

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 23 JUL 2025

DAY.

Wednesday

PARLIAMENT
OF KENYA
LIBRARY

TABLED
BY:

Hon. (Dr.) Robert Ficko
on behalf of the Leader of the Opposition

OF

CLERK-AT
THE TABLE:

Halima Suleman

THE AUDITOR-GENERAL

ON

MOI FORCES ACADEMY - LANET

FOR THE YEAR ENDED

30 JUNE, 2024

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 23 JUL 2025

NAKURU COUNTY

Wednesday

TABLED
BY:

Hon. Owen Baya
(Deputy Majority Leader)

CLERK-AT
THE TABLE:

Anastacia



**MOI FORCES ACADEMY-LANET
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024**

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

2.

Table of Contents

Page

1. Acronyms and Definition of Key Terms	ii
2. Key School Information and Management	iii
3. Summary Report of Performance of The School	vii
4. Statement of School Management Responsibility	xiii
5. Report Of The Independent Auditors	ii
6. Statement Of Receipts and Payments for the Year Ended 30 th June 2024.....	1
7. Statement of Assets and Liabilities As At 30 th June 2024.....	2
8. Statement of Cash Flows for the Year Ended 30 th June 2024	3
9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2024.....	4
10. Significant Accounting Policies	9
11. Notes To the Financial Statements	11
12. Annexes.....	19

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

1. Acronyms and Definition of Key Terms

A. Acronyms.

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day Secondary Education
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary Education

B. Definition of Key Terms

- Comparative Year**- Means the prior period.
ICPAK -- Institute of Certified Public Accountant of Kenya
BST- Business Studies
MOE- Ministry of Education
VC Vice Chair

2. 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 Nakuru County, Nakuru North Sub-County.

The school was registered in April/2015 under registration number 960 and is currently categorized as a national public school established, owned or operated by the Government.

The school is a boarding school and had 1762 number of students as at 30th June 2024. It has 30 streams and 65 teachers of which 10 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	Lt.Gen David K C Tarus	Chairman	23/05/2022
2	Ms Ruth Gathoni	Member Special Needs/VC	23/05/2022
3	Mrs. Mary Njogu	Secretary - Principal	03/02/2023
4	Lt. Col. Reuben Chania	Member	23/05/2022
5	Mrs Florence Chepkwony	Member	23/05/2022
6	Col. David Kwach	Member	23/05/2022
7	Lt. Col. Esther Mutai	PA Chair	23/05/2022
8	Mrs Rachel Mahugu	Member	23/05/2022
9	Hon Lawrence Karanja	Member – Rep CEB	23/05/2022
10	Daniel Kibithe	Member Rep Teachers	23/05/2022
11	Col.Ed. Catherine Nekesa	Members - Sponsor	23/05/2022
12	Col.(Rev) Alfayo K Lelei	Members - Sponsor	23/05/2022
13	Brig. David Kimaiyo	Members - Sponsor	23/05/2022
14	Dr. Joseph Mwangi	Member - Community	23/05/2022
15	Mrs Lilian Kavindu Mutiso	Member	23/05/2022
16	Mr. Dancun Kifue Mithamo	Member	23/05/2022
17	Dr.Kibeney Syphline	Memeber rep Special interest	23/05/2022
18	Victoria Ogombe	Rep Students	21/07/2022

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, of 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	BoM Executive Committee	i. Lt.Gen David K C Tarus ii. Ms Ruth Gathoni Ndungu iii. Ms Mary Njogu iv. Lt. Col. Esther Mutai v. Col. David Kwach vi. Hon. Lawrence Karanja	Chairman Vice Chair Secretary PA Chair Member Member	3 out of 3 3 out of 3 3 out of 3 3 out of 3 3 out of 3 3 out of 3
2	Finance and administration	i. Lt.Gen David K C Tarus ii. Col. Edu. C. Barasa iii. Ms Mary Njogu iv. Mrs Florence Soi v. Col. David Kwach vi. Hon. Lawrence Karanja vii. Mr. Erastus Lotuk	Chairman Member Secretary Member Member Member Member	2 out of 2 2 out of 2 2 out of 2 2 out of 2 2 out of 2 1 out of 2 1 out of 2
3	Academic Committee	i. Dr. Joseph Mwangi ii. Col. Edu. C. Barasa iii. Ms Mary Njogu iv. Mrs Lilian Mutiso v. Lt Col. Reuben Chania vi. Dr. Syphyline Kebeney vii. Mr. Daniel Kibithe Dep Academic	Chairman Member Secretary Member Member Member Member	1 out of 1 0 out of 1 1 out of 1 1 out of 1 0 out of 1 0 out of 1 1 out of 1

4	School Infrastructure Committee	i.Mr. Dancun Kifue ii Lt.Gen David K C Tarus iii.Sub County Director of Education iv. Ms Mary Njogu vi. Mrs Rachel Mahugu v. L.Col. Esther Mutai vii. Hon. Lawrence Karanja viii. Mr. Daniel Kibithe	Chairman Member Member Secretary Member Member Member Member	3 out of 3 2 out of 3 3 out of 3 3 out of 3 2 out of 3 3 out of 3 3 out of 3 3 out of 3
5	Discipline and Human Right	i. Hon. Lawrence Karanja ii. Ms Mary Njogu iii Ms Ruth Gathoni Ndungu iv.Lt. Col. Esther Mutai v. Col. Rev. Alfayo Lelei vi. Deputy Principal (Administration)	Chairman Secretary Member Member Member Member	1 out of 1 1 out of 1 0 out of 1 1 out of 1 1 out of 2 2 out of 2

(d) School operation Management

For the financial year ended 30th June, 2024 the School’s day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	MARY NJOGU	TSC No.351014
2	Deputy Principal	DANIEL KIBITHE	TSC No.418659
3	School Bursar	OMOLO PHILIP	ICPAK No. 22048

(e) Schools contacts

Post Office Box: 1238-20100
Telephone: 020213435
E-mail: info@moiforcesacademylanet.sc.ke

(f) School Bankers

Name of Bank: National Bank of Kenya
Branch: Nakuru
P.O Box 72866-00200 Nairobi
Accounts no:

- i. 7700087458 – School Fund Account
- ii. 7700417709 – Operation Account
- iii. 7700416931-Tuition Account
- iv. 7700198047 – Infrastructure
- v. 7701700463 - PA account

(g) Independent Auditors

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

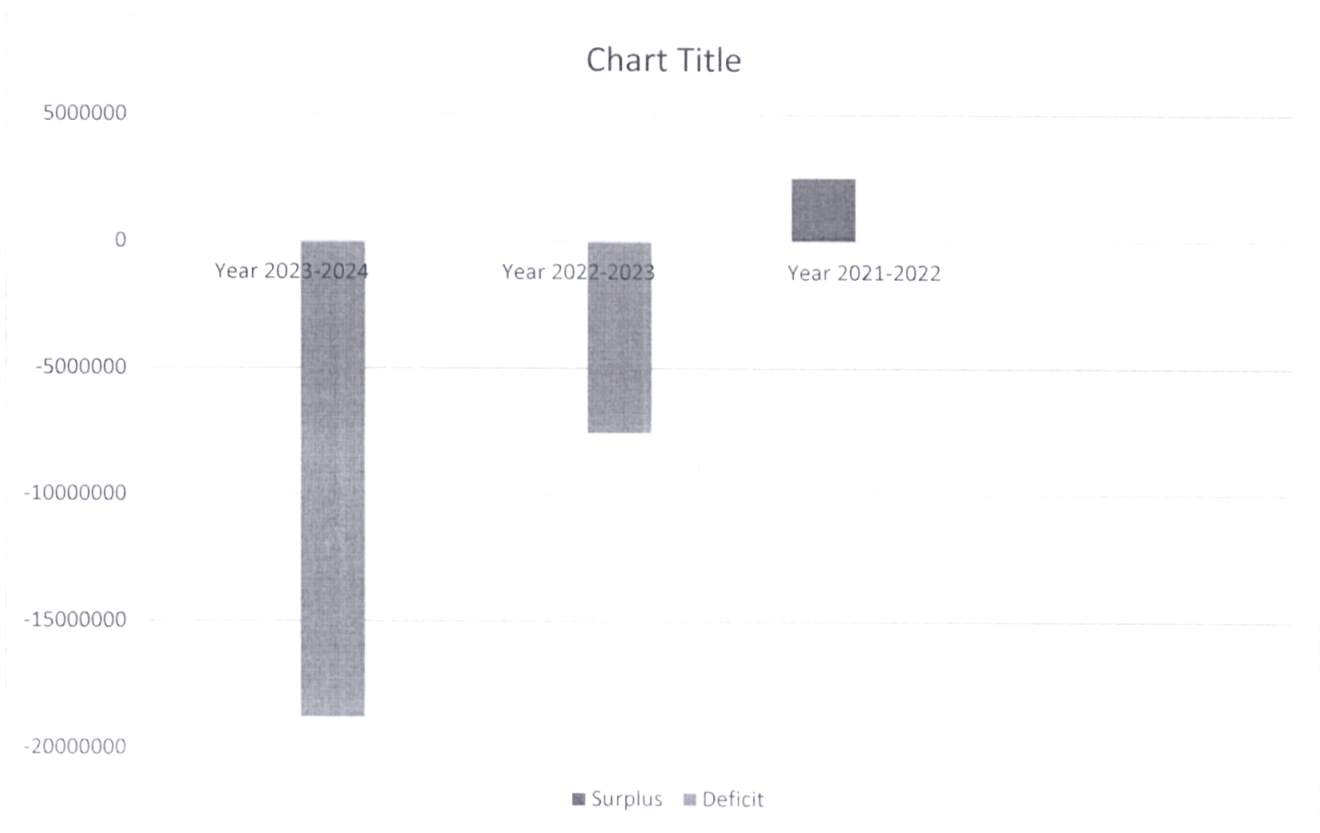
3. Summary Report of Performance of the School

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

a) Financial performance:

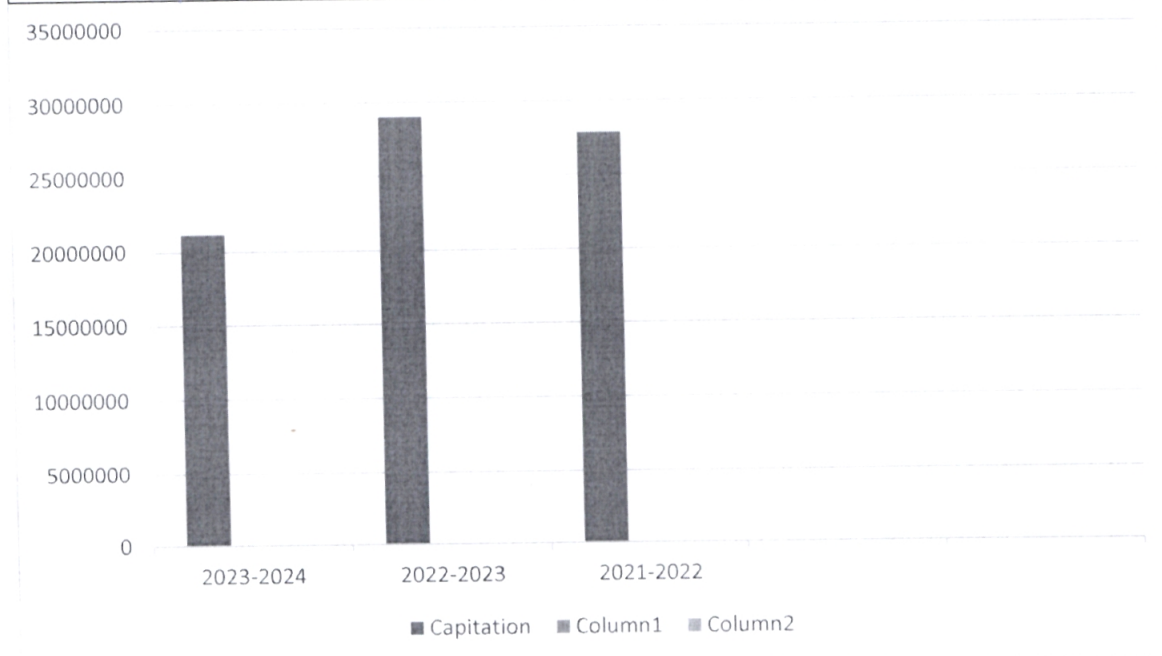
- Surplus/ deficit for the year and a comparison of the same for the last three years

YEAR	2023-2024	2022-2023	2021-2022
SURPLUS/ (DEFICIT)	(18,771,453)	(7,554,732)	2,526,006



- Capitation grants from the Ministry of Education for the last three years

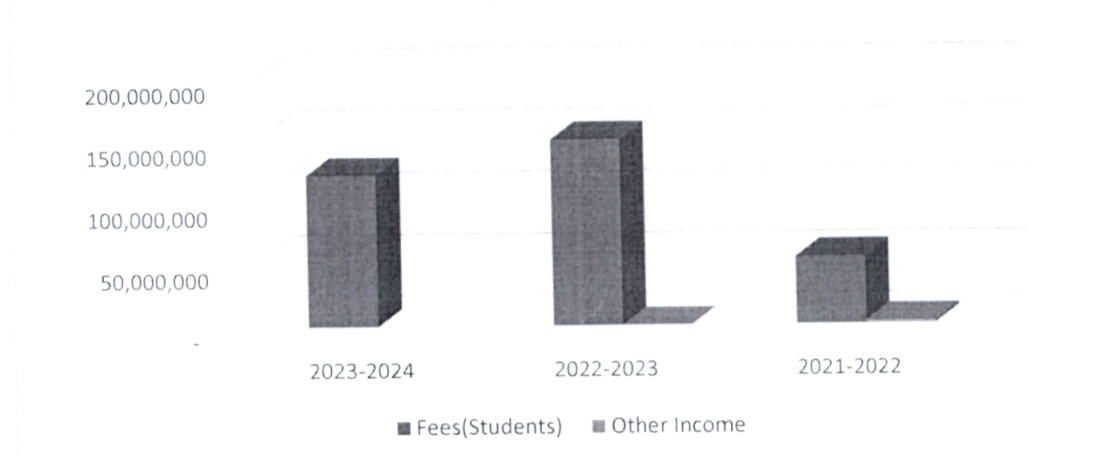
YEAR	2023-2024	2022-2023	2021-2022
Capitation	21,184,546	29,039,145	27,858,158



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

YEAR	2023-2024	2022-2023	2021-2022
Fee (students)	122738119	150,268,365	54,818,874
Other Income	0	76,160	2,202,109

Chart Title



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

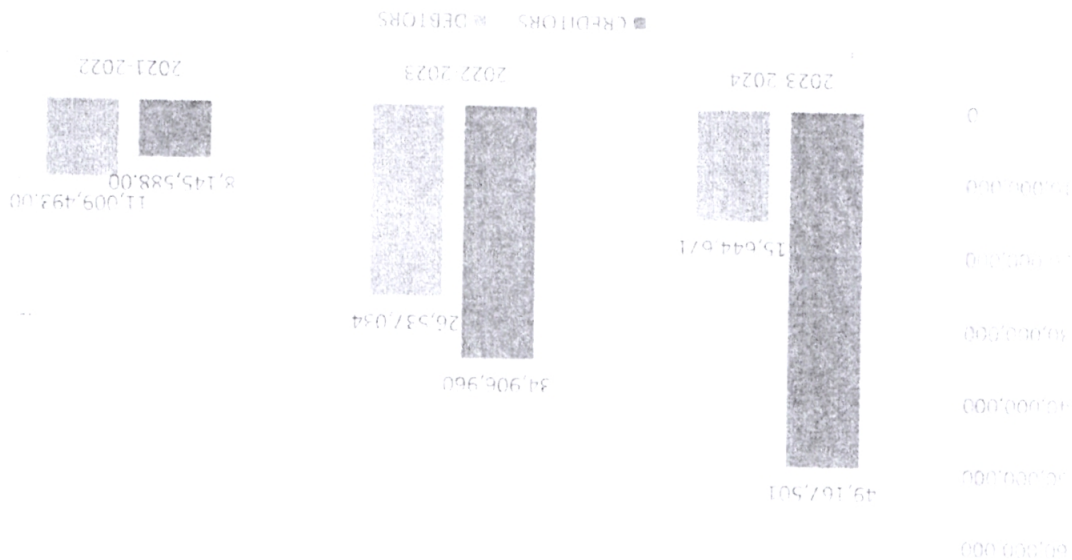
YEAR	2023-2024	2022-2023	2021-2022
Expenditure	162,694,118	186,938,402	82,353,135

Expenditure



- Movement of debtors and creditors of the school over the last three years

YEAR	2023-2024	2022/2023	2021/2022
Debtors	15644671	26,537,034	11,009,493
Creditors	49167501	34,906,960	8,145,588



MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

b) Teacher Student ratio:

No of TSC Teachers	Teachers recruited during the Year	Teacher retired during the year	Teachers transferred to other institutions	BOM Employed Teachers	Total No of Teachers present	No of students
55	None	1	2	10	65	1762
Ratio					1	28

Subject Combination	No. of Teachers(TSC)	Shortage
Art and Design	0	1
Maths/Chemistry	10	2
Biology/Chemistry	16	2
Physics/Maths	2	2
Computer/Geography	1	1
BST/Kiswahili	3	1

c) The mean score in the KCSE:

Details/ Year	2024	2023	2022	2021
School Set Score	9.0+	9.0	9.0	9.0
School mean score attained		7.4567	7.3710	8.0175
Students Who have since transitioned to institution of higher learning		322	233	272

The school did not attain its set score of 9.0 in the academic year 2023, however, there was improvement in quality grades which transitioned to institution of higher learning (322-233= 89)

d) Number of Candidates in the KCSE:

Year	2024	2023	2022	2021
No of KCSE candidates	326	453	345	342

e) The capacity of the school:

Details	Quantity
Student population	1762
Dormitories	2
Kitchen	1
Dining Hall	2
Laboratories	3
Library	1
Classrooms	30
Administration Block	1
Computer Laboratory	1
Swimming pool	1

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

f) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Dining hall	MOE	75% Complete	23,490,858.00	18,968,281	2024
Dormitory	Parents	60% Complete	27,495,006	23,972,109.00	2026
Solar Ph1&2	Parents	Complete	1,399,840	1,240,190	2024

PRINCIPAL
MOI FORCES ACADEMY-LANET
P.O. BOX 1238,
NAKURU
School Principal


4. 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 keep all proper books and records of accounts of the income, expenditure, and assets of the institution.

The Board of Management of Moi Forces Academy -Lanet 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).

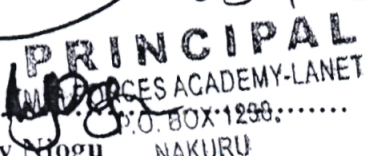
The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2024 and of the school's financial position as at that date.



Name: Lt. Gen. DKC Tarus

Designation: Chairman, School Board of Management

Date: 23.9.24


PRINCIPAL
MOI FORCES ACADEMY-LANET
P.O. BOX 1250
NAKURU

Name: Mary Njogu

Designation: School Principal & Secretary to Board of Management

Date: 23/09/2024



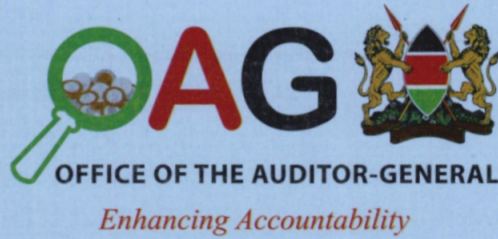
Name: Omolo Philip

Designation: Bursar/ Finance Officer

Date: 23/9/2024

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MOI FORCES ACADEMY - LANET FOR THE YEAR ENDED 30 JUNE, 2024 – NAKURU COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Moi Forces Academy - Lanet – Nakuru County set out on pages 1 to 18, which comprise of the statement of assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and the statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public

Report of the Auditor-General on Moi Forces Academy – Lanet for the year ended 30 June, 2024 - Nakuru County

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 Moi Forces Academy - Lanet as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with Public Sector Accounting Standards (Cash Basis)] and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Disclose Material Uncertainty Related to Sustainability of Services

The statement of assets and liabilities reflects financial assets totaling Kshs.26,945,020 against financial liabilities totaling to Kshs.49,167,500 resulting to negative working capital of Kshs.22,222,480. The School is, therefore, technically insolvent and its ability to continue as a going concern is dependent upon support from the Government and its creditors.

Further, the statement of receipts and payments reflects a deficit of Kshs.18,771,453 for the year under review while in the previous year the institution had a deficit of Kshs.7,554,732. In addition, the statement of assets and liabilities reflects a negative net assets position of Kshs.22,222,480 which is indicative of material uncertainty related to the sustainability of services of the School.

In the circumstances, the School may not meet its financial obligations when they fall due.

2. Inaccuracies in the Financial Statements

Review of the School’s financial statements revealed that there were variances between the statement of receipts and payments and statement of cashflows as detailed in the table below;

Item	Amount as per Statement of Receipts and Payments (Kshs)	Amount as per Statement of Cash Flows (Kshs)	Variance (Kshs)
Government grants for tuition	2,747,654	4,081,075	1,333,421
Government grants for operations	15,419,652	21,533,349	6,113,697
School fund income-fees	111,892,784	133,174,208	21,281,424
Cash outflows for tuition	2,888,090	2,739,685	148,405
Cash outflow for operations	31,988,723	29,836,068	2,152,655
Cash outflows boarding and school fund	101,201,481	107,078,180	5,876,699

Further, the statement of cashflows reflects an opening balance of Kshs.150,268,366 in respect of school fund income-parents contribution/fees. However, the prior year audited financial statements reflect an amount of Kshs.177,029,996.50 resulting in an unexplained variance of Kshs.26,761,630.

The statement of budgeted versus actual amounts reflects amounts of Kshs.141,372,114 and Kshs.161,290,593 in respect of total income and total expenditure respectively. However, the statement of receipts and payments reflects amounts of Kshs.143,922,665 and Kshs.162,694,118 resulting in unexplained variances of Kshs.2,550,551 and Kshs.1,403,525 respectively.

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

3. Variances in the Capitation Grants Amounts

The statement of receipts and payments reflects amounts of Kshs.2,747,654 and Kshs.15,419,652 in respect of Government grants for tuition and operations respectively. However, review of the School's bank records revealed amounts of Kshs.4,081,075 and Kshs.21,397,161 resulting in unexplained variances of Kshs.1,333,421 and 5,977,509 respectively.

In the circumstances, the accuracy and completeness of government grants of Kshs.2,747,654 for tuition and operations of Kshs.15,419,652 for the period ending 30 June, 2024 could not be confirmed.

4. Fixed Assets

4.1 Weaknesses in Management of Fixed Assets

Annex 2 to the financial statements on the summary of fixed assets register indicates that the school owns various assets whose total value is however not indicated. Further, Note 17 to the financial statements reflects that the school has biological assets whose values are not indicated. Therefore, it is not possible to determine the total value of assets that the Schools owns as at 30 June, 2024.

Review of the fixed assets register provided for audit review, revealed that the register is not updated and lacks key information for most of the assets including identification or serial numbers, acquisition dates, description of assets, location, class, cost of acquisition or book values of the assets, land reference/certificate number, ownership details as per ownership documents, asset condition and ownership documents held. In addition, a physical verification of assets in the School revealed that some of the assets are not tagged and therefore may be at risk of loss or misappropriation.

In the circumstances, the completeness, safe custody and ownership of the School's fixed assets balance of Kshs nil as at 30 June, 2024 could not be confirmed.

4.2 Lack of Land Ownership Documents

Available information revealed that the school sits on seventy-six (76) hectares equivalent to 187.6 acres of land as disclosed in Annex 2 to the financial statements - summary of fixed

assets register. The School was registered as a school vide Registration Number 960 in April, 2015. However, no ownership documents were provided by Management to confirm ownership of the land. Further, no explanation was provided as to why the School's Board of Management has not made efforts of securing ownership documents for the parcel of land.

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

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects a total revenue budget of Kshs.123,146,760 and actual on comparable receipts of Kshs.141,372,114 resulting to an over collection of revenue amounting to Kshs.18,225,354 or 15% of the budgeted revenue. The statement further reflects a total actual expenditure of Kshs.162,694,118 against actual receipts amount of Kshs.141,372,114 resulting to over- absorption of Kshs.21,322,004 which is 14% of the actual receipts.

However, Management did not provide any approval or justification for the over absorption observed.

The statement of budgeted versus actual amounts reflects total income budget of Kshs.123,146,760 against total expenditure budget of Kshs.123,280,900 resulting to a variance of Kshs.134,140. Management did not provide an explanation for the unbalanced budget contrary to the Regulation 33 (c) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the over expenditure was neither approved or justified and could represent misuse of budgeted funds.

2. Under-Disbursement of Capitation Fees

During the year under review, the School had budgeted for grants from the Ministry of Education fees amounting to Kshs.33,018,040 whereas the actual disbursement amounted to Kshs.18,167,306 resulting to financing deficit of Kshs.14,850,734 as detailed in the table below:

Component	Approved Budget Amount (Kshs)	Financial statement Amount (Kshs)	Variances in (Kshs)
Capitation Grants on Tuition	6,713,280.00	2,747,654.00	3,965,626.00
Capitation Grants on Operations	26,304,760.00	15,419,652.00	10,885,108.00
Totals	33,018,040.00	18,167,306.00	14,850,734.00

No reason was provided for the shortfall in the funding from the Government.

In the circumstances, the under-funding may have affected the School's overall achievement of its goals and objectives.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to communicate in my report.

Other Matter

1. Unresolved Prior Year Matters

In the audit report of the previous year, some issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not provided any explanation on how the issues raised have been resolved or otherwise.

2. Accuracy of Student Enrollment Data

Review of student enrollment records provided for audit, revealed that there were discrepancies between the National Education Management Information System (NEMIS) and School records relating to the enrolment of students. During the financial year 2023/2024, the NEMIS reported a total number of 1,776 students while enrolment records provided by the School indicated a total of 1,762 students, which resulted to potential over funding of Kshs.311,416 detailed in the table below:

Details	Students No.	Capitation per student	Total Funding
Number of students as per NEMIS data	1,776	22,244.00	39,505,344.00
Number of students as per School enrollment records	1,762	22,244.00	39,193,928.00

Details	Students No.	Capitation per student	Total Funding
Totals Variance	14		311,416.00

Management has not provided an explanation for this unsatisfactory situation.

In the circumstances, the School may have been underfunded thus affecting its planned activities.

Other Information

The Board of Management are responsible for the other information set out on page iii to xiii which comprise of Key School Information and Management, the Summary Report of Performance of the School and Statement of School Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Payment of Allowances to Board of Management Members

The statement of receipts and payments reflects an amount of Kshs.31,988,723 in respect to operations expenditure, as disclosed in Note 7 to the financial statements. Included in the balance is an amount of Kshs.712,414 which was incurred as payment of allowances to the Board of Management members. However, an approval from the Cabinet Secretary authorizing payment of the allowances was not provided to support the payments. This is

contrary to Paragraph 12 of the Fourth Schedule of the Basic Education Act, 2013 which states that Members of a Board of Management shall be paid in respect of their services such allowances as the Board of Management shall, with the approval of the Cabinet Secretary, determine.

In the circumstances, the regularity of the payment of Kshs.712,414 could not be confirmed.

2. Failure to Adhere to Procurement Laws and Regulations

The statement of receipts and payments reflects infrastructure payments amounting to Kshs.26,615,824 as disclosed in Note 8 to the financial statements. Review of records provided for audit revealed that the School made payments to various contractors and suppliers of building materials that were not supported by tender opening minutes, tender evaluation reports, professional opinions, Local Purchase Orders (LPOs), goods received notes and certificates of practical completion or interim certificates.

In addition, there was no evidence inform of inspection and acceptance reports/certificates that the school appointed inspection and acceptance committees to inspect the works and goods in order to ensure compliance with the terms and specifications of the contract and to accept or reject the works and goods on behalf of School.

Further, the School lacks the capacity in the form of a procurement function to carry out the functions outlined in Regulation 33(1) of the Public Procurement and Assets Disposal Regulations, 2020. Therefore, the procurement function did not have sufficient capacity to prepare and provide signed professional opinions to the Accounting Officer and advise on procurement and disposal matters.

In the circumstances, value for money in respect of infrastructure payments amounting to Kshs.26,615,824 could not be confirmed.

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

The statement of receipts and payments reflects an amount of Kshs.101,201,481 in respect of boarding and school fund payments as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.2,069,400 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only and is not defined in the Government funding system. Therefore, there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, the value for money for the funds transferred to KESSHA amounting to Kshs.2,069,400 could not be confirmed.

4. Excess Supply of Textbooks

During the year under review, the Ministry of Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD). Review of records revealed that the School has in stock an excess of five hundred and seventy-eight

(578) text books for the year and for the prior year a total excess of 5,570 textbooks, all totaling 6,148 books.

In the circumstances, value for money spent on the excess 6,148 text books could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Long Outstanding Receivables Balance

The statement of assets and liabilities reflects accounts receivable balance of Kshs.15,644,671 which as disclosed in Note 13 to the financial statements includes fees arrears amounting to Kshs.14,165,356. Further, included in the latter amount is a balance of Kshs.4,429,909 or 31% of total student debtors, which is owed to the School by students and which has been outstanding for more than one (1) year. The recoverability of the balance is doubtful since the students with fees arrears may have already left the School. In addition, the School did not provide evidence of the measures Management have put to have the fees arrears recovered, more so from students who have left with their final examination certificates. Further, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivable balance.

In the circumstances, the recoverability of the accounts receivable balance of Kshs.4,429,909 could not be confirmed.

2. Long Outstanding Accounts Payables

The statement of assets and liabilities reflects a balance of Kshs.49,167,500 in relation to accounts payables which as disclosed in Note 14 to the financial statements includes trade creditors amounting to Kshs.26,125,442. Further, included in the latter amount is a balance of

Kshs.13,481,160 or 52% of the trade creditors which has been outstanding for more than one (1) year. Management did not provide an explanation why the balance has remained outstanding for such a long time.

In the circumstances, the School may incur additional and unnecessary costs of interest and penalties on the delayed payments to creditors.

3. Lack of an Approved Fraud Policy

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

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

4. Lack of Risk Management Strategies and Other Key Policies

During the year Management had not implemented the risk management policy. Further, Management did not provide any evidence inform of a risk register or risk assessment report to indicate that formal risk assessments had been conducted or that the school had any strategy or any specific controls that had been put in place to mitigate operational, legal and financial risks. This is contrary to Regulation 165 (1) of the Public Finance Management (County Government Regulations) 2015.

In addition, it was observed that although the school had key policies like the disaster recovery plan/business continuity plan, human resource policy and finance policy, the policies had not been approved. Similarly, the Board minutes indicating the process of establishing and adopting the policies were not provided for audit verification. It was therefore not possible to confirm how the school adopted the policies without the proper approvals and authority.

In the circumstances, the effectiveness of internal controls, risk management and governance could not be confirmed.

5. Lack of IT Policy, Strategic Plan and Committee

Review of information technology (IT) environment revealed that the school does not have an approved ICT policy, user management standards and procedures addressing IT users, security, access to IT environments and environmental controls. Further, the School has not established IT strategic and steering committees, and an approved IT strategic plan that supports business requirements. In addition, there is no back-up retention strategy and there are no formal documented and approved processes to manage upgrades which means that unauthorized changes can be made without change request documentation. The IT department further lacks a formal emergency procedure which stipulates the procedures and

steps for the users to follow in case of an emergency or a disruption which would lead to business interference.

In the circumstances, the non-establishment of an IT Policy, IT strategic plan and committee could result in data loss, theft and disruption of services.

6. Lack of an Approved School Improvement Plan

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

In the circumstances, the effectiveness of the School's improvement planning process as contemplated in the guidelines from the Ministry of Education could not be confirmed.

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

Responsibilities of the Management and the Board of Management

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

In preparing the financial statements, Management is responsible for assessing the School's ability to continue 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Management is responsible for overseeing the School's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant

legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 June, 2025

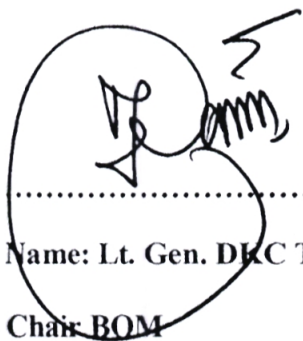
MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024


6. Statement of Receipts and Payments for the Year Ended 30th June 2024

Description Of Vote Head	Note	2023-2024	2022-2023
		Kshs	Kshs
Receipts			
Government grants for tuition	1	2,747,654	4,196,918
Government grants for operations	2	15,419,652	12,059,282
Government Grants for infrastructure	3	13,862,575	12,782,945
School fund income- parents' contributions	4	111,892,784	150,268,366
Miscellaneous incomes	5	-	76,160
Total Receipts		143,922,665	179,383,670
Payments			
Tuition	6	2,888,090	6,901,032
Operations	7	31,988,723	15,628,843
Infrastructure	8	26,615,824	18,968,282
Boarding and school fund	9	101,201,481	145,440,245
Total Payments		162,694,118	186,938,402
Surplus/Deficit		(18,771,453)	(7,554,732)

The school financial statements were approved on 23rd September,2024 and signed by:


 Name: Lt. Gen. DKC Tarus
 Chair BOM

PRINCIPAL
 MOI FORCES ACADEMY-LANET
 NAKURU
 Name: Mary Njogu
 School Principal/ Secretary to BOM


 Name: Omolo Philip
 Bursar/ Finance Officer

Date: 23.9.24

Date: 23/09/2024

Date: 23/9/2024

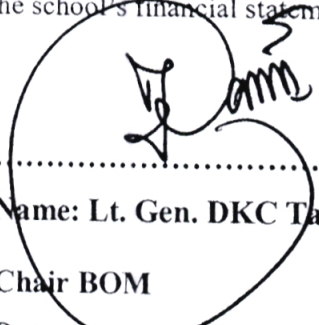
MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

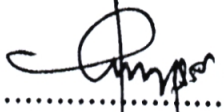
7. Statement of Assets and Liabilities as at 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	11,121,919	4,885,801
Cash balances	11	178,431	33,099
Short term investments	12	0	0
Total cash and cash equivalent		11,300,350	4,918,900
Account's receivables	13	15,644,671	26,537,034
Total financial assets (a)		26,945,020	31,455,934
Financial liabilities			
Accounts payables	14	49,167,500	34,906,961
Total Financial Liabilities (b)		49,167,500	34,906,961
Net financial assets (a-b)		(22,222,480)	(3,451,027)
Represented by			
Accumulated fund b/fwd	15	(3,451,027)	4,103,705
Surplus/deficit for the year		(18,771,453)	(7,554,732)
Net Assets		(22,222,480)	(3,451,027)

The school's financial statements were approved on 23rd September, 2024 and signed by:


 Name: Lt. Gen. DKC Tarus
 Chair BOM
 Date: 23.9.24

PRINCIPAL
 MOI FORCES ACADEMY-LANET
 P.O. BOX 1238,
 NAIROBI
 Name: Mary Njogu
 School Principal/ Secretary to
 BOM
 Date: 23/09/2024


 Name: Omolo Philip
 Bursar/ Finance Officer
 Date: 23/9/2024

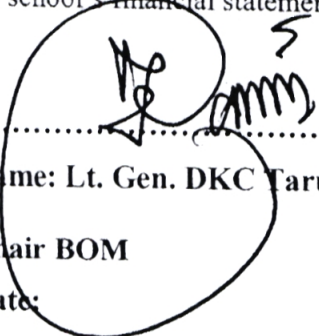
MOI FORCES ACADEMY – LANET

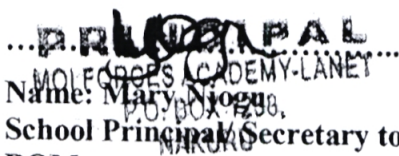
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024


8. Statement of Cash Flows for the Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	4,081,075	4,196,918
Government grants for operations	2	21,533,349	12,059,282
Government grants for infrastructure	3	13,862,575	12,782,945
School fund income- parents contributions/ fees	4	133,174,208	150,268,366
Other income	5	0	76,160
Total receipts		172,651,207	206,145,301
Payments			
Cash outflows for tuition	6	2,739,685	6,901,032
Cash outflows for operations	7	29,836,068	15,628,843
Cash outflows Boarding/lunch and school fund payments	9	107,078,180	160,967,787
Total payments		139,653,933	183,497,662
Net cash inflow/outflow from operating activities		32,997,274	22,647,640
Cash flow from investing activities			
Acquisition of assets	8	(26,615,824)	(18,968,282)
Net cash inflow/outflows from investing activities		(26,615,824)	(18,968,282)
Cash flow from Financing activities			
Net cash inflow/outflow from financing activities		0	0
Net increase/decrease in cash and cash equivalents		6,381,450	3,679,358
Cash and cash equivalent at beginning of the FY		4,918,900	1,239,542
Cash and cash equivalent at end of the FY		11,300,350	4,918,900

The school's financial statements were approved on 23rd September, 2024 and signed by:


 Name: Lt. Gen. DKC Tarus
 Chair BOM
 Date: 23.9.24


 Name: Mary Njogu
 School Principal/Secretary to BOM
 Date: 23/9/2024


 Name: Omolo Philip
 Bursar/ Finance Officer
 Date: 23/9/2024

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

9. Statement of Budgeted Versus Actual Amounts for The Year Ended 30th June 2024

Receipts/Expenses (ref)	a Original Budget Kshs	b Adjustments Kshs	c=a+b Final Budget Kshs	d Actual On Comparable Basis Kshs	e=d/c % % Of Utilization Kshs
Receipts					
(1) Capitation Grant on Tuition					
Reference Materials	0	0	0	0	0
Exercise Books	490,500	0	490,500	450,000	91.74%
Laboratory Equipment	210,000	0	210,000	200,813	95.63%
Internal Exams	180,000	0	180,000	167,001	92.78%
Teaching / Learning Materials	5,832,780	0	5,832,780	1,929,841	33.09%
Exams And Assessment	0	0	0	0	0
	6,713,280	0	6,713,280	2,747,654	40.93%
(2) Capitation Grant on Operations					
Personnel Emoluments	3,807,000	0	3,807,000	2,108,186	55.38%
Repairs And Maintenance	5,082,760	0	5,082,760	4,786,084	94.16%
Local Transport / Travelling	3,807,000	0	3,807,000	2,106,306	55.33%
Electricity And Water	3,807,000	0	3,807,000	2,106,306	55.33%
Medical	3,240,000	0	3,240,000	0	0.00%
Administration Costs	3,807,000	0	3,807,000	2,106,305	55.33%
Activity	2,430,000	0	2,430,000	2,206,465	90.80%
SMASSE	324,000	0	324,000	0	0.00%
	26,304,760	0	26,304,760	15,419,652	58.62%

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

Receipt/Expense Item	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual On Comparable Basis Kshs	% of Allocation
3) FDSE for infrastructure					
Maintenance & Improvement MoE	3,017,240	0	3,017,240	3,017,240	100.00%
M&I parents' contribution	10,845,335	0	10,845,335	10,845,335	100.00%
Economic Stimulus Programs	0	0	0	0	0
Transition Infrastructure Grants	0	0	0	0	0
Administration Block	0	0	0	0	0
	13,862,575	0	13,862,575	13,862,575	100.00%
(4) Fees Charged on Parents					
Personnel Emoluments	8,250,255	0	8,250,255	8,318,949	100.83%
Repairs And Maintenance	3,240,000	0	3,240,000	3,193,546	98.57%
Local Transport / Travelling	8,250,255	0	8,250,255	3,785,753	45.89%
Electricity And Water	8,250,255	0	8,250,255	5,698,273	69.07%
Medical	0	0	0	0	0
Administration Costs	8,250,255	0	8,250,255	16,208,357	196.46%
Activity	1,292,760	0	1,292,760	1,396,090	107.99%
SMASSE	0	0	0	0	0
Fee On Boarding Equipment and Stores	38,378,365	0	38,378,365	70,741,265	184.33%
	75,912,145	0	75,912,145	109,342,233	144.04%
5) Miscellaneous Income					
Loans / Borrowing	0	0	0	0	0
Rent income	354,000	0	354,000	0	0.00%

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

Receipt/Expenses Item	Original Budget		Adjustments		Final Budget		Actual On Comparable Basis		% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Income From Farming Activities	0		0		0		0		0
Insurance Compensation	0		0		0		0		0
Income From Posho Mill	0		0		0		0		0
Income From Bus Hire	0		0		0		0		0
Fee For Hire of Ground and Equipment	0		0		0		0		0
Interest Income	0		0		0		0		0
Income From Any Other Investment	0		0		0		0		0
Total Income	123,146,760		0		123,146,760		141,372,114		114.80%
(6) Expenditure For Tuition									
Textbooks	0		0		0		0		0
Reference Materials	0		0		0		0		0
Exercise Books	490,500		0		490,500		0		0.00%
Laboratory Equipment	210,000		0		210,000		1,373,045		653.83%
Internal Exams	180,000		0		180,000		620,215		0
Teaching / Learning Materials	5,832,780		0		5,832,780		891,000		344.56%
Chalks	0		0		0		0		0
Exams And Assessment	0		0		0		0		0
Teachers Guides	0		0		0		0		0
Administration Costs	0		0		0		0		0
Bank Charges	0		3,830		3,830		3,830		100.00%

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

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
(7) Expenditure For Operations					
Personnel Emoluments	3,807,000	0	3,807,000	20,120,315	528.51%
Repairs, Maintenance & Improvements	5,082,760	0	5,082,760	3,419,259	67.27%
Local Transport / Travelling	3,807,000	0	3,807,000	595,021	15.63%
Electricity, Water and Conservancy	3,807,000	0	3,807,000	1,183,939	31.10%
Medical	3,240,000	0	3,240,000	118,025	3.64%
Administration Costs	3,807,000	0	3,807,000	5,321,624	139.79%
Activity Expenses	2,430,000	0	2,430,000	1,230,540	50.64%
Gratuity	0	0	0	0	0
SMASSE	324,000	0	324,000	-	0.00%
	26,304,760	0	26,304,760	31,988,723	121.61%
(8) Expenditure For infrastructure					
Construction of classrooms	0	0	0	0	0
Construction of LAB	0	0	0	0	0
Construction of DORMS	12,622,385		12,622,385	25,375,634	189.92%
Purchase of furniture	0	0	0	0	0
Purchase of equipment	0	0	0	0	0
Purchase of machinery/ Solar	1,240,190	0	1,240,190	1,240,190	100.00%
(9) Expenditure For school fund/lunch/boarding					

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Basis	Comparable Basis	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Personnel Emoluments	8,250,255	0	8,250,255	6,490,099	6,490,099	79%
Repairs, Maintenance and Improvements	3,240,000	0	3,240,000	3,224,396	3,224,396	99.52%
Local Transport / Travelling	8,250,255	0	8,250,255	2,332,531	2,332,531	28.27%
Electricity, Water and Conservancy	8,250,255	0	8,250,255	3,719,098	3,719,098	45.08%
Medical Expenses		130,310	130,310	130,310	130,310	100%
Administration Costs	8,604,255	0	8,604,255	23,741,266	23,741,266	275.92%
Activity	1,292,760	0	1,292,760	2,670,175	2,670,175	206.55%
Lunch Programme	0	0	0	0	0	0
Boarding Equipment and Stores	38,378,365	0	38,378,365	58,893,606	58,893,606	153.46%
Expenditure For Income Generating Activity	0	0	0	0	0	0
Bank Charges	0	0	0	0	0	0
Loan Interest Repayment	0	0	0	0	0	0
Loan Principal Repayment	0	0	0	0	0	0
Acquisition Of Assets	0	0	0	0	0	0
Totals	123,146,760	134,140	123,280,900	162,694,118	162,694,118	131.97%

Underutilization and Overutilization of budget vote heads resulted due to:

- i. Inadequate funding
- ii. Significant increase in prices of items due to existing economic situation of high inflation

10. 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 various sources when the event occurs, and the related cash has been received by the school. In addition, the school recognises all expenses when the event occurs, and the related cash has 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.

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

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 an 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 the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditures incurred for the purchase of goods, works and services that have 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**

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 2024.

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

11. Notes to the Financial Statements

1. Government Grants for Tuition

Description	2023-2024	2022-2023
	Kshs	Kshs
Exercise Books	450,000	555,516
Laboratory Equipment	200,813	887,602
Internal Exams	167,000	383,822
Teaching / Learning Materials	1,929,840	2,292,423
Chalk	-	77,552
Total	2,747,654	4,196,917

2. Government Grants for Operations

Description	2023-2024	2022-2023
	Kshs	Kshs
Personnel Emoluments	2,108,186	5,053,555
Repairs And Maintenance	4,786,084	-
Local Transport / Travelling	2,106,306	1,492,322
Electricity And Water	2,106,306	2,043,827
Medical		245,014
Administration Costs	2,106,305	2,333,662
Activity	2,206,465	890,902
Total	15,419,652	12,059,282

3. Government Grants for infrastructure

Description	2023-2024	2022-2023
	Kshs	Kshs
Maintenance & Improvement	3,017,240	6,175,824
Development Fund	10,845,335	6,607,121
Total	13,862,575	12,782,945

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

4. School Fund Income - Parents Contribution/Fees

Description	2023-2024	
	Kshs	Kshs
Personnel emoluments	8,318,949	12,617,838
Repairs and maintenance	3,193,546	28,160,667
Local transport / travelling	3,785,753	4,806,178
Electricity and water	5,698,273	12,955,849
Administration costs	16,208,357	14,469,516
Activity	1,396,090	7,244,485
Fee on Boarding Equipment and stores	70,741,265	67,976,153
PA Levies/ Academic Program	2,550,551	2,037,680
Total	111,892,784	150,268,365

5. Miscellaneous Incomes

Description	2023-2024	
	Kshs	Kshs
Rent Income (current in admin cost)	-	76,160
Total	-	76,160

6. Tuition

Description	2023-2024	
	Kshs	Kshs
Laboratory Equipment	1,373,045	2,135,556
Teaching / Learning Materials	891,000	3,652,386
Exams And Assessment	620,215	1,112,900
Bank Charges	3,830	240
Total	2,888,090	6,901,032

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

7. Operations

Description	2023-2024	2022-2023
	Kshs	Kshs
Personnel Emoluments	20,120,315	7,895,851
Administration Cost	5,321,624	3,626,510
Repairs And Maintenance & Improvements	3,419,259	1,556,390
Local Transport / Travelling	595,021	221,200
Electricity And Water	1,183,939	1,401,239
Medical	118,025	715,853
Activity Expenses	1,230,540	211,800
Total	31,988,723	15,628,843

8. Infrastructure

Description	2023-2024	2022-2023
	Kshs	Kshs
Construction of classrooms	1,403,525	
Construction of Dining Hall		18,968,281
Construction of dormitory	23,972,109	
Drilling of boreholes/ Solar installation	1,240,190	
Total	26,615,824	18,968,281

9. Boarding and School Fund

Description	2023-2024	2022-2023
	Kshs	Kshs
Personnel Emoluments	690,999	17,768,290
Repairs And Maintenance & Improvements	3,224,396	12,752,699
Local Transport / Travelling	2,332,531	5,015,583
Electricity And Water	3,719,098	6,731,322
Medical Expenses	130,310	
Administration Costs	23,741,266	11,225,877
Fee On Boarding Equipment and Stores	58,893,606	88,891,603
PA expenses/Academic Improvements	5,799,100	1,100,780
Activity	2,670,175	1,954,092
Total	101,201,481	145,440,245

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

10. Bank Accounts

Account Name Currency	Status	Bank Account Number	2023-2024	
	Active/Dormant		Kshs	
Tuition Account	Active	7700416931	1,480,744	41,504
Operations Account	Active	7700417709	6,446,877	174,664
School Fund Account/Boarding	Active	7700087458	1,812,941	2,035,023
Parent Association Development Account	Active	7701700463	1,057,736	190,638
Infrastructural Account	Active	7700198047	323,621	2,443,972
Total			11,121,919	4,885,801

11. Cash in Hand

Description	2023-2024	
	Kshs	
Notes and Coins	178,431	33,099
Total	178,431	33,099

12. Short Term Investments

Description	2023-2024	
	Kshs	
Cooperative Shares	0	0
Other Investments	0	0
Total	0	0

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

13. Accounts Receivable

Description	2023-2024	
	Kshs	
Fees Arrears	14,165,356	25,871,868
Other Non-Fees Receivables		
Salary Advances (list/schedule attached)	42,000	
Imprest (list/schedule attached)	1,437,315	665,166
Total	15,644,671	26,537,034

13 b) Ageing Analysis of Accounts Receivable

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	2023-2024	% of the total	2022-2023	% of the total
Less than 1 year	9,735,447	69%	22,210,606	86%
Between 1- 2 years	4,429,909	31%	3,661,262	14%
Total	14,165,356	100%	25,871,868	100%

14. Accounts Payable

Description	2023-2024	
	Kshs	
Trade Creditors (See Ageing Below and Appendix I)	26,125,442	24,720,379
Prepaid Fees	10,208,756	4,733,447
Other payables (Direct Credit)	12,833,303	5,453,135
Total	49,167,501	34,906,961

14a. Ageing Analysis of Accounts Payable

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	2023-2024	% of the total	2022-2023	% of the total
Less than 1 year	12,644,282	43%	16,575,049	33%
Between 1- 2 years	13,481,160	57%	8,145,330	67%
Total	26,125,442	100%	24,720,379	100%

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

15. Fund Balance Brought Forward

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank Balances	4,885,801	1,238,732
Cash Balances	33,099	810
Receivables	26,537,034	11,009,493
Payables	(34,906,961)	(8,145,330)
Total	(3,451,027)	4,103,705

Other important disclosure notes

IPSAS Cash Standard 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.

16. Non-current Liabilities Summary

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank Loans	0	0
Others (specify)	0	0
Total	0	0

17. Biological assets

Description	Numbers	2023-2024	2022-2023
		Kshs	Kshs
Cattle	9		
Trees	3000		
Total	3009		

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

18. Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year	0	0
Borrowings during the year	0	0
Repayments during the year	(0)	(0)
Balance at the end of the year	0	0

Other important disclosure notes

19. Stock/ Inventory

Description	2023-2024	2022-2023
	Kshs	Kshs
	0	0

20. 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)
ADR1	Non Compliance with PSASR template	In the forgoing the management would keenly adhere to the structure of the template	Resolution in In Progress	30 th September 24
ADR2	Error in the annual financial report	The variation in closing balance was due to correction of inaccurate addition in previous years	Resolve	
ADR3	Unexplained cash withdrawal by former bursar while on retirement	Close scrutiny of the cash book revealed that the cash were withdrawn by the bursar and spent during his time but records were	Resolved	

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		prepared after he went on retirement		
ADR4	Lack of Land Ownership documents	The land is in the name of sponsor KDF the issue being addresses by the BOM.	Resolution is in Progress	2024

PRINCIPAL
 MOI FORCES ACADEMY-LANET
 P.O. BOX 1238,
 NAKURU *23/09/2024*
 Sign and Date
 Principal

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods/ Services	Original Amount A Kshs	Date Contracted b Kshs	Amount Paid To-Date c Kshs	Outstanding Balance Current FY d-a-c Kshs	Outstanding Balance Comparative FY Kshs	Comments
Construction Of Buildings						
Sub-Total						
Supply Of Goods						
1. Dajohn Enterprises	197,780	1/7/2023		197,780		
2. Masecom Technology Centre	655,150	1/7/2023		655,150		
3.Gilanis Supermarket ltd	2,769,282	1/7/2023		2,769,282		
4.Bluechop Highland Merchant	37,800	1/7/2023		37,800		
5.Paul K Muchina	158,000	1/7/2023		158,000		
6.Chamaka General Supplies	935,275	1/7/2023		935,275		
7.DPL Festive Ltd	446,670	1/7/2023		446,670		
8.Elizabeth Nyambura	222,000	1/7/2023		222,000		
9.Beck Millers	1,531,500	1/7/2023		1,531,500		
10.Jamu Chain Suppliers Enterprises	1,062,830	1/7/2023		1,062,830		
11.Samwel M Kungu	248,000	1/7/2023		248,000		
12. Jane Wangeci Gakuo	187,500	1/7/2023		187,500		

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

Supplier Name	Original Invoice	Date Cleared	Amount Due	Outstanding Balance	Outstanding	Comments
13. Franka & Sons Limited	633,600	1/7/2023		633,600		
14. Pendu General Supplies	624,050	1/7/2023		624,050		
15. Kenya Meat Commission	2,067,410	1/7/2022		2,067,410		
16. Naivas Ltd	669,504	1/7/2022		669,504		
17. Priscilla Wangari Wanjoga	623,800	1/7/2022		623,800		
18 Jenny Destiny & Cereal Ent.	196,640	1/7/2022		196,640		
19. Petpat Enterprises	408,232	1/7/2022		408,232		
20. Bookflyers Precise Publishers	971,100	1/7/2022		971,100		
22. Patmat Bookshop	2,849,455	1/7/2022		2,849,455		
23. Kenya Ordnance Factories Corporation	1,323,090	1/7/2023		1,323,090		
24. Chimanda Suppliers	3,645,644	1/7/2022		3,645,644		
25. Kenafrie Bakery Ltd	400,000	1/7/2023		400,000		
26. Equator Accessory Electrical Stores	140,355	1/7/2022		140,355		
27. Bettinet Enterprises Ltd	41,200	1/7/2022		41,200		
28. Kawamu Millers	640,000	1/7/2022		640,000		
29. Heri General Merchant	125,820	1/7/2022		125,820		
Sub-Total	23,811,687			23,811,687		

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

Supply Of Services					
1.Franley Global	1,211,755	1/7/2023		1,211,755	
18. Unipro Enterprises	130,000	1/7/2023		130,000	
19. Sideway welders	972,000	1/7/2023		972,000	
Sub-Total	2,313,755			2,313,755	
Grand Total	26,125,442			26,125,442	

Annex 2 – Summary of Fixed Assets Register

Asset Class	Quantity	Historical Cost b/y (Kshs) 1 st July 2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost of (Kshs) 30 th June 2024
Land	76HA				
Buildings And Structures	31				
Motor Vehicles	2				
Textbooks	38745				
ICT Equipment	64 Computers / 6 printers				
Intangible Assets- Soft Ware	1				
Total					

MOI FORCES ACADEMY – LANET

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2024

Annex 3 – Cash flow Adjustment as at 30th June 2024

Details	School Funds Account Ksh	Operation Account Ksh	Tuition Account Ksh	Infrastructure Account Ksh
INCOME(Total Receipts)				
Add back				
Fees recovered during the year	21,441,959			
Current prepayments	5,803,013			
Current Direct Credit as at 30 th June 2024	5,453,135	6,046,747	1,333,421	
Imprest recovered	4,099,603	66,950		
	36,797,710	6,113,697	1,333,421	-
Less				
Current Arrear c/f	9,735,447			
Prepayment refunded	327,704			
Previous year direct credit refunded to students	5,453,135			
Net adjusted(added) to total receipts	21,281,424	6,113,697	1,333,421	-
PAYMENTS				
Add back				
Payments to previous year creditors during the year	10,487,319		620,000	131,900
Imprest issued during the year	4,711,327	142,850	84,525	
Salary advanced during the year		42,000		
	15,198,646	184,850	704,525	131,900
Less : Current Creditors c/f	9,321,947	2,400,945	852,930	68,460
Net adjusted(added) to total payments	5,876,699.00	(2,216,095.00)	(148,405.00)	63,440.00