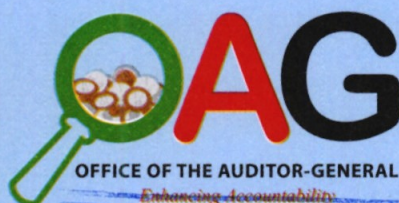


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT DATE: 01 JUL 2026

DAY.

WEDNESDAY

TABLED
BY:

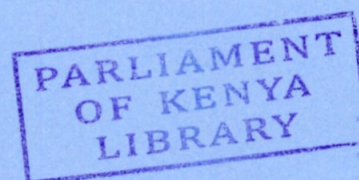
HON. DWEN BAYA, M.P.

CLERK-AT
THE TABLE:

CHRISTINE NDIRITU

THE AUDITOR-GENERAL

ON

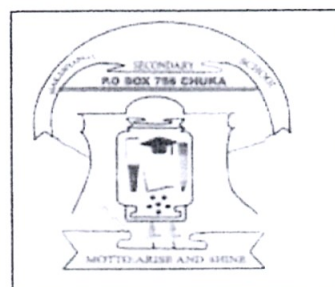
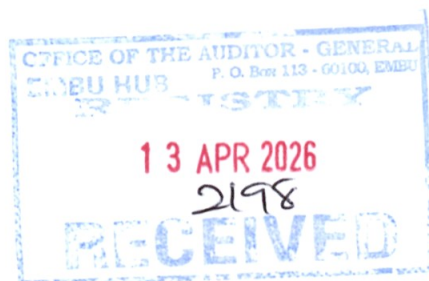


MAKANYANGA SECONDARY SCHOOL

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

THARAKA NITHI COUNTY

Revised 30th June 2021.



MAKANYANGA SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2021

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

MAKANYANGA SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

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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 **Tharaka Nithi** County, **Igambang'ombe** Sub-County

The school was registered in **05/2014** under registration number **PU/S/2/9347/14** and is currently categorized as a **Sub-county** public school established, owned and operated by the Government.

The school is a **day and boarding** school and had **296** number of students as at **30th June 2021**. It has **2** streams and **17** 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	MS. EDDAH GACHUKIA	Chairman	01/07/2019
2	MR. RUGURU F. MUTEMBEI	Secretary - Principal	01/07/2019
3	MR.CHARLES KAJATA	Member	01/07/2019
4	MS. NAOMI MAKEMBO	Member	01/07/2019
5	MR. ALEX KIMATHI	Member	01/07/2019
6	MR. CHARLES KINYUA	Member	01/07/2019
7	MR. FREDRICK MUGAMBI	Member	01/07/2019
8	DR. COLOMBA KABURI	Member – Rep CEB	01/07/2019
9	MR. KAGIMBI F. KARIUKI	Member Rep Teachers	01/07/2019
10	MS. AGNES GAKERI	Members - Sponsor	01/07/2019
11	MR. LOSCO MUTWIRI	Members - Sponsor	01/07/2019
12	FR. FRANKLIN NJABAN	Members - Sponsor	01/07/2019
13	MR. ISAIAH KIRIMI	Member – PTA Chairperson	01/07/2019
14	MRS. RAPHAEL MWINDI	MemberSpecial Needs	01/07/2019
15	JEDIDAH MAITI	Rep Students	01/07/2019

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	MS. EDDAH GACHUKIA RUGURU F. MUTEMBEI ISAIAH KIRIMI FREDRICK MUGAMBI CHARLES KINYUA	CHAIR SECRETARY MEMBER – P.A MEMBER MEMBER	3 out of 3
2	Audit Committee	FREDRICK MUGAMBI FRANKLINE F. RUGURU AGNES GAKERI JOHN KIGWARI	CHAIR SECRETARY MEMBER MEMBER	3 out of 3
3	Finance, procurement and general purposes Committee	FREDRICK MUGAMBI CHARLES KINYUA EDDAH GACHUKIA ISAIAH KIRIMI	CHAIR MEMBER MEMBER MEMBER	2 out of 2
4	Academic Committee	DR. COLOMBA KABURI RUGURU F. MUTEMBEI EDDAH GACHUKIA KAGIMBI FRANKLINE	CHAIR SECRETARY MEMBER MEMBER	3 out of 3
5	Development Committee	CHARLES KINYUA FREDRICK MUGAMBI EDDAH GACHUKIA ISAIAH KIRIMI	CHAIR MEMBER MEMBER MEMBER	2 out of 3

MAKANYANGA SECONDARY SCHOOL**Annual Report and Financial Statements****For the year ended 30th June 2021**

6	Discipline and welfare Committee	FREDRICK MUGAMBI FRANKLIN KAGIMBI CHARLES KANJATA RUGURU F. MUTEMBEI	CHAIR SECRETARY MEMBER MEMBER	3 out of 3
7	Adhoc Committee (if any during the year)			

(d) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	MR. RUGURU F. MUTEMBEI	305809
2	Deputy Principal	MR. KAGIMBI F. KARIUKI	357127
3	School Bursar	JACKLINE KATHURE	ICPAK NO: N/A

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box	: 756-60400 CHUKA
Telephone	: 0721 646 742
E-mail	: makanyangasecondaryschool6@gmail.com
Website	:
Facebook	:
Twitter	:

(f) School Bankers

The following school operated 4 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. TUITION ACCOUNT

Name of Bank : CO-OPERATIVE BANK
Branch : CHUKA
Account Number : **01139057838400**

2. OPERATIONS ACCOUNT

Name of Bank : CO-OPERATIVE BANK
Branch : CHUKA
Account Number : **01139057838401**

3. LUNCH PROGRAMME

Name of Bank : CO-OPERATIVE BANK
Branch : CHUKA
Account Number : **01134057838400**

4. INFRASTRUCTURE ACCOUNT

Name of Bank : CO-OPERATIVE BANK
Branch : CHUKA
Account Number : **01139057838402**

(g) Independent Auditors

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

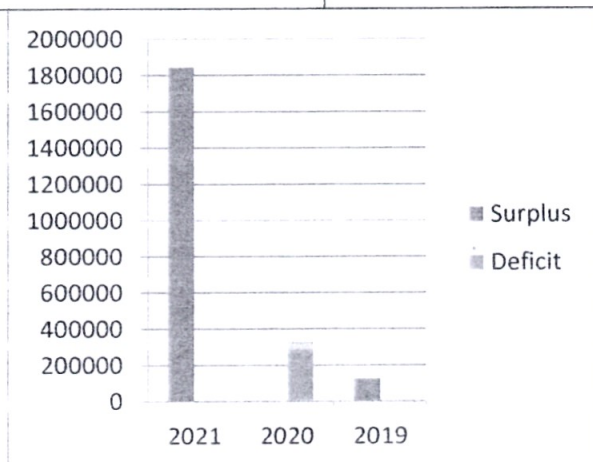
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) Financial performance:

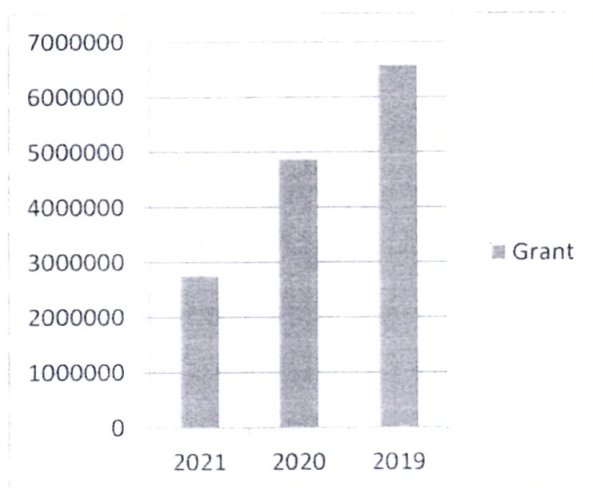
1. Surplus/Deficit for the year

YEAR	2021	2020	2019
Surplus	1844294.30		127765.90
Deficit		330830.00	



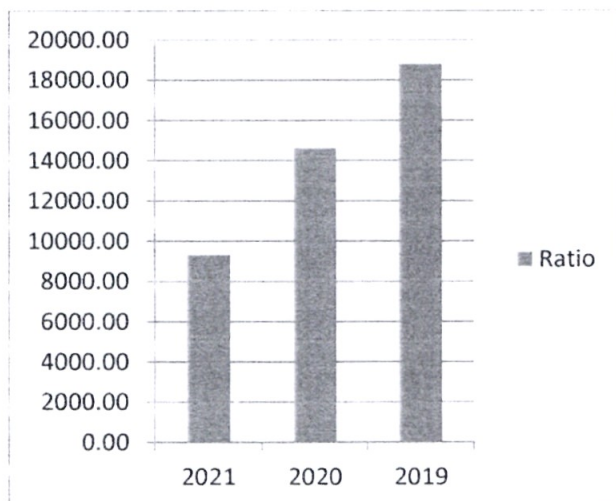
2. Capitation Grants from the Ministry of Education for the last three years

YEAR	2021	2020	2019
Grant	2759614.30	4872891.00	6582114.80

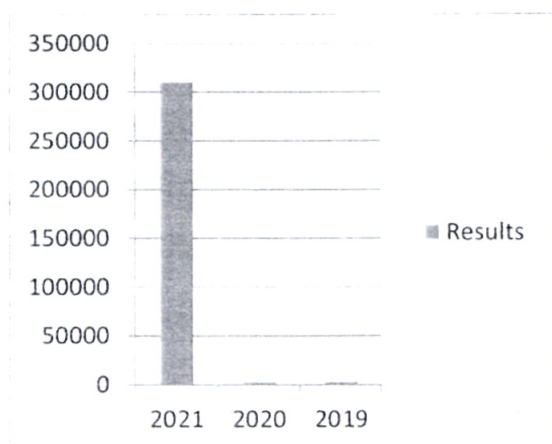


MAKANYANGA SECONDARY SCHOOL**Annual Report and Financial Statements****For the year ended 30th June 2021****3. Ratio of capitation grant per student over the last three years**

YEAR	2021	2020	2019
Ratio	1:9323.02	1:14633.30	1:18806.04

**4. A three year overview of growth of other incomes earned by the school**

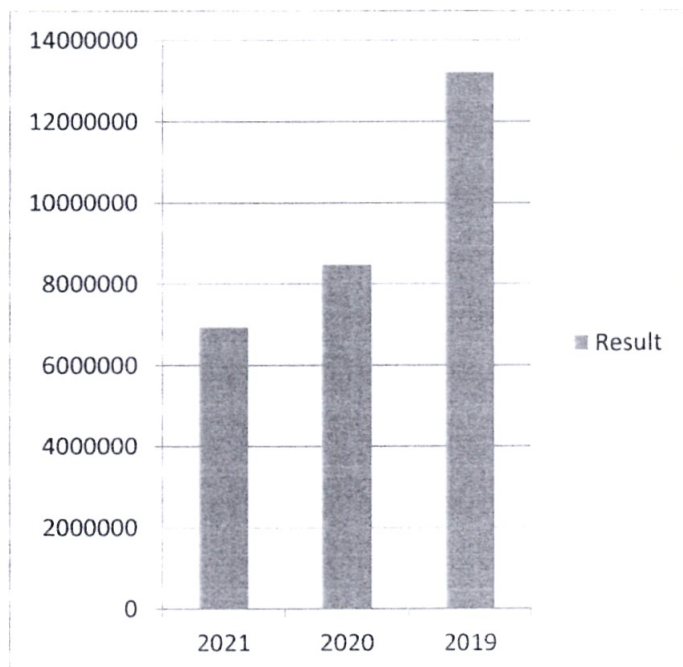
YEAR	2021	2020	2019
Results	310360.00	2889.00	2889.00



MAKANYANGA SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

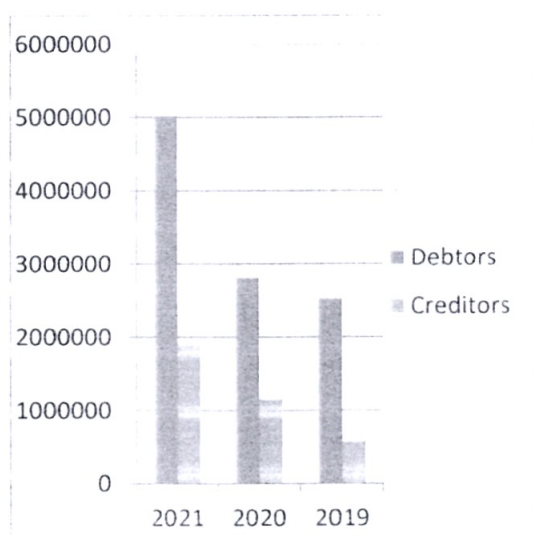
5. A three year overview of Expenditure of the school

YEAR	2021	2020	2019
Result	6935485.00	8476157.00	13210426.00



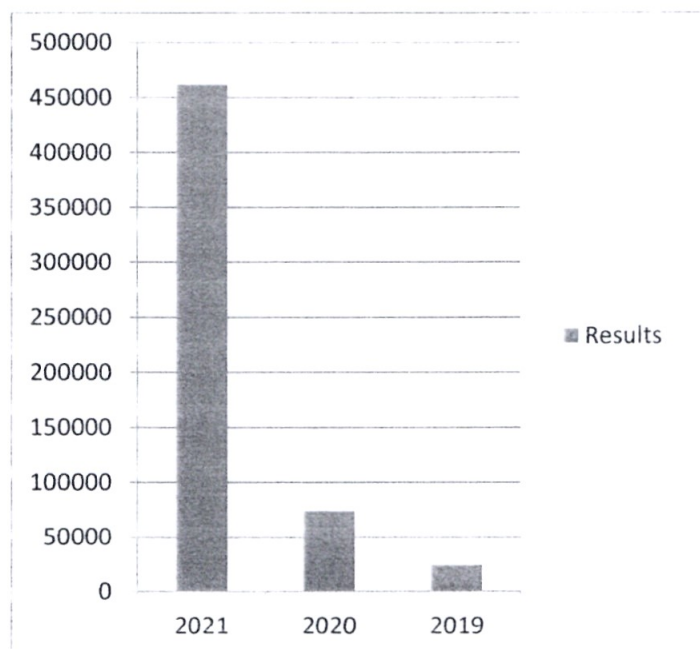
6. Movement of creditors and debtors of the school over the last three years

YEAR	2021	2020	2019
Debtors	5021969.00	2813635.00	2529603.00
Creditors	1902480.00	1150500.00	578059.00



7. Movement of cash and bank balances over the last three years

YEAR	2021	2020	2019
Results	462050.41	74110.11	24021.11



b) Teacher Student ratio:

Teacher to students ratio	1:17
No of teachers posted	0
No of teachers transferred/retired/interdicted	
TSC employed teachers	11
BOM Employed teachers	6
Intern	
Shortfall in	7

S/NO	SUBJECTS	NO. OF TEACHERS	SHORTFALL
1	MATHS/MATHS	1	
2	KISW/HIST	4	
3	MATHS/PHY	2	1
4	BIO/CHEM	2	1
5	GEO/BST	1	
6	AGR/BIO	1	1

MAKANYANGA SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

7	KISW/CRE	1	
8	ENG/LIT	2	2
9	GEO/HIST	1	
10	MATHS/CHEM	1	1
11	MATHS/BST	1	1
	TOTAL	17	7

MAKANYANGA SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

THE TABLE BELOW SHOW THE SCHOOL'S NUMBER OF TEACHERS AND
 THEIR SUBJECT COMBINATIONS

S/NO	NAME	SUBJECTS	EMPLOYER
1	RUGURU F. MUTEMBEI	MATHS/MATHS	TSC
2	KAGIMBI F. KARIUKI	KISW/HIST	TSC
3	JACKIM MURIUKI	MATHS/PHY	TSC
4	CHEPKWEMOI ISABELLAR	BIO/CHEM	TSC
5	ANTONY KINYUA	KISW/HIST	TSC
6	CHIMBA N. MURITHI	GEO/BST	TSC
7	KIURA M. MOSES	BIO/CHEM	TSC
8	JOANA D. KITHAKA	BIO/AGR	TSC
9	DOREEN MAKENA NDEKE	KISW/CRE	TSC
10	DAMARIS NKIROTE KITHINJI	ENG/LIT	TSC
11	JOSEPH NYAGA NJERU	GEO/HIST	TSC
12	KITHAKA MERCY NYAKIO	ENG/LIT	BOM
13	SHADRACK MASILA	MATHS/CHEM	BOM
14	MICHAEL GITONGA	MATHS/BST	BOM
15	TIMOTHY MURIUKI	MATHS/PHY	BOM
16	LENAH KAWIRA	KISW/HIST	BOM
17	FLOSSY KAIMENYI	KISW/HIST	BOM

c) Mean score in the 2018/2019/2020 KCSE:

YEAR	MEAN SCORE	MEAN GRADE
2020	2.763	D
2019	3.022	D
2018	2.934	D

d) Number of Candidates in the 2018/2019/2020 KCSE:

YEAR	NUMBER OF STUDENTS
2020	76
2019	45
2018	32

e) Capacity of the school:

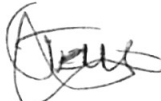
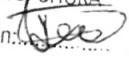
The total number of students in the school year 2021 is 296.

Facilities available:

AVAILABLE	UNITS	CAPACITY	SHORTAGE
Laboratory	1	40	2
Toilets	26	160	10
Dining Hall	1	200	1
Classrooms	7	280	2

f) Development projects carried out by the school:

There was no major developments carried out in the school in the financial year 2021 except some normal repairs.


Sign
MAKANYANGA SECONDARY SCHOOL
P. O. Box 756-60400, CHUKA
Date: 11/4/20 Sign: 

 **School Principal**

MAKANYANGA SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

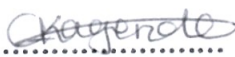
III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

The Board of Management of *Makanyanga 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.

Sign.....

Name: CHARITY WILLIAM (MS)

Designation: Chairman, School Board of Management

Date:11/4/21

Sign.....

Name: JELITHA KAWIRA (MRS)

Designation: School Principal & Secretary to Board of Management

Date:

Sign.....

Name: MUNENE FRED

Designation: Bursar/ Finance Officer

Date:11/4/21

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 MAKANYANGA SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - THARAKA NITHI 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 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 Makanyanga Secondary School set out on pages 18 to 27, which comprise of the statement of financial assets and financial liabilities for the period ending 30 June, 2021 and the statement of receipts and

*Report of the Auditor-General on Makanyanga Secondary School for the six (6) months' period ended 30 June, 2021
-Tharaka Nithi County*

payments, statement of cash flows and statement of budgeted versus actual amounts for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations 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 Makanyanga Secondary School for the period ended 30 June, 2021 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Accuracy and Presentation of the Financial Statements

Audit review of the financial statements presented for audit revealed the following anomalies;

- i. The statement of budgeted versus actual amounts reflects actual total receipts of Kshs.8,779,779. However, the statement of cashflows under cash flows from operating activities reflects total receipts of Kshs.6,571,445 resulting to an unexplained variance of Kshs.2,208,334.
- ii. The statement of budgeted versus actual amounts reflects actual total expenditure of Kshs.6,935,485. However, the statement of cashflows under cash flows from operating activities reflects total payments of Kshs.6,183,505 resulting to an unexplained variance of Kshs.751,980.
- iii. Casting down the amounts in Notes to the financial statements against the supporting ledgers revealed unreconciled variances as detailed **Appendix I**.
- iv. In addition, although the School utilized the template issued by the Public Sector Accounting Standards Board (PSASB), the document contained pagination errors, with inconsistencies observed in the sequence of page numbering of the financial statements.

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

2. Unsupported Accounts Receivable

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.5,021,969 as disclosed in Note 11 to the financial statements. However,

the supporting schedules, detailed ageing analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy and completeness of the accounts receivable balance of Kshs.5,021,969 could not be confirmed.

3. Unsupported and Long Outstanding Accounts Payables

The statement of assets and liabilities reflects accounts payables balance of Kshs.1,902,480 as disclosed in Note 12 to the financial statements. However, a detailed ageing analysis of the trade and other payables detailing the suppliers' information, invoice details, ageing categories and references numbers such as local purchase orders and local service orders were not provided for audit. Further, included in the balance are accounts payables balance of Kshs.1,150,500 which had been outstanding for more than one (1) year, and risk of loss of public funds through litigations, interests and penalties. This was contrary to Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that, 'service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations.

In the circumstances, the accuracy, existence and completeness of payables balance of Kshs.1,902,480 could not be confirmed and Management was in breach of the law.

4. Unsupported Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.462,050 as disclosed in Notes 8 and 9 to the financial statements. However, the cashbook and bank reconciliations for three (3) accounts were not provided for audit verification. In addition, the balance excludes one account held at cooperative bank. Further, the certificate of bank balance reflected nil balances for the tuition, operations and school fund accounts as at 30 June, 2021. However, the bank statements provided for audit reflected balances of Kshs.91,932, Kshs.132,362 and Kshs.235,168 for the tuition, operations and School fund accounts respectively resulting to unreconciled variances.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.462,050 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.12,936,604 and Kshs.8,770,779 respectively, resulting in an under-funding of Kshs.4,165,825 or 32 % of the budget. However, the School spent Kshs.6,935,485 against actual receipts amount of Kshs.8,770,779 resulting in an under – utilization of Kshs.1,835,294 or 21% of the actual receipts.

The under-funding and under - utilization may have impacted negatively on the planned activities and 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 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 Matter

Unaudited Comparative Balances

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

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

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

Other Information

Management is responsible for the Other Information set out on pages iii to xv, 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 Public Sector Accounting Standards Board Reporting Requirements

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) since the Management presented the annual report and financial statements covering six (6) months from January, 2021 to June, 2021 contrary to the Public Sector Accounting Standards Board (PSASB) Guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Secondary Schools in Kenya, dated 20 August, 2021 which requires the first financial statements after adoption of IPSAS to be presented for eighteen (18) months from 01 January, 2020 to 30 June, 2021. Further, no disclosure was made on the change in the preparation of financial statements from calendar year to government fiscal year or on the lack of comparability due to longer period covered by the current financial period.

In addition, the headings of the current financial year in the financial statements and Notes to the financial statements were indicated as 2021 instead of '2020-2021'.

Further, the financial statements were irregularly approved and signed by a non – employee designated as the bursar/finance officer of the Board of Management of the School.

In the circumstances, Management did not comply with the PSASB Guidelines.

2. Late Submission of the Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 30 September, 2024 instead of the statutory deadline of 30 September, 2021. This was contrary to Section 68(2)(k) of the Public Finance Management Act 2012 which states that an Accounting Officer shall prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the Controller of Budget and the Auditor-General for audit.

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

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

The statement of receipts and payments reflect total payments amount of Kshs.6,935,485. Included in the expenditure is an amount of Kshs.72,600 transferred to Kenya Secondary School Heads Association (KESSHA) However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.72,600 could not be confirmed.

4. Unconfirmed Students Enrolment Data

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations totalling Kshs.2,759,614, comparison of data from National Education Management and Information System (NEMIS) with records from the County Director of Education revealed that during the financial year, NEMIS reflected two hundred and ninety-six (296) students while records from the County Director of Education had two hundred and sixty-seven (267) students, resulting in an expected over-funding by twenty-nine (29) students each expected to receive Kshs.22,244 totalling Kshs.645,076. This was contrary to the Ministry of Education Circular MOE/CONF/G5 dated 26 November, 2019 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

Further, the School Background Information on page 3, the Management disclosed a total student population of two hundred and ninety-six (296) as at 30 June, 2021. However, records from the County Director of Education had two hundred and sixty-seven (267) students resulting to an unreconciled variance of twenty-nine (29) students.

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

5. Excess Supply of Books

During the period under review, the Ministry of Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD). Examination of records revealed that the Institute distributed one hundred and fifty-seven (157) books to the school. However, the unexplained excess text books remained unissued to the students at the time of the audit in March, 2026.

In the circumstances, value for money on the excess one hundred and fifty-seven (157) books could not be confirmed.

6. Failure to Prepare a school Improvement Plan

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

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

7. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.2,379,221 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. However, no money was transferred to infrastructure account as at 30 June, 2023. This was contrary to The Ministry of Education Circular Ref. No: MOE/CONF/G5 dated 26 November, 2019, 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.

8. Failure to Submit for Approval the Estimates of Revenue and Expenditure

Audit review revealed that the School Management failed to submit estimates of revenue and expenditure for approval to the Cabinet Secretary of Education in the manner and format issued by the Cabinet Secretary, contrary to provisions of Section 16(1) and (2) of the Basic Education Act, 2013. Therefore, by operating without an approved budget, the institution is in breach of the Basic Education Act, 2013.

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

9. Irregular Recruitment of Board of Management Staff

Review of the documents provided for audit revealed that the School had eight (8) non-teaching staff. However, the staff establishment, advertisement for the positions, employment contracts, short listing and records of interviews conducted were not provided for audit review. In addition, the Board of Management failed to employ a School bursar or finance officer, which is a critical role in financial management in the school. This was contrary to Article 232(g) of the constitution 2010 which requires fair competition and merit as the basis of appointments and promotions in the public service.

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

10. Irregularities in Procurement Processes

Review of the School's procurement processes revealed the following irregularities;

a. Lack of a Functional Procurement Unit

The School did not have an established procurement function managed by qualified procurement professional as required under Section 47(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 33 of the Public Procurement and Asset Disposal Regulations, 2020. Procurement activities were undertaken by individuals lacking the requisite qualifications.

b. Unstructured Procurement Processes

Review of procurement of infrastructure projects revealed absence of budgets, need analysis reports, procurement plans, failure to advertise, wrong choice of procurement methods and failure to comply with evaluation regulations.

c. Weaknesses in Record Keeping

During the year, the School failed to maintain complete procurement records, including tender documents, tender advertisements, bid evaluation reports, correspondences with supplier, contract documents, payment certificates and contract performance monitoring reports. This was contrary to Section 68 of the Public Procurement and Asset Disposal Act, 2015 and limits audit trail and transparency.

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

1.0 Lack of Internal Audit Function and Audit Committee

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

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

2.0 Weaknesses in the Board of Management

Review of records indicated that the Board of Management and its respective committees failed to convene any meeting during the financial year under review contrary to Paragraph A2 of the Circular Ref. No OP/CAB.9/1A from the Head of Public Service dated 11 March, 2020 which stipulates that Board meetings shall be restricted to a minimum of four and capped at a maximum of six for each financial year, and in addition, the same principle shall apply to respective Committees of the Boards.

In the circumstances, the effectiveness of the governance mechanism at the school could not be confirmed.

3.0 Weaknesses in Management of Assets

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.22,000,000. However, the assets including desk top computers, office desks, tables, office cabinets and chairs were not tagged. In addition, there is no evidence that the management of the school had insured the buildings. Therefore, the buildings could be exposed to the risk of loss in case of fire, riots or damages.

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

4.0 Weaknesses in ICT Controls

An assessment of the IT environment across the School revealed multiple critical weaknesses indicating inadequate ICT governance, data protection, and systems control. The following shortcomings were observed:

- i. The school has a system used to record income. However, during the audit period, this system was not accessible and verifiable.
- ii. There is no formally approved ICT policy to guide the development, deployment, use, and management of ICT resources within the entity.
- iii. Staff use personal email (Gmail) addresses for official communication, which undermines data security and organizational accountability.
- iv. The entity lacks a documented data protection policy to ensure that the collection, handling, storage, and sharing of data comply with legal and regulatory data protection requirements.
- v. There is no centralized and updated ICT asset register to track, manage, or safeguard ICT infrastructure and equipment.
- vi. There is no formalized data backup process, exposing the entity to the risk of data loss in the event of system failure, cyberattack, or accidental deletion.
- vii. No disaster recovery plan, in the absence of a disaster recovery plan, the entity lacks the capacity to restore operations promptly following system disruptions or disasters.

In the circumstances, the efficiency in the use of IT within the School could not be confirmed.

5.0 Weak Controls in Inventory Management

Note 17 of the financial statements under other important disclosure notes disclosed an inventory closing balance of Kshs.16,551,985. However, the stock take report in support of the balance was not provided for audit review. In addition, Management uses the manual stores ledgers to manage inventories instead of setting up an inventory management system to be managed by head of procurement function.

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

6.0 Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.5,021,969 in respect of fees arrears as disclosed in Note 11 to the financial statements. Included in the balance is accounts receivable balance of Kshs.2,529,603 which had been outstanding for more than two (2) years without recovery or collections. However, there was no detailed ageing analysis and policy on the

impairment of long outstanding fees arrears casting doubt on full recoverability of the accounts receivables balance.

In the circumstances, the existence of effective mechanisms for debt management could not be confirmed.

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

Responsibilities of the Management and Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 April, 2026

Appendix I

Unreconciled Variance Between the Financial Statements and the Supporting Documents

Note to the Financial Statement	Financial Statement (Kshs.)	Supporting Schedule (Kshs.)	Variance (Kshs.)
Total Receipts	8,779,779	-	8,779,779
Note 5: Tuition Payments			
Laboratory Equipment	452,660	53,550	399,110
Internal Exams	10,600	-	10,600
Stationery	386,835	156,085	230,750
Note 6: Payments for Operations			
Personnel Emoluments	938,225	1,454,855	- 516,630
Administration Cost	472,070	764,925	- 292,855
Repairs And Maintenance & Improvements	786,735	320,855	465,880
Local Transport / Travelling	111,500	169,500	- 58,000
Electricity And Water	83,050	187,160	- 104,110
Sundry Creditors	-	264,380	- 264,380
Contra	-	70,000	- 70,000
Bank Charges	480	-	480
Note 7: Payments for School Fund			
Personnel Emoluments	108,760	170,300	- 61,540
Repairs And Maintenance & Improvements	39,400	71,100	- 31,700
Local Transport / Travelling	365,100	530,400	- 165,300

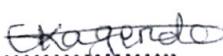
Note to the Financial Statement	Financial Statement (Kshs.)	Supporting Schedule (Kshs.)	Variance (Kshs.)
Electricity And Water	68,870	58,870	10,000
Administration Costs	373,595	274,795	98,800
Lunch Programme	2,658,115	2,258,555	399,560
Bank Charges	840	-	840
Expenses on income generating activities	3,620	-	3,620
Insurance	37,670	37,630	40
Sundry Creditors	-	262,300	- 262,300

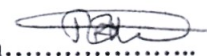
MAKANYANGA SECONDARY SCHOOL
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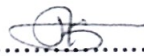
V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2021

DESCRIPTION OF VOTE HEAD	Note	2021
		Kshs
RECEIPTS		
Capitation grants for tuition	1	380393.25
Capitation grants for operations	2	2379221.05
School Fund Income- Parents' Contributions	3	5709805.00
School Fund Income- Other receipts	4	310360.00
Proceeds from borrowings		
TOTAL RECEIPTS		8779779.30
PAYMENTS		
Payments for Tuition	5	850455.00
Payments for operations	6	2398560.00
Boarding and school fund payments	7	3686470.00
TOTAL PAYMENTS		6935485.00
SURPLUS/DEFICIT		1844294.30

The school financial statements were approved on 11/4/26 2026 and signed by:

Sign.....
Name: CHARITY WILLIAM
(MS)

Sign.....
Name: JELITHA KAWIRA(MRS)

Sign.....
Name: MUNENE FRED

Chair BOM
Date: 11/4/26

School Principal/ Secretary to BOM
Date: 11/4/26

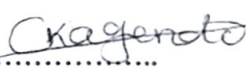
Bursar/ Finance Officer
Date: 11/4/26

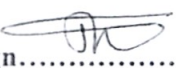
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VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2021

	Note	2021
		Kshs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances	8	459463.41
Cash Balances	9	2587.00
Short term Investment	10	
Total Cash and cash equivalent		<u>462050.41</u>
Account's receivables	11	5021969.00
TOTAL FINANCIAL ASSETS		5484019.41
FINANCIAL LIABILITIES		
Accounts Payables	12	1902480.00
NET FINANCIAL ASSETS		3581539.41
REPRESENTED BY		
Accumulated Fund b/fwd	13	1737245.11
Surplus/Deficit for the year		1844294.30
NET FINANCIAL POSSITION		3581539.41

The school financial statements were approved on 11/4/20 2026 and signed by:

Sign.....
Name: CHARITY WILLIAM
(MS)

Sign.....
Name: JELITHA KAWIRA(MRS)

Sign.....
Name: MUNENE FRED

Chair BOM
Date: 11/4/20

School Principal/ Secretary to BOM
Date: 11/4/20

Bursar/ Finance Officer
Date: 11/4/20

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021

		2021
		Kshs
Receipts for operating income		
Capitation grants for tuition		380393.25
Capitation grants for operations		2379221.05
School fund income- Parents contributions/ fees		3501471.00
School fund income- other receipts		310360.00
Total receipts		6571445.30
Payments		
Payments for Tuition		88445.00
Payments for operations		2146290.00
Boarding and school fund payments		3948770.00
Total payments		6183505.00
Net cash flow from operating activities		387940.30
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		387940.30
Cash and cash equivalent at BEGINNING of the year		74110.11
Cash and cash equivalent at END of the year		462050.41

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

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

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials						
Exercise books	400000.00		400000.00	42900.00	357100.00	10.72%
Laboratory equipment	600000.00		600000.00	230393.25	369606.75	38.39%
Internal exams	120000.00		120000.00	12000.00	108000.00	10.00%
Teaching / learning materials	180000.00		180000.00	52800.00	127200.00	29.33%
Chalks						
Exams and assessment	80000.00		80000.00	15000.00	65000.00	18.75%
Stationeries	420000.00		420000.00	27300.00	392700.00	6.5%
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	1500000.00		1500000.00	976321.05	523678.00	65.08%
Repairs and maintenance						
Local transport / travelling	200000.00		200000.00	120000.00	80000.00	60.0%
Electricity and water	120000.00		120000.00	90200.00	29800.00	75.1%
Medical	50000.00		50000.00	9000.00	41000.00	18.0%
Administration costs	850000.00		850000.00	520800.00	329200.00	61.27%
Infrastructure	1000000.00		1000000.00	550000.00	450000.00	55.0%
Activity	250000.00		250000.00	112900.00	137100.00	45.16%
Gratuity						

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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
SMASSE						
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	640000.00		640000.00	320000.00	320000.00	50.0%
Repairs and maintenance				116235.00	(116235.00)	
Bus project	296000.00		296000.00	285360.00	10640.00	96.40%
Local transport / travelling	1200000.00		1200000.00	600000.00	600000.00	50.0%
Electricity and water	200000.00		200000.00	170810.00	29190.00	85.40%
Insurance	156000.00		156000.00	78000.00	78000.00	50.0%
Administration costs	116380.00		116380.00	634180.00	520200.00	52.28%
Activity	71200.00		71200.00	36200.00	35000.00	50.84%
Lunch programme	4412024.00		4412024.00	3745380.00	666644.00	84.89%
Farm	75000.00		75000.00	25000.00	500000.00	33.33%
Fee on Boarding Equipment and Stores						
OTHER INCOME						
Rent income						
Income from farming activities						
Insurance compensation						
Income from Posho mill						
Income from Bus Hire						
Fee for hire of ground and equipment						
Interest income						
Income from any other investment						
TOTAL INCOME						
(1) EXPENDITURE FOR						

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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
<i>TUITION</i>						
Textbooks and reference materials						
Exercise books	400000.00		400000.00		400000.00	0.00%
Laboratory equipment	600000.00		600000.00	452660.00	147340.00	75.44%
Internal exams	120000.00		120000.00	10600.00	109400.00	8.83%
Teaching / learning materials	180000.00		180000.00		180000.00	0.00%
Chalks						
Exams and assessment	80000.00		80000.00		80000.00	0.00%
Stationeries	420000.00		420000.00	386835.00	33165.00	
Administration costs						
Bank Charges				360.00	(360.00)	0.00%
<i>(2) EXPENDITURE FOR OPERATIONS</i>						
Personnel emoluments	1500000.00		1500000.00	938225.00	561775.00	62.54%
Repairs, maintenance & improvements				786735.00	(786735.00)	0.00%
Local transport / travelling	200000.00		200000.00	111500.00	88500.00	55.45%
Electricity, water and conservancy	120000.00		120000.00	83050.00	36950.00	69.20%
Medical	50000.00		50000.00	6500.00	43500.00	13.0%
Administration costs	850000.00		850000.00	472070.00	377930.00	55.53%
Infrastructure	1000000.00		1000000.00		1000000.00	0.00%
Activity Expenses	250000.00		250000.00		250000.00	0.00%
Bank charges				480.00	(480.00)	0.00%
SMASSE						
<i>(3) EXPENDITURE FOR</i>						

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Receipt/expenses Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
	Kshs	Kshs			Kshs	Kshs
SCHOOL FUND						
Personnel emoluments	640000.00		640000.00	108760.00	531240.00	16.99%
Repairs, maintenance and improvements				39400.00	(39400.00)	0.00%
Local transport / travelling	1200000.00		1200000.00	365100.00	834900.00	30.42%
Electricity, water and conservancy	200000.00		200000.00	68870.00	131130.00	34.43%
Administration costs	1163380.00		1163380.00	373595.00	789785.00	32.11%
Lunch programme	4412024.00		4412024.00	2658115.00	1753909.00	60.24%
Gratuity						
Bus project	296000.00		296000.00		296000.00	0.00%
Activity	71200.00		71200.00	30500.00	40700.00	42.83%
Insurance	156200.00		156200.00	37670.00	118330.00	24.14%
Expenditure for Income Generating Activity	75000.00		75000.00	3620.00	71380.00	4.82%
Other expenses on investments						
Rent Expenses						
Bank Charges				840.00	(840.00)	0.00%
Loan Interest Repayment						
Loan Principal Repayment						
Acquisition of Assets						
TOTALS	13983604.00		13983604.00	6935485.00	7048119.00	x

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

- i. The school has only received 62.78% of the expected revenue from 1st January 2021 to 30th June 2021.
- ii. The school has only utilized 49.59% for the fees collected from 1st January 2021 to 30th June 2021

IX. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

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 2021.

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2021
	Kshs
Textbooks and reference materials	
Exercise books	42900.00
Laboratory equipment	230393.25
Internal exams	12000.00
Teaching / learning materials	52800.00
Chalks	
Exams and assessment	15000.00
Teachers guides	27300.00
Total	380393.25

2 CAPITATION GRANT FOR OPERATIONS

	2021
	Kshs
Personnel emoluments	976321.05
Repairs and maintenance	550000.00
Local transport / travelling	120000.00
Electricity and water	90200.00
Medical	9000.00
Administration costs	520800.00
Activity	112900.00
Total	2379221.05

3 PARENTS CONTRIBUTION/FEEs - SCHOOL FUND ACCOUNT

	2021
	Kshs
Personnel emoluments	320000.00
Repairs and maintenance	116235.00
Local transport / travelling	600000.00
Electricity and water	170810.00
Medical	3745380.00
Administration costs	643180.00
Activity	36200.00
Insurance	78000.00
Total	5709805.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2021
	Kshs
Bus Project	285360.00
Rent income	
Income from farming activities	25000.00
Insurance compensation	
Income from Posho mill	
Income from Bus Hire	
Fee for hire of ground and equipment	
Income from grants and donations*	
Interest income	
Dividends income	
Total	310360.00

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

5 PAYMENTS FOR TUITION

	2021
	Kshs
Textbooks and reference materials	
Exercise books	
Laboratory equipment	452660.00
Internal exams	10600.00
Teaching / learning materials	
Stationeries	386835.00
Exams and assessment	
Teachers guides	
Administration Costs	
Bank Charges	360.00
Total	850455.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2021
	Kshs
Personnel emoluments	938225.00
Service Gratuity	
Administration Cost	472070.00
Repairs and maintenance & improvements	786735.00
Local transport / travelling	111500.00
Electricity and water	83050.00
Medical	6500.00
Activity Expenses	
SMASSE	
Insurance Cost	
Bank Charges	480.00
Acquisition of Assets	
TOTAL	2398560.00

7 BOARDING AND SCHOOL FUND PAYMENTS

	2021
	Kshs
Personnel emoluments	108760.00
Service Gratuity	
Repairs and maintenance & Improvements	39400.00
Local transport / travelling	365100.00
Electricity and water	68870.00
Administration costs	373595.00
Administration costs	
Lunch Programme	2658115.00
Bank Charges	840.00
Expenses on Income Generating Activities	3620.00
Fee on Boarding Equipment and Stores	
Rent Expenses	
Insurance Cost (Life Property)	37670.00
Activity	30500.00
Loan Interest repayment	
Acquisition of Assets	
TOTAL	3686470.00

*Expenses on income generating activities** should include all costs relating to the school earnings on other receipts as recorded in note 4. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others.*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2021
		Kshs
Tuition Account	01139057838400	91932.40
Operations Account	01139057838401	132362.55
School Fund Account/Boarding	01134057838400	235168.46
Savings Account		
Parent Association Development Account		
Income generating activities Account		
Infrastructural Account	01139057838402	
Total		459463.41

9 CASH IN HAND

Description	2021
	Kshs
Tuition Account	
Operation Account	1516.00
School Fund account	1071.00
Total	2587.00

10 SHORT TERM INVESTMENTS

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2021
	Kshs
Fees arrears	5021969.00
Other non-fees receivables	
Salary advances	
Imprest	
Total	5021969.00

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

Description	2021
	Kshs
Fees arrears for current year	2219844.00
Fees arrears for the previous year	284032.00
Fees arrears for prior periods (over two years)	2529603.00
Less recoveries	11510.00
Total	5021969.00

12 ACCOUNTS PAYABLE

Description	2021
	Kshs
Trade creditors (See ageing below and appendix 1)	1902480.00
Prepaid fees	
Retention monies	
Total	1902480.00

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

Description	2021
	Kshs
Trade creditors for current year	1268060.00
Trade creditors for the previous year	1150500.00
Less creditor paid	516080.00
Total	1902480.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	2021
	Kshs
Bank balances	69187.11
Cash balances	4923.00
Short Term Investments	
Receivables	2813635.00
Payables	1150500.00
Total	1737245.11

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
	Kshs
Bank loan(s)	
Outstanding Leases	
Hire purchase	
Gratuity and leave provision	
Total	

15 Biological assets

Description	Numbers	2021
		Kshs
Pigs	5	150000.00
Goats	20	160000.00
Trees	100	200000.00
Coffee or tea plantation		
Donkeys	1	30000.00
Total		540000.00

16 Borrowings

Description	2021
	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
	KShs
b) Borrowings	
Stock/ inventory at beginning of the year	
Stock/ inventory purchased during the year	587350.00
Stock/ inventory issued during the year	587350.00
Balance at end of the year	0.00

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 2021	Outstanding Balance 2020	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Supply of goods						
1. Everest business supplies	155000.00	2020		155000.00		
2. Software for schools Kenya Ltd	172000.00	2020		172000.00		
3. Chuka Laboratory	399110.00	2021		399110.00		
4. Descania Machines	76050.00	2021		76050.00		
5. Deprimu General Supplies	362900.00	2021		362900.00		
6. Chakamwe Investments	430000.00	2021		430000.00		
7. Bookflyer Precise Publisher	165250.00	2020		165250.00		
8. Kenchu Bookshop	37000.00	2020		37000.00		
9. Eric Murithi	17730.00	2020		17730.00		
10. Gervasio Kiura	7440.00	2020		7440.00		
11. Pury Vision Stores	80000.00	2020		80000.00		
Sub-Total	1902480.00			1902480.00		
Supply of services						
12.						
13.						
14.						
Sub-Total	1902480.00			1902480.00		
Grand Total	1902480.00			1902480.00		

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1st July 2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2021
Land 1			1500000.00			1500000.00
Land 2						
Buildings and structures			14800000.00			14800000.00
Motor vehicles						
Office equipment, furniture and fittings			500000.00			500000.00
ICT Equipment, and Other ICT Assets			200000.00			200000.00
Tools and apparatus						
Textbooks			5000000.00			5000000.00
Other Machinery and Equipment						
Heritage and cultural assets						
Intangible assets- soft ware						
Total			22000000.00			22000000.00

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