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**REPORT
OF**

THE AUDITOR-GENERAL

ON

MUCHARAGE SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2022**

NYERI COUNTY

NATIONAL ASSEMBLY
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MUCHARAGE 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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I. Key School Information And Management

(a) Background information

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

The school was registered in 7-11-2005 under registration number GP1/A/3548/2005 and is currently categorized as a *County* public school established, owned or operated by the Government.

The school is a boarding school and had 250 numbers of students as at 30th June 2022 has 2 streams and 17 teachers of which none of 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	TIMOTHY MUCHIRI THUKU	Chairman	5/3/2022
2	JANE WAIRIMU N.	Secretary - Principal	5/3/2022
3	LILIAN WANGECI	Member-Community	5/3/2022
4	JAMES KIRATHE	Member-Community	5/3/2022
5	JAMES KARICHO	Member-Community	5/3/2022
6	JAMES MWANGI	Member-Community	5/3/2022
7	EVA WANGECI	Member-Community	5/3/2022
8	CHARLES MWAURA WANYANGA	Member- Community	5/3/2022
9	BEATRICE GACHAMBI	Member-Special interest	5/3/2022
10	NGUMO MBOGO	Member – Rep CEB	5/3/2022
11	ALICE WARUGURU	Member Rep Teachers	5/3/2022
12	ALEX NJUNJI	Member -Sponsor	5/3/2022
13	NANCY MWANGI	Member -Sponsor	5/3/2022
14	SAMUEL NDUGO	Member Special Needs	5/3/2022
15	EUNICE W, MAINA	Rep Students	5/3/2022

Key School Information And Management (Continued)

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	Timothy Thuku Peter Ngatia Nancy Mwangi Alex Njunji Jane Wairimi	Chairman Member Member Member Secretary	4/7
2	Audit Committee	Timothy Thuku Alex Njunji Nancy mwangi Charles mwaura Peter ngatia	Chairman Deputy chair Member Member PA chair	2/3
3	Finance, procurement and general purposes Committee	James karicho James kirathe Liliankanyi Timothy Thuku Peter Ngatia	Member Member Member Chair BOM Chair PA	4/6
4	Academic Committee	NgumoMbogo Beatrice Gachambi Alex Njunji John Wageni Jane Wairimu	Member Member Deputy Member Secretary	5/7
5	Development Committee	Timothy Thuku NgumoMbogo Jane Wairimu Peter Ngatia	BOM Chair Member Secretary PA Chair	6/7
6	Discipline and welfare Committee	Alex Njunji Jane Wirimu	Deputy Secretary	8/8

		John Wageni Timothy Thuku	Member BOM chair	
7	Adhoc Committee (if any during the year)	Peter Ngatia Eva wangepi Liliankanyi Paul gachoka Norman mwaniki	PA chair Member Member Member member	2/7

(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	JANE WAIRIMU	240217
2	Deputy Principal	LUCY GATIMU	272243
3	School Bursar	ELENA KARIMI	ID:12474899

Key School Information And Management (Continued)**(e) Schools contacts**

Post Office Box: 155-10106 OTHAYA
Telephone: 0721302410
E-mail: mucharageschool@yahoo.com
Website:
Facebook:
Twitter:

(f) School Bankers

The school operated 7 numbers of banksAccounts and 1 paybill number Othayaas follows;

	ACCOUNT NO	ACCOUNT NAME	PURPOSE	BANK	BRANCH
1	1101544090	Mucharage Sec School	Tuition A/c	KCB	Othaya
2	1101521724	Mucharage Sec School	Operation A/c	KCB	Othaya
3	1101540451	Mucharage Sec School	Boarding A/c	KCB	Othaya
4	1272126714	Mucharage Sec School	Infrastructure A/c	KCB	Othaya
5	0080294463603	Mucharage Sec School	Fee collection A/c	EQUITY	Othaya
6	044020207850	Mucharage Sec School	Farm A/c	Taifasacco	Othaya
7	0080266105144	Mucharage Sec School	CDF A/c	EQUITY	Othaya

(g) Independent Auditors

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

II. Summary Report Of Performance Of The School

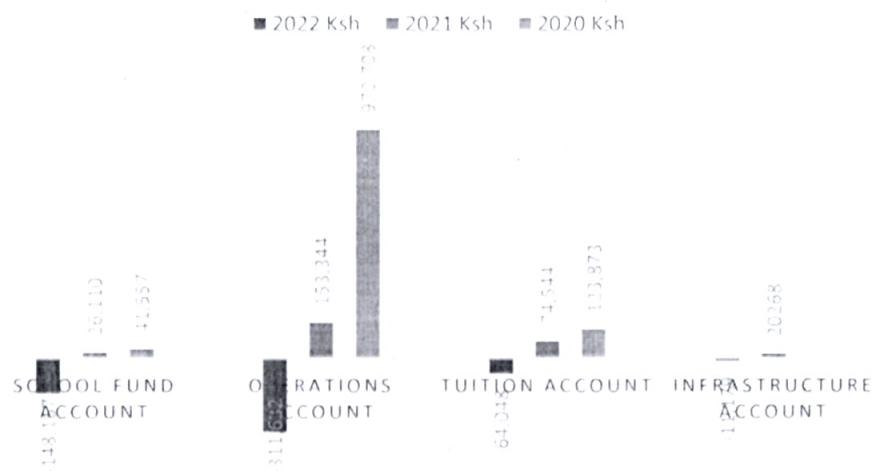
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) **Financial performance:**

Surplus/Deficit For The Year

ACCOUNTS	2022	2021	2020
Ksh	Ksh	Ksh	Ksh
School fund account	(148,167)	26,110	41,557
operations account	(311,632)	153,344	970,708
Tuition account	(64,048)	74,544	123,873
Infrastructure account	(11,179)	20268	
TOTAL	(535,026)	274,266	1,136,139
Increase/Decrease	(260,760)	(861,872)	249,018

Surplu/Deficit Movement

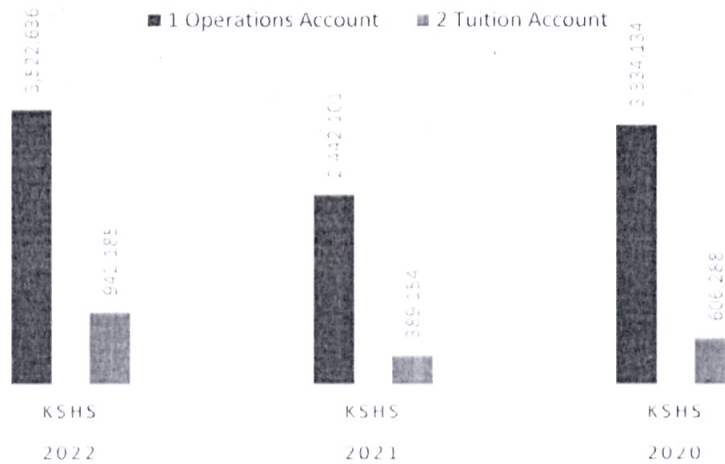


Capitation Summary

SNO	ACCOUNTS	2022	2021	2020
		KSHS	KSHS	KSHS
1	Operations Account	3,522,636	2,442,101	3,334,134
2	Tuition Account	942,185	389,154	606,288
	Total	4,464,821	2,831,255	3,940,422
	Increase/Decrease	1,633,566	(1,109,166)	(2,179,679)
	No of Students	234	234	285
	Ratio of Capitation per student	1:1980	1;12099	1;13826

Summary Report Of Performance Of The School (Continued)

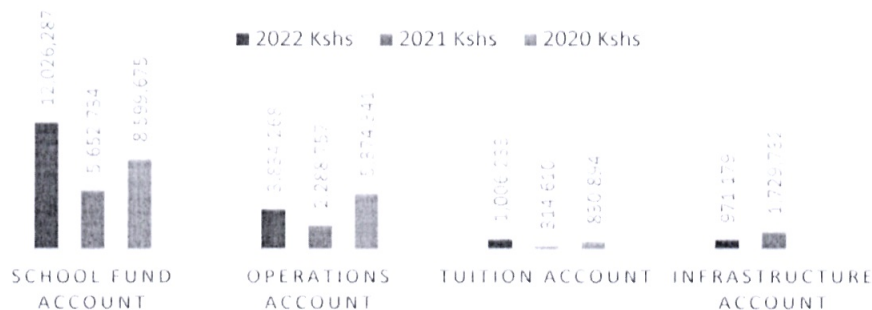
Capitation



Expenditure Summary

SNO	ACCOUNTS	2022 Kshs	2021 Kshs	2020 Kshs
1	School Fund Account	12,026,287	5,652,734	8,599,675
2	Operations Account	3,834,268	2,288,757	5,374,341
3	Tuition Account	1,006,233	314,610	830,894
4	Infrastructure Account	971,179	1,729,732	
	Total	17,837,967	9,985,833	14,804,910
	Increase/Decrease	7,852,134	(4,819,077)	(1,165,584)

EXPENDITURE SUMMARY



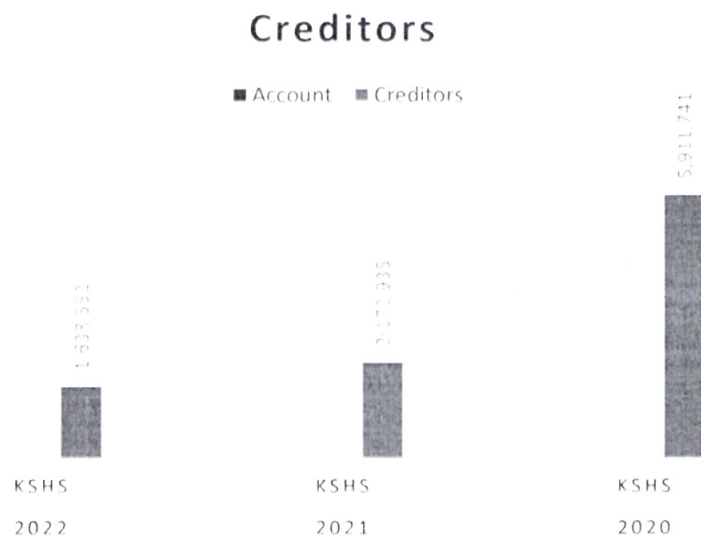
Summary Report Of Performance Of The School (Continued)

		Debtors		
SNO	ACCOUNTS	2022	2021	2020
1	School Fund Account	KSHS	KSHS	KSHS
a	Debtors	6,091,228	17,519,892	17,420,707



Creditors Movement

SNO	ACCOUNTS	2022	2021	2020
1	School Fund Account	KSHS	KSHS	KSHS
a	Creditors	1,638,552	2,172,935	5,911,741
	Total	1,638,552	2,172,935	5,911,741
	Increase/Decrease	(534,838)	(3,738,806)	4,712,522

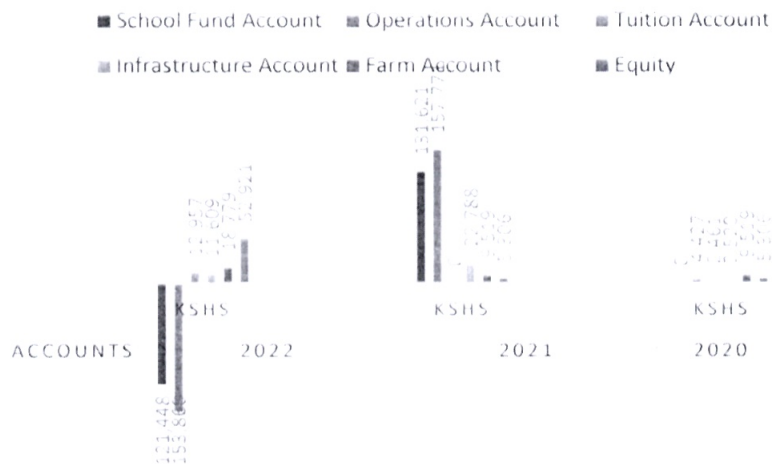


Summary Report Of Performance Of The School (Continued)

Movement Of Cash And Bank Balances

SNO	ACCOUNTS	2022 KSHS	2021 KSHS	2020 KSHS
1	School Fund Account	(121,448)	131,621	105,512
2	Operations Account	(153,860)	157,771	4,427
3	Tuition Account	12,957	77,005	2,461
4	Infrastructure Account	11,609	22,788	2,520
5	Farm Account	18,779	9,519	9,519
6	Equity	52,921	5,306	5,306
	Total	(179,042)	404,011	129,745
	Increase/Decrease	(224,969)	(274,266)	(5,393)

Cash And Bank Balances



b) Teacher Student ratio:

1:10

c) KCSE Mean score 2018-2022

YEAR	NO of candidates	Mean score
2018	63	2.371
2019	33	3.03
2020	47	2.638
2021	57	2.543
2022	74	

d) Number of Candidates 2018-2022

YEAR	NO of candidates	Mean score
2018	63	2.371
2019	33	3.03
2020	47	2.638
2021	57	2.543
2022	74	

e) Capacity of the school: 320 STUDENTS

Summary Report of the Performance of the School (Continued)

f) Development projects carried out by the school:

S/N	PROJECT	YEAR	STATUS	AMOUNT	FUNDS SOURCE
1.	-Drainage system -procured 150 locker & chairs	2019	Done	1.9MILLION	Ministry of educatio
2	Ablution -15 toilets, putting watering points,electrifying and fencing the area.	2020	Done	1.6MILLION	Ministry of educatio
3.	For economic stimulus 21FY Constructed first phase of 1 classroom of a classroom comprising of 3 classrooms	2020/2021FY	DONE	2 MILLION	Ministry of education
4	-Walling and painting of classrooms -Walling and painting of the dorms	2021/2022	On-going project.	Ksh549,860 Ksh349,000	Ministry of educatio

[Signature]

18/06/2022

School Principal




III. Statement Of School Management Responsibility

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

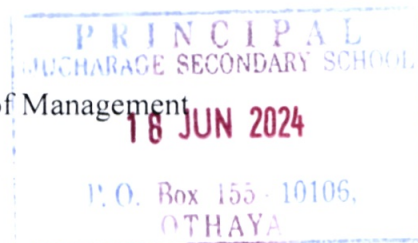
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

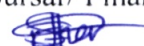
The Board of Management of Mucharage secondary school accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

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

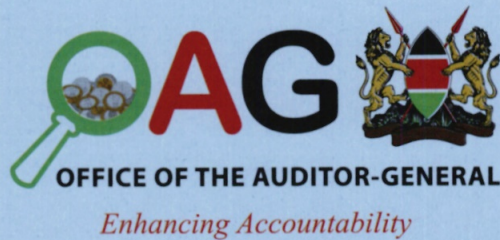
Name: TIMOTHY THUKU
Designation: Chairman, School Board of Management
Sign: 
Date: 18/06/2024

Name: JANE MANNA
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 18/06/2024



Name: ESTHER KIANGUI
Designation: Bursar/ Finance Officer
Sign: 
Date: 18-06-2024

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON MUCHARAGE SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - NYERI COUNTY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mucharage Secondary School - Nyeri County set out on pages 1 to 14, which comprise of the statement of financial assets and financial liabilities, as at 30 June, 2022, and the statement of receipts and payments,

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

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

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.(131,015) which includes bank balances of Kshs.(179,042) and cash balances of Kshs.48,027. However, bank reconciliation statements and board of survey certificates were not provided for audit.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.(131,015) could not be confirmed.

2. Unsupported Accounts Receivables

The statement of financial assets and liabilities reflects account receivables balance of Kshs.6,091,228 in respect to students' fees arrears and as disclosed in Note 12 to the financial statement. However, a ledger reflecting the name, admission number, class, balance brought forward, amount billed and paid during the year were not provided for audit review. Further the amount includes Kshs.5,204,163 relating to long outstanding fees arrears brought forward from previous years. Management did not explain the steps being taken to recover the arrears from the concerned students.

In the circumstances, the accuracy and recoverability of accounts receivables of Kshs.6,091,228 could not be confirmed.

3. Unsupported Accounts Payables

The statement of assets and liabilities reflects accounts payables amounting to Kshs.1,638,552 and as disclosed in Note 13 to the financial statements owed to various suppliers. However, documents supporting the trade payables such as invoices were not provided for audit.

In the circumstances the accuracy and existence of the accounts payable amounting to Kshs.1,638,552 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Mucharage Secondary School - Nyeri County Management in accordance with ISSAI 130 on 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 judgment, 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

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2022

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

1. Irregular Transfer of Funds Transferred to Kenya Secondary Schools Heads Association

Review of documents revealed that the School transferred co-curricular funds totalling Kshs.61,500 to Kenya Secondary School Heads Association (KESSHA) which is a private entity that is not subject to the Public Finance Management Act, 2012 without authority or law governing such payments. The funds were wired from Government operation capitation grants account. The transfer to KESSHA is not supported by any legal framework since it's a welfare organization that draws its membership from schools principals only.

This was contrary to Regulation 23(2)c of the Public Finance Management (National Government) Regulations, 2015 which states that 'an Accounting Officer shall, before transferring any funds to an entity within or outside Government, ensure that there is a written assurance from the entity that it shall implement effective, efficient and transparent financial management and internal control systems, or, if such written assurance is not or cannot be given, render the transfer of the funds subject to conditions and remedial measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems'.

In the circumstances, the validity of the transfer of Kshs.61,500 could not be confirmed and the expenditure was not a proper charge to public funds.

2. Late Submission of Financial Statements to the Auditor-General

The financial statements for the year 2021/2022 were submitted on 15 February, 2023 to the Auditor-General and not on the statutory date of 30 September, 2022. This is contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements to 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 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Ownership Documents

Review of documents revealed that the school occupies seven (7) acres of land without the requisite ownership documents. In absence of these legal documents, the authentic ownership of the parcel of land and the accuracy of the reported valuation could not be confirmed.

In the circumstances, the existence of effective internal controls on management of fixed assets 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 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 control 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 control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue to sustain its services, disclosing, as applicable, matters related to the sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or cease operations.

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

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

Those charged with governance are responsible for overseeing the school's financial reporting process, reviewing the effectiveness of how 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but

is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the School's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 September, 2024

MUCHARAGE SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2022

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

DESCRIPTION OF VOTE HEAD	Note	2021-2022 Ksh	2021 Ksh
RECEIPTS			
Capitation grants for tuition	1	942,185	389,154
Capitation grants for operations	2	3,522,636	2,442,101
School Fund Income- Parents' Contributions	3	5,223,321	2,590,913
School Fund Income- Other receipts	4	6,654,799	3,087,931
Infrastructure receipts	5	960,000	1,750,000
TOTAL RECEIPTS		17,302,941	10,260,099
PAYMENTS			
Payments for Tuition	6	1,006,233	314,610
Payments for operations	7	3,834,268	228,875
Boarding and school fund payments	8	12,026,287	5,652,734
Infrastructure Payments	9	971,179	1,729,732
TOTAL PAYMENTS		17,837,967	9,985,833
SURPLUS/DEFICIT		(535,026)	274,266

The school financial statements were approved on 18th June 2024 and signed by:



Name: **TIMOTHY THUKU**
Chair BOM

Date: 18/06/2024



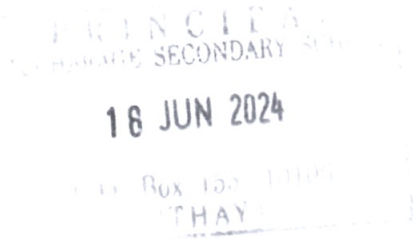
Name: **JANE MWANGI**
School Principal/ Secretary to BOM

Date: 18/06/2024



Name: **ESTHER WANGUI**
Bursar/ Finance Officer

Date: 18-06-2024


16 JUN 2024
 Box 100, Mucharage
 THAKUR
 THAKUR

MUCHARAGE SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2022

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

	Note	2021-2022 Kshs	2021 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10	(179,042)	278,578
Cash Balances	11	48,027	125,433
Total Cash and cash equivalent		(131,015)	404,011
Accounts receivables	12	6,091,228	17,519,892
TOTAL FINANCIAL ASSETS		5,960,213	17,923,903
FINANCIAL LIABILITIES			
Accounts Payables	13	(1,638,552)	(2,172,935)
NET FINANCIAL ASSETS		4,321,661	15,750,968
REPRESENTED BY			
Accumulated Fund b/fwd	14	4,856,687	15,476,702
Deficif/Surplus for the year		(535,026)	274,266
NET FINANCIAL POSSITION		4,321,661	15,750,968

The school's financial statements were approved on 18th June 2024 and signed by:



Name: Timothy Thuku

Chair BOM

Date: 18/06/2024



Name: JANE MWANGI
 School Principal/ Secretary to
 BOM

Date: 18/06/2024



Name: Esther Kangui
 Bursar/ Finance Officer

Date: 18-06-2024

PRINCIPAL
 MUCHARAGE SECONDARY SCHOOL
18 JUN 2024
 P.O. Box 155-10106,
 OTHAYA

VII. Statements 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	942,185	389,154
Capitation grants for operations	2	3,522,636	2,442,101
School fund income- parents contributions/ fees	3	5,223,321	2,590,913
School fund income- other receipts	4	6,654,799	3,087,931
	5	960,000	1,750,000
Total receipts		17,302,941	10,260,099
Payments			
Payments for tuition	6	1,006,233	314,610
Payments for operations	7	3,834,268	2,288,757
Boarding and school fund payments	8	12,026,287	5,652,734
	9	971,179	1,729,732
Total payments		17,837,967	9,985,833
Net cash flow from operating activities		(535,026)	274,266
Net increase in cash and cash equivalents		(535,026)	274,266
Cash and cash equivalent at beginning of the year		404,011	129,745
Cash and cash equivalent at end of the year		(131,015)	404,011

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Receipt/Expenses
	a	b	c=a+b	d	e=c-d	f=d/c %	
	Kshs	Kshs			Kshs	Kshs	
RECEIPTS							
<i>(1) CAPITATION GRANT ON TUITION</i>							
Laboratory equipment	150,000	-	150,000	140,000	10,000	93.3%	
Teaching / learning materials	900,000		900,000	802,285	97,715	83%	
TOTALS	1,050,000		1,050,000	942,285.00	107,715	89%	
<i>(2) CAPITATION GRANT ON OPERATIONS</i>							
Repairs and maintenance	1,500,000		1,500,000	1,365,851	134,149	91%	
Medical	50,000		50,000	46,000	4,000	92%	
Others	2,500,000		2,500,000	2,102,985	397,015	84%	
Activity	70,000		70,000	7,800	62,200	11%	
TOTALS	4,120,000		4,120,000	3,522,636	597,364	85%	
<i>(3) FEES CHARGED ON PARENTS</i>							
Repairs, maintenance & improvements	610,000		610,000	602,100	7,900	98%	
Local transport / travelling personal emolument & Others	3,500,000		3,500,000	3,340,237	159,763	95%	
Medical	30,000		30,000	28,000	2,000	93%	
Activity Expenses	150,000		150,000	132,050	17,950	88%	
Boarding Equipment and Stores	6,650,000		6,650,000	6,643,113	6,887	99%	
Income generating Activities	50,000		50,000	11,686	38,314	23%	
TOTAL INCOME	10,940,000		10,940,000	10,745,500	194,500	98%	

MUCHARAGE SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2022

(1) EXPENDITURE FOR TUITION						
Laboratory equipment	150,000	150,000	376,930		251%	
Teaching / learning materials	900,000	900,000	627,569		69%	
Bank Charges			1734			
	1,050,000	1,050,000	994,043	55957	94%	
(2) EXPENDITURE FOR OPERATIONS						
Repairs, maintenance & improvements	1,500,000	1,500,000	257,500	1,242,500	17%	
Local transport / travelling personal emolument & Others	2,500,000	2,500,000	2,204,669	295,331	88%	
Medical	50,000	50,000	11,300	38,700	22%	
Activity Expenses	70,000	70,000	60,400	9,600	86%	
Insurance costs			8000		%	
	4,120,000	4,120,000	2,511,869	1,608,131	60%	
(3) EXPENDITURE FOR SCHOOL FUND						
LTT ,Administration costs ,electricity waters						
Repairs, maintenance and improvements	610,000	610,000	1,086,718	(476,718)	178%	
OTHERS	3,500,000	3,500,000	3,521,735	(21735)	100%	
Medical Expenses	30,000	30,000	28000	2000	93%	
Boarding Equipment and Stores	6,650,000	6,650,000	5,789,408	(860592)	87%	
Expenditure for Income Generating Activity	50,000	50,000	2,426	45574	4%	
Insurance costs	80,000	80,000	15600	64400	19%	
TOTALS	10,940,000	10,940,000	10,443,887	496,113	95%	

IX. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

Significant Accounting Policies (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

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

MUCHARAGE SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2022

X. Notes To The Financial Statements

1 Capitation Grant For Tuition

Description	2021-2022	2020-2021
		Kshs
Laboratory equipment	140,000	
Internal exams		
Teaching / learning materials	802,185	389,154
Total	942,185	389,153

2 Capitation Grant For Operations

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments		
Repairs and maintenance	1,365,851	1,048,500
OTHERS	2,102,985	1,393,601
Medical	46,000	
Activity	7800	
Total	3,522,636	2,442,101

3 Parents Contribution/Fees - School Fund Account

Description	2021-2022	2020-2021
	Kshs	Kshs
Repairs and maintenance	602,100	403,350
Fees arrears recovered	12,190	86765
OTHERS L.t.t Administration costs, Electricity, water	3,340,237	1,479,788
Transfer from operations	850,000	595,000
Net transfer from Equity	262,244	
Activity	132,050	26,010
ID	24,500	
	5,223,321	2,590,913

Notes To The Financial Statements (Continued)

4 Other Receipts – School Fund Account

Description	2021-2022	2020-2021
	Kshs	Kshs
Fee on Boarding Equipment and Stores	6,643,113	3,087,931
Income from farming activities	11,686	
Total	6,654,799	3,087,931

5 Infrastructure Receipts

Description	2021-2022	2020-2021
	Kshs	Kshs
Infrastructure	960,000	1,750,000
Total	960,000	1,750,000

6 Payments For Tuition

Description	2021-2022	2020-2021
	Kshs	Kshs
Laboratory equipment		250,000
Creditors paid	376,930	
Teaching / learning materials	627,569.00	30,000
Exams and assessment		33,500
Bank Charges	1,734.00	1,110
Total	1,006,233	314,610

MUCHARAGE SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2022

Notes To The Financial Statements (Continued)

7 Payments For Operations

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments		
Service Gratuity	226,399	
Repairs and maintenance & improvements	257,500	
OTHERS LTT Admcost,EWC,PE	2,204,669	1,599,557
Administration costs		
Medical	11,300	14,500.00
Activity Expenses	60,400	
Transfer to Boarding	1,000,000	595,000
NSSF	8000	33,200
Creditors Paid	66,000	46,500
TOTAL	3,834,268	2,288,757

8 Boarding And School Fund Payments

Description	2021-2022	2020-2021
	Kshs	Kshs
Repairs and maintenance & Improvements	1,086,718	711,777.00
OTHERS LTT, EWC, PE, ADM	3,521,735	1,525,982
Transfer to Infrastructure	960,000	
Transfer to Tuition	140,000	
Farm	2426	
Net transfer to Equity collection account		450,488
Fee on Boarding Equipment and Stores	5,789,408	2,043,542.000
Creditors paid	526,000	920,945
TOTAL	12,026,287	5,652,734

9 Infrastructure Payments

Description	2021-2022	2020-2021
	Kshs	Kshs
Infrastructure	971,179	1,728,270
Bank charges		1,462
Total	971,179	1,729,732

Notes To The Financial Statements (Continued)

10 Bank Accounts

Name of Bank, Account No. & currency	Bank Account Number	2021-2022 Kshs	2020-2021 Kshs
Tuition Account	1101544090	12,957	77,005
Operations Account	1101521724	(153,860)	157,771
School Fund Account/Boarding	1101540451	(121,448)	6,189
Equity	0080294463603	52,921	5,306
Income generating activities Account Farm	04-0402-002-07850	18,779	9,519
Infrastructural Account	1272126714	11,609	22,788
Total		(179,042)	278,578

11 Cash In Hand

Description	2021-2022 Kshs	2020-2021 Kshs
School Fund account	48,027	125,433
Total	48,027	125,433

12 Accounts Receivable

Description	2021-2022 Kshs	2020-2021 Kshs
Fees arrears	6,091,228	17,519,892
Total	6,091,228	17,519,892

MUCHARAGE SECONDARY SCHOOL**Reports and Financial Statements For the year ended 30th June 2022****Notes To The Financial Statements (Continued)**

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears for current year	887,065	
Fees arrears for the previous year	1,360,575	1,372,765
Fees arrears for prior periods (over two years)	3,843,588	16,147,127
Total	6,091,228	17,519,892

13 Accounts Payable

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	1,638,552	2,171,935
Prepaid fees		1000
Total	1,638,552	2,172,935

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors for current year	1,394,017	971,716
Trade creditors for the previous year	244,535	1,200,219
Total	1,638,552	2,171,935

14 Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank balances	278,578	123,678
Cash balances	125,433	6,067
Receivables	6,091,228	17,519,892
Payables	(1,638,552)	(2,172,935)
Total	4,856,687	15,476,702

MUCHARAGE SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2022

Other important disclosure notes

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

15 Biological assets


Description	Number	2021-2022 Kshs	2020-2021 Kshs
Cattle	3	400,000	400,000
Trees	240	480,000	480,000
Total		880,000	880,000

MUCHARAGE SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2022

16. 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

PRINCIPAL
 MUCHARAGE SECONDARY SCHOOL
 18 JUN 2024
 P.O. Box 155 - 10100,
 OTHAYE

MUCHARAGE SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2022

ANNEX 1 - Analysis Of Pending Accounts Payable

Supplier of Goods or Service	Original Amount	Date Contracted	Amount Paid To Date	Outstanding Balance as at 30/6/2022	Comments
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Supply of goods					
1.EUNICE WACHINGA	482,500	30-6-2021		482,500	
2.ZACHARY MAHIANYU	139,500	30-6-2021		139,500	
3.KENBLEST FOODS LIMITED	238,987	30-6-2021		238,987	
4.NUTHU WANGOME	365,250	30-6-2021		365,250	
5.JANE WAMBUI	11,880	30-6-2021		11,880	
7.ISAAC MAKUMI	155,900	30-6-2021		155,900	
Sub-Total					
Grand Total	1,394,017			1,394,017	

MUCHARAGE SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2022

ANNEX 2 – Summary Of Fixed Assets Register

Asset class	Date purchased	Location	Historical Cost b/f (Kshs)	Historical cost c/f (Ksh)	Disposals during the year (Kshs)	Historical Cost c/f 30 th June 20xx (Kshs)
Land			15,000,000	15,000,000		
Buildings and structures			10,000,000	10,000,000		
Motor vehicles	2010		5,000,000	5,000,000		
Office equipment, furniture and fittings			1,500,000	1,500,000		
ICT Equipment, and Other ICT Assets			1,000,000	1,000,000		
Laboratory Tools and apparatus			1,500,000	1,500,000		
Textbooks			500,000	500,000		
Other Machinery and Equipment			250,000	250,000		
Intangible assets- soft ware			95,000	95,000		
Total			34,845,000	34,845,000		