REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KAPUTIEI SECONDARY SCHOOL

FOR THE YEAR ENDED 30 JUNE, 2022

KAJIADO COUNTY

KAPUTIEI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2022

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

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Table of Contents Page

I. KEY SCHOOL INFORMATION AND MANAGEMENT

a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in Kajiado County, Isinya Sub-County

The school was registered in 16/01/2014. under registration number PU/S/2/8995/14 and is currently categorized as a Sub County public school established, owned or operated by the Government.

The school is a mixed day and boarding school and had xxx number of students as at 30th June 2021. It has one stream and 13 teachers of which 3 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	Douglas Keton	Chairman	30th July 2019
2	Eshery Munala	Secretary - Principal	30th July 2019
3	Kelvin Munai	Member	30th July 2019
4	Noel Tayiai	Member	30th July 2019
5	Grace Gikaru	Member	30th July 2019
6	Zipporah Maina	Member	30th July 2019
7	Naomi Tumate	Member	30th July 2019
8	Lucas Sese	Member – Rep CEB	30th July 2019
9	James Ntele	Member Rep Teachers	30th July 2019
10	Isaac Sepeina	Member - Community	30th July 2019
11	Obego Otieno	MemberSpecial Needs	30th July 2019
12	Brain Tapatayia	Rep Students	30th July 2019
13	Enock Nasuka	Member	30th July 2019
14	Thomas Runke	Pa Chairperson	30th July 2019

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	**Executive Committee**			
		Eshery Munala	Principal	3 of 3
		Douglas Keton	Member	3 of 3
		Naomi Tumate	Member	3 of 3
		Thomas Runke	Member	2 of 3
		Zipporah Maina	Member	3 of 3
2	Audit, Finance,procurement and general purposes Committee			
		Douglas Keton	Member	3 of 3
		Kelvin Munayi	Member	3 of 3
		Enock Nasuka	Member	3 of 3
		Grace Gikaru	Member	3 of 3
3	Academic Committee			
		Lucas Sese	Member	3 of 3
		Brain Tapatayia	Member	3 of 3
		Noel Tayiai	Member	3 of 3
		Isaac Sepeina	Member	3 of 3
4	Discipline and welfare Committee			
		Thomas Runke	Member	3 of 3
		Lucas Sese	Member	2 of 3
		Naomi Tumate	Member	3 of 3
		Eshery Munala	Member	3 of 3

(a) School operation Management

For the financial year ended 30th June 2021 the School day-to-day management was under the

Ref:	Designation	Name	TSC Number
1	Principal	ESHERY MUNALA	388457
2	Deputy Principal	SAMWEL VILEMBWA	

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(b) Schools contacts

Post Office Box:	843- 00242
Telephone:	0706642676
E-mail:	kaputieisecondarysch@gmail.com
Website:	N/A

(c) School Bankers

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

1. Name of Bank: K.C.B
   Branch: Kitengela

2. Equity bank ltd
   Branch : kitengela

3. MPESA Pay Bill No. 522123 attached to 1129131726 bank account

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

(d) Independent Auditors

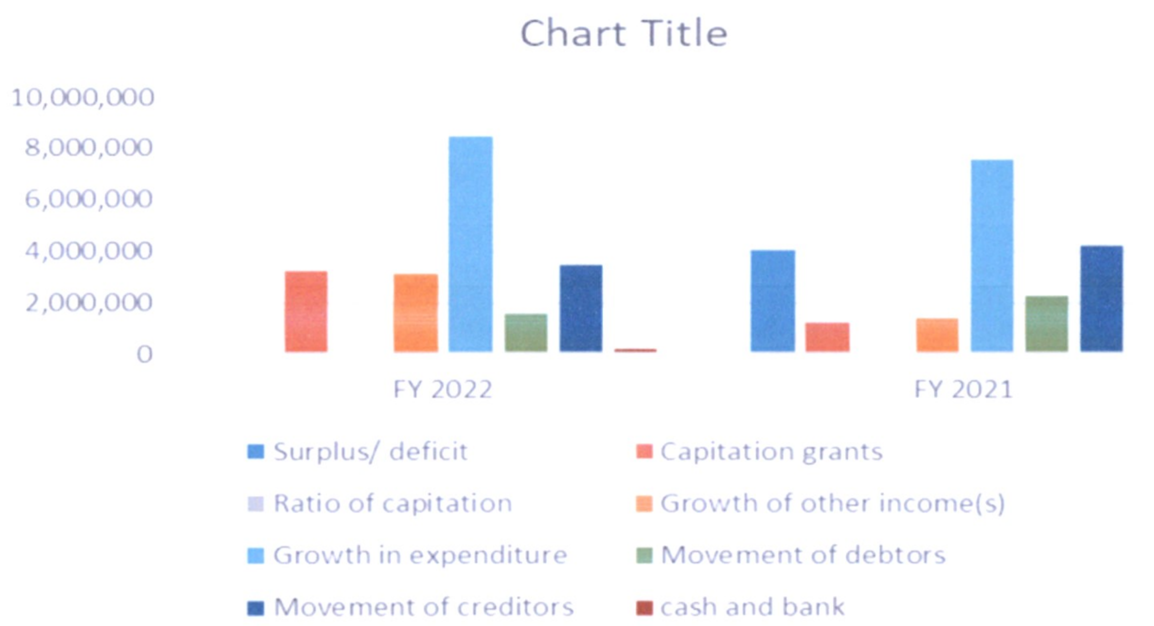
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance**:

	FY 2022	FY 2021
Surplus/ deficit	35,751	4,011,251
Capitation grants from the Ministry of Education	3,230,027	1,211,657
Ratio of capitation grant per student	1:19,575	1:7,343
Growth of other income(s) earned by the school	3,135,208	1,381,515
Growth in expenditure of the school	8,425800	7,512,595
Movement of debtors of the school	1,588,861	2,267,522
Movement of creditors of the school	3,474,698	4,217,286
Movement of cash and bank balances	203,151	20,252



b) **Teacher Student ratio**:

		YEAR 2022	YEAR-2021
The teacher to student ratio,			
Number of teachers recruited and posted to the school within the year		NIL	NIL
Number of teachers that were transferred/ retired during the period		2	2
Number of teachers employed by TSC		7	7
Number employed by BOM		1	1
Teachers the school has for each subject	Subject		*NUMBER*
	English	1	1
	Mathematics	2	2
	Kiswahili	2	2
	Chemistry	1	1
	Biology	1	1
	Agriculture	2	2
	Cre	1	1
	History	1	1
	Business Studies	1	1
	Geography	1	1

c)The mean score in the 2022 KCSE:

	YEAR 2022	YEAR-2021
Mean Score Target Mean Score		
NO. of students who sat the exams		
NO. of students transitioned to institutions of higher learning		1

d) Number of Candidates in the 2022 KCSE:

	YEAR-2022
NO. of students who sat the exams	

e) The capacity of the school:

Facilities	No.
Temporary kitchen-	1
Science Laboratory	NIL
Dorm capacity for boys	200
Dorm capacity for girls	NIL
Ablution for boys	10
Ablution for girls	7
Dining hall	NIL
IT room	NIL
Classrooms	10

f) Development projects carried out by the school:

PRINCIPAL
KAPUTIEI SECONDARY SCHOOL
P.O. Box 843 - 00242,
KITENGELA

Sign

School Principal

III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

The Board of Management of Kaputie 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, 2022, and of the school's financial position as at that date.

Name: Douglas Keton For – [illegible]
Designation: Chairman, School Board of Management
Date: 17/04/2026

Name: Eshery Munala
Designation: School Principal & Secretary to Board of Management
Date: 17/04/2026

Name: N/A
Designation: Bursar/ Finance Officer
Date:

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KAPUTIEI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - KAJIADO 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 Kaputiei Secondary School - Kajiado County set out on pages 11 to 25, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2022 and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kaputiei Secondary School as at 30 June, 2022 and of its statement of receipts and payments and its cash flows for the year then ended, in accordance with International 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. Inaccuracies in Financial Statements

Review of the annual report and financial statements revealed the following anomalies;

i. Comparison between summary report of performance of the School and the financial statements reflects an unexplained variance as detailed below;

Component	Financial Statements Amount (Kshs)	Summary Report of Performance Amount (Kshs)	Variance (Kshs)
2020/2021 Surplus/ deficit	(4,011,251)	4,011,251	8,022,502
Growth of other income(s)	5,231,525	3,135,208	2,096,317
Prior year growth of other income(s)	2,289,687	1,381,515	908,172
Prior year movement of cash and bank balance	231,326	20,252	211,074

ii. The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.5,233,971 while Note 7 to the financial statements reflects an amount of Kshs.5,183,571 resulting in a variance of Kshs.50,400;

iii. The statement of receipts and payments reflects comparative surplus balance of Kshs.4,011,251 while recast reflects negative balance of Kshs.4,011,251 resulting in a variance of Kshs.8,022,502;

iv. Note 3 to the financial statements reflects comparative amount of Kshs.908,172 while the prior financial year had a balance of Kshs.923,146 resulting in a variance of Kshs.14,974; Further, recast reflects an amount of Kshs.905,872 resulting in a variance of Kshs.2,300;

v. Computation of budget utilization difference in the statement of budgeted versus actual amounts reflects the following unexplained variance;

Receipt/expenses Item	Budget Utilization Difference (Kshs)	Recasted Amount (Kshs)	Variance (Kshs)
Bank Charges	0	(1,060)	1,060
Boarding equipment & stores	173,000	176,429	(3,429)

vi. Further, the statement reflects errors in the percentage computation as detailed following;

Receipt/expenses Item	% Utilization	Computed %	%Variance
Repairs and maintenance	92%	97%	-5%
Other vote heads	92%	96%	-4%
Repairs and maintenance & Improvements	97%	78%	19%

vii. The statement of cash flows reflects net cash outflows from operating activities and net increase in cash and cash equivalents balance of Kshs.35,779. However, movement of cash and cash equivalents at beginning and end of the year reflects negative balance of Kshs.28,175 resulting in unreconciled variance of Kshs.63,954;

viii. Further, the statement reflects nil prior year net cash outflows from operating activities balance, recast reflects an amount of Kshs.4,011,251 with no other adjustments which differs with the recast net increase in cash and cash equivalents balance of Kshs.210,106 resulting in unreconciled variance of Kshs.4,221,357;

ix. Note 6 to the financial statements reflects prior year payments for operations amount of Kshs.2,417,514 while the statement of receipts and payments and statement of cash flows reflects an amount of Kshs.2,417,51 omitting the last digit;

x. The statement of financial assets and financial liabilities reflects negative accounts payable balance of Kshs.3,474,689 instead of a positive balance;

xi. The statement of financial assets and financial liabilities and as disclosed in Note 11 to the financial statements reflects accounts payable balance of Kshs.3,474,689 while annex1 to the financial statements reflects a balance of Kshs.464,646 resulting in an unexplained variance of Kshs.3,010,052.

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

2. Variances Between Financial Statements and Ledger Balances

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects payments for operations amount of Kshs.2,417,514. Review of the boarding and school fund ledger provided reflects an amount of Kshs.1,198,703 resulting in an unexplained variance of Kshs.1,218,811.

In the circumstances, the accuracy and completeness of the payments for operations amounting to Kshs.2,417,514 could not be confirmed.

3. Unsupported Payments

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.5,233,971. However, examination of payment vouchers amounting to Kshs.984,700 revealed that Management made payments without proper support documents such as requisitions, local purchase orders, delivery notes, inspection reports and goods received notes.

In the circumstances, the regularity, accuracy and completeness of the school fund and operations amounting to Kshs.5,233,971 could not be confirmed.

4. Unsupported Bank Balances

The statement of financial assets and financial liabilities reflects bank balances of Kshs.202,904 as disclosed in Note 8 to the financial statements. The School operated four (4) bank accounts namely, tuition, operations, school fund/boarding and infrastructure account. However, the School Management did not prepare monthly bank reconciliations for each of the bank accounts.

In the circumstances, the existence, accuracy and completeness of bank balances of Kshs.202,904 could not be confirmed.

5. Unsupported Accounts Receivable Balance

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.1,588,861 as disclosed in Note 10 to the financial statements. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review.

In the circumstances, the existence, accuracy and completeness of the accounts receivable balance of Kshs.1,588,861 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kaputiei 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

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis amount of Kshs.6,017,250 and Kshs.5,326,344 respectively, resulting in an under-funding of Kshs.690,906 or 11% of the budget.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion 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 of my report, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Other Information

The School Management is responsible for Other Information set out on pages 3 to 9 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. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The financial statements presented for audit had errors and omission contrary to prescribed format and published by the Public Sector Accounting Standards Board (PSASB) as follows;

i. The cover page contains a page number, contrary to the prescribed reporting format;

ii. Page numbering for the "Other Information" section is presented in Arabic numerals instead of the required Roman numerals;

iii. The number of students under the "Key School Information and Management" section has not been disclosed;

iv. Commentary on significant under-utilization where utilization falls below 90%, has not been provided;

v. The correct date of the Principal's appointment has not been indicated.

In the circumstances, Management was in breach of the PSASB guidelines.

2. Irregularities in Procurement Process

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.5,233,971. Review of sample payments amounting to Kshs.269,730 revealed irregularities in the procurement process. In particular, the School did not maintain a list of prequalified suppliers. Further, there was no evidence of professional opinions for the procurements, notifications of award and regret letters to unsuccessful bidders, as well as inspection and acceptance reports for goods delivered. This was contrary to Section 44(2)(g) of the Public Procurement and Asset Disposal Act, 2015 which provides that, an accounting officer to ensure the procurement and asset disposal process of the public entity to comply with this Act.

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

3. Failure to Demonstrate Preferences and Reservations in the Procurement Plan

The statement of receipts and payments reflects total payments amount of Ksh.8,425,800 as disclosed in Notes 5, 6 and 7 to the financial statements. Review of the annual procurement plan however, revealed that the total procurement budget and amount reserved for youth, women, and persons living with disabilities were not disclosed. Further, Management did not provide evidence to demonstrate the application of preference and reservation schemes in relation to the procurement budget in the disclosed procurement plan. In addition, no evidence of submission to the Authority of the part of the procurement plan demonstrating application of preference and reservation schemes in relation to procurement budget within sixty days after commencement of the financial year; Similarly, quarterly reports on procurement awards where a preference or reservation scheme was applied were not reported to the Authority as required by Section 158(3) of the Public Procurement and Asset Disposal Act, 2015.

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

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

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.5,183,571 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.173,400 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money of funds transferred to KESSHA amounting to Kshs.173,400 could not be confirmed.

5. Long Outstanding Accounts Payable Balance

The statement of financial assets and financial liabilities and as disclosed in Note 11 to the financial statements reflects accounts payable balance of Kshs.3,474,698. However, included in the balance are trade payable balance of Kshs.3,002,521 which had been outstanding for over one (1) year. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that, an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract(s) are reflected in approved budget estimates.

In the circumstances, Management was in breach of the law and there is risk loss of public funds through litigations, interests and penalties.

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 Accounts Receivable Balance

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.1,588,861 as disclosed in Note 10 to the financial statements. Included in the balance is fees arrears balance of Kshs.661,644 or 42% which had been outstanding over one (1) year. Further, the School does not have a policy on the impairment of long outstanding accounts receivable casting doubt on full recoverability of the accounts receivable balances.

In the circumstances, the existence of effective mechanisms for debt management could not be confirmed.

2. Discrepancies in Names of Bank Accounts

The statement of financial assets and financial liabilities reflects bank balances of Kshs.202,904 as disclosed in Note 8 to the financial statements. The School operated four (4) bank accounts namely, tuition, operations, school fund/boarding and infrastructure account. Examination of the certificate of bank balance however, reflects School Operations fund as denoted by NEMIS are received in the tuition account while Tuition funds denoted by NEMIS are received in the Operations (GP) Account.

In the circumstances, the existence and effectiveness of internal controls in management of the School's bank accounts could not be confirmed.

3. Lack of Risk Management Policy

The School did not have a Risk Management Policy or strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks contrary to Regulation 165 of the Public Finance Management (National Government) Regulations, 2015. In the absence of Risk Management Policy, the Management is not in a position to identify individual risks, significance areas, likelihood of occurrence of identified risks and the appropriate control measures.

In the circumstances, Management did not perform formal risk assessments on all key financial risk areas such as school fund income (parents' contribution), expenditure and cash.

4. Failure to Establish Audit Committee

The Board of Management did not establish an Audit Committee. This was contrary to Section 6 of the Fourth Schedule of the Basic Education Act, 2013, which requires the Board to establish, among others, an Audit Committee.

In the circumstances, the lack of internal oversight mechanisms and operational controls, increased the risk of errors, irregularities, and non-compliance going undetected.

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

Responsibilities of Management and 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 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.

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 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

12 May, 2026

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2022

DESCRIPTION OF VOTE HEAD	Note	2021-2022	2020-2021
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	824,837	179,915
Capitation grants for operations	2	2,405,190	1,031,742
School Fund Income- Parents' Contributions	3	2,096,317	908,172
School Fund Income- Other receipts	4	3,135,208	1,381,515
TOTAL RECEIPTS		**8,461,552**	**3,501,344**
PAYMENTS			
Payments for Tuition	5	774,288	774,288
Payments for operations	6	2,417,514	2,417,51
Boarding and school fund payments	7	5,233,971	4,320,793
TOTAL PAYMENTS		**8,425,800**	**7,512,595**
SURPLUS/DEFICIT		**35,752**	**4,011,251**

The school financial statements were approved on 17/04/ 2026 and signed by:

For ~~Atelia~~ …………	for Dyale …………	…………………………
Name: Douglas Keton	**Name: Esthery Munala**	**Name: N/A**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 17/04/2026	**Date:** 17/04/2026	**Date:**

VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	202,904	209,365
Cash Balances	9	247	21,961
Total Cash and cash equivalent		203,151	231,326
Account's receivables	10	1,588,861	2,267,522
TOTAL FINANCIAL ASSETS		**1,792,012**	**2,498,848**
FINANCIAL LIABILITIES			
Accounts Payables	11	(3,474,698)	(4,217,286)
NET FINANCIAL ASSETS		**(1,682,686)**	**(1,718,438)**
REPRESENTED BY			
Accumulated Fund b/fwd	12	(1,718,438)	2,292,813
Surplus/Deficit for the year		35,752	(4,011,251)
NET FINANCIAL POSSITION		**(1,682,686)**	**(1,718,438)**

The School's financial statements were approved on 17/04/2026 and signed by:

For - ~~[signature]~~	for [signature]	....
Name: Douglas Keton	**Name: Esther Munala**	**Name: N/A**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 17/04/2026	**Date:** 17/04/2026	**Date:**

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2022

		2021-2022	2020-2021
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	824,837	179,915
Capitation grants for operations	2	2,405,190	1,031,742
School fund income- Parents contributions/ fees	3	2,096,317	908,172
School fund income- other receipts	4	3,135,208	1,381,515
Total receipts		**8,461,552**	**3,501,344**
Payments			
Payments for Tuition		774,288	774,288
Payments for operations		2,417,514	2,417,51
Boarding and school fund payments		5,233,971	4,320,793
Total payments		**8,425,773**	**7,512,595**
Net cash flow from operating activities		**35,779**	
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash flows from Investing Activities		-	-
CASHFLOW FROM BORROWING ACTIVITIES		-	-
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		35,779	-
Cash and cash equivalent at BEGINNING of the year		231,326	21,220
Cash and cash equivalent at END of the year		203,151	231,326

VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Teaching / learning materials	900,000	-	900,000	824,837	75,163	92 %
(2) CAPITATION GRANT ON OPERATIONS						
Other heads	1,800,000	-	1,800,000	1,529,690	270,310	85 %
Repairs and maintenance	900,000	-	900,000	875,500	24,500	92 %
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	300,000	-	300,000	232,451	67,549	77 %
Repairs and maintenance	600,000	-	600,000	544,750	55,250	90%
Local transport / travelling	400,000	-	400,000	313,330	86,670	78 %
Electricity and water	900,000	-	900,000	839,516	60,484	93%
Medical	4,000	-	4,000	4,000	-	100%
Administration costs	200,000	-	200,000	149,020	50,980	74 %
Activity	13,250	-	13,250	13,250		100 %
TOTAL INCOME	**6,017,250**		**6,017,250**	**5,326,344**		
(1) EXPENDITURE FOR TUITION						
Teaching / learning materials	800,000	-	800,000	773,288	26,712	96 %
Bank Charges		-		1060	-	-

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	F=d/c %
	Kshs	Kshs			Kshs	Kshs
(2) EXPENDITURE FOR OPERATIONS						
Other vote heads-PE,LTT,ADMN EWC	2,500,000	-	2,500,000	2,417,514	82,486	92 %
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	1,300,000	-	1,300,000	1,235,000	65,000	95 %
Lunch programme	900,000	-	900,000	890,000	10,000	99 %
Repairs and maintenance & Improvements	300,000	-	300,000	235,000	65,000	97 %
Local transport / travelling	250,000	-	250,000	200,000	50,000	80 %
Electricity and water	250,000	-	250,000	245,000	5,000	98 %
Medical Expenses	10,000	-	10,000	10,000	-	100 %
Administration costs	50,000	-	50,000	45,000	5,000	90 %
Boarding equipment & stores	2,500,000	-	2,500,000	2,323,571	173,000	93 %
TOTALS	**8,860,000**		**8,860,000**	**8,375,433**	**482,198**	

i. FEES WAS NOT PAID IN FULL

IX. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprest, salary advances and other receivables and b) payables that include deposits and retentions and payables from operations.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *school* and all values are rounded to the nearest Kenya Shilling (Kshs). The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of receipts and payments

The *school* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the *school*. In addition, the *school* recognises all expenses when the event occurs and the related cash has actually been paid out by the *school*.

3. In-kind contributions

In-kind contributions are donations that are made to the *school* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *school* includes such value in the statement of receipts and payments both as a receipt and as a payment in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2021-2022	2020-2021
	Kshs	Kshs
Teaching / learning materials	824,837	179,915
Total	**824,837**	**179,915**

2 CAPITATION GRANT FOR OPERATIONS

	2021-2022	2020-2021
	Kshs	Kshs
Other heads	1,529,690	1,031,742
Repairs and maintenance	875,500	-
Total	**2,405,190**	**1,031,742**

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	232,451	158,900
Repairs and maintenance	544,750	52,350
Local transport / travelling	313,330	28,295
Electricity and water	839,516	111,820
Medical	4,000	-
Administration costs	149,020	19,650
Activity	13,250	534,857
Total	**2,096,317**	**908,172**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2021-2022	2020-2021
	Kshs	Kshs
Fee on Boarding Equipment and Stores	3,135,208	1,381,515
Total	**3,135,208**	**1,381,515**

5 PAYMENTS FOR TUITION

	2021-2022	2020-2021
	Kshs	Kshs
Teaching / learning materials	773,228	773,328
Bank Charges	1060	960
Total	774,288	774,288

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2021-2022	2020-2021
	Kshs	Kshs
Repairs maintenance and improvement	-	277,488
Other vote heads-PE,LTT,ADMN EWC	2,417,514	1,014,551
Personal emoluments	-	155,866
Infrastructure	-	841,000
Activity Expenses	-	128,609
TOTAL	**2,417,514**	**2,417,514**

7 BOARDING AND SCHOOL FUND PAYMENTS

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	1,235,000	777,833
Lunch programme	890,000	957,136
Repairs and maintenance & Improvements	235,000	552,234
Local transport / travelling	200,000	337,582
Electricity and water	245,000	108,759
Medical Expenses	10,000	15,210
Administration costs	45,000	580,220
Boarding equipments & stores	2,323,571	170,257
Activity	-	8,700
Infrastructure	-	144,000
A/C deposits	-	668,862
TOTAL	**5,183,571**	**4,320,793**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account		60,874	75,246
Operations Account		102,788	114,179
School Fund Account/Boarding		39,242	19,940
Total		**202,904**	**209,365**

9 CASH IN HAND

Description	2021-2022	2020-2021
	Kshs	Kshs
Operation Account	34	-
School Fund account	213	21,961
Total	**247**	**21,961**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 ACCOUNTS RECEIVABLE

Description	2021-2022	2021-2022
	Kshs	Kshs
Fees arrears	1,588,861	2,267,522
Total	**1,588,861**	**2,267,522**

[Include an ageing of the fees / non fees arrears below]

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears for current year	927,217	927,217
Fees arrears for the previous year	200,000	267,522
Fees arrears for prior periods (over two years)	461,644	1,072,783
Total	**1,588,861**	**2,267,522**

11 ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	3,474,698	4,217,286
Total	**3,474,698**	**4,217,286**

[Include an ageing of the creditor's arrears below]

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year	464,646	276,500.00
Trade creditors for the previous year	760,000	944,000
Trade creditors for prior periods (over two years)	2,250,052	2,996,786
Total	**3,474,698**	**4,217,286**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 FUND BALANCE BROUGHT FORWARD

Description	2021-2022	2021
	Kshs	
Bank balances	209,365	20,252
Cash balances	21,961	968
Receivables	2,267,522	3,194,739
Payables	(4,217,286)	(923,146)
Total	**(1,718,438)**	**2,292,813**

Other important disclosure notes

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

13 Biological assets

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Trees	450	45,000	50,000
Total		**45000**	

Other important disclosure notes

14 Stock/ Inventory

Description	2021-2022	2020-2021
	KShs	KShs
a) Borrowings		
Stock/ inventory at beginning of the year	1,250,000	-
Stock/ inventory purchased during the year	1,250,000	-
Stock/ inventory issued during the year	1,250,000	-
Balance at end of the year	-	

15. 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)*

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset Class	Historical Cost b/f (Kshs) 1st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2021
Land	10,000,000	-	-	10,000,000
Buildings And Structures	18,000,000	-	-	18,000,000
Office Equipment, Furniture and Fittings	5,000,000	-	-	5,000,000
Textbooks	1,000,000	-	-	1,000,000
Tools And Apparatus	500,000	-	-	500,000
Other Machinery and Equipment	100,000	-	-	100,000
Intangible Assets- Soft Ware	80,000	-	-	80,000
Total	**34,680,000**			**34,680,000**