

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

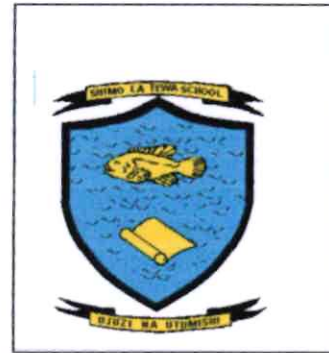
**ON**

**SHIMO LA TEWA SCHOOL**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**MOMBASA COUNTY**

Revised 30<sup>th</sup> June 2023.



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**SHIMO LA TEWA SCHOOL**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2023**

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**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 in Mombasa County, Kisauni Sub-County.

The school was registered in 20/02/2013 under registration number PU/S/3/5540/13 and is currently categorized as a National public school established, owned or operated by the Government.

The school is a boarding school and had **1850** number of students as at **30<sup>th</sup> June 2023**. It has 33 streams and 70 teachers of which 14 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:	Basic Education Act	Position	Name of Board Member	Date of appointment
1	56(1)(a)	Parent/ community	Conrad Simiyu	8/6/2022
2	56(1)(a)	Parent /community	Aidarus Abdirahman	8/6/2022
3	56(1)(a)	Parent/ community	F. K Bett	8/6/2022
4	56(1)(a)	Parent/commu nity	Joshua Mwavita	
5	56(1)(a)	Parent/commu nity	Evans Muasya	8/6/2022
6	56(1)(a)	Parent/Commu nity	Maria Ismail	8/6/2022
7	56(1)(b)	CFB rep	Dorothy Auma	8/6/2022
8	56(1)(c)	Teacher rep	Mr. Sabuni Patrice	8/6/2022
9	56(1)(d)	Sponsor	Opulu Charles	8/6/2022
10	56(1)(d)	Sponsor	Athman S.Chivatsi	8/6/2022
11	56(1)(d)	Sponsor	Prof.Suhaila Hashim	8/6/2022
12	56(1)(e)	Interest Group	Milicent ODhiambo	8/6/2022
13	56(1)(f)	Special Needs	Abdulaziz Shekuwe Athman	8/6/2022
14	56(1)(g)	Student rep	Dennis O. Oware	8/6/2022
15	62(1)	Principal	Mathew Mutiso Mbinda	8/6/2022

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

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16	Third Schedule of BEA 2013 Article (2)(3)	PA Chair person/Co-opted	Alfred Kingi	8/6/2022
17	Third Schedule of BEA 2013 Article(2)(4)	PA Member/Co-opted	Ambrose Kele	8/6/2022
18	Third Schedule of BEA 2013 Article (2)(4)	PA Member/Co-opted	Titus M. Nthale	8/6/2022

**The functions of the School Board of Management are to:**

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

**(c) Committees of the Board**

<b>Ref:</b>	<b>Name of Committee</b>	<b>Names of Members</b>	<b>Designation</b>	<b>Number of meetings attended during the year</b>
1	Executive Committee	Mr. Sami Athman Kivatsi Mr. Maurice Aluku Omogo Mr. Mutiso M.Mbinda Mrs. Dorothy Auma Mr.Mohamed Rashid	Chairman Vice Chair Secretary Member Member	3 3 3 3 3
2	Audit Committee	Mr. Freddy Bett Ms. Naomi Syovata Munyoki Mr. Joshua J. Mwavita Mr. Mohamed Rashid Mrs.Fatuma Bakari	Chairman Member Member Member Member	3 3 3 3 3
3	Finance,procurement and general purposes Committee	Ms. Naomi S. Munyoki Mr. Maurice Aluku Omogo Dr. Mzee Juma Amana Mr. Evans Muasya	Chairperson Member Member Member Member	4 4 4 4 4

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

		Mr. Joshua J. Mwavita		
4	Academic Committee	Dr. Samuel S.Libendi Dr. Mzee Juma Amana Mr. Aidarus Abdulrahman Mrs. Fatuma Bakari Bwengo Dr. Stephen Orago Mr. Maurice Aluku Mr. Patrice Sabuni	Chairman Member Member Member Member Member Member Member	2 2 2 2 2 2 2 2
5	Discipline and welfare Committee	Mr. Maurice Aluku Omogo Mr. Aidarus Abdulrahman Mr. Evans Muasya Dr. Samuel Libendi Mrs. Dorothy Auma	Chair Member Member Member Member	2 2 2 2 2

**(d) School operation Management**

For the financial year ended 30<sup>th</sup> June 2023 the School day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	Mutiso M. Mathew	TSC No.304146
2	Deputy Principal	Khamis M. Omar	TSC No.375350
3	School Bursar	Iddi M. Dzombo	ID No. 11460651
4	Accounts Clerk	Caroline A Gwendo	ID No.21999814
5	Accounts Clerk	Felix Kimindu Maleu	ID. N0.28953239

**(e) Schools contacts**

Post Office Box: 90163 – 80100 MOMBASA  
 Telephone: 0726323221  
 E-mail: shimolatewaschool@yahoo.com  
 Website: www.shimolatewaschool.ac.ke  
 Facebook: N/A  
 Twitter: N/A

**(f) School Bankers**

Name of Bank: National Bank  
Branch: Nkrumah Road  
Account Number: 01021007525000  
Boarding Account

Name of Bank: National Bank  
Branch: Nkrumah Road  
Account Number: 01025007525000  
Tuition Account  
Mombasa

Name of Bank: National Bank  
Branch: Nkrumah Road  
Account Number: 01025007525001  
Operation Account  
Mombasa

Name of Bank: Equity Bank  
Branch: Mtwapa  
Account Number: 1190260661473  
Boarding/Collection Account  
Mtwapa

Name of Bank: Equity Bank  
Branch: Mtwapa  
Account Number: 1190260661510  
Infrastructure Account  
Mtwapa

Name of Bank: National Bank  
Branch: Nkrumah Road  
Account Number: 01242007736100  
Savings Account  
Mombasa

Name of Bank: National Bank  
Branch: Nkrumah Road  
Account Number: 01242007699800  
Savings Account  
Mombasa

Name of Bank: National Bank  
Branch: Nkrumah Road  
Account Number: 01242007744100  
Savings Account  
Mombasa

Name of Bank: National Bank  
Branch: Mtwapa  
Account Number: 01025091806600  
PTA Account  
Mombasa

Name of Bank: National Bank  
Branch: Mtwapa Branch  
Account Number: 01041007525000  
Paybill Account

**(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:****(i) Surplus/ deficit for the year and a comparison of the same for the last three years**

S/NO.	ACCOUNT	2022/2023	2021/2022	2020/2021
1.	Surplus/Deficit	14,843,967.00	(3,116,663.00)	(10,035,588.00)

**(ii) Capitation grants from the Ministry of Education for the last three years**

S/NO.	ACCOUNT	2022/2023	2021/2022	2020/2021
1	Tuition Account	4,695,760.00	5,079,640.00	1,494,844.00
2.	Operation Account	23,720,678.00	22,047,547.00	9,371,255.300
TOTAL		28,416,4378.00	27,127,187.00	10,866,099.00

**(iii) A three year overview of growth of other income(s) earned by the school**

S/NO.	ACCOUNT	2022/2023	2021/2022	2020/2021
1.	Main Account	94,987,359.00	75,246,503.00	24,128,474.00

**(iv) A three-year overview of growth in expenditure of the school**

S/NO.	ACCOUNT	2022/2023	2021/2022	2020/2021
1.	Tuition Account	6,009,560.00	4,810,729.00	255,700.00
2.	Operation Account	12,109,083.00	22,178,018.00	14,223,299.00
3.	Main Account	131,555,484.00	127,656,062.00	30,550,162.00

**(v) Movement of debtors and creditors of the school over the last three years**

S/NO.	PARTICULARS	2022/2023	2021/2022	2020/2021
1.	Debtors	43,436,329.00	36,028,971.00	34,699,678.00
2.	Creditors	37,609,911.00	33,075,209.00	29,619,303.00

**(b) Teacher Student ratio:**

Teacher to student ratio	1:26
Number of teacher recruited/ Posted to the school within the year.	2
Number of teachers transferred during the year.	2
Number of teachers retired during the year.	0
Number of teachers employed by TSC.	58
Number of teachers employed by BOM	14
Subject Allocation: -	
(i) Maths	13
(ii) English	14
(iii) Kiswahili	11
(iv) Chemistry	7
(v) Biology	5
(vi) Physics	9
(vii) Business Studies	4
(viii) Agriculture	4
(ix) Geography	5
(x) History & Government	6
(xi) C.R.E.	5
(xii) I.R.E.	5
(xiii) Arabic	1
(xiv) German	1
(xv) French	2
(xvi) Woodwork	1
(xvii) Drawing & Design	1
(xviii) Computer	2
<b>N.B: - Note that the school has a shortage of teachers for the following subjects: -</b>	
Computer	0
Bio/Agriculture	1
I.R.E./Arabic	1
Kiswahili/C.R.E.	1
Kiswahili/Geography	1
Physics/Maths	2
Kiswahili/History	1
Biology/Chemistry	3
Physics/Chemistry	3
Maths/Chemistry	3

**(c) Mean score in the 2022 KCSE:**

<b>Description</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Performance of the school	C+	C+	C+
School means score	6.74	7.14	7.46
Number of students transited to higher learning	169	232	187

**(d) Number of Candidates in the 2022 KCSE:**

<b>Description</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
KCSE Candidates	392	331	361

**(e) Capacity of the school:**

<b>Description</b>	<b>2023</b>
Number of students	1850
Dormitories	18
Dining Hall	1
<b>Laboratories: -</b>	
ICT Labs	1
Biology Labs	2
Physics Labs	2
Chemistry Labs	4
Toilets	110
Kitchen	2

**(f) Development projects carried out by the school:**

<b>Projects</b>	<b>Source of funds</b>	<b>Status</b>	<b>Initial Cost (Kshs)</b>	<b>Amount Spent (Kshs)</b>	<b>Expected completion time</b>
N/A					



.....

**School Principal**

**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 (PSASB) of Kenya from time to time.

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

The Board of Management of **Shimo La Tewa 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 30<sup>th</sup> June, 2023, and of the school's financial position as at that date.



.....  
**Name: Maurice Aluku**

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

**Date:** 3/7/24



.....  
**Name: Mathew Mbinda Mutiso**

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

**Date:** 3/7/24



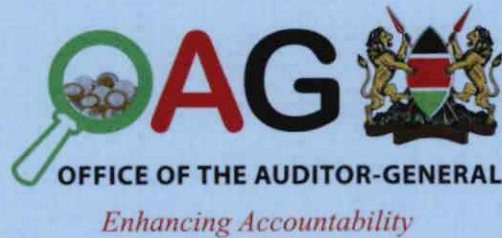
.....  
**Name: Iddi Dzombo**

**Designation:** Bursar/ Finance Officer

**Date:** 3/7/24

# 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 SHIMO LA TEWA SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 - MOMBASA COUNTY**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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 Shimo La Tewa School – Mombasa County set out on pages 1 to 24, which comprise of the statement of assets

and liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows and the statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Shimo La Tewa School – Mombasa County as at 30 June, 2023 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. Inaccuracies in the Financial Statements

Review of the statement of receipts and payments revealed amounts at variance with corresponding balances reflected in the statement of cash flows as analysed below;

	Statement of Receipts and Payments (Kshs.)	Statement of Cash Flows Balances (Kshs.)	Variance (Kshs.)
<b>Receipts</b>			
Government Grants for Tuition	4,491,760	4,695,760	204,000
Government Grants for Operations	16,117,387	23,720,678	7,603,291
Government Grants for Infrastructure	3,400,000	0	3,400,000
<b>Receipts</b>	<b>Statement of Receipts and Payments (Kshs.)</b>	<b>Statement of Cash Flows Balances (Kshs.)</b>	<b>Variance (Kshs.)</b>
School Fund Income-Parent's Contributions	130,060,449	115,470,064	14,590,385
Miscellaneous Income	10,448,498	0	10,448,498
School Fund Income - Other Receipts	0	94,987,359	94,987,359
<b>Payments</b>			
Tuition Payments	6,009,560	5,061,550	948,010
Payment for Operations	12,109,083	16,771,874	4,662,791
Boarding and School Fund	131,555,484	210,933,786	79,378,302
Maintenance and Improvement Fund	0	3,400,000	3,400,000

The variances were not explained or reconciled.

Further, the statement of receipts and payments reflects total receipts and total payments of Kshs.164,518,094 and Kshs.149,674,127 while the statements of budgeted versus actual amounts reflects amounts of Kshs.136,189,877 and Kshs.129,641,864 resulting to unexplained variances of Kshs.28,328,217 and Kshs.20,032,263.

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

## **2. Inaccuracies in Capitation Grants**

The statement of receipts and payments reflects capitation grants for tuition and operations amounts of Kshs.4,491,760 and Kshs.16,117,387 as disclosed in Note 1 and Note 2 to the financial statements. Review of the National Education Management Information System (NEMIS) capitation disbursements made to the School against the amount received by the School revealed amounts of Kshs.24,175,947 and Kshs.24,009,147 resulting to an unexplained variance of Kshs.166,800.

In the circumstances, the accuracy and completeness of capitation grants for tuition and operation of Kshs.4,491,760 and Kshs.16,117,387 could not be confirmed.

## **3. Unsupported Inventory Balance**

Note 19 to the financial statements reflects inventory balance of Kshs.1,030,949. However, the balance was not supported by approved quarterly and annual stock taking reports. Further, the balance of Kshs.1,030,949 indicated does not include stock of stationery held by the School.

In the circumstances, the accuracy of the inventory balance could not be confirmed.

## **4. Long Outstanding Accounts Receivables**

The statement of assets and liabilities reflects accounts receivables balance of Kshs.42,436,329 in respect of fees arrears and salary advances as disclosed in Note 13 to the financial statements. However, included in the balance are receivables in respect to fees arrears amounting to Kshs.27,204,069 which had been outstanding for more than two (2) years. Further, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review. In addition, significant accounting policies on accounts receivables as disclosed in Note 5 is silent on the treatment of the students' fees balances which is the major source of income for the School.

In the circumstances, the accuracy, completeness and recoverability of the outstanding receivables balance of Kshs.42,436,329 could not be confirmed.

## **5. Unsupported Accounts Payable**

The statement of assets and liabilities reflects payables balance of Kshs.37,609,911 as disclosed in Note 14 to the financial statements. However, Annex 1 to the financial statements reflects analysis of pending accounts payable balance of Kshs.13,643,220 resulting to an unanalyzed and unsupported balance of Kshs.23,966,691.

In the circumstances, the accuracy and completeness of trade payables balance of Kshs.37,609,911 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.163,721,450 and Kshs.136,189,877 respectively, resulting to an under-funding of Kshs.27,531,573 or 17% of the budget. However, the School spent a balance of Kshs.129,641,864 against actual receipts of Kshs.136,189,877 resulting to an under-utilization of Kshs.6,548,013 or 5% of 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 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.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

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

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows;

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*Report of the Auditor-General on Shimo La Tewa School for the year ended 30 June, 2023 – Mombasa County*

- i. The statement of budgeted versus actual amount does not contain explanation on significant underutilization (below 90% of utilization) and overutilization above 100%.
- ii. Other important disclosure notes at page 20 is not on its own page.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack of relevant information may affect users' reliance on the financial statements for decision making.

## **2. Irregular Contracts for Procurement of Boarding Equipment and Foodstuff**

Note 9 to the financial statements reflect boarding and school fund payments totalling Kshs.131,555,484 out of which Kshs.57,541,234 relate to payments on boarding equipment and stores. Review of payment vouchers and other supporting documents revealed that Management used framework agreements for supply of boarding equipment and foodstuff, however contract documents for four local suppliers were not signed by the Accounting Officer or by the Chairman of the Board. Further, the contracts did not indicate the prices at which the School would issue LPOs.

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

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

The statement of receipts and payments reflects boarding and school fund payments of Kshs.131,555,484 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.1,245,000 transferred to Kenya Secondary Schools Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from school Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.1,245,000 could not be confirmed.

## **4. Inadequate Need Assessment Guiding Distribution of Textbooks**

The special audit established that in the financial years 2021, 2022, 2023 and 2024, there was no evidence of instructional need assessment that provided basis for determining the number and subject of instructional material needed by the School. Further, there was no evidence that School Instructional Materials Selection Committee (SIMSC) was set up and SIMSC Minute Book Minutes highlighting the needs. As a result, the opening balances of stock inventory of text books in Shimo la Tewa School from the inception of the orange book, when schools were given textbook capitation, in terms of numbers and their monetary value could not be ascertained.

In the circumstances, the School risks loss of text books issued as capitation through obsolete stock.

### **5. Excess Supply of Books**

During the year under review, the Ministry of Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD). Examination of records revealed that the Institute distributed some four thousand four hundred and ninety-one (4,491) books to the School while only three thousand four hundred and twelve (3,412) books were issued to the students, resulting to an unexplained excess text books of (1,079) in the School store.

In the circumstances, value for money on the excess one thousand and seventy-nine (1,079) textbooks could not be confirmed.

### **6. Failure to Maintain a Separate Bank Account for Other Receipts**

The statement of receipts and payments and Note 5 to the financial statements reflects school fund income - other receipts totalling Kshs.10,448,498 which constitute of rent income and fee for hire of ground and equipment amounts of Kshs.34,358 and Kshs.10,414,140 respectively. However, discussion with Management and verification of documents provided revealed that the monies from other income is banked in the School main account as opposed to having a separate bank account for the stream of income as required by the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021.

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

### **7. Failure to Transfer Infrastructure Funds from Operations Bank Account**

The statement of receipts and payments reflects operations grants amount of Kshs.16,117,387 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.6,518,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, no amount was transferred to infrastructure account. This was contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

### **8. Project Implementation Status**

Review of records provided revealed that the School benefited from Government infrastructure grants totalling Kshs.24,115,300, disbursed as Kshs.5,165,000, Kshs.7,475,500, Kshs.6,518,000 and Kshs.4,956,800 for the years 2021, 2022, 2023 and

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*Report of the Auditor-General on Shimo La Tewa School for the year ended 30 June, 2023 – Mombasa County*

2024. Review of documents provided in support of implementation of the projects revealed the following anomalies: -

### **8.1 Construction of 4no Classrooms on an Existing Block**

The project was undertaken by a local company at a contract sum of Kshs.7,578,150 and the agreement signed on 22 October, 2020. However, although the project was completed and put to use, Management did not provide the contractor's final payment account for audit review. Further, the project was not branded.

### **8.2 Construction of CBC Classrooms**

Note 4 to the financial statements reflects total income of Kshs.130,060,449 in respect of school fund income - parents contribution. Included in the amount is Kshs.10,000,000 received for Competency-Based Curriculum (CBC) classrooms. Further, the infrastructure bank account statement as at 6 June, 2024 reflected a balance of Kshs.10,063,908. Management explained that utilization of the funds had begun and two ongoing projects which were one hundred and fifty (150) bed capacity dormitory and construction of toilets were being funded from the allocation. Physical verification carried out on 11 June, 2024 revealed that indeed two projects were on going, however, the implementation status reports for the two ongoing projects were not provided.

In the circumstances, the status of the projects could not be ascertained.

### **9. Unconfirmed Students Enrolment Data**

The statement of receipts and payments reflects capitation grants for tuition, operations and infrastructure totalling Kshs.24,009,147. Comparison of data from National Education Management and Information System (NEMIS) with records from the County Director of Education revealed that during the financial year 2022/2023, NEMIS reflected one thousand six hundred and ninety-five (1,695) students while records from the County Director of Education had one thousand eight hundred and fifty (1,850) students, resulting to an underfunding of the School by an amount of Kshs.3,447,820. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the Principals to ensure their records are accurate.

In the circumstances, underfunding of the School may have affected service delivery to the students.

### **10. Long Outstanding Accounts Payable**

The statement of assets and liabilities and as disclosed in Note 14 to the financial statements reflects payables balance of Kshs.37,609,911. However, included in the balance are trade payables balance of Kshs.9,208,619 which had been outstanding for more than three (3) year. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not

commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates'.

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

## **11. Unbalanced Budget**

The statement of budgeted versus actual amounts reflects total budgeted income amount of Kshs.163,721,450 and final expenditure budget of Kshs.168,137,900 resulting to a budget deficit of Kshs.4,416,450, contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that 'unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, that at all times during budget formulation and approval it must be ensured that the budget shall be balanced.

In the circumstance, 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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Failure to Maintain an Assets Register**

Annex 2 to the financial statements reflects a summary of fixed assets of unknown values. Further, the School did not maintain an updated and complete asset register with each category of asset showing key assets information such as tag number, serial number, depreciation, net book value, asset condition, size of land, L.R/No, and certificate number. In addition, Appendix 6, of the National Treasury guidelines on asset and liability management in the public sector dated March, 2020 contains the format for a standard asset register. The format dictates that each category of asset should be signed/authorized.

In the circumstances, the safe custody of the fixed assets could not be confirmed.

## **2. Encroachment and Lack of Land Ownership Documents**

Review of records provided revealed that the School occupies approximately 121 acres' piece of land which was registered as land Number MN/1/1516. Physical verification carried out on the land on 11 June, 2024 revealed that the School land is not defined with an exterior perimeter wall. Further, part of the land had been encroached where the constructions and buildings (Mosque) near the main entrance gate and adjacent to the main road are erected on the school land. The buildings however, seems abandoned and not in use at that moment. In addition, a portion of the land at the far end corner touching both the main road (Serena Road) and unnamed Road was hived off from the original school land and a telecommunication booster erected therein.

It was also noted that, the School donated land to Mama Ngina Girls High School, approximately 30 acres. The transfer of ownership is in the process and yet to be completed. Further, verification of the land title indicated that the land is a lease hold for 99 years effective from 1<sup>st</sup> January, 1959 and is registered under a local bank and the trustees, and therefore not in the name of the School.

In the circumstances, the ownership and safe custody of the School land could not be confirmed.

### **Basis for Conclusion**

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 control, 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 overall 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 sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease operations.

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

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

Those charged with governance are responsible for overseeing the School's financial reporting process, reviewing the effectiveness of how 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 non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 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

19 September, 2024

**6. Statement of Receipts and Payments for the Year Ended 30<sup>th</sup> June 2023**

Description Of Vote Head	Note	2023/2022	2022/2021
		Kshs	Kshs
<b>Receipts</b>			
Government grants for tuition	1	4,491,760.00	5,079,640.00
Government grants for operations	2	16,117,387.00	14,900,047.00
Government Grants for infrastructure	3	3,400,000.00	6,547,500.00
School fund income- parents' contributions	4	130,060,449.00	128,567,087.00
Miscellaneous incomes	5	10,448,498.00	2,306,000.00
<b>Total Receipts</b>		<b>164,518,094.00</b>	<b>157,400,274.00</b>
<b>Payments</b>			
Tuition	6	6,009,560.00	6,438,229.00
Operations	7	12,109,083.00	26,549,351.00
Infrastructure	8	-	-
Boarding and school fund	9	131,555,484.00	127,529,357.00
<b>Total Payments</b>		<b>149,674,127.00</b>	<b>160,516,937.00</b>
<b>Surplus/Deficit</b>		<b>14,843,967.00</b>	<b>(3,116,663.00)</b>

The school financial statements were approved on 3/7/ 2024 and signed by:

Sign.....

**Name: Maurice Aluku**

**Chair BOM**

**Date: 3/7/24**

Sign.....

**Name: Mathew Mbinda Mutiso**  
**School Principal/ Secretary to BOM**

**Date: 3/7/24**

Sign.....

**Name: Iddi Dzombo**  
**Bursar/ Finance Officer**

**Date: 3/7/24**

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023****7. Statement of Assets and Liabilities as at 30<sup>th</sup> June 2023**

Description	Note	2023	2022
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	10	18,114,587.00	8,516,700.00
Cash balances	11	9,723.00	100,265.00
Short term investments	12	-	-
<b>Total cash and cash equivalent</b>		<b>18,124,310.00</b>	<b>8,617,659.00</b>
Account's receivables	13	42,436,329.00	36,370,471.00
<b>Total financial assets</b>		<b>61,560,639.00</b>	<b>44,988,130.00</b>
<b>Financial liabilities</b>			
Accounts payables	14	37,609,911.00	36,881,368.00
<b>Net financial assets</b>		<b>23,950,728.00</b>	<b>8,105,762.00</b>
<b>Represented by</b>			
Accumulated fund b/fwd	15	8,106,762.00	11,223,424.00
Surplus/deficit for the year		14,843,967.00	(3,116,663.00)
<b>Net financial position</b>		<b>22,950,728.00</b>	<b>8,106,762.00</b>

The school's financial statements were approved on 3/7/2024 and signed by:

Sign.....

Name: Maurice Aluku


Chair BOM

Date: 3/7/24

Sign.....

Name: Mathew Mutiso  
School Principal/ Secretary to  
BOM

Date: 3/7/24

Sign.....

Name: Iddi Dzombo  
Bursar/ Finance Officer

Date: 3/7/24

8. Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2023

Description	Note	2023	2022
		Kshs	Kshs
<b>Cash from Operating Activities</b>			
<b>Receipts</b>			
Government grants for tuition		4,695,760.00	5,079,639.80
Government grants for operations		23,720,678.00	22,288,883.00
Government grants for infrastructure		-	-
School fund income- parents contributions/ fees		115,470,064.00	186,109,739.00
School fund – other receipts		94,987,359.00	-
<b>Total receipts</b>		<b>238,873,861.00</b>	<b>213,478,262.00</b>
<b>Payments from operating activities</b>			
Payments for tuition		5,061,550.00	4,810,729.00
Payment for operations		16,771,874.00	24,510,044.00
Boarding and school fund payments		210,933,786.00	188,109,046.00
<b>Total payments</b>		<b>232,767,210.00</b>	<b>217,429,818.00</b>
<b>Net cash inflow/outflow from operating activities</b>		<b>6,106,652.00</b>	<b>(3,951,556.00)</b>
<b>Cash flow from investing activities</b>			
Acquisition of assets		-	-
Proceeds from sale of Assets		-	-
Maintenance & Improvement funds		3,400,000.00	6,547,500.00
Purchase of investments		-	-
<b>Net cash inflow/outflows from investing activities</b>		<b>-</b>	<b>6,547,500.00</b>
<b>Cash flow from Financing activities</b>			
Proceeds from borrowings/ loans	18	-	-
Repayment of principal borrowings		-	-
<b>Net cash inflow/outflow from financing activities</b>		<b>3,400,000.00</b>	<b>6,547,500.00</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>9,506,652.00</b>	<b>2,595,944.00</b>
Cash and cash equivalent at beginning of the year		8,617,659.00	6,021,715.00
<b>Cash and cash equivalent at end of the year</b>		<b>18,124,310.00</b>	<b>8,617,659.00</b>

**SHIMO LA TEWA SCHOOL**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

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The school's financial statements were approved on 3/7/2024 and signed by:

Sign.....

**Name: Maurice Aluku**

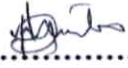
**Chair BOM**

**Date: 3/7/24**

Sign.....

**Name: Mathew Mutiso**  
**School Principal/ Secretary to BOM**

**Date: 3/7/24**

Sign.....

**Name: Iddi Dzombo**  
**Bursar/ Finance Officer**

**Date: 3/7/24**

9. Statement of Budgeted Versus Actual Amounts for The Year Ended 30<sup>th</sup> June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Receipts</b>					
<b>(1) Capitation Grant on Tuition</b>					
Reference Materials				-	
Exercise Books				-	
Laboratory Equipment				-	
Internal Exams				-	
Teaching / Learning Materials	7,666,400.00		7,666,400.00	4,491,760.00	58.59%
Exams And Assessment				-	
<b>(2) Capitation Grant on Operations</b>					
Other Vote Heads	22,925,000.00		22,925,000.00	12,257,837.00	53.47%
Repairs And Maintenance	9,250,000.00		9,250,000.00	6,518,000.00	70.46%
Local Transport / Travelling				-	
Electricity And Water				-	
Insurance	370,000.00		370,000.00	166,800.00	45.08%
Administration Costs					
Activity	1,476,300.00		1,476,300.00	574,750.00	38.93%
Gratuity					

**SHIMO LA TEWA SCHOOL**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

<b>Receipt/Expenses Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual On Comparable Basis</b>	<b>% Of Utilization</b>
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=d/c %</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>3) FDSE for infrastructure</b>					
Maintenance &Improvement MoE				-	
M&I parents' contribution				-	
Economic Stimulus Programs				-	
Transition Infrastructure Grants				-	
Administration Block				-	
<b>(4) Fees Charged on Parents</b>					
Personnel Emoluments	16,499,000.00		16,499,000.00	15,431,298.00	93.53%
Repairs And Maintenance	5,250,000.00		5,250,000.00	4,126,911.00	78.61%
Local Transport / Travelling	4,487,000.00		4,487,000.00	4,052,457.00	90.32%
Electricity And Water	17,407,250.00		17,407,250.00	15,637,907.00	89.83%
Medical	-			-	
Administration Costs	6,935,250.00		6,935,250.00	6,272,715.00	90.45%
Activity	-			-	
SMASSE	-			-	
Fee On Boarding Equipment and Stores	65,455,250.00		65,455,250.00	56,245,303.00	89.93%
<b>5) Miscellenous Income</b>					
Loans / Borrowing					
Rent income					
Income From Farming Activities					
Insurance Compensation					

**SHIMO LA TEWA SCHOOL**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

<b>Receipt/Expenses Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual On Comparable Basis</b>	<b>% Of Utilization</b>
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=d/c %</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Income From Posho Mill				-	
Income From Bus Hire				-	
Fee For Hire of Ground and Equipment	6,000,000.00		6,000,000.00	10,414,140.00	173,6%
Interest Income				-	
Income From Any Other Investment				-	
<b>Total Income</b>	<b>163,721,450.00</b>		<b>163,721,450.00</b>	<b>136,189,877.00</b>	<b>83.18%</b>
<b>(6) Expenditure For Tuition</b>					
Textbooks				91,650.00	
Reference Materials				-	
Exercise Books				-	
Laboratory Equipment				807,830.00	
Internal Exams				-	
Teaching / Learning Materials	7,659,000.00		7,659,000.00	5,108,390.00	66.7%
Chalks				-	
Exams And Assessment				-	
Teachers Guides				-	
Administration Costs				-	
Bank Charges				1,690.00	
<b>(7) Expenditure For Operations</b>					
Personnel Emoluments	13,567,900.00		13,567,900.00	5,770,382.00	42,53%

**SHIMO LA TEWA SCHOOL**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=d/c %</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Repairs, Maintenance & Improvements	3,700,000.00		3,700,000.00	464,850.00	12.56%
Local Transport / Travelling				-	
Electricity, Water and Conservancy	17,407,250.00		17,407,250.00	2,459,482.00	14.13%
Medical	370,000.00		370,000.00	166,511.00	45.0%
Administration Costs	6,935,250.00		6,935,250.00	1,869,341.00	26.95%
Activity Expenses				-	
Gratuity				-	
SMASSE				-	
<b>(8) Expenditure For infrastructure</b>					
Construction of classrooms					
Construction of LAB					
Construction of DORMS					
Purchase of furniture					
Purchase of equipment					
Purchase of machinery					
<b>(9) Expenditure For school fund/lunch/boarding</b>					
Personnel Emoluments	16,499,000.00		16,499,000.00	12,971,927.00	78.62%
Repairs, Maintenance and	5,250,000.00		5,250,000.00	4,400,703.00	83.82%

**SHIMO LA TEWA SCHOOL**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

<b>Receipt/Expenses Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual On Comparable Basis</b>	<b>% Of Utilization</b>
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=d/c %</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Improvements					
Local Transport / Travelling	4,487,000.00		4,487,000.00	5,406,267.00	120.48%
Electricity, Water and Conservancy	17,407,250.00		1,740,725.00	11,723,142.00	67.35%
Medical Expenses	370,000.00		370,000.00	167,200.00	45.12%
Administration Costs	6,935,250.00		6,935,250.00	11,807,477.00	170.25%
Activity	2,094,750.00		2,094,750.00	7,502,630.00	358.16%
Gratuity				1,341,547.00	
Lunch Programme				-	
Boarding Equipment and Stores	65,455,250.00		65,455,250.00	57,541,234.00	87.90%
Expenditure For Income Generating Activity				-	
Insurance Costs				-	
Other Expenses On Investments				-	
Rent Expenses				-	
Bank Charges				39,610.00	
Loan Interest Repayment				-	
Loan Principal Repayment				-	
Acquisition Of Assets				*	
<b>Totals</b>	<b>168,137,900.00</b>		<b>168,137,900.00</b>	<b>129,641,864.00</b>	<b>77.10%</b>

## **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

### **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

**SHIMO LA TEWA SCHOOL**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

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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 30<sup>th</sup> June 2023

## 11. Notes to the Financial Statements

## 1 Government Grants for Tuition

Description	2022/2023	2021/2022
	Kshs	Kshs
Reference Materials	-	-
Exercise Books		
Teaching / Learning Materials	4,491,760.00	5,079,640.00
Others ( <i>specify</i> )*	-	-
<b>Total</b>	<b>4,491,760.00</b>	<b>5,079,640.00</b>

## 2 Government Grants for Operations

Description	2022/2023	2021/2022
	Kshs	Kshs
Personnel Emoluments	-	-
Repairs And Maintenance	6,518,000.00	6,547,500.00
Local Transport / Travelling	-	-
Electricity And Water	-	-
Medical	166,800.00	-
Administration Costs	-	-
Activity	574,750.00	-
Other Vote Heads	12,257,837.00	14,900,047.00
<b>Total</b>	<b>19,517,387.00</b>	<b>21,447,547.00</b>

## 3 Government Grants for infrastructure

Description	2022/2023	2021/2022
	Kshs	Kshs
Maintenance & Improvement	-	-
Transition infrastructure grants	-	-
Administration Block	-	-
Other ( <i>specify</i> )(NGCDF and County govt.	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023****4 School Fund Income - Parents Contribution/Fees**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel emoluments	15,431,598.00	15,332,576.00
Repairs and maintenance	4,126,911.00	5,359,324.00
Local transport / travelling	4,052,457.00	4,405,577.00
Electricity and water	15,637,907.00	16,333,246.00
Miscellaneous	1,038,130.00	1,024,795.00
Administration costs	6,272,715.00	6,890,294.00
Hire of facilities		
Fee on Boarding Equipment and stores	56,245,303.00	61,093,721.00
Rent Income		
Uniform	10,356,025.00	15,564,762.00
CBC Classrooms	10,000,000.00	144,100.00
Equity Collection	5,300,000.00	5,400.00
Insurance		33,704.00
Activity	1,599,403.00	2,562,792.00
<b>Total</b>	<b>130,060,449.00</b>	<b>128,567,087.00</b>

**5 Miscellaneous Incomes**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Rent Income	34,358.00	53,000.00
Income From Farming Activities	-	-
Insurance Compensation	-	-
Income From Posho Mill	-	-
Income From Bus Hire	-	-
Fee For Hire of Ground and Equipment	10,414,140.00	2,253,000.00
Loans/Borrowings*	-	-
Other Income ( <i>specify</i> )*	-	-
<b>Total</b>	<b>10,448,498.00</b>	<b>2,306,000.00</b>

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023****6 Tuition**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Exercise Books	91,650.00	795,890.00
Stationery	5,108,390.00	2,940,000.00
Reference materials	-	-
Laboratory Equipment	-	396,150.00
Teaching / Learning Materials	-	1,827,500.0
Lab. Chemicals	807,830.00	341,750.00
Teachers Aid	-	134,800.00
Bank Charges	1,690.00	2,139.00
Others ( <i>specify</i> )	-	-
<b>Total</b>	<b>6,009,560.00</b>	<b>6,438,229.00</b>

**7 Operations**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel Emoluments	5,398,684.00	12,909,880.00
Service Gratuity	-	40,000.00
Administration Cost	1,869,341.00	2,390,841.00
Repairs And Maintenance & Improvements	464,850.00	200,000.00
Salary Arrears	357,691.00	80,149.00
Electricity And Water	2,459,482.00	4,317,188.00
Medical	166,511.00	28,500.00
Activity Expenses	800,000.00	2,120,000.00
Stationery	300,000.00	274,600.00
Bank charges	19,663.00	360.00
Uniform	272,860.00	
<b>Total</b>	<b>12,109,083.00</b>	<b>26,549,351.00</b>

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023****8 Infrastructure**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of classrooms	-	-
Construction of laboratory	-	-
Construction of dormitory	-	-
Purchase of equipment	-	-
Others (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**9 Boarding and School Fund**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel Emoluments	12,971,927.00	7,694,340.00
Service Gratuity	1,341,547.00	321,000.00
Repairs And Maintenance & Improvements	4,400,703.00	5,821,590.00
Local Transport / Travelling	5,406,267.00	5,720,174.00
Electricity And Water	11,723,142.00	7,643,138.00
Medical Expenses	-	303,712.00
Administration Costs	11,807,477.00	16,814,358.00
Uniform	9,640,070.00	12,109,190.00
Prize giving	-	2,158,100.00
Miscellaneous	199,400.00	251,250.00
Fee On Boarding Equipment and Stores	57,541,234.00	56,799,075.00
Activity	7,502,630.00	1,438,500.00
Caution money	-	417,000.00
Hire of facilities	6,355,890.00	531,283.00
Welfare	-	169,000.00
Salary arrears	-	486,000.00
Kudheiha	-	270,500.00
TLM	1,800,000.00	
S.E.S	658,386.00	8,221,904.00
Insurance	167,200.00	53,408.00
Bank charges	39,610.00	-
<b>Total</b>	<b>131,555,484.00</b>	<b>127,529,357.00</b>

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023****10 Bank Accounts**

<b>Account Name &amp; Currency</b>	<b>Status</b>	<b>Bank Account Number</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Active/Dormant</b>		<b>Kshs</b>	<b>Kshs</b>
Tuition Account	Active	01025007525000	288,166.00	653,957.00
Operations Account	Active	01025007525001	13,552,068.00	(124,916.00)
School Fund Account/Boarding	Active	01021007525000	91,305.00	(183,266.00)
Savings Account	Dormant	01242007699800	84,431.00	84,431.00
Parent Association Account	Active	01025091806600	72,637.00	72,637.00
Equity Collection account	Active	1190260661473	750,736.00	882,433.00
Infrastructural Account	Active	1190260661510	3,182,076.00	7,038,256.00
Savings account	Dormant	01242007744100	12,342.00	12,342.00
Savings account	Dormant	01242007736100	49,900.00	49,900.00
ESP Infrastructure account	Dormant		30,924.00	30,924.00
<b>Total</b>			<b>18,114,587.00</b>	<b>8,615,700.00</b>

**11 Cash In Hand**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Notes and Coins	9,723.00	100,959.00
<b>Total</b>	<b>9,723.00</b>	<b>100,959.00</b>

**12 Short Term Investments**

<b>Description</b>	<b>2022/2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Cooperative Shares	-	-
Treasury Bills	-	-

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

Fixed Deposit accounts	-	-
Other Investments	-	-
<b>Total</b>	-	-

**13 Accounts Receivable**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Fees Arrears	42,163,720.00	36,028,971.00
<b>Other Non-Fees Receivables</b>		
Salary Advances (list/schedule attached)	272,612.00	341,500.00
Imprest (list/schedule attached)	-	-
Rent arrears (list/schedule attached)	-	-
<b>Total</b>	<b>42,436,329.00</b>	<b>36,370,471.00</b>

**13 b Ageing Analysis of Accounts Receivable**

<b>Description</b>	<b>2022/2023</b>		<b>2021/2022</b>	
	<b>Kshs</b>		<b>Kshs</b>	
	<b>2023</b>	<b>% of the total</b>	<b>2022</b>	<b>% of the total</b>
Less than 1 year	9,545,569.00	22.64%	3,551,152.00	9.86%
Between 1- 2 years	5,414,079.00	12.84%	2,273,750.00	6.31%
Between 2-3 years	11,755,263.00	27.88%	10,362,219.00	28.76%
Over 3 years	15,448,806.00	36.64%	19,841,850.00	55.07%
<b>Total (should tie to note 13 a)</b>	<b>42,163,717.00</b>	<b>100%</b>	<b>36,028,971.00</b>	<b>100%</b>

**14 Accounts Payable**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade Creditors (See Ageing Below and Appendix 1)	24,209,539.00	23,911,364.00

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

Prepaid Fees	13,281,952.00	10,791,345.00
Retention Monies	118,420.00	118,420.00
Unpaid salaries and statutory deductions	-	-
Caution money	-	2,060,239.00
Other payables ( <i>specify</i> )	-	-
<b>Total</b>	<b>37,609,911.00</b>	<b>36,881,368.00</b>

**Notes to the Financial Statements****14a. Ageing Analysis of Accounts Payable**

Description	2022/2023		2021/2022	
	<i>Kshs</i>		<i>Kshs</i>	
	Current 2023	% of the total	Comparative 2022	% of the total
Less than 1 year	13,643,220.00	56.35%	13,075,245.00	54.68%
Between 1- 2 years	1,357,700.00	5.61%	1,627,500.00	6.81%
Between 2-3 years	-	-	-	%
Over 3 years	9,208,619.00	38.04%	9,208,619.00	38.51%
<b>Total (should tie to note 14)</b>	<b>24,209,539.00</b>	<b>100%</b>	<b>23,911,364.00</b>	<b>100%</b>

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023****15 Fund Balance Brought Forward**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank Balances	8,516,700.00	5,838,163.00
Cash Balances	100,959.00	183,552.00
Short Term Investments	-	-
Receivables	36,370,471.00	34,821,013.00
Payables	(36,881,368.00)	(29,619,303.00)
<b>Total</b>	<b>8,106,762.00</b>	<b>11,223,424.00</b>

**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.

**16 Non-current Liabilities Summary**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank Loans	-	-
Outstanding Leases	-	-
Hire Purchase	-	-
Gratuity And Leave Provision	-	-
Others (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023****17 Biological assets**

<b>Description</b>	<b>Numbers</b>	<b>2022/2023</b>	<b>2021/2022</b>
		<b>Kshs</b>	<b>Kshs</b>
Cattle		-	-
Goats		-	-
Trees		-	-
Coffee Or Tea Plantation		-	-
Poultry		-	-
Others (specify)		-	-
<b>Total</b>		-	-

**18 Borrowings**

<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Borrowings at beginning of the year	-	-
Borrowings during the year	-	-
Repayments during the year	-	-
<b>Balance at the end of the year</b>	-	-

**Other important disclosure notes****19 Stock/ Inventory**

<b>Description</b>	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Food stuffs	555,619.00	715,336.00
Lab consumables	475,330.00	350,555.00
Farm produce	-	-
Medication	-	-
Construction Materials	-	-
Others (specify)	-	-

**SHIMO LA TEWA SCHOOL**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

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**20 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.

<b>Ref No.</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	Accuracy of students enrolment in Nemis	The actually students enrolment was 1648 whereas Nemis showed 1487	The school could not comment on the data reported by the CDEs office	



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Sign and Date  
Principal

**SHIMO LA TEWA SCHOOL**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

Annexes

**Annex I - Analysis of Pending Accounts Payable**

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding 30 <sup>TH</sup> JUNE 2023	Outstanding Balance 30 <sup>th</sup> JUNE 2022	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction Of Buildings</b>						
1. Sheiko Building Engineering					368,869.00	
2. Agni Enterprises					8,839,749.00	
3.						
<b>Sub-Total</b>						
<b>Supply Of Goods</b>						
4. Venty General Supplies					573,700.00	
5. Nairobi Sports House					445,000.00	
6. Tier Holdings					339,000.00	
7. Rasu Transport Logistics ltd	4,488,200.00	5/8/2022	3,500,000.00	988,200.00		
8. Leynuri Enterprises ltd	3,186,420.00	5/8/2022	2,300,500.00	885,920.00		
9. Lydmo Enterprises	4,563,001.00	5/8/2022	3,763,001.00	800,000.00		
10. Sunity Butchery	3,005,630.00	5/8/2022	1,651,185.00	1,354,445.00		
11. Jaygon Agencies	3,980,000.00	5/8/2022	2,481,000.00	1,499,000.00		

**SHIMO LA TEWA SCHOOL**

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

<b>Supplier Of Goods Or Services</b>	<b>Original Amount</b>	<b>Date Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding 30<sup>TH</sup> JUNE 2023</b>	<b>Outstanding Balance 30<sup>th</sup> JUNE 2022</b>	<b>Comments</b>
12. Ourise Enterprises Ltd	3,645,000.00	5/8/2022	2,445,000.00	1,200,000.00		
13. Shekem General Supplies	2,560,032.00	5/8/2022	1,693,967.00	866,065.00		
14. Doenath Ltd	785,635.00	5/8/2022	442,635.00	343,000.00		
15. Linux Digital Option	2,265,332.00	5/8/2022	1,627,332.00	638,000.00		
16. Raphael Mutuma	1,235,000.00	5/8/2022	758,640.00	476,360.00		
17. MFI Documents Solution ltd	600,000.00	5/8/2022	341,900.00	258,100.00		
18. Island Uniform ltd	3,851,005.00	5/8/2022	3,131,635.00	719,370.00		
19. Gentrade Supplies	372,000.00	5/8/2022	222,000.00	150,000.00		
20. Fremer Ltd	5,100,620.00	5/8/2022	3,892,620.00	1,208,000.00		
21. Mazaruni Logistics ltd	3,210,000.00	5/8/2022	2,689,100.00	520,900.00		
22. Glorius Traders	3,641,170.00	5/8/2022	2,853,320.00	1,735,860.00		
<b>Sub-Total</b>	<b>46,489,750.00</b>		<b>30,940,515.00</b>	<b>13,643,220.00</b>	<b>10,566,318.00</b>	
<b>Supply Of Services</b>						
23.						
24.						
25.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

**SHIMO LA TEWA SCHOOL****Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

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**Annex 2 – Summary of Fixed Assets Register**

<b>Asset Class</b>	<b>Historical Cost b/f (Kshs) 1<sup>st</sup> July 2022</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost c/f (Kshs) 30<sup>th</sup> June 2023</b>
Land				
Buildings And Structures				
Motor Vehicles				
Office Equipment, Furniture And Fittings				
Textbooks				
ICT Equipment				
Tools And Apparatus				
Other Machinery And Equipment				
Heritage And Cultural Assets				
Intangible Assets- Soft Ware				
<b>Total</b>				

