REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

RIAMUKURWE SECONDARY SCHOOL

FOR THE SIX MONTHS' PERIOD ENDED 30 JUNE, 2021

NYERI COUNTY

RIAMUKURWE SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2021

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

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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,NYERI CENTRAL Sub-County

The school was registered in 03/2007 under registration number GP/A/4533/07 and is currently categorized as a SUB COUNTY public school established, owned or operated by the Government.

The school is a day school and had 377 number of students as at *30th June 2021*. It has 2 streams and 15 teachers of which 1 teacher is employed by the School Board Of Management.

(b) School Board of Management - Board Members

The School Board of Management established under Section 55 of the Basic Education Act, 2013; is composed of the following members:

Ref:	Name of Board Member	Designation	Date of appointment
1	MR.GEORGE MWANGI	Chairman	21/03/2019
2	MR.JAMES M. WANGAI	Secretary - Principal	21/03/2019
3	MR.WASHINGTON NJOGU	Member	21/03/2019
4	MRS.ZIPPORAH WANGECHI	Member	21/03/2019
5	MR.OBED MUNGE	Member	21/03/2019
6	MR.PETER MAINA	Member	21/03/2019
7	MR.CHARLES WANG'ONDU	Member	21/03/2019
8	MRS.ANN WANJA	Member – Rep CEB	21/03/2019
9	MR.ELDAD KARIUKI	Member Rep Teachers	21/03/2019
10	MRS. MARY WANJIKU	3 Members - Sponsor	21/03/2019
11	MR.JUSTUS GUKANDI	Member - Community	21/03/2019
12	MR.JAMES MAINA	MemberSpecial Needs	21/03/2019
13	PETER WAITHANJI	Rep Students	21/03/2019

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

- Promote the best interests of the School and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013
- Ensure and assure the provision of proper and adequate facilities for the School
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the School.
- Determine cases of pupils discipline and make reports to the CEB
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB
- Administer and manage the resources of the School
- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule para 21 and 23 of the Basic Education Act, 2013.

(c) Committees of the Board

Provide the names of the various committees of the Board established by the Board and the names of the committee members:

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	MR.GEORGE MWANGI MR.SAMUEL M MUTHEE MR.JAMES MAINA MR.WASHINGTON MATHENGE	B.O.M CHAIR PRINCIPAL MEMBER MEMBER MEMBER	**3out 6**
2	Audit Committee	MR.GEORGE MANGI MR.JAMES M. WANGAI MR.RICHARD KANYORO MR.PETER MUTURI MS.MIRRIAM NDERITU	B.OM CHAIR PRINCIPAL MEMBER MEMBER MEMBER	0 out of 6
3	Finance,procurement and general purposes Committee	MR.GEORGE MWANGI MR.JAMES MAINA MRS.ZIPPORAH WANGECHI	B.O.M CHAIR P.A CHAIR MEMBER	3 out 6
4	Academic Committee	MR.ELDAD KARIUKI MR.JUSTUS GIKANDI MRS.MARY HINGA MRS.EUNICE NDERITU	CHAIR PERSON MEMBER MEMBER MEMBER	0 of 6
5	Discipline and welfare Committee	MR.PETER MAINA MR.OBED MUNGE MRS.ANN THAIRU MRS.ZIPPORAH WANGECHI	CHAIRPERSON MEMBER MEMBER MEMBER	1 out of 6

(d) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	SAMUEL MACHARIA MUTHEE	371831
2	Deputy Principal	EVA WANINI NDERITU	323137
3	School Bursar	PURITY WANGU KABUGI	33197072

(e) Schools contacts

Post Office Box: 5073-10100 NYERI
Telephone: 0721862021
E-mail: riamukurwe@gmail.com
Website: -
Facebook: -
Twitter: -

(f) School Bankers

The following school operated 4 accounts in the following banks:

1. Name of Bank: KCB
   Branch: NYERI
   Account Number: 1101945079
   School Fund Account

2. Name of Bank: KCB
   Branch: NYERI
   Account Number: 1101946504
   Tuition Account

3. Name of Bank: KCB
   Branch: NYERI
   Account Number: 1101948698
   Operations Account

4. Name of Bank: KCB
   Branch: NYERI
   Account Number: 1274395569
   Infrastructure Account

(g) Independent Auditors

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

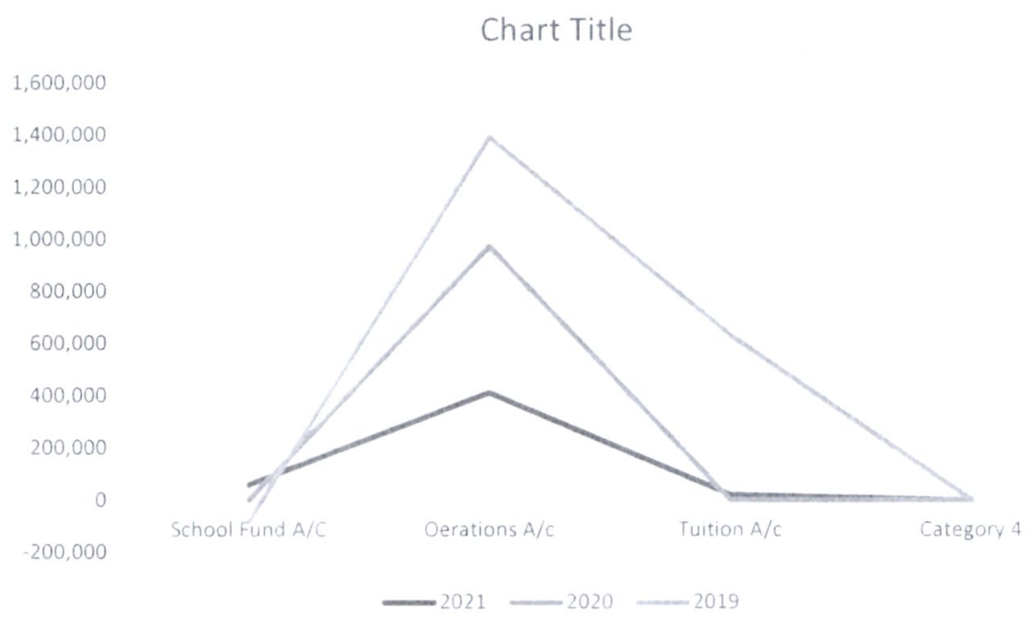
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

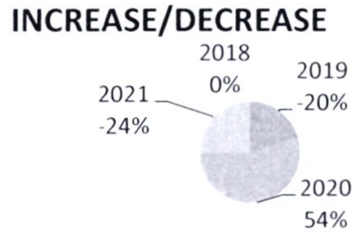
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) **Financial performance**:

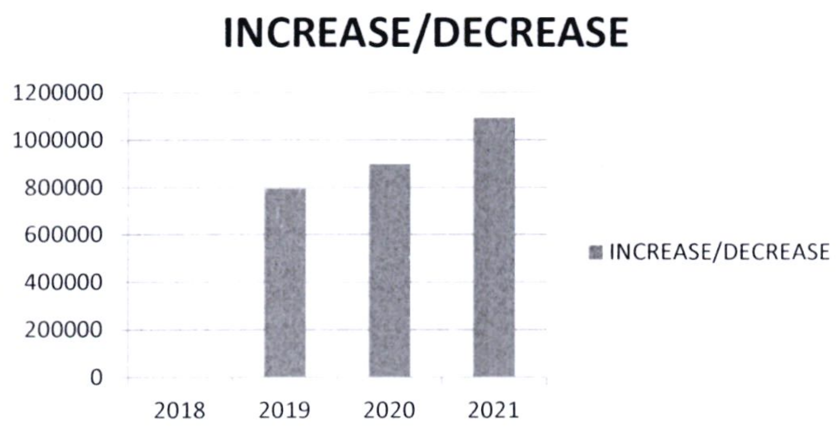
The following is a summary report of the performance of the school against the set performance evaluation criteria:

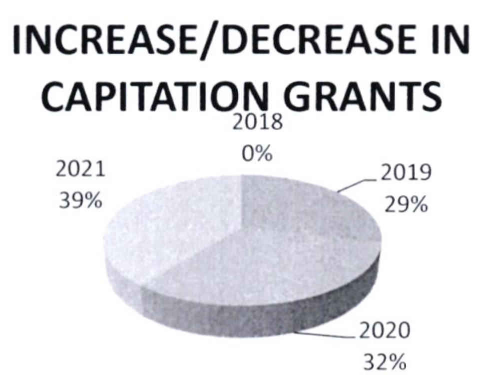
SURPLUS/DEFICIT FOR THE YEAR AND A COMPARISON OF THE SAME FOR THE LAST FOUR YEARS					
SNO	**ACCOUNTS**	**2021**	**2020**	**2019**	**2018**
		Kshs	**Kshs**	**Kshs**	**Kshs**
1	School Fund Account	58,203	(1,758,422.00)	(81,930)	(242,575)
2	Operations Account	409,734.75	971,895.00	1,389,881.90	658,061.00
3	Tuition Account	20,334.00	1,587.00	629,848.90	515,394.00
	TOTAL	**488,271.75**	**(784,940.00)**	**1,937,800.80**	**930,880.00**
	Increase/Decrease	**(1,273,211.75)**	**2,722,740.80**	**(1,006,920.80)**	-





CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE LAST THREE YEARS					
SNO	**ACCOUNTS**	**2021**	**2020**	**2019**	**2018**
		KSHS	**KSHS**	**KSHS**	**KSHS**
1	Operations Account	3,638,964.75	4,674,714.90	4,922,361.00	4,922,361.00
2	Tuition Account	501,314.00	559,092.00	1,209,495.90	2,004,049.00
	Total	**4,140,278.75**	**5,233,806.90**	**6,131,856.90**	**6,926,410.00**
	Increase/Decrease	**1,093,528.15**	**898,050**	**794,553.10**	**-**
	No of Students	377	377	377	377
	Ratio of Capitation per student	**1:10982.17**	**1:13882.78**	**1:16264.87**	**1:18372.44**





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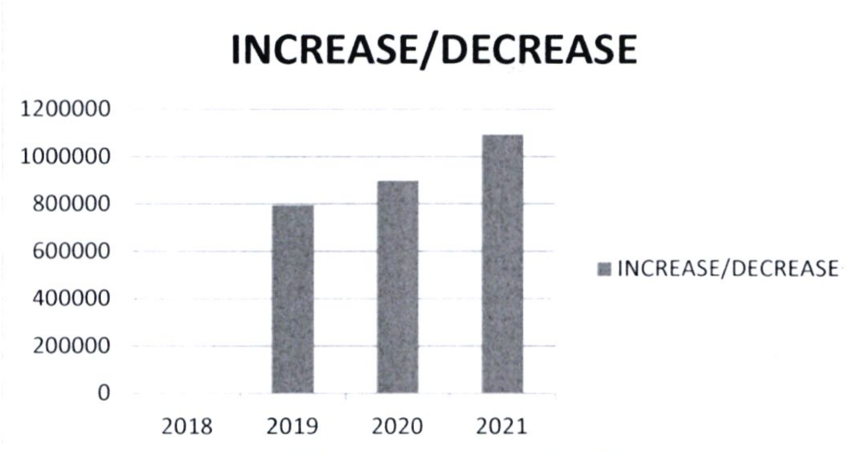
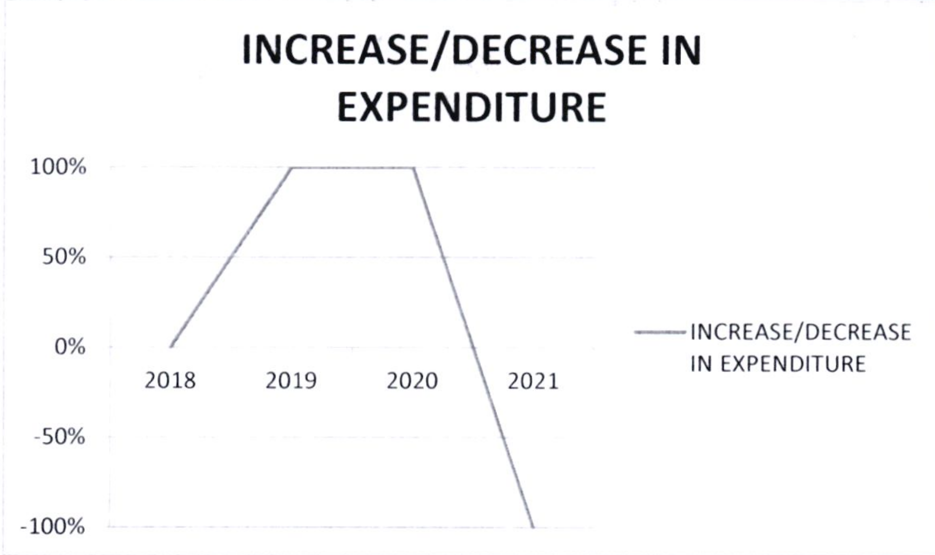
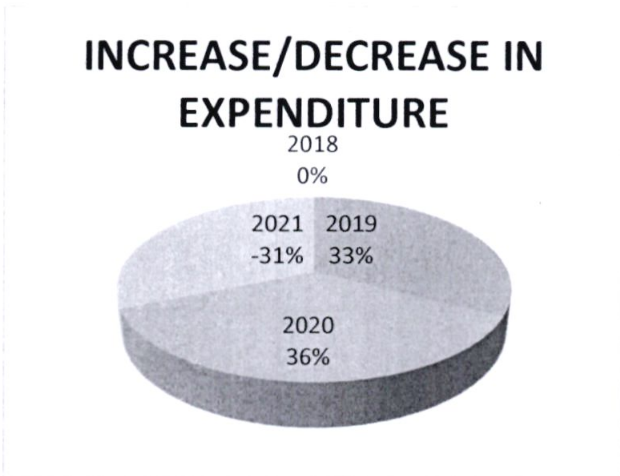


OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL					
SNO	**ACCOUNTS**	**2021**	**2020**	**2019**	**2018**
		Kshs	**Kshs**	**Kshs**	**Kshs**
1	School Fund Account	2,777,807.00	3,141,652.00	3,009,990.00	3,696,943.00
2	Operations Account	3,229,230.00	300,855.00	3,284,833.00	4,264,300.00
3	Tuition Account	480,980.00	557,505.00	579,647.00	1,488,655.90
	Total	**6,488,017.00**	**4,000,012.00**	**6,874,470.00**	**9,449,898.90**
	Increase/Decrease	**(2,488,005.00)**	**2,874,458.00**	**2,575,428.90**	-





b) **Teacher Student ratio**:

Between the month of January 2021 and June 2021, the status of the teaching staff is as follows:

There are 14 teachers posted by the Teachers Service Commission and 1 recruited by the Board of Management.. Although the teacher student ratio lies at 1: 25. We have a shortage of 6 teachers from the given CBE. This is due to subject specialization in Form 3 and Form 4

c) **Mean score in the *20XX* KCSE**:

YEAR	ENROLMENT	MEAN	TRANSITION	TRANSITION (%)	SCHOOL TARGET
2020	87	3.718	6	7.0	6.5
2019	91	3.604	6	6.5	5.8
2018	95	3.075	5	5.3	5.0

d) **Number of Candidates in the 2021 KCSE:**

YEAR	NO. OF STUDENTS
2020/2021	87
2019	91
2018	95

e) **Capacity of the school**:

Number of students	Dinning halls	Toilets	Laboratories
381	1	25	3

f) Development projects carried out by the school:

g)	Project	Year	Status	Amount	Fund Source
1	Construction of 2 CBC classes	2021-2022	Ongoing	-	NG-CDF

Sign

School Principal

PRINCIPAL
RIAMUKURWE
P. O. BOX 56
Date.................Sign.................

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 **RIAMUKURWE 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, 20XX, and of the school's financial position as at that date.

....

Name: JOHN MWANGI NJOKI

Designation: Chairman, School Board of Management

Date: 23/3/26

....

Name: SAMUEL MACHARIA MUTHEE

Designation: School Principal& Secretary to Board of Management

Date: 23/3/2026

PRINCIPAL
RIAMUKURWE SEC. SCHOOL
P.O. BOX 5073-10100 NYERI.
Date.......................Sign..................

....

Name: : PURITY WANGU KABUGI

Designation: Bursar/ Finance Officer

Date: 23/3/2024

REPUBLIC OF KENYA

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

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON RIAMUKURWE SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - 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 Government achieves value for money and that such funds are applied for 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Riamukurwe Secondary School - Nyeri County set out on pages 1 to 13, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Riamukurwe Secondary School as at 30 June, 2021, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Misstated and Unsupported Accounts Receivable Balance

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.1,878,670 as disclosed in Note 9 to the financial statements. However, the ledger provided for audit review revealed a balance of Kshs.666,850 resulting in unexplained variance of Kshs.1,211,820. Further, Management did not provide the detailed analysis of the receivables, basis of computation and supporting documents indicating arrears of each student.

In the circumstances, the accuracy and completeness of the accounts receivable balance of Kshs.1,878,670 could not be confirmed.

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

Emphasis of Matter

i. Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.10,358,525 and Kshs.6,976,289 respectively, resulting in under funding of Kshs.3,382,236 or 33% of the budget.

The underfunding affected the planned activities of the School and may have impacted negatively on service delivery to the public.

Key Audit Matters

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

Other Information

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

In connection with my audit on the School's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects capitation grants for operations of Kshs.3,638,964 as disclosed in Note 2 to the financial statements. Included in the amount is Kshs.354,000 in respect of infrastructure grants which were not transferred to the infrastructure account, contrary to The Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account within fifteen (15) days upon receipt of the funds in the operations account.

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

2. Failure to Prepare School Improvement Plan

During the period under review, the School did not have an approved School Improvement plan, contrary to Section 2.2 of the Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which requires schools to identify in every three-year school improvement planning cycle, one priority area in each of the four key areas which include curriculum implementation, foundational literacy and numeracy outcomes, an enabling environment for learning and parental involvement and community engagement for implementation.

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 Kshs.2,777,807 in respect of boarding and school fund payments as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.214,950 transferred to Kenya Secondary School 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.214,950 could not be confirmed.

4. Weakness in Procurement Unit

Review of the School's procurement unit revealed that the unit was not managed by qualified procurement professional as required under Section 47(2) of the Public Procurement and Asset Disposal Act, 2015 which states that the head of the procurement function shall among other functions under this Act, be responsible for rendering procurement professional advice to the accounting officer. Consequently, Regulation 33 (2) of the Public Procurement and Asset Disposal Regulations, 2020 states that the procurement function shall be handled by the procurement professionals whose qualification and experience are recognized in Kenya. Procurement professional means a person who has professional qualifications in procurement or supply chain management from a recognized institution and is a member of the Kenya Institute of Supplies Management established under the Supplies Practitioners Management Act, 2007 Procurement activities were undertaken by individuals lacking the requisite qualifications.

In the circumstance, the compliance and effectiveness in the procurement unit could not be confirmed.

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

Management submitted the financial statements to the Auditor-General on 28 February, 2022 instead of the statutory deadline of 30 September, 2021. This was contrary to the Ministry of Education Circular Ref. MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the school's financial statements should be ready by 30 September, in compliance which Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements. Additionally, this is contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. These financial statements have been audited as a result of a proactive initiative by the Auditor-General.

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

6. Non-compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements

The financial statements presented for audit by the School Management did not fully comply with all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows: -

i) Management indicated on the cover page and title headers in the financial statements that the financial information presented was for the annual report and financial statements for the year ended 30 June, 2021. However, audit review revealed that the financial information was for the period covering six months from 01 January, 2021 to 30 June, 2021;

ii) The pagination of the annual report and financial statements on the non-financial information was not as per the approved reporting template;

iii) Paragraph 5.3 of the guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Public Secondary Schools in Kenya, dated 20 August, 2021 requires the first period of reporting under the accounting framework to be 30 June, 2021 covering a period of eighteen (18) months, from 1 January, 2020 to 30 June, 2021. Hence the financial Statements reporting period is incorrect.

In the circumstances, the financial statements as prepared and presented are not in compliance with Public Sector Accounting standards Board Reporting Framework.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of 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 governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function

During the period under review, the School did not constitute an internal audit unit and an audit committee as required by section 73 Subsection (1) (a), and subsection 5 of the Public Finance Management Act 2012 which state that "every National Government entity shall ensure that it complies with this Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board".

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

2. Non- compliance with Stipulated Frequency of Board and Board Committee Meetings

During the period under review, the full Board held one (1) meeting whereas the Audit Committee and Academic Committee did not hold a single meeting. The Discipline and Welfare Committee held one (1) meeting and there was no Development Committee in place. The Board and the Committees therefore, did not meet the set threshold of a minimum of 4 meeting each financial year contrary to Section 6 (1) of the Fourth Schedule of the Basic Education Act, 2013 that states that a Board of Management shall meet at least once every four months. This was also contrary to Circular OP/CAB.9/1A dated 11th March 2020 on Management of State Corporations, Section A (2) on board meetings states that "For avoidance of doubt, the board meetings shall be restricted to a minimum of four (4) as provided in the State Corporations Act and capped to a maximum of six for each financial year or as may be specified in the respective enabling legal instrument. The same principle shall apply to respective Committees of the Boards".

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

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

Responsibilities of Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 May, 2026

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

DESCRIPTION OF VOTE HEAD	Note	2020-2021
		Kshs
RECEIPTS		
Capitation grants for tuition	1	501,314.00
Capitation grants for operations	2	3,638,964.75
School Fund Income- Parents' Contributions	3	2,836,010.00
TOTAL RECEIPTS		**6,976,288.75**
PAYMENTS		
Payments for Tuition	5	480,980.00
Payments for operations	6	3,229,230.00
Boarding and school fund payments	7	2,777,807.00
TOTAL PAYMENTS		**6,488,017.00**
SURPLUS/DEFICIT		**488,271.75**

The school financial statements were approved on ___________ 2021 and signed by:

....	....	....
Name: JOHN MWANGI NJOKI	**Name: SAMUEL MACHARIA MUTHEE**	**Name: PURITY WANGU KABUGI**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 23/3/26	**Date:** 23/3/2026	**Date:** 23/3/2026

PRINCIPAL
RIAMUKURWE SEC. SCHOOL
P. O. BOX 5073-10100, NYERI.
Date.......................Sign...................

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

	Note	2020-2021 Kshs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances	7	535,503.01
Cash Balances	8	-
Total Cash and cash equivalent		**535,503.01**
Account's receivables	9	1,878,670.35
TOTAL FINANCIAL ASSETS		**2,414,173.36**
FINANCIAL LIABILITIES		
Accounts Payables	10	(2,059,194.00)
NET FINANCIAL ASSETS		**354,979.36**
REPRESENTED BY		
Accumulated Fund b/fwd	11	(133,292.39)
Surplus/Deficit for the year		488,271.75
NET FINANCIAL POSSITION		**354,979.36**

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

………………………………	………………………………	………………………………
Name: JOHN MWANGI NJOKI	**Name: SAMUEL MACHARIA MUTHEE**	**Name: PURITY WANGU KABUGI**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 23/3/26	**Date:** 23/3/2026	**Date:** 23/3/2026

PRINCIPAL
RIAMUKURWE SEC. SCHOOL
P. O. BOX 50…
Date…………………Sign…………………

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2022

		2020-2021
		Kshs
Receipts for operating income		
Capitation grants for tuition	1	501,314.00
Capitation grants for operations	2	3,638,964.75
School fund income- Parents contributions/ fees	3	2,836,010.00
Total receipts		**6,976,288.75**
Payments		
Payments for Tuition	4	480,980.00
Payments for operations	5	3,229,230.00
Boarding and school fund payments	6	2,777,807.00
Total payments		**6,488,017**
Net cash flow from operating activities		**488,271.75**
CASHFLOW FROM INVESTING ACTIVITIES		-
Proceeds from Sale of Assets		-
Acquisition of Assets		-
Proceeds from investments		-
Purchase of investments		-
Net cash flows from Investing Activities		-
CASHFLOW FROM BORROWING ACTIVITIES		
Proceeds from borrowings/ loans		-
Repayment of principal borrowings		-
Net cash flow from financing activities		-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**488,271.75**
Cash and cash equivalent at BEGINNING of the year		**47,231.26**
Cash and cash equivalent at END of the year		**535,503.01**

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

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

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Reference Materials	5,100.00	-	5,100.00	1,897.00	3,203.00	37.20
Exercise Books	528,640.00	-	528,640.00	247,000.00	281,640.00	46.72
Laboratory Equipment	338,000.00	-	338,000.00	122,327.00	215,673.00	36.19
Internal Exams	56,160.00	-	56,160.00	70,000.00	-13,840.00	124.64
Teaching / Learning Materials	103,060.00	-	103,060.00	60,090.00	42,970.00	58.31
	1,090,900.00		**1,090,900.00**	**501,314.00**	**589,586.00**	**45.95**
(2) CAPITATION GRANT ON OPERATIONS						
Personnel Emoluments	2,054,535.00	-	2,054,535.00	2,054,850.00	-315.00	100.02
Repairs And Maintenance	1,428,000.00	-	1,428,000.00	1,044,787.50	383,212.50	73.16
Local Transport / Travelling	106,505.00	-	106,505.00	97,304.92	9,200.08	91.36
Electricity And Water	106,505.00	-	106,505.00	97,304.92	9,200.08	91.36
Medical	106,505.00	-	106,505.00	65,300.00	41,205.00	61.31
Administration Costs	411,980.00	-	411,980.00	97,304.91	314,675.09	23.62
Activity	319,515.00	-	319,515.00	182,112.50	137,402.50	57.00
	4,533,545.00	-	**4,533,545.00**	**3,638,964.75**	**894,580.25**	**80.27**
(3) FEES CHARGED ON PARENTS						
Lunch Programme	4,377,080.00	357,000	4,734,080	2,836,010.00	1,898,070.00	59.91
Total Income	**10,001,525.00**	**357,000.00**	**10,358,525.00**	**6,976,288.75**	**3,382,236.25**	**67.35**

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
(1) EXPENDITURE FOR TUITION						
Reference Materials	65,100.00	-	65,100.00	8,000.00	57,100.00	12.29
Exercise Books	728,640.00	-	728,640.00	239,265.00	489,375.00	32.84
Laboratory Equipment	138,000.00	-	138,000.00	200,000.00	-62,000.00	144.93
Internal Exams	56,160.00	-	56,160.00	20,000.00	36,160.00	35.61
Teaching / Learning Materials	103,000.00	-	103,000.00	6,890.00	96,110.00	6.69
Chalks	70,000.00	-	70,000.00	5,000.00	65,000.00	7.14
Bank Charges	1,440.00	-	1,440.00	1,825.00	-385.00	126.74
	1,162,340.00		**1,162,340.00**	**480,980.00**	**681,360.00**	**41.38**
(2) EXPENDITURE FOR OPERATIONS						
(7) Expenditure For Operations						
Personnel Emoluments	2,054,535.00	-	2,054,535.00	1,515,810.00	538,725.00	73.78
Repairs, Maintenance & Improvements	1,428,000.00	-	1,428,000.00	10,300.00	1,417,700.00	0.72
Local Transport / Travelling	106,505.00	-	106,505.00	109,000.00	-2,495.00	102.34
Electricity, Water and Conservancy	106,505.00	-	106,505.00	329,400.00	-222,895.00	309.28
Medical	106,505.00	-	106,505.00	0	106,505.00	0.00
Administration Costs	411,980.00	-	411,980.00	803,000.00	-391,020.00	194.91
Activity Expenses	319,515.00	-	319,515.00	209,720.00	109,795.00	65.64
	4,533,545.00	-	**4,533,545.00**	**3,229,230.00**	**1,304,315.00**	**71.23**
(3) EXPENDITURE FOR SCHOOL FUND						
Lunch Programme	4,377,080.00	357,000.00	4,734,080.00	2,777,807.00	1,956,273.00	58.68
Totals	**4,377,080.00**	**357,000.00**	**4,734,080.00**	**2,777,807.00**	1,956,273.00	58.68
TOTALS	**10,072,965.00**	**357,000.00**	**10,429,965.00**	**6,488,017.00**	**3,941,948.00**	**62.21**

Income Overview

- **Total Income**:
  The total income achieved was **Kshs 6,976,288.75**, reflecting a utilization rate of **67.35%** against the final budget of **Kshs 10,358,525**.
  - **High Inflation**: Many parents struggled to pay fees due to rising inflation, significantly impacting the school's income.
  - **Over-reliance on Bursaries**: The institution's finances were heavily dependent on government bursaries, which created vulnerabilities when the expected funds were not fully disbursed.
  - **Shortfall in Capitation Grants**: The government did not send its full share of the capitation grant, further limiting the available income for operations.

Expenditure Overview

- Total Expenditure: The total expenditure amounted to Kshs 6,488,017, with a utilization rate of 62.21% against a final budget of Kshs 10,429,965.
- Underutilization Factors:
  - The underutilization of the budget can largely be attributed to the reduced income, leading to the decision to forego certain expenses.
  - Areas like Repairs and Maintenance (0.72%) and Medical Expenses (0.00%) saw significant cuts as a response to the financial constraints, indicating that some planned activities were postponed or eliminated

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 *RIAMUKURWE SECONDARY 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

RIAMUKURWE SECONDARY 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, RIAMUKURWE SECONDARY 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 RIAMUKURWE SECONDARY 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, RIAMUKURWE SECONDARY 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 RIAMUKURWE SECONDARY SCHOOLfixed 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 RIAMUKURWE SECONDARY SCHOOLBoard of Management. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

9. Comparative figures

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

10. Subsequent events

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

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021
	Kshs
Laboratory equipment	250,657.00
Teaching / learning materials	250,657.00
Total	**501,314.00**

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021
	Kshs
Other Voteheads	2,284,964.75
Repairs and maintenance	354,000.00
Activity	1,000,000.00
Total	**3,638,964.7**

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021
	Kshs
Lunch programme	2,836,010.00
Total	**2,836,010.00**

4 PAYMENTS FOR TUITION

	2020-2021
	Kshs
Laboratory equipment	245,490.00
Teaching / learning materials	245,490.00
Total	**480,980.00**

5 PAYMENTS FOR OPERATIONS

	2020-2021
	Kshs
Other Voteheads	3,229,230.00
TOTAL	3,229,230.00

6 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021
	Kshs
Lunch Programme	2,770,000.00
Bank Charges	7,807.00
TOTAL	**2,777,807.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021
		Kshs
Tuition Account	1101946504	22,388.80
Operations Account	1101948698	431,812.20
School Fund Account/Boarding	1101945079	81,302.01
Total		**535,503.01**

8 CASH IN HAND

Description	2020-2021
	Kshs
Tuition Account	0
Operation Account	0
School Fund account	0
Total	**0**

9 ACCOUNTS RECEIVABLE

Description	2020-2021
	Kshs
Fees arrears	1,878,670.35
Total	**1,878,670.35**

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

Description	2020-2021
	Kshs
Fees arrears for current year	450,350.00
Fees arrears for the previous year	759,360.00
Fees arrears for prior periods (over two years)	668,960.35
Total	**1,878,670.35**

10 ACCOUNTS PAYABLE

Description	2020-2021
	Kshs
Trade creditors (See ageing below and appendix 1)	2,059,194.00
Total	**2,059,194.00**

Description	2020-2021
	Kshs
Trade creditors for current year	955,370.00
Trade creditors for the previous year	975,360.00
Trade creditors for prior periods (over two years)	128,464.00
Total	**2,059,194.00**

)

11 FUND BALANCE BROUGHT FORWARD

Description	2020-2021
	Kshs
Bank balances	47,231.26
Receivables	1,878,670.35
Payables	(2,059,194.00)
Total	**(133,292.39)**

XI. 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.

12 Biological assets

Description	Numbers	2020-2021
		Kshs
Sheep	15	150,000.00
Total	**15**	**150,000.00**

13 Stock/ Inventory

Description	2020-2021
	KShs
a) Borrowings	
Stock/ inventory at beginning of the year	36,000
Stock/ inventory purchased during the year	1,200,000
Stock/ inventory issued during the year	1,036,000
Balance at end of the year	200,000

XII. 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)*

XIII. ANNEX 1 –
ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2021	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1. David Kibebe	39,000	10/11/2020	30,000	9,000	9,000	
Sub-Total	**39,000**		**30,000**	**9,000**	**9,000**	
Supply of goods						
2. Zenium Prints Solutions	150,000	10/11/2020	123,700	138,700	138,700	
3. Alfra General Services	36,000	10/11/2020	-	36,000	36,000	
4. Ridratech Engeneers	24,005	10/11/2020	-	24,005	24,005	
5. Moses Macharia	220,000	10/11/2020	128,315	91,685	91,685	
6. Charity Wambui	200,000	10/11/2020	27,500	172,500	172,500	
7. Stephen Wambugu	55,000	10/11/2020	36,000	19,000	19,000	
8. Jesse Kamau	150,000	10/11/2020	30,000	120,000	120,000	
9. Grace Mathenge	250,000	10/11/2020	58,500	191,500	191,500	
10. Shah Jeshang Rajpar& Co	50,000	10/11/2020	13,855	36,145	36,145	
11. Lucy Wangari	60,000	10/11/2020	30,000	30,000	30,000	
12. Resana Stationers	350,000	10/11/2020	67,865	282,135	282,135	
13. Jogimu Enterprises	260,000	10/11/2020	19,460	240,540	240,540	
14. Zytech Supplies	60,000	10/11/2020	15,000	45,000	45,000	
Sub-Total	**1,865,005**		**426,495**	**1,427,210**	**1,427,210**	
Supply of services						
15. Samuel Maina	340,290	10/11/2020	-	340,290	340,290	
16. Judith Kajuju	270,000	10/11/2020	221,106	48,894	48,894	
17. Airnet Broadband	110,000	10/11/2020	71,500	38,500	38,500	
18. Lichi Security Services	340,000	10/11/2020	115,000	225,000	225,000	
Sub-Total	**1,060,290**		**407,606**	**652,684**	**652,684**	
Grand Total			**864,101**	**2,089,194**	**2,089,194**	

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset Class	Historical Cost b/f (Kshs) 1st July 2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2021
Land	**EST.20,000,000.00**	-	-	**EST.20,000,000.00**
Buildings And Structures	**EST.20,000,000.00**	-	-	**EST.20,000,000.00**
Office Equipment, Furniture And Fittings	**EST.5,000,000.00**	-	-	**EST.5,000,000.00**
Textbooks	**EST.4,000,000.00**	-	-	**EST.4,000,000.00**
ICT Equipment	**EST.2,000,000.00**	-	-	**EST.2,000,000.00**
Tools And Apparatus	**EST.2,000,000.00**	-	-	**EST.2,000,000.00**
Total	**53,0000,000.00**	-	-	**53,0000,000.00**

(The School should ensure that a detailed fixed assets register is maintained).