

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

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DATE: 26 NOV 2024	DAY: Tuesday
TABLED BY:	Hon. Naomi Wago
CLERK-AT-TABLE:	Deputy Majority Whip Lorraine

THE AUDITOR-GENERAL

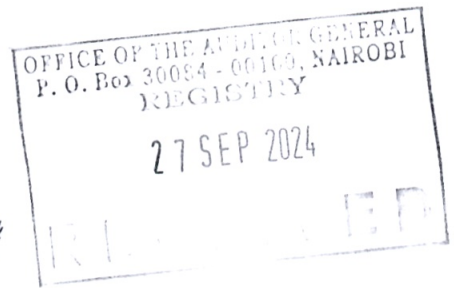
ON

OSSEN GIRLS' HIGH SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2023**

BARINGO COUNTY

Revised 30th June 2023



**OSSEN GIRLS HIGH SCHOOL
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30th June 2023**

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

**OSSEN GIRLS HIGH SCHOOL)
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2023**

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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 Baringo County, Baringo North Sub-County

The school was registered in 5th June 1987 under registration number G/A/528/87 and is currently categorized as a National Public School established, owned or operated by the Government.

The school is a day/boarding school and had 1,089 number of students as at 30th June 2023. It has 5 streams in form one two and three and four streams in form four and 48 teachers of which 10 teachers are employed by the School Board Of Management.

(b) School Board of Management - Board Members

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

Ref:	Name of Board Member	Designation	Date of appointment
1	Mr. John Kandie Kimobo	Chairman-local community	1/07/2022
2	Mr. Vincent Kiplagat	Vice chairman-sponsor	1/7/2022
3	Rev. Edith Koech	Secretary-Principal	1/07/2022
4	Hellen Kandie	Member – Rep Parents	1/07/2022
5	Sumukwo Leah	Member – Rep Parents	1/07/2022
6	Mr. James Kiptoo	PA CHAIR – Rep Parents	1/7/2022
7	Ms. Philomena Roguno	Member-rep teachers	1/07/2022
8	Arch. Ivan Kelunyo	Member – Local community	1/07/2022
9	Mr. Brian Rerimoi	Member – sponsor	1/07/2022
10	Mr. Barkalia Daniel	Member – Local community	1/7/2022
11	Mr. Reynolds Sang	Member – Special needs	1/07/2022
12	Mr. Mike Kipkosgei Keter	Member – Local community	1/07/2022
13	Dr. Robert Amdany	Member – Local community	1/07/2022
14	Mrs. Leah Rotich	Member-CEB 56 (b)	1/7/2022
15	Dr. Esther Kimosop	Member-Local community	1/07/2022
16	Nancy Kipkebut	Member-Sponsor	1/07/2022
17	Mr. James Chepyegon	Member-Special interest	1/07/2022

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

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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Vincent Kiplagat Nancy Kipkebut James Kiptoo Rev.Edith MAKoech John Kimobo	Chairman Member Member Member	4 out of 6
2	Audit Committee	Daniel Barkalia Ivan Kelunyo Mike Keter	Chairman Member Member	2 out of 6
3	Finance, procurement and general-purpose Committee	Bryan Rerimoi James Chepyegon Nancy Kipkebut Reynolds Sang Robert Amdany	Chairman Secretary Member Member Member	3 out of 6
4	Welfare and Human rights	Daniel Barkalia James chepyegon Kimosop Esther	Chairman Secretary Member Member Member	5 out of 6

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		Nancy Kipkebut Roguno Philomena		
5	Academic Committee	Esther Kimosop Robert Amdany Leah Rotich Roguno Philomena	Chairman Secretary Member Member Member Member	6 out of 6
6	Discipline Ethics and intergrity	Mike Keter Roguno Philomena James Kiptoo Hellena Kandie Leah Sumukwo	Chairman Secretary Member Member Member Member	4 out of 6
7	School Infrastructure Committee	Vincent Kiplagat IvansKelunyo John Kimobo JamesKiptoo Sub-county Director Deputy principal Bryan Rerimoi	Chairman Member Member Member Member Member Member member	

(d) School operation Management

For the financial year ended 30th June 2023 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Rev.Edith MA Koech	321999
2	Deputy principal- Administration	Philomena Ronguno	502807
3	School Finance Officer	Esther J Kurui	22968567

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box:	30400
19 KABARNET	
Mobile Number:	0725318143
E-mail:	ossengirls.@gmail.com

(f) 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:	KCB
Branch:	kabartonjo
Account Number:	1153802325
2. Name of Bank:	Equity Bank
Branch:	kabarnet
Account Number:	0261590525
3. Name of Bank:	KCB
Branch:	kabartonjo
Account Number:	1109491441
4. Name of Bank:	KCB
Branch:Kabartjo	
Account Number:	1103734776
5. Name of Bank:	KCB
Branch	Kabarnet
Account Number:	1209645483
6. Name of Bank:	Absa
Branch:	kabarnet
Account Number:	2022290013
7.Name of Bank	Absa
Branch	kabarnet
Account number	2025660997

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8.MPESA Pay Bill No.:

Business Number: 522123,

AccountNumber: 20366k
Attached to bank account
1153802325

(g) 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

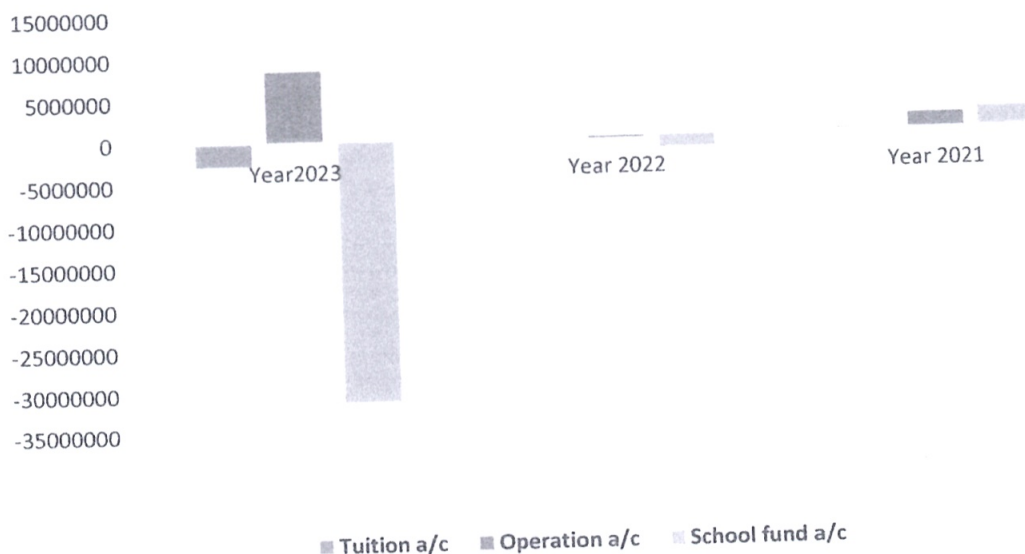
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

i) *Surplus/ deficit for the year and a comparison of the same for the last three years*

Details	2023	2022	2021
Tuition Account	(2,713,046.25)	44,288.94	184,207.25
Operation Account	8,468,025.60	(298,631.28)	1,724,669.00
School Fund a/c	(31,217,812.15)	(1,541,394.77)	2,291,956.00
Total surplus/Deficit	(25,462,832.80)	(1,795,737.11)	4,200,832.00

Surplus/Deficit



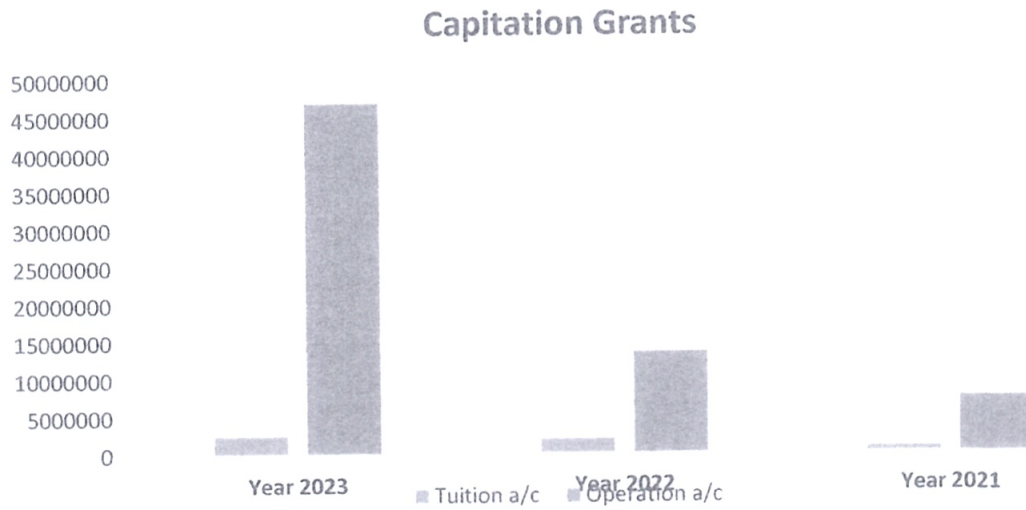
Graphical representation of reported surplus/deficits for the three year period.

ii) *Capitation grants from the Ministry of Education for the last three years*

Details	2023	2022	2021
Tuition Account	2,525,612.5	1,980,957.60	788,163.25
Operation Account	46,905,705.65	13,496,899.90	7,475,908.00
Total Grants	49,431,318.15	15,477,857.50	8,264,071.25
Student Enrolment	1,089	852	684

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Capitation Ration	1:45,391.47	1:18,166.50	1:12,081.98
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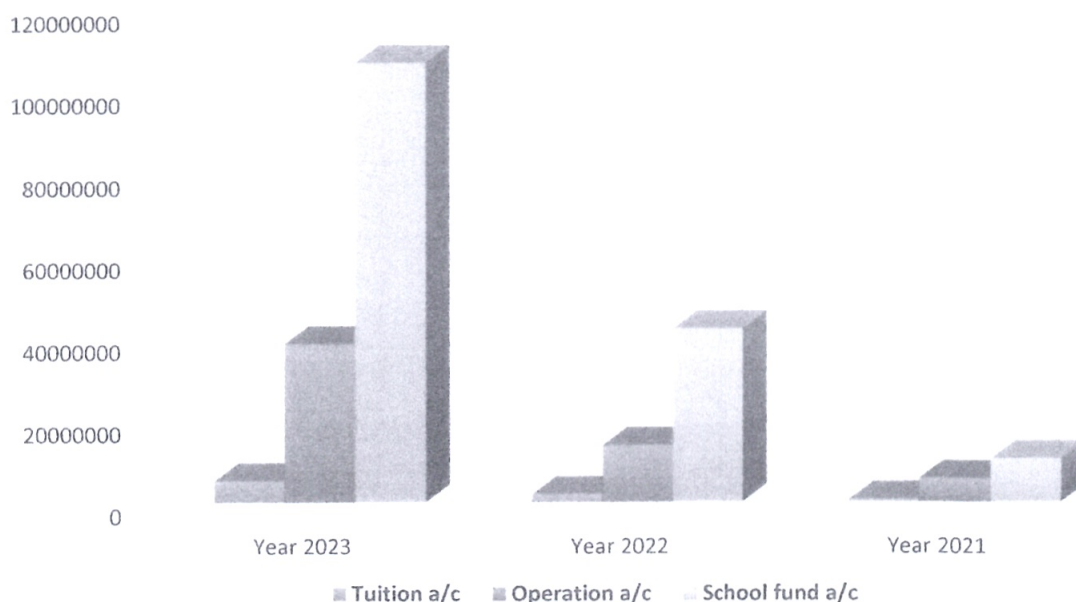


Graphical representation of capitation grants over a period of three years

iii) *A three-year overview of growth in expenditure of the school*

Details	2023	2022	2021
<i>Tuition Account</i>	<i>5,238,658.75</i>	<i>1,936,668.66</i>	<i>603,956.00</i>
<i>Operation Account</i>	<i>38,437,680.05</i>	<i>13,795,531.18</i>	<i>5,751,239.00</i>
<i>School fund a/c</i>	<i>106,776,944.15</i>	<i>42,065,952.77</i>	<i>10,624,989.00</i>
Total Expenditures	150,453,282.95	57,798,152.61	16,980,184.00
Exp. Growth	92,655,130.34	40,817,968.61	

School's Expenditure



Graphical representation of school expenditures over a three year period

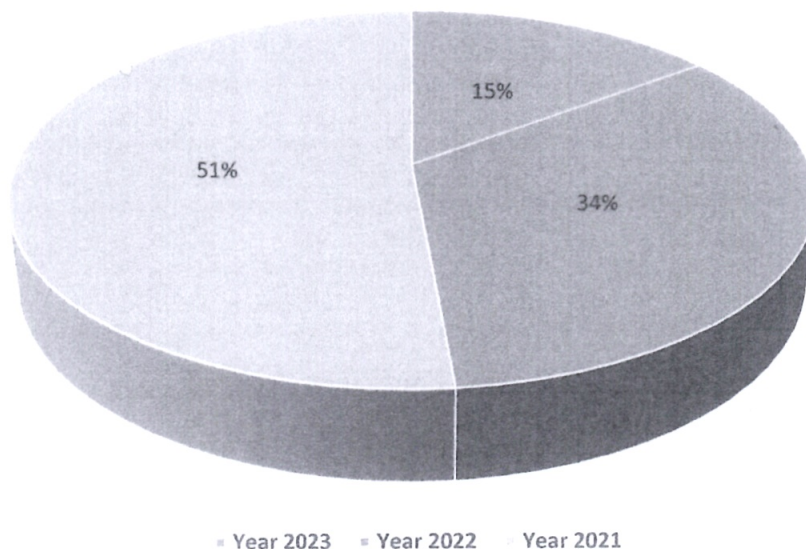
iv) Movement of debtors and creditors of the school over the last three years

Details	2023	2022	2021
Account Receivables			
Account Payables			

v) Movement of cash and bank balances over the last three years

Details	2023	2022	2021
Tuition Account	5,648.99	46,589.24	186,507.00
Operation Account	708,053.30	2,605,904.65	3,898,939.75
School fund a/c	757,311.70	912,332.85	589,901.70
Infrastructure a/c	163,716.92	150,103.97	113,302.15
Total cash & C. equivalent	1,634,732.91	3,714,931.71	5,658,074.25
Growth	2,080,198.80	1,943,142.54	0

Cash and Cash Equivalent



Pie chart representation of cash and cash equivalent for a three year period

b) **Teacher Student ratio:**

<i>Details</i>	<i>No.</i>
<i>TSC Teachers</i>	<i>36</i>
<i>BOM Teachers</i>	<i>12</i>
<i>Recruited</i>	<i>0</i>
<i>Interns</i>	<i>0</i>
<i>Total No. Teachers</i>	<i>48</i>
<i>Student Enrl</i>	<i>1089</i>
<i>Teacher Student ratio</i>	<i>1:23</i>
<i>Excess</i>	<i>4</i>

<i>Subject</i>	<i>No.</i>
<i>Maths/Physics</i>	<i>6</i>
<i>English Lit</i>	<i>6</i>
<i>Chemistry/Bio</i>	<i>3</i>
<i>Bio/Agri</i>	<i>4</i>
<i>Kisw/CRE</i>	<i>7</i>

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<i>Math/chem</i>	<i>4</i>
<i>Eng/music</i>	<i>1</i>
<i>Math/B.st</i>	<i>2</i>
<i>B.st/Geo</i>	<i>1</i>
<i>Math/Comp</i>	<i>2</i>
<i>Geo/Hist</i>	<i>2</i>
<i>Hist/CRE</i>	<i>2</i>
<i>Kisw/Hist</i>	<i>2</i>
<i>HSC/Kisw</i>	<i>1</i>
<i>Geo/CRE</i>	<i>1</i>
<i>Math/Geo</i>	<i>1</i>
<i>Kisw/Geo</i>	<i>1</i>
<i>Hist/Geo</i>	<i>1</i>
<i>Hsc/bio</i>	<i>1</i>

c) Mean score in the 2023 KCSE:

<i>Year</i>	<i>Entry</i>	<i>Transition to Univesity</i>	<i>Mean score</i>	<i>Deviation</i>	<i>Grade</i>	<i>Target</i>
<i>2022</i>	<i>239</i>	<i>100%</i>	<i>8.6727</i>			
<i>2021</i>	<i>98</i>	<i>83.6%</i>	<i>7.418</i>			
<i>2020</i>	<i>142</i>	<i>28.169%</i>	<i>5.596</i>			
<i>2019</i>						

d) Capacity of the school:

Indicate the number of students in the school vis a vie the facilities like the dormitories, the dining hall, the laboratories, toilets and other amenities. This information will provide useful details for the Ministry of Education.

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<i>Facility</i>	<i>No.</i>	<i>Capacity</i>
<i>Dormitory</i>	<i>9</i>	<i>1089</i>
<i>Dinning Hall</i>	<i>1</i>	<i>1089</i>
<i>Toilets (doors)</i>	<i>48</i>	<i>1089</i>
<i>Laboratory</i>	<i>4</i>	<i>180</i>

e) Development projects carried out by the school:

Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format

<i>Project</i>	<i>Year</i>	<i>Status</i>	<i>amount</i>	<i>Source</i>
<i>3.no classrooms</i>	<i>2019-2020</i>	<i>complete</i>	<i>4,160,000.00</i>	<i>TIG</i>
<i>Science laboratory</i>	<i>2019-2020</i>	<i>complete</i>	<i>4,308,000.00</i>	<i>MIF</i>
<i>Staff Abolution block and renovation of 8 no classrooms</i>	<i>2020-2021</i>	<i>complete</i>	<i>2,419,000</i>	<i>MIF</i>
<i>Construction of a temporary dormitory</i>	<i>2021-2022</i>	<i>complete</i>	<i>987,000.00</i>	<i>MIF</i>

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 (OSSEN GIRLS HIGH 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, 20XX, and of the school's financial position as at that date.

Name: John Kandie Kimobo

Designation: Chairman, School Board of Management

Sign: _____

Date: 17/6/24

Name: REV.Edith MA Koech

Designation: School Principal & Secretary to Board of Management

Sign: _____

Date: 17/6/24



Name: Esther Jepkemboi Kurui

Designation: Bursar/ Finance Officer

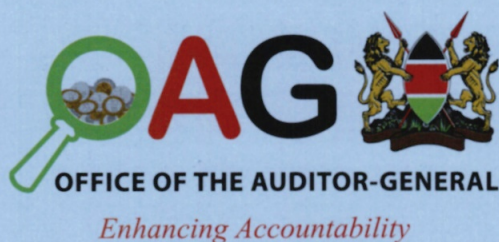
Sign: _____

Date: 17/6/24



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON OSSEN GIRLS' HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 - BARINGO COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ossen Girls' High School - Baringo County set out on pages 15 to 26 which comprise of the statement of financial

assets and liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and 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 Ossen Girls' High School - Baringo County as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Casting Errors in the Statement of Receipts and Payments

The statement of receipts and payments reflects total receipts and total payments of Kshs.124,990,450 and Kshs.150,455,283 respectively, which differ from the audited balances of Kshs.122,464,838 and Kshs.150,453,283 by variances of Kshs.2,525,612 and Kshs.2,000 respectively that were not reconciled.

Further, the opening and closing deficits of Kshs.2,100,000 and Kshs.25,462,833 respectively differ from the casted deficits of Kshs.2,113,840 and Kshs.25,464,833 respectively by Kshs.13,840 and Kshs.2,000 respectively that was not been reconciled.

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

1.2 Casting Errors in the Statement of Financial Assets and Financial Liabilities

The statement of financial assets and financial liabilities reflects opening cash and cash equivalents balance of Kshs.3,741,932 which differs with the casted balance of Kshs.3,714,932 by an amount of Kshs.27,000 and which was not reconciled.

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

1.3 Inaccuracies in the Statement of Cash Flows

The statement of cash flows presented for audit had the following inaccuracies;

- i. The statement of cash flows reflects total receipts of Kshs.126,104,187 but the casted balance is Kshs.126,102,187, resulting to a variance of Kshs.2,000.

In addition, the opening total receipts of Kshs.54,780,466 differs from the casted balance of Kshs.55,647,313 by an amount of negative Kshs.866,847 that was not been reconciled.

- ii. The net cash flows from operating activities balance of negative Kshs.1,049,876, differs with the casted balance of negative Kshs.2,980,885 by an amount of Kshs.1,931,009, which was not reconciled.
- iii. The statement of cash flows reflects cash and cash equivalents balance at the beginning of the year of Kshs.3,714,932 while the closing balance for the previous financial year of Kshs.3,648,634, resulting in unexplained variance of Kshs.66,298.

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

2.0 Inaccurate and Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.1,634,733 and as disclosed under Note 8 to the financial statements. Included in the balance are bank balances totaling to Kshs.1,241,320 in four (4) bank accounts held in Equity Bank, Absa Bank and KCB Ltd however cash book records and bank reconciliation statements to support the bank balance were not provided for audit, contrary to Regulation 90(1) and Regulation 100 of the Public Finance Management (National Government) Regulations, 2015.

A cash and cash equivalents balance Kshs.1,634,733 includes Kshs.4,598 as disclosed in Note 9 to the financial statements, however no standing imprests register, memorandum cashbook and board of survey report on cash count were provided for audit.

Further, audit review revealed that the School had an undisclosed dormant account with ABSA Bank, with a balance of Kshs.217,906, contrary to Regulation 83(1)(c) of the Public Finance Management (National Government) Regulations, 2015 on guiding principles for cash management that require entities to avoid the accumulation of idle balances. There is a loss of value of public funds held in the account as a result of bank charges.

In the circumstances, the completeness and accuracy of the bank balance of Kshs.1,634,733 could not be confirmed and management was therefore in breach of the law.

EMPHASIS OF MATTER

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.146,735,240 and Kshs.110,289,014 respectively, resulting to an under-funding of Kshs.36,446,226 or 24% of the budget. However, the School spent a balance of Kshs.106,776,944 against actual receipts of Kshs.110,289,014 resulting to an over-utilization of Kshs.3,512,070 or 32% of actual receipts.

The under-funding and under-expenditure 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.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2023.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Ossen Girls' High 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matter(s) described in the Basis for Conclusion 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

1.0 Late Submission of Financial Statements for Audit

During the year under review, the School Management did not submit the financial statements to the Auditor-General by the statutory date of 30 September, 2023. This was contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. These financial statements have been audited as a result of a proactive initiative by the Auditor-General.

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

2.0 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. The statement of receipts and payments refers to the reporting period as 30 June, 2022 instead of 30 June, 2023 whereas page numbering of the financial statements reveals several repeated and missing pages between pages 1 and 29.
- ii. The Statement of Budgeted Versus Actual Amounts for the Year Ended 30 June, 2023 does not contain a commentary on significant underutilization (below 90% of utilization) and any overutilization above 100% as required by the template.
- iii. The Section of the report on follow up of Auditor recommendations is blank and Annex 2 containing the summary of fixed assets register is not populated with the relevant data of assets.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack relevant information may affect users' reliance on the financial statements for decision making.

3.0 Lack of Risk Assessment Policy and Disaster Recovery Plan

During the year under review, Management did not develop a risk assessment policy and disaster recovery plan. This is contrary to Regulation 165(1) and 170(1) of the Public Finance Management (National Government) Regulations, 2015 which requires each national government entity to develop risk management strategies and a system of risk management. In addition, a disaster recovery plan or business continuity plan was not in place.

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

4.0 Delays in Transfer of Infrastructure Funds from the Operations Bank Account

The statement of receipts and payments for the year ended 30 June, 2023 reflects Capitation grants for operations balance of Kshs.46,905,706. Out of this amount, Kshs.3,643,000 was supposed to be transferred to the infrastructure account within fifteen days (15) of the receipt of funds in operations account as per Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021. However, only Kshs.3,473,000 was transferred in September and October, 2022 resulting in a variance of Kshs.170,000 in respect of infrastructure funds not transferred to the infrastructure account.

In the circumstances, management is in breach of Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021.

5.0 Remuneration of the Members of the Board of Management

The statement of receipts and payments for the year ended 30 June, 2023 reflects payments for operations of Kshs.8,756,583 and as shown in Note 8 to the financial statements. Included in Kshs.8,756,583 is expenditure of Kshs.1,926,626 being Administration Cost which includes board allowances. During the year, the Board of Management and Committees members were paid allowances amounting to Kshs.728,000. However, no evidence of approvals from the Cabinet Secretary as provided in Section 63 of the Basic Education Act of 2013 was provided for audit.

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

6.0 Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of receipts and payments for the year ended 30 June, 2023 reflects payments for operations of Kshs.38,437,680 and as disclosed in Note 6 to the financial statements. The balance includes Kshs.623,830, being activity fees, out of which, the School transferred co-curricular funds totaling Kshs.541,000 during the year to Kenya Secondary School Heads Association (KESHA), a private welfare organization that draws its membership from School Principals only and is not subject to Public Finance Management Act, 2012 or any other public finance regulations.

In the circumstances, the School may not have received value for the Kshs.541,000 transferred to KESSHA.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, 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

1.0 Inaccuracy of Students Enrollment Data

The statement of receipts and payments reflects Kshs.2,525,613 and Kshs.46,905,706 in respect of capitation grants for tuition, capitation grants for operations and infrastructure grants respectively and as disclosed in Notes 1 and 2 to the financial statements totalling Kshs.46,431,319. Comparison of data from National Education Management and information System (NEMIS) with records from the County Director of Education revealed that during the financial period 2022/2023, NEMIS reflected on average nine hundred and eleven (911) students while records from the County Director of Education had nine hundred and fifty-nine (959) students, resulting to an underfunding of the School by an amount of Kshs.604,132 for operations grants and Kshs.103,403 for tuition grants. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

In addition, the School had one hundred and thirty-two (132) students between form 2 and form 4 and who were not registered in NEMIS due to lack of birth certificates, duplicate birth certificate numbers or those who had attained the age of over 18 years and therefore were removed from NEMIS with the result that in the year 2023, the School did not get Kshs.2,936,208 in capitation grants. Management therefore did not comply with Paragraph 3.2 of Circular MOE.HQS/3/10/18/ (112) dated 15 November, 2022 on guidelines for implementation of Free Day Secondary Education (FDSE).

In the circumstances, under-funding of the School may have affected service delivery to the students.

2.0 Lack of Approved Information Technology Security Policy

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

In the circumstances, the School may be exposed to financial losses or falsification of records in the absence of Information and Communication Technology Policy.

3.0 Failure to Develop School Improvement Plan and Poor Infrastructure

Section 2.2.1 of the Operational Manual for Utilization of Learner Capitation, Grant and Other School funds 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. However, during the period under review, the School did not develop a School Improvement Plan to be used to measure improvement activities and hold Management accountable, keep the School in focus in achieving its target and prioritize School needs to ensure prudent utilization of resources. Further, site visit conducted at the School in the month of June, 2024 revealed that the School lacked clearly demarcated school grounds, proper fencing, secure gates, and did not have a standard playground.

In the circumstances, Management is in breach of the requirements of the Operational Manual for Utilization of Learner Capitation Grant and Other School Funds.

4.0 Ineffective Management of Books

Records maintained at the School revealed that Management did not constitute a School Improvement Planning Team contrary to Section 2.2.1 of the Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds to prioritize development of schools based on various priority areas amongst them adequacy of textbooks, reference books and supplementary readers in the school.

Further review of text books records and class registers as at 30 May, 2024 revealed cases of insufficient/oversupply of learners' books. Further, the books issued in the financial year 2020/2021 and 2021/2022 were still lying in the store since the Ministry of Education issued set books that were not being used by the students as the School had selected another preferred set book.

In the circumstances, the effectiveness in management of textbooks could not be confirmed.

5. Management of School Assets

5.1 Summary of Fixed Assets Register

Annex 2 to the financial statements reflects a summary of fixed assets with Nil balances. However, the assets listing revealed that the School did not disclose information on date of purchase, location, cost, additions during the year, disposals during the year, and historical cost value carried forward. This is contrary to Public Sector Accounting Standards Board template and The National Treasury's Circular Ref: AG/4/16/3/Vol.3(66) dated 6 July, 2022 which provide for the inclusion of the register in the financial statements.

In the circumstances, the School was in breach of the law and school assets are exposed to pilferage and loss.

5.2 Lack of Ownership Documents for Land

Annex 2 to the financial statements reflects a summary of various categories of fixed assets with nil balances. The summary of fixed assets register includes land measuring 8.0 Ha as revealed by land survey plan, whose ownership document was not provided for audit.

In the circumstances, the ownership of land could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the School's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the School's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 October, 2024

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V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 20XX

DESCRIPTION OF VOTE HEAD	Note	2022-2023	2021-2022
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	2,525,612.5	1,980,957.80
Capitation grants for operations	2	46,905,705.65	8,421,149.90
School Fund Income- Parents' Contributions	3	28,313,463.00	35,447,140.00
School Fund Income- Other receipts	4	47,245,669.00	3,855,468.00
Infrastructure			5,075,750.00
Farm			867,047.00
		124,990,450.15	55,647,511.00
PAYMENTS			
Payments for Tuition	5	5,238,658.75	1,936,668.66
Payments for operations	6	38,437,680.05	8,756,583.00
Boarding and school fund payments	7	106,776,944.15	42,029,151.15
infrastructure			5,038,948.18
TOTAL PAYMENTS		150,455,282.95	57,761,351.00
SURPLUS/DEFICIT		(25,462,832.80)	(2,100,000)

The school financial statements were approved on 28th June 2024 and signed by:


Sign: 

Name JOHN KANDA

Chair BOM

Date 17/6/24

Sign 

Name 
 School Principal/
 Secretary to BOM

Date 17/6/24



Sign 

Name ESTHER KUREI

Bursar/
 Finance Officer

Date 17/6/24



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VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	1,630,134.46	3,648,634.00
Cash Balances	9	4,598.45	66,298.00
Short term Investment	10	0	
Total Cash and cash equivalent		<u>1,634,732.91</u>	<u>3,741,932.00</u>
Account's receivables	11	9,624,098.00	33,027,877.00
TOTAL FINANCIAL ASSETS		11,258,830.91	36,742,809.00
FINANCIAL LIABILITIES			
Accounts Payables	12	33,006,732.00	10,724,474.00
NET FINANCIAL ASSETS		(21,747,901.00)	<u>26,018,335.00</u>
REPRESENTED BY			
Accumulated Fund b/fwd	13	3,714,931.71	26,018,335.00
Surplus/Deficit for the year		(25,462,832.80)	
NET FINANCIAL POSSITION		(21,747,901.09)	<u>26,018,335.00</u>



Name: JOHN KIMOBO
 Chairman, BoM

Sign:

17/6/24

Name: EDITH MAKOECH
 School Principal/Secretary
 to BoM

Sign:

Name: ESTHER KURUI

Bursar/Finance

Sign:

Date: 17/6/24



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VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2023

		2022-2023	2021-2022
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	2,523,612.50	1,980,958.00
Capitation grants for operations	2	46,905,705.65	8,421,150.00
School fund income- Parents contributions/ fees	3	36,943,420.00	35,447,140
School fund income- other receipts	4	36,605,031.00	3,855,268.00
Fees arrears recovered		3,124,418.00	
INFRASTRUCTURE			5,075,750.00
Farm			867,047.00
Total receipts		126,104,187.15	54,780,466.00
Payments			
Payments for Tuition	5	1,706,552.75	1,936,669.00
Payments for operations	6	48,683,443.05	8,756,583.00
Boarding and school fund payments	8	67,630,321,60	42,029,151.15
Creditors paid		5,990,743.00	
infrastructure			5,038,948.00
Total payments		124,011,060.40	57,761,351.00
Net cash flow from operating activities		2,093,126.75	(1,049,876.00)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			
Acquisition of Assets		(3,882,756.00)	
Proceeds from investments			
Purchase of investments)	
Net cash flows from Investing Activities		(3,882,756.00)	
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from borrowings/ loans			
Repayment of principal borrowings		(290,569.55)	
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		(2,080,198.80)	
Cash and cash equivalent at BEGINNING of the year	10	3,714,931.71	4,698,509.00
Cash and cash equivalent at END of the year		1,634,732.91	3,648,633.86

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VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 20XX

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
		b	c=a+b	d	e=c-d	f=d/c %
		Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Teaching / learning materials	5,221,000.00		5,221,440.00	2,525,612.5	2,619,828.00	48%
	5,221,000.00		5,221,440.00	2,525,612.50	2,619,828.00	48%
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	5,922,000.00		5,922,000.00	1,942,725.00	3,979,275.00	33%
Repairs and maintenance	6,300,000.00		6,300,000.00	3,521,000.00	2,779,000.00	59%
Local transport / travelling	1,766,600.00		1,766,600.00	478,306.00	1,288,294.00	27%
Electricity and water	2,328,800.00		2,328,800.00	1,008,629	1,320,171.00	58%
Administration costs	1,776,600.00		1,776,600.00	1,008,628.00	767,972.00	57%
Activity	1,890,000.00		1,890,000.00	343,250.00	1,546,750.00	18%
INFRASTRUCTURE GRANTS	25000000.00		25000000.00	25,000,000.00	0	100%
DORM	10,000,000.00		10,000,000.00	10,000,000.00	0	100%
Boarding	1,293,000.00		1,293,000.00	1,293,000.00	0	100%
LPG gas	2,310,167.00		2,310,167.00	2,310,167.00	0	100%
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	17,967,600.00		17,967,600.00	14,099,446.00	3,868,154.00	78%
Repairs and maintenance	2,520,000.00		2,520,000.00	2,623,313.00	(103,000.00)	104%
Local transport / travelling	2,822,400.00		2,822,400.00	2,315,550.00	506,850.00	82%

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
		b	c=a+b	d	e=c-d	f=d/c %
		Kshs			Kshs	Kshs
Electricity and water	2,055,060.00		2,055,060.00	3,547,937.00	(1,492,877.00)	172%
Administration costs	2,822,400.00		2,822,400.00	2,831,954.00	(9,554.00)	100%
Activity	1,005,480.00		1,005,480.00	886,719.00	118,761.00	
Boarding	38,285,100.00		38,285,100.00	35,713,044.00	2,572,056.00	93%
Parents association	2,520,000.00		2,520,000.00	1,931,323.00	588,677.00	76
Medical	0		0	59,971.00	(59,971.00)	
OTHER INCOME						
Rent income	88,800.00		88,800.00	16,000.00	72,000.00	18%
Income from farming activities	2,800,000.00		2,800,000.00	1,111,125.00	1,88,875.00	37%
Bus	1,080,000.00		1,080,000.00	35,000.00	1,045,000.00	0.31%
Bakery	6,291,600.00		6,291,600.00	3,126,219.00	3,165,381.00	49%
Parents association	2,520,000.00		2,520,000.00	1,931,323.00	588,677.00	77%
Student ID	150,000.00		150,000.00	107,250.00	42,750.00	72%
Arrears				3,124,418.00	(3,124,418.00)	
Teaching and learning				144,060.00	(144,060.00)	
Lost books				80,505.00	(80,505.00)	
Uniform				791,800.00	(791,800.00)	
RD CHEQUE				100,000.00	(100,000.00)	
Tender				46,000.00	(46,000.00)	
Bursary				2,957,498.00	(2,957,498.00)	
TOTAL INCOME	146,735,240.00		146,735,240.00	110,289,013.5	19,384,382.00	

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
		b	c=a+b	d	e=c-d	f=d/c %
		Kshs			Kshs	Kshs
(1) EXPENDITURE FOR TUITION						
Teaching / learning materials	5,221,000.00		5,221,440.00		5,238,658.00	0
Exersice books						
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	5,922,000.00		5,922,000.00	3,469,837.00	2,542,163.00	58.59%
Repairs, maintenance & improvements	6,300,000.00		6,300,000.00	419,000.00	0	0
Local transport / travelling	1,766,600.00		1,766,600.00	1,163,977.00	602,623.00	65.88%
Electricity, water and conservancy	2,328,800.00		2,328,800.00	1,037,771.00	1,291,029.00	44.56%
Administration costs	1,776,600.00		1,776,600.00	1,926,626.00	(150,026)	108.44%
Activity	1,890,000.00		1,890,000.00	623,830.00	1,266,170.00	33%
Creditors paid				106,500.00		
Gratuity				273,792.00		
ifrastructure /bes				1,793,000.00		
Bank charges				1,506.00		
Admin/tuition block				27,621,841.05		
	28,615,860.00		28,615,860.00			
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	17,967,600.00	0	17,967,600.00	3,228,574.00	14,739,026.00	17.96%
Repairs, maintenance and improvements	2,520,000.00	0	2,520,000.00	731,715.00	1,788,285.00	29.03%
Local transport / travelling	2,822,400.00	0	2,822,400.00	3,597,278.00	(714,878.00)	127.45%

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
		b	c=a+b	d	e=c-d	f=d/c %
		Kshs			Kshs	Kshs
Electricity, water and conservancy	2,055,060.00	0	2,055,060.00	2,088,342.00	(33,282.00)	101.6%
Medical Expenses	0	0	0	9,800.00	(9800.00)	0
Administration costs	2,822,400.00	0	2,822,400.00	5,208,966.40	(2,386,566.00)	184.5%
Activity	1,005,480.00	0	1,005,480.00	929,890.00	75,590.00	92.4%
Gratuity	0	0	0	657,604.00	0	0
Bus hire	0	0	0	226,250.00	0	0
Boarding Equipment and Stores	38,285,100.00	0	38,285,100.00	34,551,541.20	3,733,559.00	90.2%
farm	0	0	0	1,850,565.00	0	0
Creditors paid	0	0	0	5,024,243.00	0	0
Refunds	0	0	0	24,783.00	0	0
Rent Expenses	0	0	0	63,420.00	0	0
Student ID	150,000.00	0	150,000.00	82,120.00	67,880.00	54.7%
Bakery/bread	0	0	0	2,051,762.00	0	0
Parents association	2,520,000.00	0	2,520,000.00		0	0
Acquisition of Assets	0	0	0	0	0	0
Bursary				2,957,498.00		
Teaching and learning materials				9,040.00		
Dormitory loan				12,887,000.00		
Lpg gas				1,819,911.00		
School van loan				7,549,920.00		
Uniform				765,100.00		
Dormitory expenditure				14,005,164.00		
Prepayments				2,283,132.00		
Loan interest				290,569.55		

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
		b	c=a+b	d	e=c-d	f=d/c %
		Kshs			Kshs	Kshs
Loan repayment				3,882,756.00		
TOTALS	67,325,640.00	0	67,325,640.00	106,776,944.15	0	158%

There was Over 1%

IX. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 5. Accounts Receivable**
For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.
- 6. Accounts Payable**
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years.
- 7. Non-current assets**
Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the school fixed asset register a summary of which is provided as a memorandum to these financial statements.
- 8. Budget**
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *school's* budget was approved by the School Board of Management. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.
- 9. Comparative figures**
Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.
- 10. Subsequent events**
There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2023

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2022-2023	2021-2022
	Kshs	Kshs
Textbooks and reference materials	0	1,032,839.00
Exercise books	0	170,332.00
Laboratory equipment	0	113,981.20
Internal exams	0	54,818.00
Teaching / learning materials	2,525,612.50	586,130.00
Chalks	0	22,857.60
Total	2,525,612.50	1,980,957.80

2 CAPITATION GRANT FOR OPERATIONS

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	1,942,725.24	3,698,618.80
Repairs and maintenance	3,521,000.00	3,150,000.00
Local transport / travelling	478,306.18	289,337.00
Electricity and water	1,008,629.20	608,099.55
Infrastructure	25,000,000.00	0
Administration costs	1,008,628.23	675,094.55
Dorm	10,000,000.00	
Lpg gas	2,310,166.80	
Boarding	1,293,000.00	
Activity	343,250.00	
Total	46,905,705.65	8,421,149.90

3 PARENTS CONTRIBUTION/FEEES - SCHOOL FUND ACCOUNT

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	14,099,446.00	3,227,258.00
Repairs and maintenance	2,623,313.00	1,887,093.00
Local transport / travelling	2,315,550.00	659,134.00
Electricity and water	3,457,937.00	4,676,993.00
Student id	107,250.00	123,250.00
Administration costs	2,831,954.00	1,703,719.00
Activity	886,719.00	371,863.00
Lost books		50,680.00
Parents association	1,931,323.00	
School id		
Medical	59,977.00	59,971.00

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	2022-2023	2021-2022
	Kshs	Kshs
Total	28,313,463.00	35,447,140.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2022-2023	2021-2022
	Kshs	Kshs
Tender	46,000.00	81,000.00
Rent income	16,000.00	47,000.00
Bus income	35,000.00	375,000.00
arrears	0	1,425,725.00
Prepayments	0	1,091,696.00
Imprest	0	15,000.00
Bursary	2,957,498.00	
Boarding	35,713,044.00	
Farm income	1,111,125.00	
Arrears	3,124,418.00	
Teaching and learning	144,060.00	
Text books	80,505.00	
Uniform	791,800.00	
Rd cheque	100,000.00	
Bakery	3,126,219.00	
Total	47,245,669.00	3,855,468.00

5 PAYMENTS FOR TUITION

	2022-2023	2021-2022
	Kshs	Kshs
Textbooks and reference materials	350,000.00	xxx
Exercise books	xxx	600,000.00
Laboratory equipment	220,000.00	600,000.00
Internal exams	200,000.00	223,000.00
Teaching / learning materials	3,607,444.00	160,000.00
Chalks	0	16,000.00
Creditors	860,000.00	300,000.00
Bank Charges	1,214.75	4,378.66
LIBRARY		31,290.00
Total	5,238,658.75	1,936,668.66

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	3,469,837.00	1,979,775.00
Administration Cost	1,926,626.00	2,488,268.00
Repairs and maintenance & improvements	419,000.00	1,085,845.00
Local transport / travelling	1,163,977.00	435,040.00
Electricity and water	1,037,771.00	218,585.00
Medical	xxx	40,820.00
Activity Expenses	623,830.00	45,000.00
SMASSE	xxx	xxx
Insurance Cost	xxx	xxx
Bank Charges	1,506.00	xxx
Gratuity	273,792.00	xxx
Creditors	106,500.00	
Infrastructure	1,793,000.00	2,463,250.00
Admin/tuition block	27,621,841.05	
TOTAL	38,437,680.05	8,756,583.00

7 BOARDING AND SCHOOL FUND PAYMENTS

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	3,228,574.00	3,232,570.00
Service Gratuity	657,604.00	400,000.00
Repairs and maintenance & Improvements	731,715.00	1,068,335.00
Local transport / travelling	3,597,278.00	1,874,311.00
Electricity and water	2,088,342.00	1,825,505.00
Medical Expenses	9,800.00	xxx
Administration costs	5,208,966.40	6,887,626.15
Activity	929,890.00	223,500.00
Creditors paid	5,024,243.00	1,574,213.00
Student id	82,120.00	48,830.00
Fee on Boarding Equipment and Stores	34,551,541.20	21,239,599.00
Rent Expenses	63,420.00	94,16.00
Dormitory	12,887,000.00	0
Teaching and learning materials	9,040.00	0
Bursary	2,957,498.00	0
Refunds	24,783.00	0
Farm	1,850,565.00	
Lpg gas	1,819,911.00	
School van loan	7,549,929.00	
Prepayments	2,283,132.00	

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Bakery/bread	2,051,762.00	207,350.00
Bus hire	226,250.00	
Uniform	765,100.00	
Loan intrest	290,569.55	
TENDER	0	31,500.00
Infrastructure	0	131,000.00
Advance	0	20,000.00
1.no science laboratories	0	1,985,604.00
Text books	0	20,000.00
Farm	0	1,941,141.00
Imprest	0	20,000.00
Prepayments	0	984,090.00
TOTAL	106,776,944.15	42,029,151.15

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2022-2023	2021-2022
		Kshs	Kshs
Tuition Account		5,648.00	138,873.49
Operations Account		707,556.30	2,602,176.65.
School Fund Account/Boarding		753,212.25	849,764.00
MIF		163,716.92	150,103.00
Infrastructural Account			
Total		1,630,134.46	3,740,916.65

9 CASH IN HAND

Description	2022-2023	2019-2020
	Kshs	Kshs
Operation Account	499.00	3,729.00
School Fund account	4,099.45	62,568.85
Total	4,598.45	66,297.85

10 SHORT TERM INVESTMENTS

Description	2022-2023	2021-2022
	Kshs	Kshs
Cooperative shares	0	xxx
Treasury Bills	0	xxx
Fixed deposit	0	xxx
Equity stock	0	xxx
Other investments	0	xxx
Total	0	xxx

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees arrears	9,569,598.00	33,027,877.00
Salary advances	48,500	
Imprest	6,000.00	
Total	9,624,098.00x	33,027,877.00

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees arrears for current year	9,569,598.00	5,875,030.00
Fees arrears for the previous year		27,152,847.00
Fees arrears for prior periods (over two years)		
Total	9,569,598.00	33,027,877.00

12 ACCOUNTS PAYABLE

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	9,013,291.00	10,616,868.00
Prepaid fees	1,736,610.00	107,606.00
LOAN,LPG,VAN DORM	22,256,831.00	
Total	33,006,732.00	10,724,474.00

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade creditors for current year	9,013,291.00	12,491,081.00
Trade creditors for the previous year		(1,874,213)
Trade creditors for prior periods (over two years)		xxx
Total	9,013,291.00	1,0616,868.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank balances	3,648,633.86.	3,648,633.86.
Cash balances	66,297.85	66,297.85
Receivables		33,027,877.00
Payables		(10,724,474.00).
Total	3,714,931.71	26,018,335.00

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Other important disclosure notes

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

14 Non-current Liabilities Summary

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank loan(s)	0	xxx
Outstanding Leases	0	xxx
Hire purchase	0	xxx
Gratuity and leave provision	0	xxx
Total		

15 Biological assets

Description	Numbers	2022-2023	2021-2022
		Kshs	Kshs
Cattle		xxx	xxx
Goats		xxx	xxx
Trees		xxx	xxx
Coffee or tea plantation		xxx	xxx
Poultry		xxx	xxx
Total			

16 Borrowings

Description	2022-2023	2021-2022
	KShs	KShs
a) Borrowings		
Borrowing at beginning of the year	xxx	xxx
Borrowings during the year	xxx	xxx
Repayments of during the year	(xxx)	(xxx)
Balance at end of the year	xxx	xxx

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Other important disclosure notes

17 Stock/ Inventory

Description	2022-2023	2021-2022
	KShs	KShs
b) Borrowings		
Stock/ inventory at beginning of the year	xxx	xxx
Stock/ inventory purchased during the year	xxx	xxx
Stock/ inventory issued during the year	(xxx)	(xxx)
Balance at end of the year	xxx	xxx

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18 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX-1	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
SUPPLIERS					91,100.00	
1. GIDEON KIPKECHEM (electrical)					133,531.00	
2. NICHOLAS CHESIYNA(GOAT MEAT)					163,000.00	
3. JACOBS GENERAL SUPPLIES					16,000.00	
4.ALEX KORIR					144,870.00	
5.JOHN OERI					470,880.00	
6.JAPHET CHEMJOR(BEEF MEAT)					79,795.00	
7.KENYA FARMERS ASSOCIATION					48,828.00	
8.JANE TALAA TOROITICH(MILLING)					79,190.00	
9.MERIC PRINTERS(Cartridges refilling)					142,500.00	
10.SUPERIOR TYRES AND SPARES LTD					27,000.00	
11.USOSO ENTERPRISES					97,660.00	
12.BARINGO TEXTILES (GEOFFREY ONSASE OMOSA)					43,100.00	
13.KIBANGER COMMUNITY WATER PROJECT					130,000.00	
14.CHEPNY VENTURES					40,300.00	
15.AMKO CONTRACTORS					965,705.00	
16.TROUT HARDWARE					173,700.00	
17..BROOK LOGISTICS					50,000.00	
18..MARIJAY&KAY INVESTMENT					7,400.00	
19SANAA BUSMIX VENTURES					317,000.00	
20.MAJIDA UNIFORMS					110,000.00	
21.FIRESAFE SOLUTIONS					19,500.00	
22.SKYDOT ENTERPRISES					122,624.00	
23.KPLC						

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX-1	Comments
					340,500.00	
24.SUZY SHIER VENTURES					27,000.00	
25.USOSO ENTERPRISES					44,500.00	
26.FORTEC ENTERPRISES					251,223.00	
27.PROTO ENERGY LTD					7,549,920.00	
28.SCHOOL VAN LOAN					12,887,000.00	
29.LPG GAS LOAN					12,887,000.00	
230KCB BANK LOAN					141,770.00	
31.APEX GILSAM ENTERPRISES					84,400.00	
32..HUMPHREY ROUKES OMORO					1,011,150.00	
33.SUPREME ELDORET GROCERIES					43,000.00	
34.BILASHAKA INVESTMENTS					16,955.00	
35.THE SPINE ELECTRICALS					657,604.00	
36.SARAH MULWO (SERVICE GRATUITY)					327,450.00	
37ALDARMO LTD(VEGETABLES)					33,350.00	
34.PAUL KANDIE(medical services)					514,368.00	
35.STAFF SALARIES					18,000.00	
36.NSSF					13,150.00	
37.NHIF					1,688,000.00	
38.SAMKON ENTERPRISES(exersice books)					336,026.00	
39.LABO RAV SUPPLIERS					98,800.00	
40.LAVEROM HOLDINGS(Ink &master)					209,415.00	
41.ELDO LABORATORY					329,765.00	
42.LE-AFRIC INTERLINK LTD					10,100.00	
43.NAKURU PRESS SHOP					33,006,732.00	
TOTALS						

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 20xx	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 20xx
Land 1						
Land 2						
Buildings and structures						
Motor vehicles						
Office equipment, furniture and fittings						
ICT Equipment, and Other ICT Assets						
Tools and apparatus						
Textbooks						
Other Machinery and Equipment						
Heritage and cultural assets						
Intangible assets- soft ware						
Total						

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