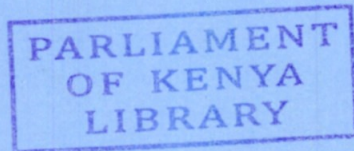


REPUBLIC OF KENYA



REPORT



**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 16 JUN 2026

DAY

Tuesday

OF

**TABLED
BY:**

*Hon. Naomi Wago, CBS, MP
(Deputy Majority Party Whip)*

**CLERK-AT
THE-TABLE:**

Womale

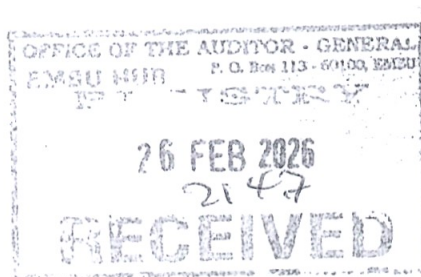
THE AUDITOR-GENERAL

ON

**ACK KAAKWA MIXED DAY SECONDARY
SCHOOL**

**FOR THE SIX MONTHS PERIOD
ENDED 30 JUNE, 2021**

THARAKA NITHI COUNTY



ACK. KANWA MIXED DAY SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021

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

ACK. KAAKWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

Table of Contents

1. Table of Contents	ii
2. Acronyms and Glossary of Terms.....	iii
3. Key School Information and Management.....	iv
4. Summary Report of Performance of the School.....	ix
5. Statement of School Management Responsibility.....	xviii
6. Report of the Independent Auditors.....	xiv
7. Statement of Receipts and Payments for the Year Ended 30 th June 2021.....	1
8. Statement of Assets and Liabilities as at 30 th June 2021.....	2
9. Statement of Cash Flows for the Year Ended 30 th June 2021.....	3
10. Statement of Budgeted Versus Actual Amounts for the Year Ended 30 th June 2021...	5
11. Significant Accounting Policies	11
12. Notes to the Financial Statements	14

ACK. KAAWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

1. Acronyms and Glossary of Terms

BOM	Board of Management
CEB	County Education Board
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
IPSAS	International Public Sector Accounting Standards
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day Secondary Education

ACK. KANWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

2. Key School Information and Management

(a) Background Information

The school is situated in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in Tharaka Nithi County, Igambang'ombe Sub-County.

The school was registered on 12/7/2021 under registration Number 13S00300809 and is currently categorized as County public school operated by the government.

The school is a mixed day and had 282 numbers of students as at 30th June, 2021. It had 2 streams and 16 teachers of which 4 teachers are employed by the School Board of Management.

(b) School Board of Management – Board Members

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

N/A	Name of Board Member	Designation	Date of Appointment
1.	Javason Kiambo	Chairman	2022
2.	Esther N. Wanjohi	Secretary - Principal	2022
3.	Charles Mugendi	Vice Chair	2022
4.	Caroline Karimi	CEB Rep	2022
5.	Zakayo Miriti	Member	2022
6.	Janis Kagendo	Member	2022
7.	Rev. Stephen Nyaga	P A Chair	2022
8.	Godfrey Muthomi	Teacher Staff	2022
9.	Rev. Joyce Kirimi	Sponsor	2022
10.	Michael Mucheri	Member	2022
11.	Patrick Mbaka Mbiuki	Member	2022
12.	Kaai Kiogora Martin	Community	2022
13.	Octavius Nyaga	Special Needs	2022

ACK. KANWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

The functions of the School Board of Management are;

- ✓ Ensure and assure the provision of proper and adequate facilities for the school.
- ✓ Determine cases of pupils' discipline and make reports to the CEB.
- ✓ Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013.
- ✓ Promote the best interests of the school and ensure its development.
- ✓ Manage the school's affairs in accordance with the rules and regulations governing occupational safety and health.
- ✓ Administer and manage the resources of the school.
- ✓ Advise the County Education Board on the staffing needs 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 management act, 2021 and the fourth schedule paragraph 21 and 23 of the Basic Education Act, 2013.
- ✓ Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB.

(c) Committees of the Board

N/A	Name of Committee	Names of members	Designation	Number of meetings attended during the year
1.	Executive committee	Dr. Cyprian Murithi	Chairman	5
		Esther Wanjohi	Secretary	5
		Humphrey Mutegi	Vice Chair	5
		Marygoretti Gacheri	B.O.M Rep	5
		Godfrey Muthomi	Member	5
2.	Parents association committee	Humphrey Mutegi	Chairman	1
		E. N. Wanjohi	Principal	1
		Jameson Mugambi	Deputy	1
		Rev. Stephen Nyaga	Member	1
		Zakayo Miriti	member	1
		Janis Kagendo	Member	1

3.	Finance, procurement and general purposes committee	Michael Mucheri	Chairman	1
		Humphrey Mutegi	B.O.M	1
		Stephen Nyaga	PA Chair	1
		E. N. Wanjohi	Principal	1
		Jameson Mugambi	Deputy	1
		Isaac Mbogo	Member	1
4.	Academic committee	Godfrey Muthomi	H.O.D	6
		Jameson Mugambi	Deputy	6
		E. N. Wanjohi	Principal	6
		Marygoretti Gacheri	B.O.M	6
		Peter Fundi	Member	6
		Janis Kagendo	Member	6
		Ms. Irene Muthoni	Member	6
		Stephen Nyaga	PA Member	6
5.	Development committee	Javason Kiambo	Chairman	3
		E. N. Wanjohi	Secretary	3
		Jameson mugambi	Deputy	3
		Humphery Mutegi	Member	3
		Marygoretti Gacheri	Member	3
6.	Discipline and welfare committee	Jameson Mugambi	D/Principal	5
		Godfrey Muthomi	Member	5
7.	Human rights/welfare committee	Octavius Nyaga	Member	1

ACK. KAAKWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

(d) School Operation Management

For the financial year ended 30th June, 2021 the school day to day management was under the following persons;

N/A	Name	Designation	Identification
1.	Esther N. Wanjohi	Principal	TSC No.336268
2.	Jameson M. M'tigania	Deputy Principal	TSC No. 336402
3.	Virginia Kawira	Clerk	ID No. 22819126

(e) School Contacts

Post office Box: 569 – 60400 Chuka

Telephone: 0720922479

Email: kaanwamixedboardingday@gmail.com

(f) School Bankers

1. Name of Branch: Equity
Branch: Chuka
Account No: 0210190680792
2. Name of Branch: Equity
Branch: Chuka
Account No: 0210291338721
3. Name of Branch: Equity
Branch: Chuka
Account No: 0210291771032
4. Name of Branch: Equity
Branch: Chuka
Account No: 0210292884082
5. M-Pesa paybill No. 247247 Equity Bank.

ACK. KAAKWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

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

ACK. KAAWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

b) Teacher Student Ratio:

Recruited and Posted:

Retired

TSC Teachers: 12

B.O.M Teachers 4

Teachers Per Subject

Subject Combination	No. of Teachers	TSC	B.O.M
Maths/Chem	2	2	0
Maths/Phy	3	1	2
Kisw/PE	1	0	1
Hist/Geo	0	0	0
Kisw/CRE	1	10	0
Bio/Agr	2	1	1
Bst	1	1	0
Bio/Chem	0	0	0
CRE/Eng	1	1	0
Kisw/Geo	1	1	0
Eng/Lit	2	2	0
Maths/Bst	0	0	0
Maths/Geo	0	0	0
Geo/Bst	1	1	0
Hist/CRE	2	1	1

ACK. KAAWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

(c) Mean Score KCSE year 2021

Year	No. of Candidates	No. of Students Transitioned	Achieved Scores	Set Mean Score
2021	31	0	D 3.23	C- 4.30
2020	36	0	D 2.83	D+ 3.722

(d) Number of Candidates in the 2021 KCSE

No. of Students	31

Tabulation of the Number of Candidates sitting for KCSE over the last four years.

Year	Number of Candidates
2021	31
2020	36

(e) Capacity of the school

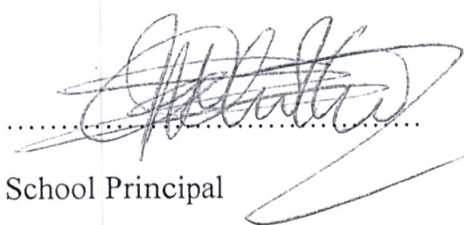
Facility	No. of Facilities	No. of Students divided by no. of Facilities
Classes	8	282
Laboratories	1	282
Dormitories	2	31
Toilets	8	282
Dining hall	0	0
Library	0	0
Administration	1	20
Staffroom	1	12

ACK. KAAKWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

(f) Development Projects carried out by the school

Projects	Source of Funds	Status	Initial Cost (ksh)	Amount spent (ksh)	Expected completion time
Toilets	Savings			250,000	Complete


.....
School Principal

ACK. KAAWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

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) receivable that include school fees from parents, imprest, salary and advances and other receivables and (b) payables that include deposits and retentions and payables from operations.

The financial statements are presented in Kenya a shilling, which is the functional and reporting currency of the school, and all values are rounded to the nearest Kenya shillings (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 personal 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.

ACK. KAAWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

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.

7. 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.

8. Non-Current Assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognised 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.

9. 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.

10. Comparative Figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

11. Subsequent Events

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

ACK KAAWA SECONDARY SCHOOL

I. STATEMENT OF RECEIPTS AND PAYMENTS

DESCRIPTION OF VOTE HEAD	Note	2020 - 2021 Kshs	2019 - 2020 Kshs
RECEIPTS			
Capitation grants for tuition	1	493,016	-
Capitation grants for operations	2	3,216,709	-
School Fund Income- Parents' Contributions	3	1,924,054	-
School Fund Income- Other receipts	4	-	-
Proceeds from borrowings		-	-
TOTAL RECEIPTS		5,633,778	-
PAYMENTS			
Payments for Tuition	5	317,521	-
Payments for operations	6	3,185,929	-
Boarding and school fund payments	7	1,893,664	-
TOTAL PAYMENTS		5,397,114	-
SURPLUS/DEFICIT		236,664	-
The school financial statements were approved on ----- 2021 and signed by:			
Sign: _____			
Name: _____			
Chair BOM			
Date: _____			
Sign: _____			
Name: _____			
School Principal/ Secretary to BOM			
Date: _____			
Sign: <u>[Signature]</u>			
Name: <u>VERONICA KAWIRA</u>			
Bursar/ Finance Officer			
Date: <u>18/08/2021</u>			

ACK. KAAWA MIXED DAY SECONDARY SCHOOL

Annual Report and Financial Statements for the year ended 30th June, 2021

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 ACK. Kaanwa Mixed Day & Boarding secondary school accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

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


.....
Name: JAVASON KIAMBO

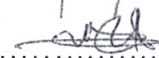
Designation: Chairman, School Board of Management

Date: 18/8/2021


.....
Name: ESTHER N. WANJOHI

Designation: School Principal & Secretary to Board of Management

Date: 18/8/2021


.....
Name: VIRGINIA KAWIRA

Designation: Clerk

Date: 18/8/2021

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 ACK KANWA MIXED DAY SECONDARY SCHOOL FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2021 - THARAKA NITHI COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of ACK Kaanwa Mixed Day Secondary School set out on pages 1 to 14, which comprise of the statement of assets

*Report of the Auditor-General on ACK Kaanwa Mixed Day Secondary School for the six months period ended 30 June, 2021 -
Tharaka Nithi County*

and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the period then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of ACK Kaanwa Mixed Day Secondary School as at 30 June, 2021, and of its financial performance and 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. Inaccuracies in the Financial Statements

During the audit, differences were noted between amounts in the financial statements and supporting ledgers as detailed below;

Component	Statement of Receipts and Payment Amounts (Kshs.)	Ledger Amounts (Kshs.)	Variance (Kshs.)
School Fund Other Receipts	0	996,007	996,007
Payments for Operations	3,185,929	2,913,838	272,091
Boarding & School Fund Payments	1,893,664	1,061,190	832,474

In the circumstances, the accuracy and completeness of the above amounts included in these financial statements could not be confirmed.

2. Inaccuracies in Accounts Payables

The statement of assets and liabilities and as disclosed in Note 12 to the financial statements reflects payables balance of Kshs.603,661. However, Note 12 reflects payables balance of Kshs.1,207,322 resulting to an unexplained variance of Kshs.603,661.

In the circumstances, the accuracy and completeness of the payables balance of Kshs.603,661 could not be confirmed.

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

Emphasis of Matter

Unaudited Comparative Balances

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

The financial statements for the six (6) months period ended 30 June, 2021 include comparative information. However, the comparative figures were based on unaudited figures. My audit procedures were, therefore, limited to the extent that comparative information does not contain misstatements that materially affect the current period's financial statements. Accordingly, I do not express an opinion or any form of assurance on the comparative information. My audit opinion on the current period financial statements is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Management is responsible for the Other Information set out on page iv to xiii which comprise of the Key School's Information and Management, Summary Report of Performance and the Statement of School's Management Responsibilities. 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 and 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 Use of Revenue at Source

The statement of receipts and payments reflects total income amount of Kshs.1,924,054. However, review of the cashbook indicates that the school collected school fees in cash amounting to Kshs.690,722 and utilized the funds directly at source instead of banking the collections before expenditure. This was contrary to Regulation 64(4) of the Public Finance Management (National Government) Regulations, 2015 which requires all collected shall be paid into the designated account of the national government, and shall not be used by any public officer in any manner between the time of receipts and payments into the bank except as provided by law.

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

2. Irregular Transfers to Kenya Secondary School Heads Association

The statement of receipts and payments reflects boarding and school fund payments of Kshs.1,893,664 as disclosed in Note 7 to the financial statements. Included in the expenditure is Kshs.134,500 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, the value for money for Kshs.134,500 transferred to KESSHA could not be confirmed.

3. Late Submission of Financial Statements for Audit

During the period under review, Management submitted the financial statements to the Auditor-General on 26 February, 2026, four and a half years late, instead of the statutory deadline of 30 September, 2021 for the 2020/2021 financial year. 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 31 August, 2021 in compliance with Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

4. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows;

- i. Management did not prepare the statement of budgeted versus actual amounts.

- ii. Annex for summary fixed assets register was not included in the financial statements.
- iii. Numbering of pages was not done from table of content to notes in the financial statements.
- iv. The financial statements as per the Ministry of Education instructions were to cover six months for the period ended as opposed to the financial year ended 30 June, 2021.
- v. The period for the statement of assets and liabilities, receipts and payments and statement of cash flows was not indicated.

In the period under review, Management did not prepare the statement of budgeted versus actual amount as required by the Public Sector Accounting Standards Board reporting requirements.

In the circumstances, Management did not comply with the PSASB guidelines and lack of relevant information may affect users' reliance on the financial statements for decision making.

5. Lack of School Improvement Plan

The Board of Management did not develop a School Improvement Plan to be used to measure the school's improvement activities, keep the school in focus in achieving the school target, prioritization of School needs, ensuring prudent utilization of resources and to improve accountability. This was contrary to Section 2.2.1 of the operational manual for utilization of learner capitation, Grant and Other School funds which requires a school to develop improvement plan which is a road map for changes that a school needs to improve the school environment and learning outcomes.

In the circumstances, the absence of a School Improvement Plan is contrary to Ministry of Education requirements and indicates weak strategic planning.

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

The statement of assets and liabilities and as disclosed in Note 11 to the financial statements reflects accounts receivables balance of Kshs.270,896. The balance had been outstanding from the previous year. However, there was no policy on the impairment of long outstanding arrears casting doubt on the fair statement of the receivables balance.

In the circumstances, the effectiveness of debt collection mechanisms could not be confirmed.

2. Lack of Audit Committee

During the period under review, the school did not constitute as audit committee. No satisfactory reasons were provided for this anomaly.

In the circumstances, the absence of follow-up by the audit committee may lead to poor risk management strategies, ineffective internal control and weak governance within the school.

3. Lack of a Fixed Assets Register

Management did not maintain an updated fixed assets register. Further, several assets at the school were not tagged.

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

4. Poor Management of Text Books

During review of textbooks records, the following ineffectiveness were noted in management of books.

- i. There was no evidence of instructional need assessment that provided basis for determining the number and subject of instructional material needed by the school.
- ii. Weakness in recording and updating books inventory immediately after delivery and receipting, some books were taken into inventory after one or two months.
- iii. The school did not have a system in place to ensure that textbooks that are lost are replaced immediately. Lost textbooks are only recovered when the students are exiting the school, after sitting for Kenya Certificate of Secondary Examination.

In the circumstances, effective internal controls relating to school textbooks could not be confirmed.

5. Lack of Segregation of Duties

Audit review of the School's operational and financial management structure revealed significant weaknesses in internal controls, particularly in relation to segregation of duties. The School has not employed a bursar or accountant to oversee financial management functions. Instead, the School Secretary undertakes all book keeping and accounting responsibilities which include preparation of payment vouchers, collection of school fees

and other revenues, receipting, banking of collections, maintenance of accounting records, and participation in financial reporting processes.

In the circumstances, lack of segregation of duties weakens internal controls and increases the risk of error and misappropriations.

6. Lack of Policy Documents

During the period under review, it was noted that Management had not developed several policy documents such as a risk management policy, strategic plan, and no formal risk assessments were done during the financial year audited.

In the circumstances, the absence of a strategic plan, risk management policy and formal risk assessments leads to poor planning, weakens internal controls and increases exposure to operational and fraud risks.

7. Lack of a Financial Information Processing System

During the period under review, the School's financial information was processed manually hence primary books of account were not adequately maintained. For instance, the school did not maintain a proper general ledger and the ledgers were generated as an analysis of the cashbook.

In the circumstances, the manual processing of financial information and lack of proper books of account may have resulted in errors and incomplete records.

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 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 governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements

comply with the authorities which govern them and that public resources are applied in an effective way.

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.

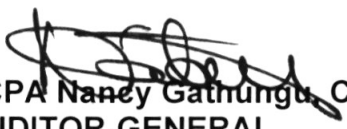
Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 May, 2026

ACK KANWA SECONDARY SCHOOL

II. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	121,128	32,742
Cash Balances	9	-	-
Short term Investment	10	-	-
Total Cash and Cash Equivalents		121,128	32,742
Account's receivables	11	270,896	270,896
TOTAL FINANCIAL ASSETS		392,024	303,638
FINANCIAL LIABILITIES			
Accounts Payable	12	603,661	366,997
NET FINANCIAL SSETS		(211,637)	(63,360)
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	(211,637)	(300,024)
Surplus/Defict for the year		236,664	-
NET FINANCIAL POSITION		25,027	(300,024)
The school financial statements were approved on --- 2021 and signed by:			
Sign: _____			
Name: _____			
(Chair BOM)			
Date: _____			
Sign: _____			
Name: _____			
(School Principal/ Secretary to BOM)			
Date: _____			
Sign: <u> </u>			
Name: <u>VIRGINIA KAWIRA</u>			
(Bursar/ Finance Officer)			
Date: <u>18/08/2021</u>			

ACK KAAKWA SECONDARY SCHOOL			
STATEMENT OF CASH FLOW			
		2020-2021	2019-2020
		Kshs	Kshs
Receipts from operating activities			
Capitation grants for tuition	1	493,016	-
Capitation grants for operations	2	3,216,709	-
School fund income- Parents contributions/ fees	3	1,924,054	-
School fund income- other receipts	4	-	-
Total receipts		5,633,778	
Payments			
Payments for Tuition		317,521	-
Payments for operations		3,185,929	-
Boarding and school fund payments		1,893,664	-
		5,397,114	-
Net cash flow from operating activities		236,664	-
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Net cash flows from Investing Activities		-	-
Net Cashflow From Borrowing Activities		236,664	
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash flows from Investing Activities			
Net Increase in Cash and Cash Equivalent		236,664	-
Cash and cash equivalent at Beginning of the year	10	32,742	32,742
Cash and cash equivalent at End of the year		269,406	32,742
		148,277	-

ACK KAAWA SECONDARY SCHOOL

TRIAL BALANCE AS AT 30TH JUNE 2021

		DR	CR
Cash and Cash equivalents			
	Bank Balances	121,128	
	Cash Balances		
	Short term investments		
	Receivables	270,896	
Payments			
	Payments for Tuition	317,521	
	Payments for operations	3,185,929	
	Boarding and school fund payments	1,893,664	
Receipts			
	Capitation grants for tuition		493,016
	Capitation grants for operations		3,216,709
	School Fund Income- Parents' Contributions		1,924,054
	School Fund Income- Other receipts		
	Proceeds from borrowings		
Prior Year Adjustment			
	Fund Balance b/f		(211,637)
	Payables		603,661
TOTAL		5,789,138	6,025,803
The school financial statements were approved on --- 2021 and signed by:			
Sign: _____			
Name: _____			
(Chair BOM)			
Date: _____			
Sign: _____			
Name: _____			
(School Principal/ Secretary to BOM)			
Date: _____			
Sign: _____			
Name: <u>VIRGINIA KAWIRA</u>			
(Bursar/ Finance Officer)			
Date: <u>18/08/2021</u>			

ACK KAAKWA SECONDARY SCHOOL

I. NOTES TO THE FINANCIAL STATEMENTS

1	CAPITATION GRANT FOR TUITION	2020-2021	2019-2020
		Kshs	Kshs
	Tuition	211,926.50	-
	Teaching / learning materials	71,408.00	-
	exercise books	141,131.00	-
	lab chemicals	31,800.00	-
	Reference/Library	36,750.00	-
	Total	493,015.50	-
2	CAPITATION GRANT FOR OPERATIONS	2020-2021	2019-2020
		Kshs	Kshs
	Maintenance and Improvement	1,166,900.00	-
	Activity	73,140.00	-
	P.Emolument	672,725.00	-
	LTT	34,000.00	-
	Medical	25,570.00	-
	EWC	76,000.00	-
	Bank Charges	-	-
	Administration	158,890.00	-
	Other Voteheads	1,009,483.79	-
	FDSE Grants	-	-
	Total	3,216,708.79	-
3	PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT	2020-2021	2019-2020
		Kshs	Kshs
	Personnel emoluments	-	-
	Lunch	1,828,554.00	-
	Fees Arrears	2,500.00	-
	Bursary	93,000.00	-
	Tender fee	-	-
	Maintenance and Improvement	-	-
	Local transport / travelling	-	-
	Electricity and water	-	-
	Medical	-	-
	Administration costs	-	-

	Activity		-	
	Total		1,924,054.00	-
4	OTHER RECEIPTS – SCHOOL FUND ACCOUNT			
			2020-2021	2019-2020
			Kshs	Kshs
	Rent income		-	-
	Income from farming activities		-	-
	Income from Posho mill		-	-
	Income from Bus Hire		-	-
	Income from grants and donations*		-	-
	Tender fees		-	-
	Caution Money		-	-
	Dividends income		-	-
	Total		-	-
5	PAYMENTS FOR TUITION			
			2020-2021	2019-2020
			Kshs	Kshs
	Textbooks and reference materials		48,550.00	-
	Exercise books		134,970.00	-
	Laboratory equipment		48,025.00	-
	Internal exams		7,000.00	-
	Teaching / learning materials		77,600.00	-
	Chalks		776.00	-
	Exams and assessment		-	-
	Teachers guides		-	-
	Bank Charges		600.00	-
	Total		317,521.00	-
6	PAYMENTS FOR OPERATIONS			
			2020-2021	2019-2020
			Kshs	Kshs
	Personnel emoluments		1,050,800.00	-
	Service Gratuity		-	-
	Administration Cost		629,891.00	-
	Maintenance and Improvement		902,048.00	-
	Local transport / travelling		45,000.00	-
	Electricity and water		79,950.00	-
	Medical		13,000.00	-

	Activity Expenses		464,400.00	-
	Others		-	-
	Bank Charges		840.00	-
	Grants		-	-
	Acquisition of Assets		-	-
	TOTAL		3,185,929.00	-
7	BOARDING AND SCHOOL FUND PAYMENTS			
			2020-2021	2019-2020
			Kshs	Kshs
	Personnel emoluments		-	-
	Bursary		93,000.00	-
	Maintenance & Improvements		-	-
	Local transport / travelling		-	-
	Electricity and water		-	-
	Administration costs		-	-
	Lunch Programme		1,796,994.00	-
	Bank Charges		3,670.00	-
	Expenses on Income Generating Activities		-	-
	Activity Expenses		-	-
	Excess fees		-	-
	Medical Expenses		-	-
	Loan Interest repayment		-	-
	Acquisition of Assets		-	-
	TOTAL		1,893,664.00	-
	<i>Expenses on income generating activities** should include all costs relating to the school earnings on other receipts as recorded in note 4. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others.</i>			
8	BANK ACCOUNTS			
	Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
			Kshs	Kshs
	Tuition Account		57,789.88	150.38
	Operations Account		32,616.01	86.21
	School Fund Account/Boarding		30,722.50	32,505.00
	Savings Account		-	-

	Parent Association Development Account		-	-
	Income generating activities Account		-	-
	Infrastructural Account		-	-
	Total		121,128.39	32,741.
9	CASH IN HAND			
	Description		2020-2021	2019-20
			Kshs	Ks
	Tuition Account		-	-
	Operation Account		-	-
	Infrastructural Account		-	-
	School Fund account		-	-
	Total		-	-
10	SHORT TERM INVESTMENTS			
	Description		2020-2021	2019-2
			Kshs	K
	Cooperative shares		-	-
	Treasury Bills		-	-
	Fixed deposit		-	-
	Equity stock		-	-
	Other investments		-	-
	Total		-	-
11	ACCOUNTS RECEIVABLE			
	Description		2020-2021	2019-2
			Kshs	K
	Fees arrears		270,896.00	270,896
	Other non-fees receivables		-	-
	N.H.I.F		-	-
	P.A.Y.E		-	-
	N.S.S.F		-	-
	Salary advances		-	-
	Imprest		-	-
	Total		270,896.00	270,896
	[Include an ageing of the fees / non fees arrears below]			
	Description		2020-2021	2019-2
			Kshs	P

	Fees arrears for current year		-	-
	Fees arrears for the previous year		270,896.00	34,122.00
	Fees arrears for prior periods (over two years)		-	-
	Total		270,896.00	34,122.00
12	ACCOUNTS PAYABLE			
	Description		2020-2021	2019-2020
			Kshs	Kshs
	Trade creditors (See ageing below and appendix 1)		603,661.22	366,997.22
	Prepaid fees		-	-
	Retention monies		-	-
	P.A.Y.E		-	-
	Total		603,661.22	366,997.22
	[Include an ageing of the creditor's arrears below]			
	Description		2020-2021	2019-2020
			Kshs	Kshs
	Trade creditors for current year		603,661.22	-
	Trade creditors for the previous year		603,661.22	603,661.22
	Trade creditors for prior periods (over two years)		-	-
	Total		1,207,322.44	603,661.22
13	FUND BALANCE BROUGHT FORWARD			
	Description		2020-2021	2019-2020
			Kshs	Kshs
	Bank balances		121,128.39	32,741.59
	Cash balances		-	-
	Short Term Investments		-	-
	Receivables		34,232.00	34,232.00
	Payables		366,997.22	366,997.22
	Total		(211,636.83)	(300,023.63)
	Other important disclosure notes			
14	Non-current Liabilities Summary			
	Description		2020-2021	2019-2020
			Kshs	Kshs
	Bank loan(s)		-	-
	Outstanding Leases		-	-

	Hire purchase		-	-
	Gratuity and leave provision		-	-
	Total		-	-
15	Biological assets			
	Description	Numbers	2020-2021	2019-2020
			Kshs	Kshs
	Cattle		-	-
	Goats		-	-
	Trees		-	-
	Coffee or tea plantation		-	-
	Poultry		-	-
	Total		-	-
16	Borrowings			
	Description		2020-2021	2019-2020
			KShs	KShs
	a) Borrowings			
	Borrowing at beginning of the year		-	-
	Borrowings during the year		-	-
	Repayments of during the year		-	-
	Balance at end of the year		-	-
17	1 Stock/ Inventory			
	Description		2020-2021	2019-2020
			KShs	KShs
	Stock/Inventory			
	Stock/ inventory at beginning of the year		-	-
	Stock/ inventory purchased during the year		-	-
	Stock/ inventory issued during the year		-	-
	Balance at end of the year		-	-