

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

PARLIAMENT
OF KENYA
LIBRARY

OF

THE AUDITOR-GENERAL

ON

LAKE SOLAI SECONDARY SCHOOL

**FOR THE SIX (6) MONTHS'
PERIOD ENDED 30 JUNE, 2021**

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 03 MAR 2025

DAY

Wednesday

NAKURU COUNTY

BY:

Hon. Nasim Wajid MP
Deputy Majority Party Whip
A. Shitula

CLERK-AT
THE-TABLE:

24 APR 2024



LAKE SOLAI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2021

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

2/05/2022

(Indicate actual name of the school) :
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 20xx

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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 Nakuru County, Rongai Sub-County

The school was registered in 4/5/2005 under registration number GP/A/3255/2005 and is currently categorized as a Sub County public school established, owned or operated by the Government.

The school is a day/boarding school and has 703 number of students as at 30th June 2021. It has 3 streams and 28 teachers of which 8 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	Monicah Cherutich	Chairman	17/07/2019
2	Sigei Saidi	Secretary - Principal	"
3	Ivy Chebet	Member	"
4	Pricillah Cheserem	Member	"
5	Kangethe Karanja	Member	"
6	Alferson Chirchir	Member	"
7	Edward Kipchilim	Member	"
8	William Kipkios	Member	"
9	Billy Kiprop	Member – Rep CEB	"
10	Antony Kinyanjui	Member Rep Teachers	"
11	1.Musa Kimuge 2. Ann Chesaro 3. Esther Chebet	3 Members - Sponsor	"
12	Job Kigen	Member - Community	"
13	Wilson Tumm	Member Special Needs	"
14	Victor Kiprop	Rep Students	

2/13/2022

KEY SCHOOL INFORMATION AND MANAGEMENT

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	1. Monicah Cherutich-Chair 2. Billy Kiprop 3. Shadrack Kipyegon 4. Annah Chesaro		3 out of 3
2	Audit Committee	1. Edward Kipchilim		1 out of 3
3	Finance, procurement and general purposes Committee	1. William Kipkios 2. Monicah Cherutich 3. Wilson Turmm 4. Antony Kinyanjui		2 out of 3
4	Academic Committee	1. Billy Kiprop 2. Alferson Chirchir 3. Pricillah Cheserem 4. Job Kigen	Chairperson Member Member Member	2 out of 3
5	Development Committee	1. Job Kigen 2. Monicah Cherutich 3. Ivy Chebet 4. Shadrack Kipyegon	Chair	2 out of 3
6	Discipline and welfare Committee	1. Musa Kimuge 2. Esther Chebet	Chair Member	1 out of 3
7	Adhoc Committee (if any during the year)			

(d) School operation Management

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

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Ref:	Designation	Name	TSC Number
1	Principal	SALDI SIGEI	349785
2	Deputy Principal	ANTONY KINTANJVI	39 0212
3	School Bursar	BERNARD K. MITET	

2/03/2022

(Indicate actual name of the school)
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(g) Independent Auditors
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(Indicate actual name of the school)
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3. OVERVIEW OF GROWTH OF OTHER INCOME

OTHER INCOMES	YEARS		
	2020	2019	2018
MAIN ACCOUNT	12,102,719.00	13,366,288.00	13,756,590.00
TOTALS	<u>12,102,719.00</u>	<u>13,366,288.00</u>	<u>13,756,590.00</u>

4. GROWTH IN EXPENDITURES

S/NO	EXPENDITURE:	PERIOD		
		2020	2019	2018
1.	TUITION	1,122,045.00	2,923,915.00	2,036,899.50
2.	OPERATIONS	4,949,490.00	5,069,352.80	5,492,010.00
3.	MAIN A/C	7,757,540.00	13,589,003.00	14,464,164.00
	TOTALS	<u>13,829,075.00</u>	<u>21,582,270.80</u>	<u>21,993,073.00</u>

5. MOVEMENT OF DEBTORS & CREDITORS

(I) Debtors:-

S/N	ACCOUNT	YEARS		
		2020	2019	2018
1.	TUITION	282,734.00	441,244.00	441,244.00
2.	OPERATION	663,426.00	1,237,286.00	1,415,120.00
3.	MAIN ACCOUNT	12,490,199.00	9,048,920.00	8,757,698.00
	TOTALS	<u>13,436,359.00</u>	<u>10,727,450.00</u>	<u>10,614,062.00</u>

(II) Creditors:-

ACCOUNT	PERIOD		
	2020	2019	2018
TUITION	48,215.00	222,045.00	-
-OPERATIONS	395,800.00	456,750.00	427,000.00
MAIN ACCOUNT	1,003,450.00	1,533,198.00	729,315.00
TOTALS	<u>1,447,465.00</u>	<u>2,211,993.00</u>	<u>1,156,315.00</u>

(Indicate actual name of the school)

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1.	Ms. Sydney	CRE/Hist
2.	Ms. Mideva	Kiswahili/Hist
3.	Mr. Biwott	CRE/Geo
4.	Mr. Murei	Maths/CRE
5.	Mr. Rono	C.R.E/Hist
6.	Mr. Chebon	Bio/Agric
7.	Ms. June	Bio/Chem
8.	Ms. Ketter	CRE/Hist

SHORTAGES

1. Chemistry.
2. English.
3. Maths.
4. Business
5. Agriculture
6. Biology

Mean Score 2018 - 2020

YEAR	MEAN	NUMBER OF STUDENTS TO THE HIGHER INSTITUTE
2018	3.983	40
2019	4.074	51
2020	4.554	67

NUMBER OF CANDIDATES

YEAR	NO. OF CANDIDATES
2018	123
2019	149
2020	148

c) Capacity of the school:

	NO OF STUDENTS	DORMITORIES	DINING HALL	LABORATORIES	TOILETS	OTHER AMENITIES
<i>BOYS</i>	359	2	0		18	<i>NONE</i>
<i>GIRLS</i>	344	2	0		14	<i>NONE</i>
<i>TOTAL</i>	703	4	0	1	32	<i>NONE</i>

2/03/2022

d) Development projects carried out by the school:

S/NO	DEVELOPMENT PROJECT	SOURCE OF FUNDS
1.	BOYS DORMITORY	MoE- RMI
2.	ABLUTION BLOCK	MoE-RMI

Sign



School Principal

(Indicate actual name of the school)
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(Indicate actual name of the school)

2/08/2022

REPUBLIC OF KENYA

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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON LAKE SOLAI SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - NAKURU 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.

A Disclaimer of Opinion is issued when the Auditor-General is unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of Lake Solai Secondary School set out on pages 16 to 31, which comprise of the statement of financial assets and liabilities as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the six (6) months' period then ended, and a summary of significant accounting policies and other

explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015.

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Unsigned Financial Statements

The financial statements submitted for audit were not signed by the Chairman of the Board of Management, the School Principal and the Bursar to evidence ownership of the information and amounts presented therein. Further, failure to sign the financial statements was contrary to the template prescribed and published by the Public Sector Accounting Standards Board (PSASB).

In the circumstances, the financial statements are not owned and do not comply with the PSASB reporting requirements.

2. Unsupported Receipts and Payments

The statement of receipts and payments reflects total receipts and total payments of Kshs.13,820,547 and Kshs.12,820,623 respectively. However, the amounts were not supported by ledgers to showing dates of occurrence, names of payees, purpose of payments or receipts and, amounts received by or paid by the School.

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

3. Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.3,055,882 as disclosed in Note 9 to the financial statements. However, the balance was not supported by cash books, bank certificates and bank reconciliation statements.

In the circumstances, the accuracy, completeness, existence of bank balance of Kshs. 3,055,882 could not be confirmed.

4. Unsupported Accounts Payables

The statement of financial assets and liabilities reflects accounts payables balance of Kshs.3,688,355 as disclosed in Note 12 to the financial statements. However, invoices and supporting schedules to support the balance were not provided for audit review.

In the circumstances, the accuracy and completeness of the accounts payables balance of Kshs.3,688,355 could not be confirmed.

5. Accounts Receivables

5.1 Unsupported Accounts Receivables

The statement of financial assets and liabilities reflects accounts receivables balance of Kshs.5,903,131 as disclosed in Note 11 to the financial statements. The balance comprises fees arrears for the previous year of Kshs.4,327,536, fees arrears for current year of Kshs. 1,373,795, other non-fee receivables of Kshs.131,800 and imprests of Kshs. 70,000. However, supporting schedules and issued invoices to support the balance of Kshs. 5,903,131 were not provided for audit. Further, significant accounting policies on accounts receivable as disclosed in Note 5 are silent on the treatment of the students' fees balances which is the major source of income for the School.

In the circumstances, the accuracy and completeness of the accounts receivables balance of Kshs. 5,903,131 could not be confirmed.

5.2 Long Outstanding Receivables

The statement of financial assets and liabilities reflects accounts receivables balance of Kshs.5,903,131 as disclosed in Note 11 to the financial statements. Included in the balance are receivables amounting to Kshs.4,327,536 which had been outstanding for more than two (2) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.5,903,131 could not be confirmed.

6. Unbalanced Trial Balance

The trial balance reflects debit balances totalling Kshs. 21,811,632 and credit balances totalling Kshs.13,820,547, resulting in unexplained or reconciled variance of Kshs.7,991,085.

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

7. Incomplete Statement of Budgeted versus Actual Amounts

The statement of budgeted versus actual amounts does not reflect: the original budget amount; final budget amount; actual amount on a comparable basis; budget utilization difference amounts; and percentage of utilization of all payments.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lake Solai 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 audit of financial statements in Kenya.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Conclusion

1. Incomplete Fixed Assets Register

Annex 2-Summary of Fixed Assets Register does not indicate date of purchase, location, historical cost and additions and disposals of the listed assets. Further, the School's fixed assets register was not maintained in the recommended format as it lacked the following columns: source of funds, serial number of asset, tag number, make and model, payment voucher number, original location, current location, acquisition cost, annual depreciation, accumulated depreciation, net book value, date of disposal, disposal value, responsible officer, asset condition and notes. This was contrary to Regulation 143(1) of Public Finance Management (National Government) Regulations, 2015 and Appendix 6(a) of the Guidelines on Asset and Liability Management in the Public Sector which prescribes a standard fixed asset register template for entities in the public sector and; further prescribes that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

2. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects capitation grants for operations of Kshs. 5,883,363 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amounts is Kshs.3,172,500 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, only Kshs.1,410,000 was transferred to infrastructure account, leaving a balance of Kshs.1,410,000 as at 30 June, 2021. Further, an amount of Kshs. 1,410,00 was transferred after fifteen (15) days of receipt, contrary to The Ministry of Education Circular

Ref. No. MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

3. Failure to Prepare School Improvement Plan

During the period under review, the School did not have an approved School Improvement plan, contrary to Section 2.2 of the Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which requires schools to identify in every three-year school improvement planning cycle, one priority area in each of the four key areas which include curriculum implementation, foundational literacy and numeracy outcomes, an enabling environment for learning and parental involvement and community engagement for implementation.

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

4. Unsupported Inventory Balance

Note 17 to the financial statements, under other important disclosures reflects a Kshs. Nil inventory balance as at 30 June, 2024. Further, the School did not provide a stock take report as at 30 June, 2021 for audit, contrary to Section 162(2) of the Public Procurement and Asset Disposal Act, 2015 which requires the Head of Procurement function to arrange for occasional visits of inspection to the stores, at least quarterly in each calendar year, and conduct quarterly and annual inventory and stock-taking in order to ensure compliance with all respective governing laws and submit the report to the Accounting Officer.

In the circumstances, Management was in breach of the law and the completeness and accuracy of Kshs. Nil inventory balance could not be confirmed.

5. Failure to Issue Capitation Receipts to Learners

The statement of receipts and payments reflects capitation grants for tuition and operations of Kshs. 918,439 and Kshs.5,883,363 as disclosed in Notes 1 and 2 to the financial statements respectively. However, it was noted that the School did not raise receipt vouchers for every capitation received by a student. This was contrary to Regulation 104 (1) of the Public Finance Management (National Government) Regulations, 2015 which requires that, all receipts and payment vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by the appropriate authority and documentation.

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

6. Late Submission of Financial Statements for Audit

During the period under review, Management submitted the financial statements to the Auditor-General on 24 April, 2024 instead of the statutory deadline of 30 September, 2021. This was contrary to the Ministry of Education Circular Ref. MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which required the Schools' financial statements to be ready by 30 September, 2021 in compliance with Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

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

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

- i. The period covered by the annual report and financial statements is reflected as 'for the financial year ended 30 June, 2021' instead of 'for the six months' period ended 30 June, 2021';
- ii. The date of the statement of financial assets and the periods covered by the statement of receipts and payments and statement of cash flows are not indicated
- iii. The statement of budgeted versus actual amounts has no heading;
- iv. Dates are indicated as 30th June 20xx instead of 30 June 2021 in some sections of the report;
- v. Headers are missing on some pages;
- vi. The name of the School is not indicated on the page headers;
- vii. The page numbers reflected in the table of contents does not match those on the body of the financial statements;
- viii. The number of board of management members disclosed in the financial statements is seventeen (17) instead of the recommended seventeen (17) in terms of composition as stipulated Section 56(1) and 56(3) of the Basic Education Act, 2013;
- ix. The pay bill number that the school uses to receive fees has not been disclosed under school bankers;
- x. Development projects carried out in the period and ongoing projects including: status of the project (new, ongoing, complete); initial cost of each project and;

amount spent on each project disclosed in a tabular format under summary report of performance of the school was not done;

- xi. There is a blank page after page 13;
- xii. Note 8 to the financial statements does not reflect bank account numbers;
- xiii. Trial balance has been dated 30th June 2020 instead of 30 June, 2021;
- xiv. Biological assets disclosed in the financial statements did not contain the total market values and costs of the disclosed biological assets; and
- xv. The amounts in the financial statements and notes have not been rounded off to the nearest shilling.

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

8. Inadequate Library, Dormitory and Laboratory Facilities

During the audit in May, 2024, it was observed that the School had a student population of six hundred and ninety-seven (697) students but had only one laboratory with a capacity of forty-five (45) students and no library while the dormitories appeared congested. This was contrary to Kenya School Health Policy (2018) which requires that the facilities/infrastructure of a school should have reasonable standards that promote adequate housing and sanitation to the students.

In the circumstances, lack of facilities is likely to expose the boarders to poor sanitation, general health risk and unconducive learning environment.

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

I do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Conclusion

1. Weaknesses in Management of Text Books

1.1 Absence of School Instructional Materials Selection Committee (SIMSC)

Physical visit to the school carried out in the month of May, 2024, revealed that the board of management did not constitute a School Instructional Materials Selection Committee (SIMSC) to be responsible for: Making a list of the textbooks, teachers' guides and other instructional materials that are already in the School; Doing annual needs assessment of the text books urgently needed by the school; Calling an SIMSC meeting and documenting in the minute book what SIMSC has decided, which text books are urgently needed in the school and keeping SIMSC minute book which must be signed by the secretary and the chairperson of the SIMSC respectively.

As a result, the opening balances of stock inventory of text books in the School from the inception of the orange book (when schools were given text book capitation) in terms of numbers and their monetary values could not be confirmed. Further, there was no evidence of documentation to show that a needs analysis was conducted to identify the type and number of text books the School urgently needed and the same communicated to the relevant authority before textbooks were delivered to schools.

In the circumstances, there is risk of loss of text books issued to the School as capitation through obsolescence.

1.2 Lack of Text Books Inventory and Stock Taking Report

Annex 2-Summary of Fixed Assets Register does not reflect the monetary values of text books held by the School. Further, the School did not provide a report indicating textbooks, teachers' guides and other instructional materials that are already in the school, contrary to part E of the Orange Book which requires each school to capture data list of the textbooks, teachers' guides and other instructional materials that are already in the school.

In the circumstances, the internal controls on management of text books are weak.

2. Failure to Establish Board of Management Committees and Internal Audit Function

During the period under review, the School had not constituted all the required board of management committees as required by Section 61(2) (a),(b),(c),(d),e) of the Basic Education Act, 2013. Further, the School had not constituted an audit committee and an internal audit unit.

This was contrary to Regulation 166 (1) and (2) of the Public Finance Management (National Government) Regulations, 2015 and Section 61(2) (a),(b), (c) ,(d) ,(e) of the

Basic Education Act, 2013 which provide that: the internal audit unit of a National Government entity is to assess effectiveness of the School through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury and the board of management of a school is to establish (a) finance, procurement and general purposes committee; (b) academic standards, quality and environment committee; (c) discipline, ethics and integrity committee; (d) audit committee and; (e) human rights and student welfare committee.

In the circumstances, the School did not benefit from the oversight role and advice from the various board of management committee and the internal audit function.

3. Lack of Fixed Assets Ownership Documents

Annex 2 summary of Fixed Register does not indicate the dates of purchase of the fixed assets, locations of the fixed assets and their corresponding values. Further, the title deed for the land on which the School is situated was not provided for audit review.

In the circumstances, the ownership and safe custody of the fixed 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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and The Board of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal 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 controls, risk management and 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 the 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.

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


Auditor-General's Responsibilities for The Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 September, 2024

I. STATEMENT OF RECEIPTS AND PAYMENTS

DESCRIPTION OF VOTE HEAD	Note	2020 - 2021
RECEIPTS		
Capitation grants for tuition	1	918,438.75
Capitation grants for operations	2	5,883,362.75
School Fund Income- Parents' Contributions	3	1,300,131.00
School Fund Income- Other receipts	4	5,718,614.00
Proceeds from borrowings		
TOTAL RECEIPTS		13,820,546.50
PAYMENTS		
Payments for Tuition	5	832,280.00
Payments for operations	6	6,108,939.00
Boarding and school fund payments	7	5,879,404.00
TOTAL PAYMENTS		12,820,623.00
SURPLUS/DEFICIT		999,923.50

2/13/2022

II. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2020 - 2021 Kshs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances	8	3,055,882.35
Cash Balances	9	-
Short term Investment	10	-
Total Cash and Cash Equivalents		3,055,882.35
Account's receivables	11	5,903,131.00
TOTAL FINANCIAL ASSETS		8,959,013.35
FINANCIAL LIABILITIES		
Accounts Payable	12	3,688,355.00
NET FINANCIAL ASSETS		5,270,658.35
REPRESENTED BY		
Fund balance b/fwd 1st July...	13	4,270,734.85
Surplus/Deficit for the year		999,923.50
NET FINANCIAL POSITION		5,270,658.35

2/02/2022

STATEMENT OF CASH FLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Capitation grants for tuition	1	918,438.75	-
Capitation grants for operations	2	5,883,362.75	-
School fund income- Parents contributions/ fees	3	1,300,131.00	-
School fund income- other receipts	4	5,718,614.00	-
Total receipts		13,820,546.50	-
Payments			
Payments for Tuition		832,280.00	-
Payments for operations		6,108,939.00	-
Boarding and school fund payments		5,879,404.00	-
		12,820,623.00	-
Net cash flow from operating activities		999,923.50	-
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Net cash flows from Investing Activities		-	-
NET CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		999,923.50	-
Cash and cash equivalent at BEGINNING of the year	13	4,270,734.85	-
Cash and cash equivalent at END of the year		3,055,882.35	-

2/02/2022

Receipt/Expense Item	Original Budget a	Adjustments		Final Budget e=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
RECEIPTS							
(1) CAPITATION GRANT ON TUITION							
Textbooks and reference materials	105,000	0	0	105,000	102,900	2,100	98.0%
Exercise books	235,000	0	0	235,000	213,165	21,835	90.7%
Laboratory equipment	450,000	0	0	450,000	418,455	31,545	93.0%
Internal exams	0	0	0	0	-	-	#DIV/0!
Teaching / learning materials	85,000	0	0	85,000	78,470	6,530	92.3%
Chalks	7,900	0	0	7,900	7,190	710	91.0%
Exams and assessment	12,470	0	0	12,470	12,000	470	96.2%
Teachers guides				0	-	-	#DIV/0!
				0	-	-	#DIV/0!
				0	-	-	#DIV/0!
				0	-	-	#DIV/0!
(2) CAPITATION GRANT ON OPERATIONS							
Personnel emoluments	1,974,000			1,974,000	1,771,172	202,828	89.7%
Repairs and maintenance	1,750,000			1,750,000	-	1,750,000	0.0%
Local transport / travelling	363,500			363,500	366,650	(3,150)	100.9%
Electricity and water	550,500			550,500	533,942	16,558	97.0%
Medical	315,000			315,000	283,540	31,460	90.0%
Administration costs	493,500			493,500	511,475	(17,975)	103.6%
Activity				0	-	-	#DIV/0!
Gratuity				0	-	-	#DIV/0!
SMASSE				0	-	-	#DIV/0!
				0	-	-	#DIV/0!
(3) FEES CHARGED ON PARENTS							

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.

(Indicate actual name of the school)

PUBLIC SECONDARY SCHOOL

Annual Report and Financial Statements

For the year ended 30th June 20xx

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 20XX.

I. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

0

2020-2021

2019-2020

Kshs

Kshs

Textbooks and reference materials

156,134.60

Exercise books

275,531.60

Laboratory equipment

220,425.30

Internal exams

45,921.95

Teaching / learning materials

183,687.75

Chalks

36,737.55

Exams and assessment

-

Teachers guides

-

Total

918,438.75

0

2 CAPITATION GRANT FOR OPERATIONS

2020-2021

2019-2020

Kshs

Kshs

Personnel emoluments

1,854,009.70

Repairs and maintenance

2,467,500.00

0

Local transport / travelling

379,708.45

0

Electricity and water

555,526.00

0

Medical

114,090.00

0

Infrastructure a/c

-

Administration costs

512,528.60

0

Activity

-

0

Total

5,883,362.75

0

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

2020-2021

2019-2020

Kshs

Kshs

Personnel emoluments

302,005.00

Repairs and maintenance

327,457.00

0

Local transport / travelling

84,010.00

0

Electricity and water

324,459.00

0

24

2/02/2022

Medical		-	0
Administration costs		237,840.00	0
Activity		24,360.00	0
Total		1,300,131.00	0

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores	4,173,079.00	
Lunch	827,035.00	0
Income from farming activities	-	0
Insurance compensation	-	0
Income from Posho mill	-	0
Income from Bus Hire	-	0
Fee for hire of ground and equipment	-	0
Income from grants and donations*	718,500.00	0
Interest income	-	0
Dividends income	-	0
Total	5,718,614.00	0

5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	102,900.00	0
Exercise books	213,165.00	0
Laboratory equipment	418,455.00	0
Internal exams	12,100.00	0
Teaching / learning materials	78,470.00	0
Chalks	7,190.00	0
Exams and assessment	-	0
Teachers guides	-	0
Administration Costs	-	0
Bank Charges	-	0
Total	832,280.00	0

6 PAYMENTS FOR OPERATIONS

	2020-2021	2019-2020
--	-----------	-----------

		Kshs	Kshs
	Personnel emoluments	1,948,332.00	
	Service Gratuity	-	0
	Administration Cost	511,475.00	0
	Repairs and maintenance & improvements		0
	Local transport / travelling	366,650.00	0
	Electricity and water	533,942.00	0
	Medical	283,540.00	0
	Activity Expenses	-	0
	SMASSE	-	0
	Insurance Cost	-	0
	Bank Charges	-	0
	Acquisition of Assets	2,465,000.00	0
	TOTAL	6,108,939.00	0
7	BOARDING AND SCHOOL FUND PAYMENTS		
		2020-2021	2019-2020
		Kshs	Kshs
	Personnel emoluments	855,400.00	0
	Activity	84,350.00	0
	Repairs and maintenance & Improvements	113,155.00	0
	Local transport / travelling	231,500.00	0
	Electricity and water	292,950.00	0
	Medical Expenses		0
	Administration costs	337,132.00	0
	Lunch Programme	1,038,682.00	0
	Bank Charges	-	0
	Expenses on Income Generating Activities	-	0
	Fee on Boarding Equipment and Stores	2,207,735.00	0
	Bursary	718,500.00	0
	Insurance Cost (Life Property)	-	0
	Loan Principal repayment	-	0
	Loan Interest repayment	-	0
	Acquisition of Assets	-	0
	TOTAL	5,879,404.00	0

Expenses on income generating activities** should include all costs relating to the school earnings on other receipts as recorded in note 4. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others.

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account		69,759.15	0
Operations Account		1,311,062.75	0
School Fund Account/Boarding		582,000.45	0
Savings Account		930,000.00	0
Parent Association Development Account		-	0
Income generating activities Account		-	0
Infrastructural Account		163,060.00	0
Total		3,055,882.35	0

9 CASH IN HAND

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition Account	-	0
Operation Account	-	0
School Fund account	180.00	0
Total	180.00	0

10 SHORT TERM INVESTMENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Cooperative shares	-	0
Treasury Bills	-	0
Fixed deposit	-	0
Equity stock	-	0
Other investments	-	0
Total	-	0

11 ACCOUNTS RECEIVABLE

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Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears	5,701,331.00	
Other non-fees receivables	131,800.00	0
Salary advances	-	0
Imprest	70,000.00	0
Total	5,903,131.00	0

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year	1,373,795.00	0
Fees arrears for the previous year	4,327,536.00	0
Fees arrears for prior periods (over two years)	-	0
Total	5,701,331.00	0

12 ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	3,368,035.00	0
Prepaid fees	188,520.00	0
inter borrowings	131800	0
Total	3,688,355.00	0

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year	2,200,175.00	
Trade creditors for the previous year	1,167,860.00	0
Less creditors paid during the year	-	
Trade creditors for prior periods (over two years)	-	0
Total	3,368,035.00	

13 FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
-------------	-----------	-----------

		Kshs	Kshs
Bank balances		2,373,494.85	0
Cash balances		-	0
Short Term Investments			0
Receivables		-	0
Payables		(1,897,240.00)	0
Total		4,270,734.85	0

Other important disclosure notes

14 Non-current Liabilities Summary

Description		2020-2021	2019-2020
		Kshs	Kshs
Bank loan(s)		0	0
Outstanding Leases		0	0
Hire purchase		0	0
Gratuity and leave provision		0	0
Total		0	0

15 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle	7	0	0
Goats	0	0	0
Trees	266	0	0
Coffee or tea plantation	0	0	0
Poultry	0	0	0
Total	273	0	0

16 Borrowings

Description		2020-2021	2019-2020
		KShs	KShs
a) Borrowings			
Borrowing at beginning of the year		0	0
Borrowings during the year		0	0
Repayments of during the year		0	0
Balance at end of the year		0	0

17	1 Stock/ Inventory			
	Description		2020-2021	2019-2020
			KShs	KShs
	Stock/Inventory			
	Stock/ inventory at beginning of the year		0	0
	Stock/ inventory purchased during the year		0	0
	Stock/ inventory issued during the year		0	0
	Balance at end of the year		0	0

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)



PUBLIC SECONDARY SCHOOLS *-(Indicate actual name of the School)*
Reports and Financial Statements
For the year ended 30th June 20xx

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						

PUBLIC SECONDARY SCHOOLS - (Indicate actual name of the School)
Reports and Financial Statements
 For the year ended 30th June 20xx

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

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

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

33.

2/03/2022

TRIAL BALANCE AS AT 30TH JUNE 2020			
		DR	CR
Cash and Cash equivalents			
	Bank Balances	3,055,882	
	Cash Balances	180	
	Short term investments	-	
	Receivables	5,903,131	
Payments			
	Payments for Tuition	832,280	
	Payments for operations	6,108,939	
	Boarding and school fund payments	5,879,404	
Receipts			
	Capitation grants for tuition		918,439
	Capitation grants for operations		5,883,363
	School Fund Income- Parents' Contributions		1,300,131
	School Fund Income- Other receipts		5,718,614
	Proceeds from borrowings		
Prior Year Adjustment			
	Fund Balance b/f	31,815	-
	TOTAL	21,811,632	13,820,547