REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID
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CLERK-AT THE-TABLE: FINLAY

PARLIAMENT OF KENYA LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

WAYAM SECONDARY SCHOOL

FOR THE EIGHTEEN MONTHS ENDED 30 JUNE, 2021

MANDERA COUNTY

Revised 30th June 2021.

WAYAM SECONDARY SCHOOL

PUBLIC SECONDARY SCHOOL

18 MONTHS REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30TH JUNE 2021

(18 MONTHS: 01 JANUARY 2020 TO 30 JUNE 2021)

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

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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 Mandra County,Banisa Sub-County

The school was registered in 2007 under registration number 9s-3000 0027 and is currently categorized as a EXTRA COUNTY public school established, owned or operated by the Government.

The school is a boarding school and had 882 number of students as at *30th June 2021*. It has 3 streams and 18 teachers of which 6 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	Ismail maalim issack	Chairman	14.10.22
2	Isaack m.adow	Secretary - Principal	10.1.2014
3	Ibrahim issack kala	Member	14.10.22
4	Mariam maalim	Member	14.10.22
5	Naima ali ahmed	Member	14.10.22
6	Hassan m.hillow	Member	14.10.22
7	Ibrahim ali hassan	Member	14.10.22
8	Mohamed yussuf alio	Member Rep Teachers	14.10.22
9	Nadhifa hassan ali	3 Members - Sponsor	14.10.22
10	Isaack enow adan	Member rep teachers	14.10.22
11	Ibrahim ali shek	MemberSpecial Needs	14.10.22
12	Sadai abdullah kero	Rep Students	14.10.22
13	Hassan mohamud abdullahi	Member	14.10.22
14	Issack abdow abdulla	Member	14.10.22

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	**Ismail maalim** **Issack m adow**	Chairman SECRETARY	**3 out 4**
2	Audit Committee	Issack A. abdulla Issak enow adan	MEMBER MEMBER	2 out of 3
3	Finance,procurement and general purposes Committee	Hassan mohamed Ibrahim ali hassan	MEMBER MEMBER	2 out of 2
4	Academic Committee	Mohamed yussuf alio Mariam m. hussein	MEMBER MEMBER	2 OUT OF 2
5	Development Committee	Ibrahim issack kala	"	2 OUT OF 2
6	Discipline and welfare Committee	Ibrahim issak kala Ismail maalim issak	"	1 OUT OF 1
7	Adhoc Committee (if any during the year)	Ismail maalim issak	"	1out of 2

(d) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	Issack m. adow	413809
2	Deputy Principal	Issack enow adan	799007
3	School Bursar	Issak mohamed alio	34173280

(e) Schools contacts

Post Office Box 256-70300
Telephone: 0722904271
E-mail: wayamsecondary2007@gmail.com
Website: XXXXXXXX
Facebook: wayam secondary
Twitter: xxxxxxx

(f) School Bankers

The following school operated 4 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

Name of Bank:

1. operation account....1103979434
2.Tution account ... 1103979256
3.Infrastructure account...1212634438
4.Main account..... ..1103978349
Branch: mandera

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

(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**:

(Under this section, the following information should be given:

- *Surplus/ deficit for the year and a comparison of the same for the last three years*
- *Capitation grants from the Ministry of Education for the last three years*
- *Ratio of capitation grant per student over the last three years*
- *A three-year overview of growth of other income(s) earned by the school.*
- *A three-year overview of growth in expenditure of the school*
- *Movement of debtors and creditors of the school over the last three years*
- *Movement of cash and bank balances over the last three years*

Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends).

b) **Teacher Student ratio**:

55 student per one teacher

c) **Mean score in the *2* KCSE**:

d) **2020(**6.31) c- (187 student sat for exams

e) **2021(6.65)** c+ (172 student sat for exams

f) **2022(7.791)**B-(201 student sat for exams

g) **2023(7.07)C+** (202 student sat for exams

.

h) Number of Candidates in the 2020,2021,2022 KCSE:

762

i) **Capacity of the school**:

2020 771 ENROLMENT

2021 882 ENROLMENT

2022 895 ENROLMENT

2023 900 ENROLMENT

4 LABORATORIES

12 CLASSROM

20 TOILETS FOR BOYS

1 LIBRARY

1 BLOCKED OFFICES

1 DAINING HALL

4 DORMITORES

Summary Report of the Performance of the School (Continued)

j) Development projects carried out by the school:

CONSTRUCTION OF UNERGROUND WATER BY RMI

CONTRUCTION OF ONE MEDIUM LAB BY CDF

CONSTRUCTION OF LIBRARY BY CDF

PRINCIPAL
WAYAM SECONDARY SCHOOL
P.O. Box 256 - 70300, MANDERA
Date:

.....

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 (PSASB) of Kenya from time to time.

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

The Board of Management of *(WAYAM SECONDARY SCHOO)* accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

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

ISMAIL MAALIM ISSAK
.....
Name:
Designation: Chairman, School Board of Management
Date: 30/5/24

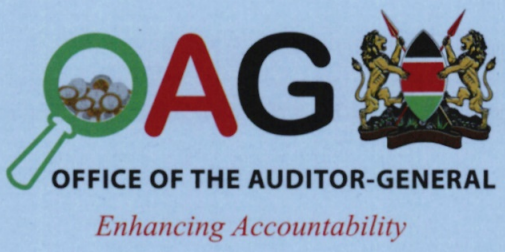
ISSAK MAALIM ADOW
.....
Name:
Designation: School Principal& Secretary to Board of Management
Date: 30/5/24

PRINCIPAL
WAYAM SECONDARY SCHOOL
P.O.Box 256, 70300, MANDERA
30/5/24

ISSAK MOHAMED ALIO
.....
Name:
Designation: Bursar/ Finance Officer
Date:

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON WAYAM SECONDARY SCHOOL FOR THE EIGHTEEN MONTHS PERIOD ENDED 30 JUNE, 2021 – MANDERA COUNTY

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the Governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Wayam Secondary School - Mandera County set out on pages 1 to 18, which comprise of the statement of assets and liabilities as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows and the statement of budgeted versus actual amounts for the period then

ended, and a summary of significant accounting policies and other explanatory information in accordance with 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 Wayam Secondary School - Mandera County as at 30 June, 2021 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies of School Fund Income- Parents' Contributions

The statement of receipts and payments reflects amount of Kshs.13,932,953 in respect of school fund income - parents' contributions. However, the summary of cashbook data revealed an amount of Kshs.14,184,305 resulting to an unexplained variance of Kshs.251,352. Further, an amount of Kshs.9,050,000 in respect of fees collected in cash was not be banked.

In the circumstance, the accuracy and completeness of school fund income-parents' contributions of Kshs.13,932,953 could not be confirmed.

2. Unsupported Expenditure

The statement of receipts and payments reflects amounts Kshs.8,300,300 and Kshs.12,278,731 in respect of operations, and boarding and school expenses respectively. Included in the amounts are Kshs.808,468 and Kshs.531,500 being payments for supplies for operations, and boarding and school funds respectively. However, the payments were not supported by request for quotations, inspection and acceptance certificate, store ledgers, store receipts note (S13) and issue notes(S11)

In the circumstances, the accuracy and completeness of operations, and boarding and school expenses could not be confirmed.

3. Long Outstanding Accounts Receivables

The statement of financial assets and financial liabilities and as disclosed in Note 11 to the financial statements reflects a balance of Kshs.14,045,971 in respect of accounts receivables. However, an amount of Kshs13,595,971 has been outstanding for more than one year. The School has not developed a mechanism to ensure payment of school fees in time and some students have since left school with arrears of school fees. The recoverability of the outstanding amounts is doubtful.

In the circumstances, the fair value of accounts receivables could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on comparable basis of Kshs.31,970,000 and Kshs.28,407,093 respectively resulting to under-funding of Kshs.3,562,907 or 11% of the budget. However, the School spent amount of Kshs.25,629,385 against actual receipts of Kshs.28,407,093 resulting to an under-utilization of Kshs.2,777,708 or 10% of the actual receipts.

The under-funding and under-utilization 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements

During the year under review, the School Management did not submit the financial statements to the Auditor-General by the statutory deadline of 30 September, 2021. The financial statements were submitted on 04 June, 2024, which was two years and eight months after the deadline. 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. Late submission of financial statements adversely affects the Office of the Auditor-General in meeting the statutory timelines.

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

2. Failure to Reconcile Student Enrolment Data

Review of student records revealed unexplained variance in student numbers between the National Education Management Information System (NEMIS) and School registers resulting in tuition fees under disbursement on both capitation grants for tuition and operation fees Kshs.1,727,852 as analyzed below:

Month	No. of Students Per NEMIS	No. of students as Per School Register	Capitation Grant per Student (Kshs)	Total Expected Capitation per School Register (Kshs)	Actual Capitation Received (Kshs)	Capitation not Received (Kshs)
July-2020	528	696	2,447	1,703,112	1,292,016	411,096
Oct. 2020	642	696	1,483	1,032,168	952,086	80,086
Dec. 2020	642	696	1,483	1,032,168	952,086	80,086
Feb. 2021	642	809	3,707	2,998,963	2,379,894	619,069
Apr. 2021	664	809	3,707	2,998,963	2,461,448	537,515
Total						**1,727,852**

Management explained that the difference was due to non-registration of students in the NEMIS register due to lack of birth certificates and cases of over age students. This was contrary to the Ministry of Education Circular No. MOE.HQ/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners to be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, Management was in breach of the circular and the underfunding of the School may have affected service delivery to the students.

3. Failure to Prepare the School Improvement Plan

During the year under review, Management did not develop a School Improvement Plan to be used to measure the School's improvement activities, keep the School focused in achieving the school target, prioritization of School needs, ensuring prudent utilization of resources and to improve accountability. This was contrary to Section 2.2.1 of the Operational Manual for Utilization of Learner Capitation, Grant and Other School Funds which requires a school to develop an improvement plan which is a road map for changes that a school needs to improve the school environment and learning outcomes.

In the circumstances, Management was in breach of the Operational Manual.

4. Non-compliance with the Public Sector Accounting Standards Board Reporting Template

Review of the financial statements revealed that the financial statements were not prepared in accordance with the PSASB's Annual Financial Reporting Template for Public Secondary Schools – Revised Financial Year 2022-2023.

Annex 1 to the financial statement did not show analysis of accounts payables balance of Kshs.3,038,132 showing the original amount, date contracted, amount paid to date, outstanding current balance and outstanding balance comparative for the financial year as required by the PSASB reporting template.

Further, Annex 2 to the financial statements on summary of fixed assets register was not updated with names and values of assets owned by the school in the format prescribed by the Public Sector Accounting Standards Board (PSASB) reporting template.

In the circumstances, Management was not in compliance with the PSASB reporting template.

5. Failure to Transfer Infrastructure Funds

The school received capitation grants for operations of Kshs.12,508,889 out of which, an amount of Kshs.5,359,000 was to be transferred to the infrastructure account. However, only an amount of Kshs.3,300,000 was transferred. This was contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directs that infrastructure grants as well as maintenance and improvement funds be transferred to the school infrastructure account fifteen days upon receipt of the funds in the operations account.

In the circumstances, Management was in breach of the Ministerial set guidelines.

6. Long Outstanding Accounts Payables

The statement of financial assets and liabilities reflects a balance of Kshs.3,038,131 in respect of accounts payables which, as disclosed in Note 12 to the financial statements included an amount Kshs.2,678,131 that has been outstanding for more than one year. No explanation was provided for the delayed settlement of this long outstanding accounts payables.

In the circumstances, the School risks being sued by suppliers which may lead to loss of funds through legal costs, penalties and interest for non-settlement of obligations when due.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Establish Board of Management Committees and Other Internal Controls Structures

During the year under review, Management has not put in place an Internal Audit Committee. This is contrary to section 61(2) of the Basic Education Act, 2013 which requires the Board of Management to establish Finance, Procurement and General Purposes Committee, Academic Standards, Quality and Environment Committee, Ethics and Integrity Committee, Audit Committee and Human Rights and Student Welfare Committee to perform such functions and discharge such responsibilities as the Board may deem necessary.

Further, Management did not prepare and implement key internal control policies. The School lacked an IT Strategy Committee and an IT Steering Committee. This resulted in inadequacy in IT governance, which forms a critical part of the school governance structure.

In addition, the School did not have a Disaster Management and Recovery Policy including fire suppression systems and a Business and IT Continuity Plan including off-site back-ups and also lacked an accounting software to manage accounts operations such as payable, accounts receivables, ledgers, invoices and assets.

In the circumstances, the existence of effective internal controls and governance mechanisms could not be confirmed.

2. Lack of Fixed Assets Register

Management did not maintain an asset register indicating the item, cost, location and serial/tag number. Further, Management did not provide land ownership documents for a parcel of land where the school is built.

In the circumstances, the ownership and custody of the School assets 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 control 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 control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities,

financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control 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 control would not necessarily disclose all matters in the internal control 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 control 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 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 control.

- 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 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 control 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

25 September, 2024

V. Statement Of Receipts And Payments Period To 30th June 2021

Description Of Vote Head	Note	January 2020-June 2021 (18 Months)
		Kshs
Receipts		
Capitation grants for tuition	1	1,965,250.50
Capitation grants for operations	2	12,508,889
School fund income- parents' contributions	3	13,932,953
School fund income- other receipts	4	-
Proceeds from borrowings		-
Total Receipts		**28,407,093**
Payments		
Payments for tuition	5	1,750,600
Payments for operations	6	8,300,300
Boarding and school fund payments	7	12,278,731
Total Payments		**22,329,631**
Surplus/Deficit		**6,077,462**

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

ISMAIL MAALIM ISSAK	**ISSAK MAALIM ADOW**	**ISSAK MOHAMED ALIO**
Name:	**Name:**	**Name:**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 30th MAY 2024	**Date:** 30th MAY 2024	**Date:** 30th MAY 2024

VI. Statement Of Financial Assets And Financial Liabilities As At 30th June 2021

Description	Note	January 2020-June 2021 (18 Months)
		Kshs
Financial Assets		
Cash and cash equivalents		
Bank balances	8	2,876,197
Cash balances	9	
Short term investment	10	
Total cash and cash equivalent		**2,876,197**
Account's receivables	11	14,045,971
Total financial assets		**16,922,168**
Financial liabilities		
Accounts payables	12	3,038,132
Net financial assets		**13,884,038**
Represented by		
Accumulated fund b/fwd	13	7,806,576
Surplus/deficit for the year		6,077,462
Net financial position		**13,884,038**

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

.....	.....	.....
Name:	**Name:**	**Name:**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 30th MAY 2024	**Date:** 30th MAY 2024	**Date:** 30th MAY 2024

PRINCIPAL WAYAM SECONDARY SCHOOL P.O. BOX 70308, NAIROBI

VII. Statement of Cash Flows for The Period Ended 30th June 2021

Description	Notes	January 2020-June 2021 (18 Months)
		Kshs
Operating activities		
Receipts		
Capitation grants for tuition	1	1,965,251
Capitation grants for operations	2	12,508,889
School fund income- parents contributions/ fees	3	13,932,953
School fund income- other receipts	4	
Total receipts		**28,407,093**
Payments		
Payments for tuition	5	1,750,600
Payments for operations	6	8,300,300
Boarding and school fund payments	7	12,278,731
Total payments		**22,329,631**
Net cash flow from operating activities		**6,077,462**
Cashflow from investing activities		
Proceeds from sale of assets		
Acquisition of assets		(3,300,000)
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		**2,777,462**
Cash and cash equivalent at beginning of the year		**98,735**
Cash and cash equivalent at end of the year		**2,876,197**

(The above presentation of cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS. Schools' should therefore adopt the direct method of cashflow as recommended by PSASB).

VIII. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	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						
Textbooks And Reference Materials		-				
Exercise Books	400,000	0	400,000	321,043	78,957	80.3%
Laboratory Equipment						
Internal Exams						
Teaching / Learning Materials	1,700,000	0	1,700,000	1,644,208	55,792	96.7%
Chalks						
Exams And Assessment						
Teachers Guides						
(2) Capitation Grant on Operations						
Personnel Emoluments	3,500,000	0	3,500,000	3,045,500	454,500	87.01%
Repairs And Maintenance	7,500,000	0	7,500,000	6,042,425	1,457,575	80.6%
Local Transport / Travelling	1,200,000	0	1,200,000	1,120,161	79,839	93.3%
Electricity And Water	900,000	0	900,000	880,641	19,359	97.8%
Medical						
Administration Costs	1,500,000	0	1,500,000	1,220,162	279,838	81.3%

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
Activity	250,000	0	250,000	200,000	50,000	80%
Gratuity						
Smasse						
(3) Fees Charged on Parents						
Personnel Emoluments	100,000	0	100,000	66,608	33,392	66.6%
Repairs And Maintenance	200,000	0	200,000	184,385	15.615	92.2%
Local Transport / Travelling	300,000	0	300,000	272,620	27,380	90.9%
Electricity And Water	700,000	0	700,000	679,988	20,012	97.1%
Medical						
Administration Costs	1,200,000	0	1,200,000	1,104,982	95,018	92.1%
Activity	20,000	0	20,000	18,254	1746	91.3%
bussaries	3,500,000	0	3,500,000	3,138,881	361,119	89.7%
Fee On Boarding Equipment and Stores	9,000,000	0	9,000,000	8,467,235	532,765	94.1%
Other Income						
Rent Income						
Income From Farming Activities						
Insurance Compensation						
Income From Posho Mill						
Income From Bus Hire						
Fee For Hire of Ground And Equipment						
Interest Income						

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
Income From Any Other Investment						
Total Income	31,970,000	—	31,970,000	28,407,093	3,562,907	
(1) Expenditure For Tuition						
Textbooks And Reference Materials						
Exercise Books						
Laboratory Equipment	450,000	0	450,000	450,000	0	100%
Internal Exams						
Teaching / Learning Materials	1,200,000	0	1,200,000	1,112,000	~~80,000~~ 88,000	92.7%
Chalks						
Exams And Assessment	200,000	0	200,000	188,600	11,400	94.3%
Teachers Guides						
Administration Costs						
Bank Charges						
(2) Expenditure For Operations						
Personnel Emoluments	6,621696	0	6,621,696	6,087,600	534,096	91%
Repairs, Maintenance & Improvements	1,500,000	0	1,500,000	1,405,772	94,228	93.7%
Local Transport / Travelling	551,808	0	551,808	116,000	435,808	21%
Electricity, Water and Conservancy	600,000	0	600,000	480,200	~~120,000~~ 119,200	80%
Medical						
Administration Costs	120,000	0	120,000	113,000	7000	94.2%

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
Activity Expenses	110,000	0	110,000	97,482	12,518	88.6%
Gratuity						
Smasse						
(3) Expenditure For School Fund						
Personnel Emoluments	120,000	0	120,000	96,000	24000	80%
Repairs, Maintenance and Improvements	300,000	0	300,000	225,407	74,593	75.1%
Local Transport / Travelling	30,000	0	30,000	24,000	6000	80%
Electricity, Water and Conservancy						
Medical Expenses						
Administration Costs						
Boarding Equipment and Stores	12,160,000	0	12,160,000	11,108,600	1,051,400	91.4%
Expenditure For Income Generating Activity						
Insurance Costs						
Other Expenses On Investments						
burssaries	824,724	0	824,724	824,724	0	100%
Bank Charges						
Loan Interest Repayment						
Loan Principal Repayment						
Acquisition Of Assets	3,300,000	0	3.300,000	3,300,000	0	100%
Totals	28,088,228	—	28,088,228	25,629,385	2,458,843	

[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization above 100%]

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 2022.

X. Notes To The Financial Statements

1 Capitation Grant for Tuition

Description	January 2020-June 2021 (18 Months)
	Kshs
Textbooks And Reference Materials	
Exercise Books	321,043
Laboratory Equipment	
Internal Exams	
Teaching / Learning Materials	1,644,208
Chalks	
Exams And Assessment	
Teachers Guides	
Total	**1,965,251**

2 Capitation Grant for Operations

Description	January 2020-June 2021 (18 Months)
	Kshs
Personnel Emoluments	3,045,500
Repairs And Maintenance	6,042,425
Local Transport / Travelling	1,120,161
Electricity And Water	880,641
Medical	
Administration Costs	1,220,162
Activity	200,000
CDF GRANT ,ABLUTION BLOCK	
TOTAL	**12,508,889**

3 Parents Contribution/Fees - School Fund Account

Description	January 2020-June 2021 (18 Months)
	Kshs
Personnel emoluments	66,608
REPAIRS AND MAINTENANCE	184,385
Local transport / travelling	272,620
Electricity and water	679,988
busaries	3,138,881
bes	8,467,235

Description	January 2020-June 2021 (18 Months)
	Kshs
Aministration coast	1,104,982
Actvity	18,254
Sundry creditors repaid	
Total	**13,932,953**

4 Other Receipts – School Fund Account

Description	January 2020-June 2021 (18 Months)
	Kshs
Fee On Boarding Equipment and Stores	-
Rent Income	-
Income From Farming Activities	-
Insurance Compensation	-
Income From Posho Mill	-
Income From Bus Hire	-
Fee For Hire of Ground and Equipment	-
Income From Grants and Donations*	-
Interest Income	-
Dividends Income	-
Total	**-**

(Include an explanation on the kind and source of grants/ donations received by the school.)

5 Payments For Tuition

Description	January 2020-June 2021 (18 Months)
	Kshs
Textbooks And Reference Materials	
Exercise Books	
Laboratory Equipment	450,000
Internal Exams	
Teaching / Learning Materials	1,112,000
Chalks	
Exams And Assessment	188,600

Teachers Guides	
Administration Costs	
Bank Charges	
Total	**1,750,600**

Notes To The Financial Statements (Continued)

6 Payments For Operations

Description	January 2020-June 2021 (18 Months)
	Kshs
Personnel Emoluments	6,087,600
Service Gratuity	
Administration Cost	113,000
Repairs And Maintenance & Improvements	1,405,772
Local Transport / Travelling	116,000
Electricity And Water	480,200
Medical	
Activity Expenses	97,482
Smasse	
Nssf	
Bank Charges	246
Acquisition Of Assets	
Cdf grants	
Total	**8,300,300**

7 Boarding And School Fund Payments

Description	January 2020-June 2021 (18 Months)
	Kshs
Personnel Emoluments	96,000
activity	
Repairs And Maintenance & Improvements	225,407
Local Transport / Travelling	24,000
Electricity And Water	
Medical Expenses	
Administration Costs	
BES	11,108,600

Bank Charges	
Expenses On Income Generating Activities	
Fee On Boarding Equipment and Stores	
BUS HIRE	
Bussaries	824,724
Loan Principal Repayment	
Loan Interest Repayment	
Acquisition Of Assets	
Total	**12,278,731**

8 Bank Accounts

Name Of Bank, Account No. & Currency	Bank Account Number	January 2020-June 2021 (18 Months)
		Kshs
Tuition Account	1103979256	238,169.55
Operations Account	1103979434	921,733
School Fund Account/Boarding	1103978349	1,703,260.40
Savings Account		
Parent Association Development Account		
Income Generating Activities Account		
Infrastructural Account	1212634438	13,034.20
Total		**2,876,197.15**

9 Cash In Hand

Description	January 2020-June 2021 (18 Months)
	Kshs
Tuition Account	
Operation Account	
School Fund account	
Total	

10 Short Term Investments

Description	January 2020-June 2021 (18 Months)
	Kshs
Cooperative Shares	

Treasury Bills	
Fixed Deposit	
Equity Stock	
Other Investments	
Total	

11 Accounts Receivable

Description	January 2020-June 2021 (18 Months)
	Kshs
Fees Arrears	14,045,971
Other Non-Fees Receivables	
Salary Advances	-
Imprest	
Total	**14,045,971**

11 a. ***Ageing of the fees / non fees arrears***

Description	January 2020-June 2021 (18 Months)
	Kshs
Fees Arrears For Current Year	450,000
Fees Arrears For The Previous Year	4,494,360
Fees Arrears For Prior Periods (Over Two Years)	9,101,611
Total	**14,045,971**

12 Accounts Payable

Description	January 2020-June 2021 (18 Months)
	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	3,038,131
Prepaid Fees	
Retention Monies	
Total	**3,038,131**

12 a. ***Include an ageing of the creditor's arrears***

Description	January 2020-June 2021 (18 Months)
	Kshs
Trade Creditors for Current Year	360,000
Trade Creditors for The Previous Year	1,953,480
Trade Creditors for Prior Periods (Over Two Years)	724,651
Total	**3,038,131**

13 Fund Balance Brought Forward

Description	January 2020-June 2021 (18 Months)
	Kshs
Bank Balances	98,736
Cash Balances	
Short Term Investments	
Receivables	10,675,971
Payables	2,968,131
Total	**7,806,576**

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	January 2020-June 2021 (18 Months)
	Kshs
Bank Loan(S)	
Outstanding Leases	
Hire Purchase	
Gratuity And Leave Provision	
Total	

15 Biological assets

Description	Numbers	January 2020-June 2021 (18 Months)
		Kshs
Cattle		
Goats		
Trees		
Coffee Or Tea Plantation		
Poultry		
Total		

16 Borrowings

Description	January 2020-June 2021 (18 Months)
	Kshs
a) Borrowings	
Borrowing at beginning of the year	
Borrowings during the year	
Repayments of during the year	
Balance at end of the year	

Other important disclosure notes

17 Stock/ Inventory

Description	January 2020-June 2021 (18 Months)
	Kshs
b) Inventory	
Stock/ inventory at beginning of the year	0
Stock/ inventory purchased during the year	9,820,913
Stock/ inventory issued during the year	9,750,913
Balance at end of the year	**70,000**

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)*

Sign and Date 30th MAY 2024
Principal

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	
Construction Of Buildings						
1.						
2.						
3.						
Sub-Total						
Supply Of Goods						
4.						
5.						
6.						
Sub-Total						
Supply Of Services						
7.						
8.						
9.						
Sub-Total						
Grand Total						

Annex 2 – Summary Of Fixed Assets Register

Asset Class	Date purchased	Location	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 2022
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).*