REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KATOTENI SECONDARY SCHOOL

FOR THE SIX (6) MONTHS PERIOD ENDED 30 JUNE, 2021

KITUI COUNTY

Revised 30th June 2021.

KATOTENI 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 Kitui County, Migwani Sub-County

The school was registered in JUNE 2006 under registration number GP/A/3806/2006 and is currently categorized as a county public school established, owned or operated by the Government.

The school is a day/boarding school and had 228 number of students as at *30th June 2021*. It has 2 streams and 16 teachers of which 5 teachers are employed by the School Board of Management.

(b) School Board of Management - Board Members

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

Ref.	Name of Board Member	Designation	Date of appointment
1	NICHOLAS N KIMANZI	Chairman	2019
2	JANE M MUTUNE	Secretary - Principal	2019
3	RAPHEAL KASIU	Vice chairman	2019
4	ANNA MUNUVE	Member	2019
5	PAUL MUTUNGA	Member	2019
6	JANE NGULA	Member	2019
7	ONESMUS KIIYA	Member	2019
8	COSMAS KAKULI	Member – Rep CEB	2019
9	CONSOLATA NTHIGA	Member Rep Teachers	2019
10	PAUL KISUMO	3 Members - Sponsor	2019
11	ROSEPHELA MUATHA	Member	2019
12	FRANCISCA MUNYOKI	Member	2019
13	FRANCIS VELESE	Member - Community	2019
14	ERASTUS KANYOLO	MemberSpecial Needs	2019
15	NANCY NDUNE DAVID	Rep Students	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

Ref	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	**Executive Committee**			**2**
		NICHOLAS KIMANZI	CHAIRMAN	
		RAPHEAL KASIU	VICE CHAIR	
		JANE MUTUNE	SECRETARY	
		PAUL MUTUNGA	PA CHAIRMAN	
		JANE NGULA	MEMBER	
		COSMAS KAKULI	MEMBER	
2	Audit Committee			
3	Finance,procurement and general purposes Committee			1
		RAPHAEL KASIU	CHAIRMAN	
		JANE MUTUNE	SECRETARY	
		FRANCIS VELESE	MEMBER	
		JANE NGULA	MEMBER	
		ERASTUS KANYOLO	MEMBER	
4	Academic Committee			1
		NICHOLAS KIMANZI	CHAIRMAN	
		CONSOLATA NTHIGA	SECRETARY	
		JANE MUTUNE	MEMBER	
		RAPHAEL KASIU	MEMBER	

		ROSPHELLA MUATHA	MEMBER	
5	Development Committee (SIC)			1
		RAPHAEL KASIU	CHAIRMAN	
		JACOB MUNYAO	SECRETARY	
		JANE MUTUNE	MEMBER	
		NICHOLAS KIMANZI	MEMBER	
		PAUL MUTUNGA	MEMBER	
		COSMAS KAKULI	MEMBER	
		SCDE – (MIGWANI)	MEMBER	
6	Discipline and welfare Committee			
		NICHOLAS KIMANZI	CHAIRMAN	
		JANE MUNUE	SECRETARY	
		PAUL MUTUNGA	MEMBER	
		ONESMUS KIIYA	MEMBER	
		ANNA MUNUVE	MEMBER	
7	Adhoc Committee (if any during the year)			

(d) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	JANE M MUTUNE	236469
2	Deputy Principal	JACOB M MUNYAO	409817
3	School Bursar	MARY MUTHUI	N/A

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box:	574 – 90400, MWINGI
Telephone:	0114767258
E-mail:	katotenisec@gmail.com
Website:	XXXXXXXX
Facebook:	
Twitter:	

(f) School Bankers

The following school operated 5 numbers of bank accounts in the following banks

1. Name of Bank: KENYA COMMERCIAL
   Branch: MWINGI
   Account Number: 1102979783 – BOARDING A/C

2. Name of Bank: KENYA COMMERCIAL
   Branch: MWINGI
   Account Number: 1107758327 – FUND A/C

3. Name of Bank: KENYA COMMERCIAL
   Branch: MWINGI
   Account Number: 1102978981 – TUITION A/C

4. Name of Bank: KENYA COMMERCIAL
   Branch: MWINGI
   Account Number: 1216701520 – INFRASTRUCTURE A/C

5. Name of Bank: KENYA COMMERCIAL
   Branch: MWINGI
   Account Number: 1225709873 – BUS FUND A/C

(g) Independent Auditors

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

II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance**:

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

  Surplus for the year ended 30th June 2021 – Ksh. 1,331,980.0

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

YEAR	TUITION A/C	OPERATIONS A/C	TOTALS
2021	404,367.00	2,524,146.00	2,928,513.00
2020	638,677.00	4,465,625.00	5,104,302.00
2019	946,570.00	3,695,238.00	4,641,808.00

- *Ratio of capitation grant per student over the last three years*

YEAR	RATIO
2021	1:9,477
2020	1:16,102
2019	1:16,006

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

BOARDING ACCOUNT

YEAR	INCOME EARNED
2021	5,555,258
2020	6,948,887
2019	8,564,875.50

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

YEAR	TUITION A/C	OPERATIONS A/C	BOARDING A/C
2021	404,014.00	3,006,213.00	4,860,821.00
2020	608,44200	4,488,024.00	7,690,011.00
2019	1,058,505.00	5,485,190.00	9,301,178.00

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

YEAR	CREDITORS	DEBTORS
2021	185, 750.00	0
2020	771,571.00	649,155.00
2019	1,228,186.00	336,385.00

- *Movement of cash and bank balances over the last three years*

YEAR	CASH	BANK
2021	33,586.00	2,090,915.00
2020	40,259.00	1,465,814.00
2019	4,158.00	831,520.00

b) **Teacher Student ratio**: 1:21

11 TSC Teachers and 5 BOM teachers.

SUBJECT	NO OF TEACHERS	TSC/BOM
ENGLISH/LIT	3	TSC 2, BOM 1
KISWAHILI	3	TSC 2, BOM 1
MATHEMATICS	4	TSC 3, BOM 1
BIOLOGY	4	TSC 3, BOM 1
PHYSICS	3	TSC 2, BOM 1
CHEMISTRY	2	TSC 2
HISTORY	1	TSC 1
GEOGRAPHY	1	BOM 1
CRE	3	TSC 2, BOM 1
AGRICULTURE	2	TSC 1, BOM 1
BUSINESS STUDIES	3	TSC 2, BOM 1

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

KCSE YEAR	MEAN SCORE	UNIVERSITY ENTRIES	DEV
2020	5.805	29	0.238
2019	5.567	20	0.96
2018	4.607	11	0.262

d) **Number of Candidates in the 2020 KCSE:**

2020 KCSE RESULTS FOR 82 STUDENTS

ENTRY	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	TT	M/S	DEV
82	0	1	0	3	7	18	17	18	11	6	1	456	5.805	0.238

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

KCSE YEAR	NO. CANDIDATES
2020	82
2019	67
2018	84

e) **Capacity of the school:**

SCHOOL ENROLMENT: 116 Boys and 112 Girls

AMENITY	NUMBER
Dormitories	2
Dining Hall	1
Science Laboratory	1
Boys Latrines	13
Girls latrines	6
Classrooms	10

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

PROJECT	SOURCE OF FUNDS
8door pit latrine	RMI – MOEST Grants

KATOTENI SECONDARY SCHOOL
PRINCIPAL
14 MAR 2025
Sign:..............................
P.O. Box 574-90400, MWINGI

Sign

School Principal

III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

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

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

Name: MOSES M. MUTUA
Designation: Chairman, School Board of Management
Sign: Mka
Date: 14/3/2026

KATOTENI SECONDARY SCHOOL
PRINCIPAL
14 MAR 2026
P.O. Box 574-90400, MWINGI

Name: OLIVE KOLI THYAKA
Designation: School Principal& Secretary to Board of Management
Sign:
Date: 14/03/2026

Name: MARY MUTHUI
Designation: Bursar/ Finance Officer
Sign:
Date: 14/03/2026

REPUBLIC OF KENYA

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

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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KATOTENI SECONDARY SCHOOL FOR THE SIX (6) MONTHS PERIOD ENDED 30 JUNE, 2021-KITUI 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 Katoteni Secondary School set out on pages 1 to 17 which comprise statement of financial assets and financial liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows, and statement of budgeted versus actual amounts for the 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 that, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Katoteni 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 (Modified Cash Basis) and comply with the Public Finance Management Act, 2012, and the Basic Education Act, 2013.

Basis for Qualified Opinion

Long Outstanding Accounts Receivables

The statement of financial assets and liabilities reflects accounts receivable balance of Kshs.4,453,745 in respect of fees arrears and salary advance as disclosed in Note 9 to the financial statements. Included in the balance is an amount of Kshs.4,311,623 which has been outstanding for more than two years. However, the School had no policy in place for the impairment of long outstanding fees arrears, casting doubt on the fair statement of the accounts receivable balance.

In the circumstances, the accuracy, completeness and full recoverability of the outstanding receivables balance of Kshs.4,311,623 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unaudited Comparative Balances

I draw attention to the fact that prior to the 2020/2021 financial year, Public Secondary Schools in Kenya did not prepare financial statements for audit. Consequently, the Public Sector Accounting Standards Board prescribed 30 June, 2021 as the first-time adoption of the International Public Sector Accounting Standards (IPSAS) – Cash Basis of Accounting by Public Secondary Schools.

The financial statements for the six (6) months period ended 30 June, 2021 include comparative information. However, the comparative figures were based on unaudited figures. My audit procedures were, therefore, limited to the extent that comparative information does not contain misstatements that materially affect the current period's financial statements. Accordingly, I do not express an opinion or any form of assurance on the comparative information.

My audit opinion on the current period financial statements is not modified in respect of this matter.

Other Information

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

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

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

1. Late Submission of Financial Statements for Audit

During the year under review, the School Management submitted the financial statements for audit on 11 February, 2025 after the statutory deadline of 30 September 2021. This was contrary to the Ministry of Education Circular Ref. No. MOE/DSAS/FIN/17/1/17 dated 19 August, 2021, which required the School's financial statements to be prepared and submitted for audit by 30 September 2021, in compliance with Section 81 of the Public Finance Management Act, 2012, on the preparation of financial statements.

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

2. Underfunding of Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations amounts of Kshs.404,367 and Kshs.2,524,146, respectively, as disclosed in Note 1 and Note 2 to the financial statements. During the financial year, the National Education Management and Information System (NEMIS) reported a total of three hundred and seventeen (317) students, while the School's enrolment records indicated a total of three hundred and thirty-four (334), resulting in an unexplained variance of seventeen (17) students. As a result of the variance, the School was underfunded by an amount of Kshs.378,148.

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

3. Unconfirmed Students' Enrolment Data

The statement of receipts and payments reflects capitation grants for tuition and operations totalling Kshs.2,928,513. A comparison of data from the National Education Management Information System (NEMIS) with records from the County Director of Education for the financial year revealed NEMIS reflected three hundred and seventeen (317) students, while the records from the County Director of Education had three hundred and thirty-four (334) students. This discrepancy resulted in an underfunding of the School by an amount of Kshs.378,148. This was contrary to the Ministry of Education Circular Ref. MOE.HQS/3/13/3 dated 16 June, 2021, requiring all learners to be accurately registered in NEMIS.

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

4. Late Transfer of Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.2,524,146 as disclosed in Note 2 to the financial statements received from the Ministry of Education and credited to the operations bank account. Included in the amount is Kshs.153,500 in respect of infrastructure grants, which were to be transferred to the infrastructure bank account for maintenance and improvement of the School's facilities. However, the amount was transferred on 9 November 2020, approximately 31 days after receipt of the funds. 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 within fifteen (15) days upon receipt of the funds in the operations account.

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

5. Failure to Prepare School Improvement Plan

During the year 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 require 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 Ministry of Education guidelines.

6. Failure to Pay Long Outstanding Payables as a First Charge

The statement of financial assets and financial liabilities reflects a balance of Kshs.185,750 for accounts payable, brought forward from the previous year, which were settled during the year as a first charge to the School funds. This was contrary to Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015, which states that service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the Government does not default on debt obligations.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Internal Control Deficiencies in Assets Management

Annex 2 to the financial statements reflects summary of fixed assets register, including buildings, furniture and fittings, computers, among other classes of assets. However, it was noted that the asset register did not have details such as dates of acquisition, historical costs, current values, manufacturer's warranty period where applicable, maintenance history, remaining useful life, disposals during the year, and salvage value where applicable. Further, several assets at the School were not tagged.

In the circumstances, the effectiveness of mechanisms for the management of assets could not be confirmed.

2. Lack of an Audit Committee

During the year under review, the School had not constituted an Audit Committee as required by Regulation 166(2) of the Public Finance Management (National Government), 2015, which states that each year the Audit Committee shall carry out an annual review of the independence, performance and competency of the internal audit unit and comment on their effectiveness in the annual report. Further, Section 61 (2)(d) of the Basic Education Act, No.14 of 2013, requires the Board of Management to establish an Audit Committee among other Board committees.

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

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

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 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 its operations.

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

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

Those charged with governance are responsible for overseeing the School's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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