REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

SALVATION ARMY MAKUNGA SECONDARY SCHOOL

FOR THE SIX MONTHS' PERIOD ENDED 30 JUNE, 2021

BUNGOMA COUNTY

Revised 30th June 2021.

MAKUNGA SA SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2021

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

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1. Acronyms and Glossary of Terms

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

2. 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 Bungoma County, Bungoma North Sub-County

The school was registered in July 2019 under registration number 39530000194 and is currently categorized as a County public school established, owned or operated by the Government.

The school is a day and boarding school and had 1180 number of students as at *30th June 2021*. It has 4 streams and 34 teachers of which 15 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	Sialo felix	Chairman	1st march 2019
2	Manyonge mary	Secretary - Principal	1st march 2019
3	Mabonga clinton	Vice chairman	1st march 2019
4	Fodi catherine	Member	1st march 2019
5	Mayeku florence	Member	1st march 2019
6	Nameme margaret	sponsor	1st march 2019
7	Sitati rose	Member	1st march 2019
8	Tom omeno	Member – Rep CEB	1st march 2019
9	Oluchiri livingstone	Member Rep Teachers	1st march 2019
10	Andikah job	3 Members - Sponsor	1st march 2019
11	Selina simiyu	Member - Community	1st march 2019
12	Nyongesa matifari	MemberSpecial Needs	1st march 2019
13	Amos kere	Rep Students	1st march 2019
14	Faith nekesa simiyu	Rep students	1st march 2019
15	Aketch ishmael	Member	1st march 2019
16	Barasa bernard	Member	1st march 2019
17	Okisai joseck	Member	1st march 2019
18	Wekesa henry	Member	1st march 2019
19	Walubengo ann	Sponsor	1st march 2019
20	Hon.eseli simiyu	Mp.ex-official	1st march 2019
21	Wopicho martin	Chief .ex-official	1st march 2019

The function of the School Board of Management includes:

- 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**			
		Sialo felix	Chairman	2 out of 2
		Mabonga clinton	v/chairman	2 out of 2
		Manyonge mary	Secre/principal	2 out of 2
		Aketch ishmael	Member	2 out of 2
		Walubengo ann	Sponsor	2 out of 2
		Sitati rose	Member	2 out of 2
2	Finance,procurement and general purposes Committee			
		Sialo felix	Chairman	4out of 4
		Manyonge mary	Secretary	4 out of 4
		Simiyu selina	Member	4 out of 4
		Wakhungu b. barasa	Member	4 out of 4
		Clinton mabonga	member	4 out of 4
3	Academic Committee			
		Mabonga clinton	chairman	3 out of 3
		Manyonge mary	Secretary	3 out of 3
		Sitati rose	Member	3 out of 3
		Okisai joseck	Member	3 out of 3
		Fodi catherine	Member	3 out of 3
4	Development Committee			
		Sialo felix	Member	3 out of 3
		Clinton mabonga	Chairman	3 out of 3
		Aketch ishmael	Member	3 out of 3
		Manyonge mary	Secretary	3 out of 3

		Selina simiyu	Member	3out of 3
5	Discipline and welfare Committee			
		Wekesa henry		3 out of 3
		Nyongesa matifari		3 out of 3
		Mary manyonge		3 out of 3
		Oluchiri livingstone		3 out of 3
		Nameme margaret		3 out of 3
6	Student ,teachers and support staff committee			
		Aketch ishmael	Chairman	3 out of 3
		Mayeku florence	Member	3 out of 3
		Manyonge mary	Secretary	3 out of 3
		Damary munialo	d/principal	3out of 3

(d) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	MANYONGE F. MARY	254793
2	Deputy Principal	OLUCHIRI LIVINGSTONE	371954
3	School Bursar	WASIKE S. WANJALA	B.O.M

(e) Schools contacts

Post Office Box: 73-50207-misikhu
Telephone: 0722654075
E-mail: makungasasecondary@gmail.com
Website: N/A
Face book: N/A
Twitter: N/A

(f) School Bankers

The following school operated 4 numbers of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: Kenya commercial bank
   Branch: webuye
   Account Number: 1127269194
   Tuition account

2. Name of Bank: Kenya commercial bank
   Branch: webuye
   Account Number: 1127269410

Operation account

3. MPESA Pay Bill No. 522123 a/c no.52649kadmin no of the student attached to school fund bank account
4. Name of bank: Kenya commercial bank
   Branch: webuye
   Account no: 1124562397
   School fund account
5. School infrastructure account
   Bank: Kenya commercial bank
   Branch: webuye
   Account no.1270972898

(g) Independent Auditors
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

3. 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**:

Surplus/ deficit for the year and a comparison of the same for the last three years

YEAR	*AMOUNT IN KSHS*
2019	*1,279,740*
2020	*733,760*
2021	*6,204,364*

Capitation grants from the Ministry of Education for the last three years

YEAR	*AMOUNT IN KSHS*
2019	*19,969,095*
2020	*3,328,207*
2021	*14,937,892*

Ratio of capitation grant per student over the last three years

YEAR	*AMOUNT RECEIVED*	*AMOUNT PER STUDENT*	*NO OF STUDENT*
2019	*19,969,095*	*22,244.00*	*698*
2020	*3,328,207*	*22,244.00*	*898*
2021	*14,937,892*	*22,244.00*	*556*

A three-year overview of growth of other income(s) earned by the school.

YEAR	*AMOUNT IN KSHS*	*GROWTH*
2019	*6,515,860*	-
2020	*9,526,709*	*+3,010,846.00*
2021	*7,499,995*	*-2,026,714.00*

A three-year overview of growth in expenditure of the school

YEAR	*AMOUNT IN KSHS*	*GROWTH*
2019	*28,082,532*	*483,051*
2020	*22,284,442*	*5,798,090*
2021	*17,516,401*	*5,844,412*

Movement of debtors and creditors of the school over the last three years

Debtors

YEAR	*AMOUNT IN KSHS*
2019	*4,015,772*
2020	*7,668,375*
2021	*12,219,369*

Creditors

YEAR	*AMOUNT IN KSHS*
2019	*3,555,468*
2020	*4,377,734*
2021	*4,910,618*

Movement of cash and bank balances over the last three years

YEAR	*CASH*	*BANK*	*TOTAL*
2019	*1,264.00*	*95,936.70*	*97,200.70*
2020	*8,749.00*	*256,078.00*	*264,827.00*
2021	*7,603*	*2,443,478*	*2,451,081*

b) **Teacher Student ratio**:

- **i)** 21 teachers 1251 students which transforms to 1:59
- **ii)** Number of teachers recruited in 2021 -5
- **iii)** Number of transferred teachers –nil
- **iv)** Number of teachers employed by T.S.C -1
- **v)** Number of teachers employed by B.O.M -13

c) **Mean score in the *2020* KCSE**:

YEAR	*ENTRY*	*M/GRADE*	*POINTS*	*BEST GRADE*	*GRADE POINT*	*C-& ABOVE*
2018	*181*	*D+*	*3.869*	*B+*	*72*	*48*
2019	*213*	*D+*	*3.743*	*B*	*65*	*61*
2020	*278*	*D+*	*3.570*	*B+*	*72*	*71*

d) Number of Candidates in the 2020 KCSE:

Tabulate the number of candidates sitting for KCSE over the last three years.

YEAR	*ENTRY NUMBER*
2018	*184*
2019	*219*
2020	*277*

e) Capacity of the school:

The school currently has an enrolment of 1251 students with the following facilities

ENROLLMENT	*FACILITIES*	*NO.OF FACILITIES IN PLACE*
1251	*TOILETS*	*57*
1251	*URINAL*	*1*
1251	*DINING HALL*	*1*
1251	*LABARATORY*	*3*
1251	*LIBRARY*	*1*
1251	*SPORTS GROUND*	*00*

a) Development projects carried out by the school:

YEAR	*PROJECT*	*SOURCE OF FUNDS*	*DATEOF APPROVAL*	*DATE OF COMPLETION*	*STATUS*
2020-2022	*MULT-PURPOSE HALL*	*MINISTRY OF EDUCTION*	*21/July 2020*	-	*CONSTRUCTION ON GOING*

Sign

School Principal

THE SALVATION ARMY
14 APR 2026
P.O. Box 73-50207
MISIKHU
MAKUNGA SECONDARY SCHOOL

4. 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 *Makunga S.A 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 six months period ended 30th June, 2021, and of the school's financial position as at that date.

……………………………………

Name: Bukhalana Phoebe
Designation: Chairman, School Board of Management
Date: 14/04/2026

……………………………………………

THE SALVATION ARMY
14 APR 2026
P. O. Box 73-50207
MAKUNGA SECONDARY SCHOOL

Name: Natembeya Masika
Designation: School Principal& Secretary to Board of Management
Date: 14/04/2026

……………………………………………

Name: Wasike Wanjala
Designation: Bursar/ Finance Officer
Date: 14/04/2026

REPUBLIC OF KENYA

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

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON SALVATION ARMY MAKUNGA SECONDARY SCHOOL FOR THE SIX MONTHS' PERIOD ENDED 30 JUNE, 2021 – BUNGOMA 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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

Opinion

I have audited the accompanying financial statements of Salvation Army Makunga Secondary School set out on pages 1 to 19, which comprise the statement of financial assets and 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 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, the financial statements present fairly, in all material respects, the financial position of Salvation Army Makunga Secondary School as at 30 June, 2021 and of its financial performance and its cash flows for the six months' period 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 Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Salvation Army Makunga 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 opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.38,925,796 and Kshs.17,004,728 respectively resulting in an under-funding of Kshs.21,921,068 or 56% of the budget. However, the School spent Kshs.11,670,438 against actual receipts of Kshs.17,004,728 resulting in under-utilization of Kshs.5,334,290 or 31% of the actual receipts.

The under-funding and under-utilization 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. There were no key audit matters to report in the year under review.

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 Management is responsible for the Other Information set out on page iii to xi which comprise of Key School Information and Management, 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 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. Long Outstanding Accounts Payable

The statement of statement of financial assets and financial liabilities reflects accounts payable balance of Kshs.4,910,618 as disclosed in Note 11 to the financial statements. However, included in the balance are trade payables balance of Kshs.4,377,734 which had been outstanding for more than one (1) year, and risk of loss of public funds through litigations, interests and penalties. This was contrary to Regulation 42 (1) (a) of the Public Finance Management (National Government) Regulations, 2015 which states that, service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations.

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

2. Lack of a Procurement Plan

The statement of receipts and payments reflects amounts of Kshs.23,720,765 and Kshs.17,516,401 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

3. Unconfirmed Student Enrollment Data

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations totalling Kshs.14,937,891. Comparison of data from National Education Management and Information System (NEMIS) with records from the County Director of Education revealed that during the period ended 30 June, 2021, NEMIS reflected one thousand one hundred and twenty-eight (1,128) while records from the County Director of Education had one thousand two hundred and twenty-two (1,222) students, resulting in an underfunding of the School by an amount of Kshs.703,026.

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

4. Late Submission of Financial Statements for Audit

During the period under review, Management submitted the financial statements to the Auditor-General on 29 September, 2022 instead of the statutory deadline of 30 September, 2021. 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 ready by 30 September, 2021 or Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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

The statement of statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.12,219,369 in respect of fees arrears as disclosed in Note 10 to the financial statements. Included in the balance is Kshs.7,668,375 which had been outstanding for more than one (1) year. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on full recoverability of the accounts receivables balance.

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

2. Weaknesses in the Board of Management

During the period under review, the Board of Management did not develop a calendar or workplan outlining its activities for the year.

In the circumstances, the effectiveness of the Governance mechanism at the School 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 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 for 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

15 May, 2026

6. Statement Of Receipts and Payments For six months' Period Ended 30th June 2021

DESCRIPTION OF VOTE HEAD	Note	2020-2021	2019-2020
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	2,577,517	1,973,103
Capitation grants for operations	2	12,360,374	13,545,104
School Fund Income- Parents' Contributions	3	1,273,015	717,435
School Fund Income- Other receipts	4	7,509,859	6,782,560
Proceeds from borrowings		-	-
TOTAL RECEIPTS		**23,720,765**	**23,018,202**
PAYMENTS			
Payments for Tuition	5	2,191,017	2,295,164
Payments for operations	6	10,762,303	13,568,068
Boarding and school fund payments	7	4,563,081	6,421,210
TOTAL PAYMENTS		**17,516,401**	**22,284,442**
SURPLUS/DEFICIT		**6,204,363**	**733,760**

The school financial statements were approved on _**03/03/2022** and signed by:

....	....	....
Name: Bukhalana Phoebe	**Name: Natembeya Masika**	**Name: Wasike Wanjala**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 14/04/2026	**Date: 14/04/2026**	**Date: 14/04/2026**

THE SALVATION ARMY MAKUNGA SECONDARY SCHOOL
14 APR 2026
P. O. Box 73-50207
MISIKHU

7. 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	2,443,478	256,078
Cash Balances	9	7,603	8,749
Short term Investment		-	-
Total Cash and cash equivalent		**2,451,081**	**264,827**
Account's receivables	10	12,219,369	7,668,375
TOTAL FINANCIAL ASSETS		**14,670,450**	**7,933,202**
FINANCIAL LIABILITIES			
Accounts Payables	11	-4,910,618	-4,377,734
NET FINANCIAL ASSETS		**9,759,832**	**3,555,468**
REPRESENTED BY			
Accumulated Fund b/fwd	12	3,555,468	2,821,708
Surplus/Deficit for the year		6,204,364	733,760
NET FINANCIAL POSSITION		**9,759,832**	**3,555,468**
			-

The school's financial statements were approved on _**03/03/2022** and signed by:

………………………	………………………	………………………
Name: Bukhalana Phoebe	**Name: Natembeya Masika**	**Name: Wasike Wanjala**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 14/04/2026	**Date: 14/04/2026**	**Date: 14/04/2026**

THE SALVATION ARMY
14 APR 2026
P. O. Box 73-50207
MISIKHU
MAKUNGA SECONDARY SCHOOL

8. Statement of Cash Flows for the Year Ended 30th June 2021

		2020-2021	2019-2020
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	2,577,518	1,973,103
Capitation grants for operations	2	12,360,375	13,545,104
School fund income- Parents contributions/ fees	3	4,008,292	717,435
School fund income- other receipts	4	-	6,782,560
Total receipts		**18,946,185**	**23,018,202**
Payments			
Payments for Tuition		2,191,017	2,295,164
Payments for operations		10,296,933	13,568,068
Boarding and school fund payments		4,271,981	6,918,543
Total payments		**16,759,931**	**22,781,775**
Net cash flow from operating activities		**2,186,254**	**236,427**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			
Acquisition of Assets			
Proceeds from investments			
Purchase of investments			
Net cash flows from Investing Activities		**2,186,254**	**236,427**
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		**2,186,254**	**236,427**
Cash and cash equivalent at BEGINNING of the year		**264,827**	**28,400**
Cash and cash equivalent at END of the year		**2,451,081**	**264,827**

The school's financial statements were approved on __**03/03/2022** and signed by:

....

Name: Bukhalana Phoebe

Chair BOM

Date: 14/04/2026

....

Name: Natembeya Masika
School Principal/ Secretary to BOM

Date: 14/04/2026

....

Name: Wasike Wanjala

Bursar/ Finance Officer

Date: 14/04/2026

THE SALVATION ARMY
14 APR 2026
P. O. Box 73-50207
MISIKHU
MAKUNGA SECONDARY SCHOOL

9. 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						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials						
Exercise books						
Laboratory equipment						
Internal exams						
Teaching / learning materials	6,347,000		6,347,000	2,577,518	3,769,483	40.61%
Chalks						
Exams and assessment						
Teachers guides						
TOTAL	**6,347,000**	**0**	**6,347,000**	**2,577,518**	**3,769,483**	
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments						
Repairs and maintenance	4,500,000		4,500,000	4,702,378	-202,378	104.50%
Local transport / travelling						

Electricity and water						
Medical	1,999,000		1,999,000		1,999,000	0.00%
Administration costs						
Activity	1,735,792		1,735,792		1,735,792	
Other voteheads	13,401,254		13,401,254	6,524,731	6,876,523	48.69%
SMASSE						
Total	**21,636,046**	-	**21,636,046**	**11,227,109**	**10,408,937**	
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	775,000		775,000	181,014	593,986	23.36%
Repairs and maintenance	600,000		600,000	92,255	507,745	15.38%
Local transport / travelling	162,500		162,500	26,250	136,250	16.15%
Electricity and water	725,000		725,000	182,854	542,146	25.22%
Medical						
Administration costs	462,500		462,500	123,912	338,588	26.79%
Activity	37,500		37,500	9,123	28,377	24.33%
SMASSE						
Fee on Boarding Equipment and Stores	8,180,250		8,180,250	2,584,693	5,595,557	31.60%
Total	**10,942,750**	**0**	**10,942,750**	**3,200,101**	**7,742,649**	
OTHER INCOME						
Rent income						
Income from farming activities						
Insurance compensation						

Income from Posho mill						
Income from Bus Hire						
Fee for hire of ground and equipment						
Interest income						
Income from any other investment						
TOTAL INCOME	**38,925,796**	**0**	**38,925,796**	**17,004,728**	**21,921,068**	**43.68%**
(1) EXPENDITURE FOR TUITION			-			
Textbooks and reference materials						
Exercise books						
Laboratory equipment	1,246,051		1,246,051	428,800	817,251	34.41%
Internal exams						
Teaching / learning materials	3,872,870		3,872,870	1,332,595	2,540,275	34.41%
Chalks						
Exams and assessment	17,438		17,438	6,000	11,438	34.41%
Library	65,420		65,420	22,510	42,910	34.41%
Administration costs						
Bank Charges						
Total	**5,201,779**	**-**	**5,201,779**	**1,789,905**	**3,411,874**	
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	6,910,000		6,910,000	1,933,700	4,976,300	27.98%

Repairs, maintenance & improvements	4,500,000		4,500,000	1,385,705	3,114,295	30.79%
Local transport / travelling	1,833,000		1,833,000	226,700	1,606,300	12.37%
Electricity, water and conservancy	3,151,000		3,151,000	621,153	2,529,847	19.71%
Medical	1,999,000		1,999,000	662,148	1,336,852	33.12%
Administration costs	1,572,000		1,572,000	779,146	792,854	49.56%
Activity Expenses	1,735,792		1,735,792		1,735,792	0.00%
Gratuity						
SMASSE						
Total	**21,700,792**	**0**	**21,700,792**	**5,608,552**	**16,092,240**	
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	775,000		775,000	13,000	762,000	1.68%
Repairs, maintenance and improvements	600,000	-	600,000	284,367	315,633	47.39%
Local transport / travelling	162,500		162,500	26,250	136,250	16.15%
Electricity, water and conservancy	725,000		725,000	57,768	667,232	7.97%
Medical Expenses						
Administration costs	462,500		462,500	199,190	263,310	43.07%
Activity	37,500		37,500		37,500	0.00%
Gratuity						
Lunch programme						
Boarding Equipment and Stores	8,180,250		8,180,250	3,691,406	4,488,844	45.13%

Expenditure for Income Generating Activity						
Insurance costs						
Other expenses on investments						
Rent Expenses						
Bank Charges						
Loan Interest Repayment						
Loan Principal Repayment						
Acquisition of Assets						
Total	**10,942,750**	**0**	**10,942,750**	**4,271,981**	**6,670,769**	
Total Expenditure	**37,845,321**	**0**	**37,845,321**	**11,670,438**	**26,174,883**	**30.84%**

UNDERUTILIZATION	**OVERUTILIZATION**
• Tuition expenditure items (average ~34%) • Operations expenditure (mostly between 12%–49%) • School fund expenditure (as low as 1.68% in personnel) • Medical and activity vote heads with 0% utilization	Revenue realization is low at 43.68%, while expenditure, though also low, includes selective overspending due to needs due to delay disbursement of funds.
The persistent underutilization suggests weak budget execution, poor absorption capacity, or funding shortfalls, especially from internally generated revenue such as school fees.	-There was under estimation of vote heads

10. 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 school fees from parents, 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*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

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.

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. Accounts receivables also include school fees billed to parents for services rendered but not paid. 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. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

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.

11. Notes To The Financial Statements

1 Government Grants for Tuition

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	-	-
Exercise books	-	-
Laboratory equipment	-	-
Internal exams	-	-
Teaching / learning materials	2,577,518	1,973,103
Chalks	-	-
Exams and assessment	-	-
Teachers guides	-	-
Total	**2,577,518**	**1,973,103**

2 Government Grants for Operations

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	6,524,731	3,238,900
Repairs and maintenance	4,702,378	4,827,374
Local transport / travelling	-	531,666
Electricity and water	-	593,747
Medical	653,266	213,200
Administration costs	-	708,890
Activity	-	426,400
Infrastructure	-	1,187,900
p.e/bom teachers	480,000	1,817,025
Total	**12,360,375**	**13,545,104**

Notes to the Financial Statements (continued)

3 School Fund Income - Parents Contribution/Fees

	2020-2021 Kshs	2019-2020 Kshs
Personnel emoluments	395,659	201,593
Repairs and maintenance	316,967	122,245
Local transport / travelling	78,349	31,594
Electricity and water	306,025	174,663
Medical	-	-
Administration costs	163,782	177,453
Activity	12,231	9,887
Total	**1,273,013**	**717,435**

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021 Kshs	2019-2020 Kshs
Fee on Boarding Equipment and Stores	6,743,989	6,782,560
Rent income	-	-
Income from farming activities	-	-
Transfer from operation	465,370	-
Income from Posho mill	-	-
Income from Bus Hire	-	-
Fee for hire of ground and equipment	-	-
Income from grants and donations*bursaries	290,500	--
Tender fee	10,000	-
Dividends income	-	-
Total	**7,509,859**	**6,782,560**

Notes to the Financial Statements (continued)

5 PAYMENTS FOR TUITION

	2020-2021 Kshs	2019-2020 Kshs
Textbooks and reference materials	22,510	-
Exercise books	-	-
Laboratory equipment	428,800	358,253
Internal exams	-	50,000
Teaching / learning materials	1,732,595	1,884,850
Chalks	-	-
Exams and assessment	6,000	-
Teachers guides	-	-
Administration Costs	1,112	2,061
Bank Charges	-	-
Total	**2,191,017**	**2,295,164**

6 PAYMENTS FOR OPERATIONS

	2020-2021 Kshs	2019-2020 Kshs
Personnel emoluments	2,754,850	3,821,322
Service Gratuity ministry of education	-	73,000
Administration Cost	779,146	933,994
Repairs and maintenance & improvements	1,385,705	2,830,420
Local transport / travelling	226,700	-
Electricity and water	621,153	590,892
Medical	662,149	-
Activity Expenses	-	750,540
B.o.m teachers	427,600	-
Insurance Cost	-	-
Transfer to school fund	465,370	
Acquisition of Assets	3,439,630	4,567,900
TOTAL	**10,762,303**	**13,568,068**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021 Kshs	2019-2020 Kshs
Personnel emoluments	13,000	307,628
Service Gratuity	-	-
Repairs and maintenance & Improvements	284,367	565,899
Local transport / travelling	26,250	108,500
Electricity and water	57,768	172,843
Medical Expenses	-	-
Administration costs	199,190	256,877
Transfer to tuition	15,310	-
Activity expenses	-	105,850
Expenses on Income Generating Activities	-	-
Fee on Boarding Equipment and Stores	3,676,696	4,903,613
Rent Expenses	-	-
Insurance Cost (Life Property)	-	-
Loan Principal repayment	-	-
Loan Interest repayment	-	-
Bursaries	290,500	-
TOTAL	**4,563,081**	**6,421,210**

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021 Kshs	2019-2020 Kshs
Tuition Account	1127269194	408,515	6,705
Operations Account	1127269410	1,683,927	854
School Fund Account/Boarding	1124562397	217,354	28,277
Savings Account	-	-	-
Parent Association Development Account	-	-	-
Income generating activities Account	-	-	-
Infrastructural Account	1270972898	133,681	220,241
Total		**2,443,478**	**256,078**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 CASH IN HAND

Description	2020-2021 Kshs	2019-2020 Kshs
Tuition Account	-	-
Operation Account	3,764.00	2,204.00
School Fund account	3,839.00	6,545.00
Total	**7,603.00**	**8,749.00**

10 ACCOUNTS RECEIVABLE

Description	2020-2021 Kshs	2019-2020 Kshs
Fees arrears	12,219,369	7,668,375
Other non-fees receivables	-	-
Salary advances	-	-
Imprest	-	-
Total	**12,219,369**	**7,668,375**

10 b Ageing analysis of accounts Receivable

Description	2020-2021 Kshs	2019-2020 Kshs
Fees arrears for current year	4,550,994	2,650,632
Fees arrears for the previous year	2,650,632	2,915,727
Fees arrears for prior periods (over two years)	5,017,743	2,102,016
Total	**12,219,369**	**7,668,375**

11 ACCOUNTS PAYABLE

Description	2020-2021 Kshs	2019-2020 Kshs
Trade creditors	4,377,734	4,377,734
Prepaid fees	532,884	-
Retention monies	-	-
Total	**4,910,618**	**4,377,734**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 b Ageing analysis of accounts payable

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year	-	2,153,295
Prepaid fees	532,884	-
Trade creditors for the previous year	2,153,295	-
Trade creditors for prior periods (over two years)	2,224,439	2,224,439
Total	**4,910,618**	**4,377,734**

12 FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	2,443,478	256,078
Cash balances	7,603	8,749
Short Term Investments	-	-
Receivables	12,219,369	7,668,375
Payables	(4,910,618)	(4,377,734)
Total	**9,759,832**	**3,555,468**

Other important disclosure notes

IPSAS Cash Standard 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 Kshs	2019-2020 Kshs
Cattle	0	-	-
Goats	0	-	-
Trees	1012	2,024,000	-
Coffee or tea plantation	0	-	-
Poultry	0	-	-
Total	**1012**	**2,024,000**	**-**

14 STOCK/ INVENTORY

Description	2020-2021 KShs	2019-2020 KShs
Stock/ inventory at beginning of the year	840,000.00	3,258,000.00
Stock/ inventory purchased during the year	5,277,900.00	4,283,500.00
Stock/ inventory issued during the year	3,485,020.00	6,701,500.00
Balance at end of the year	**2,632,880.00**	**840,000.00**

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)*
	NONE			

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2,021	Outstanding Balance 2020-1	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
RENOVATION	1,655,935		833,935	833,935	822,000	-
Sub-Total	**1,655,935**		**833,935**	**833,935**	**822,000**	**-**
Supply of goods	-		-	-	-	-
FOOD STUFFS	333,710		319,000	14,710	110,145	-
OTHER GOODS	1,400,310		1,000,310	400,000	400,000	-
Sub-Total	**1,734,020**		**1,319,310**	**414,710**	**510,145**	**-**
Supply of services	-		-	-	-	-
PLUMBING SERVICES	71,065		0	71,065	-	-
MACHINE SERVICE	821,150			821,150	821,150	-
OTHER SERVICES	2,236,874		0	2,236,874	-	-
Sub-Total	**3,129,089**			**3,129,089**	**821,150**	**-**
Grand Total	**6,519,044**		**2,153,245**	**4,377,734**	**2,153,295**	**-**

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	NUMBER	Location	Historical Cost b/f (Kshs) 1st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2021
Land 1		5	-	2,750,000	-	-	2,750,000
Land 2		0.1	-	70,000	-	-	70,000
Buildings and structures		21	-		-	-	
Furniture		1417	-	252,000	-	-	252,000
Office equipment		2	-		-	-	
ICT Equipment, and Other ICT Assets		13	-	1,639,000	-	-	1,639,000
Tools and apparatus		1786	-	1,633,500	-	-	1,633,500
Textbooks		13,500	-	11,918,200	-	-	11,918,200
Other Machinery and Equipment		1	-	250,000	-	-	250,000
Heritage and cultural assets		-		-			-
Intangible assets- soft ware		4	-	225,000	-	-	225,000
Total				18,737,700			18,737,700