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REPORT

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DATE: 30 NOV 2023	DAY: <i>Ames</i>
TABLED BY:	<i>Hon Naomi Wago, MP Deputy majority whip Ac. Shinko</i>
CLERK-AT-THE-TABLE:	

THE AUDITOR-GENERAL

ON

TEREMI BOYS HIGH SCHOOL

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

BUNGOMA COUNTY



03 AUG 2023

**TEREMI BOYS HIGH SCHOOL
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Table of Contents	Page
I. Key School Information And Management.....	iv
II. Summary Report Of Performance Of The School.....	viii
III. Statement Of School Management Responsibility	xii
IV. Report Of The Independent Auditors	xiii
V. Statement Of Receipts and Payments Period To 30 th June 2022.....	1
VI. Statement Of Financial Assets And Financial Liabilities As At 30 th June 2022	2
VII. Sstatement of Cash Flows for The Period Ended 30 th June 2022.....	3
VIII. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2022	4
IX. Significant Accounting Policies	8
X. Notes To The Financial Statements	10

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

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 Bungoma County, Bungoma Central Sub-County

The school was registered on 19/12/2013 under registration number PU/S/3/8503/13 and is currently categorized as Extra County public school established, owned or operated by the Government.

The school is a boarding school and had 2311 number of students as at 30th June 2021/2022. It has 40 streams and 102 teachers of which 50 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	Prof. Stephen Luketelo	Chairman	23/04/2019
2	Dr. Elphas Aliva Luvazo	Secretary – Chief Principal	12/08/2021
3	Mr. Francis Kamut	Member	23/04/2019
4	Mr. Dennis Waswa	Member	23/04/2019
5	Mr. Boniface Munyole	Member	23/04/2019
6	Mrs. Violet Mauka	Member	23/04/2019
7	Mr. Eliud Wanyonyi	Member	23/04/2019
8	Mrs. Eunice Imbwenya	Member – Rep CEB	23/04/2019
9	Mr. Robert Nafungo	Member Rep Teachers	23/04/2019
10	Mr. Zeblon Waliaula	Member - Sponsor	23/04/2019
11	Mr. Gerry Mukui	Member - Community	23/04/2019
12	Mrs. Roselyne Simiyu	MemberSpecial Needs	23/04/2019
13	Rev. Joseck Butali Chumbe PA	Rep Students	23/04/2019
14	Mr. Felix Oilu	Member	23/04/2019
15	Mrs. Magaret Wanyonyi	Member	23/04/2019
16	Mr. Bramwel Ngala	Member	23/04/2019
17	Mr. Mark Tulienge	Member	23/04/2019
18	Mrs. Mitrine Nangila	Member	23/04/2019
19	Hon. Meshack Simiyu	Member	23/04/2019
20	Hon. Machimbo Kalasinga	Member	23/04/2019
21	Education Office	Member	23/04/2019
22	Prof. Vencent Simiyu	Member	23/04/2019
23	Hillary Wamukoya	Member	23/04/2019

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	Prof. Stephen Luketelo Eunice Imbwenya Benard Wamanga Violet Mauka	Chairman Member Committee Member	4
2	Audit Committee	Prof. Stephen Luketelo Benard Wamanga Denis Waswa Roselyne Simiyu	Member Member Chairmain Member	1
3	Finance, procurement and general purposes Committee	Prof. Stephen Luketelo Benard Wamanga Denis Waswa Bonface Munyole Khisa Wilfred	Member Member Member Committee Member	1
4	Academic Committee	Eunice Imbwenya Prof. Stephen Luketelo Benard Wamanga Denis Waswa	Committee Member Member Member Member	3

TEREMI BOYS HIGH SCHOOL**Reports and Financial Statements for the year ended 30th June 2022**

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
		Robert Nafungo George Mang'oli	Member	
5	Development Committee/Infrastructure	Oilu Felix Prof. Stephen Luketelo Violet Mauka Benard Wamanga Zablon Waliaula	Committee Member Member Member Member	7
6	Discipline and welfare Committee	Khisa Wilfred Bonface Munyole Benard Wamanga Prof. Stephen Luketelo	Committee Member Member Member	4
7	Adhoc Committee (if any during the year)	Khisa Wilfred Bramwel Ngala Mark Tulienge Bernard Wamanga	Committee Member Member Member Member	4

(d) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	Dr. Elphas Aliva Luvazo	312693
2	Deputy Principal	Mr. Nyongesa Wilfred Khisa	310627
3	School Bursar	Mr. PiusSangura Wanyonyi	NAC/193715

(e) Schools contacts

Post Office Box: 203, Chwele
 Telephone: 0722381328
 E-mail: teremi203@gmail.com
 Website: N/A

Key School Information and Management (Continued)

Facebook:

Twitter:

(f) School Bankers

The following school operated 7 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: Co-operative
Branch: Kimilili
Account Number: 01139050298000

2. Name of Bank: Co-operative
Branch: Kimilili
Account Numbers: 01139050298001
01139050298002
01139050298003
01129050298000
01100050298000
01103050298000

3. MPESA Pay Bill No.946304 attached to Co-operative bank account

(g) Independent Auditors

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

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

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:

During the financial year ending 30th June 2021, the school recorded a surplus of Kshs. 13,746,697.37 compared to a deficit of Ksh. 2,773,040.09 recorded in the year 2020. In the year 2019, the school recorded a deficit of Kshs. 11,159,954.26 in School Fund Account and Kshs. 5,042,432.35 in Tuition Account respectively. However, the school recorded a surplus of Kshs. 104,529.45 in the School Operation Account.

In the year 2018 the school recorded a deficit of Kshs. 867,889.70 in Tuition Account, Kshs. 261,389 in Operation Account and Ksh. 8,158,365.67 in School Fund Account respectively.

CAPITATION GRANTS

During the year 2020 the school received capitation grants of Ksh. 25,359,300 for Operation Account and Kshs. 3,946,472 for Tuition Account.

During the year 2019, the school received capitation grants of Ksh. 32,779,111.90 for Operation Account and Ksh. 6,931,528.05 for Tuition Account respectively.

The ratio of capitation grant per student over the last three years were as follows:

Date	Enrolment	Account	Amount	Ratio of cap. Grant
14/1/2019	2123	Operation	16,623,090	1:8
14/1/2019	2123	Tuition	3,061,366	1:1
6/5/2019	1	Operation	7,830	1:8
6/5/2019	2124	Operation	5,221,747.80	1:2
6/5/2019	1	Tuition	1,442	1:1
6/5/2019	2124	Tuition	1,113,252	1:5
6/8/2019	2123	Operation	5,209,311	1:2
6/8/2019	2123	Tuition	1,046,342	1:5
5/9/2019	2123	Operation	5,717,133	1:3
5/9/2019	2123	Tuition	1,709,121	1:8
11/12/2020	2132	Operation	16,896,100	1:8
11/12/2020	2132	Tuition	3,944,200	1:2
5/8/2020	2272	Operation	8,463,200	1:4
5/8/2020	2272	Tuition	2272	1:2
7/12/2020	2274	Operation	7,726,029	1:3
7/12/2020	2274	Tuition	784,530	1:3
9/4/2021	2289	Operation	7,713,930	1:3
9/4/2021	2289	Tuition	1,376,261	1:6
16/4/2021	2287	Operation	6,394,452	1:3
16/4/2021	2287	Tuition	1,627,201	1:7

NOTE: The capitation has been increasing due to the increase in enrolment.

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Summary Report Of Performance Of The School (Continued)

GROWTH OF OTHER INCOME EARNED BY THE SCHOOL

The institution main income generating activities were the school bakery and the school slaughter house. During the year 2020, the school slaughter house recorded a profit of Ksh. 402,870 while the school bakery recorded a deficit of Ksh. 343,260. During the year 2019 the school slaughter house recorded a deficit of Ksh. 24,327 whereas the school bakery recorded a profit of Kshs. 484,695. During the year 2018, the school bakery recorded a profit of Ksh. 619,980 while the school slaughter house recorded a profit of Ksh. 521,422.

OVERVIEW OF THE GROWTH IN EXPENDITURE

Year	Kshs.
2019 – 2020	114,221,899.84
2021	58,888,650.08

MOVEMENT OF DEBTORS AND CREDITORS OF THE SCHOOL

During the year 2020, the listed creditors were as follows: -

	Ksh.
Tuition	3,465,090
Operation	4,227,941
Infrastructure	1,173,085
School Fund	<u>25,117,648</u>
TOTAL	<u>33,983,264</u>

During the same year 2020 the debtors amounted to Kshs. 19,278,279. These excludes the debtors of Ksh. 104,544,726/65 owed to the school the year 2017 and back.

In the year 2019, the listed Sundry Creditors amounted to Ksh. 36,314,066, whereas the listed fees arrears amounted to Kshs. 11,046,060.

During the year 2018, the listed arrears amounted to Kshs. 11,475,195 while the listed sundry creditors amount to Kshs. 18,382,755 as follows.

	Kshs.
Tuition account listed	2,396,953
Operation Account listed	226,000
School Fund Account listed	<u>15,759,802</u>
TOTAL	<u>18,382,755</u>

MOVEMENT OF CASH AND BANK BALANCES

During the year 2020, the cash and bank balances were as follows

	Ksh.
Tuition Account	3,570.
Operation Account	(37,278)
School Fund Account	<u>(1,012,486)</u>
TOTAL	<u>(1,046,194)</u>

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Summary Report Of Performance Of The School (Continued)

During the year 2019 the cash and bank balances were as follows

Ksh.

Tuition Account	4,569
Operation Account	220,704
School Fund Account	<u>134,047</u>
TOTAL	<u>359,320</u>

In the year 2018, cash and bank balances were as follows:

Ksh.

Tuition Account	71,667
Operation Account	32,434
School Fund	<u>3,372,527</u>
TOTAL	<u>3,476,628</u>

b) Teacher Student ratio:

Teacher Student ratio: 1:2 (102 teachers: 2311 Students)

c) Mean score in the 2021 KCSE:

YEAR	Entry	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MEAN	Grade
2016	445	0	8	41	47	72	82	104	47	32	11	1	-	7	C+
2017	414	0	3	9	21	48	55	64	97	86	30	1	-	6	C
2018	465	0	7	30	48	41	68	74	69	76	46	5	1	6	C
2019	477	0	11	30	56	67	61	79	81	59	23	9	-	6	C
2020	527	0	9	32	73	83	115	128	66	17	1	-	-	7	C+

YEAR	2018	2019	2020
DIRECT UNIVERSITY ENTRY	194	225	312
DIPLOMA COURSES	143	160	194
CERTIFICATE COURSES	128	91	18

d) Number of Candidates in the 2021 KCSE:

YEAR	Entry
2018	465
2019	477
2020	527

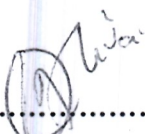
Summary Report Of Performance Of The School (*Continued*)

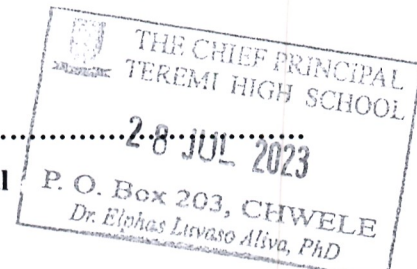
e) Capacity of the school:

K FACILITY	Number
Class rooms	35
Dormitories	15
Laboratories	5
Libraries	1
Toilets	63

f) Development projects carried out by the school:

The projects carried out by the school during the financial year 2021/2022 was the construction of the storey class rooms, funded by M&I funds


.....
School Principal



III. Statement Of School Management Responsibility

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

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

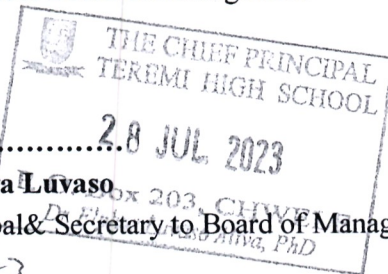
The Board of Management of Teremi boys accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2022, and of the school's financial position as at that date.



.....
Name: Prof. Stephen Luketelo
Designation: Chairman, School Board of Management

Date: 28/7/2023



.....
Name: Dr. Elphas Aliva Luvaso
Designation: School Principal & Secretary to Board of Management

Date: 28/7/2023



.....
Name: Pius Sangura Wanyonyi
Designation: Bursar/ Finance Officer

Date: 28/7/2023

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TERE MI BOYS HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE 2022 - BUNGOMA COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Teremi Boys High School - Bungoma County set out on pages 1 to 17, which comprise 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Teremi Boys High School - Bungoma 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 do not comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

The audit of the financial statements revealed the following anomalies: -

1.1 Discrepancies in Students Enrolment Data

Review of the National Education Management Information System (NEMIS) report and school manual enrolment register for the year under review revealed inconsistencies in respect of the number of students captured in the two registers with the number of students captured in NEMIS being lower than the number in the school manual register. Further, the variances resulted in under-funding by Kshs.1,616,088 which was unexplained and not reported as accounts receivables as detailed below:

Month	Total Capitation (Kshs.)	Capitation per Students (Kshs.)	Number of Students per NEMIS	Number of Student per School Manual Register	Variance of NEMIS Enrolment and Manual Register	Under/Over-Funding (Kshs.)
Operations - 2021/2022						
April	7,283,582	2,955	2,465	2311	154	455,070
January	5,055,680	2074	2,438	2311	127	263,398
December - F1	3,100,500	4,500	689	689	0	0
December Missed - Q2	14,214.8	3,554	4	4	0	0
October	8,631,937	3,554	2,429	2311	118	419,372
July	7,767,000	4,500	1,726	2311	(585)	(2,632,500)
Tuition - 2021/202						
April	2,589,729	1054	2,465	2311	154	162,316
January	1,165,364	478	2,438	2311	127	60,706
December - F1	502,970	730	689	689	0	0

Month	Total Capitation (Kshs.)	Capitation per Students (Kshs.)	Number of Students per NEMIS	Number of Student per School Manual Register	Variance of NEMIS Enrolment and Manual Register	Under/Over-Funding (Kshs.)
December Missed - Q2	2800	700	4	4	0	0
October	1,700,000	700	2,429	2311	118	82,600
July	1,259,980	730	1,726	2311	(585)	(427,050)
Total						(1,616,088)

In the circumstances, the accuracy and completeness of the amounts in respect of capitation grants could not be confirmed.

1.2 Variances Between Financial Statement and Supporting Schedules

The audit revealed variances between the statement of receipts and payments and supporting schedules as detailed below:

Details	Notes	Financial Statement Balance (Kshs.)	Supporting Schedule Balance (Kshs.)	Variance (Kshs.)
Capitation Grant for Tuition	1	8,033,028	7,220,843	812,185
Capitation Grant for Operations	2	35,050,341	31,852,914	3,197,427
Payments for Tuition	5	11,345,042	7,550,526	3,794,516
Payments for Operations	6	38,234,337	38,034,337	200,000

2. Unsupported School Fund Income - Parents' Contributions

The statement of receipts and payments reflects an amount of Kshs.136,612,820 in respect of school fund income - parents' contributions as disclosed in Note 3 to the financial statements. However, supporting documents including student fee receipts summary reflects an amount of Kshs.134,310,711 resulting to unexplained variance of Kshs.2,302,109. Further, the fees collected was not supported with the bank statements and the schedule provided did not include the names of students and the amounts of fees paid.

In the circumstances, the accuracy and completeness of an amount of Kshs.136, 612,820 in respect of school fund income- parents' contributions could not be confirmed.

3. Unsupported School Fund Income - Other Receipts

The statement of receipts and payments reflects an amount of Kshs.25,033,308 in respect of school fund income - other receipts as disclosed in Note 4 to the financial statements. However, supporting documents including student fee receipts summary reflects an amount of Kshs.24,511,874 resulting to unexplained and unreconciled

variance of Kshs.521,434. Further the schedule provided did not include details in respect of the source of receipts and was not supported with the bank statements.

In the circumstances, the accuracy and completeness of an amount of Kshs.25,033,308 in respect of school fund income - other receipts could not be confirmed.

4. Unsupported Boarding and School Fund Payments

The statements of receipts and payments reflects an amounts of Kshs.143,087,528 in respect of boarding and school payments as disclosed in Note 7 to the financial statements. However, supporting documents including payments reflects an amount of Kshs.91,585,974 resulting to unexplained and unreconciled variance of Kshs.51,501,554. Further supporting documents including inspection and acceptance reports, stores ledger records, delivery notes, issue and receipt vouchers were not provided for audit review.

In the circumstances, accuracy and completeness of the expenditure of an amounts of Kshs.143,087,528 in respect of boarding and school payments could not be confirmed.

5. Unsupported Cash and Cash Equivalentents

The statement of financial assets and financial liabilities reflects cash and cash equivalentents balance of Kshs.3,524,161 which includes Kshs.2,389,577 and Kshs.1,134,584 in respect of bank and cash in hand balances respectively as disclosed in Notes 8 and 9 to the financial statements. The bank balance of Kshs.2,389,577 includes cash book bank balances of six (6) bank accounts and one (1) mpesa account. However, savings and gratuity bank accounts and mpesa account were not supported with certificate of bank balances and mpesa statement respectively. Further, review of the certificate of bank balance in respect of infrastructural account reflects bank balance of Kshs.12,298 which is at variance with the cashbook bank balance of Kshs.200,768 presented in the financial statements in Note 8 resulting to unreconciled and unexplained variance of Kshs.188,470.

In addition, cash and cash equivalentents includes cash in hands balance of Kshs.1,134,584 which was not supported with board of cash survey report and no explanation was given why the school was keeping the large amount of cash in their cash offices.

In the circumstances, the regularity, accuracy and completeness of the bank accounts balance of Kshs.3,524,161 in respect of cash and cash equivalentents could not be confirmed.

6. Variance of Balances Between Statement of Receipts and Payments and Statement of Budgeted Versus Actual Amounts

The statement of budgeted versus actual amounts reflects amounts of Kshs.174,373,128 and Kshs.164,022,212 in respect of total income and expenditure on actual comparable basis respectively. However, review of the statement of receipts and payments revealed amounts of Kshs.204,729,497 and Kshs.192,666,907 in respect of total receipts and payments resulting to unexplained and unreconciled variance of Kshs.30,356,369 and Kshs.28,644,695 respectively.

In the circumstances, the accuracy and completeness of the receipts and payments could not be confirmed.

7. Non-Disclosure of Rental Income

The statement of receipts and payments reflects an amount of Kshs.25,033,308 in respect of school fund income - other receipts as disclosed in Note 4 to the financial statements, which includes Nil amount in respect of rental income. However, review of the financial records revealed that the School has twelve (12) 2 and 3 bedrooms and seventeen (17) single room units of houses occupied by both teaching and non-teaching staff from which rent was not collected. Further, the school has one electricity and water meters indicating that the electricity and water bills are settled by the school administration. No tenancy agreements relating to the occupancy of the houses were provided for audit review.

In the circumstances, the accuracy and completeness of the Kshs.Nil balance in respect of rental income could not be confirmed.

8. Unsupported Personnel Emoluments

The statements of receipts and payments reflects Payments for operations and boarding and school payments of amounts of Kshs.38,234,337 and Kshs.143,087,528 respectively as disclosed in Note 6 and 7 to the financial statements, which includes Kshs.Nil amounts in respect of personnel emolument. However, supporting documents including payrolls and approved staff establishment were not provided for audit.

In the circumstances, accuracy and completeness of personnel emoluments expenditure could not be confirmed.

9. Unsupported Accounts Receivables

The statements of financial assets and financial liabilities reflects accounts receivable balance of Kshs.149,017,272 which includes balances 143,301,547 in respect of fee arrears as disclosed in Note 11 to the financial statements. However, the supporting schedule provided did not include ageing analysis of dates the fees arrears were incurred. The finance subcommittee minutes on deliberations on previous year's receivables were not provided for audit. Further, Note 11 to the financial statements includes receivables in respect of NSSF, NHIF, Refer-to-Drawer (RD), Chebutere Sacco and Imprest totalling to Kshs.1,237,470 which were not supported by schedules and details of refund claims. In addition, Note 11 to the financial statements indicates accounts receivables in respect to fees arrears incurred two years ago with no evidence indicating that proper mechanism had been put in place to recover these long overdue debts.

In the circumstances, the accuracy, completeness and recoverability and fair statement of accounts receivable balance of Kshs.149,017,272 could not be confirmed.

10. Unsupported Accounts Payables

The statements of financial assets and financial liabilities reflects accounts payable balance of Kshs.60,106,752 as disclosed in Note 12 to the financial statements, which

includes balances of Kshs.54,741,393, Kshs.24,955 and Kshs.66,369 in respect of trade creditors, prepaid fees and excess fees respectively. However, trade creditors of Kshs.54,741,393 were not supported with documents including ledger schedule and invoices, delivery notes, issues and receipts vouchers and finance Sub-Committee minutes on accounts payable. Further, Note 12 to the financial statements includes payroll deductions in respect of welfare, union dues, HELB, KEDHEIHA, advance and PAYE totalling to Kshs.795,779 which were deducted but not remitted and supported with payrolls.

In addition, Note 12 to the financial statements includes accounts payable incurred two years ago and there was no evidence indicating that proper mechanism had been put in place to settle these long outstanding accounts payables.

In the circumstances, the accuracy, completeness and fair statement of accounts payable balance of Kshs.60,106,752 could not be confirmed.

11. Stalled Construction of Classrooms

The statement of receipts and payments reflects of amounts of Kshs.12,942,500 and Kshs.21,532,255 as disclosed in Notes 6 and 7 to the financial statements, in respect of maintenance and improvements and acquisition of assets respectively which included the construction of fifteen (15) 2-storey classrooms as reviewed and approved by the County Works Officer - State Department of Public Works. However, review of the correspondences including approval by the Ministry of Education and initial approved plan indicated approved construction of ten (10) 2-storey classrooms. Further, review of the project documents revealed that the Management through the advice of the County Public Works Office changed and increased the number of classrooms from ten (10) to fifteen (15) without revising the structural drawings, bills of quantities and approval from the Ministry. Audit verification done on 24 June, 2023 revealed that the project had stalled at sixty percent (60%) of its completion and the contractor was not on site. In addition, the project was implemented through labour contract but supporting documents including labour and material supplies contract agreements, interim completion certificates, and payment vouchers were not provided for audit review.

In the circumstances, the regularity, accuracy, completeness of the expenditure in respect of construction of fifteen (15) two-storey classrooms could not be confirmed. Further, value for money may not have been realized/achieved on the project.

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

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

Budgetary Control and Performance

The statement of budget versus actual amounts reflects final total income budget and actual on comparable basis of Kshs.227,342,134 and Kshs.174,373,128 respectively resulting to an underfunding of Kshs.52,969,006 or 23% of the budget. Similarly, the statement reflects final budget expenditure and actual on comparable basis of Kshs.232,081,209 and Kshs.164,022,212 resulting to under-absorption of Kshs.68,058,997 or 29% of the budget.

The underfunding and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public and the Management was in breach of the law.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Transfer of Funds from Tuition Account.

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.149,017,272 as disclosed in Note 11 to the financial statements, which includes balances of Kshs.500,000, Kshs.1,941,076 and Kshs.2,037,179 in respect of transfers from tuition account to operations account totalling to Kshs.4,478,255. This is contrary to MOE.HQS/3/13/3 dated 16 June, 2021 which states that under the operations accounts schools may seek authority from the County Education Boards (CEBs) to vire savings or surplus funds from one item to another where it is absolutely necessary but no Virement from the Tuition Account will be allowed.

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

2. Unbalanced Budget

The statement of comparison of budget versus actual amounts for the year ended 30 June, 2022 reflects a final income budget of Kshs.227,342,134 and an expenditure final budget of Kshs.232,081,209, resulting in a variance of Kshs.4,739,075. The budget imbalance is contrary to the provisions of Section 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that 'budget revenue and expenditure appropriation shall be balanced'.

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 because of the significance of the matters discussed in the Basis for Adverse Opinion, Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Maintain Fixed Assets Register

Review of the financial records revealed that the School did not maintain fixed assets register indicating dates of assets acquisition, types of assets, supplier names, values, custodians and locations in respect of the assets it owns, contrary to Regulations 143(1)(2) of the of the Public Finance Management (National Government) Regulations, 2015 which states that 'the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. The register of land and buildings shall record each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details'.

In the circumstances, Management may not effectively and efficiently manage and control its assets.

2. Lack of Risk Management Policy

Review of the documents and records provided for audit review revealed that School Management has not established Risk Management Policy. This is contrary to Regulation 165(1) (a-b) of the Public Finance Management (National Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstance, Management was in breach of the law and was not able to identify risks and develop mitigating strategies.

3. Lack of Approved Information Technology Security Policy

Review of the School Information Technology Systems revealed that the School did not have an approved IT Policy for governance and management of its ICT resources. Further, there was no ICT Steering Committee in place to assist in the development of ICT Policy framework to enable the School to realize long-term ICT strategic goals. Lack of an approved IT Policy may result in an unclear direction regarding maintenance of information security across the organization and safeguarding the School's ICT assets. In addition, without a sound and approved framework, users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability.

In the circumstances, the School may be exposed to financial losses or falsification of records in the absence of information and communication Technology policy.

4. Lack of Insurance Cover for Property and Other Assets

Review of the financial statements and assets records revealed that the School did not have insurance cover for property and other assets.

In the circumstances, the School's assets may be exposed to losses without compensation in case of fire, theft or any other unforeseen calamities.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal 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 overall 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 control 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 control would not necessarily disclose all matters in the internal control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the 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 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 October, 2023

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

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

		2021 - 2022	2020 - 2021
		Kshs	Kshs
CASHFLOW FROM OPERATING ACTIVITIES			
Capitation grants for tuition	1	8,033,028	2,976,107
Capitation grants for operations	2	35,050,341	18,637,185
School fund income- Parents contributions/ fees	3	136,612,820	44,239,592
School fund income- other receipts	4	25,033,308	6,782,464
Total receipts		204,729,497	72,635,347
Payments			
Payments for Tuition		11,345,042	3,571,011
Payments for operations		38,234,337	19,767,829
Boarding and school fund payments		143,087,528	36,256,410
		192,666,907	59,595,250
Cash flow from operating activities before working capital adjustments		12,062,590	13,040,097
Add/less decrease/increase in receivables		(20,490,626)	(9,825,923)
Add/less increase/decrease in payables		10,842,924	(2,407,393)
Net cash flows from Operating Activities		2,414,888	806,781
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Net cash flows from Investing Activities		-	-
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings/ loans		-	
Repayment of principal borrowings		-	
Net cash flows from borrowing Activities		-	
NET INCREASE IN CASH AND CASH EQUIVALENT		2,414,888	806,781
Cash and cash equivalent at BEGINNING of the year	10	1,109,273	302,492
Cash and cash equivalent at END of the year		3,524,161	1,109,273

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

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

VIII. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2022

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a Kshs.	b Kshs.	c=a+b Kshs.	d Kshs.	e=c-d Kshs.	f=d/c %
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials	-	-	-	-	-	-
Exercise books	-	-	-	-	-	-
Laboratory equipment	-	-	-	-	-	-
Internal exams	-	-	-	-	-	-
Teaching / learning materials	9,684,528		9,684,528	8,033,028	1,651,500	83%
Chalks	-	-	-	-	-	-
Exams and assessment reference/Library	-	-	-	-	-	-
(2) CAPITATION GRANT ON OPERATIONS						
Other Vote heads	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-
Local transport / travelling	-	-	-	-	-	-
Other Vote heads	54,045,063		54,045,063	21,798,958	32,246,105	40%
Medical	4,674,000		4,674,000	493,000	4,181,000	11%
Administration costs	-	-	-	-	-	-
Activity	-	-	-	-	-	-

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Receipt/Expense Item	Original Budget		Adjustments		Final Budget		Actual on Comparable Basis		Budget Utilization Difference		% of Utilization
	a	Kshs.	b	Kshs.	c=a+b	Kshs.	d	Kshs.	e=c-d	Kshs.	
Maintenance and improvement	17,185,600		-		17,185,600		12,842,500		4,343,100		75%
SMASSE	-		-		-		-		-		-
(3) FEES CHARGED ON PARENTS											
Personnel emoluments	-		-		-		-		-		-
Repairs and maintenance	17,185,600		-		17,185,600		7,407,380		9,778,220		43%
Local transport / travelling	-		-		-		-		-		-
Other vote heads	54,045,063		-		54,045,063		43,831,548		10,213,515		81%
Medical	-		-		-		-		-		-
Administration costs	-		-		-		-		-		-
Activity	4,739,075		-		4,739,075		1,828,431		2,910,644		39%
Other vote heads	-		-		-		-		-		-
Fee on Boarding Equipment and Stores	65,783,205		-		65,783,205		78,138,283		(12,355,078)		119%
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	-		-		-		-		-		-

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a Kshs.	b Kshs.	c=a+b Kshs.	d Kshs.	e=c-d Kshs.	f=d/c %
Income from any other investment	-	-	-	-	-	-
TOTAL INCOME	227,342,134	-	227,342,134	174,373,128	52,969,006	77%
(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials	-	-	-	-	-	-
Exercise books	-	-	-	-	-	-
Laboratory equipment	-	-	-	-	-	-
Internal Exams	-	-	-	-	-	-
Teaching/learning materials	9,684,528	-	9,684,528	11,345,042	(1,660,514)	117%
Chalk	-	-	-	-	-	-
Exams and assessment	-	-	-	-	-	-
Teachers guides	-	-	-	-	-	-
Administration cost	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-
(2) EXPENDITURE FOR OPERATIONS						
Other Vote heads	54,045,063	-	54,045,063	24,762,546	29,282,517	46%
Repairs and maintenance	-	-	-	-	-	-
Local transport / travelling	-	-	-	-	-	-
Electricity and water	-	-	-	-	-	-
Medical	4,674,000	-	4,674,000	468,791	4,205,209	10%
Administration costs	-	-	-	-	-	-
Activity	4,739,075	-	4,739,075	60,500	4,678,575	1%

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a Kshs.	b Kshs.	c=a+b Kshs.	d Kshs.	e=c-d Kshs.	f=d/c %
Maintenance and improvement	17,185,600	-	17,185,600	21,532,256	(4,346,656)	125%
SMASSE	-	-	-	-	-	-
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	-	-	-	-	-	-
Repairs and maintenance	17,185,600	-	17,185,600	621,310	16,564,290	4%
Local transport / travelling	-	-	-	-	-	-
Electricity and water	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Administration costs	-	-	-	-	-	-
Activity	4,739,075	-	4,739,075	249,320	4,489,755	5%
Maintenance and improvement	-	-	-	-	-	-
Other vote heads	54,045,063	-	54,045,063	36,433,506	17,611,557	67%
Fee on Boarding Equipment and Stores	65,783,205	-	65,783,205	68,548,941	(2,765,736)	104%
TOTAL EXPENDITURE	232,081,209	-	232,081,209	164,022,212	68,058,997	71%

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

- i. Xxxx
- ii. Xxxx

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 2022.

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

X. Notes To The Financial Statements

1 Capitation Grant for Tuition

	2021-2022	2020-2021
	Kshs	Kshs
Textbooks and reference materials	-	-
Exercise books	-	-
Laboratory equipment	-	-
Internal exams	-	-
Teaching / learning materials	8,033,028	2,976,107
Reference/Library	-	-
Teachers guides	-	-
Total	8,033,028	2,976,107

2 Capitation Grant for Operations

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	-	-
Maintenance and Improvement	12,726,000	8,322,399
Local transport / travelling	-	-
MOE	32,389	-
Medical	493,000	-
Other vote heads	21,798,952	10,246,062
Administration costs	-	68,724
Gratuity	-	-
Activity	-	-
Total	35,050,341	18,637,185

3 Parents Contribution/Fees - School Fund Account

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	-	-
Fee on Boarding Equipment and Stores	78,611,961	29,081,529
Maintenance and Improvement	7,407,380	2,082,039
Local transport / travelling	-	-
Electricity and water	-	-
Uniform	4,933,500	-
Medical	-	-
Other Vote heads	43,831,548	12,758,035
Administration costs	-	-
Activity	1,828,431	317,989
Total	136,612,820	44,239,592

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Notes to The Financial Statements (Continued)

4 Other Receipts – School Fund Account

	2021-2022	2020-2021
	Kshs	Kshs
Rent income	-	-
Income from farming activities	736,490	-
Income from slaughter house	2,808,140	-
Income from Posho mill	394,060	-
Income from Bus Hire	247,800	-
Income from bakery	7,026,970	5,630,964
Fee for hire of ground and equipment	-	-
Income from grants-infrastructure grants	12,842,500	1,135,500
Damages	-	16,000
Tender fees	43,000	-
School magazine	928,448	-
KCSE	5,900	-
Dividends income	-	-
Total	25,033,308	6,782,464

5 Payments for Tuition

	2021-2022	2020-2021
	Kshs	Kshs
Textbooks and reference materials	-	-
Exercise books	-	-
Laboratory equipment	-	-
Internal exams	-	-
Teaching / learning materials	11,345,042	3,571,011
Chalks	-	-
Exams and assessment	-	-
Teachers guides	-	-
Administration Costs	-	-
Bank Charges	-	-
Total	11,345,042	3,571,011

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Notes To The Financial Statements (Continued)

6 Payments for Operations

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	-	-
Service Gratuity	-	-
Administration Cost	-	-
Maintenance and Improvement	12,942,500	1,536,850
Local transport / travelling	-	-
Other Vote heads	24,762,546	17,792,263
Medical	-	-
Insurance Cost	468,791	438,716
Activity Expenses	60,500	-
TOTAL	38,234,337	19,767,829

7 Boarding and School Fund Payments

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	-	-
Service Gratuity	-	346,350
Maintenance & Improvements	621,310	-
Local transport / travelling	-	-
Rent Expenses	-	19,000
Medical Expenses	-	-
KCSE	118,400	-
Administration costs	-	-
Other vote heads	-	4,258,252
Home science	-	-
Other vote heads	36,433,506	-
Uniform	4,788,250	-
Expenses on Income Generating Activities	10,795,545	4,660,175
Fee on Boarding Equipment and Stores	68,548,941	25,825,663
Insurance	-	-
Activity Expenses	249,320	-
Medical Expenses	-	1,146,970
Loan Interest repayment	-	-
Acquisition of Assets(Infrastructure exp)	21,532,255	-
TOTAL	143,087,528	36,256,410

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

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		496,776	459,451
Operations Account		28,458	-
Gratuity a/c		157,713	
MPESA a/c		315,965	
School Fund Account/Boarding		629,573	400,538
Savings Account		560,323	83,350
Infrastructural Account		200,768	12,298
Total		2,389,577	955,636

9 Cash In Hand

Description		2021-2022	2020-2021
		Kshs	Kshs
Tuition Account		-	-
Operation Account		-	40,665
Infrastructure account		-	-
School Fund account		1,134,584	112,972
Total		1,134,584	153,637

10 Short Term Investments

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

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Notes to The Financial Statements (Continued)

11 Accounts Receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears	143,301,547	125,631,209
Inter - borrowing a/c tuition a/c[to operation a/c]	500,000	500,000
school fund[to operation a/c]	1,941,076	1,088,084
school fund [to tuition a/c]	2,037,179	124,675
NSSF	465,537	309,657
NHIF	30,640	180,850
PAYE	-	13,878
RD cheque	543,293	513,293
Chebutere sacco	155,000	155,000
Imprest	43,000	10,000
Total	149,017,272	128,526,646

An ageing of the fees / non fees arrears below

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears for current year	26,371,659	10,400,813
Fees arrears for the previous year	2,399,227	17,973,440
Fees arrears for prior periods (over two years)	114,530,661	97,256,956
Total	143,301,547	125,631,209

12 Accounts Payable

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	54,741,393	46,721,655
Inter - borrowing-tuition a/c[to operation a/c]	500,000	500,000
Operation a/c[by school fund a/c]	1,941,076	1,088,084
Tuition a/c[by school fund a/c]	2,037,179	124,675
Operations Account	-	21,545
Welfare	119,200	31,800
union dues	167,394	167,394
Helb	254,675	108,595
Kudheiha	86,550	165,750
advance	152,067	267,961
Paye	15,893	-
Prepaid fees	24,955	-
Excess fees	66,369	66,369
Total	60,106,752	49,263,828

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Notes to The Financial Statements (Continued)

An ageing of the creditor's arrears below

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors for current year	27,167,843	18,678,755
Trade creditors for the previous year	5,520,954	20,675,408
Trade creditors for prior periods (over two years)	22,052,596	7,367,492
Total	54,741,393	46,721,655

13 Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank balances	955,636	261,072
Cash balances	153,637	41,420
Short Term Investments	-	-
Receivables	128,526,646	118,700,723
Payables	(49,263,828)	(51,671,221)
Total	80,372,092	67,331,994

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Other important disclosure notes

IPSAS 1 encourages an entity to disclose accrual related information in relation to an entity's assets and liabilities. The notes outlined below are disclosure notes in relation to the school's non- financial assets and liabilities.

14 Non-current Liabilities Summary

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

15 Biological assets

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Cattle		-	-
Goats		-	-
Trees		-	-
Coffee or tea plantation		-	-
Poultry		-	-
Total		-	-

16 Borrowings

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

17 Stock/ Inventory


Description		2021-2022	2020-2021
		Kshs	Kshs
Stock/Inventory			
Stock/ inventory at beginning of the year		-	-
Stock/ inventory purchased during the year		-	-
Stock/ inventory issued during the year		-	-
Balance at end of the year		-	-

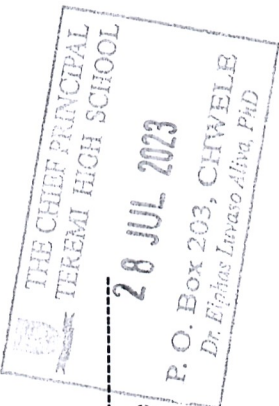
**TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022**

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)


 Sign and Date
 Principal


 THE CHIEF PRINCIPAL
 TEREMI HIGH SCHOOL
 28 JUL 2023
 P. O. Box 203, CHWELB
 Dr. Ephias Luvuyo Aliva, PND

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Annex 1 - Analysis Of Pending Accounts Payable

Supplier of Goods or Services	Original Amount a Kshs	Date Contracted B Kshs	Amount Paid To-Date c Kshs	Outstanding Balance 2021 d=a-c Kshs	Outstanding Balance 2021-1 Kshs	Comments
Construction of buildings						
1. Golden Goal Ventures &Hardware	6,972,750			6,972,750		
2. West Lab supplies	1,125,000			1,125,000		
3. Western Rocky Ventures Ltd	228,861			228,861		
4. Isaya Timber Yard Chwele	225,214			225,214		
5. Machakha General Agencies	106,400			106,400		
6. Jamlexey	240,000			240,000		
Sub-Total	8,898,225.00			8,898,225.00		
Supply of goods						
7. Wekesa Wakoli Kennedy	36,000		-	36,000		
8. Florine N. Wanjala	32,810		-	32,810		
9. Elizabeth N. Wanjala	7,430		-	7,430		
10. Pius Ijaka	8,580			8,580		
11. Amos Ezekiel Wamalwa Wasike	14,000	-	-	14,000		
12. Robai N. Walela	1,800		-	1,800		
13. Michael M. Kisuya	3,390		-	3,390		
14. Faustine Bwisa	3,390		-	3,390		
15. Anne Nelima Amakoye	17,000			17,000		
16. Miriam M Masika	26,000		-	26,000		
17. Jacqueline S Wepukhulu	17,000		-	17,000		
18. Edwin Mchasio	8,070			8,070		
19. George Mandila Nambale	281,200		-	281,200		
20. Anne Akisa Iworete	17,000		-	17,000		
21. Augustus S Wangwe	5,400		-	5,400		
22. Julius W Mutate	8,100		-	8,100		
23. David Juma Nyongesa	9,300		-	9,300		
24. Daniel Wanyonyi	42,330		-	42,330		

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021-1	Comments
25. Jane Moses Khaoya	7,500		-	7,500		
26. Esther Akomo Ogweno	2,600		-	2,600		
27. Metrine K Namawa	1,860		-	1,860		
28. Tosiwa Agency	30,540		-	30,540		
29. Sharon Mukhwana	86,400		-	86,400		
30. Moses Lumbasi Simiyu	3,750		-	3,750		
31. Miriam Maua	87,200		-	87,200		
32. Benson Khaemba Lumbe	5,250		-	5,250		
33. Hellen Nafula Wanyonyi	51,200		-	51,200		
34. Shadena Constructions Co. Ltd	315,182		-	315,182		
35. Derrian Investment	80,000		-	80,000		
36. Gladys Nasimiyu	7,500		-	7,500		
37. Romano Namasaka	3,600		-	3,600		
38. Barasa Bunguswa Enterprise	1,770		-	1,770		
39. Paul Mwanda	6,000		-	6,000		
40. Jua Kali Engineering	2,986,900		-	2,986,900		
41. Kenya Power & Lightening Co. Ltd	116,049		-	116,049		
42. Carbon Foot Print Ltd	321,180		-	321,180		
43. Golden Goal Ventures & Hardware	836,580		-	836,580		
44. Chile Kenya Motors Ltd	1,300,000		-	1,300,000		
45. Nzowasco	823,714		-	823,714		
46. Mowa Tech Engineering	720,000		-	720,000		
47. Reek Logics Ltd	10,640		-	10,640		
48. Envoy Exhauster	100,500		-	100,500		
49. Zawadi Equipment Supplies	14,250		-	14,250		
50. One Highland Testimony	1,029,450		-	1,029,450		
51. Clare Mubatsi	325,000		-	325,000		
52. Clare Mubatsi	195,000		-	195,000		
53. Dennis Barasa	32,500		-	32,500		
54. Centrine L. Maina	130,000		-	130,000		

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021-1	Comments
55. Skullab Enterprises	604,000			604,000		
56. Robai Walela	6,700		-	6,700		
57. Kilongi Kilonzi	174,000			174,000		
58. Khamulati Stores	1,849,000			1,849,000		
59. Clare Naliaka Kimungui	120,000			120,000		
60. Envoy Exhauster Services	121,500			121,500		
61. Tinmax Co. Ltd Joesl Muhanji	350,000			350,000		
62. Skullab Enterprises	349,638			349,638		
63. Juav Kali Engineering	490,000			490,000		
64. Joel Muhanji	350,000			350,000		
65. NZOWASCO	200,000			200,000		
66. SAMITA INVESTMENTS,	400,525			-		
67. ELMA PRINTERS & STATIONERS	277,155					
68. JELBAN AGENCIES LTD	64,500					
69. MEDABRIKE HOLDINGS	396,000					
70. OMESH ENTERPRISES	40,000					
71. SAMITA ENTERPRISES	44,925					
72. THE COPY CAT LTD	192,000					
73. THE COPY CAT LTD	470,000					
74. ZAWADI EQUIPMENTS SUPPLIES	142,210					
75. KIBS BOOKSHOP	638,700					
76. REK LOGISTICS LTD	228,700					
77. WESTON COMMODITIES ENTERPRISE LTD	900,000					
Sub-Total	27,167,843.00					
Grand Total	27,167,843.00			27,167,843.00		

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

Annex 2 – Summary Of Fixed Assets Register

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

TEREMI BOYS HIGH SCHOOL
Reports and Financial Statements for the year ended 30th June 2022

TRIAL BALANCE AS AT 30TH JUNE 2022

	DR	CR
	Kshs	Kshs
Cash and Cash equivalents		
Bank Balances	2,389,577	
Cash Balances	1,134,584	
Short term investments	-	
Receivables	149,017,272	
Payments		
Payments for Tuition	11,345,042	
Payments for operations	38,234,337	
Boarding and school fund payments	143,087,528	
Receipts		
Capitation grants for tuition		8,033,028
Capitation grants for operations		35,050,341
School Fund Income- Parents' Contributions		136,612,820
School Fund Income- Other receipts		25,033,308
Proceeds from borrowings		
Prior Year Adjustment		
Fund Balance b/f		80,372,092
Payables		60,106,752
TOTAL	345,208,340	345,208,340