REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



# REPORT

# OF

# THE AUDITOR-GENERAL



# ON

# MURUAKI BOYS SECONDARY SCHOOL

# FOR THE YEAR ENDED 30 JUNE, 2022

# NYANDARUA COUNTY

*Revised 30th June 2022.*

*MURUAKI BOYS SECONDARY SCHOOL*

**PUBLIC SECONDARY SCHOOL**

# ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2022

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

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**Table of Contents** Page.

## 1. Acronyms and Definition of Key Terms

### A. Acronyms.

| | |
|---|---|
| BOM | Board of Management |
| CEB | County Education Board |
| IPSAS | International Public Sector Accounting Standards |
| KCSE | Kenya Certificate of Secondary Education |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| FY | Financial Year |
| FDSE | Free Day Secondary Education |
| TSC | Teachers Service Commission |
| SMASSE | Strengthening of Mathematics and Science in Secondary Education |

**Comparative Year-** Means the prior period.

*(This list is an indication of the common acronyms and abbreviations; the Entity should include all from the annual report and financial statements prepared)*

## I. Key School Information And Management

### MURUAKI BOYS' SECONDARY SCHOOL

### (a) Background information

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

The school was registered in January 2020 under registration number 18-8-0030-0861 and is currently categorized as a County public school established, owned or operated by the Government.

The school is a boys' boarding school and had 390 number of students as at *30th June 2022*. It has 2 streams and 20 teachers of which 6 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 | Mr. Peter Gachuhi | Chairman | 18th May 2022 |
| 2 | Mr. Francis Khisa | Secretary - Principal | 18th May 2022 |
| | Md MaryAnne Nyambura | Member | 18th May 2022 |
| 4 | Mr. Francis Muchiri | Member | 18th May 2022 |
| 5 | Mr. Peter Wahungu | Member | 18th May 2022 |
| 6 | Mr. Benard G Mubea | Member | 18th May 2022 |
| 7 | Md. Dorcas Nyokabi | Member | 18th May 2022 |
| 8 | Pastor Alex Gitaka | Member – Rep CEB | 18th May 2022 |
| 9 | Md. Margaret Gachoka | Member Rep Teachers | 18th May 2022 |
| 10 | Rev. Paul Mwaura | 3 Members - Sponsor | 18th May 2022 |
| 11 | Md Rosemary Njoroge | Member - Community | 18th May 2022 |
| 12 | Mr. Eric Murimi | Member | 18th May 2022 |
| 13 | Mr. John Kaberi | Member | 18th May 2022 |
| 14 | Md. Evalyne Mwangi | Member | 18th May2022 |
| 15 | Mr. Stephen Kuria | Member | 18th May 2022 |
| 16 | Mr. Pius Otieno | Member(P.T.A. Chairman) | 18th May 2022 |
| 17 | Mr. Isaac Gitura | Member | 18th May 2022 |
| 18 | Mr. John Gikuru | Rep Students | 18th May 2022 |
| | | | |

*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** | Mr.Peter Gachuhi<br>Mr. Francis Njenga<br>Mr.peter Wahungu | Chairman | Two |
| 2 | Finance, procurement and general purposes Committee | Mr Francis Muchiri<br>Mr.Pius Aomo<br>Md.Rosemary Njoroge | Chairman | One |
| 3 | Academic commitee | Mr. Peter Gachuhi<br>Mr. John Kaberi<br>Md. Evalyn Mwangi<br>Mr Benard Mubea<br>Mr. Stephen Kuria | Chairman | One |
| | Audit Committee | Mr. Benard Mubea<br>Mr. Pius Aomo<br>Md. Margaret Gachoka | chairman | One |
| 5 | Discipline and welfare Committee | Mr.Peter Wahungu<br>Mr.Eric Murimi<br>Pastor Alex Gitaka<br>Md Dorcas Mwangi<br>Rev Mwaura | | None |

### (d) School operation Management

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

| Ref: | Designation | Name | TSC Number |
|---|---|---|---|
| 1 | Principal | Mr. Francis Khisa | 419997 |
| 2 | Deputy Principal | Mr John Muchiri | 367625 |
| 3 | School Bursar | Md Lydiah Mwangi | ID NO.10880250 |
| | | | |

### (e) Schools contacts

| | |
|---|---|
| Post Office Box: | 1002 NAIVASHA |
| Telephone: | 0733737879 |
| E-mail: | muruakiboys@yahoo.com. |
| Website: | |
| Facebook: | |
| Twitter: | |

### (f) School Bankers

The following school five bank accounts in the following banks:

| | | | |
|---|---|---|---|
| 1. | Name of Bank: | K.C.B | |
| | Branch: | NAIVASHA | |
| | Account Number: | 1104232081 | - School Fund |
| | | 1104241714 | -Operations |
| | | 1104243946 | -Tuition |
| | | 1267244283 | -Infrastructure |
| 2. | Name of Bank: | EQUITY | -School fund |
| | Branch: | NAIVASHA | |
| | Account Number: | 0200293331579 | |

3. MPESA Pay Bill No. 522123 AC/NO.23135K attached to KCB bank account

### (g) Independent Auditors

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

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:

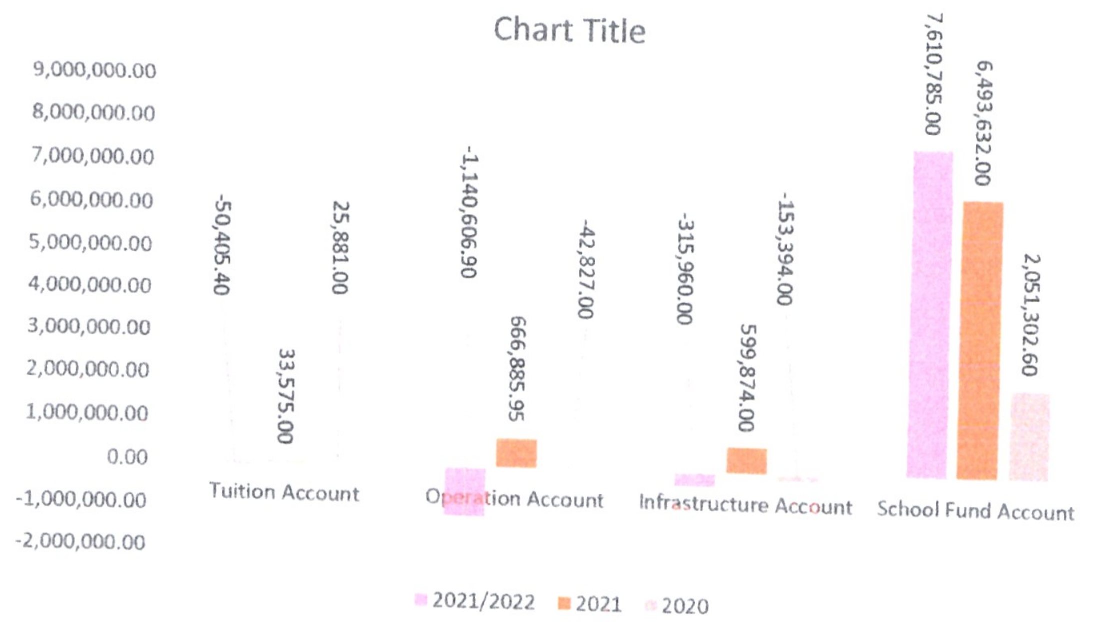
a) **Financial performance**:

This section reflects the actual Financial performance trend for the last three years from January 2020 to December, 2021from January to June (six months) and 2021/2022 from July 2021 to June 2022.

SURPLUS/DEFICIT FOR THE YEAR AND A COMPARISON OF THE SAME FOR THE LAST THREE YEARS

| S/NO | ACCOUNT | 2021/2022 | 2021 | 2020 |
|---|---|---|---|---|
| 1 | Tuition Account | -50,405.40 | 33,575.00 | 25,881.00 |
| 2 | Operation Account | -1,140,606.90 | 666,885.95 | -42,827.00 |
| 3 | Infrastructure Account | -315,960.00 | 599,874.00 | -153,394.00 |
| 4 | School Fund Account | 7,610,785.00 | 6,493,632.00 | 2,051,302.60 |
| | TOTAL | 6,103,812.70 | 7,793,966.95 | 1,880,962.60 |
| | Increase/Decrease | -1,690,154.25 | 5,913,004.35 | 2,104,651.10 |

The surplus for the year 2021/ 2022 decreased with sh. 1,690,154.25. This was because the infrastructure fund for the previous year was utilised during this financial year.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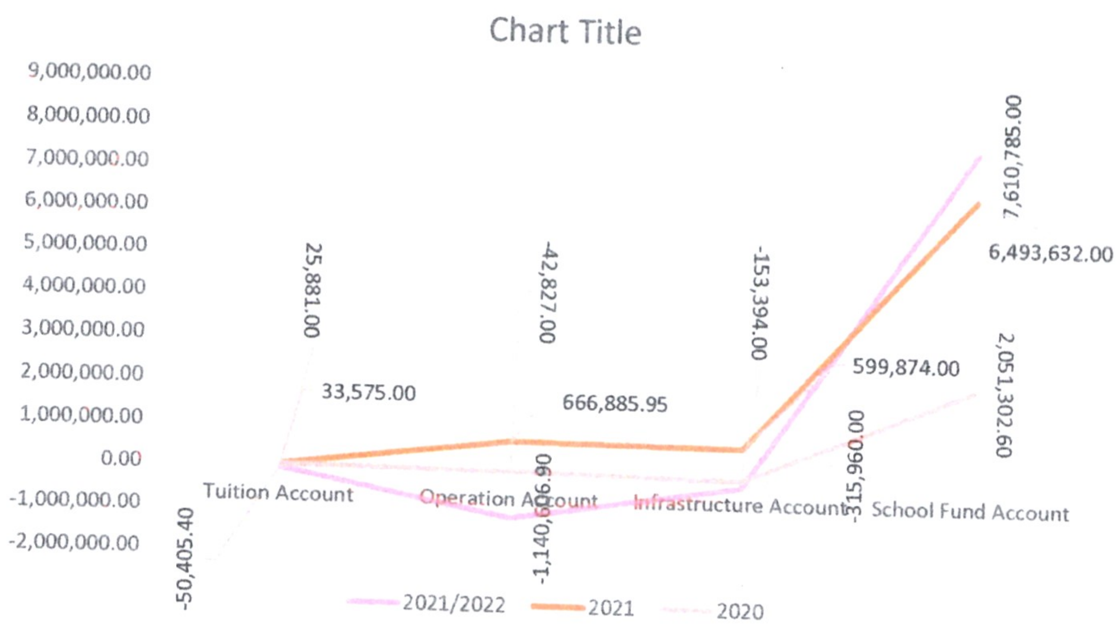
Operation Account
Infrastructure Account
School Fund Account
2021/2022
2021
2020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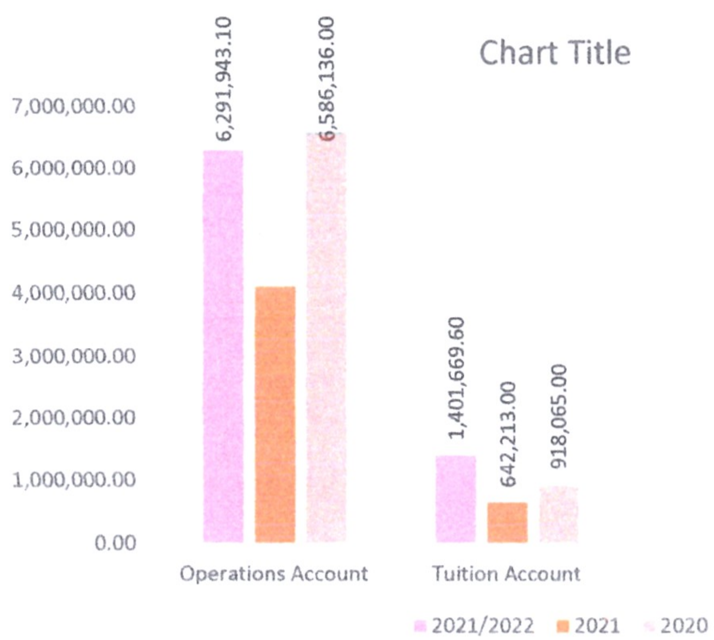
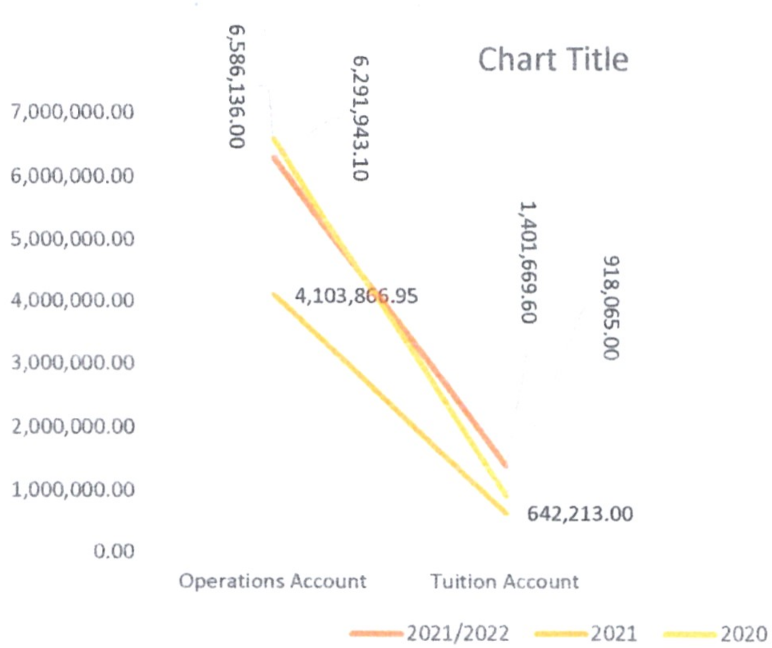
-315,960.00
-1,140,606.90
-50,405.40
Tuition Account
Operation Account
Infrastructure Account
School Fund Account
2021/2022
2021
2020

**CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE LAST THREE YEARS**

| SNO | ACCOUNTS | 2021/2022 | 2021 | 2020 |
|---|---|---|---|---|
| | | | KSHS | KSHS |
| 1 | Operations Account | 6,291,943 | 4,103,867 | 6,586,136 |
| 2 | Tuition Account | 1,401,670 | 642,213 | 918,065 |
| | **Total** | **7,693,613** | **4,746,080** | **7,504,201** |
| | **Increase/Decrease** | **2,947,533** | **-2,758,121** | **-1,807,971** |
| | No of Students | 390 | 495 | 496 |
| | **Ratio of Capitation per student** | **1:7558** | **1:9,588** | **1:15,129** |

**Trend over the Last Three Years**



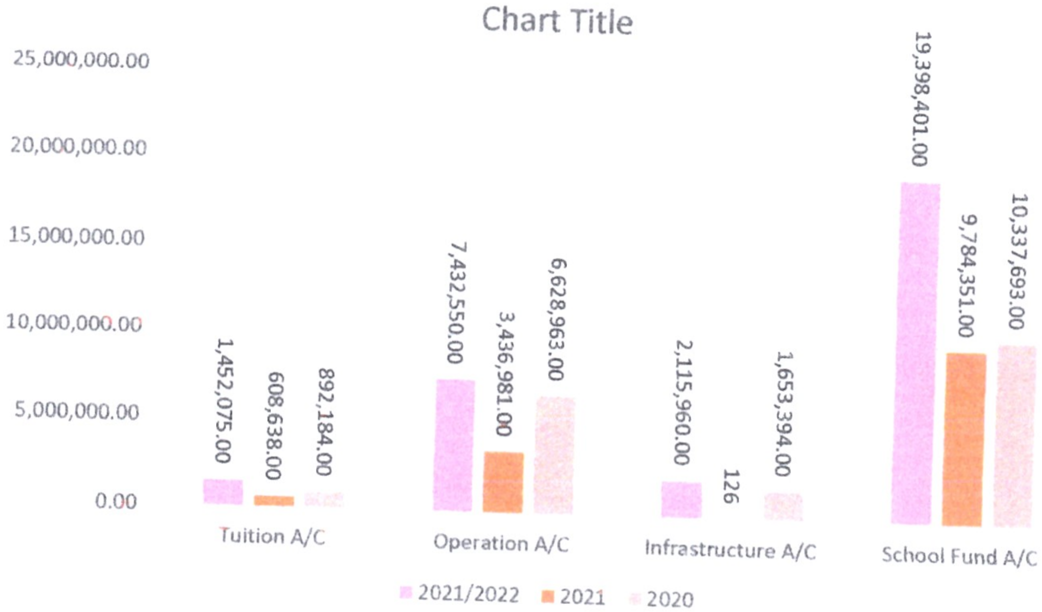



The total capitation grants for the financial year 2021/2022 was Kshs 7,696,612.70 as compared to Kshs 4,746,079.95 in the financial year 2021 representing an increase of Kshs 2,947,532.75.
The net increase is mainly because the period covered was 12 months compared to six months in the financial year 2021.

**OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL**

| SNO | ACCOUNTS | 2021/2022 | 2021 | 2020 |
|---|---|---|---|---|
| | | | **Kshs** | **Kshs** |
| 1 | Tuition A/C | 1,452,075 | 608,638 | 892,184 |
| 2 | Operation A/C | 7,432,550 | 3,436,981 | 6,628,963 |
| 3 | Infrastructure A/C | 2,115,960 | 126 | 1,653,394 |
| 4 | School Fund A/C | 19,398,401 | 9,784,351 | 10,337,693 |
| | TOTAL | 30,398,986 | 13,830,096 | 19,512,234 |
| | **Increase/Decrease** | **16,568,890** | **(5,682,138)** | **(13,374,474)** |

## Trend Over the Last Three Years

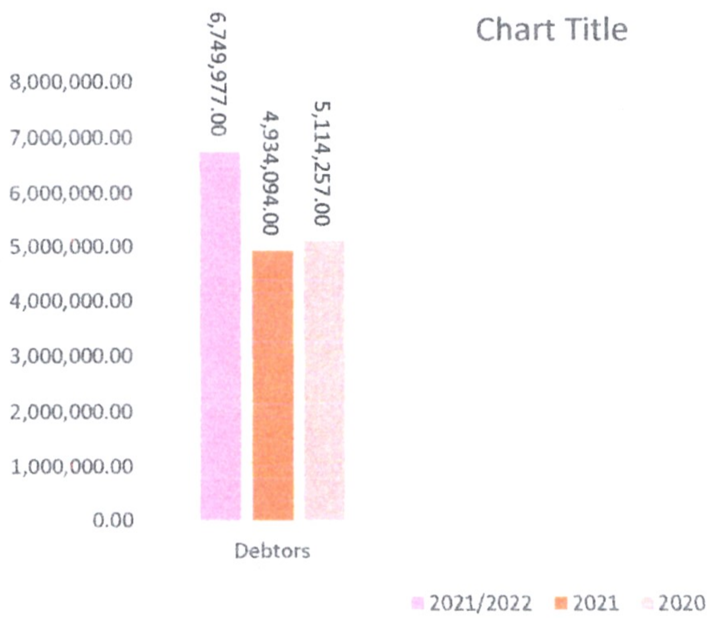



The financial year 2021/2022 shows an increase in growth in expenditure which was due to the period covering 12 months compared to year 2021 which covered a period of 6 months. The decrease reflected in the financial year 2020 resulted from prolonged closure of the school due to Covid-19.

## SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL (Continued)

| MOVEMENT OF DEBTORS OF THE SCHOOL | | | | |
|---|---|---|---|---|
| **SNO** | **ACCOUNTS** | **2021/2022** | **2021** | **2020** |
| | **School Fund Account** | **KSHS** | **KSHS** | **KSHS** |
| | Debtors | 6,749,977 | 4,934,094 | 5,114,257 |
| | **Total** | **6,749,977** | **4,934,094** | **5,114,257** |
| | **Increase/Decrease** | **1,815,883** | **(180,163)** | |

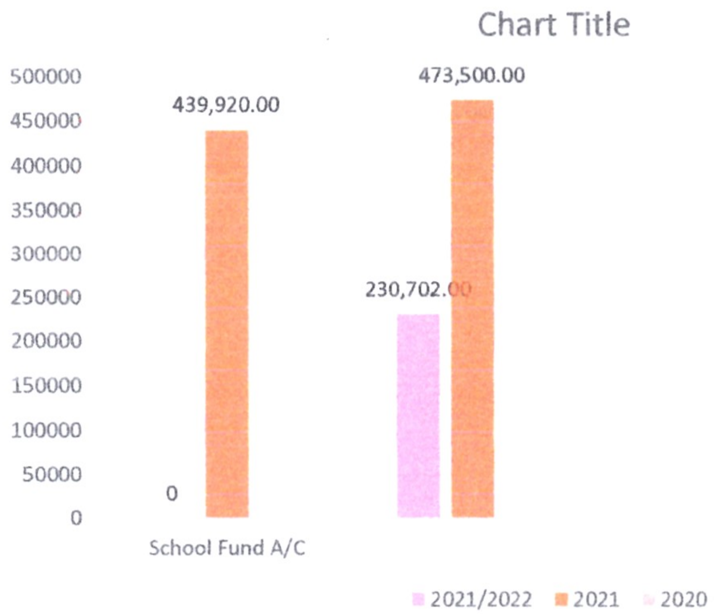
**Trend Over the Last Three Years**




Financial year 2021/2022 recorded fees arrears increase of sh1,815,883.00. This was due to the end of FY 2021/2022 concurring with end of term one of which the school fees is usually higher than the rest of the terms and therefore to some parents it was hard to clear the fees by the end of the term.

**MOVEMENT OF CREDITORS OF THE SCHOOL**

| SNO | ACCOUNTS | 2021/2022 | 2021 | 2020 |
|---|---|---|---|---|
| | | KSHS | KSHS | KSHS |
| 1 | Operation A/C | - | 439,920 | - |
| 2 | School Fund A/C | 230,702 | 473,500 | - |
| | **Total** | **230,702** | **913,420** | |
| | **Increase/Decrease** | **(682,718)** | **913,420** | |

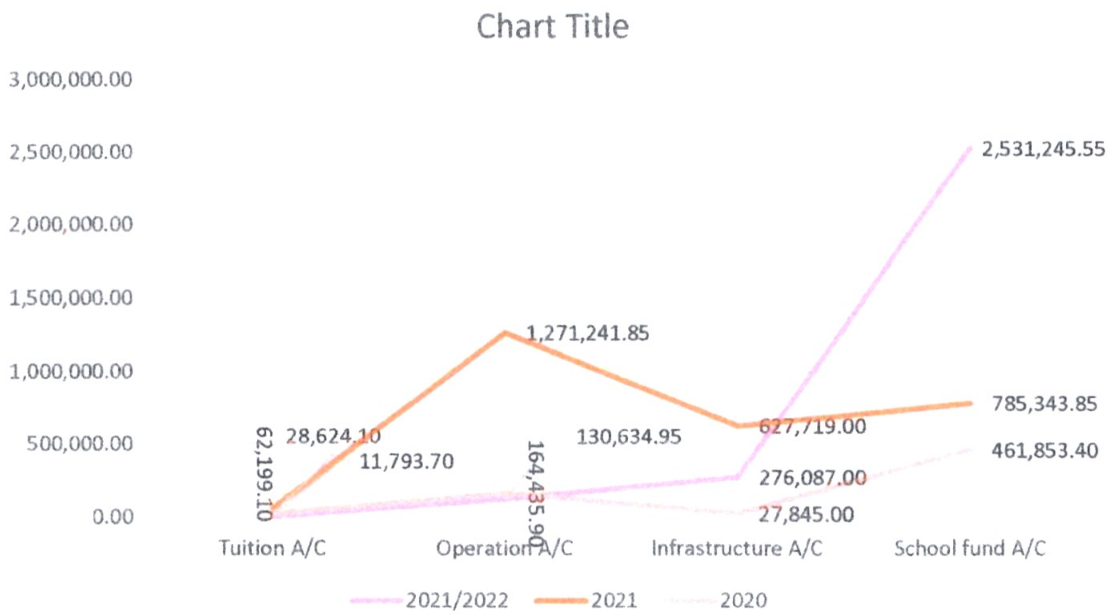


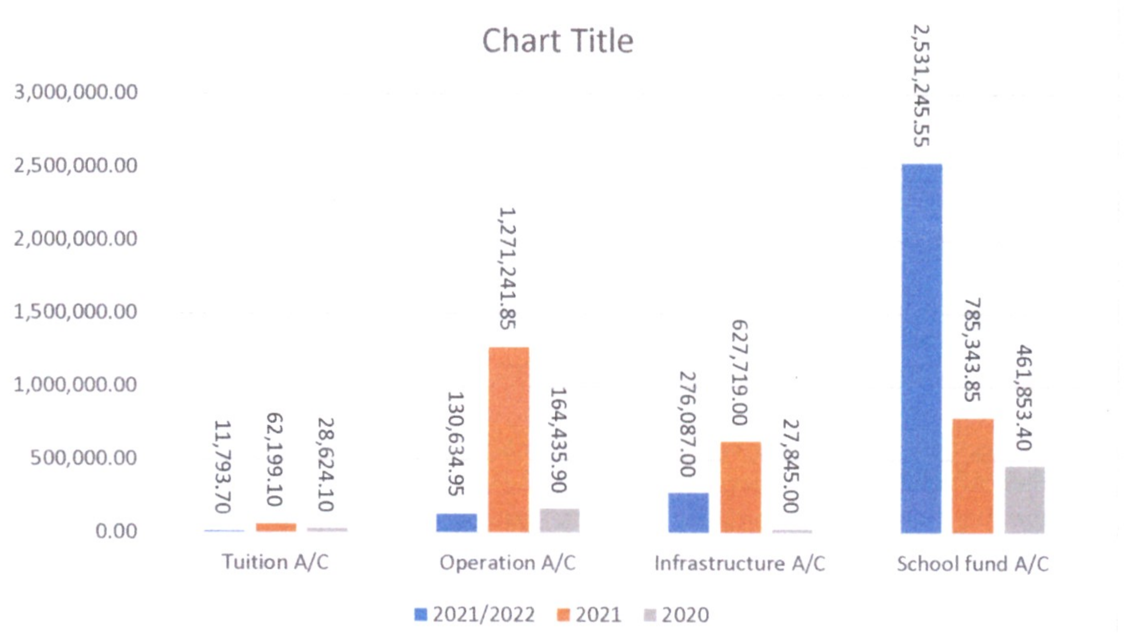

Total creditors as at 30th June 2022 was sh. 230,702 which comprised of school fees prepayments . There were no trade creditors at the end of the year.

## SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL (Continued)

### MOVEMENT OF CASH AND BANK BALANCES

| SNO | ACCOUNTS | 2021/2022 | 2021 | 2020 |
|---|---|---|---|---|
| | | KSHS | KSHS | KSHS |
| 1 | Tuition A/C | 11,794 | 62,199 | 28,624 |
| 2 | Operation A/C | 130,635 | 1,271,242 | 164,436 |
| 3 | Infrastructure A/C | 276,087 | 627,719 | 27,845 |
| 4 | School fund A/C | 2,512,590 | 785,344 | 461,853 |
| 5 | Cash in hand | 54,328 | 7,702 | 4,891 |
| | **Total** | **2,985,434** | **2,746,504** | **687649** |
| | **Increase/Decrease** | **203,257** | **2,063,745** | **(44,906)** |






## SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL (Continued)

a) **Teacher Student ratio**:
There are 20 teachers in total, 14 teachers posted by the Teachers Service Commission and 6 employed by the Board of Management.

TEACHER: STUDENTS 390/20=1:20

| SUBJECT | ENG | KISW | MATH | CHEM | BIO | PHY | CRE | HIST | GEO | AGR | BST |
|---|---|---|---|---|---|---|---|---|---|---|---|
| NO.OF TEACHERS | 2 | 5 | 5 | 2 | 2 | 2 | 2 | 3 | 4 | 1 | 1 |

b) **Mean score in the year 2019, 2020 and 2021 KCSE**:

| | ENROLMENT | MEAN | TRANSITION | TRANSIT (%) | TARGET |
|---|---|---|---|---|---|
| 2021 | 120 | 4.267 | 11 | 09 | 5.5 |
| 2020 | 130 | 4.723 | 20 | 15 | 5.5 |
| 2019 | 79 | 4.658 | 12 | 15 | 5.5 |

## II. Statement Of School Management Responsibility

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

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

The Board of Management of *Muruaki boys 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, 2022, and of the school's financial position as at that date.

.................................................

**Name: Peter Gachuhi**

**Designation:** Chairman, School Board of Management

**Date:** 21/4/26

.................................................

**Name: Francis Khisa**

**Designation:** School Principal& Secretary to Board of Management

**Date:** 21/4/26

.................................................

**Name:Lydiah Mwangi**

**Designation:** Bursar/ Finance Officer

**Date:** 21/4/26

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON MURUAKI BOYS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022- NYANDARUA 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 Muruaki Boys Secondary School set out on pages 19 to 32, which comprise the statement of financial assets and financial liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Muruaki Boys Secondary School as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Public Finance Management Act, 2012 and the Basic Education Act 2013.

**Basis for Qualified Opinion**

**Unsupported Accounts Receivable**

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.6,749,977 being fees arrears as disclosed in Note 11 to the financial statements. However, detailed schedules to support receivables balance amounting Kshs.4,536,759 were not provided for audit. Further, included in the receivables balance is fees arrears amounting to Kshs.3,498,091 which has been outstanding for more than two (2) years. However, no policy on debt recovery was provided for audit casting doubt on the recoverability of the accounts receivables balance.

In the circumstances, the accuracy, recoverability and completeness of the accounts receivable balance of Kshs.4,536,759 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Muruaki Boys 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. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

**Other Information**

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

**Conclusion**

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

**Basis for Conclusion**

**1. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements**

The financial statements presented for audit did not comply with Public Sector Accounting Standards Board (PSASB) prescribed and published template. Infrastructure receipts and payments amounts of Kshs.1,800,000 and Kshs.2,115,960 respectively in the statement of receipts and payments do not have disclosure Notes to the financial statements. Further, the summary of fixed asset register has not been populated with details of assets owned by the School. In addition, the numerical page numbering of the financial statements continues from the Roman numeral sequence instead of commencing from page 1, resulting in inconsistent pagination of the financial statements.

In the circumstances, Management did not comply with the PSASB guidelines.

## 2. Underfunding of Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition, capitation grants for operations and infrastructure grant amount of Kshs.1,401,670, Kshs.4,333,033 and Kshs.1,800,000 respectively all totalling Kshs.7,534,703. NEMIS reported a total number of three hundred and ninety-eight (398) students, while enrolment records provided by the School indicated an average number of four hundred and five (405) students, resulting in an unexplained variance of seven (7) students. The expected annual capitation based on school records was Kshs.9,008,820. However, the school only received capitation of Kshs.7,543,703 resulting in an underfunding by Kshs.1,465,117.

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

## 3. Unconfirmed Students Enrolment Data

Comparison of data from National Education Management and information System (NEMIS) with the School enrolment records revealed inconsistencies during the financial year ending 30 June, 2022. NEMIS reported a total number of three hundred and ninety-eight (398) students while records from the School had four hundred and five (405) students, resulting in a variance of seven (7) students. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, inaccuracies in the NEMIS database may lead to erroneous funding decisions and affect the equitable allocation of capitation grants.

## 4. Failure to Transfer Infrastructure Funds from Operations Bank Account

During the year under review, the School received capitation grants totalling Ksh.6,133,033 from the Ministry of Education credited in the operations bank account. Included in this amount is Kshs Kshs.2,316,500 in respect of infrastructure grants which was to be transferred to infrastructure bank account for maintenance and improvement of the school's facilities. However, only Kshs.1,800,000 was transferred to infrastructure account, leaving a balance of Kshs.516,500 not transferred as at 30 June, 2022. This was contrary to the Ministry of Education Circular Ref. MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account within fifteen (15) days upon receipt of the funds in the operations account.

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

## 5. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.19,398,401 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.969,560 transferred to Kenya Secondary Schools Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from school principals only. The organization is not defined in Government funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.969,560 could not be confirmed.

## 6. Late Submission of Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 27 March, 2023 instead of the statutory deadline of 30 September 2022. This was contrary to the Ministry of Education Circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the school's financial statements should be submitted by 30 September, and in compliance which Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

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 on whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which 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. Non-Compliance with Board Statutory Requirements

Review of Board documents revealed that the Board of Management did not develop an Annual Work Plan to guide its oversight and governance responsibilities during the period under review. Further, evidence that the Annual Governance Report was submitted to the Director of Basic Education as required by Section 60 of the Basic Education Act, 2013 was not provided for audit. In addition, there was lack of clear guidelines on payment of Board allowances and the Board and Committee minutes provided for audit were not signed by the attendees.

In the circumstances, the effectiveness of the governance mechanism at the school could not be confirmed.

### 2. Lack of an Internal Audit Function and Audit Committee

During the year under review, the School had not constituted an Audit Committee and an Internal Audit Unit as required by Regulation 166 (1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the school through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

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

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

### Responsibilities of the Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the School'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 also 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**

**12 May, 2026**

## III. Statement Of Receipts And Payments Period To 30th June 2022

| Description Of Vote Head | Note | 2021-2022 | 2020-2021 |
|---|---|---|---|
| | | Kshs | Kshs |
| **Receipts** | | | |
| Capitation grants for tuition | 1 | 1,401,670 | 642,213 |
| Capitation grants for operations | 2 | 4,333,033 | 3,503,867 |
| School fund income- parents' contributions | 3 | 22,527,589 | 9,243,092 |
| School fund income- other receipts | 4 | 1,284,187 | 264,505 |
| Infrastructure | | 1,800,000 | 600,000 |
| **Total Receipts** | | **31,346,479** | **14,253,677** |
| | | | |
| **Payments** | | | |
| Payments for tuition | 5 | 1,452,075 | 608,638 |
| Payments for operations | 6 | 5,632,550 | 2,397,061 |
| Boarding and school fund payments | 7 | 19,398,401 | 10,194.271 |
| Payments for infrastructure | | 2,115,960 | 126 |
| **Total Payments** | | **28,598,986** | **13,200,096** |
| | | | |
| **Surplus/Deficit** | | **2,747,493** | **1,053,581** |
| | | | |

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

……………………………… ……………………………… ………………………………

**Name: Peter Gachuhi**

**Chair BOM**

**Date:** 21/4/26

**Name: Francis Khisa**
**School Principal/ Secretary to BOM**

**Date:** 21/4/26

**Name: Lydiah Mwangi**

**Bursar/ Finance Officer**

**Date:** 21/4/26

## IV. Statement Of Financial Assets And Financial Liabilities As At 30th June 2022

| Description | Note | 2021-2022 | 2020-2021 |
|---|---|---|---|
| | | Kshs | Kshs |
| **Financial Assets** | | | |
| | | | |
| **Cash and cash equivalents** | | | |
| Bank balances | 8 | 2,931,105 | 2,738,802 |
| Cash balances | 9 | 54,328 | 7,702 |
| Short term investment | 10 | - | |
| **Total cash and cash equivalent** | | **2,985,433** | **2,746,504** |
| | | | |
| Account's receivables | 11 | 6,749,977 | 4,934,094 |
| | | | |
| **Total financial assets** | | **9,735,410** | **7,680,598** |
| | | | |
| **Financial liabilities** | | | |
| | | | |
| Accounts payables | 12 | 230,702 | 923,383 |
| | | | |
| **Net financial assets** | | **9,504,708** | **6,757,215** |
| | | | |
| **Represented by** | | | |
| | | | |
| **Accumulated fund b/fwd** | 13 | 6,757,215 | 5,703,634 |
| **Surplus/deficit for the year** | | 2,747,493 | 1,053,581 |
| | | | |
| **Net financial position** | | **9,504,708** | **6,757,215** |
| | | | |

The school's financial statements were approved on ___________ 2022 and signed by:

| | | |
|---|---|---|
| ................................ | ................................ | ................................ |
| **Name:Peter Gachuhi** | **Name: Francis Khisa** | **Name: Lydiah Mwangi** |
| **Chair BOM** | **School Principal/ Secretary to BOM** | **Bursar/ Finance Officer** |
| **Date:** 21/4/26 | **Date:** 21/4/26 | **Date:** 21/4/26 |

## V. Statement of Cash Flows for The Period Ended 30th June 2022

| Description | Notes | 2021-2022 | 2020-2021 |
|---|---|---|---|
| | | Kshs | Kshs |
| **Operating activities** | | | |
| **Receipts** | | | |
| Capitation grants for tuition | 1 | 1,401,669.60 | 642,213 |
| Capitation grants for operations | 2 | 6,133,033.00 | 3,503,867 |
| School fund income- parents contributions/ fees | 3 | 8,864,906.00 | 9,727,723 |
| School fund income- other receipts | 4 | 13,361,689.70 | |
| Infrastructure fund | | 1,800,000.00 | 600,000 |
| **Total receipts** | | **31,561,298.40** | **15,073,803** |
| **Payments** | | | |
| Payments for tuition | 5 | 1,452,075 | 608,638 |
| Payments for operations | 6 | 7,432,550 | 2,397,061 |
| Boarding and school fund payments | 7 | 20,321,784 | 9,310,851 |
| **Total payments** | | **29,206,409** | **12,916,550** |
| **Net cash flow from operating activities** | | **2,354,889** | **2,157,127** |
| | | | |
| **Cashflow from investing activities** | | | |
| Proceeds from sale of assets | | - | |
| Acquisition of assets | | 2,115,960 | |
| 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** | | **238,929** | **2,157,127** |
| **Cash and cash equivalent at beginning of the year** | | **2,746,504** | **589,377** |
| **Cash and cash equivalent at end of the year** | | **2,985,433** | **2,746,504** |

*(The above presentation of cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS. Schools' should therefore adopt the direct method of cashflow as recommended by PSASB).*

## VI. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2022

| Receipt/Expenses Item | Original Budget | Adjust ments | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|---|---|---|---|---|---|---|
| | a | b | c=a+b | d | e=c-d | f=d/c % |
| | Kshs | Kshs | | | Kshs | Kshs |
| **Receipts** | | | | | | |
| *(1) Capitation grant on tuition* | 1,616,160 | | 1,616,160 | 1,401,669 | 214,491 | 87% |
| *(2) Capitation Grant on Operations* | 5,181,000 | | 5,181,000 | 4,333,033 | 847,967 | 84 % |
| *(3) Fees Charged on Parents (school fund)* | 22,470,000 | | 22,470,000 | 22,527,589 | 57,589 | 99 % |
| *(4) Capitation on Infrastructure* | 1,800,000 | | 1,800,000 | 1,800,000 | - | 100 % |
| ***Expenditure*** | | | | | | |
| *Expenditure on Tuition* | 1,616,160 | | 1,616,160 | 1,452,075 | 164,085 | 90 % |
| *(2) Expenditure on Operations* | 5,181,000 | | 5,181,000 | 5,632,550 | -451,550 | 109 % |
| *(3) Expenditure on school fund* | 22,470,000 | | 22,470,000 | 19,398,401 | 3,071,599 | 86 % |
| *4) Expenditure on Infrastructure* | 1,800,000 | | 1,800,000 | 2,115,960 | (315,960) | 118 % |

*There was under utilization recorded in Tuition Account 87 %, Operation Account 88 % on receipts. This is because the government did not release all the capitation as expected. There recorded an over utilization on expenditure in operations and Tuition. This is because the fund balances from the previous year were utilized.*

## VII. Significant Accounting Policies

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

### 1. Statement of compliance and basis of preparation

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

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

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

### 2. Recognition of receipts and payments

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

### 3. In-kind contributions

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

### 4. Cash and cash equivalents

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

**Significant Accounting Policies (Continued)**

**5. Accounts Receivable**

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

**6. Accounts Payable**

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

**7. Non-current assets**

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

**8. Budget**

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

**9. Comparative figures**

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

**10. Subsequent events**

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

## VIII. Notes To The Financial Statements

### 1 Capitation Grant for Tuition

| | 2021-2022 | 2021-2021 |
|---|---|---|
| | Kshs. | Kshs. |
| Grant from the ministry of education | 1,401,670 | 642,213 |
| | | |
| | | |
| TOTAL | 1,401,670 | 642,213 |

### 2 Capitation Grant for Operations

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Infrastructure grant | 393,000 | 1,242,500 |
| Other Accounts | 3,940,033 | 2,261,367 |
| | | |
| **Total** | **4,333,033** | **3,503,867** |

### 3 Parents Contribution/Fees - School Fund Account

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Fee On Boarding Equipment and Stores | 12,984,309 | 5,885,901 |
| Personnel emoluments | 2,581,155 | 867,462 |
| Repairs and maintenance | 1,332,630 | 436,048 |
| Local transport / travelling | 1,961,174 | 738,529 |
| Electricity and water | 1,802,966 | 733,791 |
| Administration costs | 1,458,191 | 494,217 |
| Activity | 338,464 | 54,534 |
| Catholic Action | 39,700 | 27,450 |
| Christian Union | 15,000 | 4,160 |
| Scout Movement | | 1,000 |
| KCSE | 12,000 | - |
| Journalism club | 1,000 | |
| Science club | 1,000 | |
| | | |
| | | |
| **Total** | **22,527,589** | **9,243,092** |

## Notes To The Financial Statements (Continued)

### 4 Other Receipts – School Fund Account

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Income From Farming Activities | 773,588 | 254,305 |
| Income From Bus Hire | 510,600 | 10,200 |
| **Total** | **1,284,187** | **264,505** |

### 5 Payments For Tuition

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| | | |
| Exercise books | 354,000 | 88,100 |
| Laboratory equipment | 844,300 | 514,500 |
| Teaching / learning materials | 252,305 | 5,180 |
| Bank Charges | 1,470 | 858 |
| **Total** | **1,452,075** | **608,638** |

## Notes To The Financial Statements (Continued)

### 6 Payments For Operations

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Electricity water and Conservancy | 732,020 | 646,110 |
| Local Transport and Travelling | 200,000 | 226,000 |
| Maintenance and Improvements | 638,745 | 70,103 |
| Personal emolument | 2,931,580 | |
| Admin cost | 1,130,205 | 1,183,698 |
| Activity | | 271,150 |
| **TOTAL** | **5,632,550** | **2,397,061** |

## Notes To The Financial Statements (Continued)

### 7 Boarding And School Fund Payments

| Description | 2021-2022 Kshs | 2020-2021 Kshs |
|---|---|---|
| Fee on Boarding Equipment and Stores | 10,693,277 | 5,161,588 |
| Personnel emoluments | 2,251,127 | 3,005,056 |
| Repairs and maintenance & Improvements | 1,204,928 | 390,715 |
| Electricity and water | 1,462,220 | 589,370 |
| Local transport / travelling | 1,361,500 | 548,470 |
| Activity | 113,460 | 15,999 |
| Administration costs | 1,271,409 | 268,473 |
| Catholic Action | 40,500 | 10,000 |
| Christian Union | 11,000 | 24,000 |
| Scout Movement | | 2,890 |
| Peer Counselling | 1,970 | 2,000 |
| Journalism club | 1,750 | |
| School Farm | 579,230 | 175,710 |
| School Bus | 394,030 | |
| KCSE | 12,000 | |
| **TOTAL** | **19,398,401** | **10,194,271** |

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

## Notes To The Financial Statements (Continued)

### 8 Bank Accounts

| Name Of Bank, Account No. & Currency | Bank Account Number | 2021-2022 | 2020-2021 |
|---|---|---|---|
| | | Kshs | Kshs |
| **Tuition Account** | 1104243946 | 11,794 | 62,199 |
| **Operations Account** | 1104241714 | 130,635 | 1,274,392 |
| **School Fund Account/equity** | 0200293331579 | 1,733,722 | 347,536 |
| **School Fund Account/k.c.b.** | 1104232081 | 778,868 | 429,384 |
| **Infrastructural Account** | 1267244283 | 276,087 | 625,291 |
| **Total** | | **2,931,106** | **2,738,802** |

### 9 Cash In Hand

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Tuition Account | - | |
| Operation Account | - | (3,150) |
| Infrastructure Account | 35,672 | 2,428 |
| School Fund account | 18,656 | 8,424 |
| | **54,328** | **7,702** |

### 10 Short Term Investments

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Cooperative Shares | - | - |
| Treasury Bills | - | - |
| Fixed Deposit | - | - |
| Equity Stock | - | - |
| Other Investments | - | - |
| **Total** | - | - |

## Notes To The Financial Statements (Continued)

### 11 Accounts Receivable

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Fees arrears | 6,749,977 | 4,934,094 |
| Other non-fees receivables | | |
| Salary advances | | |
| **Total** | **6,749,977** | **4,934,094** |

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

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Fees Arrears For Current Year | 2,213,218 | 1,436,003 |
| Fees Arrears For The Previous Year | 1,038,668 | 636,392 |
| Fees Arrears For Prior Periods (Over Two Years) | 3,498,091 | 2,861,699 |
| **Total** | **6,749,977** | **4,934,094** |

### 12 Accounts Payable

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Trade creditors (See ageing below and appendix 1) | - | 913,420 |
| Prepaid fees | 230,702 | 9,963 |
| Salary advance | - | |
| **Total** | **230,702** | **923,383** |

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

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Trade Creditors for Current Year | | 913,420 |
| Trade Creditors for The Previous Year | - | |
| Trade Creditors for Prior Periods (Over Two Years) | - | |
| **Total** | - | **913,420** |

## Notes To The Financial Statements (Continued)

### 13 Fund Balance Brought Forward

| Description | 2021-2022 | 2020-2021 |
|---|---|---|
| | Kshs | Kshs |
| Bank balances | 2,738,802 | 584,486 |
| Cash balances | 7,702 | 4,891 |
| Receivables | 4,934,094 | 5,114,257 |
| Payables | -923,383 | |
| **Total** | **6,757,215** | **5,703,634** |

### 14 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)* |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |

-------------------------------
Sign and Date
Principal