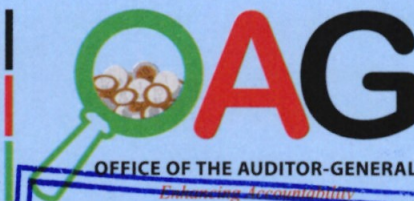


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 13 JUN 2026	DAY: Tuesday
TABLED BY:	Hon. Naomi Kago, CBS, MP
CLERK-AT THE-TABLE:	Deputy Majority Party Whip Lomale

OF

THE AUDITOR-GENERAL

ON

PARLIAMEN
OF KENYA
LIBRARY

ST MICHAEL GATAGATI
SECONDARY SCHOOL

FOR THE YEAR ENDED
30 JUNE, 2022

NAKURU COUNTY



ST. MICHAEL GATAGATI

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)**

**ST MICHAEL GATAGATI
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

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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, Subukia Sub-County

The school was registered in 02/2017 under registration number 32S30000172 and is currently categorized as a Sub County public school established, owned or operated by the Government.

The school is a day/boarding school and had 399 numbers of students as at 30th June 2022. It has two streams and 16 teachers of which 6 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	Jemimah Wambui Gitonga	Chairman	22/05/2019
2	Joseph Mukangula	Secretary - Principal	22/05/2019
3	Joseph Ekeno Gakuo	Member	22/05/2019
4	Regina Nyakariko Githu	Member	22/05/2019
5	Annmary Muthoni Wanyoike	Member	22/05/2019
6	Clement Chege Ngugi	Member	22/05/2019
7	Pauline Njambi Mwangi	Member	22/05/2019
8	Margaret Wangui Gichuhi	Member – Rep CEB	22/05/2019
9	StephenKaranja Kangethe	Member Rep Teachers	22/05/2019
10	John Waiharo Kaigua	3 Members - Sponsor	22/05/2019
11	Fredrick Wahome	Member - Community	22/05/2019
12	Monica Wanjiru Njuguna	MemberSpecial Needs	22/05/2019
13	Thomas Agui Kipkoech	Rep Students	22/05/2019
14	Evanson Njoroge Kamau	Member	22/05/2019
15	Jackson Kibowen Toroitich	Member	22/05/2019
16	Paul Kirwa Rotich	Member	22/05/2019

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1. Jemimah Wambui	chairperson	
		2. Joseph Mukangula	secretary	
		3. Joseph Ekeno	member	
		4. John Waiharo	member	
		5. Margaret Wangui	member	
2	Audit Committee	-		3 out of 3
3	Finance, procurement and general purposes Committee			
4	Academic Committee			
5	Development Committee	1. John Waiharo	chairperson	
		2. Samuel Ngugi	secretary	
		3. Jemimah Wambui	member	
		4. Joseph Ekeno	member	
		5. Joseph Mukangula	member	
		6. Pauline Njambi	member	
		7. Stephen Kimani - SCDE	member	
6	Discipline and welfare Committee			

**ST MICHAEL GATAGATI
PUBLIC SECONDARY SCHOOL
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For the year ended 30th June 2022**

7	Adhoc Committee (if any during the year)			
---	--	--	--	--

(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	Joseph Mukangula Muhizi	271795
2	Deputy Principal	Samuel Ngugi Maina	352863
3	School Bursar	Cecilia Wamaitha Warui	

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 204-20109
Telephone: 0724507945
E-mail: smgatagati@gmail.com
Website: -
Facebook: -
Twitter: -

(f) School Bankers

The following school operated 5 numbers of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: National Bank of Kenya
Branch: Nakuru
Account Number: 01025021171500
 2. Name of Bank: National Bank of Kenya
Branch: Nakuru
Account Number: 01025021073000
 3. Name of Bank: National Bank of Kenya
Branch: Nakuru
Account Number: 01022224146800
 4. Name of Bank: Cooperative Bank
Branch: Nakuru
Account Number: 01120026084000
 5. Name of Bank: Equity Bank
Branch: Nakuru Westside Mall
Account Number: 1460262247499
3. MPESA Pay Bill No.xxxxxxxx attached to 01120026084000 bank account
- Business No; 400222
Account No; 359985

**ST MICHAEL GATAGATI
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Annual Report and Financial Statements
For the year ended 30th June 2022**

(g) Independent Auditors

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

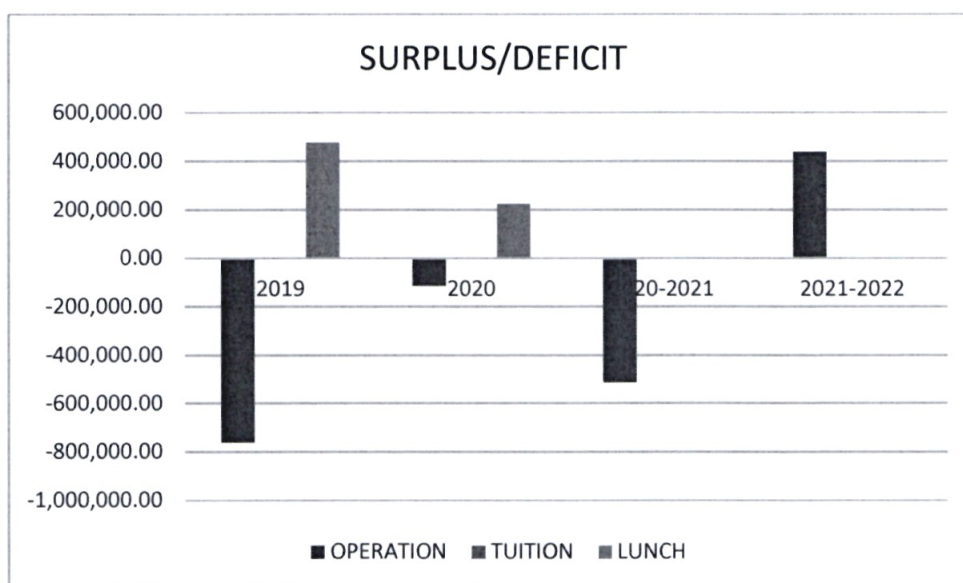
**ST MICHAEL GATAGATI
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

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:

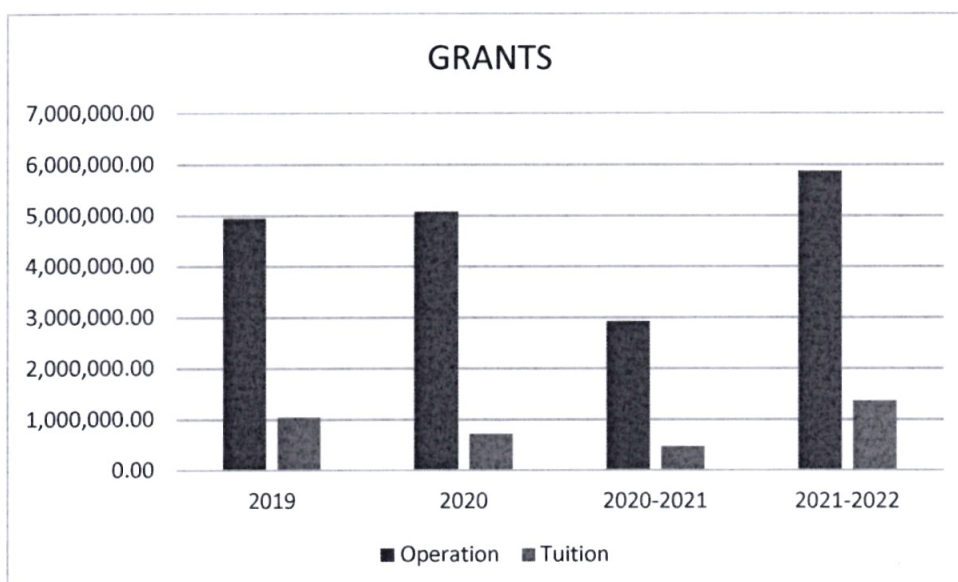
a) Financial performance:

<i>ACCOUNTS</i>	<i>2019</i>	<i>2020</i>	<i>2020-2021</i>	<i>2021-2022</i>
<i>OPERATION</i>	- 761,554.00	-114,538.00	-513,930	437869
<i>TUITION</i>	-708	-3764	0	
<i>LUNCH</i>	476061	223,620	0	



**ST MICHAEL GATAGATI
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Year	2019	2020	2020-2021	2021-2022
Operation	4,939,247.95	5,071,627.80	2,914,496	5,866,292
Tuition	1044492.8	715176	465449.76	1360687



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

2019=5983740.75*320

2020=5786803.8*412

2021=3379945.76*412

2022=7,517880*399

2019	2020	2021	2022
18,699.19	14,045.640	8,203.75	18841.80

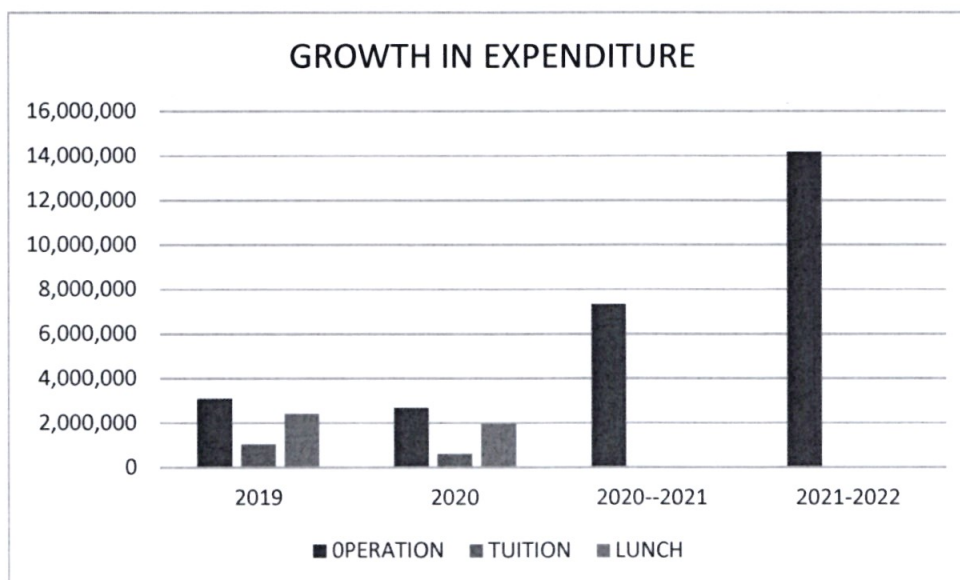
- A three-year overview of growth of other income(s) earned by the school.

Lunch account

2020	2021	2022
2,683,654	1,996,114	4,737,476

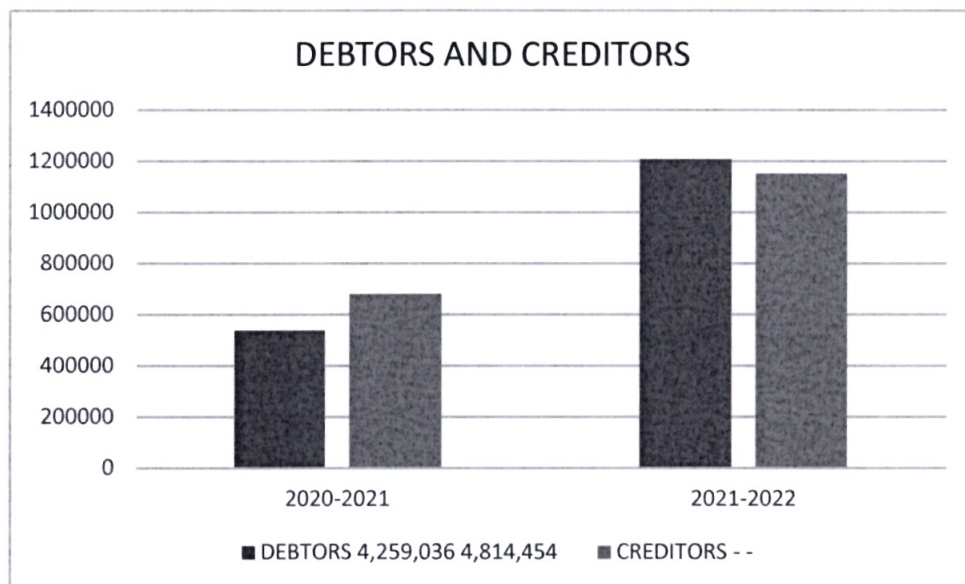
- A three-year overview of growth in expenditure of the school

YEAR	2020	2020--2021	2021-2022
OPERATION	2,683,654	7,324,023	14,162,487
TUITION	595,120		
LUNCH	1,957,320		

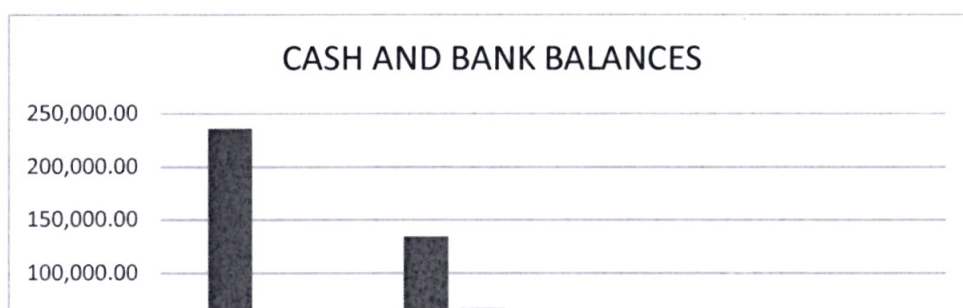


**ST MICHAEL GATAGATI
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For the year ended 30th June 2022

YEAR	2019	2020	2020-2021	2021-2022
DEBTORS	4,259,036	4,814,454	536755	1206334
CREDITORS	-	-	680000	1151400



YEAR	2019	2020	2020-2021	2021-2022
OPERATIONS	1,866.00	5,623.00	2,142.00	128333
TUITION	5,237.00	1,473.00	235,731.00	3069
LUNCH	2,617.00	28,316.00	134,244.00	66813
INFRASTR	0	0	31422	222



b) **Teacher Student ratio:**

Teacher : Student

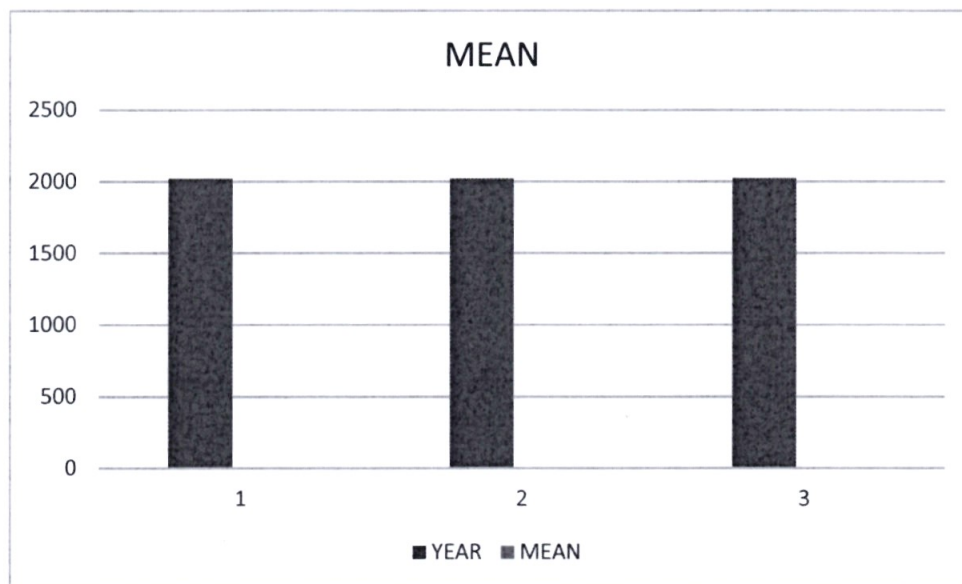
16 : 399

S/N	NAME	TSC NO.	TEACHING SUBJECT COMBINATION	TEACHING LOAD
1	Joseph Mukangula	271795	Mat/Geo	20
2	Samuel Ngugi	352863	Bst/Geo	22
3	Catherine Ndwiga	399355	Chem/Bio	28
4	Evans Kamau	463165	Math/Bst	27
5	Naomi Micheka	540196	Eng/Lit	28
6	Wesley Koros	697200	Bio/Agr	27
7	Godfrey Chelelgo	712965	Phy/Math	26
8	Alice Njeri	655542	Cre/Hist	27
9	Veronicah Wangui	533691	Cre/Hist	27
10	Martin Ndiba	553840	Hist/Kisw	26
	EMPLOYED BY BOM			
1	Enock Ngetich	694392	Bio/Chem	26
2	Pius Langat	909310	Bio/Agr	24
3	Lucy Njoki	776571	Eng/Lit	28
4	Joseph Gakio	721850	Hist/Kisw	28
5	Victor Kiprono	902231	Bst/Math	26

**ST MICHAEL GATAGATI
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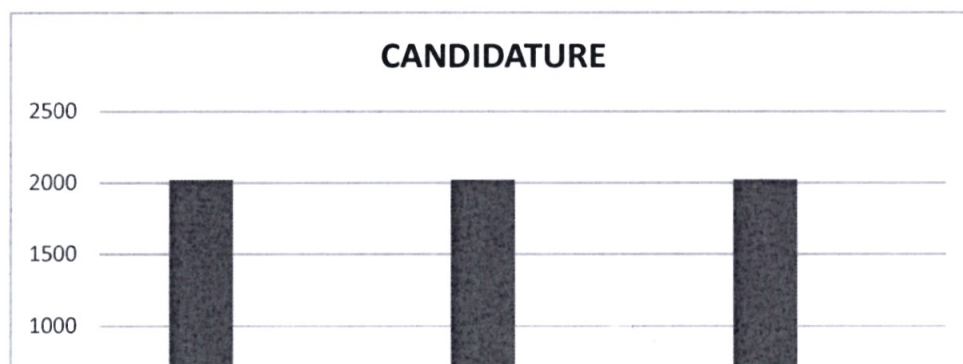
c) Mean score in the 2021/KCSE:

YEAR	2019	2020	2021
MEAN	3.1884	3.4288	2.4433



d) Number of Candidates in the 2021 KCSE:

YEAR	2019	2020	2021
CANDIDATURE	69	63	97



e) **Capacity of the school:**

a. **CLASSROOMS**

There are nine classrooms

	USES
<i>1 Classroom</i>	<i>Admin</i>
<i>11 Classroom</i>	<i>Form 1-4</i>
<i>1 Laboratory</i>	
<i>1 Kitchen</i>	
<i>1 Kitchen store</i>	
<i>1 General Store</i>	

b. **SANITATION**

1. *Girls toilets- 10 cubicles*
2. *Boys Toilets- 16 cubicles*
3. *Male toilet- 1 cubicle*
4. *Female toilet- 1 cubicle*
5. *Concrete tank- 30,000 litres*
6. *Plastic Kitchen tank- 5,000 litres*
7. *Plastic Laboratory tank-5,000litres*
8. *2 Plastic general use tank – 5,000 litres*
9. *12 plastic containers (washing hands)- @100 litres*

c. **INVENTORY IN EXISTING INFRASTRUCTURE STRUCTURES**

OFFICES	ITEMS
<i>Principal office</i>	<i>Office table ,executive chair, 2 metallic cabinets and 1 wooden, Epson printer, portrait, wall clock , cross,dispenser</i>
<i>Deputy principal</i>	<i>Office table, computer, wooden stand shelves, Executive chair, dispenser</i>
<i>Secretary office</i>	<i>Office table, chair, computer, Task alfa 300i printer</i>
<i>Bursar office</i>	<i>Executive chair, office table, computer, chair, cabinet,dispenser</i>

**ST MICHAEL GATAGATI
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Staffroom	10 chairs, 5 tables, dispenser, computer
DOS office	Table

A. Development projects carried out by the school:

Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format

PROJECT	SOURCES OF FUND	COMPLETE	ONGOING
TOILET(10 DOORS)	CDF	YES	-
CLASSROOM	MINISTRY	YES	-

Sign.....

School Principal



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

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

Name: MARTIN KAIGWA
Designation: Chairman, School Board of Management
Sign:
Date: 24/09/22

Name: HESBORN MAINA
Designation: School Principal & Secretary to Board of Management
Sign:
Date: 24/09/22

Name: Cecilia Warui
Designation: Bursar/ Finance Officer
Sign:
Date: 24/09/2022



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ST. MICHAEL GATAGATI SECONDARY 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 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 the 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 that the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of St. Michael Gatagati Secondary School set out on pages 17 to 34, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and the statement of budgeted versus actual amounts, for the

year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of St. Michael Gatagati Secondary School 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 Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of cash flows reflects an amount of Kshs.2,321,200 in respect of acquisition of assets which was not supported with any documentation or explanation. Further, Annex 2 to the financial statements on the summary of fixed assets register reflects a Nil amount in respect of additions of assets for the year resulting in an unexplained variance of Kshs.2,321,200. In addition, the statement of budgeted versus actual amounts has not indicated the amounts related to the budgeted receipts and payments and the respective actual on comparable basis amounts as required by the recommended reporting template.

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

2. Unsupported Capitation Grants for Tuition and Operations

The statement of receipts and payments reflects capitation grants for tuition and operations amounting to Kshs.1,360,687 and Kshs.6,157,193 all amounting to Kshs.7,517,880 and as disclosed in Note 1 and Note 2 to the financial statements respectively. However, appropriate and sufficient documentation in the form of ledgers or schedules, school enrollment data, bank statements, cashbooks, disbursement circulars were not provided for audit verification.

In the circumstances, the accuracy and completeness of the capitation grants for tuition and operations amounting to Kshs.7,517,880 could not be confirmed.

3. Unsupported School Fund Income - Other Receipts Amount

The statement of receipts and payments reflects school fund income – other receipts amount of Kshs.7,082,476 and as disclosed in Note 4 to the financial statements. However, the reported income was not supported by a ledger or a detailed schedule indicating the breakdown of the receipts received.

In the circumstances, the accuracy and completeness of the school fund income – other receipts amount of Kshs.7,082,476 could not be confirmed.

4. Unsupported Expenditure

The statement of receipts and payments reflects payments for tuition, payments for operations (including teaching/learning materials) and boarding and school fund payments amounting to Kshs.1,831,160, Kshs.6,264,591 and Kshs.6,066,736 as disclosed in Note 5, Note 6 and Note 7 to the financial statements respectively. However, the expenditure was not supported by the respective ledgers or schedules detailing the breakdown of payments made. Further, a review of the payment vouchers submitted for audit verification revealed that they were not accompanied by the necessary supporting documents, such as requisitions from the user department, Local Purchase Orders (LPOs), invoices, delivery notes, and receipts.

In the circumstances, the accuracy and completeness of the total payments amount of Kshs.14,162,487 could not be confirmed.

5. Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.198,437 which comprises of bank and cash balances of Kshs.135,784 and Kshs.62,653 as disclosed in Notes 8 and 9 to the financial statements respectively. However, the bank balances were not supported by bank reconciliation statements, bank statements and certificates of bank balances.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.198,437 could not be confirmed.

6. Unsupported Account Receivables Balance

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.1,743,089 as disclosed in Note 11 to the financial statements. However, the supporting schedule, detailed aging analysis and issued invoices were not provided for audit review to confirm the student arrears. Further, no provision was made for bad and doubtful debts.

In the circumstances, the accuracy, completeness and recoverability of the accounts receivables balance of Kshs.1,743,089 could not be confirmed.

7. Unsupported Accounts Payables Balance

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.1,244,395 which further includes balances of Kshs.1,151,400 and Kshs.92,995 in respect to trade creditors and prepaid fees respectively and as disclosed in Note 12 to the financial statements. However, no supporting documents were provided for audit including the respective ledger or schedule with detailed list of the suppliers, complete invoices, delivery notes, local service or local purchase order numbers, receipts vouchers and the dates when the bills were incurred to confirm the validity of the

payables. Further, the amount of Kshs.92,995 which relates to prepaid of fees was not supported with student fee statements and schedules.

In the circumstances, the accuracy and completeness of the account's payables balance of Kshs.1,244,395 could not be confirmed.

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

Key Audit Matters

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

Other Information

Management is responsible for the Other Information set out on page 2 to 15 which comprise of Key School Information and Management, Summary Report of Performance of the School and Statement of School Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Recommended Reporting Template

Review of the financial statements of the school revealed the following observations;

- i. Acronyms and definition of key terms and glossary of terms were omitted in the table of contents and the financial statements.
- ii. The page numbering in the financial statements is not consistent.
- iii. The summary report of performance of the School and the statement of School Management responsibility should start in a new page.
- iv. The Notes to the financial statements and the financial statements have indicated the comparative prior year amounts and balance as being for the financial year 2019/2020 instead of 2020/2021. Further, the current financial year is indicated as 2020/2021 instead of 2021/2022.
- v. Management has not prepared annexes to the financial statements as required such as analysis of accounts payable and summary of fixed assets register.

In the circumstances, Management did not comply to the recommended reporting template prescribed by Public Sector Accounting Standards Board (PSASB).

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

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.6,066,736 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.395,500 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in the Government funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.395,500 could not be confirmed.

3. Long Outstanding Accounts Receivables Balance

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.1,743,089 in respect of fees arrears as disclosed in Note 11 to the financial statements. Included in the balance is accounts receivables balance of Kshs.536,755 which had been outstanding for more than one (1) year. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on full recoverability of the accounts receivables balance. This was contrary to Regulation 83(1) and (2) (g) of the Public Finance Management (National Government) Regulations, 2015 which states that the National Government entity shall be responsible for establishing sound cash management systems, procedures and processes, to ensure efficient and effective banking and cash management practices. Guiding principles for cash management; and for purposes of this regulation, sound cash management includes -

pursuing debtors with appropriate sensitivity and rigor to ensure that amounts receivable by the Government are collected and banked promptly.

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

4. Long Outstanding Accounts Payables Balance

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.1,244,395 which as disclosed in Note 12 of the financial includes an amount of Kshs.1,151,400 in respect of trade creditors. The latter balance further includes an amount of Kshs.680,000 in respect to accrued bills which have 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, Management was in breach of the law.

5. Lack of Approved Procurement Plan and a Procurement Function

The statement of receipts and payments reflects total payments amounting to Kshs.14,162,487 which included an expenditure of Kshs.11,461,794 incurred on the purchase of various goods and services during the year under review. However, review of procurement records revealed that the procurements were undertaken without an approved procurement plan. Further, the School had not established a procurement function to oversee and coordinate procurement activities in accordance with applicable regulations. This was contrary to Section 45 (3) (a) of the Public Procurement and Asset Disposal Act, 2015 which states that all procurement processes shall be - within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan. Further, Section 47 of the Act provides for the necessity and operation of the procurement function of a procuring entity.

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

6. Failure to Adhere to Procurement Laws and Regulations

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.6,066,736 as disclosed in Note 9 to the financial statements. However, the records provided for audit revealed that the School made payments of Kshs.2,321,200, for acquisition of assets that were not supported by tender advertisement, tender opening minutes, tender evaluation reports, professional opinions, LPOs, and certificates of practical completion/interim certificates. In addition, there was no evidence in form of inspection and acceptance reports/certificates that the School appointed Inspection and Acceptance Committees to inspect the works in order to ensure compliance with the terms and specifications of the contract and to accept or reject the works on behalf of School. This was contrary to Parts V, VI and VII of the Public Procurement and Asset Disposal Act, 2015 which provide for internal organization of procuring entities, general procurement principles and basic procurements rules for

procuring entities. Further, the School lacks capacity in form of a procurement function to carry out the functions outlined in Regulation 33(3) of the Public Procurement and Asset Disposal Regulations, 2020.

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

7. Non-Submission of Annual Governance Report to the Director of Basic Education

Review of the School's governance and reporting records established that the School did not prepare and submit an annual report to the Director of Basic Education during the year under review. This was contrary to Section 60 of the Basic Education Act, 2013 which states that "every public school or institution of basic education shall, on an annual basis, submit a report to the Director of Basic Education".

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of an Approved Fraud Management Policy

The School did not have in place an Approved Fraud Management Policy to assist in detecting and preventing fraud during the year under review. The policy provided for audit verification had not been approved and Board minutes showing the process of establishing and adopting the Policy were not provided for audit verification. Further, Management had not implemented the policy and it was therefore not possible to determine what measures Management had put in place that could assist in detection and prevention of fraud.

In the circumstances, Management may not be in a position to identify, detect and prevent fraud in the School.

2. Lack of Risk Management Strategies and Other Key Policies

Management had not implemented the Risk Management Policy. Management did not provide any evidence in form of a risk register or risk assessment report to prove that formal risk assessments had been conducted or that the School had any strategy or any specific controls that had been put in place to mitigate operational, legal and financial risks. In addition, it was observed that the School did not have key policies like the Disaster Recovery Plan/Business Continuity Plan, Human Resource Policy and Finance Policy.

In the circumstances, the School is exposed to operational, financial and legal risks as it has not put a strategy in place to identify, rank, prioritize and mitigate risks.

3. Lack of Information Technology Policy, Strategic Plan and Committee

Review of Information Technology (IT) environment and system in use revealed that the School does not have an approved ICT Policy, user management standards and procedures addressing IT users, security, access to IT environments and environmental controls. Further, the School has not established IT Strategic and Steering Committees, and an approved IT Strategic Plan that supports business requirements. In addition, there is no Back-up Retention Strategy and there are no formal documented and approved processes to manage upgrades which means that unauthorized changes can be made without change request documentation. The IT department lacks a formal emergency procedure which stipulates the procedures and steps for the users to follow in case of an emergency or a disruption which would lead to business interference.

In the circumstances, failure to establish an IT Policy, IT Strategic Plan and Committee could result in data loss, theft and disruption of services while the lack of back-up retention strategy exposes the School to possible loss of data in case of a disaster.

4. Effectiveness in Use of Capitation Grants for Students - Tuition and Operations

During the year under review, the School reported capitation grants for tuition and operations amounts of Kshs.1,360,687 and Kshs.6,157,193 respectively. However, the School enrollment register was not provided for audit to confirm the number of students in the School, and there was no evidence of copies of official receipts uploaded in the National Education Management Information System (NEMIS).

Further, there was no evidence provided to confirm that the Principal provided the County Director of Education with an allocation of funds duly signed by individual students, and that the School displayed the receipts of capitation and the circular accompanying the funds on the School noticeboard.

In the circumstances, the effectiveness of internal controls related to and utilization of the capitation grants for students could not be confirmed.

5. Weaknesses in the Board of Management

The School's Board of Management was constituted under Section 56 of the Basic Education Act, 2013. However, the gazette notice confirming the appointment of the

Board members was not provided for audit review. In addition, the attendance registers and minutes of the meetings held by the board were not provided. Further, details of the amounts paid to Board members were not provided for audit verification, and therefore it was difficult to confirm the total expenditure incurred by the Board.

In the circumstances, the effectiveness of the School's governance and oversight mechanism could not be confirmed.

6. Failure to Develop a School Improvement Plan

During the year under review, Management did not develop a School Improvement Plan to be used to measure the School's improvement activities, improve accountability, keep the School in focus in achieving its targets, prioritize its needs, ensure prudent utilization of resources and to help improve the School's performance as well as promote teamwork. There was also no evidence that the School had formed a school improvement planning team as required.

In the circumstances, Management may not be able to focus in achieving the School's targets, prioritize its needs, ensure prudent utilization of resources which would in turn help to improve the School's performance.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

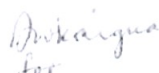
21 May, 2026

**ST MICHAEL GATAGATI
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

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

DESCRIPTION OF VOTE HEAD	Note	2020-2021	2019-2020
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	1360687	465449
Capitation grants for operations	2	6157193	3129963
School Fund Income- Parents' Contributions	3	0.00	0.00
School Fund Income- Other receipts	4	7082476	1996114
Proceeds from borrowings		0.00	0.00
TOTAL RECEIPTS		14600356	5591525
PAYMENTS			
Payments for Tuition	5	1831160	1144780
Payments for operations	6	6264591	1228325
Boarding and school fund payments	7	6066736	3732351
TOTAL PAYMENTS		14162487	6105456
SURPLUS/DEFICIT		437869	513930

The school financial statements were approved on 24/09/2022 2022 and signed by:

Sign: 
Name Martin Kaigwa

Chair BOM

Date 24/9/2022

Sign 
Name Hesborn Maina

School Principal/
Secretary to BOM

Date 24/9/2022

Sign 
Name Cecilia Warui

Bursar/
Finance Officer

Date 24/9/2022



**ST MICHAEL GATAGATI
PUBLIC SECONDARY SCHOOL**
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**IV. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT
30TH JUNE 20XX**

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	135784	101941
Cash Balances	9	62653	81350
Short term Investment	10	xxx	xxx
Total Cash and cash equivalent		198437	183291
Account's receivables	10	1743089	536755
TOTAL FINANCIAL ASSETS		1941526	720046
FINANCIAL LIABILITIES			
Accounts Payables	11	1244395	946330
NET FINANCIAL ASSETS		697131	(226,284)
REPRESENTED BY			
Accumulated Fund b/fwd	12	259262	287646
Surplus/Deficit for the year		437869	(513,930)
NET FINANCIAL POSSITION		697131	(226284)

The School's financial statements were approved on 24/09/ 2022 and signed by:

Name: Martin Kaigwa
Chairman, BoM

Sign: M. Kaigwa

Date: 24/9/2022

Name: Hesborn Maina
School Principal/Secretary
to BoM

Sign: H. Maina

Date: 24/9/2022

Name: Cecilia Warui
Bursar/Finance

Sign: C. Warui

Date: 24/9/2022



**ST MICHAEL GATAGATI
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V. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2022

		2020-2021	2019-2020
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	1360687	465449
Capitation grants for operations	2	6157193	3129963
School fund income- Parents contributions/ fees	3		
School fund income- other receipts	4	7082476	1996114
Total receipts		13394022	5591526
Payments			
Payments for Tuition		1831160	1144780
Payments for operations		6264591	1228325
Boarding and school fund payments		3745536	3732351
Total payments		11543222	7051786
Net cash flow from operating activities		1850800	(1460260)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		0.00	0.00
Acquisition of Assets		2321200	1385760
Proceeds from investments		0.00	0.00
Purchase of investments		(0.00)	(0.00)
Net cash flows from Investing Activities		2321200	1385760
CASHFLOW FROM BORROWING ACTIVITIES		(470400)	(923505)
Proceeds from borrowings/ loans		0.00	0.00
Repayment of principal borrowings		0.00	0.00
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		4172000	(74500)
Cash and cash equivalent at BEGINNING of the year		402507	287646
Cash and cash equivalent at END of the year		198437	183291

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 cash flow as recommended by PSASB.

ST MICHAEL GATAGATI
PUBLIC SECONDARY SCHOOLS –
Reports and Financial Statements
For the year ended 30th June 2022

VI. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 20XX

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	X
Exercise books	0.00	0.00	0.00	0.00	0.00	X
Laboratory equipment	0.00	0.00	0.00	0.00	0.00	X
Internal exams	0.00	0.00	0.00	0.00	0.00	X
Teaching / learning materials	0.00	0.00	0.00	0.00	0.00	X
Chalks	0.00	0.00	0.00	0.00	0.00	X
Exams and assessment	0.00	0.00	0.00	0.00	0.00	X
Teachers guides	0.00	0.00	0.00	0.00	0.00	X
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	0.00	0.00	0.00	0.00	0.00	X
Repairs and maintenance	0.00	0.00	0.00	0.00	0.00	X
Local transport / travelling	0.00	0.00	0.00	0.00	0.00	X
Electricity and water	0.00	0.00	0.00	0.00	0.00	X
Medical	0.00	0.00	0.00	0.00	0.00	X
Administration costs	0.00	0.00	0.00	0.00	0.00	X
Activity	0.00	0.00	0.00	0.00	0.00	X
Gratuity	0.00	0.00	0.00	0.00	0.00	X

ST MICHAEL GATAGATI
PUBLIC SECONDARY SCHOOL
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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
SMASSE	0.00	0.00	0.00	0.00	0.00	X
(3) FEES CHARGED ON PARENTS	0.00	0.00	0.00	0.00	0.00	
Personnel emoluments	0.00	0.00	0.00	0.00	0.00	X
Repairs and maintenance	0.00	0.00	0.00	0.00	0.00	X
Local transport / travelling	0.00	0.00	0.00	0.00	0.00	X
Electricity and water	0.00	0.00	0.00	0.00	0.00	X
Medical	0.00	0.00	0.00	0.00	0.00	X
Administration costs	0.00	0.00	0.00	0.00	0.00	X
Activity	0.00	0.00	0.00	0.00	0.00	X
SMASSE	0.00	0.00	0.00	0.00	0.00	X
Fee on Boarding Equipment and Stores	0.00	0.00	0.00	0.00	0.00	X
OTHER INCOME	0.00	0.00	0.00	0.00	0.00	
Rent income	0.00	0.00	0.00	0.00	0.00	X
Income from farming activities	0.00	0.00	0.00	0.00	0.00	X
Insurance compensation	0.00	0.00	0.00	0.00	0.00	X
Income from Posho mill	0.00	0.00	0.00	0.00	0.00	X
Income from Bus Hire	0.00	0.00	0.00	0.00	0.00	X
Fee for hire of ground and equipment	0.00	0.00	0.00	0.00	0.00	X
Interest income	0.00	0.00	0.00	0.00	0.00	X
Income from any other investment	0.00	0.00	0.00	0.00	0.00	X
TOTAL INCOME	0.00	0.00	0.00	0.00	0.00	
(1) EXPENDITURE FOR TUITION	0.00	0.00	0.00	0.00	0.00	

ST MICHAEL GATAGATI
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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
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	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
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
Administration costs	0.00	0.00	0.00	0.00	0.00	0.00
Bank Charges	0.00	0.00	0.00	0.00	0.00	0.00
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	0.00	0.00	0.00	0.00	0.00	0.00
Repairs, maintenance & improvements	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
Electricity, water and conservancy	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	0.00	0.00	0.00
Activity Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Gratuity	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
(3) EXPENDITURE FOR SCHOOL FUND	0.00	0.00	0.00	0.00	0.00	

**ST MICHAEL GATAGATI
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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
Personnel emoluments	0.00	0.00	0.00	0.00	0.00	0.00
Repairs, maintenance and improvements	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
Electricity, water and conservancy	0.00	0.00	0.00	0.00	0.00	0.00
Medical Expenses	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
Activity	0.00	0.00	0.00	0.00	0.00	0.00
Gratuity	0.00	0.00	0.00	0.00	0.00	0.00
Lunch programme	0.00	0.00	0.00	0.00	0.00	0.00
Boarding Equipment and Stores	0.00	0.00	0.00	0.00	0.00	0.00
Expenditure for Income Generating Activity	0.00	0.00	0.00	0.00	0.00	0.00
Insurance costs	0.00	0.00	0.00	0.00	0.00	0.00
Other expenses on investments	0.00	0.00	0.00	0.00	0.00	0.00
Rent Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Bank Charges	0.00	0.00	0.00	0.00	0.00	0.00
Loan Interest Repayment	0.00	0.00	0.00	0.00	0.00	0.00
Loan Principal Repayment	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition of Assets	0.00	0.00	0.00	0.00	0.00	0.00
TOTALS	0.00	0.00	0.00	0.00	0.00	0.00

[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization above 100%]

- i. Xxx
- ii. Xxx

VII. 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 20XX.

VIII. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	0.00	0.00
Exercise books	0.00	0.00
Tuition	1360687.00	465449.00
Laboratory equipment	0.00	0.00
Internal exams	0.00	0.00
Teaching / learning materials	0.00	0.00
Chalks	0.00	0.00
Exams and assessment	0.00	0.00
Teachers guides	0.00	0.00
Total	1360687.00	465449.00

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	0.00	0.00
Repairs and maintenance	0.00	2012980
Operations	6157193.00	1116983.00
Local transport / travelling	0.00	0.00
Electricity and water	0.00	0.00
Medical	0.00	0.00
Administration costs	0.00	0.00
Activity	0.00	0.00
Total	6157193.00	3129963.00

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	0.00	0.00
Repairs and maintenance	0.00	0.00
Local transport / travelling	0.00	0.00
Electricity and water	0.00	0.00
Medical	0.00	0.00
Administration costs	0.00	0.00
Activity	0.00	0.00
Total	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores	4737476.00	1996114.00
Rent income	0.00	0.00
Income from farming activities	0.00	0.00
Insurance compensation	0.00	0.00
Income from Posho mill	0.00	0.00
Income from Bus Hire	0.00	0.00
Repairs maintenance and improvement	2345000	
Fee for hire of ground and equipment	0.00	0.00
Income from grants and donations*	0.00	0.00
Interest income	0.00	0.00
Dividends income	0.00	0.00
Total	7082476.00	1996114.00

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

5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	80200.00	0.00
Exercise books	0.00	43150.00
Laboratory equipment	971400.00	940000.00
Internal exams	0.00	30000
Teaching / learning materials	779200	85000.00
Chalks	0.00	45000.00
Exams and assessment	0.00	0.00
Teachers guides	0.00	0.00
Administration Costs	0.00	0.00
Bank Charges	360.00	1630.00
Total	1831160.00	1144780.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	1,758,316.00	436,025.00
Service Gratuity	0.00	0.00
Administration Cost	484,135.00	30,060.00
Repairs and maintenance & improvements	2,633,550.00	440,000.00
Local transport / travelling	242,400.00	40,000.00
Electricity and water	67,180.00	0.00
Medical	0.00	0.00
Nhif	23,600.00	
Nssf	100,000.00	62,440.00
Activity Expenses	313,540.00	59,800.00
SMASSE	0.00	0.00
Lunch expenses	256,770.00	80,000.00
Tuition expenses	276,000.00	
Operation expenses	109,100.00	80,000.00
Insurance Cost	0.00	0.00
Bank Charges	0.00	0.00
Acquisition of Assets	0.00	0.00
TOTAL	6,264,591.00	1,228,325.00

7 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	0.00	0.00
Service Gratuity	0.00	0.00
Repairs and maintenance & Improvements	400,900.00	250,000.00
Local transport / travelling	661,950.00	1,226,928.00
Electricity and water	0.00	0.00
Medical Expenses	0.00	0.00
Administration costs	0.00	0.00
Lunch Programme	2,608,944.00	817,785.00
Expenses on Income Generating Activities	0.00	0.00
Fee on Boarding Equipment and Stores	0.00	0.00
Rent Expenses	0.00	0.00
Insurance Cost (Life Property)	0.00	0.00
Tuition expenses	53,000.00	44,500.00
Loan Interest repayment	0.00	0.00
Acquisition of Assets	2,321,200.00	1,385,760.00
TOTAL	6,066,736.00	3,732,351.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account		3,069.00	2,142.00
Operations Account		126,825.00	15483.00
School Fund Account/Boarding		5,668.00	79,134.00
Savings Account		0.00	0.00
Parent Association Development Account		0.00	0.00
Income generating activities Account		0.00	0.00
Infrastructural Account		222	5,182.00
Total		135,784.00	101,941.00

9 CASH IN HAND

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition Account	0.00	0.00
Operation Account	1,508.00	26,240.00
School Fund account	61,145.00	55,110.00
Total	0.00	0.00

10 SHORT TERM INVESTMENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Cooperative shares	0.00	0.00
Treasury Bills	0.00	0.00
Fixed deposit	0.00	0.00
Equity stock	0.00	0.00
Other investments	0.00	0.00
Total	0.00	0.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears	1,743,089.00	536,755.00
Other non-fees receivables	0.00	0.00
Salary advances	0.00	0.00
Imprest	0.00	0.00
Total	1,743,089.00	536,755.00

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year	1,206,334.00	536,755.00
Fees arrears for the previous year	536,755.00	0.00
Fees arrears for prior periods (over two years)	0.00	0.00
Total	1,743,089.00	536,755.00

12 ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	1,151,400.00	0.00
Prepaid fees	92,995.00	266,330.00
Retention monies	0.00	0.00
Total	1,244,395.00	946,330.00

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year	471,400.00	680,000.00
Trade creditors for the previous year	680,000	0.00
Trade creditors for prior periods (over two years)	0.00	0.00
Total	1,151,400.00	680,000.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	319,649.00	277,716.00
Cash balances	82,858.00	9,930.00
Short Term Investments	0.00	0.00
Receivables	536,755.00	0.00
Payables	(680,000)	0.00
Total	259,262.00	287,646.00

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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	2020-2021	2019-2020
	Kshs	Kshs
Bank loan(s)	0.00	0.00
Outstanding Leases	0.00	0.00
Hire purchase	0.00	0.00
Gratuity and leave provision	0.00	0.00
Total	0.00	0.00

15 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle		0	0.00
Goats		0	0.00
Trees		0.00	0.00
Coffee or tea plantation		0	0.00
Poultry		0	0.00
Total		0.00	0.00

16 Borrowings

Description	2020-2021	2019-2020
	KShs	KShs
a) Borrowings		
Borrowing at beginning of the year	0.00	0.00
Borrowings during the year	0.00	0.00
Repayments of during the year	(0.00)	(0.00)
Balance at end of the year	0.00	0.00

Other important disclosure notes

17 Stock/ Inventory

Description	2020-2021	2019-2020
	KShs	KShs
b) Borrowings		
Stock/ inventory at beginning of the year	xxx	xxx
Stock/ inventory purchased during the year	xxx	xxx
Stock/ inventory issued during the year	(xxx)	(xxx)
Balance at end of the year	xxx	xxx

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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)

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX-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						

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 20xx	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 20xx
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).