

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT DATE: 02 DEC 2024	DAY: MONDAY
TABLED BY: Hon. Adnani Wajid, MP	Deputy Majority Whip
CLERK AT THE TABLE:	ESTHER N. GUSYO

REPORT

OF

THE AUDITOR-GENERAL

ON

KITUVU SECONDARY SCHOOL

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

MACHAKOS COUNTY



**KITUVU
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022**

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

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I. Key School Information And Management**(a) Background information**

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

The school was registered in 26/11/2014 under registration number 12S30000098 and is currently categorized as a Sub- County public school established, owned or operated by the Government.

The school is a mixed day school and had 194 number of students as at 30th June 2022. It has 4 streams and 10 teachers of which 3 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	CHARLES MAUNDU MATENZAWA	Chairman	8- 3-2022
2	ANNE ATIENO MASIRO	Secretary - Principal	8- 3-2022
3	JANE MONTHE NZIOKA	Member	8- 3-2022
4	STEPHEN MUTUA MATINGI	Member	8- 3-2022
5	ALPHONCE MBITHI MUIA	Member	8- 3-2022
6	BENDETTA KAVESU	Member	8- 3-2022
7	BARNABAS MUTISO	Member	8- 3-2022
8	AUGUSTINE MUTUNGA K.	Member – Rep County Education Board	8- 3-2022
9	CATHERINE NDUNDA	Member Rep Teachers	8- 3-2022
10	WINFRED MULI	Sponsor	8- 3-2022
11	JENNIFER NDONGOLA	Sponsor	8- 3-2022
12	JOSEPHINE KANINI	Member -Community	8- 3-2022
13	STEPHEN MUINDI	Member special needs	8- 3-2022
14	JOHN SAGALA	Rep Students	8- 3-2022

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 County Education Board
- Prepare comprehensive termly report on all areas of its mandate and submit the report to County Education Board
- 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	Charles M. Matenzawa Anne A. Masiro Jane M. Nzioki Emily Teresa Augustine Mutunga	Chairperson Secretary PA Chair Member Member	3 3 3 3 3
2	Audit Committee	Stephen Mutua Josephine Kanini Anne A. Masiro Stephen Muindi Jane M. Nzioka	Chairperson Secretary Member Member Member	1 1 1 1 1
3	Finance, procurement and general purposes Committee	Augustine Kisui Jane Monthe Emily Teresa Charles M. Matenzawa Anne A. Masiro	Chairperson Member Secretary Member Member	1 1 1 1 1
4	Academic Committee	Emily teresa Catherine Ndinda Benedetta Kavesu Barnabas Mutiso Winfred Muli	Chairperson Secretary Member Member Member	3 3 3 3 3
5	Development Committee	Augustine M. Kisui Emily Teresa Charles M. Matenzawa Anne A. Masiro Jane Nzioka	Chairperson Secretary Member Member Member	2 2 2 2 2
6	Discipline and welfare Committee	Emily Teresa Barnabas Mutiso	Chairperson Member	2 2

	Catherine Ndunda	Secretary	2
	Bendetta Kavesu	Member	2
	Anne M. Masiro	Member	2
	Jeniffer Ndongola	Member	2

(d) School operation Management

For the financial year ended 30th June 2022 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Anne Atieno Masiro	334693
2	Deputy Principal	Njagi Fabiano Muriithi	373205
3	School Bursar	Esther M. Kitavi	M/No. 21343

(e) Schools contacts

Post Office Box: 1057-90100, MACHAKOS

Telephone: 0794 324 288

E-mail: kituvusecondary@gmail.com

(f) School Bankers

The following school operated 4 number of bank accounts in the following banks:

1. Name of Bank: KCB
Branch: Machakos
Account Number: 1106235770 (Tuition)
2. Name of Bank: KCB
Branch: Machakos
Account Number: 1255031689 (Infrastructure)
3. Name of Bank: KCB
Branch: Machakos
Account Number: 1111023085 (School Dev.)
4. Name of Bank: KCB
Branch: Machakos
Account Number: 1106390288 (Operations)
5. MPESA Pay Bill No.bank account – 522123-34079k

f) Independent Auditors

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

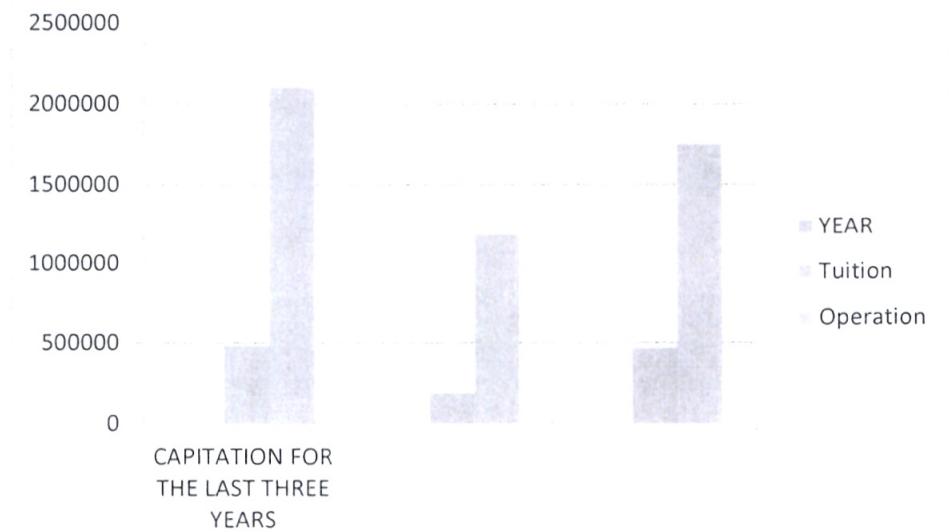
II. Summary Report Of Performance Of The School

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

a) **Financial performance:**

CAPITATION FOR THE LAST THREE YEARS

YEAR	2022	2021	2020
Tuition	483,854.20	190,201.50	470,196.00
Operation	2,110,137.70	1,192,170.30	1,752,875.00



RATIO OF CAPITATION GRANT PER STUDENT

YEAR	2022	2021	2020
Tuition	483,854.20	190,201.50	470,196.00
Operation	2,110,137.70	1,192,170.30	1,752,875.00
Total	2,593,991.90	1,382,371.80	2,223,071.00

Student population

195

194

217

13,302.52

7,125.63

10,244.57

RATIO

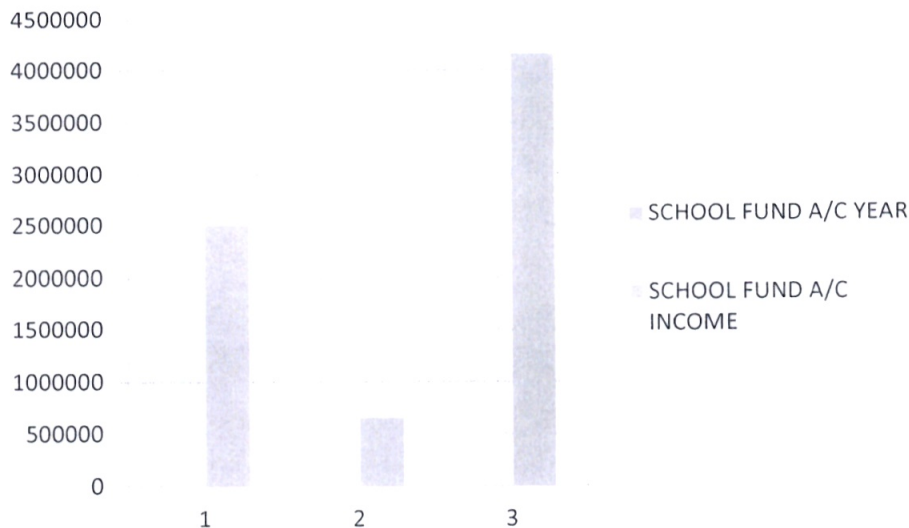
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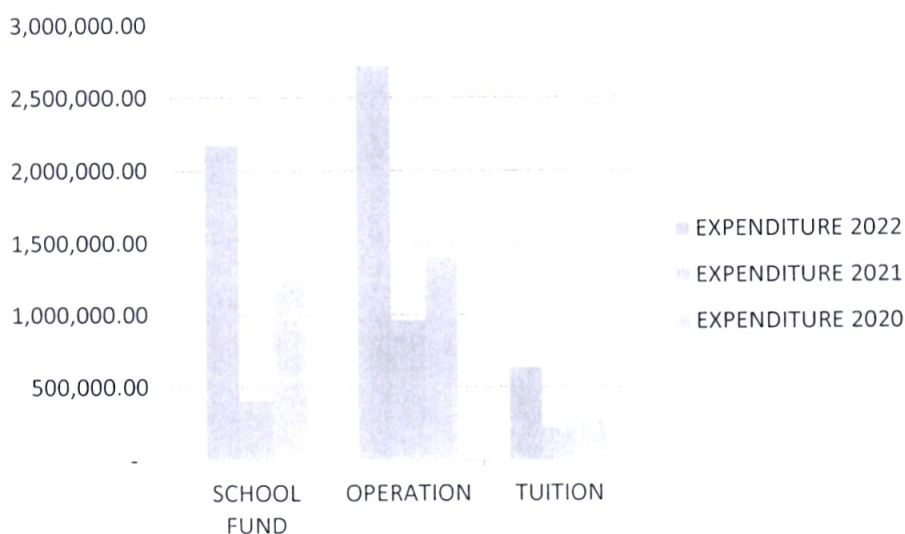
**THREE YEAR OF GROWTH OF OTHER INCOMES
SCHOOL FUND A/C**

YEAR	INCOME
2022	2,497,438.00
2021	659,380.00
2020	4,162,352.00



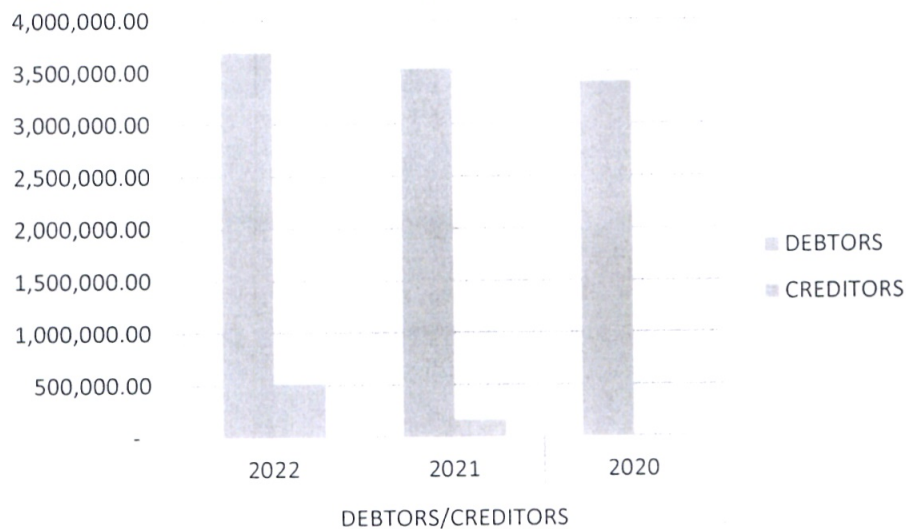
THREE YEAR OVERVIEW OF EXPENDITURE FOR THE LAST THREE YEARS

	2022	2021	2020
SCHOOL FUND	2,182,058.00	417,893.00	1,323,529.50
OPERATION	2,728,975.00	962,875.00	1,412,389.00
TUITION	639,387.00	233,750.00	286,345.00



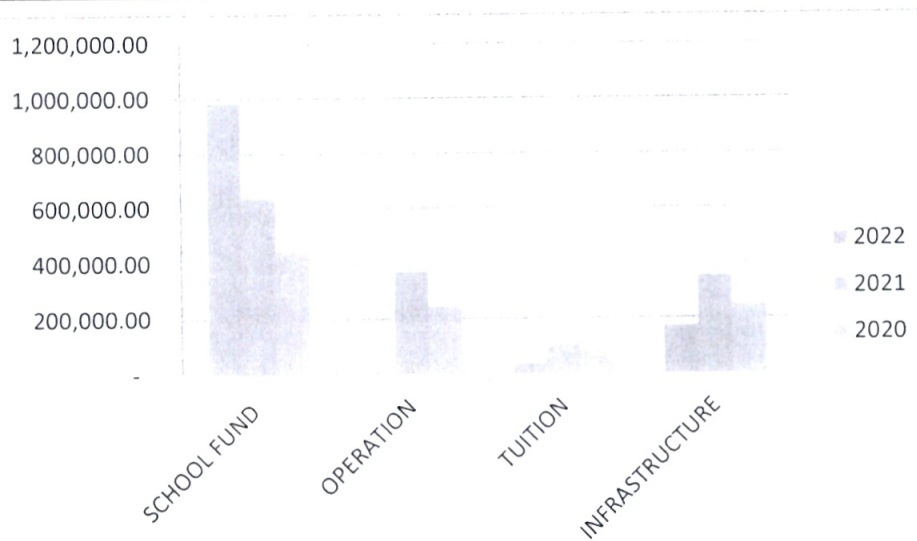
THREE OVERVIEW OF MOVEMENT OF DEBTORS AND CREDITORS

	DEBTORS/CREDITORS		
	2022	2021	2020
DEBTORS	3,697,741.00	3,535,213.00	3,405,139.00
CREDITORS	521,435.00	166,840.00	14,479.00



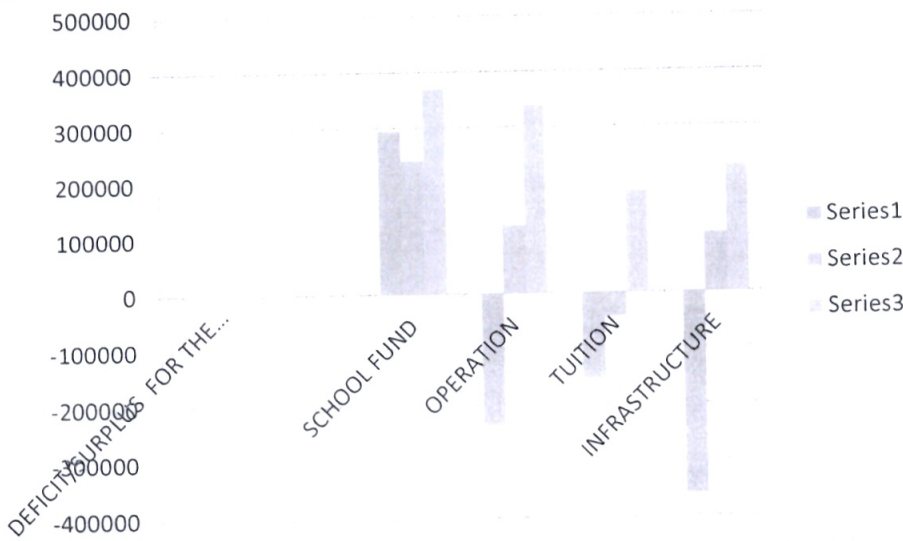
MOVEMENT OF CASH AND BANK BALANCES FOR THE LAST THREE YEARS

	2022	2021	2020
SCHOOL FUND	986,509.95	638,909.95	444,396.95
OPERATION	8,692.10	371,808.40	245,387.10
TUITION	37,819.75	108,352.55	82,640.05
INFRASTRUCTURE	172,264.00	353,138	247,264.00



DEFICIT/SURPLUS FOR THE LAST THREE YEARS

	2022	2021	2020
SCHOOL FUND	295,003.00	241,487.00	370,446.50
OPERATION	(237,480.00)	123,295.30	340,486.00
TUITION	(155,532.80)	(43,548.50)	183,851.00
INFRASTRUCTURE	(360,944.00)	106,000.00	228,974.00



a) Teacher Student ratio:

Teacher student ratio : 1:15

Recruitment within the year: N/A

Transferred teachers : N/A

Retired teachers : N/A

TSC employed teachers within the year : N/A

BOM teachers employed within the year : N/A

b) Mean score in the KCSE:

Year	Mean Score	Students who proceeded to higher education	Comment on improvement
2019	2.4800	1	Improved by 0.40
2020	2.7500	0	Improved by 0.27
2021	2.000	0	Dropped by 0.750

c) Number of Candidates in the 2021 KCSE:

Year	Number of Candidates
2019	65
2020	24
2021	30

d) Capacity of the school:

The School has 194 students.

e) Development projects carried out by the school:

s/no	Project	Sources of funds	Status
1.	Construction of DH	MOE	Complete
2.	Washing area constructed-(for students plates and hands)		

School Principal




III. Statement Of School Management Responsibility

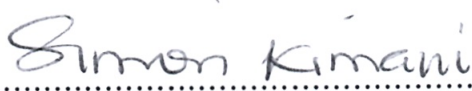
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant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

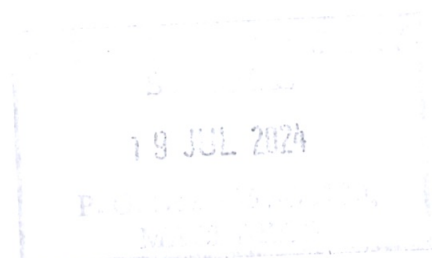
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.


The Board of Management of Kituvu 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, 2022, and of the school's financial position as at that date.


.....
Name: Charles Maundu Matenzawa
Designation: Chairman, School Board of Management
Date: 19/07/24


.....
Name: Simon Kamau Kimani
Designation: School Principal & Secretary to Board of Management
Date: ~~19/07/24~~
19/07/24




.....
Name: Everlyne Muema
Designation: Bursar/ Finance Officer
Date: 19/07/24

REPUBLIC OF KENYA



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KITUVU SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - MACHAKOS 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 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, 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 Kituvu Secondary School - Machakos County set out on pages 1 to 15, which comprise of the statement of financial

Report of the Auditor-General on Kituvu Secondary School for the year ended 30 June, 2022 - Machakos County

assets and financial liabilities as at 30 June, 2022 and the statement of receipts and payments, statement of cash flows, and statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Kituvu Secondary School – Machakos County as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Opinion

1. Inaccuracies in the Financial statements

Review of the financial statements revealed errors and omissions as detailed below;

- i. The statement of cash flows reflects school fund income parents contributions of Kshs.2,334,910 while Note 3 to the financial statements reflects Kshs.2,497,438 resulting unexplained variance of Kshs.162,528.
- ii. The statement of cash flows reflects Boarding and school fund payments of Kshs.1,827,463 while Note 6 to the financial statements reflects Kshs.2,182,058 resulting unexplained variance of Kshs.354,595.
- iii. The statement of cash flows reflects school fund income parents contributions in respect of the previous year (2020/2021) of Kshs.529,306 while Note 3 to the financial statements reflects Kshs.659,380 resulting unexplained variance of Kshs.130,074.
- iv. The statement of cash flows reflects Boarding and school fund payments in respect of the previous year (2020/2021) of Kshs.265,532 while Note 6 to the financial statements reflects Kshs.417,893 resulting unexplained variance of Kshs.64,678.
- v. The statement of budgeted versus actual amounts does not include final budgeted and actual total income and total expenditure amounts.
- vi. The financial statements have omitted disclosure Notes 16 on borrowings, Note 17 on stock/inventory and Note 18 on cash flow adjustments contrary to the Public Sector Accounting standard board reporting template.

- vii. Annex 1 to the financial statements being the analysis of the pending accounts payable is blank and does not reflect details of the payables.
- viii. Annex 2 to the financial statements which is the summary of the fixed assets register does not show the assets values at the beginning and end of the financial year and the additions or disposals for the year.
- ix. Disclosure Notes 3 and 6 in respect of school fund income parents' contributions and building and school fund payments respectively are erroneously reflected as Notes 12 and 12 in the statement of cash flows.

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

2. Accounts Receivables

2.1 Long Outstanding Student Accounts Receivables

The statement of financial assets and financial liabilities reflects receivables balance of Kshs.3,697,741 in respect of fees arrears as disclosed in Note 9 to the financial statements. However, included in the balance are receivables amounting to Kshs.3,315,659 which had been outstanding for more than two (2) years.

In the circumstances, the accuracy, completeness and recoverability of the receivables balance of Kshs.3,697,741 could not be confirmed.

2.2 Unsupported Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.3,697,741 as disclosed in Note 9 to the financial statements. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy of the accounts receivables balance of Kshs.3,697,741 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kituvu Secondary School Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects computed final receipts budget and actual on comparable basis of Kshs.6,573,120 and Kshs.5,091,430

respectively resulting to an under-funding of Kshs.1,481,690 or 23% of the budget. However, the School spent a computed balance of Kshs.5,550,420 against actual receipts of Kshs.5,091,430 resulting to an over-utilization of Kshs.458,990 or 9% of the receipts.

In the circumstances, overutilization of receipts may have led to unplanned and irregular expenditure.

My opinion is not modified in respect to 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.

Other Matter

Unresolved Prior Year Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing has else 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. Late Submission of Financial Statements

The financial statements for the year ended 30 June, 2021 were submitted on 31 August, 2023 instead of 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 stated that the School's financial statements should be ready by 30 September, 2021 in compliance which Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

2. Irregular Payment of Sitting Allowances

The statement of receipts and payments reflects payments for operations of Kshs.639,387. Included in the amount is other vote head costs of Kshs.1,289,648. However, review of the board sitting allowances revealed that a payment of Kshs.28,000 was made by the Board but no supporting records were provided such as the minutes of the meeting and the meeting register to support the expenditure. Further, the School Principal and a teacher representative received a total of Kshs.18,000 as sitting allowance contrary to circular No:OP/CAB.9/21/2A/LII of 24 March, 2005 which provides that Chief Executive Officers and employees of a government and State Corporations are not entitled to sitting or other allowances as this would be contrary to the provisions of Section 10(1) of the State Corporations Act. Cap 446 as amended by the Statute Law (Miscellaneous Amendments) Act No. 2 of 2002.

In the circumstances, value for money for the payments of allowances totaling Kshs.46,000 could not be confirmed.

3. Outstanding Payables

The statement of financial assets and financial liabilities and as disclosed in Note 10 to the financial statements reflects payables balance of Kshs.521,435. However, included in the balance are trade payables balance of Kshs.166,840 which had been outstanding for more than one (1) 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 contract (s) are reflected in approved budget estimates'.

In the circumstances, the School Management was in breach of the law and there is risk loss of public funds through litigations, interests and penalties.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Incomplete Asset Register

Annex 2 to the financial statements reflects a summary of fixed assets register with nil values. Additionally, the assets register provided for audit review lacked mandatory information for both existing and acquired assets including dates of acquisition, persons responsible, assets' location, assets' values net of depreciation and amortization and current market values.

In the circumstances, the safe custody and ownership of the School's fixed assets could not be confirmed.

2. Lack of Inventory/Stock Records

The statement of receipts and payments reflects payment for tuition of Kshs.639,387. Included in the amount is an expenditure for purchase of teaching and learning materials of Kshs.635,681. However, the no supporting documents were provided too show receipt and issuance inventory of the items procured.

In the circumstances, the adequacy of internal controls on storage of inventory cannot be confirmed.

3. Lack of Ownership Documents

Annex 2 to the financial statements reflects a summary of fixed assets register with nil values. The School occupies four (4) hectares of land which is still under Machakos County Government who are the trustees of the land. However, Management did not provide supporting documents on land ownership by the School.

In the circumstances, the ownership and custody of school land cannot 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 processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Schools 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 Schools 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 revenue 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 scepticism 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

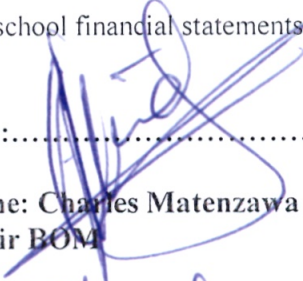
Nairobi


13 November, 2024


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

DESCRIPTION OF VOTE HEAD	Note	2021-2022	2020-2021
			Kshs
RECEIPTS			
Capitation grants for tuition	1	483,854.20	190,201.50
Capitation grants for operations	2	2,110,137.70	1,192,170.30
School Fund Income- Parents' Contributions/fees	3	2,497,438.00	659,380.00
TOTAL RECEIPTS		5,091,429.90	2,041,751.80
PAYMENTS			
Payments for Tuition	4	639,387.00	233,750.00
Payments for operations	5	2,728,975.00	962,875.00
Boarding and school fund payments	6	2,182,058.00	417,893.00
TOTAL PAYMENTS		5,550,420.00	1,614,518.00
SURPLUS/DEFICIT		(458,990.10)	427,233.80

The school financial statements were approved on _____ 2022 and signed by:

Sign: 
 Name: Charles Matenzawa
 Chair BOM
 Date: 19/07/24

Sign: 
 Name: Simon Kimani
 School Principal/
 Secretary to BOM
 Date: 19/07/24

Sign: 
 Name: Everlyne Muema
 Bursar/
 Finance Officer
 Date: 19/07/24



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

	Note	2021-2022	2020-2021
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7	1,188,131.80	1,472,151.90
Cash Balances	8	17,154.00	57.00
Total Cash and Cash Equivalents		1,205,285.80	1,472,208.90
Account's receivables	9	3,697,741.00	3,535,213.00
TOTAL FINANCIAL ASSETS		4,903,026.80	5,007,421.90
FINANCIAL LIABILITIES			
Accounts Payable	10	521,435.00	166,840.00
NET FINANCIAL SSETS		4,381,591.80	4,840,581.90
REPRESENTED BY			
Fund balance b/fwd 1st July...	11	4,840,581.90	4,413,348.10
Surplus/Deficit for the year		(458,990.10)	427,233.80
NET FINANCIAL POSITION		4,381,591.80	4,840,581.90

The school's financial statements were approved on _____ 2022 and signed by:

Sign:.....

Name: Charles Matenzawa
Chair BOM

Date: 19/07/24

Sign:.....

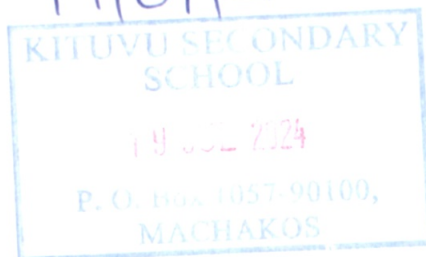
Name: Simon Kimani
School Principal/
Secretary to BOM

Date: 19/07/24

Sign:.....

Name: Everlyne Muema
Bursar/
Finance Officer

Date: 19/07/24



VII. Statement of Cash Flows for The Period Ended 30th June 2022

		2021-2022	2020-2021
		Kshs	Kshs
Receipts from operating activities			
Capitation grants for tuition	1	483,854.20	190,201.50
Capitation grants for operations	2	2,110,137.70	1,192,170.30
School fund income- Parents contributions/ fees	12	2,334,910.00	529,306.00
Total receipts		4,928,901.90	1,911,677.80
Payments			
Payments for Tuition	4	639,387.00	233,750.00
Payments for operations	5	2,728,975.00	962,875.00
Boarding and school fund payments	12	1,827,463.00	265,532.00
Infrastructure		0.00	0.00
Total payments		5,195,825.00	1,462,157.00
Net cash flow from operating activities		(266,923.10)	449,520.80
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		0.00	0.00
Acquisition of Assets		0.00	0.00
Proceeds from investments		0.00	0.00
Net cash flows from Investing Activities		0.00	0.00
NET CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings/ loans		0.00	0.00
Repayment of principal borrowings		0.00	0.00
Net cash flows from Investing Activities		0.00	0.00
NET INCREASE IN CASH AND CASH EQUIVALENT		(266,923.10)	449,520.80
Cash and cash equivalent at BEGINNING of the year		1,472,208.90	1,022,688.10
Cash and cash equivalent at END of the year		1,205,285.80	1,472,208.90

(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 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials	0.00	0.00	0.00	0.00	0.00	0.00
Exercise books	0.00	0.00	0.00	0.00	0.00	0.00
Laboratory equipment	0.00	0.00	0.00	0.00	0.00	0.00
Internal exams	0.00	0.00	0.00	0.00	0.00	0.00
Teaching / learning materials	1,168,120.00	0.00	1,168,120.00	483,854.20	684,265.80	41.42
Chalks	0.00	0.00	0.00	0.00	0.00	0.00
Exams and assessment	0.00	0.00	0.00	0.00	0.00	0.00
Teachers guides	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	1,168,120.00	0.00	1,168,120.00	483,854.20	684,265.80	41.42
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	0.00	0.00	0.00	0.00	0.00	0.00
Repairs and	0.00	0.00	0.00	0.00	0.00	0.00

maintenance						
Local transport / travelling	0.00	0.00	0.00	0.00	0.00	0.00
Electricity and water	0.00	0.00	0.00	0.00	0.00	0.00
Medical	0.00	0.00	0.00	0.00	0.00	0.00
Other vote heads	1,610,000.00	0.00	1,610,000.00	1,289,647.80	320,352.20	80.10
Activity	345,000.00	0.00	345,000.00	18,163.90	326,836.10	5.26
Maintenance&Improvement	1,380,000.00	0.00	1,380,000.00	802,326.00	577,674.00	58.14
SMASSE	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	3,335,000.00	0.00	3,335,000.00	2,110,137.70	1,224,862.30	143.51
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	0.00	0.00	0.00	0.00	0.00	0.00
Repairs and maintenance	0.00	0.00	0.00	0.00	0.00	0.00
BES	2,070,000.00	0.00	2,070,000.00	2,497,438.00	(427,438.00)	120.65
Electricity and water	0.00	0.00	0.00	0.00	0.00	0.00
Local transport / travelling	0.00	0.00	0.00	0.00	0.00	0.00
Other vote heads	0.00	0.00	0.00	0.00	0.00	0.00
Activity	0.00	0.00	0.00	0.00	0.00	0.00
SMASSE	0.00	0.00	0.00	0.00	0.00	0.00
OTHER INCOME						
Rent income	0.00	0.00	0.00	0.00	0.00	0.00
Fee for hire of ground and equipment	0.00	0.00	0.00	0.00	0.00	0.00

Interest income	0.00	0.00	0.00	0.00	0.00	0.00
Income from grants and donations	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL INCOME	2,070,000.00	0.00	2,070,000.00	2,497,438.00	(427,438.00)	120.65
<i>(1) EXPENDITURE FOR TUITION</i>						
T/L materials	1,168,120.00	0.00	1,168,120.00	635,681.00	532,439.00	54.42
Exams and assessment	0.00	0.00	0.00	0.00	0.00	0.00
Teachers guides	0.00	0.00	0.00	0.00	0.00	0.00
Laboratory equipment	0.00	0.00	0.00	0.00	0.00	0.00
Exercise books	0.00	0.00	0.00	0.00	0.00	0.00
Chalks	0.00	0.00	0.00	0.00	0.00	0.00
Administration costs	0.00	0.00	0.00	0.00	0.00	0.00
Bank Charges	0.00	0.00	0.00	3,706.00	0.00	0.00
TOTALS	1,168,120.00	0.00	1,168,120.00	639,387.00	532,439.00	54.42
<i>(2) EXPENDITURE FOR OPERATIONS</i>						
Personnel emoluments	0.00	0.00	0.00	0.00	0.00	0.00
Repairs and maintenance	0.00	0.00	0.00	0.00	0.00	0.00
Other vote heads	1,610,000.00	0.00	1,610,000.00	1,510,685.00	99,315.00	93.83
Electricity and water	0.00	0.00	0.00	0.00	0.00	0.00
Medical	0.00	0.00	0.00	0.00	0.00	0.00
Administration costs	0.00	0.00	0.00	6,210.00	0.00	0.00
Activity	345,000.00	0.00	345,000.00	48,810.00	296,190.00	14.15

Maintenance&Improvement	1,380,000.00	0.00	1,380,000.00	1,163,270.00	216,730.00	84.29
Local transport / travelling	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	3,335,000.00	0.00	3,335,000.00	2,728,975.00	612,235.00	192.27
<i>(3) EXPENDITURE FOR SCHOOL FUND</i>						
Personnel emoluments	690,000.00	0.00	690,000.00	204,456.00	485,544.00	29.63
Repairs and maintenance	690,000.00	0.00	690,000.00	348,800.00	341,200.00	50.55
BES	2,070,000.00	0.00	2,070,000.00	897,550.00	1,172,450.00	43.36
Medical	0.00	0.00	0.00	0.00	0.00	0.00
Other vote heads	460,000.00	0.00	460,000.00	233,330.00	226,670.00	50.72
Administration costs	460,000.00	0.00	460,000.00	487,240.00	(27,240.00)	105.92
Activity	0.00	0.00	0.00	0.00	0.00	0.00
SMASSE	0.00	0.00	0.00	0.00	0.00	0.00
Donations	0.00	0.00	0.00	0.00	0.00	0.00
Bank Charges	0.00	0.00	0.00	10,682.00	0.00	0.00
TOTALS	4,370,000.00	0.00	4,370,000.00	2,182,058.00	1,371,880.00	200.01

Variations in the budgeted amounts and the actual arose due to the following reasons: the expected fees collection from the parents was not achieved and the school did not get the expected amounts from the government.

IX. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

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

X. Notes To The Financial Statements**1. CAPITATION GRANT FOR TUITION**

	2021-2022	2020-2021
	Kshs	Kshs
Textbooks	0.00	0.00
Exercise books	0.00	0.00
Laboratory equipment	0.00	0.00
Internal exams	0.00	0.00
Teaching / learning materials	483,854.20	190,201.50
Chalks	0.00	0.00
Exams and assessment	0.00	0.00
Teachers guides	0.00	0.00
Total	483,854.20	190,201.50

2. CAPITATION GRANT FOR OPERATIONS

	2021-2022	2020-2021
	Kshs	Kshs
Repairs and maintenance	0.00	0.00
Infrastructural A/c	802,326.00	351,000.00
Personal emoluments	0.00	0.00
Salary Advance	0.00	0.00
Medical	0.00	35,200.00
Administration costs	0.00	0.00
Other Vote heads	1,289,647.80	780,770.30
Activity	18163.90	25200.00
Total	2,110,137.70	1,192,170.30

3. PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2021-2022	2020-2021
	Kshs	Kshs
Boarding programmes	2,497,438.00	659,380.00
Repairs and maintenance	0.00	0.00
Personal emoluments	0.00	0.00
Electricity and water	0.00	0.00
Administration costs	0.00	0.00
Medical and insurance	0.00	0.00
Local transport & travel	0.00	0.00
Activity	0.00	0.00
Total	2,497,438.00	659,380.00

4. PAYMENTS FOR TUITION

	2021-2022	2020-2021
	Kshs	Kshs
Textbooks	0.00	0.00
Exercise books	0.00	0.00
Laboratory equipment	0.00	0.00
Teaching / learning materials	635,681.00	233,138.00
Chalk and Dusters	0.00	0.00
Exams and assessment	0.00	0.00
Teachers guides	0.00	0.00
Administration Costs	0.00	0.00
Bank Charges	3,706.00	612.00
Total	639,387.00	233,750.00

5. PAYMENTS FOR OPERATIONS

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	0.00	0.00
M& I	1,163,270.00	245,000.00
Administration Costs	0	0.00
Repairs and maintenance & Improvements	0.00	0.00
Other vote heads	1,510,685.00	717,875.00
EWC	0.00	0.00
Medical	0.00	0.00
Activity	48,810.00	0.00
Local travel & transport	0	0.00
Bank Charges	6,210.00	0
TOTAL	2,728,975.00	962,875.00

6. BOARDING AND SCHOOL FUND PAYMENTS

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	204,456.00	0.00
School fund programme	897,550.00	321,485.00
Repairs and maintenance & Improvements	348,800.00	0.00
Local travel & transport	233,330.00	48,500.00
Electricity and water	3,500.00	8,200.00
Medical	0.00	0.00
Bank Charges	7,182.00	908.00

Activity	0.00	0.00
Administration Costs	487,240.00	38,800.00
TOTAL	2,182,058.00	417,893.00

7. BANK ACCOUNTS

	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account	1106235770	37,819.75	108,352.55
Operations Account	1106390288	8,671.10	371,752.40
School Fund Account/Boarding	1111023085	969,376.95	638,908.95
CDF A/C		0.00	0.00
Income generating activities Account		0.00	0.00
Infrastructural Account	1255031689	172,264.00	353,138.00
Total		1,188,131.80	1,472,151.90

8. CASH IN HAND

Description		2021-2022	2020-2021
		Kshs	Kshs
Tuition Account	1106235770	0.00	0.00
Operation Account	1106390288	21.00	56.00
Infrastructure Account	1255031689	0.00	0.00
CDF Account		0.00	0.00
School Fund account	1111023085	17,133.00	1.00
Total		17,154.00	57.00

9. ACCOUNTS RECEIVABLE

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears	3,697,741.00	3,535,213.00
Other non-fees receivables	0.00	0.00
Salary advances	0.00	0.00
Imprest	0.00	0.00
Total	3,697,741.00	3,535,213.00
[Include an ageing of the fees / non fees arrears below]		
Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears for current year	199,978.00	182,104.00

Fees arrears for the previous year	182,104.00	112,426.00
Fees arrears for prior periods (over two years)	3,315,659.00	3,240,683.00
Non fees arrears for current year	0.00	0.00
Non fees arrears for previous year	0.00	0.00
Non fees arrears for prior periods	0.00	0.00
Total	3,697,741.00	3,535,213.00

10. ACCOUNTS PAYABLE

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	306,310.00	164,390.00
Prepaid fees	215,125.00	2,450.00
Retention monies	0.00	0.00
Total	521,435.00	166,840.00
[Include an ageing of the creditor's arrears below]		
Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors for current year	139,470.00	152,361.00
Trade creditors for the previous year	166,840.00	12,029.00
Trade creditors for prior periods (over two years)	0.00	0.00
Total	306,310.00	164,390.00

11. FUND BALANCE BROUGHT FORWARD

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank balances	1,472,151.90	1,022,668.10
Cash balances	57.00	20.00
Short Term Investments	0.00	0.00
Receivables	3,535,213.00	3,405,139.00
Payables	(166,840.00)	(14,479.00)
Total	4,840,581.90	4,413,348.10

12. Cash flow adjustment


Description	2021-2022	2020-2021
	KShs	KShs
i) School fund income		
School fund receipts	2,497,438.00	659,380.00
Increase/Decrease in debtors	(162,528.00)	(130,074.00)
Balance at end of the year	2,334,910.00	529,306.00
School fund payments	2,182,058.00	417,893.00
Increase/decrease in creditors	(354,595.00)	(152,361.00)
Balance at end of the year	1,827,463.00	265,532.00

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

1 Progress On Follow Up Of Auditor Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

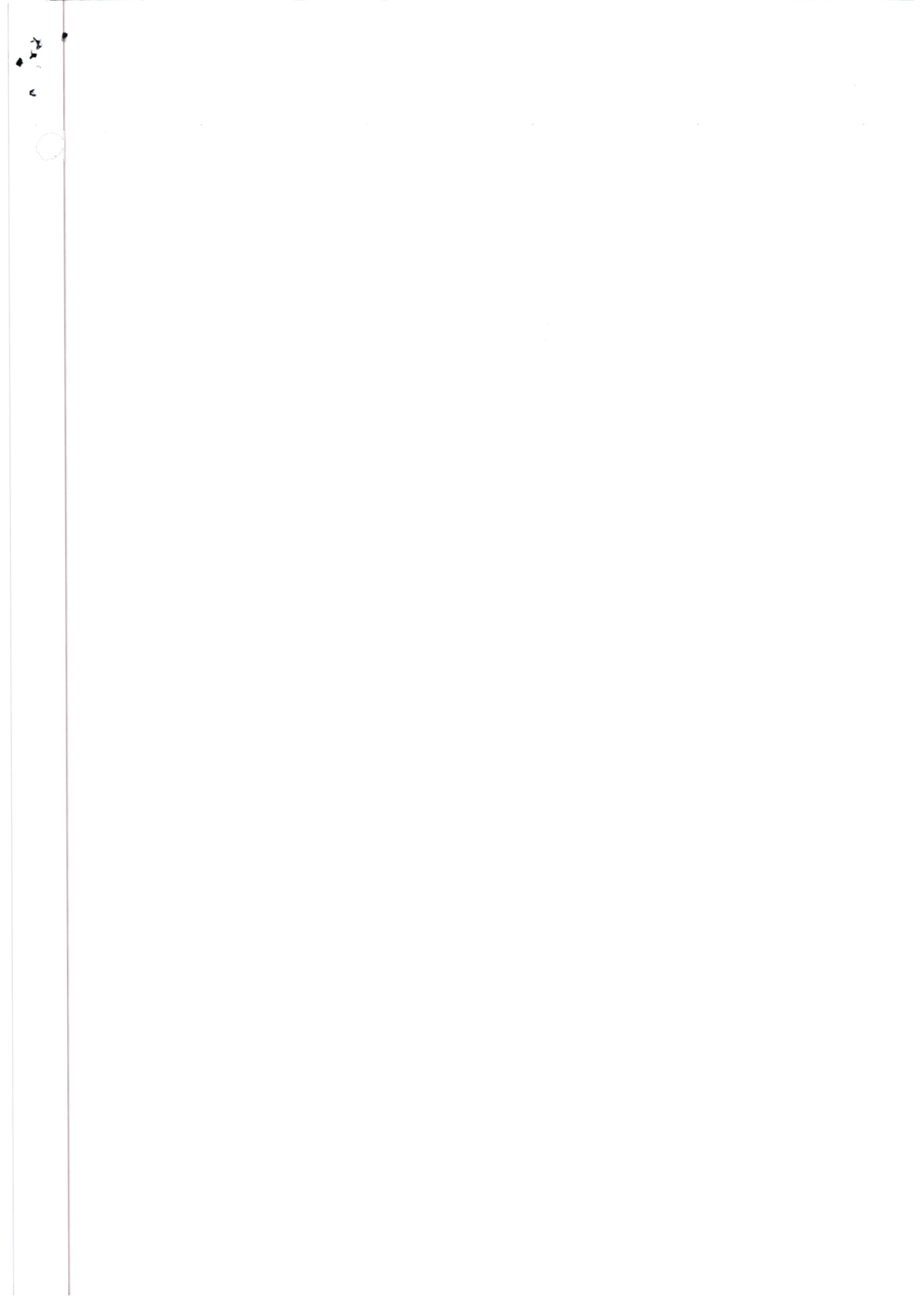


 Sign and Date
 Principal

**KITUVU SECONDARY
 SCHOOL**
 19 JUL 2024
 P. O. Box 1057-90100,
 MACHAKOS

Annex 1 - Analysis Of Pending Accounts Payable

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2021-2	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Supply of goods						
4. Frametech Enterprises				85,000.00	85,000.00	
5. BOM salaries				54,470.00	54,470.00	
6.						
Sub-Total				139,470.00	139,470.00	
Supply of services						
7.						
8.						
9.						
Sub-Total						
Grand Total				139,470.00	139,470.00	



Annex 2 – Summary Of Fixed Assets Register

Asset Class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2022
Land 1						
Land 2						
Buildings And Structures						
Motor Vehicles						
Office Equipment, Furniture And Fittings						
ICT Equipment, And Other ICT Assets						
Tools And Apparatus						
Textbooks						
Other Machinery And Equipment						
Heritage And Cultural Assets						
Intangible Assets- Soft Ware						
Total						

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