REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

LARMUDIAC HIGH SCHOOL

FOR THE YEAR ENDED 30 JUNE, 2022

NAKURU COUNTY

LARMUDIAC HIGH SCHOOL

PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30th June 2022

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

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I. KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

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

The school was registered in 12/2011 under registration number **PU/S/2/501/11** and is currently categorized as an **Extra County** public school established, owned or operated by the Government.

The school is a boarding school and had **620** students as at *30th June 2022*. It has 4 streams and 33 teachers of which 4 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	Dr.Stellamaris Muthoka	Chair	23/05/2022
2	Mr.James M. Wanjohi	Secretary - Principal	23/05/2022
3	Mr.Samuel Kamau	Member	23/05/2022
4	Ms.Faith Kamaitha	Member	23/05/2022
5	Ms.Mercy Njeri.	Member	23/05/2022
6	Mr.James Kiiru	Member	23/05/2022
7	Ms.Edith Wanjiku.	Member	23/05/2022
8	Mr.Newton Kamunge.	Member – Rep CEB	23/05/2022
9	Mr.Samson Kinyanjui.	Member Rep Teachers	23/05/2022
10	Fr.Faustin Litanda.	3 Members - Sponsor	23/05/2022
11	Mr.Maroko Wilson.	Member - Community	23/05/2022
12	Ms.Lucy Njeri.	MemberSpecial Needs	23/05/2022
	Mr Oyier F	Rep Students	23/05/2022

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management includes:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	**Executive Committee**	Dr.Stellamaris Muthoka Mr.James M. Wanjohi Mr.Simon Nampaso Ms Edith Wanjiku	-Chairlady -Secretary -Member -Member	1 out of 3
2	Audit Committee	Dr.Stellamaris Muthoka Mr.James M. Wanjohi Ms.Edith Wanjiku Ms.Agnes Wambui	-Chairlady -Secretary -Member -Member	0 out of 3
3	Finance,procurement and general purposes Committee	Dr.Stellamaris Muthoka Mr.James M. Wanjohi Fr.Faustin Litanda	-Chairlady -Secretary -Member	1 out of 3

4	Academic Committee	Dr.Lucy Njeri Mr.James M. Wanjohi Mr.Samson Kinyanjui Dr.Stellamaris Muthoka	-Chairlady -Secretary -Memebr -Member	1 out of 3
5	Development Committee	Dr.Stellamaris Muthoka Mr.James M.Wanjohi Mr. Samson Kinyanjui Mr.Simon Nampaso	-Chairlady -Secretary -Member -Memeber	0 out of 3
6	Discipline and welfare Committee	Mr.Samson Kinyanjui Mr.James M.Wanjohi Ms.Mercy Njeri Ms.Faith Kamaitha	-Chairman -Secretary -Member -Member	0 out of 3
7	Adhoc Committee (if any during the year)	N/A	N/A	N/A

(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	James M. Wanjohi	236177
2	Deputy Principal	Samson kinyajui	377659
3	School Bursar	Harun Rutere John	N/A

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box:	303-20107 Njoro.
Telephone:	0716777825
E-mail:	larmudiachighschool@gmail.com
Website:	www.larmudiachighschool.ac.ke
Facebook:	N/A
Twitter:	N/A

(f) School Bankers

The school operated 8 bank accounts in the following banks:

1. Name of Bank: Kenya Commercial Bank
   Branch: Nakuru
   Account Number: 1101720832 –**School fund account**

2. Name of Bank: Kenya Commercial Bank
   Branch: Nakuru
   Account Number: 1101678267- **Operations account**

3. Name of Bank: Kenya Commercial Bank
   Branch: Nakuru
   Account Number: 1101678534- **Tuition account**

4. Name of Bank: Kenya Commercial Bank
   Branch: Egerton
   Account Number: 1134380720- **Farm Account**

5. Name of Bank: Kenya Commercial Bank
   Branch: Nakuru
   Account Number: 1234927640 – **Infrastructure account**

6. Name of Bank: Kenya Commercial Bank
   Branch: Nakuru
   Account Number: 1101749490 **Bus account**

7. Name of Bank: Kenya Commercial Bank
   Branch: Nakuru
   Account Number: 1149845236- **CDF account**

8. Name of Bank: Standard Chartered Bank
   Branch: Nakuru
   Account Number: 0102894365700 –**Standard Chartered bank acc**

9. M-PESA Pay Bill No. 842953 attached to KCB bank account number-1101720832

(g) Independent Auditors

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

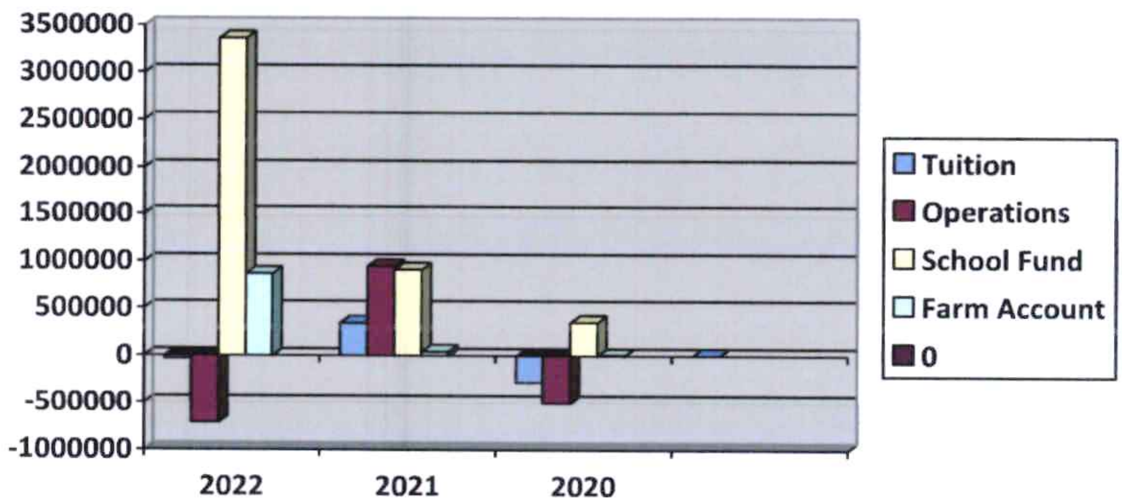
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance**:

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

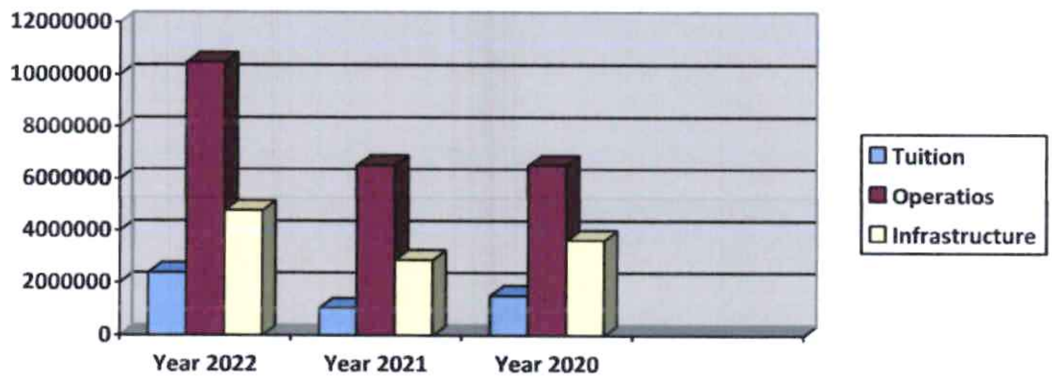
S/NO	*ACCOUNTS*	*2022* *KSHS*	*2021* *KSHS*	*2020* *KSHS*
1	TUITION	(32,463.80)	344,258.75	(284,362.00)
2	OPERATION	(714,929.50)	946,040.10	(506,501.00)
3	SCHOOL FUND	3,359,518.00	908,523	350,538.00
4	FARM	866,204.00	41,205	3,734.00



❖ *Surplus/Deficit for 2022 and comparison for 2021 and 2020.*

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

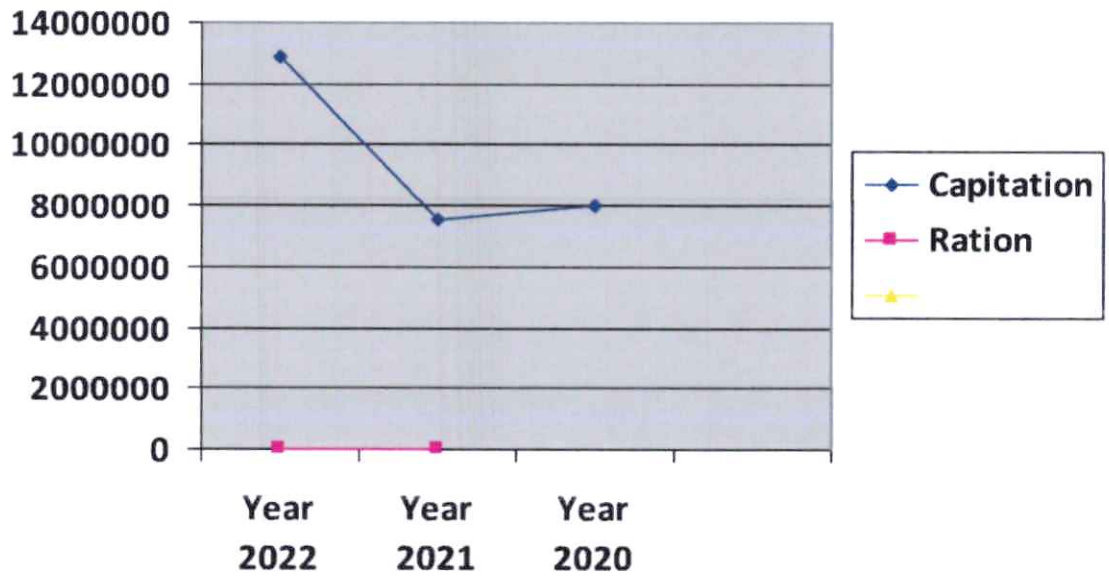
S/NO	*ACCOUNTS*	*2022*	*2021*	*2020*
1	*TUITION*	*2,396,091.20*	*1,040,862.75*	*1,517,802.00*
2	*OPERATION*	*10,468,015.50*	*6,530,273.10*	*6,517,950.00*
3	*INFRASTRUCTURE*	*4,776,000.00*	*2,880,000.00*	*3,630,000.00*



- *Chart representation for Capitation grants from the Ministry of Education*

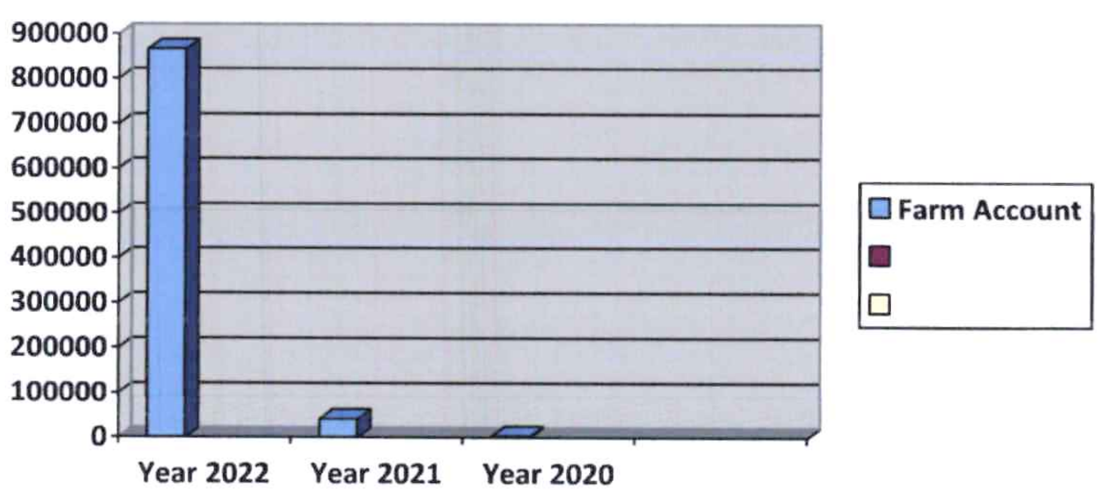
(iii)Ratio of capitation grant per student over the last three years

S/NO	ACCOUNTS	2022	2021	2020
1	TUITION	2,396,091.20	1040,862.75	1,517,802
2	OPERATION	10,468,015.50	6,530,273.10	6,517,950
	TOTAL	**12,864,106.70**	**7,571,136**	**8,035,752**
	ENROLMENT	620 Students	726 Students	726 Students
	RATIO	20,748.60	10,428.60	11,068.50



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

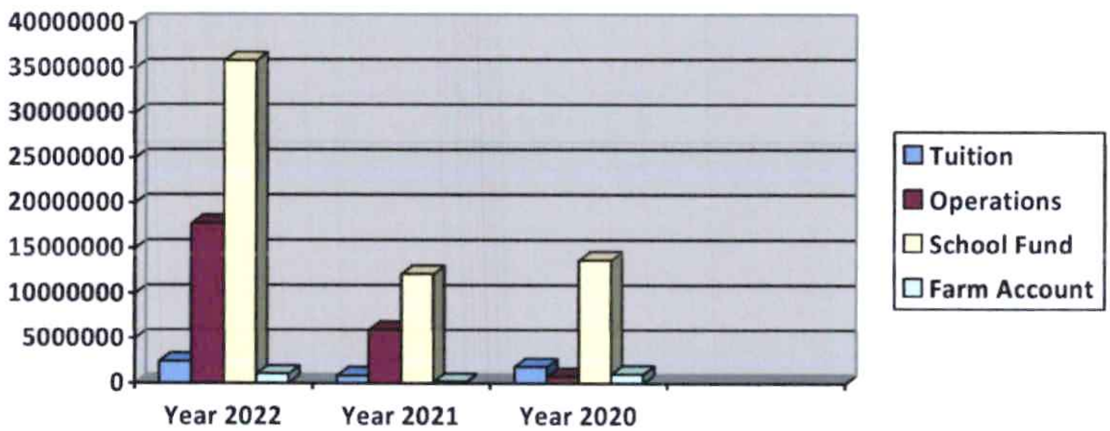
S/NO	ACCOUNTS	2022	2021	2020
1	Farm Account	866,204.00	41,205.00	3,734.00
	Total	**866,204.00**	**41,205.00**	**3,734.00**



- *Growth of farming income*

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

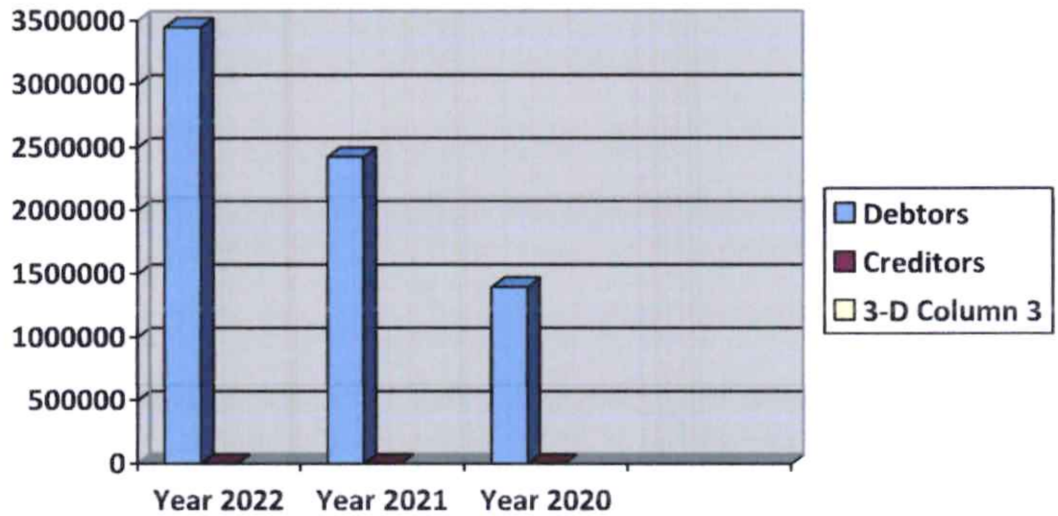
S/NO	*ACCOUNTS*	*2022* *KSHS*	*2021* *KSHS*	*2020* *KSHS*
1	*TUITION*	*2,428,555.00*	*834,209.00*	*1,802,164.50*
2	*OPERATION*	*17,759,760.00*	*5,928,608.00*	*7,024,451.65*
3	*SCHOOL FUND*	*35,836,273.00*	*12,156,372.00*	*13,708,244.92*
4	*FARM*	*1,050,986.00*	*153,510.50*	*1,000,289.00*



Growth in expenditure of the school

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

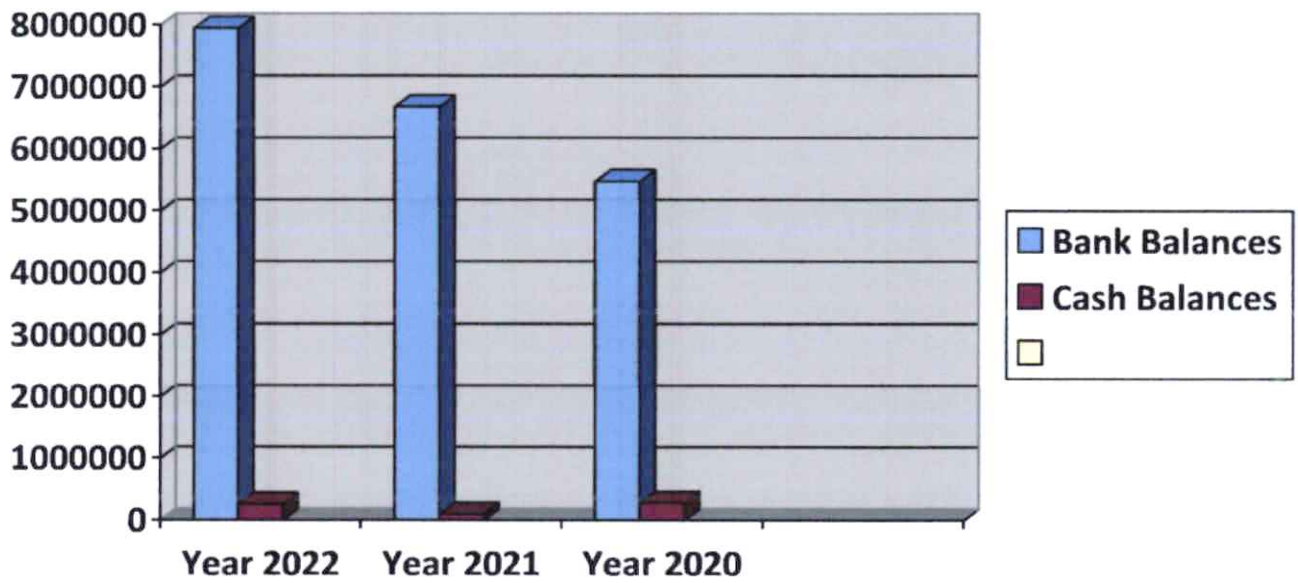
S/NO	*ACCOUNTS*	*2022* *KSHS*	*2021* *KSHS*	*2020* *KSHS*
1	*Debtors*	*3,448,461.00*	*2,427,321.00*	*1,397,937.00*
2	*Creditors*	*Nil*	*Nil*	*507,781.50*



Debtors and Creditors of the school over the last three years

(vii)Movement of cash and bank balances over the last three years

S/NO	*ACCOUNTS*	*2022* *KSHS*	*2021* *KSHS*	*2020* *KSHS*
1	*Bank Balances*	*7,949,261.70*	*6,682,837.00*	*5479498.50*
2	*Cash Balances*	*260,879.50*	*95,512.00*	*279,657.00*
	Total	***8,210,141.20***	**6,778,349.00**	**5,759,156.00**



Cash and bank balances over the last three years

Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends.

(b)Teacher Student ratio:

	Details	**Year 2022**
1	*Teachers/students ratio*	1:28
2	*number of teachers recruited and posted*	3
3	*number of teachers that were transferred/retired*	2
4	*number of teachers employed by TSC*	26
5	*number employed by BOM*	3
	SUBJECT	**NO OF TEACHERS/SUBJECT**
1	*Mathematics*	6
2	*History*	1
3	*CRE*	2
4	*Geography*	3

5	*English*	5
6	*Biology*	3
7	*Chemistry*	3
8	*Physics*	5
9	*Agriculture*	2
10	*Business studies*	2

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

	Year	**2022**	**2021**	**2020**
1	Target means score	+5.2	+5.2	+5.1
2	Actual means score	-	4.2	+4.4133
3	Entry	217	139	151
4	Transition to higher learning	-	13	73

(d)Number of Candidates in the 2022 KCSE:

	Year	**2022**	**2021**	**2020**
1	Number of candidates	217	139	151

(e)Capacity of the school:

NO	**Details**	**2022**	**2021**	**2020**
1	Enrolment	620	726	750
2	Numbers dormitories	15	15	15
3	Number of dining hall	1	1	1
4	Number of laboratories	4	4	4
5	Number of toilets 53	Boys-34 Girls-19	Boys-34 Girls-19	Boys-34 Girls-19
6	Girls study room	1	1	1

(f)Development projects carried out by the school:

NO	Period of the project	Name of project	Source of Fund	Nature of project
1	2019	-Expansion of girls dormitory	-Ministry of education	-Complete
2	2020	-Renovation of boys dormitory -Renovation of ICT room. -Plastering of 3 laboratories -Renovation of general laboratory	-Ministry of education -School fund acc	-Complete
3	2021	-Ceiling of the classrooms. -Tiling of the classrooms.	Ministry of Education -School Fund	-Complete -Complete

Sign

School Principal

CHIEF PRINCIPAL
LARMUDIAC HIGH SCHOOL
P.O. Box 303-20107 NJORO
21 JUN 2024

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 ***Larmudiac High 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: Dr.Stellamaris Muthoka.
Designation: Chair, School Board of Management

Sign: Muthoka

Date: 24/6/2024

Name: Mr.James M. Wanjohi.
Designation: School Principal& Secretary to Board of Management

Sign:

Date:

P. O. Box 303-20107 NJORO
PRINCIPAL
21 JUN 2024
CHIEF
LARMUDIAC HIGH SCHOOL

Name: Harun Rutere John
Designation: Bursar/ Finance Officer

Sign:

Date: 21/6/2024

REPUBLIC OF KENYA

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Anniversary Towers
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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON LARMUDIAC HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - NAKURU 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, 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 Larmudiac High School - Nakuru County set out on pages 17 to 25, which comprise of the statement of receipts and payments, statement of assets and liabilities as at 30 June, 2022, statement of cashflow, 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 Larmudiac High School – Nakuru County as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalents Balance

The statement of assets and liabilities reflects a balance of Kshs.8,210,141 in respect of cash and cash equivalents as disclosed in Notes 8 and Note 9 to the financial statements. Included in this balance are bank and cash in hand balances of Kshs.7,949,261 and Kshs.260,879 respectively. However, the bank and cash in hand balances were not supported by bank reconciliation statements and board of survey report. Further, the School had unreported bank account balance of Kshs.215,721 while its paybill number had unreported balance of Kshs.185,593. Further, it was observed that the School did not maintain cashbooks and prepare bank reconciliation statements for the two accounts.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.8,210,141 could not be confirmed.

2. Unsupported School Fund Income

The statement of receipts and payments reflects an amount of Kshs.41,031,995 in respect of school fund income as disclosed in Note 4 to the financial statements. However, the supporting ledger and fee collection reports were not provided for verification. Further, the School did not have fees collection system that could generate reports such as invoice per student, fees paid and outstanding balances.

In the circumstances, the accuracy and completeness of school fund income amount of Kshs.41,031,995 could not be confirmed.

3. Unsupported Payments

The statement of receipts and payments reflects an amount of Kshs.56,240,309 in respect of total payments which, as disclosed in Notes 5, 6, and 7 to the financial statements, includes payments for tuition, payments for operations and school fund payments. However, examination of payment vouchers revealed that Management made payments without proper support documents such as requisitions, local purchase orders, delivery notes, inspection reports, goods received notes and certificate of payments.

In the circumstances, the occurrence, accuracy and completeness of payments amount of Kshs.56,240,309 could not be confirmed.

4. Unsupported Accounts Receivables Balance

The statement of assets and liabilities reflects a balance of Kshs.3,427,321 in respect of accounts receivables as disclosed in Note 11 to the financial statements. The supporting schedules, detailed aging analysis and issued invoices were not provided for audit. Included in the balance are receivables amounting to Kshs.1,265,790 which had been outstanding for more than two (2) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy, completeness and recoverability of the accounts receivable balance of Kshs.3,427,321 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Larmudiac High 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.26,347,750 and Kshs.32,434,688 respectively, resulting to an over-funding of Kshs.6,086,938 or 23% of the budget. However, the School spent a balance of Kshs.29,160,663 against actual receipts of Kshs. 32,434,688 resulting to an under-utilization of Kshs.3,274,025 or 10% of actual receipts.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

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

Basis for Conclusion

1. Non-Compliance with Procurement Laws

The statement of receipts and payments reflects an amount of Kshs.56,240,309 in respect of total payments which, as disclosed in Notes 5, 6 and 7 to the financial statements, includes payments for tuition, payments for operations, payments for infrastructure and school fund payments. However, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer to prepare an annual procurement plan which is realistic in a format set out in the Regulations as part of the annual budget preparation process. Further, Management did not prequalify any suppliers during the year. Thus, the audit could not establish the criteria used in issuing requests for quotation and awards. In addition, Management neither issued letters of award nor appointed ad hoc tender opening and tender evaluation committees. This was contrary to Section 46(1) and Section 78(1) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer to ensure that an ad hoc tender opening and tender evaluation committees are established.

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

2. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects an amount of Kshs.36,051,994 in respect of school fund payments as disclosed in Note 7 to the financial statements. Included in the payments is an amount of Kshs.442,400 transferred to Kenya Secondary Schools Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in

Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control system to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.442,400 could not be confirmed.

3. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects an amount of Kshs.15,244,015 in respect of operations grants as disclosed in Note 2 to the financial statements. Included in the grant is an amount of Kshs.3,577,500 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, an amount of Kshs.1,308,000 was transferred to infrastructure account, leaving a balance of Kshs.2,269,500 as at 30 June, 2022. This was contrary to the Ministry of Education Circular Ref: MOE.HQS/3/13/3 of 8 January, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

4. Over Funding of Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and operations amounts of Kshs.2,396,091 and Kshs.15,244,015 respectively as disclosed in Note 1 and 2 to the financial statements. During the financial year, NEMIS reported a total number of three hundred (300) students while the enrolment records provided by the School indicated total of two hundred and twelve (212) students, resulting in an unexplained variance of eighty-eight (88) students. As a result of the variances, the School was over funded by an amount of Kshs.2,609,078.

In the circumstances, the over-funding of the School may have affected service delivery to the other schools which did not receive capitation for students and value for money could not be confirmed.

5. Non-Compliance with Laws on Management of Imprest Transactions

The statement of receipts and payments reflects an amount of Kshs.36,051,994 in respect of school fund payments which, as disclosed in Notes 7 to the financial statements, includes expenditure of Kshs.1,108,893 in respect of local travel/transport. However, Management did not issue imprest warrants while advancing cash to its staff for operating expenses such as transport and subsistence allowance. This was contrary to Regulation 91(1) of the Public Finance Management (National Government) Regulations, 2015 which requires an officer authorized to hold and operate imprest to make formal application for the imprest through an imprest warrant. In addition, Management did not maintain an imprest register and had no imprest management system in place.

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

6. Non-Compliance with Laws on Statutory Deductions

During the year under review, Management failed to deduct and remit Pay as You Earn (PAYE) deductions from personnel emolument payments of Kshs. 2,515,457 as disclosed in Note 7 to the financial statements. This was contrary to Section 37(1) of the Income Tax Act that requires an employer paying emoluments to an employee to deduct therefrom, and account for tax thereon, to such extent and in such manner as may be prescribed. Failure to remit statutory deductions could result in legal actions and penalties from the relevant authorities.

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

7. Failure to Prepare School Improvement Plan

During the period under review, the School did not have an approved School Improvement Plan.This is 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.

8. Non-Compliance with Budget Preparation Guidelines

Analysis of the approved budget for the period under review revealed that the budget was not prepared in line with the financial year starting from 1 July, 2021. Instead, it followed the calendar year, and therefore expended funds in the 6-months period starting from 1 January, 2022 to 30 June, 2022 without an approved budget. This was contrary to Regulation 44(2) of the Public Finance Management Regulations, 2015 which requires government entities to execute their approved budgets based on the annual appropriation legislation, and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the Contingencies Fund, or supplementary estimates.

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

9. Late Submission of Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 17 February, 2023 instead of the statutory deadline of 30 September, 2022. This is contrary to the requirements of Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

10. Non-Compliance with the Public Sector Accounting Standards Board Requirements

The annual report and the financial statements presented for audit did not comply with the template provided by the Public Sector Accounting Standards Board (PSASB). The page numbers were not consistent as they were repeated. Further, the amounts reported in the financial statements were not rounded off to the nearest Kshs. This is contrary to the requirement of principal accounting policy number 1 on statement of compliance and basis of preparation of the financial statements.

In the circumstances, Management did not comply with the PSASB reporting requirements.

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. Lack of Internal Audit Function

During the year under review, the School had not constituted an internal audit unit as required by Regulation 166(1) and (2) of the Public Finance Management (National Government) Regulations, 2015 which requires the internal audit unit of a National Government entity to assess effectiveness an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

In the circumstances, the School did not benefit from the oversight role and advice from the internal audit function.

2. Lack of Policy Documents

During the financial year under review, the School did not have a Risk Management Strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. Consequently, Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure. Further, it was noted that Management lacked a Disaster Recovery Plan/Business Continuity Plan and therefore crucial information may never be recovered in the event of a disaster. In addition, the School was operating without an approved Finance Management Policy to guide on key financial matters. Therefore, the School lacked sufficient safeguards and controls for managing its finances.

In the circumstances, the effectiveness of the internal controls in the management of the School could not be confirmed.

3. Weakness in Management and Distribution of Inventory

Review of text books records provided for audit by the School revealed that the School received textbooks from Kenya Institute of Curriculum Development. However, the records were not up to date with closing balances for each period and the number of textbooks returned to the store not recorded. Further, the School did not disclose the number of books lost by the students and those not returned. In addition, stock take reports were also not provided for audit.

This is contrary to Regulation 168(a) and (b) of the Public Procurement and Asset Disposal Regulations, 2020 which requires that an Accounting Officer of a procuring entity shall ensure proper management and distribution of inventory, stores and assets by ensuring that: (a) they are received and taken on charge; (b) they are consumed in the course of public business and a record of the same is maintained.

In the circumstances, existence of effective measures of inventory management could not be confirmed.

4. Lack of Valuation for Assets

Annexure 2 to the financial statements reflects summary of fixed assets register in respect of fixed assets which include land. Physical verification conducted in May, 2024 revealed that the School had other assets which included buildings, office equipment, Information Communication and Technology (ICT) equipment and furniture and fittings. However, the values of the assets was not included in the summary of fixed assets.

In the circumstances, the existence of effective measures in management of fixed assets could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 skepticism throughout the audit. I also:

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 controls that are identified during the audit.

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 September, 2024

IV. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2022

DESCRIPTION OF VOTE HEAD	Note	2021-2022	2020-2021
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	2,396,091.20	1,040,863.00
Capitation grants for operations	2	15244015.50	10,862,273.00
School Fund Income- Parents' Contributions	3	0	0
School Fund Income- Other receipts	4	41,031,995.00	12,188,888.00
Proceeds from borrowings			
TOTAL RECEIPTS		**58,672,101.70**	**24,092,024.00**
PAYMENTS			
Payments for Tuition	5	2,428,555.00	696,604.00
Payments for operations	6	17,759,760.00	10,064,813.00
Boarding and school fund payments	7	36,051,994.20	10,989,970.00
TOTAL PAYMENTS		**56,240,309.20**	**21,751,387.00**
SURPLUS/DEFICIT		**2,431,792.50**	**2,340,638.00**

The school financial statements were approved on ___________ 20…………… and signed by:

Sign: Mutheken	**Sign** Ngugi	**Sign**
Name Dr. S. Mutheken	**Name** Hesmen Ndungu	**Name** Harman John
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date 21/6/2024	**Date**………………	**Date** 21/6/2024

LARMUDIAC HIGH SCHOOL
CHIEF
21 JUN 2024
PRINCIPAL
P.O. Box 303-20107 NJORO

IV. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2022

DESCRIPTION OF VOTE HEAD	Note	2021-2022	2020-2021
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	2,396,091.20	1,040,863.00
Capitation grants for operations	2	15244015.50	10,862,273.00
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School Fund Income- Other receipts	4	41,031,995.00	12,188,888.00
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TOTAL PAYMENTS		**56,240,309.20**	**21,751,387.00**
SURPLUS/DEFICIT		**2,431,792.50**	**2,340,638.00**

The school financial statements were approved on ___________ 20…………… and signed by:

Sign: Aluthoka	**Sign** Hqugendungi	**Sign**
Name Dr. S. Muthoka	**Name** Hesmen Ndungu	**Name** Harun John
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date 24/6/2024	**Date**………	**Date** 21/6/2024

LARMUDIAC HIGH SCHOOL
CHIEF
21 JUN 2024
PRINCIPAL
P.O. Box 303-20107 NJORO

V. 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	8	7,949,261.70	6,682,837.00
Cash Balances	9	260,879.50	95,511.50
Short term Investment	10		
Total Cash and cash equivalent		**8,210,141.20**	**6,778,348.70**
Account's receivables	11	3,427,321.00	2,427,321.00
TOTAL FINANCIAL ASSETS		**11,637,462.20**	**9,205,669.70**
FINANCIAL LIABILITIES			
Accounts Payables	12		
NET FINANCIAL ASSETS		**11,637,462.20**	**9,205,669.70**
REPRESENTED BY			
Accumulated Fund b/fwd	13	9,205,669.70	6,865,032.35
Surplus/Deficit for the year		2,431,792.50	2,340,637.35
NET FINANCIAL POSSITION		**11,637,462.20**	**9,205,669.70**

The School's financial statements were approved on ___________ 20......... ....and signed by:

Dr.Stellamaris Muthoka
Chairman, BoM
Sign: Muthoka
Date: 24/6/2024

Name:James M. Wanjohi
School Principal/Secretary BOM
Sign:
Date:

LARMUDIAC HIGH SCHOOL
CHIEF
21 JUN 2024
PRINCIPAL
P. O. Box 303-20107 NJORO

Harun Rutere John
Bursar/Finance
Sign:
Date: 21/6/2024

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

		2021-2022	2020-2021
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	2,396,091.20	1,040,863.00
Capitation grants for operations	2	15,244,015.50	10,862,273.00
School fund income- Parents contributions/ fees	3		
School fund income- other receipts	4	41,031,995.00	12,188,888.00
Total receipts		**58,672,101.70**	**24,092,024.00**
Payments			
Payments for Tuition	5	2,428,555.00	696,604.00
Payments for operations	6	17,759,760.00	10,064,813.00
Boarding and school fund payments	7	36,051,994.20	10,989,970.00
Total payments		**56,240,309.20**	**21,751,387.00**
Net cash flow from operating activities		**2,431,792.50**	**2,340,637.00**
Increase in receivables		(1,000,000.00)	(1,029,384.00)
Decrease in payables			(507,782.00)
Net cash flows from operating activities		**1,431,792.50**	**803,471.00**
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		**1,431,792.50**	**803,472.50**
Cash and cash equivalent at BEGINNING of the year		**6,778,348.70**	**5,974,876.85**
Cash and cash equivalent at END of the year		**8,210,141.20**	**6,778,348.70**

VII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNT FOR THE YEAR ENDED 30TH JUNE 2022

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials	0	0	0	-	-	-
Exercise books	980,500		980,500	1,190,880.00	(210,380)	121%
Laboratory equipment	709,546		709,546	581,550.00	127,996	82%
Internal exams	733,000	0	733,000	31,281.20	701,719	4%
Teaching / learning materials	270,554		270,554	592,380.00	(321,826)	219%
Chalks				-	-	0%
library				-	-	0%
Teachers guides	0		0	-	-	0%
Chalks					-	
TOTAL	**2,693,600**		**2,693,600**	**2,396,091.20**	**297,509**	**89%**
(2) CAPITATION GRANTS ON OPERATIONS					-	
					-	
Personnel emoluments	3,740,750.00		3,740,750	2,968,762.00	771,988	79.4%
maintenance and improvement	1,225,900.00		1,225,900	4,012,500.00	(2,786,600)	327.3%
Local transport / travelling	1,191,450.00		1,191,450	418,197.00	773,253	35.1%
Electricity and water	2,048,150.00	0	2,048,150	1,139,630.60	908,519	55.6%
infrastructure	-		0	-	-	0.0%
Administration costs	1,021,800.00		1,021,800	1,928,925.90	(907,126)	188.8%
Insurance/Medical	1,182,350.00		2,048,151	-	2,048,151	0.0%
Activity	816,400.00		816,400	-	816,400	0.0%
TOTAL	**11,226,800.00**		**11,226,800**	**15,244,015.50**	**(4,017,216)**	**135.8%**

(3) FEES CHARGED ON PARENTS					-	
lunch	0		0	-	-	0.0%
bursary	0		0	-	-	0.0%
Local transport / travelling	0		0		-	
Electricity and water	0		0		-	
Medical	0		0		-	
Administration costs	0		0		-	
Activity	0		0		-	
SMASSE	0		0		-	
Fee on Boarding Equipment and Stores	0		0		-	
OTHER INCOME					-	
Fee on Boarding Equipment and Stores	17,800,250.00		17,800,250	21,517,987	(3,717,737)	120.9%
Electricity, water & C	3,185,000.00		3,185,000	2,611,436	573,564	82.0%
LT&T	422,500.00		422,500	1,157,254	(734,754)	273.9%
Repairs and Maintenance	1,560,000.00		1,560,000	1,965,354	(405,354)	126.0%
Personal Emoluments	2,080,000.00		2,080,000	2,710,977	(630,977)	130.3%
Admin Costs	1,202,500.00		1,202,500	2,371,818	(1,169,318)	197.2%
Activity	97,500.00		97,500	99,862	(2,362)	102.4%
Pocket Money	-		0	-	-	
Caution Money	-		0	-	-	
tender income	-		0	-	-	
Income from farming activities	-		0	-	-	
Fee for hire of ground and equipment	-		0	-	-	
Income from grants and donations*	-		0	-	-	
Interest income	-		0	-	-	
Students uniform				-	-	
Students ID cards	-		0	-	-	
TOTAL INCOME	**26,347,750**	**0**	**26,347,750**	**32,434,688**	**(6,086,938)**	**123.1%**

(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials	-		0	-	-	0%
Exercise books	980,500.00		980,500.00	1,190,880.00	(210,380.00)	121%
Laboratory equipment	709,546.00		709,546.00	584,175.00	125,371.00	82%
Internal exams	733,000.00		733,000.00	62,550.00	670,450.00	9%
Teaching / learning materials	270,554.00		270,554.00	589,600.00	77,800.00	218%
Chalks	-		-	-	-	
library	-		-	-	-	
Teachers guides			-	-	-	
Administration Costs			-	-	-	
Bank Charges			-	1,350.00	(1,350.00)	
TOTAL	**2,693,600.00**		**2,693,600.00**	**2,428,555.00**	**265,045.00**	**90%**
					-	
PAYMENTS FOR OPERATIONS						
Personal Emoluments	3,740,750		3,740,750	4,581,858	(841,108)	122%
Service Gratuity	0		0	-	-	
Administration Cost	1,021,800		1,021,800	2,991,265	(1,969,465)	293%
maintenance and improvent	1,225,900		1,225,900	2,028,000	(802,100)	165%
Local transport / travelling	1,191,450		1,191,450	658,323	533,127	55%
Electricity and water	2,048,150		2,048,150	423,374	1,624,776	21%
			0		-	
Activity Expenses	816,400		816,400	454,400	362,000	56%
SMASSE	0		0	-	-	
Insurance Cost	1,182,350		1,182,350	43,051	1,139,299	4%
Bank Charges	0		0	3,304	(3,304)	
Acquisition of Assets	0		0	-	-	
TOTAL	**11,226,800**		**11,226,800**	**17,759,760**	**(6,532,960)**	**158%**

BOARDING AND SCHOOL FUND PAYMENTS						
Fee on Boarding Equipment and Stores	17,800,250		17,800,250	16,752,796	1,047,454	94%
Bus hire			0	-	-	
tender Money			0	-	-	
caution Money			0	-	-	
Personnel emoluments	2,080,000		2,080,000	2,515,457	(435,457)	121%
Service Gratuity			0	-	-	
Repairs and maintenance & Improvements	1,560,000		1,560,000	4,364,197	(2,804,197)	280%
Local transport / travelling	422,500		422,500	1,108,893	(686,393)	262%
Electricity and water	3,185,000		3,185,000	1,124,096	2,060,904	35%
Medical Expenses			0	-	-	
Administration costs	1,202,500		1,202,500	2,210,378	(1,007,878)	184%
Activity	97,500		97,500	12,000	85,500	12%
Bank Charges			0	21,860	(21,860)	
Expenses on Farming Activities			0	1,050,986	(1,050,986)	
			0		-	
Rent Expenses			0	-	-	
Insurance Cost (Life Property)			0	-	-	
Loan Principal repayment			0	-	-	
Loan Interest repayment			0	-	-	
Acquisition of Assets			0	-	-	
TOTAL	**26,347,750**	**0**	**26,347,750**	**29,160,663**	**(2,812,913)**	111%

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. **Statement of compliance and basis of preparation**

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

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

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

2. **Recognition of receipts and payments**

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

3. **In-kind contributions**

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

4. **Cash and cash equivalents**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

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

IX. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2021-2022	2020-2021
	Kshs	Kshs
Textbooks and reference materials		
Exercise books	1,190,880.00	300,000.00
Laboratory equipment	581,550.00	350,000.00
Internal exams	31,281.20	217,172.75
Teaching / learning materials	592,380.00	173,690.00
Chalks		
Exams and assessment		
Teachers guides		
Total	**2,396,091.20**	**1,040,862.75**

2 CAPITATION GRANT FOR OPERATIONS

	2021-2022	2020-2021
1	Kshs	Kshs
Personnel emoluments	2,968,762.00	2,091,052.00
Repairs and maintenance	4,012,500.00	2,880,000.00
Local transport / travelling	418,197.00	278,656.00
Electricity and water	1,139,630.60	137,284.00
Medical		
Administration costs	1,928,925.90	1,143,281.60
Activity		
Infrastructure	4,776,000.00	4,332,000.00
Total	**15,244,015.50**	**10,862,273.60**

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments		
Repairs and maintenance		
Local transport / travelling		
Electricity and water		
Medical		
Administration costs		
Activity		
Total		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2021-2022	2020-2021
	Kshs	Kshs
Fee on Boarding Equipment and Stores	21,517,987.00	6,024,311.00
Income from farming activities	1,917,190.00	443,915.00
Electricity water $ conservancy	2,611,436.00	1,242,023.00
L,t & T	1,157,254.00	391,118.00
Repairs maintenance & Improvememnt	1,965,354.00	1,763,086.00
Personal Emoluments	2,710,977.00	1,358,504.00
Administration costs	2,371,818.00	908,551.00
Activity Fees	99,862.00	57,380.00
Caution money		
Students uniforms	6,433,610.00	
Income from students ID cards	246,507.00	
Grand Total	**41,031,995.00**	**12,188,887.00**

(Include an explanation on the kind and source of grants/ donations received by the school.)

5 PAYMENTS FOR TUITION

	2021-2022	2020-2021
	Kshs	Kshs
Textbooks and reference materials		
Exercise books	1,190,880.00	300,000.00
Laboratory equipment	584,175.00	249,315.00
Internal exams	62,550.00	74,950.00
Teaching / learning materials	589,600.00	71,475.00
Chalks		
Exams and assessment		
Teachers guides		
Administration Costs		
Bank Charges	1,350.00	864.00
Total	**2428555.00**	**696,604.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	4,581,858.00	1,646,692.00
Service Gratuity		
Administration Cost	2,991,265.00	941,741.00
Repairs and maintenance & improvements	2,028,000.00	2,880,000.00
Local transport / travelling	658,323.00	106,400.00
Electricity and water	423,374.00	9,400.00
Medical		
Activity Expenses	454,400.00	
SMASSE		
Insurance Cost	43,051.00	
Bank Charges	3,304.00	126.00
Acquisition of Assets	6,576,185.00	4,480,454.00
TOTAL	**17,759,760.00**	**10,064,813.00**

7 BOARDING AND SCHOOL FUND PAYMENTS

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	2,515,457.00	1,326,419.00
Service Gratuity		
Repairs and maintenance & Improvements	4,364,197.00	1,759,861.00
Local transport / travelling	1,108,893.00	388,585.00
Electricity and water	1,124,096.00	1,225,493.00
Medical Expenses		
Administration costs	2,210,378.00	907,070.00
Expenses on students uniforms	6,433,610.00	.
Activity	12,000.00	3,000.00
Bank Charges	21,860.00	
Expenses on Income Generating Activities	1,050,986.00	153,520.00
Fee on Boarding Equipment and Stores	16,752,796.00	5,226,022.00
Caution Money	215,721.20	
Insurance Cost (Life Property)		
Loan Principal repayment		
Expenses on students ID cards	242,000.00	
Loan Interest repayment		
Acquisition of Assets		
TOTAL	**36,051,994.20**	**10,989,970.00**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account	1101678534	247,339.45	279,803.25
Operations Account	1101678267	96,383.25	773,088.75
School Fund Account/Boarding	1101720832	6,241,748.00	3,163,822.00
Savings Account			
Parent Association Development Account			
Income generating activities Account			
Farm Account	1134380720	1,359,432.00	445,228
Infrastructural Account	1234927640	4,359.00	1,805,174
Standard Chartered Account	0102894365700		215,721.20
Total		**7,949,261.70**	**6,682,837.20**

9 CASH IN HAND

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Account		
Operation Account	3,719.00	41,943.00
School Fund account	260,671.00	9,079.00
Farm Account	(3,510.50)	44,489.00
Total	**260,879.50**	**95,511.50**

10 SHORT TERM INVESTMENTS

Description	2021-2022	2020-2021
	Kshs	Kshs
Cooperative shares		
Treasury Bills		
Fixed deposit		
Equity stock		
Other investments		
Total		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears	3,427,321.00	2427321.00
Other non-fees receivables		
Salary advances		
Imprest		
Total	**3,427,321.00**	**2,427,321.00**

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears for current year	3,448,461.00	1,161,531.00
Fees arrears for the previous year	1,161,531.00	456,750.00
Less recoveries	(2,448,461.00)	(132,147.00)
Fees arrears for prior periods (over two years)	1,265,790.00	941,187.00
Total	**3,427,321.00**	**2,427,321.00**

12 ACCOUNTS PAYABLE

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	-	507781.5
Prepaid fees	-	
Retention monies	-	
Total	-	**507781.50**

[Include an ageing of the creditor's arrears below]

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors for current year		
Trade creditors for the previous year		507781.50
Trade creditors for prior periods (over two years)		(507781.50)
Total		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank balances	6,682,837.20	5,695,219.35
Cash balances	95,511.50	279,657.50
Short Term Investments		
Receivables	2,427,321.00	1,397,937.00
Payables		(507,781.50)
Total	**9,205,669.70**	**6,865,032.35**

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.

14 Non-current Liabilities Summary

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank loan(s)		
Outstanding Leases		
Hire purchase		
Gratuity and leave provision		
Total		

15 Biological assets

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Cattle		16	17
Goats		0	0
Sheep		32	22
Trees		3645	3000
Coffee or tea plantation			
Poultry			
Total		**3693**	**3039**

16 **Borrowings**

Description	2021-2022	2020-2021
	KShs	KShs
a) **Borrowings**		
Borrowing at beginning of the year		
Borrowings during the year		
Repayments of during the year		
Balance at end of the year		

Other important disclosure notes

17 Stock/ Inventory

Description	2021-2022	2020-2021
	KShs	KShs
b) Borrowings		
Stock/ inventory at beginning of the year		
Stock/ inventory purchased during the year		
Stock/ inventory issued during the year		
Balance at end of the year		

18 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)*

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 2022-1	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Supply of goods						
4.						
5.						
6.						
Sub-Total						
Supply of services						
7.						
8.						
9.						
Sub-Total						
Grand Total						