

REPUBLIC OF KENYA



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TABLED BY:	Hon Owen Baya, CBS, MP Deputy majority leader
CLERK-AT-THE-TABLE:	Esther Ngunjo

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MARANDA HIGH SCHOOL**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**SIAYA COUNTY**



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**MARANDA HIGH SCHOOL  
PUBLIC SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 June 2022**

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

**Maranda High School**  
**Report and Financial Statement for the year ended 30 June 2022**

**Maranda High School**  
**Report and Financial Statement for the year ended 30 June 2022**

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**Maranda High School**  
**Reports and Financial Statements For the year ended 30 June 2022**

**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 **Siaya** County, **Bondo** Sub-County. The school was re-registered in **30 June, 2021** under registration number **41S3000560** and is currently categorized as a National public school established, owned or operated by the Government. The school is a boarding school and had **2,409** students as at 30 June 2022. It has **11** streams and **99** teachers of which **15** 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:

<b>Ref</b>	<b>Name</b>	<b>Designation</b>	<b>Date of appointment</b>
1	Dr. John Ong'ech	Chairman	29 October, 2021
2	Dr. Edwin Namachanja	Secretary – Principal	29 October, 2021
3	Mr. Simiyu Makokha	Member	29 October, 2021
4	Ms. Regina Opondo	Member	29 October, 2021
5	Dr. Ken Ogolla	Member	29 October, 2021
6	Rev. Paul Gwela	Member	29 October, 2021
7	Dr. Silpah Owich	Member	29 October, 2021
8	Mrs. Pamela Oluoch	Member	29 October, 2021
9	Mr. Enos Oyaya	Member – Rep CEB	29 October, 2021
10	Mr. Simon Lubisia	Member Rep Teachers	29 October, 2021
11	Dr. John Ong'ech Ogola Dr. Zablon Okola Mrs. Angeline Hongo	3 Members – Sponsors	29 October, 2021 29 October, 2021 29 October, 2021
12	Mrs. Anastacia Olang'o	Member – Community	29 October, 2021
13	Mr. Nicodemus Odongo	Member Special Needs	29 October, 2021
14	Overall School Captain	Rep Students	29 October, 2021

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**KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**

The functions 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 affair 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**

<b>Ref.</b>	<b>Name of committee</b>	<b>Name of Members</b>	<b>Designation</b>	<b>Number of meetings attended during the year</b>
1	Executive committee	Dr. John Ong'ech Mrs. Pamela Oluoch Dr. Edwin Namachanja Eng. Elisha Aduke Rev. Paul Gwela	Chairman Deputy Chairperson Secretary P.T.A. Chairman	1
2	Audit committee	Mr. Nicodemus Odongo Dr. Edwin Namachanja Canon Angeline Hongo Mr. Robin Kiraithe Eng. Elisha Aduke Ms. Pamela Oluoch	Chairman  Secretary	1
3	Finance, Procurement and General Purposes Committee	Dr. Silpah Owich Dr. Edwin Namachanja Ms. Janet Owiti Dr. Zablun Ogutu Mr. Lubisia Simon Dr. Ken Ogolla	Chairman Secretary	1

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4	Academic Committee	Mr. Enos Oyaya Dr. Edwin Namachanja Rev. Paul Gwela Mr. Amos Makokha Ms. Regina Opondo Mrs. Anastacia Olango	Chairperson Secretary	1
5	Development Committee	Dr. Ken ogolla Dr. Edwin Namachanja Dr. John Ong'ech Mrs. Pamela Oluoch Eng. Elisha Aduke Canon Angeline Hongo	Chairman Secretary	1
6	Discipline and Welfare Committee	Mr. Enos Oyaya Dr. Edwin Namachanja Rev. Paul Gwela Mr. Amos S. Makokha Ms. Regina Opondo Mrs. Anastacia Olango	Chairman Secretary	1
7	Adhoc Committee (if any during the year)			None

**(a) School operation Management**

For the financial year ended 30 June 2022 the School day to day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Dr. Edwin Namachanja	372218
2	Deputy Principal	Mr. George Ogolla Anyango	421784
3	School Bursar	Mr. Jacob Aete	

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**KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**

**(b) Schools contacts**

Post Office Box: 120 – 40601 Bondo  
Telephone: 0722 232 554  
E-mail: [marandahs@yahoo.com](mailto:marandahs@yahoo.com)  
Website: [www.marandahighschool.sc.ke](http://www.marandahighschool.sc.ke)

**(c) School Bankers**

The following school operated 8 bank accounts in the following banks:

1. Name of Bank: Kenya Commercial Bank  
Branch: Bondo  
Account Number: 1176335286
2. Name of Bank: ABSA  
Branch: Kisumu  
Account Number: 1273586
3. Name of Bank: Kenya Commercial Bank  
Branch: Bondo  
Account Number: 1106453115
4. Name of Bank: Equity  
Branch: Bondo  
Account Number: 0750299814210
5. Name of Bank: Co-operative Bank of Kenya  
Branch: Bondo  
Account Number: 01129623364600
6. Name of Bank: Kenya Commercial Bank  
Branch: Bondo  
Account Number: 1113762241
7. Name of Bank: Kenya Commercial Bank  
Branch: Bondo  
Account Number: 1107062462
8. Name of Bank: Kenya Commercial Bank  
Branch: Bondo  
Account Number: 1107049954
9. Mpesa Pay Bill No: 866909 attached to Kenya Commercial Bank account No. 1176335286

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**(d) Independent Auditors**

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

**Maranda High School**  
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**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:**

During the financial year 2021/2022 the school reported a surplus of Kshs 5,311,298 and comparatively the school reported a surplus of Kshs 13,073,282 in the financial year 2020/2021. The school received capitation from the ministry of education of Kshs 52,963,205 during the period under review. The school reported a total income of Kshs 248,854,926 for the financial year ended 30 June 2021 and total expenditure of Kshs. 243,543,627 during the same period.

**b) Teacher Student Ratio:**

- i) Teacher to student ratio: 1:25
- ii) No. of teachers recruited and posted within the year: 5
- iii) No. of teachers transferred within the year: 2
- iv) No. of teachers employed by T.S.C.: 77
- v) No. of teachers employed by B.O.M.: 15

**c) Mean Score in the KCSE:**

2019: 8.9091

2020: 9.7588

2021: 9.1481

ii) No. of students transitioned to higher learning

2019: 704

2020: 453

2021: 621

**d) Number of Candidates in the KCSE:**

<b>Year</b>	<b>No. of Candidates</b>
2019	704
2020	453
2021	622
2022	607

**e) Capacity of the school:**

School population: 2409 students

No. of Laboratories: 8

No. of Dining Hall: 2 @ 500 capacity

No. of Dormitories: 17

No. of Toilets: 112

No. of Classrooms: 42

No. of Library: 1

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No. of Staff Houses: 65

Other amenities: Water Borehole

2 Buses

2 Vans

f) Development projects carried out by the school:

i) Construction of 2 Storey Dormitory

ii) Construction of New Play Fields

iii) Construction of Ogango A Dormitory

iv) Construction of Owino C Dormitory

Sign:  .....

**School Principal:** Dr. Edwin Namachanja

**CHIEF PRINCIPAL**  
**MARANDA HIGH SCHOOL**

**Maranda High School**  
**Report and Financial Statement for the year ended 30 June 2022**

**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 **Maranda 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 year ended 30 June, 2022, and of the school's financial position as at that date.

**Name:** Dr. John Ong'ech

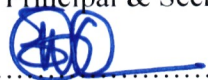
**Designation:** Chairman, School Board of Management

**Sign:**  .....

**Date:** 20<sup>th</sup> July 2023 .....

**Name:** Dr. Edwin Namachanja

**Designation:** School Principal & Secretary to Board of Management

**Sign:**  ..... **CHIEF PRINCIPAL**

**Date:** 20.7.2023. **MARANDA HIGH SCHOOL** .....

**Name:** Mr. Jacob Aete.

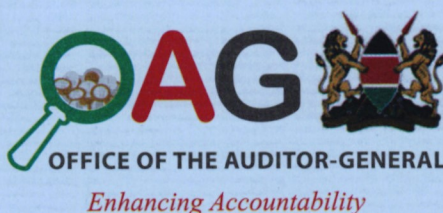
**Designation:** Bursar/ Finance Officer

**Sign:**  .....

**Date:** 20.7.2023 .....

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON MARANDA HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – SIAYA COUNTY**

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### **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 overall 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**

#### **Adverse Opinion**

I have audited the accompanying financial statements of Maranda High School – Siaya County set out on pages 1 to 17, which comprise the statement of financial assets and

financial liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Maranda High School - Siaya County as at 30 June, 2022 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 do not comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

## **Basis for Adverse Opinion**

### **1. Variances Between Financial Statements and Supporting Schedules**

The statements of receipts and payments and schedules presented for audit had the following variances;

<b>Details</b>	<b>Figures in Financial Statements (Kshs)</b>	<b>Figures Supporting Schedules (Kshs.)</b>	<b>Variance (Kshs.)</b>
Capitation Grants for Tuition	16,533,168	7,970,168	8,563,000
Capitation Grants for Operations	36,430,036	34,702,739	1,727,297
Parents Contributions(fees)- School Fund Account	66,893,141	232,804,419	165,911,278
Boarding School Fund Payments	181,150,401	123,581,287	57,569,114
Payments for Tuition	11,713,806	17,170,864	5,457,058

In the circumstances, the accuracy and completeness of the above amounts in the statements of receipts and payments could not be confirmed.

### **2. Variance in Accumulated Fund balance Brought Forward**

The statement of financial assets and financial liabilities reflects accumulated fund balance b/fwd of Kshs.23,464,847 while the previous year audited financial statements reflects Kshs.28,065,554 resulting to an unexplained variance of Kshs.4,600,707

In the circumstances, the accuracy and completeness of accumulated fund balance b/fwd of Kshs.23,464,847 could not be confirmed.

### **3. Variance in Cash and Cash Equivalents**

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.32,873,918 as disclosed in Note 8 to the financial statements. The balance includes bank balances held in ten(10) bank accounts and one(1) Mpesa pay bill account. However, bank balances in three (3) bank accounts were not supported with bank reconciliation statements. In addition, the balance includes Kshs.7,618,381 for two (2) bank balances but reconciliation statements reflects negative Kshs.4,648,343 resulting to an unexplained variance of Kshs.12,266,724.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.32,873,918 could not be confirmed.

### **4. Unaccounted Capitation Grants**

The statement of receipts and payments reflects capitation grants for operations amount of Kshs.36,430,036 as disclosed in Note 2 to the financial statements. In the year under review, the National Education Management Information System indicated students' enrolment of 2,275. This translated to Kshs.4,550,000 for medical and insurance at a rate of Kshs.2,000 per student, Kshs.3,412,500 for activity at a rate of Kshs.1,500 per student and Kshs.455,000 for SMASSE at a rate of Kshs.200 per student. However, out of the total funds of Kshs.8,417,500 only Kshs.915,798 was disbursed resulting to a difference of Kshs.7,501,702 which was retained by the Ministry of Education. There was no evidence of accounting for this difference as receipts or payment in the financial statements.

In addition, review of the National Education Management Information System (NEMIS) report and the School's manual enrolment register revealed inconsistencies in the number of students resulting to funding difference of Kshs.3,287,415 and which was not been disclosed as accounts receivable.

In the circumstances, the accuracy and completeness capitation grants for operations of Kshs.36,430,036 could not be confirmed.

### **5. Variance in Accounts Receivables**

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.118,670,575 as disclosed in Note 11 to the financial statements. The balance includes Kshs.116,581,875 and Kshs.2,088,700 in respect of fees arrears and other non – fees receivables for rent arrears respectively. However, review of the supporting schedules revealed balances of Kshs.37,488,763 and Kshs.1,914,500 totalling Kshs.39,403,263, resulting in an unexplained and unreconciled variance of Kshs.79,267,312. Further, ageing analysis was not provided for audit nor evidence of strategies to recover these long outstanding debtors.

In the circumstances, the accuracy, completeness and recoverability of accounts receivable balance of Kshs.118,670,575 could not be confirmed.

## **6. Unsupported Accounts Payables**

The statement of financial assets and financial liabilities reflects accounts payable balance of Kshs.122,768,347 as disclosed in Note 12 to the financial statements. The balance includes trade creditors of Kshs.114,461,774 while the supporting schedules reflects Kshs.67,121,148 resulting in an unexplained and unreconciled variance of Kshs.47,340,626. In addition, supporting schedule for prepaid fees of Kshs.8,276,976 and non-trade creditors of Kshs.29,597 were not provided for audit.

In the circumstances, the accuracy, completeness and fair statement of accounts payable balance of Kshs.122,768,347 could not be confirmed.

## **7. Inaccuracies in the Statement of Budget versus Actual Amounts**

The statement of budgeted versus actual amounts reflects Kshs.116,564,700, Kshs.156,418,027 and Kshs.39,853,327 in respect of final income budget, actual on comparable basis and budget utilization difference or over-funding respectively. However, recasting of the statement revealed amounts of Kshs.147,284,428, Kshs.186,327,195 and Kshs.39,042,767, resulting in an unexplained and unreconciled variance of Kshs.30,719,728, Kshs.29,909,168 and Kshs.810,560 respectively.

Similarly, the statement reflects Kshs.115,040,914, Kshs.134,181,663 and Kshs.19,140,749 in respect of final expenditure budget, actual on comparable basis and budget utilization difference or over-absorption respectively. However, recasting of the statement revealed amounts of Kshs.148,568,634, Kshs.224,760,858 and Kshs.76,192,225, resulting in unexplained and unreconciled variance of Kshs.33,527,720, Kshs.90,579,195 and Kshs.57,051,476 respectively.

In the circumstances, the accuracy and completeness of the statement of budgeted versus actual amounts could not be confirmed.

## **8. Unsupported Capitation Grants for Operation - Repairs and Maintenance**

The statement of receipts and payments reflects capitation grants for operation amount of Kshs.36,430,036 as disclosed in Note 2 to the financial statements. The amount includes Kshs.13,376,000 in respect of repairs and maintenance. However, supporting documents including NEMIS receipts schedules and acknowledgments to the Ministry of Education were not provided for audit.

In the circumstances, the accuracy and completeness of capitation grants of Kshs.13,376,000 could not be confirmed.

## **9. Unsupported Other Receipts-School Fund Account**

The statement of receipts and payments reflects school fund income-other receipts amount of Kshs.128,998,580 as disclosed in Note 4 to the financial statements. However, these receipts were not supported with schedules and automated summary of cash collection details. In addition, the amount includes harambee funds Kshs.21,891,328 and Kshs.12,773,793 funds for the burnt dormitory. However, there was no evidence of approval to charge the additional fees.

In the circumstances, the accuracy and completeness of school fund income-other receipts amount of Kshs.128,998,580 could not be confirmed.

## **10. Unsupported Personnel Emoluments**

Note 6 and 7 to the financial statements reflects personnel emoluments amounts of Kshs.20,639,944 and Kshs.2,915,119 respectively. However, supporting documents including payrolls and approved staff establishment were not provided for audit. In addition, schedules supporting the personnel emoluments includes misclassified amount of Kshs.2,487,800 for security services.

In the circumstances, the accuracy, classification and completeness of personnel emoluments expenditure of Kshs.23,555,064 could not be confirmed.

## **11. Unsupported Medical Funds**

The statement of receipts and payments reflects boarding and school fund payments of Kshs.181,150,401 as disclosed in Note 7 to the financial statements. The amount includes Kshs.1,239,511 in respect of medical funds. However, review of documents provided for audit including EduAfya Medical Scheme contract revealed that students' medical expenses were catered for by the National Health Insurance Fund. In addition, supporting documents including payment vouchers and drug issue records minutes were not provided for audit.

In the circumstances, accuracy and completeness of boarding and school fund payments of Kshs.1,239,511 could not be confirmed.

## **12. Unsupported Sundry Creditors**

The statement of receipts and payments reflects boarding and school fund payments of Kshs.181,150,401 as disclosed in Note 7 to the financial statements. The amount includes Kshs.20,781,139 in respect of sundry creditors. However, supporting schedules, invoices, Local Purchase Order (LPOs) and Local Service Orders (LSOs) and Counter Receipts and Issue Vouchers were not provided for audit.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.20,781,139 in respect of sundry creditors could not be confirmed.

### **13. Unsupported Correction of Savings Account Error**

The statement of receipts and payments reflects boarding and school fund payments of Kshs.181,150,401 as disclosed in Note 7 to the financial statements. The amount includes Kshs.23,569,225 in respect of correction of savings account error. However, supporting schedules including the details of payments and journal vouchers correcting the error were not provided for audit.

In the circumstances, the accuracy and completeness of boarding and school fund payments of Kshs.23,569,225 could not be confirmed

### **14. Unsupported Allowances and Transport Reimbursements**

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.181,150,401 as disclosed in Note 7 to the financial statements. The amount includes Kshs.6,572,677 in respect to local transport and travel out of which subsistence allowances totalling Kshs.1,361,000 was paid to Board of Management. However, the expenditure was not supported by signed Board minutes and attendance list.

In the circumstances, the accuracy and completeness of allowances and transport reimbursements of Kshs.1,361,000 could not be confirmed.

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

#### **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.

#### **Other Matter**

##### **Budgetary Control and Performance**

The statement of budgeted versus actual amounts reflects final total income budget and actual on comparable basis of Kshs.116,564,700 and Kshs.156,418,027 respectively, resulting in an over-funding of Kshs.39,853,327 or 34% of the budget. Similarly, the statement reflects final budget expenditure of Kshs.115,040,914 and actual on comparable basis of Kshs.134,181,663 resulting in over-absorption of Kshs.19,140,740 or 17% of the budget.

The over-funding results in non-adherence to budget preparation guidelines limiting delivery of services to the public and over-absorption and spending above the approved budget results to unauthorized expenditure.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Unapproved Budget**

The budget amounts presented in the statement of budgeted versus actual amounts were not supported by approved budget. This was contrary to Regulation 31(1)(2) of the Public Finance Management (National Government) Regulations, 2015 which states that 'an Accounting Officer shall ensure that the draft estimates relating to her or his department are prepared in conformity with the Constitution, the Act and these Regulations. Further, the Accounting Officer is responsible, in particular for ensuring that all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his national government entity during the financial year and the estimates are submitted to the National Treasury in the manner and format to be issued by the Cabinet Secretary'.

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

#### **2. Budget Imbalance**

The statement of budgeted versus actual amounts reflects a final income budget of Kshs.116,564,700 and final expenditure budget of Kshs.115,040,914 resulting to a difference of Kshs1,523,786. The budget imbalance is contrary to the provisions of Section 33(c) of the Public Finance Management (National Governments) Regulations, 2015, which states that budget revenue and expenditure appropriation shall be balanced

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

#### **3. Irregular Cash Payments**

The statement of receipts and payments reflects boarding and school fund payments of Kshs.181,150,401 as disclosed in Note 7 to the financial statements. The amount includes cash payments amounting to Kshs.1,550,330. This was contrary to Regulation 27 of the Public Procurement and Asset Disposal Regulations, 2020 which allows

expenditure under low value procurement under Section 107 of the Public Procurement and Asset Disposal Act, 2015 to an amount of Kshs.50,000 per item per financial year.

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

#### **4. Irregular Award of Contract**

The statement of receipts and payments reflects payments for operations of Kshs.50,679,420 as disclosed in Note 6 to the financial statements. The amount includes Kshs.20,639,945 in respect of personnel emoluments out of which Kshs.1,281,800 was for provision of security services. However, review of the tender evaluation minutes revealed that five(5) companies tendered for the contract but the fourth lowest bidder was awarded the contract. This is contrary to Section 86(1)(a) of the Public Procurement and Asset Disposal Act, 2015 which states that 'successful tender shall be the one who meets any one of the following as specified in the tender document, the tender with the lowest evaluated price'.

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

#### **5. Virement of Funds**

The statement of financial assets and financial liabilities reflects and cash equivalents balance of Kshs.32,873,918 as disclosed in Note 8 to the financial statements. Review of the cash books and bank statements provided for audit revealed a transfer of Kshs.233,670 from tuition account to the school fund account. This is contrary to the Ministry of Education Circulars dated 9 January, 2008 and 16 June, 2021 which state that 'under the operations accounts schools may seek authority from the County Education Boards (CEBs) to vire savings or surplus funds from one item to another where it is absolutely necessary but no 'Virement from the Tuition Account will be allowed'.

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

#### **6. Irregular Transfer of Funds**

Review of the cash books and bank statements revealed that Kshs.1,721,250 was transferred to Kenya Secondary School Heads Association (KSSHA). However, KSSHA is a welfare organization that draws its membership from School Principals only and it is not defined in Government funding.

In the circumstances, value for money on Kshs.1,721,250 transferred to KSSHA for the could not be confirmed.

#### **7. Failure to Maintain of Fixed Assets Register**

Review of Annex 2 to the financial statements revealed that summary of fixed assets register was not presented as required by the Public Sector Accounting Standards Board template. In addition, the School did not maintain fixed assets register indicating dates of assets acquisition, types of assets, supplier names, values, custodians and locations in

respect of the assets it owns. This was contrary to Regulations 143 (1)(2) of the Public Finance Management (National Government) Regulations, 2015 which states that 'an Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. The register of land and buildings shall record each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details'.

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

#### **8. Failure to Maintain Imprests Register**

Review of the payment vouchers revealed payments Kshs.16,548,658 that were made through issuance of imprests but an imprests register was not maintained. This was contrary to Regulation 93(4c) and (5) of the Public Finance Management (National Government) Regulations, 2015 which states that 'before issuing temporary imprests under paragraph (2) the applicant has been recorded in the imprest register including the amount applied for and a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station'.

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

#### **9. Irregular Overdrawing of Bank Accounts**

Review of Note 8 to the financial statements revealed that two bank accounts had negative balances of Kshs.2,130,703 an indication that the cash book was overdrawn. This was contrary to Regulation 82(7) of the Public Finance Management (National Government) Regulations, 2015 which states that 'no official government bank account shall be overdrawn, nor shall any advance or loan be obtained from a bank account for official purposes beyond the limit, authorized by the National Treasury in line with Section 28(4) of the Public Finance Management Act, 2012'.

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

#### **10. Irregular Payment of Sitting Allowances**

Review of Board of Management records revealed that the chairman and members were paid Kshs.10,000 and Kshs.8,000 respectively per sitting above the approved rates of Kshs.5,000 and Kshs.4,000 respectively. This was contrary to the Salaries and Remuneration Commission Circular of 16 April, 2014 on the payment of taskforce allowance and remuneration of commission of inquiry, tribunal, boards and committees appointed by Government.

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

## **11. Irregular Procurement on Construction of Dormitory**

The statement of receipts and payments reflects payments for tuition amount of Kshs.50,679,420 which includes Kshs.28,185,969 for construction of a 2-storey dorm and lagoon. It was noted that the Ministry approved construction of the 2-storey dormitory/hostel at a cost of Kshs.26,000,000 and subsequently the contract was awarded at a sum of Kshs.24,343,265. Audit inspection of 22 June, 2023 revealed that the project was complete and in use but the certificate of practical completion was not provided for audit. Examination of payment vouchers and expenditure schedules revealed labour costs and material supplied totalling to Kshs.32,933,010 which exceed contract sum of Kshs.24,343,265 by Kshs.8,589,745. In addition, procurement records including tenders for the supply of construction materials, labour contract agreement and for material supplies were not provided for audit.

In the circumstances, value for money on the construction of the 2-storey dormitory/hostel at contract sum of Ksh.24,343,265 could not be confirmed.

## **12. Stalled Construction of Waste Water Lagoon**

Note 6 to the financial statements reflects payments for tuition amount of Kshs.50,679,420. The amount includes Kshs.28,185,969 in respect of 2-storey dorm and lagoon out of which Kshs.2,437,160 was for construction of a waste water lagoon. Review of expenditure records revealed that the Ministry of Education approved the Construction of Sanitation Rehabilitation Phase II Oxidation Lagoons at a cost of Kshs.41,282,000 for Phase 1 (one) which includes one(1) Lagoon at a cost of Kshs.8,500,000 vide letter dated 10 March, 2021. The contract was awarded at a contract sum of Kshs.10,089,570 and the contract agreement signed on 2 June, 2021 with completion period of sixty (60) days ending of 15 August, 2021. However, review of various correspondences between the School, the State Department of Public Works and the contractor revealed that the contract was terminated on 05 October, 2022 due to abandonment of work. Physical inspection of 22 June, 2023 revealed that the project was not complete and that the contractor had not been on site for about two (2) years.

In the circumstances, value for money on the expenditure of Kshs.2,437,160 for construction of a waste water lagoon could not be confirmed.

## **13. Renovation of Owino C (Burnt Dormitory)**

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.181,150,401 as disclosed in Note 7 to the financial statements. The amount includes Kshs.13,117,003 in respect of burnt dormitory. Review of supporting documents including certificate of practical completion revealed that the contract for renovation of Owino C dormitory was awarded at a sum of Kshs.8,213,850. However, the payment vouchers details provided for audit indicated total payments of Kshs.7,013,616 while the reported expenditure was Kshs.13,117,003 resulting to an unexplained variance of Kshs.6,103,387. Further, Note 4 to the financial statements reflects school fund income-other receipts amount of Kshs.128,998,580 which includes

an amount of Kshs.12,773,793 in respect of burnt dormitory. However, the certificate of practical completion indicated that the contract sum for the renovation was Kshs.8,213,850 resulting to an unexplained variance of Kshs.4,559,943.

In the circumstances, value for money on the expenditure of Kshs.13,117,003 in respect of construction of burnt dormitory could not be confirmed.

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 because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### 1. Lack of Risk Management Policy and IT Policy

Review of the documents provided for audit revealed that the Management had not established a Risk Management Policy to guide on the development of risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations'. In addition, the School did not approved Information Technology Policy for governance and management of its ICT resources.

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

#### 2. Lack of Insurance Cover for Assets

Review of the financial statements and assets records revealed that the School Management did not have insurance cover for its property, plant and equipment.

In the circumstances, the School is exposed to losses without compensation in case of fire, theft or any other unforeseen calamities.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 and 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 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 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 the Management.
- Conclude on the appropriateness of the 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

Nairobi

13 October, 2023

**Maranda High School**  
**Report and Financial Statement for the year ended 30 June 2022**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30 JUNE 2022**

DESCRIPTION OF VOTE HEAD	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	16,533,168	3,062,145
Capitation grants for operations	2	36,430,036	21,020,024
School Fund Income- Parents' Contributions	3	66,893,141	18,999,518
School Fund Income- Other receipts	4	128,998,580	30,206,816
<b>TOTAL RECEIPTS</b>		<b>248,854,926</b>	<b>73,288,503</b>
<b>PAYMENTS</b>			
Payments for Tuition	5	11,713,806	832,757
Payments for operations	6	50,679,420	13,837,127
Boarding and school fund payments	7	181,150,401	45,545,337
<b>TOTAL PAYMENTS</b>		<b>243,543,627</b>	<b>60,215,221</b>
<b>SURPLUS</b>		<b>5,311,298</b>	<b>13,073,282</b>

The school financial statements were approved on \_\_\_\_\_ and signed by:

Sign.....

Name: Dr. John Ong'ech  
 Chair BOM

Date .....

Sign.....

Name: Dr. Edwin Namachanja  
 School Principal/  
 Secretary to BOM

Date... 20.7.2023 .  
 CHIEF PRINCIPAL  
 MARANDA HIGH SCHOOL

Sign.....

Name: Mr. Jacob Aete  
 Bursar/  
 Finance Officer


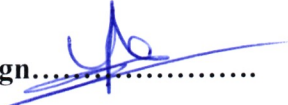
Date... 20.7.2023

**Maranda High School  
Report and Financial Statement for the year ended 30 June 2022**

**V. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30 JUNE 2022**

	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8	32,873,918	27,516,882
Cash Balances	9	-	45,737
<b>Total Cash and cash equivalent</b>		<b><u>32,873,918</u></b>	<b><u>27,562,619</u></b>
Account's receivables	11	118,670,575	95,711,942
<b>TOTAL FINANCIAL ASSETS</b>		<b>151,544,492</b>	<b>123,274,561</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	12	122,768,347	95,209,007
<b>NET FINANCIAL ASSETS</b>		<b>28,776,145</b>	<b>28,065,554</b>
<b>REPRESENTED BY</b>			
Accumulated Fund b/fwd	13	23,464,847	14,992,272
Surplus/Deficit for the year		5,311,298	13,073,282
<b>NET FINANCIAL POSITION</b>		<b>28,776,145</b>	<b>28,065,554</b>

The School's financial statements were approved on \_\_\_\_\_ and signed by:

Sign.....	Sign..... 	Sign..... 
Name: Dr. John Ong'ech Chair BOM	Name: Dr. Edwin Namachanja School Principal/ Secretary to BOM	Name: Mr. Jacob Aete Bursar/ Finance Officer
Date .....	Date <u>20.7.2023.</u> <b>CHIEF PRINCIPAL</b> <b>MARANDA HIGH SCHOOL</b>	Date <u>20.7.2023</u>

**Maranda High School**  
**Report and Financial Statement for the year ended 30 June 2022**

**VI. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2022**

		<b>2021-2022</b>	<b>2020-2021</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Receipts for operating income</b>			
Capitation grants for tuition	<b>1</b>	16,533,168	3,062,145
Capitation grants for operations	<b>2</b>	36,430,036	21,020,024
School fund income- Parents contributions/ fees	<b>3</b>	66,893,141	18,999,518
School fund income- other receipts	<b>4</b>	128,998,580	30,206,816
<b>Total receipts</b>		<b>248,854,926</b>	<b>73,288,503</b>
<b>Payments</b>			
Payments for Tuition	5	11,713,806	832,757
Payments for operations	6	50,679,420	13,837,127
Boarding and school fund payments	7	181,150,401	45,545,337
<b>Total payments</b>		<b>243,543,627</b>	<b>60,215,221</b>
<b>cash flow from operating activities before working capital adjustments</b>		<b>5,311,298</b>	<b>13,073,282</b>
Add/less decrease/increase in receivables		-	-
Add/less decrease/increase in payable		-	-
<b>Net cash flow from operating activities</b>		<b>5,311,298</b>	<b>13,073,282</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>5,311,298</b>	<b>13,073,282</b>
Cash and cash equivalent at BEGINNING of the year		27,562,619	14,489,338
<b>Cash and cash equivalent at END of the year</b>		<b>32,873,918</b>	<b>27,562,619</b>

Maranda High School  
Reports and Financial Statements For the year ended 30 June 2022

VII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR YEAR ENDED 30<sup>TH</sup> JUNE 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
<b>RECEIPTS</b>						
<b>(1) CAPITATION GRANT ON</b>						
<b>TUITION</b>						
Teaching / learning materials	7,479,290	-	7,479,290	16,533,168	- 9,053,878	221%
Total	7,479,290	-	7,479,290	16,533,168	- 9,053,878	221%
<b>(2) CAPITATION GRANT ON</b>						
<b>OPERATIONS</b>						
Others voteheads	14,258,438		14,258,438	-	14,258,438	0
Improvement and maintenance	8,982,000		8,982,000	13,376,000	- 4,394,000	148.9%
Total	23,240,438		23,240,438	13,376,000	-	57.6%
<b>(3) FEES CHARGED ON</b>						
<b>PARENTS</b>						
Personnel emoluments	13,266,750	-	13,266,750	23,888,032	- 10,621,282	180%
EWC	5,902,350	-	5,902,350	17,561,999		298%
Local travel and transport	4,467,375	-	4,467,375	6,502,724		146%

**Maranda High School  
Report and Financial Statement for the year ended 30 June 2022**

Improvement and maintenance	5,415,000	-	5,415,000	5,364,560	50,440	99%
Administration cost	6,964,250	-	6,964,250	9,627,572		138%
Parents Association	14,440,000	-	14,440,000	-	14,440,000	0%
Activity	1,805,000	-	1,805,000	2,796,129	991,129	155%
Fee on Boarding Equipment and	56,234,775	-	56,234,775	90,677,011	34,442,236	161%
Farm	2,542,000	-	2,542,000	-	2,542,000	0%
Bakery	5,527,200	-	5,527,200	-	5,527,200	0%
<b>TOTAL INCOME</b>	<b>116,564,700</b>	<b>-</b>	<b>116,564,700</b>	<b>156,418,027</b>	<b>-</b>	<b>34%</b>
<b>(1) EXPENDITURE FOR</b>						
<b>TUITION</b>						
Teaching / learning materials	7,479,920	-	7,479,920	11,713,806	4,233,886	157%
Total	7,479,920	-	7,479,920	11,713,806	4,233,886	157%
<b>Total</b>						
<b>OPERATIONS</b>						
Others voteheads	17,065,800	-	17,065,800	50,679,420	33,613,620	297%
Improvement and maintenance	8,982,000	-	8,982,000	28,185,969	19,203,969	314%
SMASSE	-	-	-	78,865,390	78,865,390	0%
<b>(3) EXPENDITURE FOR</b>						
<b>SCHOOL FUND</b>						

**Maranda High School  
Report and Financial Statement for the year ended 30 June 2022**

BES	56,234,775	-	56,234,775	71,594,109	-	15,359,334	127%
Local travel and transport	4,467,375	-	4,467,375	6,572,677	-	2,105,302	147%
EWC	5,902,350	-	5,902,350	10,173,430	-	4,271,080	172%
Personnel emoluments	13,266,750	-	13,266,750	2,915,119	10,351,631		22%
Adminstration cost	6,964,250	-	6,964,250	16,548,658	-	9,584,408	238%
Parents Association	14,440,000	-	14,440,000	13,117,003	1,322,997		91%
Improvement and maintenance	5,415,000	-	5,415,000	3,608,895	1,806,105		67%
Medical Expenses	-	-	-	35,402	-	35,402	
Activity	1,805,000	-	1,805,000	2,373,450	-	568,450	131%
Farm	1,705,802	-	1,705,802	-	1,705,802		0%
Bakery	4,839,612	-	4,839,612	7,242,920	-	2,403,308	150%
<b>TOTALS</b>	<b>115,040,914</b>		<b>115,040,914</b>	<b>134,181,663</b>	<b>-19,140,749</b>		

**Maranda High School**  
**Reports and Financial Statements For the year ended 30 June 2022**

**VIII. 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.

**Maranda High School**  
**Report and Financial Statement for the year ended 30 June 2022**

**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 30<sup>th</sup> June 2021.

**Maranda High School**  
**Report and Financial Statement for the year ended 30 June 2022**

**IX. NOTES TO THE FINANCIAL STATEMENTS**

**1 CAPITATION GRANT FOR TUITION**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
MOE/FDSE Subsidies	8,563,000	
Tuition	-	-
Teaching / learning materials	7,970,168	3,062,145
<b>Total</b>	<b>16,533,168</b>	<b>3,062,145</b>

**2 CAPITATION GRANT FOR OPERATIONS**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Personal Emoluments	2,882,474	5,716,388
Repairs and maintenance	13,376,000	9,118,784
Local Transport and travelling	1,500,000	2,128,284
Electricity and water	1,500,000	2,128,284
Medical	424,798	-
NHIF Edu Afya	491,000	-
Administrative cost	1,500,000	1,928,284
Activity	-	-
Other overheads	14,755,764	-
<b>Total</b>	<b>36,430,036</b>	<b>21,020,024</b>

**3 PARENTS CONTRIBUTION/FEEES - SCHOOL FUND ACCOUNT**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Personal Emoluments	23,888,032	5,157,855
MIF funds	5,364,560	-
Repairs, maint. & improv.	702,555	2,096,046
Local Transport and travelling	6,502,724	1,276,253
Electricity and water	17,561,999	5,557,689
Insurance (Medical/Property)	322,374	930,373
Medical Funds	127,195	379,142
Administrative cost	9,627,572	2,706,922
Activity	2,796,129	895,238
<b>Total</b>	<b>66,893,141</b>	<b>18,999,518</b>

**Maranda High School**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Fee on Boarding Equipment and Stores	90,677,011	30,206,816
Harambee funds	21,891,328	-
Text book replacements	1,300	-
Burnt Dormitory	12,773,793	-
Uniform fund	1,121,198	-
Rental income	21,800	-
Contingencies	2,120,650	-
Geography trips	391,500	-
School bus	-	-
<b>Total</b>	<b>128,998,580</b>	<b>30,206,816</b>

**5 PAYMENTS FOR TUITION**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Labaratory Equipments	-	-
Teaching / learning materials	11,710,292	562,850
Library/Reference books	-	176,000
Bank charges	3,514	93,907
Administration Costs-Exercise books	-	-
Sundry creditors	-	-
<b>Total</b>	<b>11,713,806</b>	<b>832,757</b>

**Maranda High School**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6 PAYMENTS FOR OPERATIONS**

	2021-2022	2020-2021
	Kshs	Kshs
Personal Emoluments	20,639,945	11,423,683
MIF - 2 Storey dorm & Lagoon	28,185,969	-
Electricity and water	364,000	1,703,493
Administrative cost	171,635	414,451
Activity	670,840	295,500
Bank charges	1,065	-
Service gratuity	645,966	-
<b>TOTAL</b>	<b>50,679,420</b>	<b>13,837,127</b>

**7 BOARDING AND SCHOOL FUND PAYMENTS**

	2021-2022	2020-2021
	Kshs	Kshs
Personnel Emoluments	2,915,119	229,000
Activity	2,373,450	105,300
MIF Repairs, maint. & improv.	3,608,895	16,248,931
Electricity and water	10,173,430	4,745,577
Local transport and travel	6,572,677	2,580,140
Tender application	10,000	32,000
Refunds	35,430	148,170
Contingencies	7,242,920	-
Administration cost	16,548,658	2,776,085
Burnt Dormitory	13,117,003	-
Insurance (Medical/Property)	35,402	80,160
Medical funds	1,239,511	-
Bank charges	5,102	-
Sundry creditors	20,781,139	-
Student awards	-	2,804,509
Fee on Boarding Equipment and Stores	71,594,109	15,795,465
Uniforms	1,328,330	-
Savings a/c Error Corrected	23,569,225	-
<b>TOTAL</b>	<b>181,150,401</b>	<b>45,545,337</b>

**Maranda High School**  
**Report and Financial Statement for the year ended 30 June 2022**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8 BANK ACCOUNTS**

<b>Name of Bank, Account No. &amp; currency</b>	<b>Account Number</b>	<b>2021-2022</b>	<b>2020-2021</b>
		<b>Kshs</b>	<b>Kshs</b>
Tuition Account - KCB	A/C: 1107049954	39,744	203,748
Operations Account - KCB	A/C: 1107062462	162,519	2,102,773
School Fund Account - ABSA	A/C: 1273586	18,041,574	1,103,384
School Fund Acct - EQUITY	A/C: 0750299814210	(457,644)	( 25,561)
School Fund Account - KCB	A/C: 1176335286	9,291,446	7,539,664
School F. - KCB (Endowment)	A/C: 1112629807	16,174	16,174
School Fund - KCB (CDF)	A/C: 1112275843	121,132	121,132
School Fund Acct - Coop	AC: 01129623364600	(1,673,059)	1,223,503
Infrastructural Account - KCB	A/C: 1113762241	359,097	13,714,631
Savings Account	A/C: 1106453115	2,815,829	710,878
M-pesa Paybill	Paybill 866909	4,157,105	806,554
<b>Total</b>		<b>32,873,918</b>	<b>27,516,882</b>

**9 CASH IN HAND**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Tuition Account	-	-
Operation Account	-	-
School Fund account	-	45,737
Savings Account(Farm)	0.00	-
<b>Total</b>	<b>-</b>	<b>45,737</b>

**10 SHORT TERM INVESTMENTS**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Cooperative bank 1		
Cooperative bank 2		
Cooperative bank 3		

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11 ACCOUNTS RECEIVABLE**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Fees arrears	116,581,875	94,173,442
Other non-fees receivables	2,088,700	1,506,000
Salary advances	-	32,500
Imprest	-	-
<b>Total</b>	<b>118,670,575</b>	<b>95,711,942</b>
[Include an ageing of the fees / non fees arrears below]		
<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Fees arrears for current year	37,488,763	12,710,078
Fees arrears for the previous year	12,710,078	6,062,527
Fees arrears for prior periods (over two years)	66,383,034	75,400,837
<b>Total</b>	<b>116,581,875</b>	<b>94,173,442</b>

**12 ACCOUNTS PAYABLE**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade creditors (See ageing below and appendix 1)	114,461,774	85,663,415
Prepaid fees	8,276,976	8,872,364
Non trade creditors	29,597	673,228
<b>Total</b>	<b>122,768,347</b>	<b>95,209,007</b>
[Include an ageing of the creditor's arrears below]		
<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade creditors for current year	67,214,048	28,810,116
Trade creditors for the previous year	18,810,116	21,678,381
Trade creditors for prior periods (over two years)	28,437,610	35,174,918
<b>Total</b>	<b>114,461,774</b>	<b>85,663,415</b>

**Maranda High School**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**13 FUND BALANCE BROUGHT FORWARD**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank balances	27,516,882	14,485,271
Cash balances	45,737	4,067
Short Term Investments	-	-
Receivables	118,670,575	95,711,942
Payables	(122,768,347)	(95,209,007)
<b>Total</b>	<b>23,464,847</b>	<b>14,992,272</b>

**Maranda High School**  
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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**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank loan(s)	-	-
Outstanding Leases	-	-
Hire purchase	-	-
Gratuity and leave provision	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15 Biological assets**

<b>Description</b>	<b>Numbers</b>	<b>2021-2022</b>	<b>2020-2021</b>
		<b>Kshs</b>	<b>Kshs</b>
Cattle	1	65,000	65,000
Goats	13	45,500	45,500
Mature Pigs	111	2,775,000	2,775,000
Young Pigs	9	27,000	27,000
<b>Total</b>		<b>2,912,500</b>	<b>2,912,500</b>

**16 Borrowings**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
<b>a) Borrowings</b>		
Borrowing at beginning of the year		
Borrowings during the year		
Repayments of during the year		
<b>Balance at end of the year</b>		

**Maranda High School**  
**Report and Financial Statement for the year ended 30 June 2022**

**Other important disclosure notes**

**17 Stock/ Inventory**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Stock/ inventory at beginning of the year	5,301,762	4,948,058
Stock/ inventory purchased during the year	37,108,494	18,907,951
Stock/ inventory issued during the year	36,925,011	18,554,247
<b>Balance at end of the year</b>	<b>5,485,246</b>	<b>5,301,762</b>

**Maranda High School  
Report and Financial Statement for the year ended 30 June 2022**

**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.

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

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Reports and Financial Statements For the year ended 30 June 2022**

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount a Kshs	Date Contracted b Kshs	Amount Paid To-Date c Kshs	Outstanding Balance 20XX d=a-c Kshs	Outstanding Balance 20XX-1 Kshs	Comments
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

**Maranda High School  
Reports and Financial Statements For the year ended 30 June 2022**

**ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Date purchased	Location	Historical Cost b/f 1 <sup>st</sup> July 20xx (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f 30 <sup>th</sup> June 20xx (Kshs)
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						
<b>Total</b>						