

REPUBLIC OF KENYA



*Enhancing Accountability*

PARLIAMENT  
OF KENYA  
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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**ICACIRI SECONDARY SCHOOL**

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

THE PARLIAMENT OF KENYA PAPERS LAID	
DATE: 05 MAR 2025	
DAY: Wednesday	
TABLED	Hon. Naomi Wazir MP
<b>KIAMBU COUNTY</b>	
CLERK-AT THE-TABLE:	A. Shituko

Deputy Majority Party Whip

Whip





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**ICACIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

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

*Icaciri Secondary School*

**Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022**

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## II. 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 KIAMBU County, GATUNDU SOUTH Sub-County

The school was registered in 21/4/1983 under registration number H/A/418/83 and is currently categorized as a *County* public school established, owned or operated by the Government.

The school is a boarding school and had 489 of students as at 30<sup>th</sup> June 2022. It has 2 streams and 22 teachers of which 4 teachers are employed by the School Board of Management.

### (b) School Board of Management - Board Members

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

Ref:	Name of Board Member	Designation	Date of appointment
1	DR RUTH KAMUNYU	Chairman	12/05/2022
2	MARY KINUTHIA	Secretary - Principal	13/05/2022
3	DAVID MWIHIA	Member	12/05/2022
4	FRANCIS KARUGU	Member	12/05/2022
5	MARY WARIGIA	Member	12/05/2022
6	GEORGE KIBIRU	Member	12/05/2022
7	DR WAIRIMU MUOHI	Member	12/05/2022
8	BONFACE NGANGA	Member – Rep CEB	12/05/2022
9	ISAAC GICHUNA	Member Rep Teachers	12/05/2022
10	JOSEPH KARUGO	3 Members - Sponsor	12/05/2022
11	RUTH KAMAU	Member - Community	12/05/2022
12	ELIZABETH GITAU	Member Special Needs	12/05/2022
13	JOSPHINE NGAMINI	Rep Students	12/05/2022

**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	DAVID MWIHIA GEORGE KIBIRU DR RUTH KAMUNYU DAVID MWANIKI MARTHA MBUGUA	MEMBER MEMBER MEMBER MEMBER PRINCIPAL	2
2	Audit Committee	FRANCIS KARUGU JOSEPH KARUGO CAROLINE MUIBU DANIEL NGUGI	MEMBER MEMBER MEMBER MEMBER	2
3	Finance, procurement and general purposes Committee	GEORGE KIBIRU DAVID MWIHIA BONFACE NGANGA RACHAEL WANJIRU	MEMBER MEMBER MEMBER MEMBER	2
4	Academic Committee	RUTH NJERI DAVID MWANIKI DR RUTH KAMUNYU ELIZABETH GITAU	MEMBER MEMBER MEMBER MEMBER	2
5	Development Committee	GEORGE KIBIRU MARY WARIGIA DAVID MWANIKI MARY KINUTHIA	Chairperson Member Member Member	2

**Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022**

6	Discipline and welfare Committee	FRANCIS KARUGU JOSEPH KARUGO CAROLINE MUIBU DANIEL NGUGI	MEMBER MEMBER MEMBER MEMBER	
7	Adhoc Committee (if any during the year)	N/A		

**(d) School operation Management**

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

Ref:	Designation	Name	TSC Number
1	Principal	MARY W KINUTHIA	347351.
2	Deputy Principal	RUTH WAIRIMU MUTERU	372794.
3	School Bursar	PETER KARANJA	30079561.

**(e) Schools contacts**

Post Office Box: 66-01030  
 Telephone: 0781409000  
 E-mail: [Icacirischool@yahoo.com](mailto:Icacirischool@yahoo.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. Name of Bank: FAMILY BANK  
Branch: GATUNDU BRANCH  
Account Number: 004000002515.

2. Name of Bank: FAMILY BANK  
Branch: GATUNDU BRANCH  
Account Number: 004000016724.

3. Name of Bank: KCB BANK  
Branch: GATUNDU BRANCH  
Account Number: 1106754689

4. Name of Bank: FAMILY BANK  
Branch: GATUNDU BRANCH  
Account Number: 004000017602

(Ensure all bank accounts operated by the school are disclosed and that all Pay Bill Numbers are also disclosed)

**(g) Independent Auditors**

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

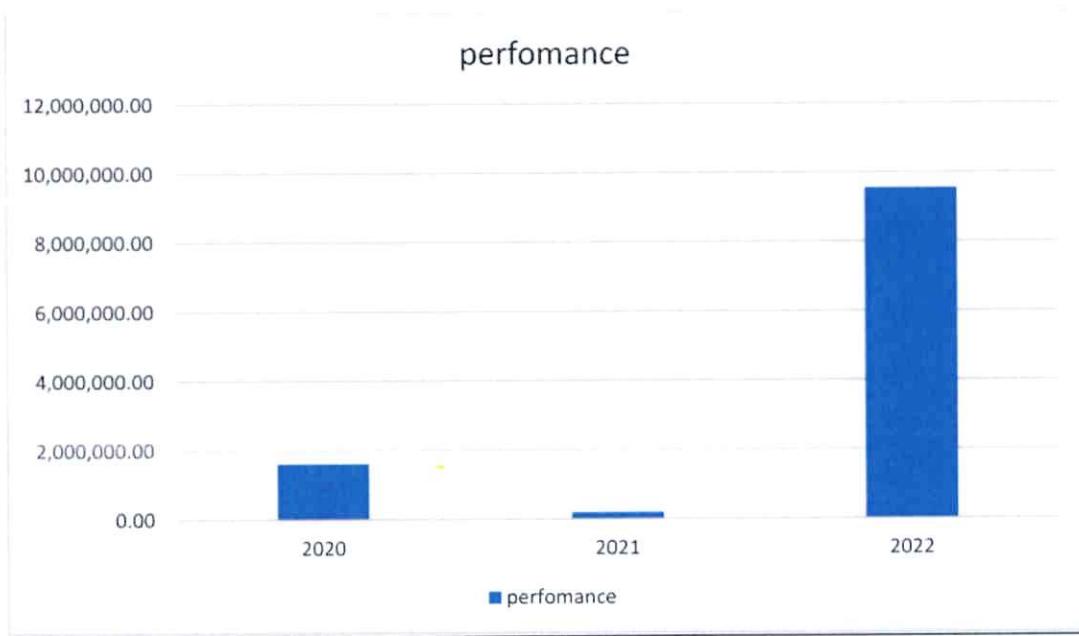
**III. Summary Report Of Performance Of The School**

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

a) **Financial performance:**

**Surplus/deficit.**

<u>year</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<i>School fund account</i>	2,109,874	(61,766.)	9,482,412
<i>Operation account</i>	(673,071)	403,045	449,843
<i>Tuition account</i>	182,013	(132,350)	(368,957)
<b><i>total</i></b>	<b>1,618,816</b>	<b>208,929</b>	<b>9,563,298</b>

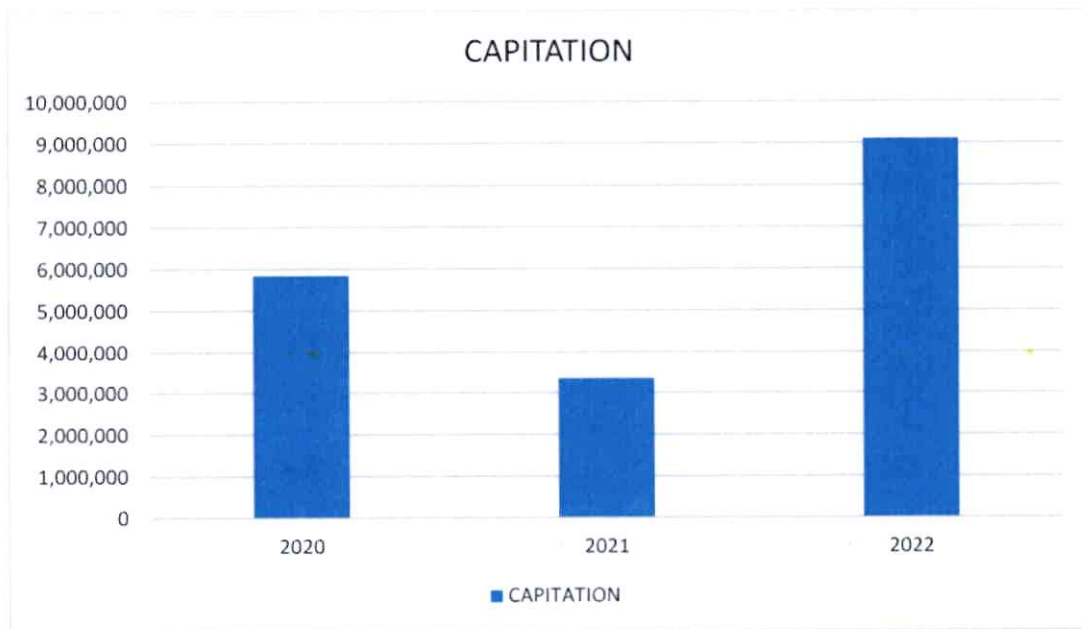


*Icaciri Secondary School*  
**Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022**

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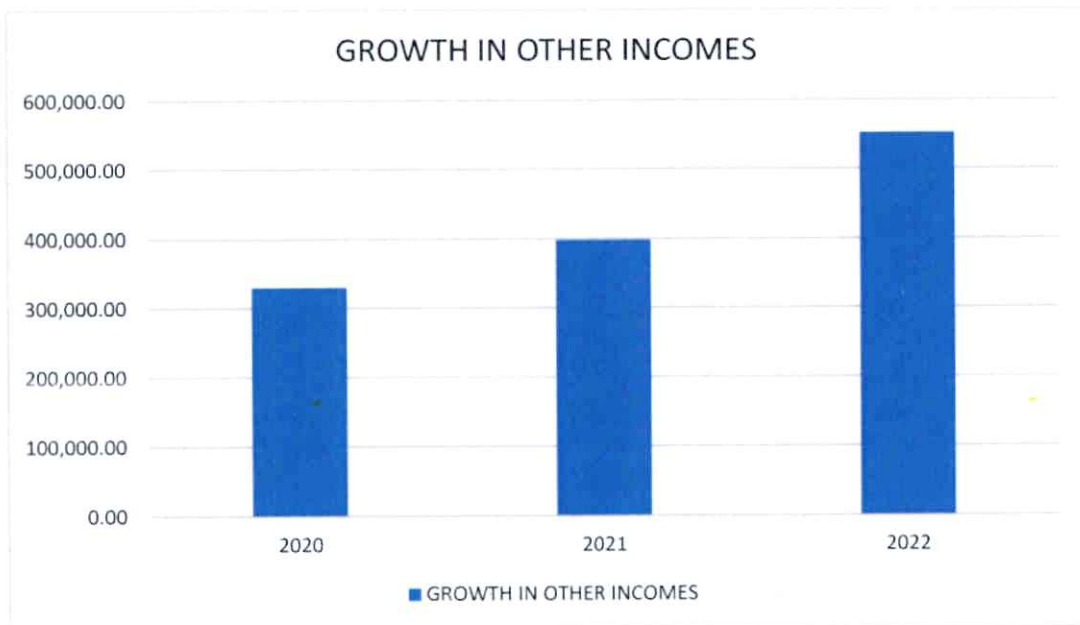
2.0 Capitation grant from M.O.E

<u>YEAR</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Operation</u>	5,055,200	2,950,679	7,407,148
<u>tuition</u>	805,237	412,309	1,706,843
<u>total</u>	<u>5,860,437</u>	<u>3,362,988</u>	<u>9,113,991</u>



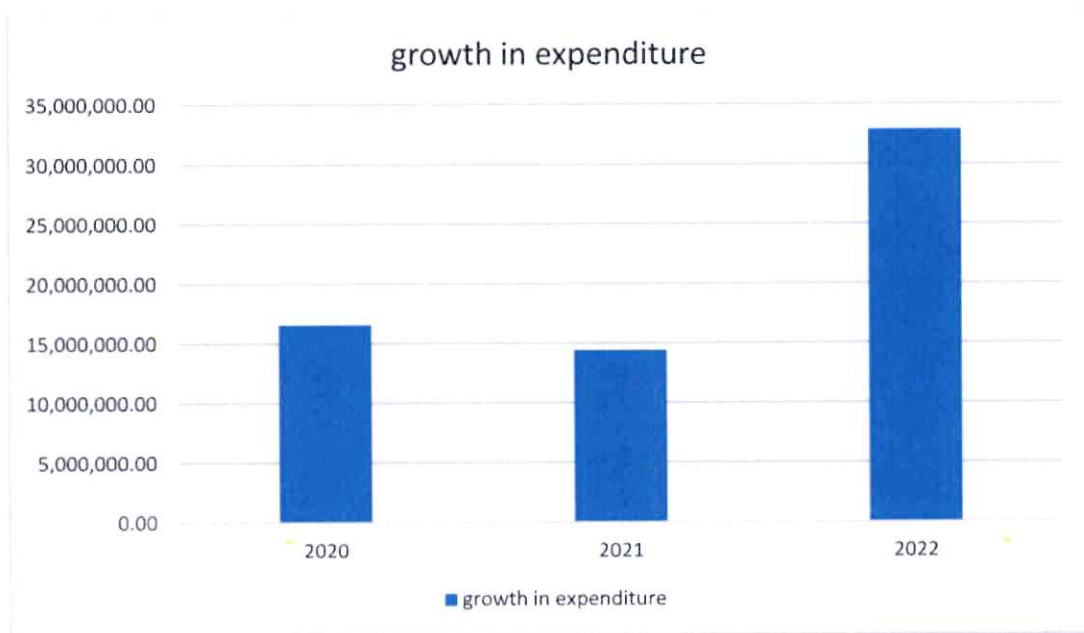
Growth in other incomes.

<i>year</i>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<i>Farm account</i>	331,035	399,028	526,150
<i>Tender income</i>	-	-	27,000
	<b>331,035</b>	<b>399,028</b>	<b>553,150</b>



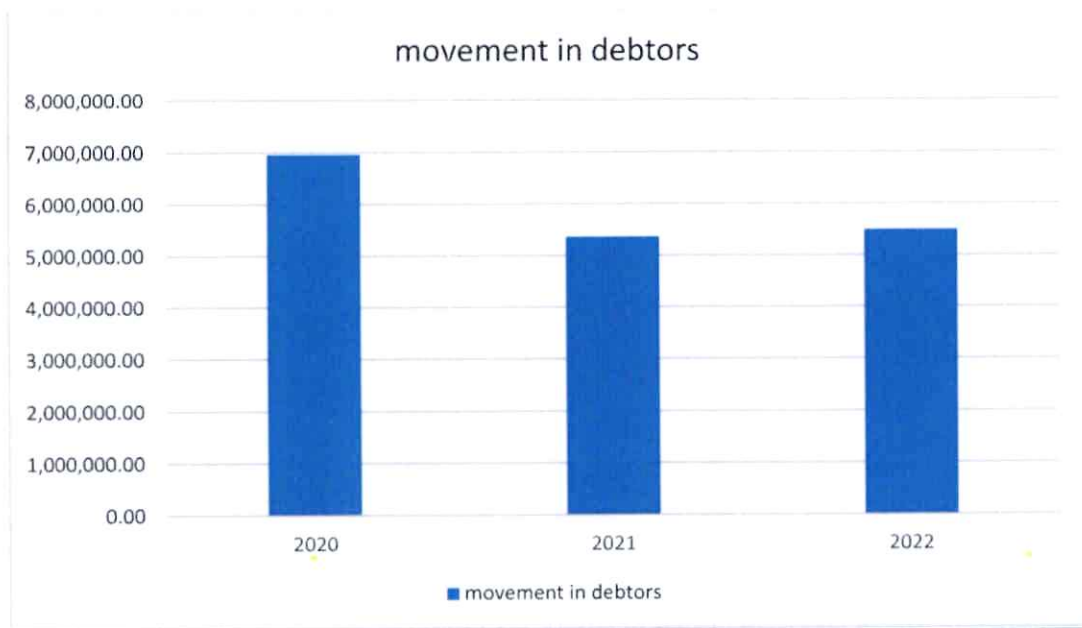
Growth in expenditure.

<i>year</i>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<i>School fund a/c</i>	10,147,850	11,363,627	23,893,062
<i>Operation a/c</i>	5,848,271	2,547,634	695,7306
<i>Tuition a/c</i>	623,174	544,659	2,075,800
<b>TOTAL</b>	<b>16,619,295</b>	<b>14,455,920</b>	<b>32,926,168</b>



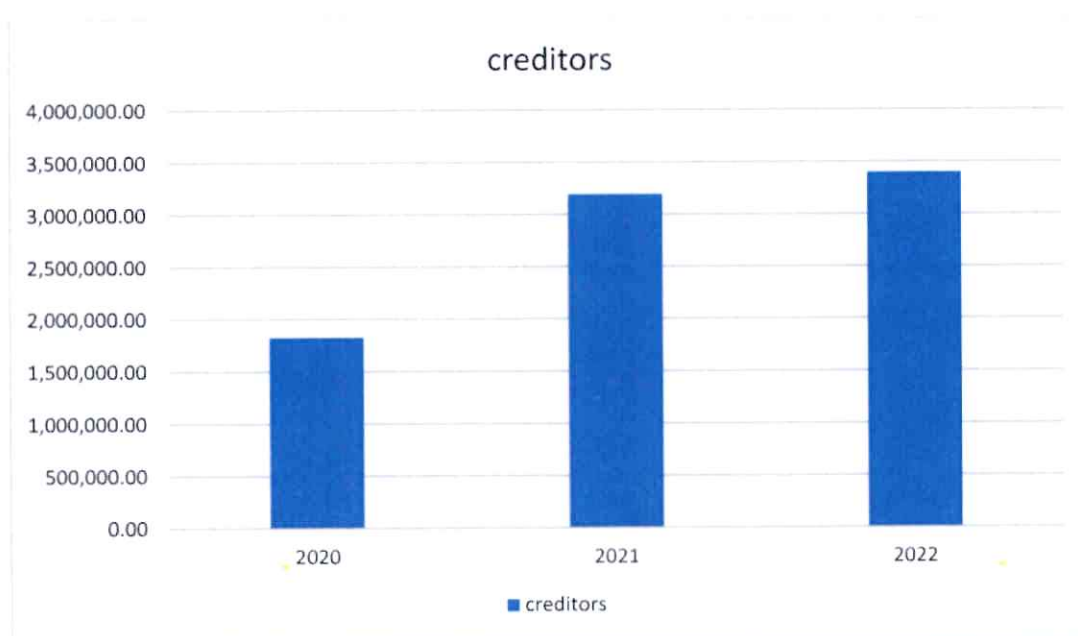
Movement in Debtors

<i>Year</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
<i>Debtors</i>	<i>6,968,531</i>	<i>5,368,762</i>	<i>5,503,534</i>



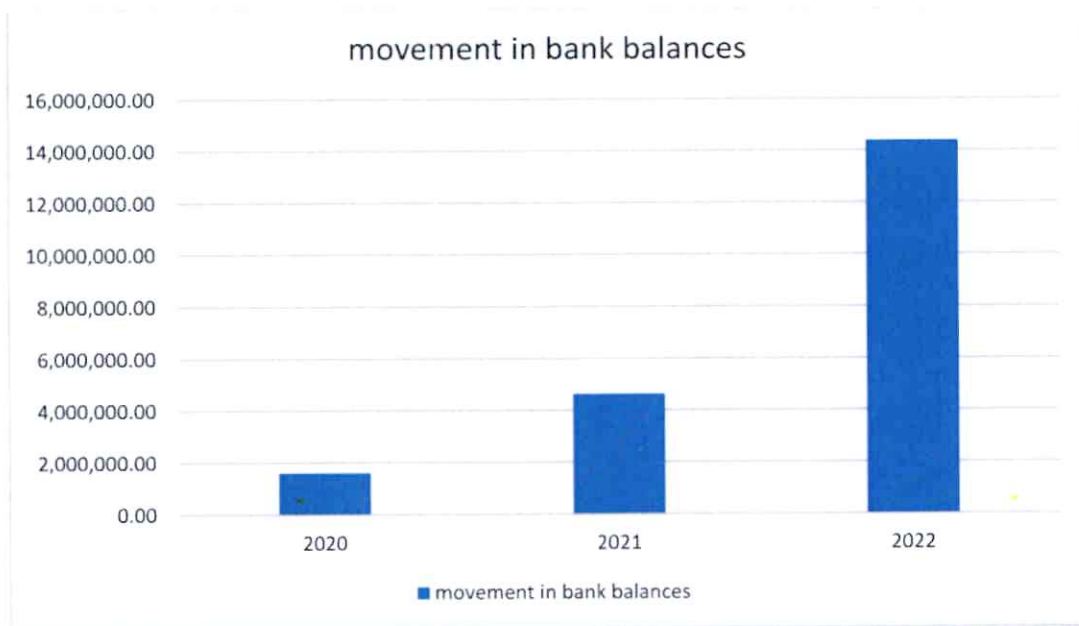
Movement in creditors

<i>year</i>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<i>School fund a/c</i>	964,520	2,456,163	2,555,256
<i>Operation a/c</i>	469,480	213,936	378,881
<i>Tuition a/c</i>	396,674	529,039	469,744
<b><i>TOTAL</i></b>	<b><u>1,830,674</u></b>	<b><u>3,199,138</u></b>	<b><u>3,403,881</u></b>



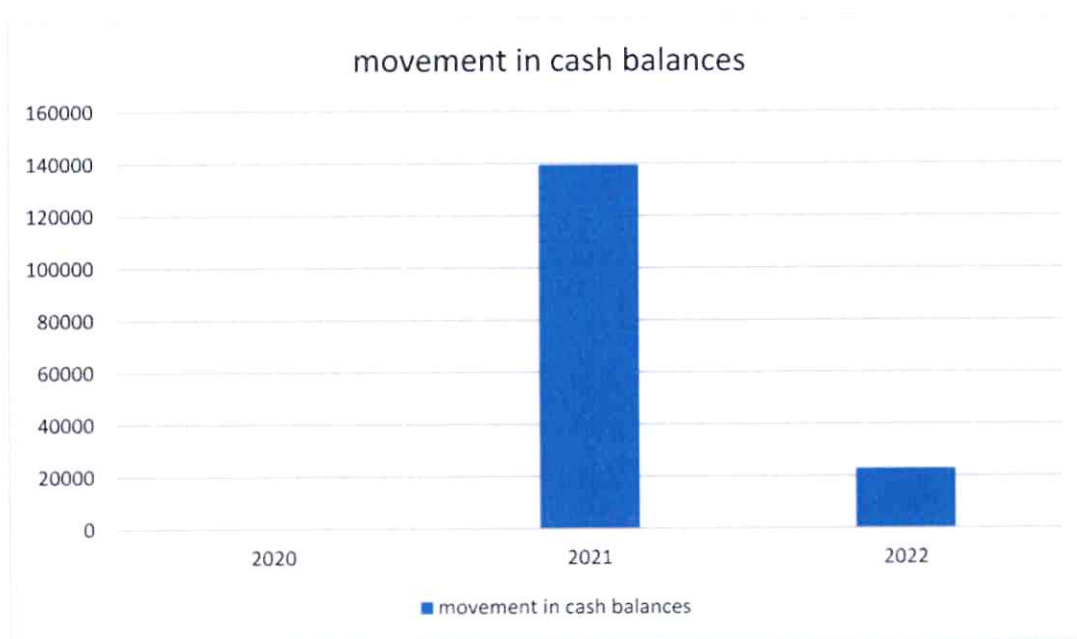
**Movement in bank balances**

<i>year</i>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
<i>School fund a/c</i>	317,372	3,087,316	10,477,712
<i>Tuition a/c</i>	358	3,176	472,121
<i>operation</i>	1,021,029	266,734	1,716,241
<i>infrastructure</i>	277,118	1,296,234	1,737,144
<b><i>TOTAL</i></b>	<b>1,615,876</b>	<b>4,653,460</b>	<b>14,403,218</b>



**Movement in cash balances**

<i>year</i>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<i>School fund a/c</i>	0.0	139,578	23,089
<i>Operation a/c</i>	-	-	
<i>Tuition a/c</i>	-	-	
<b>TOTAL</b>	-	<b>139,578</b>	<b>23,089</b>



b) **Teacher Student ratio:**

<i>teachers</i>	<i>tsc</i>	<i>bom</i>		<i>Ratio</i>
	18	4	22	1;22
<i>students</i>			489	
<i>Recruited teachers</i>	1			
<i>Transferred/retired</i>	2			
<b><u>SUBJECT.</u></b>		<b><u>TEACHERS.</u></b>		<b><u>SHORTAGE.</u></b>
<i>MATHS</i>		4		1
<i>ENGLISH</i>		2		1
<i>KISWAHILI</i>		2		1

GEOGRAPHY	3	0
BUSINESS STUDIES	2	0
CRE	2	1
HISTORY	2	1
BIOLOGY	2	1
PHYSICS	2	0
CHEMISTRY	3	0
AGRICULTURE	2	0
HOME SCIENCE	1	1

## c) Mean score in the 2022 KCSE:

d) Mean score	2020	2021	2022
mean	4.667	4.54	4.227
Proceeded to higher learning institutions.	71	72	90
Set score	5.0	5.0	5.5

We did not attain the set score.

## d) Number of Candidates in the 2022 KCSE:

No. of students	2020	2021	2022
	86	95	126

## e) Capacity of the school:

489 STUDENTS	4 DORMITORIES	Are adequate with the current population.
	1 DINING HALL	It's adequate with the current population.
	2 LABORATORIES	We are in need of biology lab.

	<i>35 TOILETS</i>	<i>They are adequate for the current population.</i>
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***Summary Report of the Performance of the School(Continued)***

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

<b><i>DEVELOPMENT PROJECT</i></b>	<b><i>FUNDS SOURCE</i></b>	<b><i>cost</i></b>	<b><i>STATUS</i></b>
<i>Ablution block</i>	<i>Government parents</i>	<i>1,031,776 185,955</i>	<i>complete</i>
<i>Kitchen construction</i>	<i>Government parents</i>	<i>1,576,095 27,300</i>	<i>ongoing</i>



.....  
**School Principal**

#### IV. Statement Of School Management Responsibility

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

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

The Board of Management of *Icaciri 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 30<sup>th</sup> June, 2022, and of the school's financial position as at that date.

.....  
Name: ESTHER MARIMA  
Designation: Chairman, School Board of Management  
Date: 01/2/24

.....  
Name: LDENE MAINA  
Designation: School Principal & Secretary to Board of Management  
Date: 9/6/2023

.....  
Name: PETER KARANJA  
Designation: Bursar/ Finance Officer  
Date: 9/6/2023

# 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 ICACIRI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – KIAMBU COUNTY**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Icaciri Secondary School – Kiambu County set out on pages 1 to 19, 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 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 Icaciri Secondary School – Kiambu County as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Biological Assets**

Note 15 to the financial statements reflects Kshs.356,000 in respect to biological assets as at 30 June, 2022. It was noted that five cattle were disclosed, however, there were no supporting documents including the tags, register showing historical costs and dates the cows were purchased.

In the circumstances, the accuracy of the biological assets could not be confirmed.

#### **2. Long Outstanding Accounts Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.5,503,534 as disclosed in Note 11 to the financial statements. However, included in the balance are receivables in respect to fees arrears amounting to Kshs.3,633,315 which had been outstanding for more than two (2) years.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.5,503,534 could not be confirmed.

#### **3. Non-Disclosure of Income from Bursaries/Scholarships**

It was observed that the school received bursaries from various National Government Constituencies Development Funds (NGCDF's) during the year under review. However, the list of all students issued with bursaries together with their admission numbers, status of the students whether active or dropped and acknowledgements by the School were not provided for audit review.

In the circumstances, the amount of money received as bursaries by the School during the year could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Icaciri Secondary School Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. 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 for the year ended 30 June, 2022 reflects final receipts budget and actual on comparable basis of Kshs.33,249,680 and Kshs.42,489,466 respectively resulting to an overfunding of Kshs.9,239,786 or 28% of the budget. However, the School spent Kshs.32,926,168 against actual revenue of Kshs.42,489,466 resulting to a net under expenditure of Kshs.9,563,298 or 23% of the receipts.

The under-expenditure may have affected planned activities and may have impacted negatively on operations of the School.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

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

#### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

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). The Principal has not signed progress on auditors recommendations.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack of relevant information may affect users' reliance on the financial statements for decision making.

#### **2. Non-Adherence to School Fees Guidelines**

The statement of receipts and payments and as disclosed in Note 3 to the financial statements for the year ended 30 June, 2022 reflects Kshs.32,822,324 in respect to school fund income - parents contributions which further includes Kshs.5,173,520 for income from parents association. The income from P. A are fees paid by parents for parent's association projects. However, the levies were deviations from the school fees structure issued by the Ministry of Education (MoE) as detailed below;

<b>Class</b>	<b>Term 1 Fees (Kshs)</b>	<b>Term 2 Fees (Kshs)</b>	<b>Term 3 Fees (Kshs)</b>	<b>Annual Fees Charged (Kshs)</b>	<b>Fees as per MoE Guidelines (Kshs)</b>	<b>Variance (Kshs)</b>
Form 1	20,265	12,145	8,125	40,535	35,000	5,535
Form 2	20,265	12,145	8,125	40,535	35,000	5,535
Form 3	20,265	12,145	8,125	40,535	35,000	5,535
Form 4	20,265	12,145	8,125	40,535	35,000	5,535

No written authority was provided from the Cabinet Secretary to allow the Management to charge an extra amount of Kshs.5,535. The Management therefore acted contrary to Regulation 45 of the Basic Education Regulations, 2015 which states that no person or Board of Management in a public institution of basic education and training shall alter or increase fees without written authority from the Cabinet Secretary.

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 reflects payment for operations amount of Kshs.6,957,306 and as disclosed in Note 6 to the financial statements. Included in the expenditure is an amount of Kshs.401,500 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 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.401,500 could not be confirmed.

#### **4. Late Submission of Financial Statements for Audit**

During the year under review, Management submitted the financial statements to the Auditor-General on 26 June, 2023 instead of the statutory deadline of 30 September, 2022. This was contrary to the Ministry of Education circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be ready by 30 September, 2022 in compliance with Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

#### **5. Failure to Transfer Infrastructure Funds from Operational Bank Account**

The statement of receipts and payments reflects operations grants amount of Kshs.7,407,148 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.2,371,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, only Kshs.1,400,000 was transferred to infrastructure account, leaving a balance of Kshs.971,000 as at 30 June, 2022. This was contrary to The Ministry of Education Circular Ref: No.MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

#### **6. Failure to Prepare School Improvement Plan**

During the year under review, the School did not have an approved School Improvement Plan, contrary to Section 2.2 of the Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which 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.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### 1. Lack of Authority for Approving Rates for Board Allowances

The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects Kshs.23,893,062 in respect to boarding and school fund payments which further includes Kshs.219,000 paid to Board members. However, no evidence was provided to show that the rate used to pay the Board allowances had been approved as required under Section 14 of the Basic Education Act, 2013 which provides that Members of a Board of Management shall be paid in respect of their services such allowances as the Board of Management shall, with the approval of the Cabinet Secretary, determine.

In the circumstances, the regularity of the expenditure amounting to Kshs.219,000 could not be confirmed.

#### 2. Lack of an Approved Salary Structure and Scheme of Service

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects Kshs.6,957,306 in respect to payment for operations which further includes Kshs.2,324,797 in respect to personnel emoluments. However, review of the payment vouchers and payrolls for the entire year revealed that the Management had not developed and approved a salary structure for the staff showing how much each employee should be paid based on how long the employee has worked at the School, their rank, merit and the type of work they do. In addition, the School did not have an approved staff establishment

Further, the School had not developed an approved scheme of service for Board of Management teachers with a well-defined job description and standards for recruitment.

In the circumstances, the regularity and validity of the expenditure could not be confirmed.

### **3. Lack of Recoverability Policy on Trade Receivables**

It was observed that the School had not developed a recoverability policy on trade receivables approved by the Board. It was therefore not possible to confirm how the School intended to recover the fee arrears of Kshs.5,503,534 or the course of action the Management had put in place in recovering the said fee arrears.

In the circumstances, the recoverability of the outstanding balances could not be confirmed.

### **4. Failure to Conduct Quarterly and Annual Stock Take**

Note 17 to the financial statements reflects a balance of Kshs.778,246 in respect to stock/inventory. However, quarterly and annual stock take was not conducted as envisaged in Section 162(2) of the Public Procurement and Asset Disposal Act, 2015.

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

### **5. Unsupported Text books**

Audit of the textbooks carried out in June, 2024 revealed the following anomalies;

#### **a) Lack of Text Books Register and Text Book Management Policy**

It was observed that the School did not keep up to date text books register both in hard and soft copy, contrary to Regulation 140 of the Public Finance Management (National Government) Regulations, 2015 which requires that an Accounting Officer should be responsible for the proper custody, care and use of Government inventories under their control.

#### **b) Students to Text Book Ratio**

It was not possible to establish the number of text books issued to the students, the lost text books and those in the library in the financial year 2021/2022. Further, the students to textbook ratio could not be confirmed.

### **6. Lack of a Risk Management Policy**

Review of records maintained by the School revealed that Management had not developed a Risk Management Policy, including Fraud Management Policy to guide Management and the Board in dealing with instances of fraud or record falsification.

In the circumstances, the effectiveness of strategies instituted by Management to attain strategic, operational, reporting and compliance objectives could not be confirmed.

## **7. Lack of Data Backup System**

Review of the records revealed that Management failed to secure a backup location to protect data from the risk of loss thus putting the School's data and information at great risk of loss in the event of a disaster or malicious damage. In addition, the School lacked policies on ICT and disaster and recovery which are vital in effective and efficient management of the School's IT resources.

In the circumstances, the security of the School's data to safeguard confidential, financial and operational information could not be confirmed.

## **8. Payments of School Fees to the Infrastructure Bank Account**

Review of the infrastructure bank account statements for the year ended June, 2022 revealed that Kshs.105,265 was credited to the account held at Kenya Commercial Bank being fees from several students. This was contrary to Ministry of Education Circular which states that the School Infrastructure Bank Account is for banking Infrastructure Grants from GoK and Maintenance and Improvements (M&I) Funds. Further, evidence that the Kshs.105,265 was transferred to the School's boarding account for proper utilization was not provided for audit review.

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

## **9. Failure to Open a Bank Account for Income Generating Activities**

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects Kshs.553,150 in respect to school fund income - other receipts which includes Kshs.526,150 in respect to income from farming activities and Kshs.27,000 for tender income all totaling to Kshs.553,150. It was noted that the funds from the income-generating activities were banked at the school fund/boarding accounting. This was contrary to Ministry of Education Circular which states that schools with income generating activities shall open separate bank accounts for the same.

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

## **10. Disposal of Biological Assets**

Review of the records for disposal of cows revealed the following anomalies;

- i. Three (3) cows were disposed in the year ended 30 June, 2022. However, the School did not form a disposal committee contrary to Section 163(1) of the Public Procurement and Asset Disposal Act, 2015 which require an accounting officer to establish a disposal committee as and when prescribed for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets. It was therefore not possible to confirm how the verification and processing of all disposal recommendations was done in the absence of the committee.

- ii. The School did not involve a technical expert from the relevant ministry to set up a reserve price as required. Therefore, the School acted contrary to Section 164(5) of the Public Procurement and Asset Disposal Act, 2015 which requires the Accounting Officer to disclose the reserve price to the prospective tenderers based on the technical report and prices set under subsection (3) of this section.
- iii. There was no written communication from the person in charge of the biological assets on the need to dispose the cows. In the absence of the said communication, it was not possible to confirm how the School came up with a decision to dispose the said cows. This was contrary to Section 164(1) of Public Procurement and Asset Disposal Act, 2015, which requires the employee in charge of unserviceable, obsolescent, obsolete or surplus assets to bring the matter to the attention of the disposal committee through the head of procurement function.

## **11. Summary of Fixed Asset Register**

### **11.1 Lack of Ownership Documents**

The summary of fixed assets register for the year ended 30 June, 2022 reflects nil balance on two pieces of land (Land 1 and Land 2) and Kshs.3,700,000 for motor vehicle. The same register does not indicate the acreages, locations, and cost and title numbers. Further, review of the documents provided revealed that the School was in the process of acquiring the land titles. However, the title documents had not been obtained as at the time of audit in June, 2024.

In the circumstances, the ownership of the land and motor vehicle could not be confirmed.

### **11.2 Disclosure of Assets**

The fixed assets register which was provided for audit review lacked the information on the cost, date purchased, asset coding, location and serial numbers of the assets.

In the circumstances, the ownership and valuation of the assets could not be confirmed.

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

## **Responsibilities of Management and those Charged with Governance**

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

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public resources are applied in an effective way.

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

23 January, 2025

*Icaciri Secondary School*  
**Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**VI. Statement Of Receipts And Payments Period To 30<sup>th</sup> June 2022**

Description Of Vote Head	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Receipts</b>			
Capitation grants for tuition	1	1,706,843	412,309
Capitation grants for operations	2	7,407,148	2,950,679
School fund income- parents' contributions	3	32,822,324	10,902,833
School fund income- other receipts	4	553,150	399,028
Proceeds from borrowings		-	-
<b>Total Receipts</b>		<b>42,489,466</b>	<b>14,664,849</b>
<b>Payments</b>			
Payments for tuition	5	2,075,800	544,659.0
Payments for operations	6	6,957,306	2,547,634.0
Boarding and school fund payments	7	23,893,062	11,363,627.0
<b>Total Payments</b>		<b>32,926,168</b>	<b>14,455,920</b>
<b>Surplus/Deficit</b>		<b>9,563,298</b>	<b>208,929</b>

The school financial statements were approved on 9/6/2023 and signed by:

ENM.....

Name: ESTHER  
MARIMA  
 Chair BOM

Date: 01/2/24

UCCDaria.....

Name: IRENE MAMBA  
 School Principal/ Secretary to  
 BOM

Date: 9/6/2023

Peter.....

Name: PETER HARANJA  
 Bursar/ Finance Officer

Date: 9/6/2023

VII. Statement Of Financial Assets And Financial Liabilities As At 30<sup>th</sup> June 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	8	14,403,218	4,653,460
Cash balances	9	23,089	139,578.0
Short term investment	10	-	-
<b>Total cash and cash equivalent</b>		<b>14,426,307</b>	<b>4,793,038</b>
Account's receivables	10	5,503,534	5,368,762
<b>Total financial assets</b>		<b>19,929,841</b>	<b>10,161,800.</b>
<b>Financial liabilities</b>			
Accounts payables	11	(3,403,881)	(3,199,138.0)
<b>Net financial assets</b>		<b>16,525,960</b>	<b>6,962,662</b>
<b>Represented by</b>			
Accumulated fund b/fwd	12	6,962,662	6,753,733
Surplus/deficit for the year		9,563,298	208,929
<b>Net financial position</b>		<b>16,525,960</b>	<b>6,962,662</b>

The school's financial statements were approved on 9/6/2023 and signed by:

EWM .....

Name: ESTHER MARIAM

Chair BOM

Date: 01/2/24

Idene Oparua .....

Name: IDENE OPARUA  
School Principal/ Secretary to BOM

Date: 9/6/2023

Peter Baransa .....

Name: PETER BARANSA  
Bursar/ Finance Officer

Date: 9/6/2023

VIII. Statement of Cash Flows for The Period Ended 30<sup>th</sup> June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Operating activities</b>			
<b>Receipts</b>			
Capitation grants for tuition	1	1,706,843	412,309
Capitation grants for operations	2	7,407,148	2,950,679
School fund income- parents contributions/ fees	3	32,822,324	10,902,833
School fund income- other receipts	4	553,150	399,028
<b>Total receipts</b>		<b>42,489,466</b>	<b>14,664,849</b>
<b>Payments</b>			
Payments for tuition	5	2,075,800	544,659
Payments for operations	6	4,079,106	2,390,730
Boarding and school fund payments	7	23,893,062	11,363,627
<b>Total payments</b>		<b>30,047,968</b>	<b>14,299,016</b>
<b>Net cash flow from operating activities</b>		<b>12,441,498</b>	<b>365,833</b>
Adjusted			
<b>Changes in receivables</b>		(134,772)	1,599,769
<b>Changes in payables</b>		204,743	1,368,464
<b>Cashflow from investing activities</b>			
Proceeds from sale of assets		-	-
Acquisition of assets		(2,878,200)	(156,904)
Proceeds from investments		-	-
Purchase of investments		-	-
<b>Net cash flows from investing activities</b>		<b>(2,878,200)</b>	<b>(156,904)</b>
<b>Cashflow from borrowing activities</b>			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>9,633,269</b>	<b>3,177,162</b>
<b>Cash and cash equivalent at beginning of the year</b>		<b>4,793,038</b>	<b>1,615,876</b>
<b>Cash and cash equivalent at end of the year</b>		<b>14,426,307</b>	<b>4,793,038</b>

IX. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30<sup>th</sup> 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
<b>Receipts</b>						
<b>(1) Capitation Grant on Tuition</b>						
Textbooks And Reference Materials	-	-	-	-	-	-
Exercise Books	-	-	-	-	-	-
Laboratory Equipment	-	-	-	-	-	-
Internal Exams	-	-	-	-	-	-
Teaching / Learning Materials	1,947,680	-	1,947,680	1,706,843	240,837	88%
Chalks	-	-	-	-	-	-
Exams And Assessment	-	-	-	-	-	-
Teachers Guides	-	-	-	-	-	-
<b>(2) Capitation Grant on Operations</b>						
Personnel Emoluments	1,927,000	-	1,927,000	2,674,525	(747,525)	139%
Repairs And Maintenance	2,350,000	-	2,350,000	2,587,000	(237,000)	110%
Local Transport / Travelling	869,500	-	869,500	131,261	738,239	15%
Electricity And Water	752,000	-	752,000	526,583	225,417	70%
Medical	940,000	-	940,000	509,083	430,917	54%
Administration Costs	869,500	-	869,500	395,772	473,728	46%
Activity	705,000	-	705,000	487,124	217,876	69%
Gratuity	-	-	-	-	-	-
Smasse	94,000	-	94,000	95,800	(1,800)	102%
<b>(3) Fees Charged on Parents</b>						
Personnel Emoluments	2,350,000	-	2,350,000	4,481,078	(2,131,078)	191%
Repairs And Maintenance	940,000	-	940,000	1,638,297	(698,297)	174%

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
Local Transport / Travelling	1,175,000	-	1,175,000	559,532	615,468	48%
Electricity And Water	784,900	-	784,900	2,568,580	(1,783,680)	327%
Medical	-	-	-	61,081	(61,081)	-
Administration Costs	1,175,000	-	1,175,000	1,954,282	(779,282)	166%
Activity	235,000	-	235,000	351,630	(116,630)	150%
Smasse	-	-	-	-	-	-
Fee On Boarding Equipment and Stores	9,790,100		9,790,100	16,034,324	(6,244,224)	164%
<i>P.A Project</i>	6,345,000		6,345,000	5,173,520	1,171,480	82 %
<b>Other Income</b>						
Rent Income	-	-	-	-	-	-
Income From Farming Activities	-	-	-	526,150	(526,150)	-
Tender	-	-	-	27,000	(27,000)	-
Income From Posho Mill	-	-	-	-	-	-
Income From Bus Hire	-	-	-	-	-	-
Fee For Hire of Ground And Equipment	-	-	-	-	-	-
	-	-	-	-	-	-
Income From Any Other Investment	-	-	-	-	-	-
<b>Total Income</b>	<b>33,249,680</b>		<b>33,249,680</b>	<b>42,489,466</b>	<b>(9,239,785)</b>	<b>128%</b>
<b>(I) Expenditure For Tuition</b>						
Textbooks And Reference Materials	-	-	-	-	-	-
Exercise Books	-	-	-	-	-	-
Laboratory Equipment	-	-	-	-	-	-
Internal Exams	-	-	-	-	-	-
Teaching / Learning Materials	1,947,680		1,947,680	2,075,800	(128,120)	107%
Chalks	-	-	-	-	-	-
Exams And Assessment	-	-	-	-	-	-
Teachers Guides	-	-	-	-	-	-
Administration Costs	-	-	-	-	-	-

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
Bank Charges	-	-	-	-	-	
<b>(2) Expenditure For Operations</b>						
Personnel Emoluments	1,927,000	-	1,927,000	2,324,797	(397,797)	121%
Repairs, Maintenance & Improvements	2,350,000	-	2,350,000	2,878,200	(528,200)	123%
Local Transport / Travelling	869,500	-	869,500	48,000	821,500	6%
Electricity, Water and Conservancy	752,000	-	752,000	511,140	240,860	68%
Medical	940,000	-	940,000	437,589	502,411	47 %
Administration Costs	869,500	-	869,500	259,700	609,800	30 %
Activity Expenses	705,000	-	705,000	409,880	295,120	58%
Gratuity	-	-	-	88,000	(88,000)	-
Smasse	94,000	-	94,000	-	94,000	-
<b>(3) Expenditure For School Fund</b>						
Personnel Emoluments	2,350,000	-	2,350,000	316,806	2,033,194	14%
Repairs, Maintenance and Improvements	940,000	-	940,000	1,462,794	(522,794)	156%
Local Transport / Travelling	1,175,000	-	1,175,000	1,456,224	(281,224)	124%
Electricity, Water and Conservancy	784,900	-	784,900	974,967	(190,067)	124%
Medical Expenses	-	-	-	196,292	(196,292)	-
Administration Costs	1,175,000	-	1,175,000	1,699,153	(524,153)	145%
Activity	235,000	-	235,000	192,857	42,143	82%
Gratuity	-	-	-	-	-	-
Bom teachers	-	-	-	685,400	(685,400)	-
Boarding Equipment and Stores	9,790,100	-	9,790,100	14,709,869	(4,919,769)	150%

**Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022**

<b>Receipt/Expenses Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Expenditure For Income Generating Activity-farm	-	-	-	483,640	(483,640)	-
Insurance Costs	-	-	-	-	-	-
Tender expenses	-	-	-	18,000	(18,000)	-
P.A project	6,345,000	-	6,345,000	1,697,060	4,647,940	27.0%
Bank Charges	-	-	-	-	-	-
Loan Interest Repayment	-	-	-	-	-	-
Loan Principal Repayment	-	-	-	-	-	-
Acquisition Of Assets	-	-	-	-	-	-
<b>Totals</b>	<b>33,249,680</b>	<b>=</b>	<b>33,249,680</b>	<b>32,926,168</b>	<b>323,513</b>	<b>99.0%</b>

*The financial year had 4 terms as compared to normal financial year. The increase in revenue collected is due to an increased term to recover lost time during 2020 pandemic.*

**X. 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 30<sup>th</sup> June 2022.

**XI. Notes To The Financial Statements****1 Capitation Grant for Tuition**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Textbooks And Reference Materials	-	-
Exercise Books	-	-
Laboratory Equipment	-	-
Internal Exams	-	-
Teaching / Learning Materials	1,706,843	412,309
Chalks	-	-
Exams And Assessment	-	-
Teachers Guides	-	-
<b>Total</b>	<b>1,706,843</b>	<b>412,309</b>

**2 Capitation Grant for Operations**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel Emoluments	2,674,525	880,299
Repairs And Maintenance	2,587,000	1,526,500
Local Transport / Travelling	131,261	146,895
Electricity And Water	526,583	231,268
Medical	509,083	-
Administration Costs	395,772	165,718
Smasse	95,800	-
Activity	487,124	-
<b>TOTAL</b>	<b>7,407,148</b>	<b>2,950,680</b>

**3 Parents Contribution/Fees - School Fund Account**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel emoluments	4,481,078	1,200,564
Repairs and maintenance	1,638,297	496,508
Local transport / travelling	559,532	233,499
Electricity and water	2,568,580	805,608
Medical	61,081	-
Administration costs	1,954,282	384,207
Activity	351,630	90,648

Description	2021-2022	2020-2021
	Kshs	Kshs
Fee On Boarding Equipment and Stores	16,034,324	4,993,111
Parents Association project	5,173,520	2,698,688
<b>Total</b>	<b>32,822,324</b>	<b>10,902,833</b>

## Notes To The Financial Statements (Continued)

## 4 Other Receipts – School Fund Account

Description	2021-2022	2020-2021
	Kshs	Kshs
Tender income	27,000	-
Income From Farming Activities	526,150	399,028
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	-	-
<b>Total</b>	<b>553,150</b>	<b>399,028</b>

## 5 Payments For Tuition

Description	2021-2022	2020-2021
	Kshs	Kshs
Textbooks And Reference Materials	-	-
Exercise Books	-	-
Laboratory Equipment	-	9,000
Internal Exams	-	-
Teaching / Learning Materials	2,075,800	529,039
Chalks	-	-
Exams And Assessment	-	6,500
Teachers Guides	-	-
Administration Costs	-	120
Bank Charges	-	-
<b>Total</b>	<b>2,075,800</b>	<b>544,659</b>

**Notes To The Financial Statements (Continued)****6 Payments For Operations**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel Emoluments	2,324,797	1,350,266
Service Gratuity	88,000	472,465
Administration Cost	259,700	53,360
Repairs And Maintenance & Improvements	-	43,615
Local Transport / Travelling	48,000	-
Electricity And Water	511,140	162,640
Medical	437,589	308,384
Activity Expenses	409,880	-
Smasse	-	-
Insurance Cost	-	-
Bank Charges	-	-
Acquisition Of Assets	2,878,200	156,904
<b>Total</b>	<b>6,957,306</b>	<b>2,547,634</b>

**Notes To The Financial Statements (Continued)****7 Boarding And School Fund Payments**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel Emoluments	316,806	135,440
Service Gratuity	-	528,870
Repairs And Maintenance & Improvements	1,462,794	579,736
Local Transport / Travelling	1,456,224	697,895
Electricity And Water	974,967	285,375
Medical Expenses	196,292	164,858
Administration Costs	1,699,153	723,604
Activity	192,857	145,378
Bom teachers	685,400	104,400
Expenses On Income Generating Activities-tender	18,000	-
Fee On Boarding Equipment and Stores	14,709,869	6,291,546
Parents association	1,697,060	1,465,115
Farm account	483,640	241,410
Loan Principal Repayment	-	-
Loan Interest Repayment	-	-
Acquisition Of Assets	-	-
<b>Total</b>	<b><u>23,893,062</u></b>	<b><u>11,363,627</u></b>

## Notes To The Financial Statements (Continued)

## 8 Bank Accounts

Name Of Bank, Account No. & Currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account	004000016724	472,121	3,176
Operations Account	004000017602	1,716,241	266,734
School Fund Account/Boarding	004000002515	10,477,712	3,087,316
Savings Account	-	-	-
Parent Association Development Account	-	-	-
Income Generating Activities Account	-	-	-
Infrastructural Account	1106754689.	1,737,144	1,296,234
<b>Total</b>		<b>14,403,218</b>	<b>4,653,460</b>

## 9 Cash In Hand

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Account	-	-
Operation Account	-	-
School Fund account	23,089	139,578
<b>Total</b>	<b>23,089</b>	<b>139,578</b>

## 10 Short Term Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Cooperative Shares		-
Treasury Bills	-	-
Fixed Deposit	-	-
Equity Stock	-	-
Other Investments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Notes To The Financial Statements (Continued)**

**11 Accounts Receivable**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Fees Arrears	5,499,634	5,358,762
Other Non-Fees Receivables	3,900	-
Salary Advances	-	10,000
Imprest	-	-
<b>Total</b>	<b>5,503,534</b>	<b>5,368,762</b>

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Fees Arrears For Current Year	1,866,319	788,782
Fees Arrears For The Previous Year	-	410,224
Fees Arrears For Prior Periods (Over Two Years)	3,633,315	4,159,756
<b>Total</b>	<b>5,499,634</b>	<b>5,358,762</b>

**12 Accounts Payable**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade Creditors (See Ageing Below and Appendix 1)	2,183,827	2,329,873
Prepaid Fees	1,174,934	831,645
Retention Monies	43,620	37,620
Bursary	1,500	-
<b>Total</b>	<b>3,403,881</b>	<b>3,199,138</b>

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade Creditors for Current Year	2,181,023	2,327,069
Trade Creditors for The Previous Year	-	2,804
Trade Creditors for Prior Periods (Over Two Years)	2,804	-
<b>Total</b>	<b>2,183,827</b>	<b>2,329,873</b>

**Notes To The Financial Statements (Continued)**

**13 Fund Balance Brought Forward**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank Balances	4,653,460	1,615,876
Cash Balances	139,578	-
Short Term Investments	-	-
Receivables	5,368,762	6,968,530.95
Payables	(3,199,138)	(1,830,674)
<b>Total</b>	<b>6,962,662</b>	<b>6,753,733</b>

**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**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank Loan(S)	-	-
Outstanding Leases	-	-
Hire Purchase	-	-
Gratuity And Leave Provision	-	-
<b>Total</b>	-	-

**15 Biological assets**

<b>Description</b>	<b>Numbers</b>	<b>2021-2022</b>	<b>2020-2021</b>
		<b>Kshs</b>	<b>Kshs</b>
Cattle	5	300,000	240,000
Goats		-	-
Trees	8	56,000	48,000
Coffee Or Tea Plantation		-	-
Poultry		-	-
<b>Total</b>	<b>13</b>	<b>356,000</b>	<b>288,000</b>

**16 Borrowings**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>a) Borrowings</b>		
Borrowing at beginning of the year	-	-
Borrowings during the year	-	-
Repayments of during the year	-	-
<b>Balance at end of the year</b>	-	-

Other important disclosure notes

17 Stock/ Inventory

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>b) Inventory</b>		
Stock/ inventory at beginning of the year	688,732	705,950
Stock/ inventory purchased during the year	7,187,457	3,688,250
Stock/ inventory issued during the year	(7,097,943)	(3,705,468)
<b>Balance at end of the year</b>	<b>778,246</b>	<b>688,732</b>

**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.

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

-----  
Sign and Date  
Principal

## Annex 1 - Analysis Of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2021	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction Of Buildings</b>						
<b>Sub-Total</b>						
<b>Supply Of Goods</b>						
1. Kenafric bakery	174,150	01/6/2022	-	174,150	174,150	To be cleared in July 2022
2. John karanjangugi	82,692	01/6/2022	-	82,692	82,692	To be cleared in July 2022
3. Mary njerichege	31,185	01/6/2022	-	31,185	31,185	To be cleared in July 2022
4. Evans mwangikaranja	28,958	01/6/2022	-	28,958	28,958	To be cleared in July 2022
5. Abdallaasirosiba	139,600	01/6/2022	-	139,600	139,600	To be cleared in July 2022
6. Roynes enterprises	467,450	01/6/2022	-	467,450	467,450	To be cleared in July 2022
7. Grinta east africa	121,200	01/6/2022		121,200	121,200	To be cleared in July 2022
8. St mary mission	15,050	01/6/2022		15,050	15,050	To be cleared in July 2022
9. James ndungu	86,017	01/6/2022		86,017	86,017	To be cleared in July 2022
10. Joseph mwohi	23,100	01/6/2022		23,100	23,100	To be cleared in July 2022
11. Jenjoga animal feeds	13,600	01/6/2022		13,600	13,600	To be cleared in July 2022
12. Copy cat	92,800	01/6/2022		92,800	92,800	To be cleared in July 2022
13. Bomteachers salaries	59400	01/6/2022		59400	59400	To be cleared in July 2022
14. Support staff salaries	202,036	01/6/2022		202,036	202,036	To be cleared in July 2022

<b>Supplier Of Goods Or Services</b>	<b>Original Amount</b>	<b>Date Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2022</b>	<b>Outstanding Balance 2021</b>	<b>Comments</b>
15. kplc	40,000	01/6/2022		40,000	40,000	To be cleared in July 2022
16. mutaraho books & stationers	469,744	01/6/2022		469,744	469,744	To be cleared after capitation release
17. dalugion enterprises	69,545	01/6/2022		69,545	69,545	To be cleared after capitation release
18. vexe villas	36,000	01/6/2022		36,000	36,000	To be cleared after capitation release
19. bestyve agencies	31,300	01/6/2022		31,300	31,300	To be cleared after capitation release
<b>Sub-Total</b>	<b>2,183,827</b>			<b>2,183,827</b>	<b>2,183,827</b>	
<b>Supply Of Services</b>						
20. prepaid fees	1,174,934	01/6/2022		1,174,934	1,174,934	To be received in July.
21. staffs welfare	43,620	01/6/2022		43,620	43,620	To be refunded in December.
22. bursary	1,500	01/6/2022		1,500	1,500	To be returned in July.
<b>Sub-Total</b>	<b>1,220,054</b>			<b>1,220,054</b>	<b>1,220,054</b>	
<b>Grand Total</b>	<b>3,403,881</b>			<b>3,403,881</b>	<b>3,403,881</b>	

*Icaciri Secondary School*  
**Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022**

**Annex 2 – Summary Of Fixed Assets Register**

<b>Asset Class</b>	<b>Date purchased</b>	<b>Location</b>	<b>Historical Cost b/f (Kshs) 1<sup>st</sup> July 2021</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost c/f (Kshs) 30<sup>th</sup> June 2022</b>
Land 1	12-5-1976	Icaciri	6,000,000.0	-	-	6,000,000
Buildings & structures		Icaciri	124,050,589	2,821,126		126,871,715
Motor Vehicles 1 bus	22/5/2014	Icaciri	3,700,000	-	-	3,700,000
Office Equipment, Furniture And Fittings		Icaciri	1,361,000			1,361,000
ICT Equipment, And Other ICT Assets						
Tools And Apparatus						
Textbooks		Icaciri	6,241,200	154,500	-	6,395,700
Other Machinery And Equipment			-	-	-	-
Heritage And Cultural Assets			-	-	-	-
Intangible Assets- Soft Ware	-	-	-	-	-	-
<b>Total</b>			<b>141,352,789</b>	<b>2,975,626</b>	<b>-</b>	<b>144,328,415</b>

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