance (Kshs)
(3) Fees Charged on Parents			
Personnel emoluments	23,833	22,167	1,666
Lunch programme	43,136	42,864	272
Repairs and maintenance & Improvements	48,234	47,766	468
Local transport / travelling	63,582	62,418	1,164
Electricity and water	92,759	91,241	1,518
Medical Expenses	4,210	4,790	(580)
Administration costs	20,220	19,780	440

Boarding equipment & stores	30,257	29,743	514
Personnel emoluments	23,833	22,167	1,666
(1) Expenditure For Tuition			
Teaching / learning materials	573,328	(573,328)	1,146,656
Bank Charges	-	(960)	960
(2) Expenditure for Operations			
Personnel emoluments	341,000	341,100	(100)
Electricity and water	11,820	(11,820)	23,640
Administration costs	481,000	480,350	650
(3) Expenditure For School Fund			
Personnel emoluments	23,833	22,167	1,666
Lunch programme	43,136	42,864	272
Repairs and maintenance & Improvements	48,136	47,766	370
Local transport / travelling	63,582	62,418	1,164
Electricity and water	92,759	91,241	1,518
Medical Expenses	4,800	4,790	10
Administration costs	20,000	19,780	220
Boarding equipment & stores	30,000	29,743	257

- iv. Further, the statement reflects original budget amount of Kshs.5,620,000; recast reflects an amount of Kshs.4,391,015 resulting in an unexplained variance of Kshs.1,228,985;
- v. In addition, the statement reflects total actual receipts and payments amounts of Kshs.5,978,297 and Kshs.4,644,534 respectively while the statement of receipts and payments reflects amounts of Kshs.3,501,344 and Kshs.7,512,595 resulting in an unexplained variance of Kshs.2,476,953 and Kshs.2,868,061;
- vi. The statement of receipts and payments reflects school fund income-parent's contribution amount of Kshs.908,172 while Note 3 to the financial statements reflects an amount of Kshs.923,146 resulting in an unexplained variance of Kshs.14,974;
- vii. Annex 2 - Summary of fixed assets register total balances have not been indicated;
- viii. The statement of financial assets and financial liabilities and as disclosed in Note 11 to the financial statements reflects accounts payable balance of Kshs.4,217,286 while annex1 to the financial statements reflects a balance of Kshs.276,000 resulting in an unexplained variance of Kshs.3,941,286.

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

2. Unsupported Payments

The statement of receipts and payments reflects payments for operations and boarding and school fund payments amounts of Kshs.2,417,514 and Kshs.4,320,793 as disclosed in Notes 6 and Note 7 to the financial statements respectively. However, examination of

payment vouchers amounting to Kshs.2,286,730 revealed that Management made payments without proper support documents such as requisitions, local purchase orders, delivery notes, inspection reports and goods received notes.

In the circumstances, the regularity, accuracy and completeness of payments for operations and boarding and school fund payments amounting to Kshs.46,738,307 could not be confirmed.

3. Material Uncertainty Related to Going Concern

The statement of receipts and payments reflects a deficit of Kshs.4,011,251. Further, the statement of financial assets and financial liabilities reflects current liabilities and current assets balances of Kshs.4,217,286 and Kshs.2,498,848, respectively, resulting to a negative working capital of Kshs.1,718,438. Management has however not made a disclosure of this material uncertainty relating to the going concern.

In the circumstances, the material uncertainty casts doubt on the School's ability to continue as a going concern and the ability to pay debts as and when they fall due.

4. Unsupported Bank Balance

The statement of financial assets and financial liabilities reflects bank balances of Kshs.209,365 as disclosed in Note 8 to the financial statements. The school operated four (4) bank accounts namely, tuition, operations, school fund/boarding and infrastructure account. However, the School Management did not prepare monthly bank reconciliations for each of the bank accounts.

In the circumstances, the existence, accuracy and completeness of bank balances of Kshs.209,365 could not be confirmed.

5. Unsupported Accounts Receivable Balance

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.2,267,522 as disclosed in Note 10 to the financial statements. However, supporting schedules, detailed aging analysis and issued invoices were not provided for audit.

In the circumstances, the existence, accuracy and completeness of the accounts receivable balance of Kshs.2,267,522 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis amount of Kshs.6,620,000 and Kshs.5,978,297 respectively, resulting in an under-funding of Kshs.641,703 or 10% of the budget.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unaudited Comparative Balances

I draw attention to the fact that prior to the 2020/2021 financial year, Public Secondary Schools in Kenya did not prepare financial statements for audit. Consequently, the Public Sector Accounting Standards Board prescribed 30 June, 2021 as the first-time adoption of the International Public Sector Accounting Standards (IPSAS) - Cash Basis of Accounting by Public Secondary Schools.

The financial statements for the six (6) months period ended 30 June, 2021 include comparative information. However, the comparative figures were based on unaudited figures. My audit procedures were, therefore, limited to the extent that comparative information does not contain misstatements that materially affect the current period's financial statements. Accordingly, I do not express an opinion or any form of assurance on the comparative information.

My audit opinion on the current period financial statements is not modified in respect of this matter.

Other Information

The School Management is responsible for other information set out on pages 3 to 10 which comprise of Key School Information and Management, the Summary Report of Performance of the School and Statement of School Management responsibility. 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. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The financial statements presented for audit had errors and omission contrary to prescribed format and published by the Public Sector Accounting Standards Board (PSASB) as follows;

- i. The number of students for the year are not indicated on page 3 under background information;
- ii. The cover page was numbered;
- iii. Management presented the annual report and financial statements covering six months from January, 2021 to June, 2021 with comparative balances for financial year 2020. Therefore, the financial statements have not been prepared for eighteen-months (18) as prescribed by the Public Sector Accounting Standards Board (PSASB);

In the circumstances, Management was in breach of the PSASB guidelines.

2. Failure to Demonstrate Preferences and Reservations in the Procurement Plan

The statement of receipts and payments reflects total payments amount of Ksh.7,512,595 as disclosed in Notes 5, 6 and 7 to the financial statements which includes parents' welfare amount of Ksh.1,619,260. Review of the annual procurement plan revealed that the total procurement budget and amount reserved for youth, women, and persons living with disabilities were not disclosed. Further, Management did not provide evidence to demonstrate the application of preference and reservation schemes in relation to the

procurement budget in the procurement plan. In addition, no evidence of submission to the Authority of the part of the procurement plan demonstrating application of preference and reservation schemes in relation to procurement budget within sixty days after commencement of the financial year. Similarly, quarterly reports on procurement awards where a preference or reservation scheme was applied were not reported to the Authority as required by Section 158(3) of the Public Procurement and Asset Disposal Act, 2015.

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

3. Long Outstanding Accounts Payable Balance

The statement of financial assets and financial liabilities and as disclosed in Note 11 to the financial statements reflects accounts payables balance of Kshs.4,217,286. However, included in the balance are trade payables balance of Kshs.3,940,786 which had been outstanding over one (1) year. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that, an Accounting Officer not to commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates.

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

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 effect of the matters 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

1. Long Outstanding Accounts Receivable Balance

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.2,267,522 as disclosed in Note 10 to the financial statements. Included in the balance is fees arrears balance of Kshs.1,340,305 or 59% which had been outstanding over one (1) year. Further, the School does not have a policy on the

impairment of long outstanding accounts receivables casting doubt on full recoverability of the accounts receivable balances.

In the circumstances, the existence of effective mechanisms for debt management could not be confirmed.

2. Discrepancies in Names of Bank Accounts

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.209,365 as disclosed in Note 8 to the financial statements. The School operated four (4) bank accounts namely, tuition, operations, school fund/boarding and infrastructure account. Examination of the certificate of bank balance reflects that the school operations fund as denoted by NEMIS are received in the tuition account while tuition funds denoted by NEMIS are received in the operations (GP) Account.

In the circumstances, the existence and effectiveness of internal controls mechanisms on bank accounts could not be confirmed.

3. Excess and Under Supply of Textbooks

During the year under review, the Ministry of Education (MoE) distributed textbooks for various subjects to schools. It was however, observed that there were no needs assessment reports on which re-order levels of books supplied were based. Further, examination of student-book ratio revealed a deficiency between the number of textbooks available and the student enrollment for the respective class. This has resulted in under and oversupply and undersupply as summarized in the table below;

Date	Book	Delivered	No. of Students	Excess/(Under) supply
20-Jan-21	Blossoms of Savanna - SB 3	30	38	(8)
20-Jan-21	Inheritance - SB 3	30	38	(8)
20-Jan-21	Tumbo Lisilo Shiba 3	30	38	(8)
20-Jan-21	Blossoms of Savanna - SB 4	57	48	9
20-Jan-21	Inheritance - SB 4	57	48	9
20-Jan-21	Blossoms of Savanna - SB 4	57	48	9

In the circumstances, the existence of effective internal controls in respect of management of text books could not be confirmed.

4. Lack of Risk Management Policy

The School did not have a Risk Management Policy or strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks contrary to Regulation 165 of the Public Finance Management (National Government) Regulations, 2015. In the absence of risk management policy, the Management is not in a position to identify individual risks, significance areas, likelihood of occurrence of identified risks and the appropriate control measures.

In the circumstances, Management did not perform formal risk assessments on all key financial risk areas such as school fund income (parents' contribution), expenditure and cash.

5. Failure to Establish Audit Committee

The Board of Management did not establish an Audit Committee. This was contrary to Section 6 of the Fourth Schedule of the Basic Education Act, 2013, which requires the Board to establish, among others, an Audit Committee.

In the circumstances, the lack of internal oversight mechanisms and operational controls increased the risk of errors, irregularities, and non-compliance going undetected.

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 Board of Management

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.

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

Auditor-General's Responsibilities for the Audit

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

11 May, 2026

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V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2021

DESCRIPTION OF VOTE HEAD	Note	2020-2021	2019-2020
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	179,915	-
Capitation grants for operations	2	1,031,742	-
School Fund Income- Parents' Contributions	3	908,172	-
School Fund Income- Other receipts	4	1,381,515	-
TOTAL RECEIPTS		3,501,344	--
PAYMENTS			
Payments for Tuition	5	774,288	-
Payments for operations	6	2,417,514	-
Boarding and school fund payments	7	4,320,793	-
TOTAL PAYMENTS		7,512,595	-
SURPLUS/DEFICIT		(4,011,251)	--

The school financial statements were approved on 17/04/ 2026 and signed by:

<u>for Douglas Keton</u>	<u>for Esthery Munala</u>	
Name: Douglas Keton	Name: Esthery Munala	Name: N/A
Chair BOM	School Principal/ Secretary to BOM	Bursar/ Finance Officer
Date:	Date: <u>17/04/2026</u>	Date:

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VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	209,365	-
Cash Balances	9	21,961	-
Total Cash and cash equivalent		231,326	-
Account's receivables	10	2,267,522	--
TOTAL FINANCIAL ASSETS		2,498,848	-
FINANCIAL LIABILITIES			
Accounts Payables	11	(4,217,286)	-
NET FINANCIAL ASSETS		(1,718,438)	--
REPRESENTED BY			
Accumulated Fund b/fwd	12	2,292,813	-
Surplus/Deficit for the year		(4,011,251)	-
NET FINANCIAL POSSITION		(1,718,438)	2,292,813

The School's financial statements were approved on 17/04/ 2026 and signed by:

For <u>Allesia</u>	for <u>Esther</u>	
Name: Douglas Keton	Name: Esthery Munala	Name: N/A
Chair BOM	School Principal/ Secretary to BOM	Bursar/ Finance Officer
Date:	Date: <u>17/04/2026</u>	Date:

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VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021

		2020-2021	2019-2020
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	179,915	-
Capitation grants for operations	2	1,031,742	-
School fund income- Parents contributions/ fees	3	908,172	-
School fund income- other receipts	4	1,381,515	-
Total receipts		3,501,344	-
Payments			-
Payments for Tuition		774,288	-
Payments for operations		2,417,514	-
Boarding and school fund payments		4,320,793	-
Total payments		7,512,595	-
Net cash flow from operating activities			-
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		210,106	-
Cash and cash equivalent at BEGINNING of the year		21,220	-
Cash and cash equivalent at END of the year		231,326	21,220

VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

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						
<i>(1) CAPITATION GRANT ON TUITION</i>						
Teaching / learning materials	200,000	-	200,000	179,915	20,085	90 %
<i>(2) CAPITATION GRANT ON OPERATIONS</i>						
Other vote heads	500,000	-	500,000	489,575	10,425	98%
Repairs and maintenance	400,000	-	400,000	393,913	6,087	98%
Medical	100,000	-	100,000	77,127	22,873	95%
Activity	100,000	-	100,000	71,128	28,872	93%
Other vote heads	700,000	-	700,000	489,575	210,425	78%
<i>(3) FEES CHARGED ON PARENTS</i>						
Personnel emoluments	800,000	-	800,000	777,833	23,833	92%
Lunch programme	1,000,000	-	1,000,000	957,136	43,136	92%
Repairs and maintenance & Improvements	600,000	-	600,000	552,234	48,234	82%
Local transport / travelling	400,000	-	400,000	337,582	63,582	87%
Electricity and water	200,000	-	200,000	108,759	92,759	72%
Medical Expenses	20,000	-	20,000	15,210	4,210	96 %
Administration costs	600,000	-	600,000	580,220	20,220	90 %
Boarding equipment & stores	200,000	-	200,000	170,257	30,257	89 %
Personnel emoluments	800,000	-	800,000	777,833	23,833	94 %
TOTAL INCOME	6,620,000		6,620,000	5,978,297	648,831	

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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
(1) EXPENDITURE FOR TUITION						
Teaching / learning materials	200,000	-	200,000	773,328	573,328	300 %
Bank Charges	-	-	-	960	-	-
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	158,900	-	500,000	158,900	341,000	68 %
Repairs and maintenance	52,350	-	400,000	52,350	347,650	78 %
Local transport / travelling	28,295	-	100,000	28,295	71,705	76 %
Electricity and water	111,820	-	100,000	111,820	11,820	101 %
Administration costs	19,650	-	500,000	19,650	481,000	93 %
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	800,000	-	800,000	777,833	23,833	90 %
Lunch programme	1,000,000	-	1,000,000	957,136	43,136	92 %
Repairs and maintenance & Improvements	600,000	-	600,000	552,234	48,136	93 %
Local transport / travelling	400,000	-	400,000	337,582	63,582	94 %
Electricity and water	200,000	-	200,000	108,759	92,759	91 %
Medical Expenses	20,000	-	20,000	15,210	4,800	89 %
Administration costs	600,000	-	600,000	580,220	20,000	96 %
Boarding equipment & stores	200,000	-	200,000	170,257	30,000	94 %
TOTALS	5,620,000		5,620,000	4,644,534	2,152,749	-

i. Fees not paid in full

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 reconfigured to conform to the required changes in presentation.

10. Subsequent events

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

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Teaching and learning materials	179,915	-
Total	179,915	-

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Other vote heads	489,575	-
Repairs and maintenance	393,913	-
Medical	77,127	-
Activity	71,128	-
Total	1,031,742	-

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	498,000	-
Repairs and maintenance	52,096	-
Local transport / travelling	55,000	-
Electricity and water	194,000	-
Administration costs	19,050	-
Activity	105,000	-
Total	923,146	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores	877,765	0.00
Lunch programme	503,750	0.00
Total	1,381,515	0.00

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5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Teaching and learning materials	773,328	-
Bank Charges	960	-
Total	774,288	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS AND INFRASTRUCTURE

	2020-2021	2019-2020
	Kshs	Kshs
Repairs maintenance and improvement	277,488	-
Other vote heads	1,014,551	-
Personal emoluments	155,866	-
Infrastructure	841,000	-
Activity Expenses	128,609	-
TOTAL	2,417,514	

7 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	777,833	-
Lunch programme	957,136	-
Repairs and maintenance & Improvements	552,234	-
Local transport / travelling	337,582	-
Electricity and water	108,759	-
Medical Expenses	15,210	-
Administration costs	580,220	-
Boarding equipments & stores	170,257	-
Activity	8,700	-
Infrastructure	144,000	-
A/C deposits	668,862	-
TOTAL	4,320,793	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account		75,246	5,896
Operations Account		114,179	4,603
School Fund Account/Boarding		19,940	9,753
Total		209,365	20,252

9 CASH IN HAND

Description	2020-2021	2019-2020
	Kshs	Kshs
Operation Account	0	968
School Fund account	21,961	0.00
Total	21,961	968

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 ACCOUNTS RECEIVABLE

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears	2,267,522	0.00
Total	2,267,522	0.00

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears for current year	927,217	0.00
Fees arrears for the previous year	267,522	0.00
Fees arrears for prior periods (over two years)	1,072,783	0.00
Total	2,267,522	0.00

11 ACCOUNTS PAYABLE

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	4,217,286	0.00
Total	4,217,286	0.00

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

Description	2021-2022
	Kshs
Trade creditors for current year	276,500.00
Trade creditors for the previous year	944,000
Trade creditors for prior periods (over two years)	2,996,786
Total	4,217,286

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 FUND BALANCE BROUGHT FORWARD

Description	2021-2022
	Kshs
Bank balances	20,252
Cash balances	968
Receivables	3,194,739
Payables	(923,146)
Total	2,292,813

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Other important disclosure notes

IPSAS 1 encourages an entity to disclose accrual related information in relation to an entity's assets and liabilities. The notes outlined below are disclosure notes in relation to the school's non- financial assets and liabilities.

13 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Trees		450	
Total		450	

Other important disclosure notes

14 Stock/ Inventory

Description	2020-2021	2019-2020
	KShs	KShs
a) Borrowings		
Stock/ inventory at beginning of the year	nil	
Stock/ inventory purchased during the year	nil	
Stock/ inventory issued during the year		
Balance at end of the year		

15. 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)

TOA

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XI. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a Kshs	Date Contracted b Kshs	Amount Paid To-Date c Kshs	Outstanding Balance 2021 d=a-c Kshs	Outstanding Balance 2021 Kshs	Comments
Construction of buildings						
1. Mwihiaki Teresia	5,000			5,000		
	5,000			5,000		
Sub-Total						
Supply of goods						
2. David Printer	43,000			43,000		
3. Esther Nkoyo	60,000			60,000		
4. Martin Okiro	93,000			93,000		
5. Nyakwera Simon	18,000			18,000		
6. Girls dorm	52,000			52,000		
7. Alex store	5,500			5,500		
Sub-Total	271,500			271,500		
Grand Total	276,000			276,000		

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Asset Class	Historical Cost b/f (Kshs) 1st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost e/f (Kshs) 30th June 2021
Land	10,000,000	-	-	10,000,000
Buildings And Structures	18,000,000	-	-	18,000,000
Office Equipment, Furniture and Fittings	5,000,000	-	-	5,000,000
Textbooks	1,000,000	-	-	1,000,000
Tools And Apparatus	500,000	-	-	500,000
Other Machinery and Equipment	100,000	-	-	100,000
Intangible Assets- Soft Ware	80,000	-	-	80,000
Total				

