

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

DATE: 05 DEC 2024

DAY: Thursday

TABLED BY:

Hon. Kimani Ichunguwa
(Leader of the Majority Party)

OF THE TABLE:

Anastacia

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY
PAPERS LAID

TABLED BY:	Hon. Kimani Ichunguwa (Leader of the Majority Party)
OF THE TABLE:	Anastacia

THE AUDITOR-GENERAL

ON

**BLESSED MUGUTHA SECONDARY
SCHOOL**

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

KIAMBU COUNTY



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
KENYA
7 JUL 2024
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Blessed Mugutha Secondary School
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022

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

Blessed Mugutha Secondary School
Annual Report and Financial Statements For the year ended 30th June 2022

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1. 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 in Kiambu County, Juja Sub-County.

The school was registered in 19/03/2012 under registration number PU/S2/8700/12 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 had 447 number of students as at 30th June 2022. It has 2 streams and 21 teachers of which 1 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	John Mbugua Miringu	Chairman	07/03/2022
2	Joseph Njoroge Muriuki	Secretary – Principal	07/03/2022
3	Hannah Warwinu Murugami	Member	07/03/2022
4	Stephen waiyaki	Member	07/03/2022
5	Eunice wanjiku	Member	07/03/2022
6	Faith Warao	Member	07/03/2022
7	Geoffrey Ngutuku	Member	07/03/2022
8	Isaac mwaura	Member – Rep CEB	07/03/2022
9	Florence Karimi Rutere	Member Rep Teachers	07/03/2022
	Madam Maureen(s.c.e. min) Madam Winny Strong(s.c.e. tsc)	3 Members - Sponsor	07/03/2022
11	Joseph Kinuthia Gikurumi	Member - Community	07/03/2022
12	Sarah Wanjiku Waithaka	Member Special Needs	07/03/2022
13	Emily Wanjiru	Rep Students	07/03/2022

KEY SCHOOL INFORMATION AND MANAGEMENT(continued)

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	John Mbugua M Dr Isaac Waweru Joseph N.muriuki Hannah Warwinu Sarah Wanjiku W	Chairman v.chair secretary P.A rep Member	5
2	Audit Committee	-	-	
3	Finance,procurement and general purposes Committee	Isaac waweru Lucas Mwaura	-	4
4	Academic Committee	Isaac waweru John kinuthia Ruth mawia	chairman	2
5	Development Committee	Paul Irungu John Mbugua Lucas mwaura Sarah Wanjiku	chairman-	3
6	Discipline and welfare Committee	Hannah Warwinu Geoffrey ngutuku Eunice wanjiku	Hannah warwinu	2out of 4
7	Adhoc Committee (if any during the year)	-		-

School operation Management

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

Ref:	Designation	Name	Identification
1	Principal	JOSEPH NJOROGI MURIUKI	314260
2	Deputy Principal	PERPETUAL WAMORO MUTURA	290088
3	School Bursar	FELISTAS WANJIKU MBUGWA	-
4	Other (specify)		

(d) Schools contacts

Post Office Box: 1708-00232
Telephone: 0722996890
E-mail: blessedmuguthasecondary@gmail.com

Website:
Facebook:
Twitter:

(e) School Bankers

The school operates 4 bank accounts:

Account no	account	bank	branch
01021059855400	Tuition	national bank	Ruiru
01024059855400	Operations	national bank	Ruiru
01022242009200	Infrastructure	national	Ruiru
0870296995118	School funds	Equity	Ruiru

(f) Independent Auditors

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

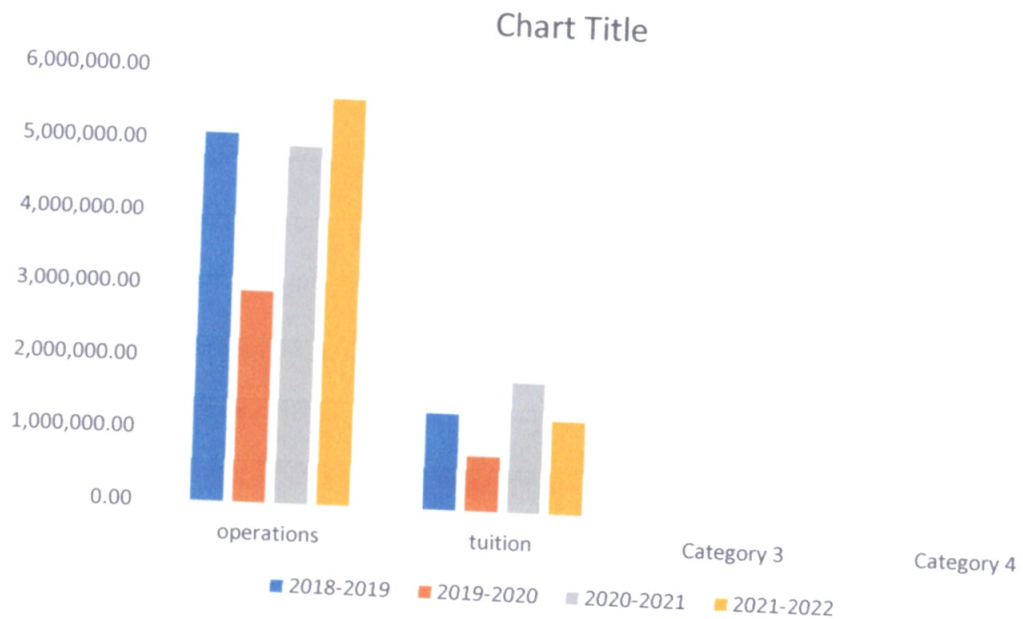
2. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

a) Financial performance:

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



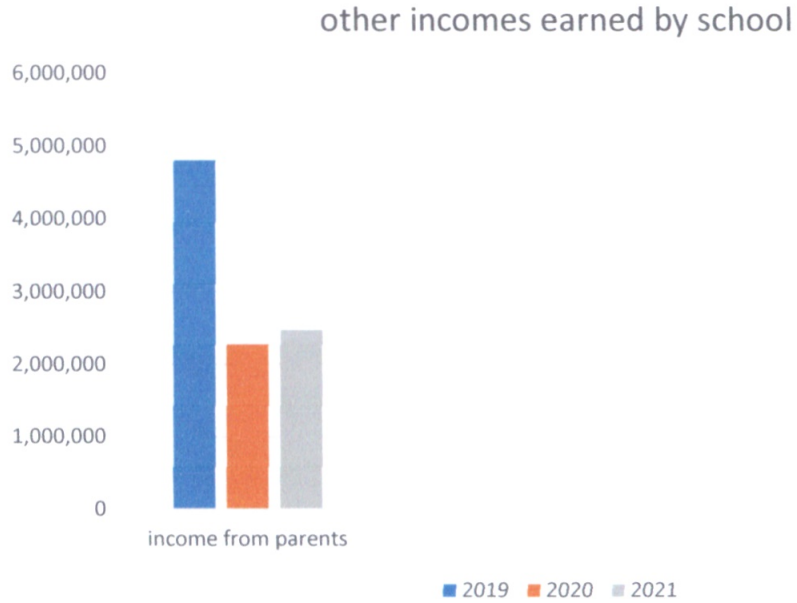
- *Capitation grant per student over the last three years*



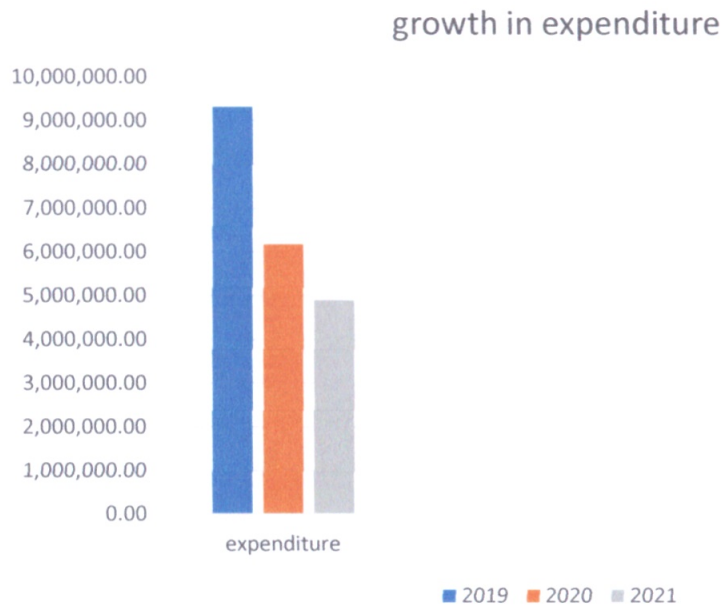
Blessed Mugutha Secondary School

Annual Report and Financial Statements For the year ended 30th June 2022

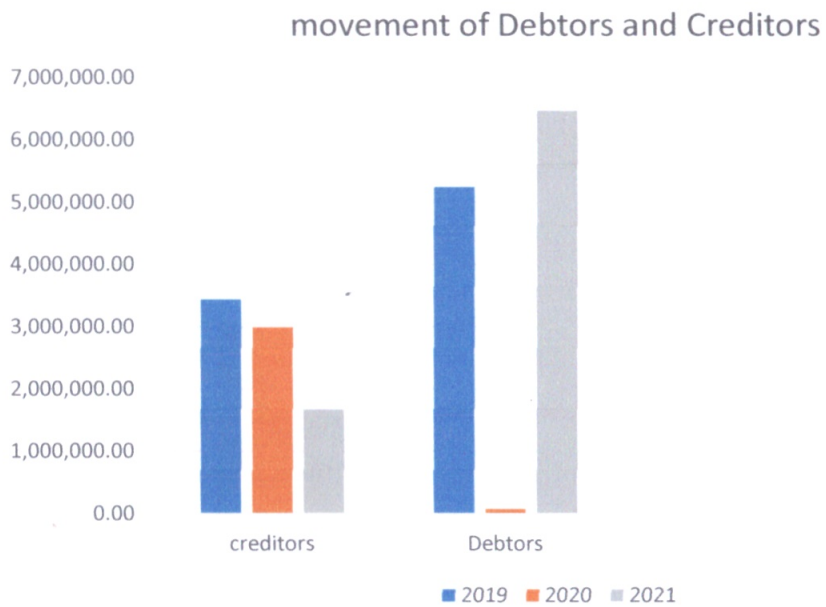
- *Ratio of capitation grant per student over the last three years*
- *29:25:30*
- *A three-year overview of growth of other income(s) earned by the school.*



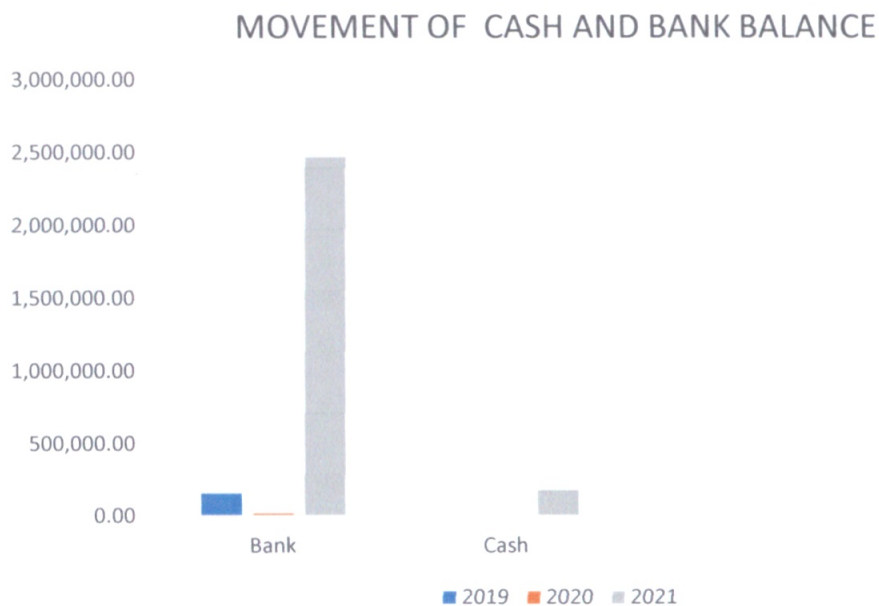
- *A three-year overview of growth in expenditure of the school*



- *Movement of debtors and creditors of the school over the last three years*



- Movement of cash and bank balances over the last three years



b) Teacher Student ratio:

-1:26

- Teachers employed by B.O.M 1(Eng/lit)

-Teachers transferred -1

<i>Subject combination</i>	<i>No of teachers</i>	
<i>Maths/Bio</i>	<i>2</i>	
<i>Maths/chem</i>	<i>3</i>	<i>EXCESS</i>
<i>Maths/phys</i>	<i>1</i>	<i>SHORTAGE</i>
<i>Maths/geo</i>	<i>1</i>	
<i>Maths/Bst</i>	<i>1</i>	
<i>Agric/bio</i>	<i>1</i>	
<i>Bst/Econs</i>	<i>1</i>	
<i>Hist/cre</i>	<i>1</i>	
<i>Hist /kiswa</i>	<i>1</i>	
<i>Cre/ Kiswa</i>	<i>2</i>	
<i>Eng/lit</i>	<i>3</i>	

Blessed Mugutha Secondary School
Annual Report and Financial Statements For the year ended 30th June 2022

c) Mean score in the 2021 KCSE: 2.48

d) Number of Candidates in the 2021KCSE: 89

YEAR	ENTRY	MEAN SCORE	Transition to university
2019	60	3.15	1
2020	88	2.906	1
2021	89	2.48	1

No of students 447

Dining hall 1 ADQUATE

Classrooms 11 ADQUATE

Laboratories 2 ADQUATE

Library 1 INADQUATE DUE TO SIZE

Toilets boys 12 INADQUATE

Girls 6 INADQUATE

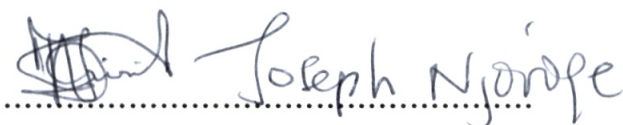
Blessed Mugutha Secondary School

Annual Report and Financial Statements For the year ended 30th June 2022

e) Development projects carried out by the school:

NO PROJECT.

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time


.....

School Principal



3. Statement of School Management Responsibility

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


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

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2022, and of the school's financial position as at that date.

.....


Name: John Mbugua
Designation: Chairman, School Board of Management
Date: 20/7/2024

.....


Name: Joseph Njoroge
Designation: School Principal & Secretary to Board of Management
Date: 16/07/2024

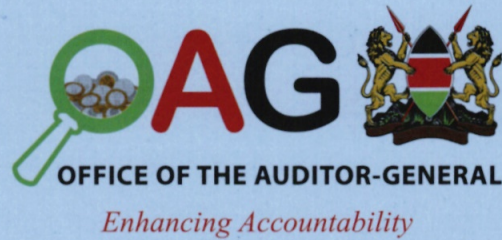


.....


Name: Felicitas W. Mbugua
Designation: Bursar/ Finance Officer
Date: 16/7/2024

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BLESSED MUGUTHA SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - KIAMBU COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Blessed Mugutha Secondary School - Kiambu County set out on pages 1 to 20, which comprise the statement of financial assets and financial liabilities as at 30 June, 2022, and the statement of receipts

Report of the Auditor-General on Blessed Mugutha Secondary School for the year ended 30 June, 2022-Kiambu County

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 the Blessed Mugutha Secondary School as at 30 June, 2022 -Kiambu County 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 Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0. Inaccuracies in the Financial Statements

A review of the financial statements submitted for audit revealed the following inaccuracies:

- i. The statement of financial assets and financial liabilities reflects accumulated fund balance brought forward amounting to Kshs.5, 811,154 as disclosed in Note 12 to the financial statements. However, the amount differs with the corresponding Note to the financial statement balance of Kshs.12, 535,765 resulting to unreconciled variance of Kshs.6, 724,611.
- ii. The statement of financial assets and financial liabilities reflects opening cash and cash equivalents totaling Kshs.3, 428,736. However, the amount differs with the recomputed amount of Kshs.2, 801,523 resulting to unreconciled variance of Kshs.627, 213.
- iii. The statement of receipts and payments reflects school fund income-parents contribution amounting to Kshs.9, 448,824. However, the amount differs the amount of Kshs.9, 393,923 reflected in Note 4 to the financial statements resulting to unreconciled variance of Kshs.54, 901.
- iv. The statement of receipts and payments reflects a surplus amounting to Kshs.6, 634,078. However, the amount differs with recomputed amount of Kshs.6, 688,979 resulting to unreconciled variance of Kshs.54, 901.
- v. The statement of receipts and payments reflects total payments amounting to Kshs.17, 840,624. However, amount differs with recomputed amount of Kshs.17, 895,525 resulting to unreconciled variance of Kshs.54, 901.

- vi. The statement of budgeted versus actual reflects total actual income on comparable basis amounting to Kshs.17, 895,525. However, the amount differs with recomputed amount of Kshs.17, 840,443 resulting in an unreconciled variance of Kshs.55,082.
- vii. The Statement of Budgeted Versus Actual Amounts for The Year Ended 30th June, 2022 reported balances of Kshs.17, 250,201 in respect to Total Original Budget on Expenditure. However, the re-computation of the same resulted in Kshs.13,131,730 resulting in an unreconciled balance of Kshs.4,118,471.
- viii. The statement of budgeted versus actual amounts reflects total final expenditure budget amounting to Kshs.17,250,201. However, the However, amount differs with recomputed amount of Kshs.13,131,730 resulting in an unreconciled Variance of Kshs.4,118,471.
- ix. The statement of budgeted versus actual amounts reflects nil balance to total receipts utilization difference. However, the nil amount differs with recomputed amount of negative Kshs.99,248 resulting in an unreconciled variance of Kshs.99,248.
- x. Note 14 to the financial statement reflects opening fund balance brought forward amounting to Kshs.2,242,033. However, the amount differs with recomputed amount of Kshs.2, 225,487 resulting to unreconciled variance of Kshs.16,546.
- xi. Note 19 to the financial statement reflects opening stock/inventory amounting to Kshs.71,360. However, the amount differs with recomputed amount of Kshs.10,270,451 resulting to unreconciled variance of Kshs.10,199,091.
- xii. The statement of assets and liabilities reflects accounts payable totaling Kshs.1,256,286. However, the amounts differs with the amount of Kshs.1,076,153 reflected Annex 1 of the financial statements resulting to unreconciled variance of Kshs.180,133.
- xiii. Review of the statement of cash flows for revealed the following discrepancies between the opening balance and the closing balances for the audited financial statement for the year ended 30 June, 2021.

Item	Statement of Receipts and Payments (Kshs.)	Statement of Cash Flow (Kshs.)	Variance (Kshs.)
Government Grants for Infrastructure	-	1,000	(1,000)
School Fund Income- Parents' Contributions	9,448,824	6,500,929	2,947,895

Item	Statement of Receipts and Payments (Kshs.)	Statement of Cash Flow (Kshs.)	Variance (Kshs.)
Tuition	1,662,730	1,568,984	93,746
Operations	4,597,607	4,298,765	298,842
Infrastructure	-	725	(725)
Boarding and School Fund	4,946,209	4,239,186	707,023

1.2. Notes to the Financial Statement

Review of the Notes to the financial statement for the year ended 30 June, 2022 revealed the following discrepancies between the opening balance and the closing balances for the audited financial statement for the year ended 30 June, 2021.

Item	Opening Balance 2022 (Kshs.)	Closing Balance 2021 (Kshs.)	Variance (Kshs.)
Capitation for Operations (Note 2)			
Personnel Emoluments	824,046	951,501	-127,455
Repair and Maintenance	1,645,750	1,518,294	127,456
Parents Contributions (Note 3)			
Lunch Programme	4,075,953	3,992,049	83,904

Further, a review of the Statement of Financial Assets and Financial Liabilities as at 30 June, 2022 and Statement of Receipts and Payments revealed the following mismatch between the statements and the respective notes:

Component	Financial Statement	Notes
Statement of Receipts and Payments		
School Fund Income-Other Receipts	4	5
Infrastructure	5	4
Statement of Assets and Liabilities		
Bank Balances	8	10
Cash Balances	9	11
Accounts Receivables	10	13
Accounts Payables		14

Component	Financial Statement	Notes
Statement of Receipts and Payments		
School Fund Income-Other Receipts	4	5
Infrastructure	5	4
Statement of Assets and Liabilities		
Accumulated Fund Brought Forward	12	15

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

2.0. Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects cash and cash equivalents totaling Kshs.7,642,493 as disclosed under Notes 8 and 9 to the financial statements. Included in this are bank balances and cash balances of Kshs.7,105,387 and Kshs.537,106 respectively. However, an examination of records relating to cash and cash equivalents revealed the following unsatisfactory matters.

2.1. Unsupported Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.7,642,493 as disclosed in Note 10 and 9 to the financial statements. Included in this balance is one (1) Infrastructural account balances of Kshs.2,612,775. However, the bank balances were not supported by cash books, bank certificates and bank reconciliation statements.

In the circumstances, the accuracy, completeness, existence of bank balance of Kshs.2,612,775 could not be confirmed

2.2. Unreconciled School Fund Account

The Bank reconciliation statement as at 30 June, 2022 reported a cashbook balance of Kshs.3,903,636 for school fund account. However, verification of the cash book for the account revealed a balance of Kshs.515,670 resulting in an unreconciled variance of Kshs.3,387,966. This was contrary to Regulation 90(3) which states that accounting officers shall ensure any discrepancies noted during bank reconciliation exercise are investigated immediately and appropriate action taken including updating the relevant cash books.

In the circumstances, the accuracy, completeness, existence of cash book balance of Kshs. 3,903,636 could not be confirmed

2.3. Unsupported Cash Balances

The statement of financial assets and financial liabilities reflects cash balances amounting to Kshs.537, 106 as disclosed under Note 9 to the financial statements. However, board

of survey report in support of the cash balances was not provided. This contravened the National Treasury guidelines on year-end closing procedures, which require an Accounting Officer to appoint a Board of Survey within the institution to examine and verify the cash in hand and the bank balances as at the close of business on the last working day of the year. As such, this money could not be accounted for or its actual existence could not be established.

In the circumstances, the accuracy and completeness of the cash and cash equivalents totaling Kshs.7,642,493 could not be confirmed.

3. Inaccuracy of Miscellaneous Incomes

The statement of receipts and payments reflects miscellaneous incomes amounting to Kshs.736,968 as further disclosed in Note 5 to the financial statements. The amount includes fees from new students (transferred to the school from other schools) totalling to Kshs.328, 081 which should to have been classified under school fund income – parents' contributions.

In the circumstance, the accuracy and completeness of miscellaneous incomes amounting to Kshs.328,081 could not be confirmed.

4. Unsupported Personnel Emoluments

The statement of receipts and payments reflects payments for operations amounting to Kshs.4, 597,607 as further disclosed in Note 7 to the financial statements. The amount includes personnel emoluments totalling Kshs.2,351,338 in respect of salaries to Board of Management staff. Review of the monthly payrolls revealed that the school had nine (9) non-teaching staff and three (3) teaching staff. However, engagement contracts of the twelve (12) staff had expired but had not been renewed.

In the circumstances, the accuracy, completeness and propriety of on personnel emoluments amounting to Kshs.2,351,338 could not be confirmed.

5. Unsupported Student Receivables

The statement of financial assets and financial liabilities reflects accounts receivables totaling Kshs.6,059,025 as disclosed in Note 10 to the financial statement. However, supporting schedules, detailed aging analysis, and ledgers in support of the receivables were not provided.

The accuracy and existence of the accounts receivables totaling Kshs.6,059,025 could not be confirmed.

6. Unsupported Accounts Payables

The statement of financial assets and financial liabilities reflects the accounts payables amounting to Kshs.1,256,286 as disclosed under Note 11 financial statements. The

amount includes prepaid fees totaling Kshs.180,133 whose supporting schedules were not provided.

Further, the accounts payable includes trade creditors totalling Kshs.1,076,153 as disclosed under Note 11 to the financial statements. The trade creditors' amount includes BOM staff salaries totalling Kshs.249,550 which ought to have disclosed under staff payables.

In the circumstance, the accuracy and existence of accounts payable totalling Kshs.1,256,286 could not be confirmed.

EMPHASIS OF MATTER

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.17,895,525 and Kshs.17,895,525 respectively. However, the School spent a balance of Kshs.13,316,916 against actual receipts of Kshs.17,895,525, resulting to an under-utilization of Kshs.4,578,609 or 26% of actual receipts.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Blessed Mugutha Secondary School-Kiambu County 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.

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, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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 public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

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

1.1. Inaccuracy of Summary of Fixed Asset Register

Annex 2 of the financial statement on summary of fixed asset register does not reflect the current values of the assets, date purchased, location, historical costs and disposals during the year. Further, the assets register was not provided.

1.2. Mismatch of Notes to the Financial Statements

A review of the Statement of Financial Assets and Financial Liabilities revealed the following mismatch between the financial statement and their respective notes.

Component	Financial Statement	Notes
Receipts		
School Fund Income-Parents Contribution	4	3
Miscellaneous Income	5	4
Payment for Tuition	6	5
Payments for Operation	7	6
Boarding and School Fund	9	7
Bank Balances	8	9
Cash Balances	9	10
Accounts Receivables	10	12
Accounts Payables	11	13
Accumulated Fund brought forward	12	14

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.

2.0. Lack of a Procurement Plan

The statement of receipts and payments reflects an amount of Kshs. 17,840,624 and Kshs. 11,206,546 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation processes.

In the circumstances, Management was in breach of the law

3.0. Unapproved Fees on Parents Association Support Programme

The statement of receipts and payments reflects school fund income - parents' contributions amount of Kshs.3,992,049 as disclosed in Note 3 to the financial statements which includes PA Support/Lunch Programme amount of Kshs.3,992,049. Examination of the records revealed that the school charged an amount of Kshs. 2,000 per student to support the programme which had not been approved by the Ministry of Education through the County Education Board. This was contrary to Government Circular No. MOE.HQS/3/13/3 dated 16 June, 2021 on guidelines on implementation of Free Day and Secondary Education programme which stipulates that parents will only pay for school uniforms, boarding related costs as reflected in the boarding fees structure and lunch for the day scholars.

In the circumstances, Management was in breach of the law

4.0. Irregular Procurement of Laboratory Equipment

The statement of receipts and payments reflects tuition payments amounting to Kshs.1,662,730 as disclosed in Note 6 to the financial statements. The amount includes payment for supply of laboratory equipment totalling Kshs.312,588 which were directly procured. This was contrary to 103 of the Public Procurement and Asset Disposal Act, 2015 which requires the procurement method used to be competitive, transparent and fair. Further, inspection and acceptance reports were not provided to confirm whether the goods were delivered and received in the correct quantity and quality.

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

5.0. Irregular Procurement of Goods

The statement of receipts and payments reflects boarding and school fund payments amounting to Kshs.4,946,209 as disclosed in Note 7 to the financial statements. Included in this were payments amounting to Kshs.1,279,600 made to three (3) different suppliers for the supply of cereals, fruits and Vegetables, and Shop supplies which were directly procured. This was contrary to 103 of the Public Procurement and Asset Disposal Act,

2015 which requires the procurement method used to be competitive, transparent and fair. Further, there was no supply contract between the School and suppliers.

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

6.0. Lack of Approved Budget

The statement of receipts and payments reflects an amount of Kshs.17,840,624 and Kshs.11,206,546 in respect of total receipts and payments respectively. However, the audit of the school's budgeting processes revealed that the School did not have in place approved budget estimates of revenue and expenditure. This was contrary to Section 16(1) of the Basic Education Act, 2013 which states that a Board of Management of a public institution of basic education shall prepare annual estimates of revenue and expenditure for the institution under its charge, in such form and at such times as the Cabinet Secretary may prescribe.

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

7.0. Late Transfer of Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.6,288,879 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.2,146,500 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, Kshs.2,612,500 was transferred to infrastructure account, which is excess by Kshs.466,000 as at 30 June, 2022. Further, an amount of Kshs.2,000,000 was transferred after forty five (45) days of receipt. This was contrary to The Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 of October 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

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

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.4,597,607 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.761,300 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective,

efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.761,300 could not be confirmed.

9.0. Single Sourcing of Goods

The statement of receipts and payments reflects tuition payments amounting to Kshs.1,662,730 as further disclosed in Note 6 to the financial statements. The amount includes payment for supply of stationery, laboratory chemicals, and equipment totalling Kshs.1,136,520 which were directly procured. This was contrary to 103 of the Public Procurement and Asset Disposal Act, 2015 which requires the procurement method used to be competitive, transparent and fair.

Further, goods received notes, stores ledgers and goods issue notes were not provided.

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

10.0. Failure to Prepare School Improvement Plan

During the year/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.

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, Basis for Conclusion on

Lawfulness and Effectiveness in Use of Public Resources 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

1.0. Lack of Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register no values. Included in this was five (5) acres piece of Land However, land ownership documents were not provided for audit.

In the circumstances, the ownership and safe custody of the fixed assets could not be confirmed.

2.0. Lack of Internal Audit Function and Audit Committee

During the year under review, the School had not constituted an audit committee and an internal audit unit as required by Regulation 166 (1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the School through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

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

3.0. Lack of Risk Assessment Policy and Disaster Recovery Plan

A review of internal controls revealed that the Management had not developed a risk management policy and risk assessments were not performed for the year under review. This was contrary to Regulation 165(1) and 170(1) of the Public Finance Management Regulations (National Government), 2015 which requires each National Government entity to develop risk management strategies and a system of risk management.

Further, a disaster recovery plan or business continuity plan was not in place to ensure that the company recovers its functionality in case of an unplanned incident or disaster.

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

4.0. Weakness in the Information Communication Technology Environment

Review of the Information Technology Internal Controls revealed the following:

- i. The School did not have an approved ICT Policy, IT security policy, policy on physical access to IT environment and IT continuity and disaster recovery plan in place to guide ICT operations. Such policies are vital in effective and efficient management of the institution's IT resources.
- ii. The school did not constitute an IT strategic committee which is important in performing the oversight function and formulation of policies to ensure that IT department functions properly to assist in the achievement of organizational objectives in an economical, efficient, and effective way.
- iii. The school did not have an IT steering committee and periodic IT reports which are supposed to assess the status of implementation of IT systems and suggest corrective measures.

Further, all of the procedures and functions in the finance and accounting department were manually performed as the department is yet to embrace information communication technology in all of its operational areas.

In the circumstances, management is in breach of the law.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards 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 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 overall governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the School 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 as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 September, 2024

Blessed Mugutha Secondary School
Annual Report and Financial Statements For the year ended 30th June 2022

5. Statement Of Receipts and Payments For the Year Ended 30th June 2022

Description Of Vote Head	Note	2021-2022	2021
		Kshs	Kshs
Receipts			
Government grants for tuition	1	1,420,854	535,868
Government grants for operations	2	6,288,879	3,705,864
Government Grants for infrastructure	3	00	00
School fund income- parents' contributions	4	9,448,824	3,992,049
Miscellaneous incomes	5	736,968	88,200
Total Receipts		17,840,624	8,321,981
Payments			
Tuition	6	1,662,730	487,231
Operations	7	4,597,607	2,619,529
Infrastructure	8	00	00
Boarding and school fund	9	4,946,209	1,646,100
Total Payments		11,206,546	4,752,860
Surplus/Deficit		6,634,078	3,569,121

The school financial statements were approved on _____ 2022 and signed by:

.....
 Name: John Mbuga
 Chair BOM
 Date: 27/7/2024

.....
 Name: Joseph Njoroge
 School Principal/ Secretary to
 BOM
 Date: 16/7/2024

.....
 Name: FELISTAS W. MBUGWA
 Bursar/ Finance Officer
 Date: 16/7/2024



Blessed Mugutha Secondary School

Annual Report and Financial Statements For the year ended 30th June 2022

6. Statement of Assets and Liabilities As At 30th June 2022

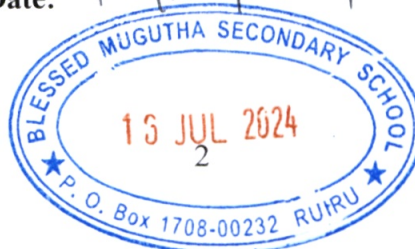
	Note	2021-2022	2021(Jan-june)
		Kshs	Kshs
FINANCIAL ASSETS		Ksh.cts	Ksh.cts
Cash and Cash Equivalents			
Bank Balances	8	7,105,387	2,622,009
Cash Balances	9	537,106	179,514
Short term Investment	10	-	-
Total Cash and cash equivalent		<u>7,642,493</u>	<u>3,428,736</u>
Account's receivables	10	6,059,025	3,428,736
TOTAL FINANCIAL ASSETS		13,701,518	6,230,259
FINANCIAL LIABILITIES			
Accounts Payables	11	(1,256,286)	(419,105)
NET FINANCIAL ASSETS		12,445,232	5,811,154
S			
REPRESENTED BY			
Accumulated Fund b/f	12	5,811,154	2,242,033
Surplus/Deficit for the year		6,634,078	3,569,121
NET FINANCIAL POSITION		12,445,232	5,811,154

The school's financial statements were approved on _____ 2022 and signed by:

.....
 Name: John Mbuga
 Chair BOM
 Date: 29/7/2024

.....
 Name: Joseph Njorop
 School Principal/ Secretary to
 BOM
 Date: 16/07/2024

.....
 Name: FELICITAS WIMBUJWA
 Bursar/ Finance Officer
 Date: 16/7/2024



Blessed Mugutha Secondary School
Annual Report and Financial Statements For the year ended 30th June 2022

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

Description	Note	2021-2022	2021
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	1,420,854	535,868
Government grants for operations	2	6,288,879	3,705,863
Government grants for infrastructure	3	1000	00
School fund income- parents contributions/ fees	4	6,500,929	2,794,729
Other income	5	736,968	88,200
Total receipts		14,948,630	7,124,660
Payments			
Cash outflows for tuition	6	1,568,984	385,730
Cash outflows for operations	7	4,298,765	2,619,529
Cash outflows Boarding/lunch and school fund payments	8	4,239,186	1,328,405
infrastructure	9	725	00.00
Total payments		(10,107,660)	(4,333,664)
Net cash inflow/outflow from operating activities		4,840,970	2,790,996
Cash flow from investing activities			
Acquisition of assets		00	00
Proceeds from sale of Assets		00	00
Proceeds from investments		00	00
Purchase of investments		(00)	(00)
Net cash inflow/outflows from investing activities		00	00
Cash flow from Financing activities			
Proceeds from borrowings/ loans	18	00	00
Repayment of principal borrowings		(00)	(00)
Net cash inflow/outflow from financing activities		(00)	(00)
Net increase/decrease in cash and cash equivalents		4,840, 970	2,790,996
Cash and cash equivalent at beginning of the FY		2,801,523	10,527
Cash and cash equivalent at end of the FY		7,642,493	2,801,523

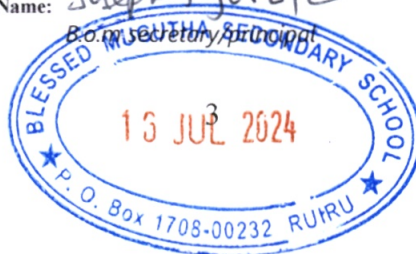
(The above presentation of cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS. Schools should therefore adopt the direct method of cashflow as recommended by PSASB).

The school's financial statements were approved on _____ 2022 and signed by:

.....
 Name: John Mbuga
 B.O.M Chairman

.....
 Name: Joseph Njoroge
 B.O.M Secretary/Finance

.....
 Name: FELISTAS W' MBUGUA
 Bursar/finance



7 Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials	-	-	-	-	-	0%
Exercise books	539,925	-	539,925	539,926	-	100%
Laboratory equipment	312,588	-	312,588	312,588	-	100%
Internal exams	213,128	-	213,128	213,128	-	100%
Teaching / learning materials	170,503	-	170,503	170,503	-	100%
Chalks	142,084	-	142,085	142,08	-	100%
Exams and assessment	00	-	-	-	-	100%
Teachers guides	42,626	-	42,626	42,626	-	100%
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	1,533,651	-	1,620,652	1,620,652	-	100%
Repairs and maintenance	2,237,250	-	2,237,250	2,237,250	-	100%
Local transport / travelling	810,326	-	810,326	810,326	-	100%
Electricity and water	810,326	-	810,326	810,326	-	100%
Medical	87,000	-	87,000	87,000	-	100%
Administration costs	810,326	-	810,326	810,326	-	100%
Activity	-	-	-	-	-	0%
Gratuity	-	-	-	-	-	0%

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
SMASSE	-	-	-	-	-	0%

<i>(3) FEES CHARGED ON PARENTS</i>						
Personnel emoluments	-	-	-	-	-	0%
Repairs and maintenance	-	-	-	-	-	0%
Local transport / travelling	-	-	-	-	-	0%
Electricity and water	-	-	-	-	-	0%
Medical	-	-	-	-	-	0%
Administration costs	-	-	-	-	-	0%
Activity	-	-	-	-	-	0%
SMASSE	-	-	-	-	-	0%
Fee on lunch program	9,448,824	-	9,448,824	9,448,824	-	100%
<i>OTHER INCOME</i>						
Desks income	408,887	-	408,887	408,887	-	100%
Income from transfer cases	328,081	-	328,081	328,081	-	100%
Insurance compensation	-	-	-	-	-	0%
Income from Posho mill	-	-	-	-	-	0%
Income from Bus Hire	-	-	-	-	-	0%
Fee for hire of ground and equipment	-	-	-	-	-	0%
Interest income	-	-	-	-	-	0%
Income from any other investment	-	-	-	-	-	0%
TOTAL INCOME	17,895,525		17,895,525	17,895,525		

<i>(1) EXPENDITURE FOR TUITION</i>						
Textbooks and reference materials	00.00	00	00	00	00.00	100%
Exercise books	539,925	00	539,925	543,708	(3,783.28)	100.7%
Laboratory equipment	312,588	00	312,588	293,478	19,109.68	93.89%
Internal exams	213,128	00	213,128	223,622	(10,493.4)	104.93%
Teaching / learning materials	170,503	00	170,503	171,697	(1,194.72)	100.7%
Chalks	142,085	00	142,085	143,081	(995.60)	100.7%
Exams and assessment	00.00	00	00	00	00.00	0%
Teachers guides	42,626	00	42,626	42,924	(298.68)	100.7%
Administration costs	00	00	00	00	00.00	0%
Bank Charges	420	00	00	00	00	0%
	00	00	00	00	00	0%
<i>(2) EXPENDITURE FOR OPERATIONS</i>						
Personnel emoluments	1,620,652	00	1,620,652	2,650,180	(1,029,528)	163.5%
Repairs, maintenance & improvements	2,237,250	00	2,237,250	2,237,250	00	100%
Local transport / travelling	810,326	00	810,323	189,520	620,806	23.39%
Electricity, water and conservancy	810,326	00	810,326	87,270	723,055	10.76%
Medical	87,000	00	87,000	00	87,000	0%
			810,326			
Administration costs	810,326	00		1,627,457	(817,131)	200.8%
Activity Expenses	00	00	00	43,180	43,180	0%
Gratuity	00	00	00	00	00	0%
SMASSE	00	00	00	00	00	0%
<i>(3) EXPENDITURE FOR SCHOOL FUND</i>						
Personnel emoluments	00	00	00	00	00	0%

Repairs, maintenance and improvements	00	00	00	00	00	0%
Local transport / travelling	00	00	00	00	00	0%
Electricity, water and conservancy	00	00	00	00	00	0%
Medical Expenses	00	00	00	00	00	0%
Administration costs	00	00	00	00	00	0%
Activity	00	00	00	00	00	0%
Gratuity	00	00	00	00	00	0%
Lunch programme	4,597,607	00	4,597,607	4,519,099	78,508	51.9%
Desks	408,887	00	408,887	329,360.00	79,527	80.6%
Expenditure for Income from new transfer students	328,081	00	328,081	215,090.00	112,991	65.6%
Insurance costs	00	00	00	00	00	0%
Other expenses on investments	00	00	00	00	00	0%
Rent Expenses	00	00	00	00	00	0%
Bank Charges	00	00	00	00	00	0%
Loan Interest Repayment	00	00	00	00	00	0%
Loan Principal Repayment	00	00	00	00	00	0%
Acquisition of Assets	00	00	00	00	00	0%
TOTALS	17,250,201	00	17,250,201	13,316,916		-

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

- i. The terms were short and therefore saving on lunch*
- ii. In the year most of desks were repaired*

8 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 school fees from parents, 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 various sources when the event occurs, and the related cash has been received by the *school*. In addition, the *school* recognises all expenses when the event occurs, and the related cash has been paid out by the *school*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

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 an insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

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. Accounts receivables also include school fees billed to parents for services rendered but not paid. 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 the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditures incurred for the purchase of goods, works and services that have been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

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.

9 NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2021-2022	2021(jan-june)
	Kshs	Kshs
Textbooks and reference materials	00	00
Exercise books	539,925	161,184
Laboratory equipment	312,588	150,043
Internal exams	213,128	107,174
Teaching / learning materials	170,503	80,920
Chalks	142,085	26,793
Exams and assessment	00	00
Teachers guides	42,626	10,177
Total	1,420,854	535,868

2 CAPITATION GRANT FOR OPERATIONS

	2021-2022	2021(ja-june)
	Kshs	Kshs
Personnel emoluments	1,533,652	824,046
Repairs and maintenance	2,237,250	1,645,750
Local transport / travelling	810,326	412,023
Electricity and water	810,326	412,023
Medical	87,000	00
Administration costs	810,326	412,023
Activity	00	00
Total	6,288,879	3,705,864

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2021-2022	2021(jan-june)
	Kshs	Kshs
Lunch	9,393,923	4,075,953
Fees debtors recovered	00	00
Local transport / travelling	00	00
Electricity and water	00	00
Medical	00	00
Administration costs	00	00
Activity	00	00
Total	9,393,923	4,075,953

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2021-2022	2021(jan-june)
	Kshs	Kshs
Fee new students(transfers)	328,081	00
Desks	408,887	88,200
Income from farming activities	00	00
Insurance compensation	00	00
Income from Posho mill	00	00
Income from Bus Hire	00	00
Fee for hire of ground and equipment	00	00
Income from grants and donations*	00	00
Interest income	00	00
Dividends income	00	00
Total	736,968	88,200

6 PAYMENTS FOR TUITION

	2021-2022	2021(jan-june)
	Kshs	Kshs
Textbooks and reference materials	00	00
Exercise books	429,908	242,300
Laboratory equipment	521,078	132,870
Internal exams	353,622	61,720
Teaching / learning materials	171,697	36,900
Chalks	143,081	13,200
Exams and assessment	00.00	00
Teachers guides	42,924	00
Administration Costs	00	00
Bank Charges	420	240
Total	1,662,730	487,230

7 PAYMENTS FOR OPERATIONS

	2021-2022	2021(jan-june)
	Kshs	Kshs
Personnel emoluments	2,513,888	1,783,037
Service Gratuity	00	00
Administration Cost	1,663,370	415,420
Repairs and maintenance & improvements	00	86,575
Local transport / travelling	189,520	173,495
Electricity and water	107,270	32,500
Medical	87,000	00
Activity Expenses	43,180	128,500
SMASSE	00	00
Insurance Cost	00	00
Bank Charges	00	00
Acquisition of Assets	00	00
TOTAL	4,604,228	2,619,529

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BOARDING AND SCHOOL FUND PAYMENTS

	2021-2022	2021(jan-june)
	Kshs	Kshs
Personnel emoluments	00	00
Service Gratuity	00	00
Repairs and maintenance & Improvements	00	00
Local transport / travelling	00	00
Electricity and water	00	00
Medical Expenses	00	00
Administration costs	00	00
Lunch Programme	4401759	1,606,890
Bank Charges	12,660	3,120
Expenses on Desks	329,360	36,000
others	215,090	0
Rent Expenses	00	00
Insurance Cost (Life Property)	00	00
Loan Principal repayment	00	00
Loan Interest repayment	00	00
Acquisition of Assets	00	00
TOTAL	4,946,209	1,646,010

9 INFRASTRUCTURE

	2021-2022	2021(jan-june)
	Kshs	kshs
Bank charges	725	00
Total	725	00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2021-2022	2021(jan-june)
		Kshs	Kshs
Tuition Account	01021059855400	6,753.	154,884
Operations Account	01024059855400	582,223	1,099,997
School Fund Account/Boarding	0870296995118	3,903,636	1,367,158
Savings Account	-	-	-
Parent Association Development Account	-	-	-
Income generating activities Account	-	-	-
Infrastructural Account	01022242009200	2,612,775	-
Total		7,105,387	2,622,009

11 CASH IN HAND

Description	2021-2022	2021(jan-june)
	Kshs	Kshs
Tuition Account	-	-
Operation Account	2,201	106,843
School Fund account	534,905	72,671
Total	537,106	179,514

12 SHORT TERM INVESTMENTS

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

13 ACCOUNTS RECEIVABLE

Description	2021-2022	2021(jan-june)
	Kshs	Kshs
Fees arrears	6,059,025	3,428,736
Other non-fees receivables(overdrawn account)14	00	00
Salary advances	-	-
Imprest	-	-
Total	6,059,025	3,428,736

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

Description	2021-2022	2021(jan-june)
	Kshs	Kshs
Fees arrears for current year	2,816,787	1,383,726
Fees arrears for the previous year	1,208,955	00
Fees arrears for prior periods (over two years)	2,033,283	2,135,543
Total	6,059,025	3,428,736

Description	2021-2022	2021(jan-june)
	Kshs	Kshs
Non Fees arrears for current year	00	00
Non Fees arrears for the previous year		00
Non Fees arrears for prior periods (over two years)		00
Total	00	00

14 ACCOUNTS PAYABLE

Description	2021-2022	2021(jan-june)
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	1,076,153	101,500
Prepaid fees(appendix 1(b))	180,133	317,605
Retention monies	00	00
Total	1,256,286	419,105

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Include an ageing of the creditor's arrears below]

Description	2021-2022	2021(jan-june)
	Kshs	Kshs
Trade creditors for current year	1,076,153	101,500
Trade creditors for the previous year	00	00
Trade creditors for prior periods (over two years)	00	00
Total	1,076,153	101,500

15 FUND BALANCE BROUGHT FORWARD

Description	2021-2022	2021(jan-june)
	Kshs	Kshs
Bank balances	7,105,387	6,278
Cash balances	537,106	4,249
Short Term Investments	00	00
Receivables	6,149,558	2,231,506
Payables	(1,256,286)	(16,552)
Total	12,535,765	2,242,033

Other important disclosure notes

16 Non-current Liabilities Summary

Description	2021-2022	2021(ja-june)
	Kshs	Kshs
Bank loan(s)	00.00	00.00
Outstanding Leases	00.00	00.00
Hire purchase	00.00	00.00
Gratuity and leave provision	00.00	00.00
Total	00.00	00.00

17 Biological assets

Description	Numbers	2021-2022	2021(Jan-june)
Cattle		-	-
Goats		-	-
Trees		150,000.00	130,000.00
Coffee or tea plantation			
Poultry		-	
Total		130,000.00	130,000.00

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18 Borrowings

Description	2021-2022	2021(jan-june)
	KShs	KShs
a) Borrowings		
Borrowing at beginning of the year	00.00	00.00
Borrowings during the year	00.00	00.00
Repayments of during the year	(00.00)	(00.00)
Balance at end of the year	00.00	00.00

19 Stock/ Inventory

Description	2021-2022	2021(jan-june)
	KShs	KShs
b) Borrowings		
Stock/ inventory at beginning of the year	71,360.00	14,896.00
Stock/ inventory purchased during the year	5,051,409.00	11,333,465.00
Stock/ inventory issued during the year	(5,069,731.00)	(1,077,910)
Balance at end of the year	53,038.00	71,360.00

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20 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)

 Joseph Njoroge

 Sign and Date
 Principal



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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 2022 d=a-c Kshs	Outstanding Balance 2022 Kshs
Construction of buildings					
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-
Sub-Total	-	-	-	-	-
Supply of goods (RUTH NJOKI MUIRURI	55,990.00			55,990.00	55,990.00
4. MURERA MINI STORES	339,100	05/6/2022		339,100.00	339,100.00
5. BEEJER INVESTMENT	131,800.00	02/6/2022		131,800.00	131,800.00
6. HOPEWING SUPPLIERS	130,000.00	02/6/2022		130,000.00	130,000.00
7. GELKY LAB CHEMICALS & EQUIPMENT	313,800.00	07/4/2022	200,000.00	113,800.00	113,800.00
Sub-Total	970,690.00		200,000.00	770,690.00	770,690.00
Supply of services					
7. B.O.M STAFF SALARIES	249,550.00	29/26/2022		249,550.00	249,550.00
8. STEPHEN KIMANI NDUNGU	35,913.00	29/5/2022		35,913.00	35,913.00
9. KENYA POWER & LIGHTING CO	20,000.00			20,000.00	20,000.00
Sub-Total	305,463.00		00.00	305,463.00	305,463.00
Grand Total	1,276,153.00		200,000.00	1,076,153.00	1,076,153.00

1) b PRE PAID PEES KSH 180,133.00

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

s.no	Asset	quantity
1	land	5 hectares
2	Building structures-classrooms	10
3	library	1
4	laboratory	2
5	Ict equipment	3
	Desktops	
	laptop	1
	printers	2
	projectors	2
	bluetooth	1
6	Jembes&fork jembes	18
7	Software(rolan)	1
8	Lesos	53
9	Office equipment,furnitures and fittings	
	Chairs executive	4
	Plastic chairs	20
	ordinary	28
	tables	35
10	Dinning&library tables	22
11	Kitchen utensils	
	Energy saving jikos	5
	Serving sufurias	5
	Serving bowls&basins	41
	Serving spoons& scopers	40
	Plates-melamine	28
	plastics	100
	Cups- plastics	100
	-ceramic	32