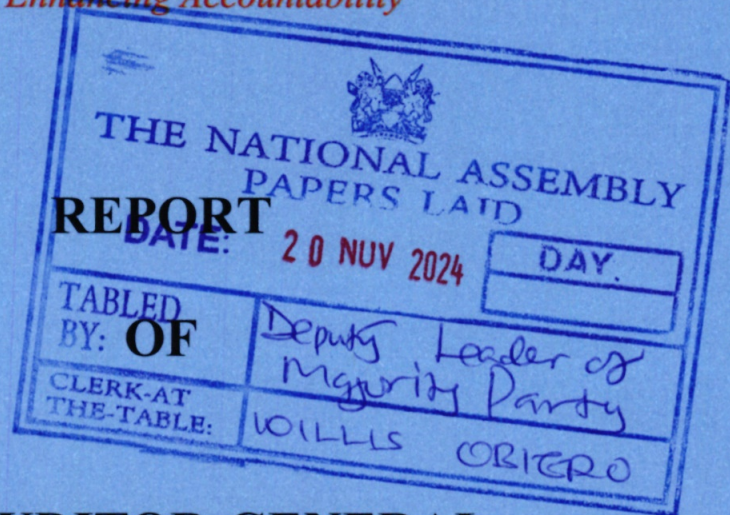


REPUBLIC OF KENYA



*Enhancing Accountability*



**THE AUDITOR-GENERAL**

**ON**

**OTHAYA BOYS HIGH SCHOOL**

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

**NYERI COUNTY**



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***OTHAYA BOYS HIGH SCHOOL***  
**PUBLIC SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2022**

---

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

*(Othaya Boys High School)*

**Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022**

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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 **Nyeri County, Nyeri South Sub-County**.

The school was registered in **March(03)/2012** under Re-registration number **19S00300167** and is currently categorized as an **Extra County school** established, owned or operated by the Government.

The school is a boarding school and had **1369** number of students as at **30<sup>th</sup> June 2022**.

It had **7** streams in Forms **1 – 2** and **6** streams in Form **3 - 4** and **64** teachers of which **13** 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.	Ven. Prof. Wangari Mwai, OGW	Chairman	2022
2.	Mr. Waititu Edward Muchunu	Secretary - Principal	DEC 2017/JAN 2018
3.	Mrs. Margaret Wangechi Gichuhi	Member – Rep CEB	2022
4.	Mr. Wambugu Douglas Kibira	Member Rep Teachers	2022
<b>3 Members - Sponsor</b>			
5.	Ven. Prof. Wangari Mwai, Ogw	Sponsor	2022
6.	Mr. Allan Mwangi Wanjohi	Sponsor	2022
7.	Rev. Samuel Njoroge Kamau	Sponsor	2022
<b>Member -Community</b>			
8.	Ms. Winfred Wangui Mwai	Community	2022
9.	Dr. Joseph Kiragu	Community	2022
10.	Mrs. Margaret Wangechi Gichuhi	Community	2022
11.	Ms. Tabitha Wanjira Mutero	Community	2022
12.	Mr. Joe Gachii	Community	2022
13.	Dr. Paul Kibicho	Community	2022
14.	Ms. Agnes Njambi Mubeu	Member Special Needs	2022
15.	Mr. Kamande Moses Gitau	Rep Students	2022

**Key School Information and Management (Continued)**

**The function of the School Board of Management include:**

- Promote the best interests of the School and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013
- Ensure and assure the provision of proper and adequate facilities for the School
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the School.
- Determine cases of pupils' discipline and make reports to the CEB
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB
- Administer and manage the resources of the School
- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule para 21 and 23 of the Basic Education Act, 2013.

**(c) Committees of the Board**

Ref	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1.	<b>Executive Committee</b>			
		Ven. Canon Prof. Wangari Mwai, OGW	Bom Chairman	2
		Dr. Michael Musyoka	Pa Chairman	2
		Margaret Wangechi Gichuhi	Bom Member	2
		Tabitha Mutero	Bom Member	2
		Waititu Edward Muchunu	Principal	2

2.	<b>Audit Committee</b>		
		Joe Gachii	2
	D	Dr. Paul Kibicho	2
		Tabitha Wanjira Mutero	2
3.	<b>Finance, procurement and general purposes Committee</b>		
		Joe Gachie	Bom Member 2
		Rev. Samuel Njoroge Kamau	Bom Member 2
		Dr. Michael Musyoka	Pa Chairman 2
		Eng. Benjamin Maingi	Bom Member 2
		Jane Muthoni Karihe	Bom Member 2
4.	<b>Academic Committee</b>		
		Dr. Michael Musyoka	Pa Chairman 2
		Waititu Edward Muchunu	Bom Secretary 2
		Theuri Alexander Nduhiu	D/Principal (Admin.) 2
		Ondunga Charles	D/Principal Acad. 2
		Douglas Kibira Wambugu	Dean Of Studies 2
5.	<b>Development Committee</b>		
		Ven Canon Prof. Wangari Mwai	Bom Chairman 2
		Dr. Micheal Musyoka	Pa Chairman 2
		Eng. Benjamin Maingi	Bom Member 2
		Dr. Joseph Kiragu	Bom Member 2
		Waititu Edward Muchunu	Principal 2
		Nduhiu Alexander Theuri	D/Principal (Admin.) 2
		Ondunga Charles	D/Principal Acad. 2

6.	Discipline and welfare Committee			
		Waititu Edward Muchunu	Principal	2
		Nduhiu Alexander Theuri	D/Principal (Admin.)	2
		Ondunga Charles	D/Principal Acad	2
		Ven Canon Prof Wangari Mwai	BOM Chairman	2
		Dr. Micheal Musyoka	PA Chairman	2
		Allan Wanjohi Mwangi	BOM V/Chairman	2
		Winfred Wangui Mwai	BOM Member	2
		Rev. Samuel Njoroge Kamau	BOM Member	2
			Bom Member	2

**(d) School operation Management**

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

Ref:	Designation	Name	TSC Number
1	Principal	WAITITU E.M	335464
2	Deputy Principal	NDUHIU ALEXANDER	421998
3	Deputy Principal	ONDUNGA CHARLES	334647
4	School Bursar	JAMES MAINA	13543239

**(e) Schools contacts**

Post Office Box: 64-10106 OTHAYA  
Telephone: 0729 126 196  
E-mail: othayaboys@sc.ke  
Website: [othayaboys.sc.ke](http://othayaboys.sc.ke)

**Key School Information and Management (Continued)**

**(f) School Bankers**

The school operates thirteen (13) Kenya Shillings bank accounts and three (3) Pay bill numbers attached to the school fund accounts.

<b>Bank</b>	<b>Account Name</b>	<b>Account No</b>
Kenya Commercial Bank (Othaya)	School Fund Account/Boarding	1101547626
Kenya Commercial Bank (Othaya)	School Operations Account	1101563737
Kenya Commercial Bank (Othaya)	School Tuition Account	1101549068
Kenya Commercial Bank (Othaya)	Income Generating Canteen	1296993795
Kenya Commercial Bank (Othaya)	Savings Account	1103061208
Kenya Commercial Bank (Othaya)	Infrastructure account	1268388262
Equity Bank of Kenya(Othaya)	School Fund Account/Boarding	80294033060
Equity Bank of Kenya(Othaya)	Harambee/Donation Account	80275939463
Equity Bank of Kenya(Othaya)	Income Generating Canteen	80267918260
Equity Bank of Kenya(Othaya)	Bio Gas project Account	80260385251
Equity Bank of Kenya(Othaya)	Tuition Account	80290195365
Equity Bank of Kenya(Othaya)	Parents Teachers Account	80267918020
Taifa Sacco (Othaya Town)	Income Generating TAIFA Saccoco	402 – 003 4300
Account Number: 38071K	MPESA Pay Bill No. 522123	Attached to bank account 1101547626
Account Number: 7646464	MPESA Pay Bill No. 522533	Attached to bank account 1101547626
Account Number: 646465	MPESA Pay Bill No.247247	Attached to bank account 80294033060

**(g) Independent Auditors**

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

## II. Summary Report Of Performance Of The School

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

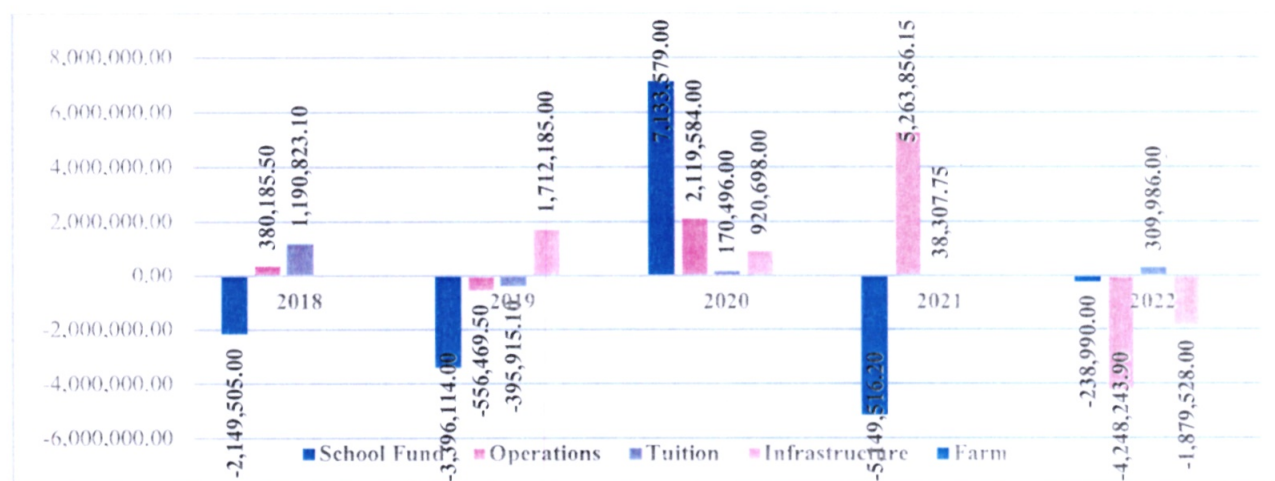
### a) Financial performance:

Under this section, it reflects the actual financial performance trend for the last three years period between 1<sup>st</sup> January 2019 to 30<sup>th</sup> June 2022 which covers a period of 12 months while

30<sup>th</sup> June 2021 covers a period of 6 months and is summarised as follows:

SURPLUS/DEFICIT FOR THE YEAR AND A COMPARISON OF THE SAME FOR THE LAST FOUR YEARS					
SNO	ACCOUNTS	2022	2021	2020	2019
		Kshs	Kshs	Kshs	Kshs
1	School Fund Account	-238,990.00	-5,149,516.20	7,133,579.00	-3,396,114.00
2	Operations Account	-4,248,243.90	5,263,856.15	2,119,584.00	-556,469.50
3	Tuition Account	309,986.00	38,307.75	170,496.00	-395,915.10
4	Infrastructure Account	15,367	0.00	920,698.00	1,712,185.00
	<b>TOTAL</b>	<b>-4,161,881</b>	<b>1,526,477.00</b>	<b>10,344,357.00</b>	<b>-2,636,313.60</b>
	<b>Increase/Decrease</b>	<b>-2,635,404</b>	<b>2,025,008.68</b>	<b>7,708,043.40</b>	<b>-3,214,810.00</b>

Trend Over the Last Three Years

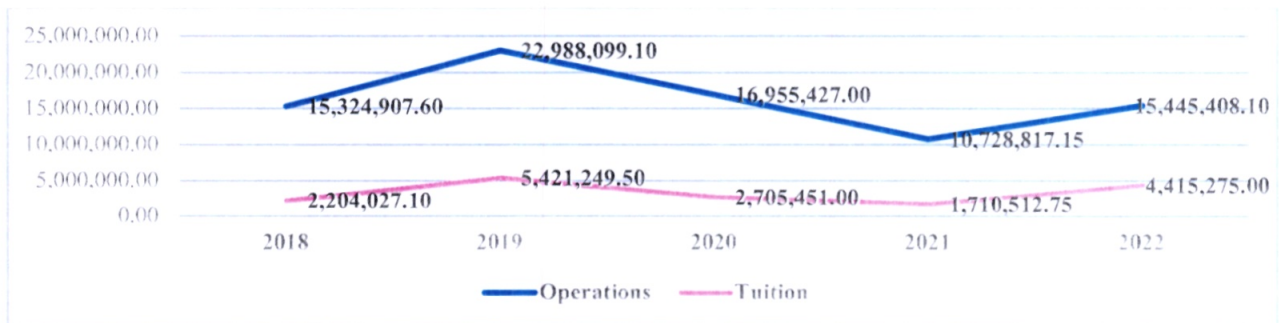


SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL(Continued)

CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE LAST THREE YEARS					
SNO	ACCOUNTS	2022	2021	2020	2019
		KSHS	KSHS	KSHS	KSHS
1	Operations Account	15,445,408.10	10,728,817.15	16,955,427.00	22,988,099.10
2	Tuition Account	4,415,275.00	1,710,512.75	2,705,451.00	5,421,249.50
	<b>Total</b>	<b>19,860,683.10</b>	<b>12,439,329.90</b>	<b>19,660,878.00</b>	<b>28,409,348.60</b>
	<b>Increase/Decrease</b>	<b>7,421,353.20</b>	<b>(7,221,548.10)</b>	<b>(8,748,470.60)</b>	<b>10,880,413.90</b>
	No of Students	1400	1420	1313	1243
	<b>Ratio of Capitation per student</b>	<b>1:14186</b>	<b>1:8760.09</b>	<b>1:14974.01</b>	<b>1:22855.47</b>



Trend Over the Last Three Years



**SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL(Continued)**

<b>OVERVIEW OF NET GROWTH OF OTHER INCOME(S) (Note 21)</b>					
<b>SNO</b>	<b>ACCOUNTS</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
		<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>
1	Tender				
2	Farm				
3	Accommodation				
4	Students' Id card				
	<b>Total</b>				

<b>OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL</b>					
<b>SNO</b>	<b>ACCOUNTS</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
		<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
1	School Fund Account	139,446,670	31,905,048.20	57,444,720.30	88,360,945.00
2	Operations Account	19,693,652	5,464,961.00	16,712,673.00	23,167,737.60
3	Tuition Account	4,105,289	1,161,800.00	2,733,005.00	5,957,249.60
4	Infrastructure Account	6,549,633		7,388,698.00	5,715,815.00
5	Farm Account				
	<b>Total</b>	<b>169,795,244</b>	<b>38,531,809.20</b>	<b>84,279,096.30</b>	<b>123,201,747.20</b>
	<b>Increase/Decrease</b>	<b>131,263,435</b>	<b>(45,747,287.10)</b>	<b>(38,922,650.90)</b>	<b>29,130,123.50</b>

**SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL(Continued)**

<b>MOVEMENT OF DEBTORS OF THE SCHOOL</b>					
<b>SNO</b>	<b>ACCOUNTS</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>1</b>	<b>School Fund Account</b>	<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>
a	Debtors	30,122,550.90	25,361,192.20	23,806,839.20	21,509,973.20
	<b>Total</b>	<b>30,122,550.90</b>	<b>25,361,192.20</b>	<b>23,806,839.20</b>	<b>21,509,973.20</b>
	<b>Increase/Decrease</b>	<b>4,761,358.70</b>	<b>1,554,353.00</b>	<b>2,296,866.00</b>	<b>467,395.00</b>

<b>MOVEMENT OF CREDITORS OF THE SCHOOL</b>					
<b>SNO</b>	<b>ACCOUNTS</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>1</b>	<b>School Fund Account</b>	<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>
a	Creditors	18,926,753.90	27,750,806.00	21,373,582.00	27,011,535.00
	<b>Total</b>	<b>18,926,753.90</b>	<b>27,750,806.00</b>	<b>21,373,582.00</b>	<b>27,011,535.00</b>
	<b>Increase/Decrease</b>	<b>(8,824,052.10)</b>	<b>6,377,224.00</b>	<b>(5,637,953.00)</b>	<b>(1,201,969.00)</b>

**SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL(Continued)**

MOVEMENT OF CASH AND BANK BALANCES					
SNO	ACCOUNTS	2022	2021	2020	2019
		KSHS	KSHS	KSHS	KSHS
1	School Fund Account	(487,527.65)	(248,538.05)	(501,036.55)	(2,561,053.55)
2	Operations Account	1,299,966.15	5,548,210.05	284,353.90	41,599.90
3	Tuition Account	880,631.75	570,645.75	21,933.00	49,487.00
4	Infrastructure Account	808,249.00	792,882	920,698.00	1,712,185.00
5	Savings Account	1,348,199.00	1,205,757.00		
	<b>Total</b>	<b>4,337,045.90</b>	<b>8,117,494.80</b>	<b>725,948.35</b>	<b>(757,781.65)</b>
	<b>Increase/Decrease</b>	<b>3,780,448.90</b>	<b>7,391,546.45</b>	<b>1,483,730.00</b>	<b>(1,037,511.60)</b>

b) **Teacher Student ratio:**

There are 51 teachers posted by the Teachers Service Commission and 13 recruited by the Board of Management.

Although the teacher student ratio lies at 1:28, we have a shortage of 20 teachers from the given CBE of 71 teachers. This is due to subject specialization in Form 3 and Form 4

c) Mean score in the 2019,2020 and 2021 KCSE:

YEAR	ENROLMENT	MEAN	TRANSITION	TRANSITION (%)	SCHOOL TARGET	COMMENTS
2021	325	7.05	199	61.2	8.9	Negative deviation in transition rate. The least grade was C-(37) out of 290 all qualified for middle level colleges and university
2020	259	8.10	209	80.7	8.9	Positive deviation of 2.0 in transition rate. The least grade was a C (11) out of 243 all qualified for middle level colleges and university.
2019	272	7.36	76	64.71	8.9	Positive deviation of 12.0 in transition rate and 1.4718 in the mean grade. Among top 20 schools in the country. The best performance in the last 5 years.

d) Number of Candidates in the 2019, 2020 and 2021 KCSE:

2021	2020	2019
325	259	272

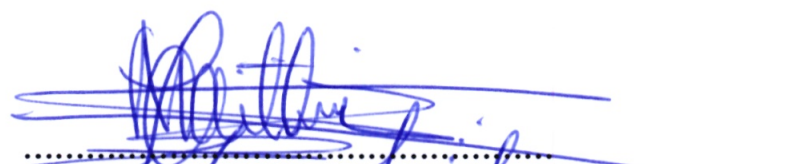
e) Capacity of the school:

No. of students	Dormitories	Dining hall	Laboratories	Toilets	Classes
1,369	15	1	3	76	24

*Summary Report of the Performance of the School (Continued)*

**f) Development projects carried out by the school:**

Sno.	Project	Year	Status	Amount	Fund Source
1.	Renovation and extension of Liberia A and B	2021	Completed	4,764,261.00	Maintenance & Improvement
2.	100 deckers for the new dormitory extension	2021	Completed	1,300,000.00	Maintenance & Improvement
3.	New students classroom desks and chairs	2021	Completed	900,000.00	Maintenance & Improvement
4.	Renovation of 2 classrooms	2021	Completed	224,100.00	Maintenance & Improvement
5.	Renovation of 16 door ablution block	2021	Completed	1,437,500	Maintenance & Improvement
6.	Proposed 3 door toilet	2021	Completed	181,210.00	Maintenance & Improvement
7.	Dining hall and kitchen repairs	2021	Completed	384,000.00	Maintenance & Improvement
8.	Renovation and conversion of a wooden dormitory	2020	Completed	4,135,390.00	Maintenance & Improvement
9.	Purchase of 115 new double decker beds	2020	Completed	1,362,759.00	Maintenance & Improvement
10.	Completion of Ramp –Connecting classes	2019	Completed	5,249,880.00	Maintenance & Improvement
11.	Extension of the Kitchen block	2019	Completed	1,993,780.00	Maintenance & Improvement

  
.....  
School Principal 15/09/2023

### III. Statement Of School Management Responsibility

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

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

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

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

.....  
.....

**Name: VEN. CANON PROF WANGARI MWAI**

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

**Date:** 15.02.2023

.....  
.....  
**Name: WAITITU E.M**

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

**Date:** 15/02/2023

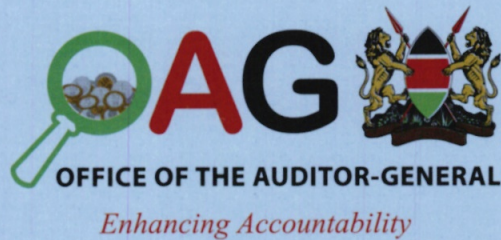
.....  
.....  
**Name: JAMES MAINA BENSON**

**Designation:** Bursar/ Finance Officer

**Date:** 15/02/2023

# 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 OTHAYA BOYS HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - NYERI COUNTY**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Othaya Boys High School - Nyeri County set out on pages 1 to 20, which comprise of the statement of financial assets and

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Othaya Boys High School -Nyeri County as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Capitation Grants**

The statement of receipts and payments reflects capitation grants for tuition and operations amounts of Kshs.4,415,275 and Kshs.15,536,408, respectively as disclosed in Note 1 and Note 2 to the financial statements. However, review of records provided for audit revealed that there were discrepancies between the data held by the County Director of Education (CDE), National Education Management Information System (NEMIS) and the School records relating to the enrolment of students.

During the financial year 2021/2022, the NEMIS reported a total of 1,040 students while the enrolment records provided by the School indicated a total of 1,377 students, which resulted in a variance of 337 students outside the NEMIS system. As a result of the variance, the School was underfunded by Kshs.4,706,274 during the year under review. In addition, it was noted that the School had students who were not registered in NEMIS due to lack of birth certificates or duplicate birth certificate numbers.

In the circumstances, the accuracy and completeness of the capitation grants for tuition and operations amounts of Kshs.4,415,275 and Kshs.15,536,408, respectively could not be confirmed.

### **2. Unsupported Cash and Cash Equivalents**

The statement of financial assets and financial liabilities reflects a balance of Kshs.3,849,518 in respect to total cash and cash equivalents which includes bank balances of Kshs.2,260,780, cash balances of Kshs.240,539 and short-term investments balances of Kshs.1,348,199. However, monthly bank reconciliation statements and board of survey reports were not provided for audit.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.3,849,518 could not be confirmed.

### **3. Long Outstanding Accounts Receivables**

The statement of financial assets and financial liabilities reflects a balance of Kshs.30,085,451 as accounts receivable and as disclosed in Note 13 to the financial statements. Included in trade receivables are long-outstanding receivables of Kshs.22,073,551 in respect of students' arrears which have been outstanding for more than two (2) years. Management has not demonstrated any measures put in place to recover the outstanding students' debts.

In the circumstances, the recoverability and completeness of the long outstanding students' fees arrears of Kshs.22,073,551 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Othaya Boys High School-Nyeri 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 qualified opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

### **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2022

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

### **Conclusion**

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

## **Basis of Conclusion**

### **1. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association**

Review of documents revealed that the School transferred co-curricular funds totaling Kshs.1,899,020 to Kenya Secondary School Heads Association (KESSHA) which is a private entity that is not subject to the Public Finance Management Act, 2012 without authority or law governing such payments. The funds were wired from Government operation capitation grants account. The transfer to KESSHA is not supported by any legal framework since it's a welfare organization that draws its membership from Schools Principals only.

This is contrary to Regulation 23(2)c of the Public Finance Management (National Government) Regulations, 2015 which states that an Accounting Officer shall, before transferring any funds to an entity within or outside Government, ensure that there is a written assurance from the entity that it shall implement effective, efficient and transparent financial management and internal control systems, or, if such written assurance is not or cannot be given, render the transfer of the funds subject to conditions and remedial measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems.

In the circumstances, the validity of the transfer of Kshs.1,899,020 could not be confirmed and the expenditure was not a proper charge to public funds.

### **2. Long Outstanding Accounts Payables**

The statement of assets and liabilities reflects accounts payables amounting to Kshs.18,926,754 which as disclosed in Note 14 to the financial statements includes Kshs.15,927,736 owed to various suppliers. However, review of the aging analysis revealed that a total of Kshs.1,922,802 has remained unpaid for over two years.

In the circumstances, failure to settle pending bills in the year to which they relate adversely affects the subsequent year's budget provisions, since the bills form a first charge to that year's budget provisions.

### **3. Excess Supply of Books**

Review of stores records revealed that the School received excess 2,454 books for various subjects. Further, the School received Islamic Religious Education textbooks from the Ministry of Education which is not among the subjects offered in the school.

In the circumstances, value for money obtained from the excess textbooks could not be confirmed.

### **4. Late Submission of Financial Statements to the Auditor-General**

The financial statements for the year 2021/2022 were submitted on 15 February 2023 to the Auditor-General and not on the statutory date of 30 September 2022. This is contrary

to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements to be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

In the circumstances, the 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, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **Lack of Land Ownership Documents**

Review of documents revealed that the School occupies 25 acres of land without the requisite ownership documents. In absence of these legal documents, the authentic ownership of the parcel of land and the accuracy of the reported valuation could not be confirmed.

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 those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 cease operations.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

27 September, 2024

V. Statement Of Receipts And Payments Period To 30<sup>th</sup> June 2022

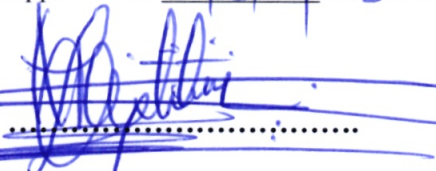
Description Of Vote Head	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Receipts</b>			
Capitation grants for tuition	1	4,415,275	1,710,513
Capitation grants for operations	2	15,536,408	10,728,817
School fund income- parents' contributions	3	26,828,837	8,781,101
Infrastructure	4	6,565,000	792,882
School fund income- other receipts	5	112,378,843	23,376,446
<b>Total Receipts</b>		<b>165,724,363</b>	<b>45,389,759</b>
<b>Payments</b>			
Payments for tuition	6	4,105,289	1,161,800
Payments for operations	7	19,784,652	5,464,961
Boarding and school fund payments	8	139,446,670	31,905,048
Infrastructure	9	6,549,633	
Farm			
<b>Total Payments</b>		<b>169,886,244</b>	<b>38,531,809</b>
<b>Surplus/Deficit</b>		<b>(4,161,881)</b>	<b>6,857,950</b>

The school financial statements were approved on 15/02 2023 and signed by:

  
.....  
VEN CANON PROF  
WANGARI MWAI

Chair BOM

Date: 15.02.2023

  
.....  
WAITITU E.M  
School Principal/ Secretary to  
BOM

Date: 15/02/2023

  
.....  
JAMES MAINA BENSON

Bursar/ Finance Officer

Date: 15/02/2023

VI. Statement Of Financial Assets And Financial Liabilities As At 30<sup>th</sup> June 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	10	2,260,780	6,586,956
Cash balances	11	240,539	76,244
Short term Investments	12	1,348,199	1,205,757
<b>Total cash and cash equivalent</b>		<b>3,849,518</b>	<b>7,868,957</b>
Accounts receivables	13	30,085,451	25,785,630
<b>Total financial assets</b>		<b>33,934,969</b>	<b>33,654,587</b>
<b>Financial liabilities</b>			
Accounts payables	14	(18,926,754)	(27,750,806)
<b>Net financial assets</b>		<b>15,008,215</b>	<b>5,903,781</b>
<b>Represented by</b>			
Accumulated fund b/fwd	15	19,170,096	(954,169)
Surplus/deficit for the year		(4,161,881)	6,857,950
<b>Net financial position</b>		<b>15,008,215</b>	<b>5,903,781</b>

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

  
VEN CANON PROF  
WANGARI MWAI

Chair BOM

Date: 15-02-2023

  
WAITITU E.M  
School Principal/ Secretary to  
BOM

Date: 15/02/2023

  
Name: JAMES MAINA  
BENSON

Bursar/ Finance Officer

Date: 15/02/2023

VII. Statement of Cash Flows for The Period Ended 30<sup>th</sup> June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Operating activities</b>			
<b>Receipts</b>			
Capitation grants for tuition	1	4,415,275	1,710,513
Capitation grants for operations	2	15,536,408	10,728,817
School fund income- parents contributions/ fees	3	26,828,837	8,781,101
Infrastructure	4	6,565,000	792,882
School fund income- other receipts	5	112,378,843	23,376,446
<b>Total receipts</b>		<b>165,724,363</b>	<b>45,389,759</b>
<b>Payments</b>			
Payments for tuition	6	4,105,289	1,161,800
Payments for operations	7	19,784,652	5,464,961
Boarding and school fund payments	8	139,446,670	31,905,048
Infrastructure	9	6,549,633	
<b>Total payments</b>		<b>169,886,244</b>	<b>38,531,809</b>
<b>Net cash flow from operating activities</b>		<b>(4,161,881)</b>	<b>6,857,950</b>
<b>Cashflow from investing activities</b>			
Proceeds from sale of assets			
Acquisition of assets			
Proceeds from investments	12	142,442	1,205,757
Purchase of investments			
<b>Net cash flows from investing activities</b>		<b>142,442</b>	<b>1,205,757</b>
<b>Cashflow from borrowing activities</b>			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
<b>Net cash flow from financing activities</b>		<b>(4,019,439)</b>	<b>8,063,707</b>
<b>Net increase in cash and cash equivalents</b>		<b>(4,019,439)</b>	<b>8,063,707</b>
<b>Cash and cash equivalent at beginning of the year</b>		<b>7,868,957</b>	<b>(194,750)</b>
<b>Cash and cash equivalent at end of the year</b>		<b>3,849,518</b>	<b>7,868,957</b>

VIII. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30<sup>th</sup> 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
<b>Receipts</b>						
<i>(1) Capitation Grant on Tuition</i>						
Textbooks And Reference Materials	1,880,753		1,880,753		1,880,753	0.00%
Exercise Books	841,034		841,034		841,034	0.00%
Laboratory Equipment	1,977,781		1,977,781		1,977,781	0.00%
Internal Exams	938,859		938,859		938,859	0.00%
Teaching / Learning Materials	119,525		119,525	3,551,378	-3,431,853	2971.24%
Chalks	28,259		28,259	0	28,259	0.00%
Exams And Assessment	0		0	863,897	-863,897	0
Teachers Guides	15,388		15,388	0	15,388	0.00%
<b>SUB-TOTAL</b>	<b>5,801,600</b>		<b>5,801,600</b>	<b>4,415,275</b>	<b>1,386,324</b>	<b>76.10%</b>
<i>(2) Capitation Grant on Operations</i>						
Personnel Emoluments	8,157,000.00		8,157,000	4,853,329	3,303,671	59.49%
Repairs And Maintenance	7,000,000.00		7,000,000	5,527,750	1,472,250	78.96%
Local Transport / Travelling	2,286,200.00		2,286,200.00	970,666	1,315,534	42.45%
Electricity And Water	911,400.00		911,400.00	2,911,997	-2,000,597	-319.5%
Medical	2,800,000.00		2,800,000.00	0	2,800,000	0%
Administration Costs	2,185,400.00		2,185,400.00	1,061,666	1,123,734	48.57%
Activity	2,185,400.00		2,185,400.00	211,000	1,974,400	9.65%
<b>SUB-TOTAL</b>	<b>25,525,400</b>		<b>25,525,400</b>	<b>15,536,408</b>	<b>9,988,992</b>	<b>60.86%</b>

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
<b><i>(3) Fees Charged on Parents</i></b>						
Personnel Emoluments	6,020,000		6,020,000	8,553,915	-2,533,915	142.09%
Repairs And Maintenance	2,800,000		2,800,000	3,541,248	-741,248	126.47%
Local Transport / Travelling	2,625,000		2,625,000	2,752,175	-127,175	104.84%
Electricity And Water	6,300,000		6,300,000	6,301,216	-1,216	100.01%
Medical	0		0	0	0	0%
Administration Costs	3,990,000		3,990,000	4,897,048	-907,048	122.73%
Activity	350,000		350,000	783,235	-433,235	223.78%
<b>SUB-TOTAL</b>	<b>22,085,000</b>		<b>22,085,000</b>	<b>26,828,837</b>	<b>-4,743,837</b>	<b>102.36%</b>
<b><i>Other Income</i></b>						
Fee On Boarding Equipment and Stores	34,664,000	12,600,000	47,264,000	44,160,131	3,103,869	127.39%
Rent Income	138,900		138,900	138,900		100%
Income From Farming Activities	778,000		778,000	778,000		100%
Bursary funds	10,682,787		10,682,787	10,682,787		100%
Contingencies	2,373,979		2,373,979	2,373,979		100%
University app fee	175,620		175,620	175,620		100%
Transfer from Canteen	700,000		700,000	700,000		100%
Exercise books	3,425		3,425	3,425		100%
Fee For Hire of Ground and Equipment	35,500		35,500	35,500		100%
Caution	198,000		198,000	198,000		100%
Damages	5,037,232		5,037,232	5,037,232		100%

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
Library fee	1,585		1,585	1,585		100%
Pocket money	537,900		537,900	537,900		100%
Fees Arrears	2,043,681		2,043,681	2,043,681		100%
Christian union	28,800		28,800	28,800		100%
Catholic Action	2,200		2,200	2,200		100%
Donations	1,883,035		1,883,035	1,883,035		100%
Transfer from Savings	1,540,000		1,540,000	1,540,000		100%
Postal Corporation	4,500		4,500	4,500		100%
Prepaid fees	2,999,018		2,999,018	2,999,018		100%
Student Id card	7,590		7,590	7,590		100%
Transfer from Equity tuition	17,713,000		17,713,000	17,713,000		100%
Uniform	21,333,960		21,333,960	21,333,960		100%
<b>Sub- Total</b>	<b>102,882,712</b>		<b>102,882,712</b>	<b>112,378,843</b>		<b>109.23%</b>
Infrastructure	6,565,000		6,565,000	6,565,000		100%
<b>Total Income</b>	<b>162,859,712</b>		<b>162,859,712</b>	<b>165,724,363</b>	<b>-2,864,651</b>	<b>188.16%</b>
<b>(1) Expenditure For Tuition</b>						
Textbooks And Reference Materials	1,880,753		1,880,753	176,700	1,704,053	9%
Exercise Books	841,034		841,034	2,359,200	-,1518,166	28%
Laboratory Equipment	1,977,781		1,977,781	1,298,209	679,572	65%
Internal Exams	938,859		938,859	0	938,859	0%
Teaching / Learning Materials	119,525		119,525	271,180	-151,655	226%
Chalks	28,259		28,259		28,259	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
Exams And Assessment						
Teachers Guides	15,388		15,388		15,388	0%
Administration Costs						
<b>SUB-TOTAL</b>	<b>5,801,600</b>		<b>5,801,600</b>	<b>4,105,289</b>	<b>1,696,311</b>	<b>70.76%</b>
<b>(2) Expenditure For Operations</b>						
Personnel Emoluments	8,157,000		8,157,000	7,074,691	1,082,309	86%
Repairs, Maintenance & Improvements	7,000,000		7,000,000	6,565,000	435,000	93.78%
Local Transport / Travelling	2,286,200		2,286,200	0	2,286,200	0%
Electricity, Water and Conservancy	911,400		911,400	3,143,044	-2,231,644	344.85%
Medical	2,800,000		2,800,000	0	2,800,000	0%
Administration Costs	2,185,400		2,185,400	437,660	1,747,740	20.02%
Tuition A/c				863,897	-863,897	0.00%
Activity Expenses	2,185,400		2,185,400	1,625,860	559,540	74.39%
School fund				43,500	-43,500	0.00%
Sundry creditors				31,000	-31,000	0.00%
<b>SUB-TOTAL</b>	<b>25,525,400</b>		<b>25,525,400</b>	<b>19,784,652</b>	<b>5,740,748</b>	<b>73.83%</b>
<b>(3) Expenditure For School Fund</b>						
Personnel Emoluments	9,802,800		9,802,800	6,013,772	3,789,028	61.34%
Repairs, Maintenance and Improvements	2,800,000		2,800,000	5,310,068	-2,510,068	189.64%
Local Transport / Travelling	4,901,400		4,901,400	2,960,197	1,941,203	60.39%
Electricity, Water and Conservancy	4,901,400		4,901,400	3,590,791	1,310,609	73.26%

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
Medical Expenses	0.00		0.00	194,785	-194,785	0%
Administration Costs	4,901,400		4,901,400	10,307,796	-5,406,396	210.3%
Activity	1,050,000		1,050,000	116,210	933,790	11.06%
Boarding Equipment and Stores	34,664,000	12,600,000	47,264,000	39,152,946	8,111,054	82.83%
Creditors paid	7,995,909		7,995,909	7,995,909		100%
Pocket money refunded	611,135		611,135	611,135		100%
Expenses On Income Generating Activities	1,036,839		1,036,839	1,036,839		100%
Caution refund	1,000		1,000	1,000		100%
University App. fee	161,500		161,500	161,500		100%
Uniforms	18,155,270		18,155,270	18,155,270		100%
Damages	7,210,840		7,210,840	7,210,840		100%
Contingencies	2,129,824		2,129,824	2,129,824		100%
Caution refund	1,000		1,000	1,000		100%
Bursary funds	10,595,379		10,595,379	10,595,379		100%
Transfer to Equity Tuition A/c	16,890,263		16,890,263	16,890,263		100%
Christian Union	29,590		29,590	29,590		100%
Catholic Action	15,700		15,700	15,700		100%
Postal Corporation	4,500		4,500	4,500		100%
Facility hire	14,800		14,800	14,800		100%
Refundable fees	197,052		197,052	197,052		100%
Transfer to Equity	1,826,615		1,826,615	1,826,615		100%
Prepayments	4,611,754		4,611,754	4,611,754		100%
Donations/Grants	310,745		310,745	310,745		100%

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
<b>Sub-total</b>	<b>134,820,715</b>	<b>12,600,000</b>	<b>147,420,715</b>	<b>139,446,670</b>		<b>94.59%</b>
Infrastructure	6,549,633		6,549,633	6,549,633		100%
<b>Totals</b>	<b>172,697,348</b>	<b>12,600,000</b>	<b>185,297,348</b>	<b>169,886,244</b>	<b>15,411,104</b>	<b>158.84%</b>

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

- i. Xxx
- ii. Xxx

## IX. Significant Accounting Policies

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

### 1. Statement of compliance and basis of preparation

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

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

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

### 2. Recognition of receipts and payments

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

### 3. In-kind contributions

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

### 4. Cash and cash equivalents

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

**Significant Accounting Policies (Continued)**

**5. Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**6. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years.

**7. Non-current assets**

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the school fixed asset register a summary of which is provided as a memorandum to these financial statements.

**8. Budget**

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *school's* budget was approved by the School Board of Management. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

**9. Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**10. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2022.

**X. Notes To The Financial Statements**

**1 Capitation Grant for Tuition**

	2021-2022	2020-2021
	Kshs	Kshs
Textbooks And Reference Materials		
Exercise Books		
Laboratory Equipment		
Teaching/Learning Materials	3,551,378	1,710,513
Internal Exams		
Library		
Transfer from Operations	863,897	
<b>Total</b>	<b>4,415,275</b>	<b>1,710,513</b>

**2 Capitation Grant for Operations**

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel Emoluments	4,853,329	5,805,067
Repairs And Maintenance	5,527,750	4,923,750
Local Transport / Travelling	970,666	
Electricity And Water	2,911,997	
Administration Costs	1,061,666	
Activity	211,000	
<b>Total</b>	<b>15,536,408</b>	<b>10,728,817</b>

**3 Parents Contribution/Fees - School Fund Account**

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	8,553,915	2,371,623
Repairs and maintenance	3,541,248	1,266,574
Local transport / travelling	2,752,175	753,028
Electricity and water	6,301,216	2,615,981
Administration costs	4,897,048	1,610,833
Activity	783,235	163,062
<b>Total</b>	<b>26,828,837</b>	<b>8,781,101</b>

Notes To The Financial Statements (Continued)

4 Infrastructure

Description	2021-2022	2020-2021
	Kshs	Kshs
Infrastructure	6,565,000	792,882

5 Other Receipts – School Fund Account

Description	2021-2022	2020-2021
	Kshs	Kshs
Fee on Boarding Equipment and Stores	44,160,131	12,474,385
Rent Income	138,900	102,300
Income From Farming Activities	778,000	350,936
Bursary funds	10,682,787	3,058,926
Contingencies	2,373,979	263,100
University app fee	175,620	8120
Transfer from Canteen	700,000	840,310
Exercise books	3,425	2,700
Fee For Hire of Ground and Equipment	35,500	3,000
Caution	198,000	1,500
Damages	5,037,232	194,475
Library fee	1,585	4,865
Pocket money	537,900	193,261
Fees Arrears	2,043,681	142,645
Christian union	28,800	0
Catholic Action	2,200	0
Donations	1,883,035	0
Transfer from Savings	1,540,000	355,000
Postal Corporation	4,500	5,600
Prepaid fees	2,999,018	2,082,339
Student Id card	7,590	600
Students welfare	0	100
Transfer from Equity tuition	17,713,000	3,040,000
Uniform	21,333,960	252,284
<b>Total</b>	<b>112,378,843</b>	<b>23,376,446</b>

**6 Payments For Tuition**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Exercise Books	2,359,200	
Laboratory Equipment	1,298,209	809,825
Teaching / Learning Materials	271,180	
Creditors	176,700	351,495
Bank Charges		480
<b>Total</b>	<b>4,105,289</b>	<b>1,161,800</b>

**7 Payments For Operations**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel Emoluments	7,074,691	3,520,211
Administration Cost	437,660	207,610
Repairs And Maintenance & Improvements	6,565,000	
Electricity And Water	3,143,044	1,737,140
Creditors paid	31,000	
Transfer to school fund	43,500	
Transfer to Tuition	863,897	
Activity Expenses	1,625,860	
<b>Total</b>	<b>19,784,652</b>	<b>5,464,961</b>

**Notes To The Financial Statements (Continued)****8 Boarding And School Fund Payments**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel Emoluments	6,013,772	1,181,189
Creditors paid	7,997,099	8,486,949
Repairs And Maintenance & Improvements	5,310,068	1,515,922
Local Transport / Travelling	2,960,197	730,106
Electricity And Water	3,590,791	310,255
Medical Expenses	194,785	95,154
Administration Costs	10,307,796	757,337
Activity	116,210	38,220
Pocket money refunded	611,135	207,931
Expenses On Income Generating Activities	1,036,839	419,712
Fee On Boarding Equipment and Stores	39,152,946	11,096,410
Rent Expenses		13,760
University App. fee	161,500	129,500
Uniforms	18,155,270	
Damages	7,210,840	231,530
Contingencies	2,129,824	96,485
Caution refund	1,000	
Student ID	200	
Bursary funds	10,595,379	3,057,494
Students welfare		94,489
Transfer to Equity Tuition A/c	16,890,263	2,933,111
Transfer to Savings Canteen		240,310
Christian Union	29,590	2000
Catholic Action	15,700	7,200
Postal Corporation	4,500	5,600
Facility hire	14,800	1,200
Refundable fees	197,052	118,349
Transfer to Equity	1,826,615	12,160
Transfer to KCB Tuition		122,675
Prepayments	4,611,754	
Donations/Grants	310,745	
<b>Total</b>	<b>139,446,670</b>	<b>31,905,048</b>

Notes To The Financial Statements (Continued)

9 Infrastructure

Description	2021-2022	2020-2021
	Kshs	Kshs
Infrastructure	6,549,633	

10 Bank Accounts

Name of Bank, Account No. & currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
School Fund Account/Boarding (KCB)	1101547626	-317,506	-347,113
School Operations Account(KCB)	1101563737	1,299,966	5,548,210
School Tuition Account (KCB)	1101549068	880,631	570,646
Infrastructure account (KCB)	1268388262	808,249	792,882
School Fund Account/Boarding (EBK)	0080294033060	-410,560	22,331
<b>Total</b>		<b>2,260,780</b>	<b>6,586,956</b>

11 Cash In Hand

Description	2021-2022	2020-2021
	Kshs	Kshs
School Fund account	240,539	76,244
<b>Total</b>	<b>240,539</b>	<b>76,244</b>

12 Short Term Investments

Name of Bank, Account No. & currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
KCB – Savings Account	1103061208	204,076	899,758
Equity – Donation Account	80275939463	668,345	85,465
Bio Gas project Account (EBK)	80260385251	13,613	13,613
Equity – Canteen Account	80267918260	329,214	108,050
Equity – Farm Account	80267918207	25,357	25,357
Equity – Tuition Account	80290195365	34,171	92
Equity – PTA Account	80267918020	-	-
TAIFA Sacco	402 – 003 4300	73,423	73,422
<b>Total</b>		<b>1,348,199</b>	<b>1,205,757</b>

Notes To The Financial Statements (Continued)

13 Accounts Receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees Arrears	30,085,451	25,082,142
Salary Advances		68,000
Rent		204,900.00
Students Fare		6,150
Farm		424,438
<b>Total</b>	<b>30,085,451</b>	<b>25,785,630</b>

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees Arrears For Current Year	6,343,502	1,668,398
Fees Arrears For The Previous Year	1,668,398	2,439,991
Fees Arrears For Prior Periods (Over Two Years)	22,073,551	20,973,753
<b>Total</b>	<b>30,085,451</b>	<b>25,082,142</b>

14 Accounts Payable

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	15,927,736	25,668,467
Prepaid Fees	2,999,018	2,082,339
<b>Total</b>	<b>18,926,754</b>	<b>27,750,806</b>

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Creditors for Current Year	12,771,604	12,783,536
Trade Creditors for The Previous Year	1,233,330	8,170,097
Trade Creditors for Prior Periods (Over Two Years)	1,922,802	4,714,834
<b>Total</b>	<b>15,927,736</b>	<b>25,668,467</b>

Notes To The Financial Statements (Continued)

15 Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank balances	6,586,956	(196,183)
Cash balances	76,244	1,433
Short Term Investments	1,348,199	1,205,757
Receivables	30,085,451	25,785,630
Payables	(18,926,754)	(27,750,806)
<b>Total</b>	<b>19,170,096</b>	<b>(954,169)</b>

**Other important disclosure notes**

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

**16 Biological assets**

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Cattle	14	770,000	800,000
Pigs	38	228,000	480,000
Trees	22	110,000	50,000
Coffee Or Tea Plantation		105,000	105,000
Poultry			
<b>Total</b>		<b>1,213,000</b>	<b>1,435,000</b>

**17 Stock/ Inventory**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>a) Inventory</b>		
Stock/ inventory at beginning of the year	249,110	35,400
Stock/ inventory purchased during the year	2,683,200	1,572,250
Stock/ inventory issued during the year	1,920,108	1,358,540
<b>Balance at end of the year</b>	<b>1,012,202.00</b>	<b>249,110</b>

*(Othaya Boys High School)*  
**Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022**

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**18 Progress On Follow Up Of Auditor Recommendations**

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

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

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Sign and Date  
Principal

(Othaya Boys High School)

Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022

Annex 1 - Analysis Of Pending Accounts Payable

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

S/no	Supplier of Goods or Services	Original Amount	Date Contracted from	Amount Paid To-date	Outstanding Balance as at as 30/06/2022	Comment
		Kshs	Kshs	Kshs	Kshs	
		a	b	c	d=a-c	
	<b>Infrastructure Account</b>					
<b>a</b>	<b>Construction of Buildings</b>					
1				-		
	<b>Sub-Total (A)</b>			-		
<b>b</b>	<b>Supply of goods</b>			-		
	<b>Tuition Account</b>					
	Central Scientific				33,194.00	
	KenyaSonic Scientific				68,890.00	
	Adracom Gen. Services				176,500.00	
	Zytech Agencies				11,000.00	
	Compliant Inland				90,000.00	
	Geopak Printers			-	882,600.00	
					<b>1,262,184.00</b>	
	<b>Operations Account</b>			-		
	Software for schools				22,000.00	
	Gilgal Ventures				110,442.00	
					<b>132,442.00</b>	
	<b>Sub-Total (B)</b>			-		
	<b>School Fund/Boarding Account</b>					
	Peter Chege				245,545.00	
	Sheikh Hardware				406,660.00	
	Gaston Kenya				121,104.00	
	P.N. Kabara				78,460.00	
					<b>851,769.00</b>	
	Prime Mattress				71,820.00	
	P.N. Kabara				33,280.00	
					<b>105,100.00</b>	

(Othaya Boys High School)

Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022

DZ Gen Shop				119,280.00
Dpl Festive				312,127.00
Rikion Agencies				22,500.00
				<b>453,907.00</b>
Muteru Computers				6,500.00
Mbambu Comm.				18,560.00
Wibestar Ventures				29,000.00
Gallant Video				466,000.00
Peter Njogo				69,300.00
Lanes Enterprises				271,950.00
Othaya Central Supplies				315,020.00
Daddy Millers				57,000.00
				<b>1,233,330.00</b>
Paul Irungu Muoha				34,050.00
Jeremiah Ngugi				77,140.00
Adracom. Gen Enterprises				204,000.00
Peter Mwangi Gikere				68,950.00
Thuti Kairuthi Dev.				
Lanes Enterprises				1,002,420.00
Geopak Printers				1,240,710.00
Wahuma Traders				573,265.00
Amoswell Networking				104,560.00
Samuel Gakiria				23,940.00
Joseph Wambugu				685,569.00
Ngewa Stores				1,131,200.00
Zaka Capital Enterprises				3,431,695.00
Litemore Ltd				124,200.00
Waki Energy				162,000.00
Brace Electricals				2,000.00
Janta Othaya Enterprises				124,860.00
Jupiter Vet. Services				7,500.00
Peter Njogo Kairu				50,000.00
Equity Insurance				108,798.00
Othaya Central Supply				251,325.00
				<b>11,889,004.00</b>
<b>Grand Total</b> <b>(E=A+B+C+D)</b>				<b>15,927,736.00</b>

*(Othaya Boys High School)*

**Reports and Financial Statements For the year ended 30<sup>th</sup> June 2022**

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**Annex 2 – Summary Of Fixed Assets Register**

S/no	Asset class	Historical Cost b/f	Historical Cost c/f
		Kshs	Kshs
1	Land	125,000,000	125,000,000
2	Buildings and Structure	345,421,360	348,421,360
3	Motor Vehicles	4,000,000	10,500,000
4	Office Equipment, furniture and fittings	29,000,000	29,500,000
5	ICT Equipment and Other ICT Assets	7,700,000	9,700,000
6	Tools and Apparatus	19,500,000	20,000,000
7	Textbooks	30,000,000	30,000,000
8	Other Machinery and Equipment	6,000,000	8,000,000
9	Intangible assets-software	4,000,000	6,000,000
	<b>Total</b>	<b>570,621,360</b>	<b>587,121,360</b>