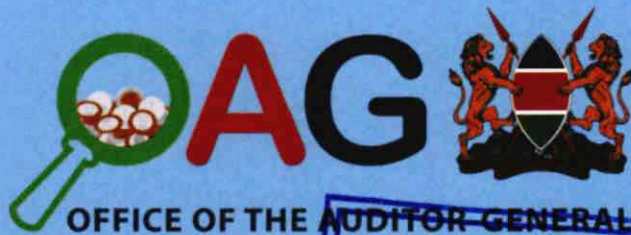


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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Chep Kunga, MP

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THE AUDITOR-GENERAL

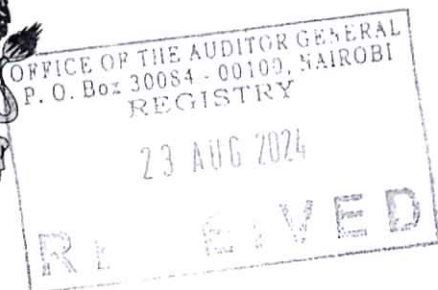
ON

**THE HILL SCHOOL GIRLS
ELDORET**

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

UASIN GISHU COUNTY

*The Hill School Girls – Eldoret
Public Secondary School
Reports And Financial Statements*



THE HILL SCHOOL GIRLS- ELDORET

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE SIX MONTHS ENDED
30TH JUNE 2021**

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

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1. 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 in Uasin Gishu County, Kesses Sub-County.

The school was registered in 10/12/2020 under registration number 27s30000549 and is currently categorized as a Extra county public school established, owned or operated by the Government.

The school is a day/boarding school and had 712 number of students as at 30th June 2021. It has 15 streams and 35 teachers of which 7 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. Joseph Sitienei	Chairman	27/3/2019
2	Mrs. Anastasia Tirop	Secretary- Principal	27/3/2019
3	Mr. James Sambu	Member	27/3/2019
4	Mr. Paul Misoi	Member	27/3/2019
5	Mr. Steve Maendi	Member	27/3/2019
6	Mr. Abraham Kemboi	Member	27/3/2019
7	Mr. Naphtali Chesubei	Member	27/3/2019
8	Mrs. Alice Sitienei	Member – Rep CEB	27/3/2019
9	Mr. Simon Otieno	Member Rep Teachers	27/3/2019
10		3 Members - Sponsor	27/3/2019
11	Ms. Hannah Irungu	Member - Community	27/3/2019
12	Hon. Florah Bartera	Member Special Needs	27/3/2019
13	Faith Kwamboka	Rep Students	27/3/2019

The functions of the School Board of Management are to:

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

(c) Committees of the Board

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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1. Mr. Josephine Sitienei 2. Mr. Abraham Kemboi 3. Mr. James Sambu 4. Mrs. Dorcas Serem	Chair Member Member Member	3 out of 6
2	Audit Committee	1. Mr. James Sambu 2. Eng. Geoffery Letting 3. Ms. Everline Irvuha 4. Hon. Florah Barera	Chair Member Member Member	3 out of 4
3	Finance, procurement and general purposes Committee	1. Mr. Paul Misoi 2. Mr. Kemboi Abraham 3. Mr. Steve Maendo 4. Mr. John Thumbi 5. Mr. Chesubei Naphtali	Chair Member Member Member Member	9 out of 10
4	Academic Committee	1. Mr. Abraham Kemboi 2. Mrs. Pacifica Mining 3. Mr. David Sigilai	Chair Member Member	5 out of 6

		4. Mr. Naphtali Chesubei 5. Mr. Steve Maendo	Member Member	
5	Development Committee	1. Mr. James Sambu 2. Mr. Joseph Sitienei 3. Eng. Geoffery Letting 4. Mr.Kemboi Abraham	Chair Member Member Member	10 out 10
6	Discipline and welfare Committee	1. Mrs. Mining Pacifica 2. Mrs.Serem Dorcas 3. Mr. James Sambu 4. Mr.Sigilai David	Chair Member Member Member	10 out 10
7	Adhoc Committee (if any during the year)	-	-	

(d) School operation Management

For the financial year ended 30th June 20XX the School day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	Annastasia Tirop	TSC No. 321811
2	Deputy Principal	Jemimah Kipsum	TSC No.431058
3	School Bursar	Judice Malel	ICPAK No.
4	Other (specify)		

(e) Schools contacts

Post Office Box: 7473 -30100
Telephone: 0794794192
E-mail: hillschoolgirls@gmail.com
Website: N/A
Facebook: N/A
Twitter:N/A

(f) SchoolBankers

The School operated five number of bank accounts in the following banks:

- 1) Name of Bank: Kenya Commercial Bank
Branch: Eldoret
Account Number: 1102444928
School Fund Other Monies Account
- 2) Name of Bank: Kenya Commercial Bank
Branch: Eldoret
Account Number: 1102449091
Tuition Account
- 3) Name of Bank: Kenya Commercial Bank
Branch: Eldoret
Account Number: 1107750709
Operations Account
- 4) Name of Bank: Kenya Commercial Bank
Branch: Eldoret
Account Number: 1211009165
M & I Account
- 5) Name of Bank: Kenya Commercial Bank
Branch: Eldoret
Account Number: 1129707407

CDF Account

- 6) Name of Bank: Kenya Commercial Bank
Branch: Eldoret
Account Number: 1108729355
Savings Account

(g) Independent Auditors

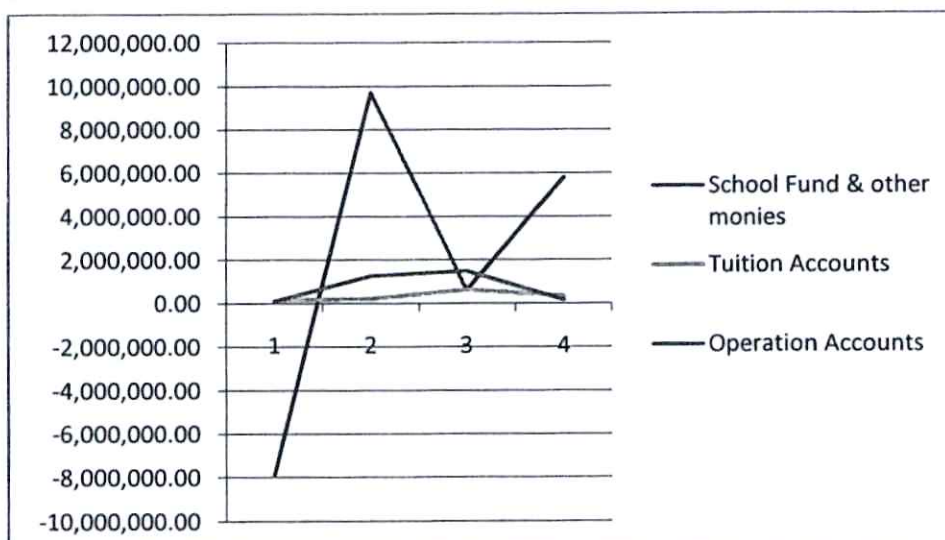
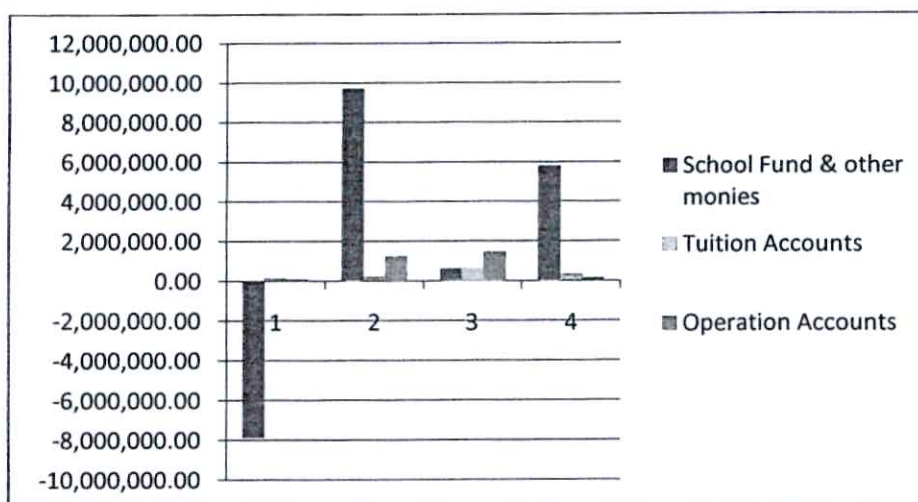
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

2. 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:

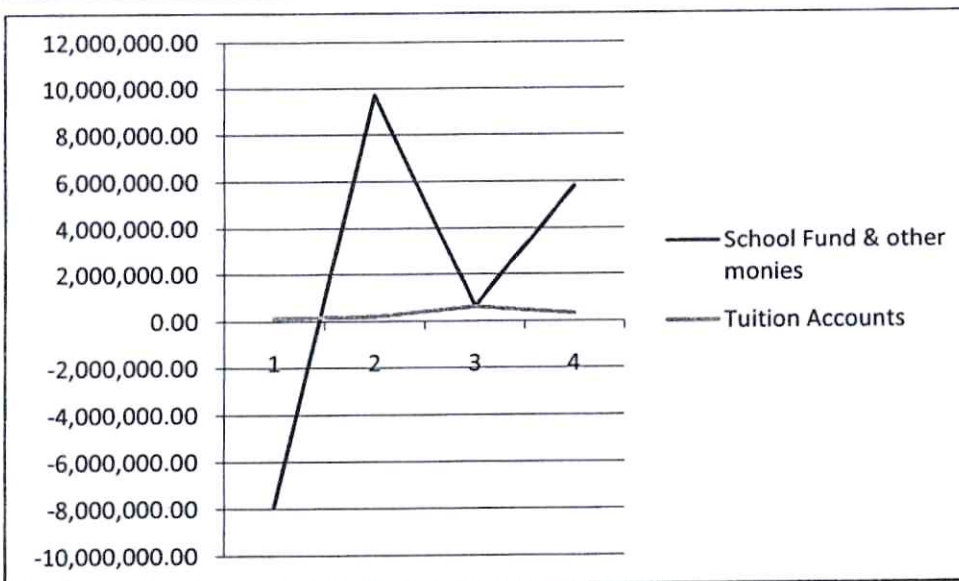
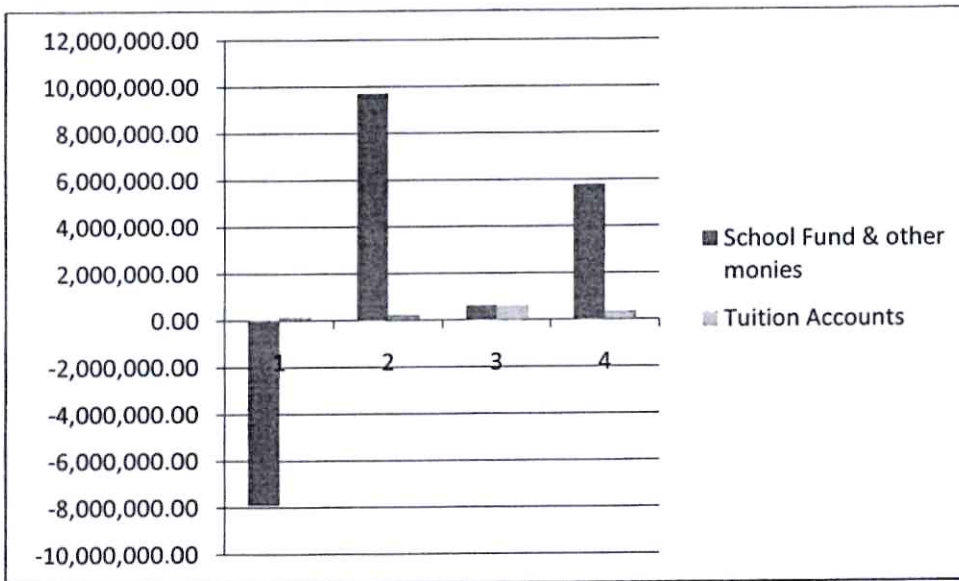
Account	2021	2020	2019
School Fund & other monies	-4,298,613	9,699,450	611,990
Tuition Accounts	142,591	211,282	625,029
Operation Accounts	94,870	1,253,136	1,473,348
Totals	-4,061,152	2,434,369	236,329



The deficit for the year 2021 increase to Kshs -4,061,152 from a surplus ksh. 2,434,369 in the year 2020.

ii) Capitation Grants

Account	2021	2020	2019
Tuition Account	802,494	1,245,999	1,821,332
Operation Account	6,143,158	6,526,300	3,022,857
Total	6,945,652	7,772,299	4,844,189



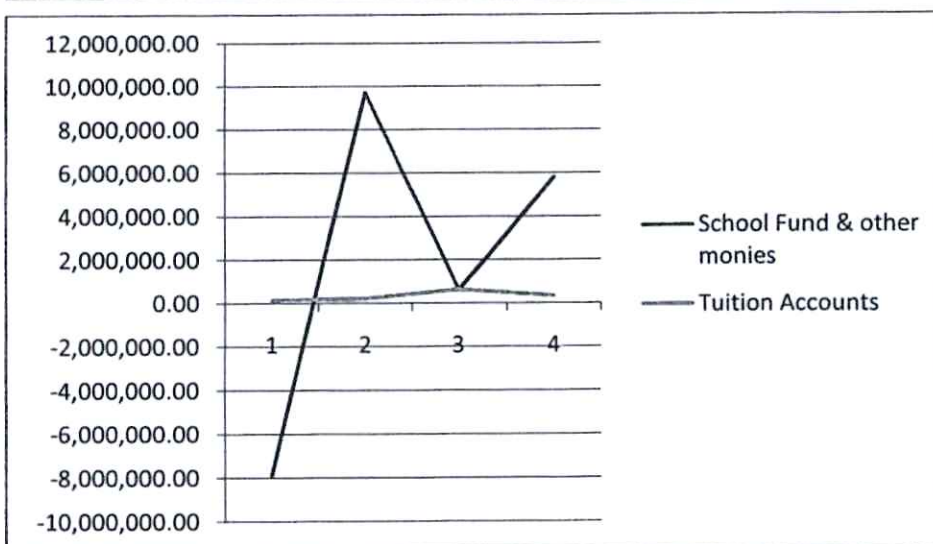
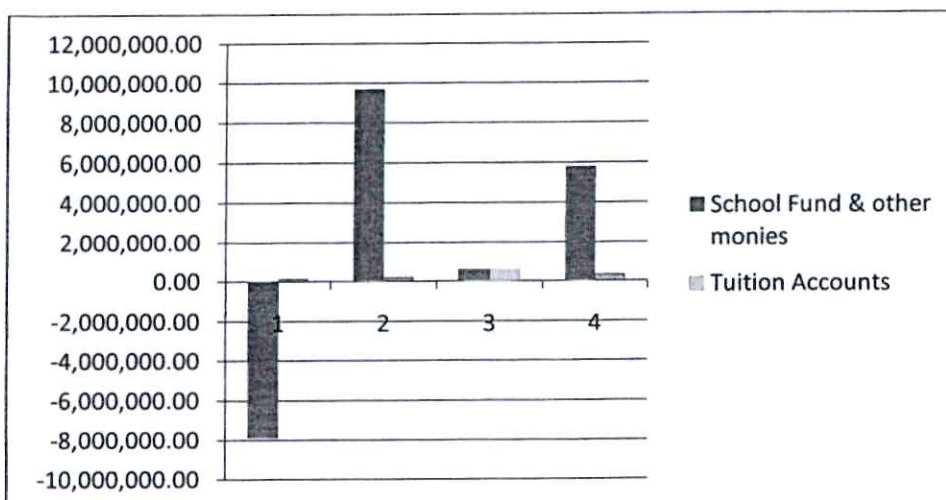
iii) Income and Expenditure Accounts

2021

The Hill School Girls-Eldoret

Annual Report and Financial Statements For the six months ended 30th June 2021

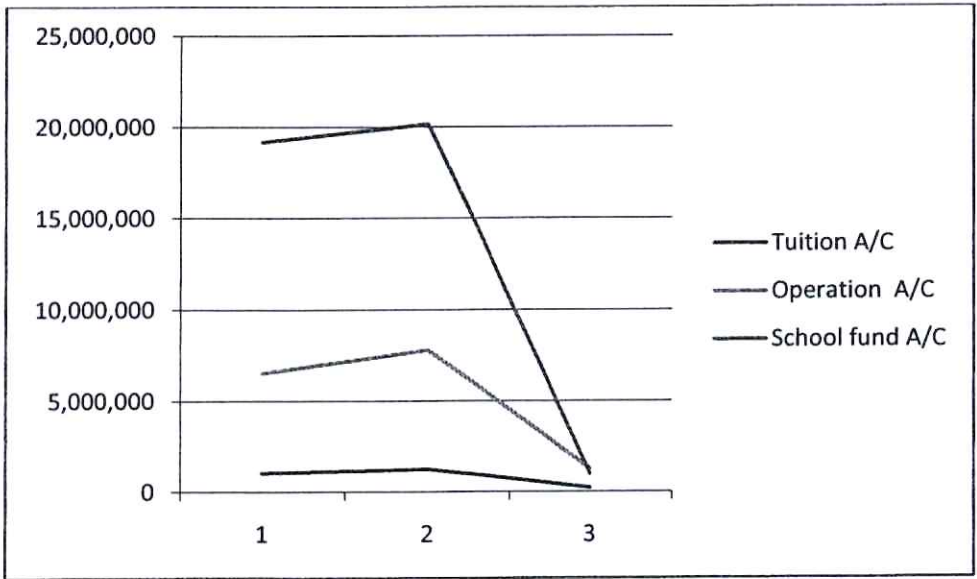
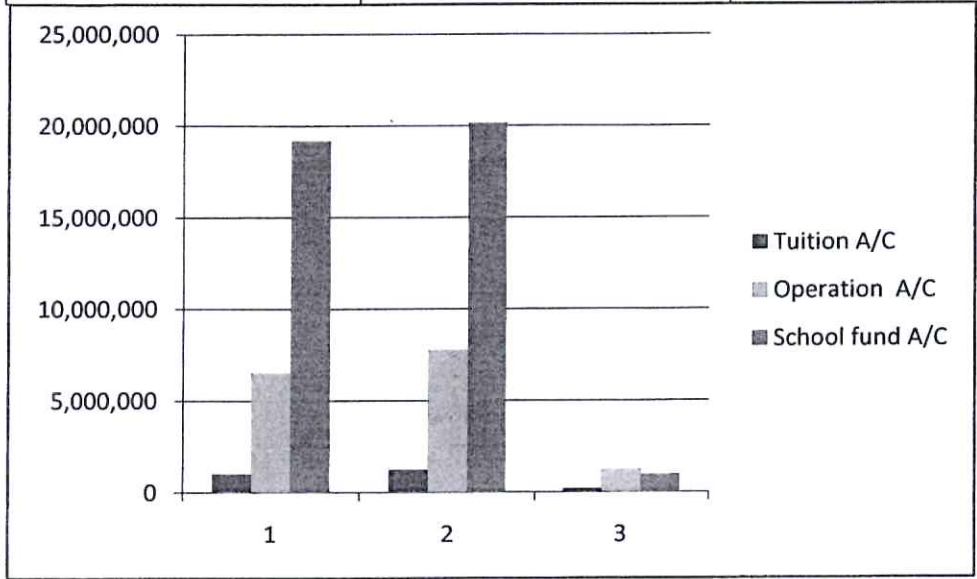
Account	Income	Expenditure	Surplus Deficit
Tuition Account	802,494	659,903	142,591
Operation Account	6,143,158	5,311,238	831,920
School fund and other monies	17,385,559	22,422,222	-5,036,663
TOTAL	24,331,211	28,393,363	-4,062,152



2020

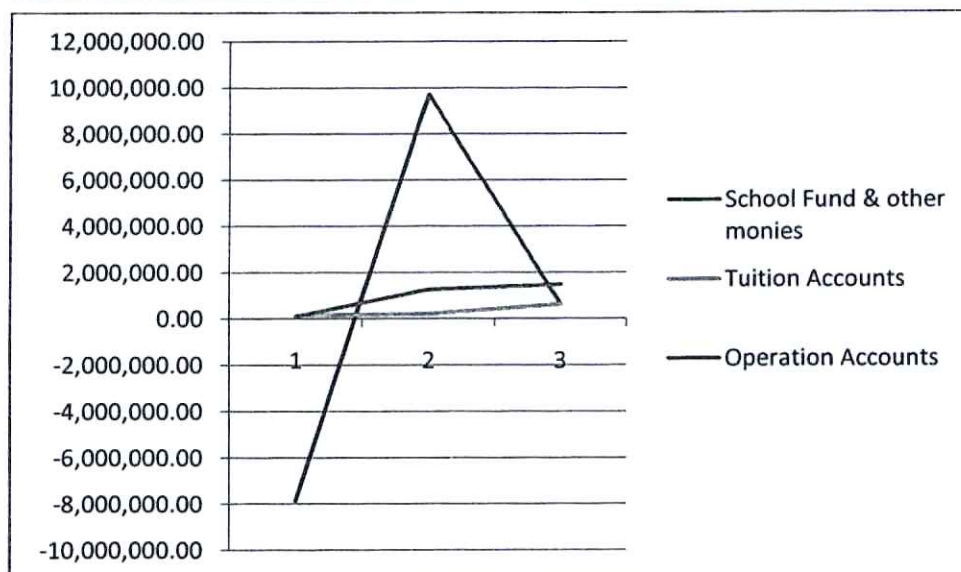
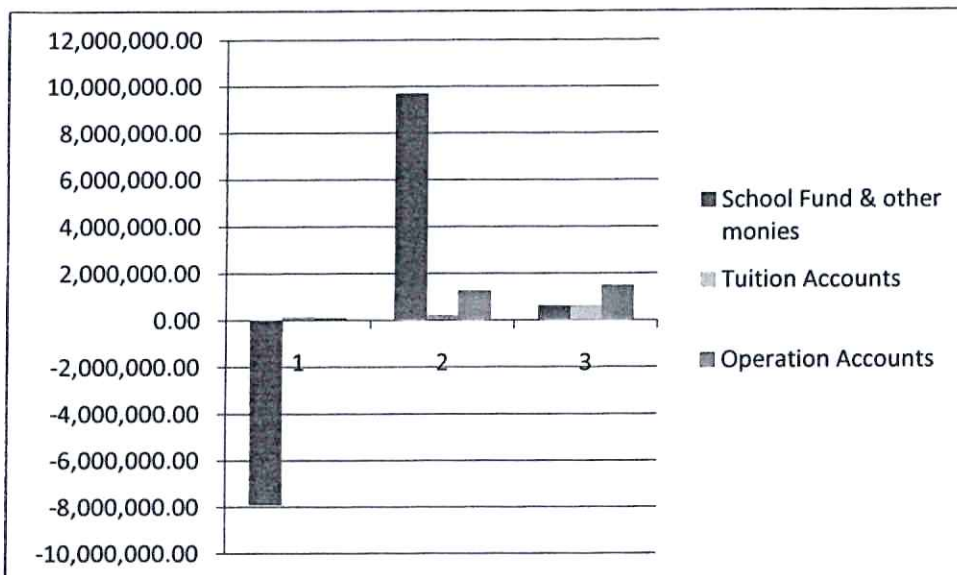
Account	Income	Expenditure	Surplus Deficit
Tuition A/C	1,034,711	1,246,000	211,288
Operation A/C	6,526,300	7,779,436	1,253,136
School fund A/C	19,181,920	20,151,865	969,945

TOTAL	26,742,932	29,177,301	71,903
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2019

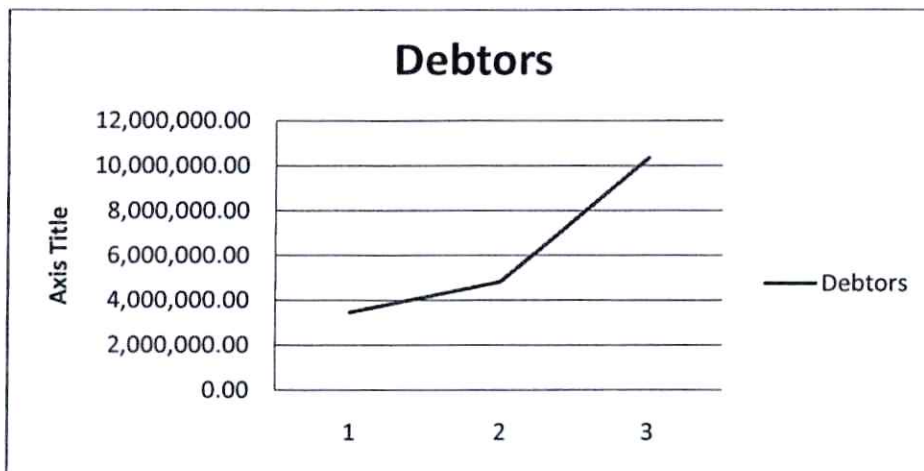
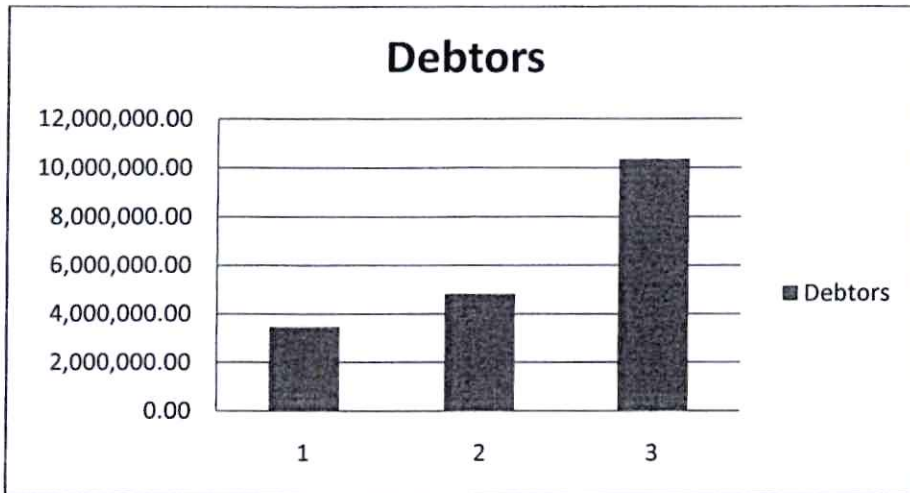
Account	Income	Expenditure	Surplus Deficit
Tuition A/C	1,821,332	1,196,303	625,029
Operation A/C	4,354,814	58,281,162	1,473,348
School fund A/C	31,490,211	30,878,221	611,990
TOTAL	37,666,357	37,902,686	236,329



TRENDS OVER THE LAST THREE YEARS

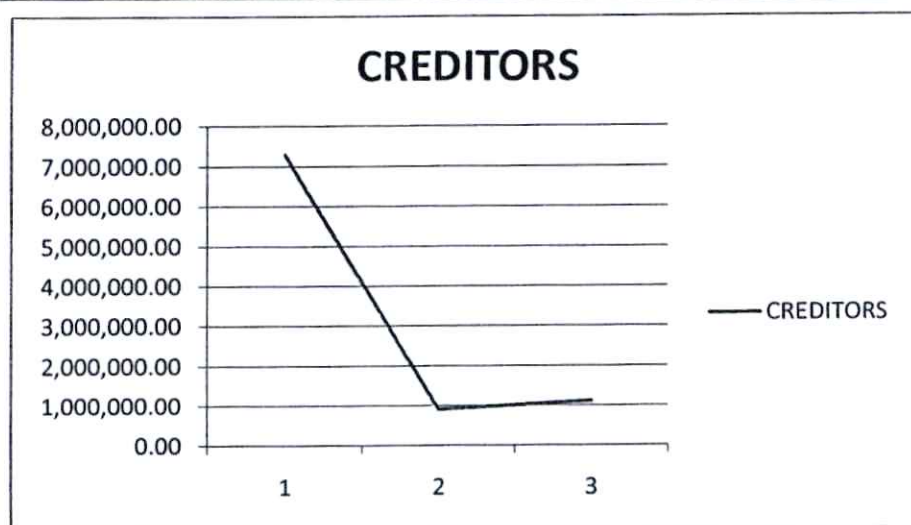
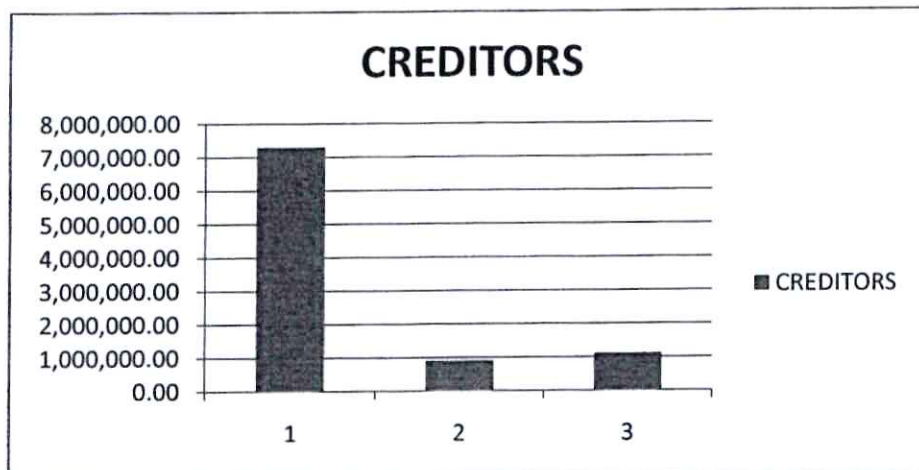
IV) MOVEMENT OF DEBTORS OF THE SCHOOL

Account	2021	2020	2019
Debtors	3,105,073	4,809,816	10,342,426
INCREASE/DECREASE	1,704,743	-5,532,610	1,265,375



MOVEMENT OF CREDITORS OF THE SCHOOL

SCHOOL FUND ACCOUNT	2021	2020	2019
CREDITORS	6,955,855	905,779	1,114,997
INCREASE/DECREASE	-7,861,634	-209,218	-



b. Teacher Student Ratio

The teacher student ratio of the school was 1:21 which is favourable. The teachers have easy time to monitor the academic performance of every student.

c. Mean Score in the 2021 KCSE

A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	ENTRY	MEAN
0	0	4	9	12	40	41	35	11	4	0	0	156	6.22

The Number of Students Transiting To Higher Institutions

KCSE	ENTRY	C+ AND ABOVE	PERCENTAGE OF TRANSITION
2021	157	65	41%
2020	126	66	52%
2019	141	64	45%

d. Number of candidates in the 2021 KCSE

YR	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	X	Y	ENT	MEAN GRD	GRD
2021	0	0	4	9	12	20	41	35	11	4	0	0	1	0	156	6.22	C
2020	0	0	2	10	13	21	37	28	14	1	0	0	4	0	126	6.2	C
2019	0	0	10	12	14	28	30	30	11	6	0	0	0	0	141	6.4	C+


e. Capacity of the school:

The Justification is endowed with the following facilities

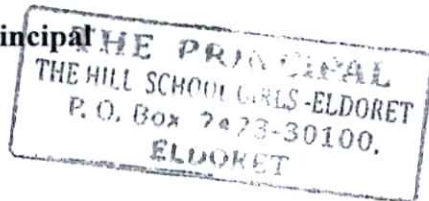
- a. Land 20 Hectares
- b. Classrooms 15
- c. Laboratory 3
- d. Library -
- e. Kitchen -
- f. Dining Hall -
- g. Vehicles 2
- h. Plants 1
- i. Staff houses 4
- j. Dormitory 1
- k. Ablution Block 24
- l. Administration Block -
- m. Stores -

f) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Dormitory	RMI	Completed			

 ANNASTASIA TIROP

School Principal



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

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



.....
Name: DORCAS SERENI

Designation: Chairman, School Board of Management

Date: 6/8/2024



.....
Name: ANNASTASIA TIRO

Designation: School Principal & Secretary to Board of Management

Date: 6/8/2024



.....
Name: JUSTICE MALEH

Designation: Bursar/ Finance Officer

Date: 6/8/2024



REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON THE HILL SCHOOL GIRLS - ELDORET FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - UASIN GISHU COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of The Hill School Girls' - Eldoret – Uasin Gishu County - set out on pages 1 to 17, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts

Report of the Auditor-General on The Hill School Girls - Eldoret for the six (6) months' period ended 30 June, 2021 - Uasin Gishu County

for the period ended 30 June, 2021, 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 The Hill School Girls – Eldoret – Uasin Gishu County as at 30 June, 2021, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Unsupported Accounts Receivables

The statement of financial assets and financial liabilities and as disclosed in Note 10 to the financial statements reflects accounts receivable balance of Kshs.3,105,073. However, Management did not provide a schedule of students' arrears to support the outstanding balance.

In the circumstances, the accuracy and completeness of accounts receivables balance of Kshs.3,105,073 could not be confirmed.

2. Unsupported Accounts Payables

The statement of financial assets and financial liabilities and as disclosed in Note 11 to the financial statements reflect accounts payables balance of Kshs.6,955,855 in respect to prepaid fees however, a schedule to support the balance was not provided for audit review.

In the circumstances, the accuracy and completeness of the prepaid fees balance of Kshs.6,955,855 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The Hill School Girls' - Eldoret 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 comparison of budget and actual amounts reflects final receipts budget and actuals on a comparable basis of Kshs.31,979,125 and Kshs.24,332,211 respectively, resulting to an under-funding of Kshs.7,646,914 or 23% of the budget.

Similarly, the School spent an amount of Kshs.28,393,363 against an approved budget of Kshs.25,320,603 resulting to an over utilization of Kshs.3,072,760 or 12% of the budget.

The under-funding and over-utilization of the budget may affect the planned activities and impacts negatively on service delivery to students.

My opinion is not qualified 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.

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. Irregularities in Procurement

Review of the procurement plan provided revealed that the School did not reserve a minimum of thirty per cent access to Government procurement opportunities to disadvantaged groups such as the youth, women and persons with disabilities contrary to Section 53(6) of the Public Procurement and Asset Disposal Act, 2015.

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

2. Under Funding of Capitation Grant

Audit review of student enrolment data indicates that more students were enrolled in the School than the number of students reflected in National Education Management Information System (NEMIS) as shown below resulting to under-funding of capitation.

Month	No. of Students per NEMIS	No. of Students as per Register	Variance
July, 2020 Operations	561	635	74
July, 2020 Tuition	561	635	74
October, 2020 Operations	32	635	603
October, 2021 Tuition	32	635	603
February, 2021 Operation	616	635	19

Month	No. of Students per NEMIS	No. of Students as per Register	Variance
February, 2021 Tuition	616	635	19
April, 2021 Operations	616	713	97
April, 2021 Tuition	328	713	385

This is contrary to Ministry of Education Circular MOE.HQS/3/13/3 of 16 June, 2021 that requires all learners to be registered in National Education Management Information System and the School Principals to ensure their records are accurate.

In the circumstances, the operations of the School may have been affected by the under-funding.

3. Failure to Prepare School Improvement Plan

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

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

4. Late Submission of Financial Statements

During the year under review, Management submitted the financial statements to the Auditor-General on 1 March, 2023 instead of the statutory deadline of 30 September, 2021. 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, 2021 in compliance which 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.

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 a Fixed Asset Register

Annex 2 to the financial statements reflects a summary of fixed assets register totalling to Kshs.565,082,954. However, the School did not maintain a detailed and comprehensive fixed assets register in accordance with the instructions provided at Annex 2 to the financial statements.

Further, the assets listing provided for review did not indicate the date of acquisition, detailed serial and tagging numbers, cost or valuation amount, depreciation rates and net book values.

In the circumstances, lack of a comprehensive fixed asset register may lead to loss of assets.

2. Inventory Management

Note 15 to the financial statements reflect closing inventories balance of Kshs.3,428,611. However, Management did not provide schedule of inventories and how the stock take was carried for audit. In addition, the School received various goods but the store keeper did not maintain Goods Received Notes (GRNs) to ensure that the correct item and quantity had been delivered and recorded as per the terms of the Local Purchase Order.

In the circumstances, the accuracy of closing inventory could not be confirmed.

3. Lack of a Risk Management Policy

The School does not have a risk management policy that is approved by Board of Management.

In the circumstances, Management may not be able to identify and mitigate risks.

4. Lack of a Disaster Management Committee

Review of the School's policies revealed that there is no disaster management committee in place. The committees' is mandated to oversee the implementation of disaster management initiatives and ensure that the School has a contingency plan in place.

In the circumstances, Management might not be able to handle and mitigate disaster as they occur.

5. Lack of Internal Audit Function and Audit Committee

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

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

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 these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 September, 2024

5. Statement Of Receipts and Payments For the six months Ended 30th June 2021

Description Of Vote Head	Note	2020-2021 Kshs	2019-2020 Kshs
Receipts			
Government grants for tuition	1	802,494	-
Government grants for operations	2	6,143,158	-
School fund income – parents contribution	3	14,532,511	-
School fund income- other income	4	2,854,048	-
Miscellaneous incomes			-
Total Receipts		24,332,211	
Payments			
Tuition	5	659,903	-
Operations	6	5,311,238	-
Boarding and school fund	7	22,422,222	-
Total Payments		28,393,363	-
Surplus/Deficit		(4,061,152)	-

The school financial statements were approved on _____ 2021 and signed by:

.....
 Name: DURCAS SERGENI
 Chair BOM

.....
 Name: ANNASTACIA THROP
 School Principal/ Secretary to BOM

.....
 Name: JUDICE MALEL
 Bursar/ Finance Officer

Date: 6/8/2024

Date: 6/8/2024

Date: 6/8/2024

THE PRINCIPAL
 THE HILL SCHOOL GIRLS-ELDORET
 P. O. Box 7473-30100,
 ELDORET

6. Statement of Assets and Liabilities As At 30th June 2021

Description	Note	2020-2021	2019-2020
		Kshs	Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	8	3,558,627	-
Cash balances	9	74,270	-
Total cash and cash equivalent		3,632,897	-
Account's receivables	10	3,105,073	-
Total financial assets		6,737,970	-
Financial liabilities			
Accounts payables	11	6,955,855	-
Net financial assets		(217,885)	-
Represented by			
Accumulated fund b/fwd	12	3,843,267	-
Surplus/deficit for the year		(4,061,152)	-
Net financial position		(217,885)	-

The school's financial statements were approved on 28th February 2023 and signed by:

.....


Name: NJOROGE SEREM

Chair BOM

Date: 6/8/2024

.....


Name: ANASTASIA TIRO
 School Principal/ Secretary to BOM

Date: 6/8/2024

.....


Name: JUSTICE MALEL

Bursar/ Finance Officer

Date: 6/8/2024

THE PRINCIPAL
 THE HILL SCHOOL GIRLS-ELDURET,
 P. O. Box 7473-30100,
 ELDURET

7. Statement of Cash Flows for the six months Ended 30th June 2021

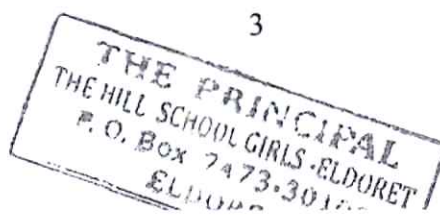
Description	Note	2020-2021	2019-2020
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition		802,494	
Government grants for operations		6,143,158	
Government Grants for infrastructure		14,532,511	
School fund income- parents' contributions		2,854,048	
Total receipts		24,332,211	
Payments			
Cash outflows for tuition		659,903	
Cash outflows for operations		5,311,238	
Cash out flows Boarding/lunch and school fund payments		22,422,222	
Total payments		28,393,363	
Net cash inflow/outflow from operating activities		-4,061,152	
Adjustment			
Increase in Account Receivables		-3,105,073	
Increase in Accounts Payable		6,955,855	
		3,850,782	
Cash flow from investing activities		-	
Acquisition of assets		-	
Proceeds from sale of Assets		-	
Net cash inflow/outflows from investing activities		-	
Cashflow from Financing activities		-4,061,152	
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash inflow/outflow from financing activities			
Net increase/decrease in cash and cash equivalents		-210,370	
Cash and cash equivalent at beginning of the FY		3,843,267	
Cash and cash equivalent at end of the FY		3,632,897	

The school's financial statements were approved 28th February 2023 and signed by:

.....
 Name: DORCAS SORBIT
 Chair BOM
 Date: 6/8/2024

.....
 Name: ANNASTASIA TIROP
 School Principal/ Secretary to
 BOM
 Date: 6/8/2024

.....
 Name: JUDICE MACHA
 Bursar/ Finance Officer
 Date: 6/8/2024



8. Statement of Budgeted Versus Actual Amounts for the Year Ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
<i>(1) Capitation Grant on Tuition</i>					
Reference Materials					
Exercise Books	1,176,194		1,176,194		0.00%
Laboratory Equipment	345,288		345,288		0.00%
Internal Exams	64,468		64,468	802,494	1244.80%
Teaching / Learning Materials	600,000		600,000		0.00%
Exams And Assessment			-		
Reference/Library	42,000		42,000		0.00%
			-		
<i>(2) Capitation Grant on Operations</i>			-		
Personnel Emoluments	4,502,794		4,502,794	945,098	20.99%
Repairs And Maintenance	3,007,500		3,007,500	2,464,044	81.93%
Others	1,953,675		1,953,675	2,734,016	139.94%
			-		
<i>3) FDSE for infrastructure</i>					
Maintenance & Improvement MoE	-	-	-	-	-
M&I parents' contribution	-	-	-	-	-
Economic Stimulus Programs	-	-	-	-	-
Transition Infrastructure Grants	-	-	-	-	-
Administration Block	-	-	-	-	-
<i>(4) Fees Charged on Parents</i>					
Personnel Emoluments	3,336,470		3,336,470	1,679,421	50.34%
Repairs And Maintenance	710,000		710,000	357,332	50.33%
Local Transport / Travelling	968,815		968,815	281,265	29.03%

Electricity And Water	1,801,255	1,801,255	954,691	53.00%
Medical		-		
Administration Costs	1,663,357	1,663,357	650,873	39.13%
Activity	339,265	339,265	112,103	33.04%
SMASSE		-		
Fee On Boarding Equipment and Stores	11,353,013	11,353,013	10,496,826	92.46%
5) Miscellenous Income		-		
Loans / Borrowing		-		
Rent income	115,032	115,032	9,672	8.41%
Income From Farming Activities	-	-	-	
Insurance Compensation	-	-	-	
Income From Posho Mill	-	-	-	
Income From Bus Hire	-	-	-	
Fee For Hire of Ground and Equipment	-	-	23,000	100.00%
Interest Income	-	-	-	
Income From grants and donations	-	-	2,821,376	100.00%
Total Income	31,979,125	31,979,125	24,332,211	76.09%
(6) Expenditure For Tuition		-		
Textbooks		-		
Reference Materials		-		
Exercise Books	142,591	142,591	-	
Laboratory Equipment	365,563	365,563	365,563	100.00%
Internal Exams	291,340	291,340	3,000	1.03%
Reference/Lib	3,000	3,000	291,340	9711.33%
Teaching / Learning Materials	-	-	-	
Chalks	-	-	-	
Exams And Assessment	-	-	-	
Teachers Guides	-	-	-	
Administration Costs	-	-	-	

Bank Charges	-	-	-	
(7) Expenditure For Operations				
Personnel Emoluments	2,559,720	2,559,720	3,475,191	135.76%
Repairs, Maintenance & Improvements	2,464,044	2,464,044	1,232,000	50.00%
Local Transport / Travelling	239,063	239,063	98,000	40.99%
Electricity, Water and Conservancy	389,250	389,250	442,547	113.69%
Medical				
Administration Costs	347,080	347,080	63,500	18.30%
Activity Expenses	144,000	144,000	-	
Gratuity	-	-	-	
SMASSE	-	-	-	
(8) Expenditure For infrastructure				
Construction of classrooms	-	-	-	
Construction of LAB	-	-	-	
Construction of DORMS	-	-	-	
Purchase of furniture	-	-	-	
Purchase of equipment	-	-	-	
Purchase of machinery	-	-	-	
(9) Expenditure For school fund/lunch/boarding				
Personnel Emoluments	3,336,470	3,336,470	1,807,469	54.17%
Repairs, Maintenance and Improvements	710,000	710,000	213,662	30.09%
Local Transport / Travelling	968,815	968,815	1,083,360	111.82%
Electricity, Water and Conservancy	389,250	389,250	2,016,369	518.01%
Medical Expenses				
Administration Costs	1,163,357	1,163,357	2,079,681	178.77%
Activity	339,265	339,265	128,064	37.75%
Gratuity	-	-	-	

Annual Report and Financial Statements For the six months ended 30th June 2021

Lunch Programme	-	-	-	
Boarding Equipment and Stores	11,353,013	11,353,013	14,745,117	129.88%
Expenditure For Income Generating Activity	-	-	348,500	-100.00%
Insurance Costs	-	-	-	
Other Expenses On Investments	-	-	-	
Rent Income	115,032	115,032		0.00%
Bank Charges	-	-	-	
Loan Interest Repayment	-	-	-	
Loan Principal Repayment	-	-	-	
Acquisition Of Assets	-	-	-	
Totals	25,320,853	-	28,393,363	112.13%

9. 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 school fees from parents, 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*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

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.

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. Accounts receivables also include school fees billed to parents for services rendered but not paid. 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. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

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

This being the first year of adoption and presentation in the new IPSAS-cash, the comparative figures have not been incorporated.

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021

10. Notes To The Financial Statements

1 Government Grantsfor Tuition

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Reference Materials	-	-
Exercise Books	-	-
Laboratory Equipment	-	-
Internal Exams	-	-
Teaching / Learning Materials	802,494	-
Others (specify)*		-
Total	802,494	-

2 Government Grants for Operations

Description	2020-2021	2019 - 2020
	Kshs	Kshs
Personnel Emoluments	945,098	-
Repairs And Maintenance	2,464,044	-
Local Transport / Travelling	2,734,016	-
Electricity And Water		-
Medical		-
Administration Costs		-
Activity		-
Other Vote Heads (specify)*		-
Total	6,143,158	-

Notes to the Financial Statements (continued)

3 School Fund Income -Parents Contribution/Fees

Description	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	1,679,421	-
Repairs and maintenance	357,332	-
Local transport / travelling	281,265	-
Electricity and water	954,691	-
Medical	-	-
Administration costs	650,873	-
Activity	112,103	-
Fee on Boarding Equipment and stores		-
PA Levies*		-
Others (specify)		-
Total	14,532,511	-

4 Miscellaneous Incomes

Description	2020-2021	2019-2021
	Kshs	Kshs
Rent Income	9,672	-
Income From Farming Activities		-
Insurance Compensation		-
Income From Posho Mill		-
Income From Bus Hire		-
Fee For Hire of Ground and Equipment		-
Income From Grants and Donations*	2,821,376	-
Tender fees	23,000	-
Interest Income		-
Dividends Income		-
Loans/Borrowings*		-
Other Income (specify)*		-
Total	2,854,048	-

Notes to the Financial Statements (continued)

5 Tuition

Description	2020-2021	2019 -2020
	Kshs	Kshs
Exercise Books	-	-
Textbooks	-	-
Reference materials	3,000	-
Internal exams	291,340	-
Laboratory Equipment	365,563	-
Teaching / Learning Materials	-	-
Exams And Assessment	-	-
Teachers Guides	-	-
Bank Charges	-	-
Others (<i>specify</i>)	-	-
Total	659,903	-

6 Operations

Description	2020-2021	2019 -2020
	Kshs	Kshs
Personnel Emoluments	3,475,191	-
Service Gratuity	-	-
Administration Cost	63,500	-
Repairs And Maintenance & Improvements	1,232,000	-
Local Transport / Travelling	98,000	-
Electricity And Water	442,547	-
Medical	-	-
Activity Expenses	-	-
Insurance Cost	-	-
Others (<i>specify</i>)	-	-
Total	5,311,238	-

Notes to the Financial Statements (continued)

7 Boarding and School Fund

Description	2020 -2021	2019-2020
	Kshs	Kshs
Personnel Emoluments	1,807,469	-
Service Gratuity	-	-
Repairs And Maintenance &Improvements	213,662	-
Local Transport / Travelling	1,083,360	-
Electricity And Water	2,016,369	-
Medical Expenses	-	-
Administration Costs	2,079,681	-
Lunch Programme	-	-
Bank Charges	-	-
Expenses On Income Generating Activities**	348,500	-
Fee On Boarding Equipment andStores	14,745,117	-
Activity Expenses	128,064	-
Rent Expenses		-
Insurance Cost (<i>Life Property</i>)		-
Acquisition Of Assets		-
PA expenses		-
Others (specify)		-
Total	22,422,222	-

Notes to the Financial Statements (continued)

8 Bank Accounts

Account Name & Currency	Status	Bank Account Number	2020-2021	2019-2020
	Active/Dormant		Kshs	Kshs
Tuition Account		1102449091	728,357	-
Operations Account		1107750709	268,900	-
School Fund Account/Boarding		1102444928	539,563	-
Savings Account		1108729355	1,654,537	-
Parent Association Development Account			-	-
Income Generating Activities Account			-	-
Infrastructural Account		1211009165	367,270	-
Total			3,558,627	-

9 Cash In Hand

Description	2020-2021	2019-2020
	Kshs	Kshs
Notes and Coins	74,270	-
Total	74,270	-

10 Accounts Receivable

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees Arrears	3,105,073	-
Other Non-Fees Receivables	-	-
Salary Advances (list/schedule attached)	-	-
Imprest (list/schedule attached)	-	-
Rent arrears (list/schedule attached)	-	-
Total	3,105,073	-

Notes to the Financial Statements (continued)

11 Accounts Payable

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	-	-
Prepaid Fees	6,955,855	-
Retention Monies	-	-
Unpaid salaries and statutory deductions	-	-
Caution money	-	-
Other payables (specify)	-	-
Total	6,955,855	-

12 Fund Balance Brought Forward

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank Balances	3,558,627	-
Cash Balances	74,270	-
Short Term Investments	-	-
Receivables	563,467	-
Payables	(353,099)	-
Total	3,843,265	-

Other important disclosure notes

13 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle	-		
Goats	-		
Trees	-		
Coffee Or Tea Plantation	-		
Poultry			
Others (specify)			
Total			

Notes to the Financial Statements (continued)

14 Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year	-	-
Borrowings during the year	-	-
Repayments during the year	-	-
Balance at the end of the year	-	-

Other important disclosure notes

15 Stock/ Inventory

Description	2020 -2021	2019 -2020
	Kshs	Kshs
Stock/ inventory at beginning of the year	2,134,300	-
Stock/ inventory purchased during the year	20,498,311	-
Stock/ inventory issued during the year	19,204,000	-
Balance at end of the year	3,428,611	-

(Stock to be measured at lower of cost and net realisable value. Net realisable value is the difference between selling costs less costs to sell)

16 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

6/8/2024

THE PRINCIPAL
THE HILL SCHOOL GIRLS-ELDORET
P.O. Box 7473-30100,
ELDORET

11. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1.						
2.						
3.						
Sub-Total						
Supply Of Goods						
4.						
5.						
Sub-Total						
Supply Of Services						
6.						
7.						
8.						
Sub-Total						
Grand Total						

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1 st January 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2021
Land	432,582,954	-	-	432,582,954
Buildings And Structures	120,000,000	-	-	120,000,000
Motor Vehicles	5,700,000	-	-	5,700,000
Office Equipment, Furniture And Fittings	2,000,000	-	-	2,000,000
Textbooks	2,000,000	-	-	2,000,000
ICT Equipment	1,300,000	-	-	1,300,000
Tools And Apparatus	600,000	-	-	600,000
Other Machinery And Equipment	700,000	-	-	700,000
Heritage And Cultural Assets	-	-	-	-
Intangible Assets- Soft Ware	200,000	-	-	200,000
Total	565,082,954	-	-	565,082,954

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