

REPUBLIC OF KENYA



*Enhancing Accountability*

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**REPORT**  
DATE: 26 FEB 2025

DAY.

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BY:

Hon. Samuel  
Chepkonga, MP

CLEARED  
AT THE TABLE:

M. Mudo

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**HABEL NYAMU SECONDARY SCHOOL**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

**KIRINYAGA COUNTY**

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

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
27 SEP 2024  
RECEIVED



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**HABEL NYAMU SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> June 2021**

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

OFFICE OF THE AUDITOR GENERAL  
CENTRAL FINANCIAL OFFICE  
★ 07 MAR 2024 ★  
R. K. S.  
P. O. Box 30084

**HABEL NYAMU SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021**

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## KEY SCHOOL INFORMATION AND MANAGEMENT

### HABEL NYAMU SECONDARY SCHOOL

#### Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in Kirinyaga County, Mwea East sub-county.

The school was registered in 28/1/2014 under registration number PU/S/2/9442/14 and is currently categorized as a **Mixed day school** established, owned or operated by the Government.

The school is a day mixed with an establishment of 103 students.

It has 1stream and 9 teachers of which 2 teachers are employed by the School Board of Management.

#### (a) 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    | ANTHONY C. KAMAU     | CHAIRMAN         | 30/04/2019          |
| 2    | LILIA W. MWANGI      | SECRETARY        | 30/04/2019          |
| 3    | CYRUS MURITHI        | VICE CHAIRPERSON | 30/04/2019          |
| 4    | ROBERT NDERITU       | SPONSOR          | 30/04/2019          |
| 5    | MARION NJOKI         | MEMBER           | 30/04/2019          |
| 6    | JUSTIN NJAGI         | MEMBER           | 30/04/2019          |
| 7    | STANLY GITARI        | MEMBER           | 30/04/2019          |
| 8    | LENNAH MUTHONI       | MEMBER           | 30/04/2019          |
| 9    | MOREEN WANJIKU       | MEMBER           | 30/04/2019          |
| 10   | JANEROSE GITARI      | MEMBER           | 30/04/2019          |
| 11   | NYAGA M. MBUGI       | MEMBER           | 30/04/2019          |
| 12   | FRANCIS NDAMBIRI     | MEMBER           | 30/04/2019          |
| 13   | DENNIS KINYUA        | MEMBER           | 30/04/2019          |
| 14   | GRACE W. WERU        | MEMBER           | 30/04/2019          |
| 15   | JOSEPH MUNENE        | MEMBER           | 30/04/2019          |

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

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

- 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 students' 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 paragraph 21 and 23 of the Basic Education Act, 2013.

**(b) Committees of the Board**

| Ref | Name of Committee                                  | Names of Members  | Designation                               | Number of meetings attended during the year |
|-----|--|---|---|---|
| 1   | Executive Committee                                | ANTHONY C. KAMAU<br>LILIAN MWANGI<br>ROBERTSON NDERITU<br>CYRUS MURITHI | CHAIRMAN<br>SECRETARY<br>MEMBER<br>MEMBER | 2   |
| 2   | Finance, procurement and general-purpose Committee | ANTHONY C. KAMAU<br>LILIAN MWANGI<br>MARION NJOKI<br>JUSTIN NJAGI       | CHAIRMAN<br>SECRETARY<br>MEMBER<br>MEMBER | 2   |

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|   |  |  |  |   |
|---|--|--|--|---|
| 3 | Development<br>Committee               | ANTHONY C. KAMAU<br>LILIAN MWANGI<br>STANLY GITARI<br>LENNAH MUTHONI   | Chairperson<br>Secretary<br>Member<br>Member | 2 |
| 4 | Academic<br>Committee                  | ANTHONY C. KAMAU<br>LILIAN MWANGI<br>JANEROSE GITARI<br>MOREEN WANJIRU | Chairman<br>Secretary<br>Member<br>Member    | 2 |
| 6 | Discipline and<br>welfare<br>Committee | ANTHONY C. KAMAU<br>LILIAN MWANGI<br>JOSEPH MUNENE<br>GRACE W. WERU    | Chairman<br>Secretary<br>Member<br>Member    | 2 |

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

**(c) School operation Management**

For the financial year ended 30<sup>th</sup> June 2021 the school day-to-day management was under the following persons:

| Ref: | Designation            | Name             | TSC Number |
|------|------------------------|------------------|------------|
| 1    | Principal              | LILIAN W. MWANGI | 252626     |
| 2    | Deputy Principal       | DICKSON GICHOHI  | 353064     |
| 3    | School Finance Officer | N/A              |            |

**(d) Schools contacts**

Post Office Box: 2830-60100 EMBU  
E-mail: [habelnyamusec@gmail.com](mailto:habelnyamusec@gmail.com)

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

**(e) School Bankers**

The school operated 4 number of bank accounts as follows:

- |                              |                |
|------------------------------|----------------|
| 1. Name of Bank: TUITION     | CO-OPERATIVE   |
| Branch:                      | MWEA           |
| Account Number:              | 01139491009000 |
| 2. Name of Bank: OPERATION   | CO-OPERATIVE   |
| Branch:                      | MWEA           |
| Account Number:              | 01139491009001 |
| 3. Name of Bank: SCHOOL FUND | EQUITY         |
| Branch:                      | MWEA           |
| Account Number:              | 0100194920017  |
| 4. Name of Bank: MI          | EQUITY         |
| Branch:                      | MWEA           |
| Account Number:              | 1720279650360  |

**(f) Independent Auditors**

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

**I. 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 2018 to 31<sup>st</sup> December 2020 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:

| <b>SURPLUS/DEFICIT FOR THE YEAR AND A COMPARISON OF THE SAME FOR THE LAST FOUR YEARS</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> |
| 1  | School Fund Account      | 41,554.00           | 373,034.00        | 242,735.00        | 33,349.00   |
| 2  | Operations Account       | 67,205.00           | 103,152.00        | (93,223.00)       | 19,733.00   |
| 3  | Tuition Account          | 2,375.00            | (11,457.30)       | 140,247.00        | 90,661.00   |
| 4  | Infrastructure Account   | 43,680.00           | 8,087.15          | 0                 | 0           |
|  | <b>TOTAL</b>             | 154,814.00          | 472,815.85        | 289,759.00        | 143,743.00  |
|  | <b>Increase/Decrease</b> | <b>(318,001.85)</b> | <b>183,056.85</b> | <b>146,016.00</b> | <b>0</b>    |

**Trend Over the Last Three Years**

The surplus for the year 2019 increased by Kshs 146,016.00  
 The surplus for the year 2020 increased by Kshs 183,056.85 from a surplus of Kshs 289,759.00 in the year 2019 due to prolonged closure after abrupt shutting of the schools due to Covid-19. In year 2021 there was a sharp drop of surplus to atune of ksh 154,814.00 this is because it's a 6 month period

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

| CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE LAST THREE YEARS |  |                     |                    |                     |                     |
|---|--|---------------------|--------------------|---------------------|---------------------|
| SNO   | ACCOUNTS                                       | 2021                | 2020               | 2019                | 2018                |
|   |  | KSHS                | KSHS               | KSHS                | KSHS                |
| 1   | Operations Account                             | 975,899.00          | 1,209,090.00       | 1,100,000.00        | 748,650.00          |
| 2   | Tuition Account                                | 137,735.00          | 191,282.70.00      | 339,459.00          | 618,012.00          |
|   | <b>Total</b>                                   | <b>1,113,634.00</b> | <b>1,400,372.7</b> | <b>1,439,459.00</b> | <b>1,366,662.00</b> |
|   | <b>Increase/Decrease</b>                       | <b>(286,738.70)</b> | <b>(39,086.30)</b> | <b>72,797.00</b>    | <b>0</b>            |
|   | No of Students                                 | 103                 | 105                | 106                 | 106                 |
|   | <b>Ratio of<br/>Capitation per<br/>student</b> | <b>1:10,811.9</b>   | <b>1:13,336.8</b>  | <b>1:13,579.8</b>   | <b>1:12,893.0</b>   |

The total capitation grants for the financial year 2019 was Kshs 1,439,459.00 as compared to Kshs 1,366,662.00 in the financial year 2018 representing an increase of Kshs 72,797.00

The total capitation for the year 2020 was Kshs 1,400,372.70 as compared to Kshs 1,439,459.00 in the financial year 2019 representing a decrease of Kshs 39,086.30 which resulted from prolonged abrupt closure of the school due to Covid-19 and not all capitation grants were disbursed by the end of financial year 2020.

The capitation grant for the financial year 2021 was Kshs 1,113,634.00 as compared to Kshs 1,400,372.70 in the financial year 2020 representing a decrease of Kshs 286,738.70 the net decrease is mainly attributed by the disbursement of capitation for term 2 2020 and term 3 2020 only. Also, the current period covers a period of 6 months.

SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL.(Continued)

| OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL |                        |              |                |              |              |
|---|------------------------|--------------|----------------|--------------|--------------|
| SNO   | ACCOUNTS               | 2021         | 2020           | 2019         | 2018         |
|   |                        | Kshs         | Kshs           | Kshs         | Kshs         |
| 1   | School Fund Account    | 558,975.00   | 170,382.00     | 941,034.00   | 1,016,652.00 |
| 2   | Operations Account     | 865,014.00   | 1,097,850.85   | 1,193,223.00 | 728,917.00   |
| 3   | Tuition Account        | 135,360.00   | 202,740.00     | 479,706.00   | 527,291.00   |
| 4   | Infrastructure Account | 0            | 0              | 0            | 0            |
|   | Total                  | 1,559,349.00 | 1,470,972.85   | 2,613,963.00 | 2,272,860.00 |
|   | Increase/Decrease      | 88,376.15    | (1,142,990.15) | 341,103.00   | 0            |

In the financial year 2021 shows a increase of growth in expenditure which has resulted from the current year covering a period of 6 months, even though the financial year 2020 covers a period of 12 months an increase has resulted from prolonged abrupt closure of the school due to Covid-19.

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

| MOVEMENT OF DEBTORS OF THE SCHOOL |                   |              |              |              |              |
|-----------------------------------|-------------------|--------------|--------------|--------------|--------------|
| SNO                               | ACCOUNTS          | 2021         | 2020         | 2019         | 2018         |
|                                   | School Fund       |              |              |              |              |
| 1                                 | Account           | KSHS         | KSHS         | KSHS         | KSHS         |
| a                                 | Debtors           | 2,578,527.00 | 2,499,875.00 | 2,244,001.00 | 1,945,633.00 |
|                                   | Total             | 2,578,527.00 | 2,499,875.00 | 2,244,001.00 | 1,945,633.00 |
|                                   | Increase/Decrease | 78,652.00    | 255,874.00   | 298,368.00   | 0            |

**Trend over the Last Three Years**

Total debtors as at 30<sup>th</sup> June 2021 increased by 3.1% to Kshs 2,578,527.00 compared to Kshs 2,499,875.00 as at the end of the financial year 2020. The main contributors to the increase in total debtors is because the period under comparison is 6 months period, another observation is hard economic situation being experienced by the parents

| MOVEMENT OF CREDITORS OF THE SCHOOL |                   |            |              |            |           |
|-------------------------------------|-------------------|------------|--------------|------------|-----------|
| SNO                                 | ACCOUNTS          | 2021       | 2020         | 2019       | 2018      |
|                                     | School Fund       |            |              |            |           |
| 1                                   | Account           | KSHS       | KSHS         | KSHS       | KSHS      |
| a                                   | Creditors         | 9,000.00   | 12,000.00    | 126,484.00 | 94,319.00 |
|                                     | Total             | 9,000.00   | 12,000.00    | 126,484.00 | 94,319.00 |
|                                     | Increase/Decrease | (3,000.00) | (114,484.00) | 32,165.00  | 0         |

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

**Trend Over the Last Three Years**

Total creditors as at 30<sup>th</sup> June 2021 decreased by Kshs 3,000.00 compared to Kshs 114,484.00 as at the end of the financial year 2020. The main contributors to the decrease in total creditors is due to 6 months period of comparison, otherwise the previous years the creditors have been on downward trend due to prudence management of resources.

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SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL(Continued)

| MOVEMENT OF CASH AND BANK BALANCES |                     |           |          |           |              |
|------------------------------------|---------------------|-----------|----------|-----------|--------------|
| SNO                                | ACCOUNTS            | 2021      | 2020     | 2019      | 2018         |
|                                    |                     | KSHS      | KSHS     | KSHS      | KSHS         |
| 1                                  | School Fund Account | 13,293.36 | 3,391.36 | 715.36    | 24,183.36.00 |
| 2                                  | Operations Account  | 68,845.50 | 1,640.50 | 2,388.50  | 39,320.00    |
| 3                                  | Tuition Account     | 2,798.20  | 423.20   | 11,880.50 | 69,787.50    |
| 4                                  | RMI Account         | 51,767.15 | 8,087.15 | 0         | 0            |

Trend over the Last Three Years

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

**b) Teacher Student ratio:**

Between the month of January 2021 and June 2021, the status of the teaching staff is as follows:

There are 8 teachers posted by the Teachers Service Commission and 3 recruited by the Board of Management.

the teacher student ratio lies at 1: 11.

**Mean score in the year 2018, 2019 ,2020 and 2021KCSE:**

| YEAR | ENROLMENT | MEAN   | TRANSITION | TRANSITION (%) | SCHOOL TARGET | COMMENTS  |
|------|-----------|--------|------------|----------------|---------------|---|
| 2021 | 25        | 2.1200 | 0          | 0%             | 3.5           | Most students qualified for middle level colleges               |
| 2020 | 24        | 3.0000 | 1          | 4.16%          | 3.5           | 1 joined university and rest qualified to middle level colleges |
| 2019 | 28        | 2.2857 | 0          | 0%             | 3.5           | Most students qualified for middle level colleges               |
| 2018 | 22        | 2.4091 | 0          | 0%             | 3.5           | Most students qualified for middle level colleges               |

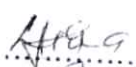
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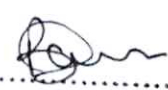
SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL (Continued)

D Development projects carried out by the school:

| Sno. | Project                         | Year | Status       | Amount  | Fund Source |
|------|---------------------------------|------|--------------|---------|-------------|
| 1    | Construction of kitchen         | 2018 | Completed    | 754,000 | Parents     |
| 2    | Furniture                       | 2019 | completed    | 400,000 | RMI         |
| 3    | Water storage                   | 2019 | completed    | 400,000 | RMI         |
| 4    | Renovation (4 classrooms floor) | 2020 | 50% complete | 500,000 | RMI         |
| 5    | Renovation (4 classrooms floor) | 2021 | completed    | 500,000 | RMI         |
|      |                                 |      |              |         |             |
|      |                                 |      |              |         |             |
|      |                                 |      |              |         |             |







ANTHONY C. KAMAU (Mr)

LILIAN W. MWANGI (Mrs)

Chair,  
Board of Management

Secretary,  
Board of Management  
/Principal

Finance Officer

Habel Nyamu Sec. School

Habel Nyamu Sec. School

Habel Nyamu Sec. School

Date: 15/9/2021

Date: 15/9/2021

Date: 15/9/2021


## II. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

The Board of Management of **Habel Nyamu sec. 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, 2021, and of the school's financial position as at that date.

  
.....  
.....  
.....

ANTHONY C. KAMAU (Mr)

LILIAN W. MWANGI (Mrs)

Chair,  
Board of Management

Secretary,  
Board of Management  
/Principal

Finance Officer

Habel Nyamu Sec. School

Habel Nyamu Sec. School

Habel Nyamu Sec. School

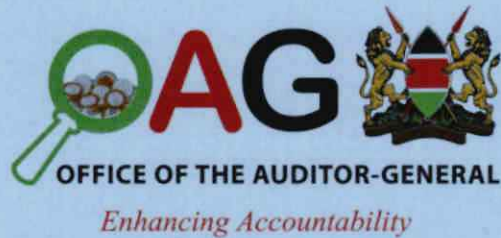
Date: 15/9/2021

Date: 15/9/2021

Date: 15/9/2021

# 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 HABEL NYAMU SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2021 - KIRINYAGA 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 Habel Nyamu Secondary School - Kirinyaga County set out on pages 16 to 35, which comprise of the statement of financial

assets and liabilities as at 30 June, 2021, and the statement receipts and payments, statement of cash flows and statement of comparison 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, 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 the Habel Nyamu Secondary School - Kirinyaga County as at 30 June, 2023, 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 Financial Statements**

The financial statements presented for audit had the following inaccuracies;

- (i) The statement of receipts and payments reflects amounts of Kshs.1,764,163 and Kshs.1,559,349 respectively which were at variance with the ledgers and trial balance.
- (ii) The financial statements reflect comparative opening balances which were at variance with the balances reported in previous year ending 31 December, 2020. This was attributed to change in reporting template. However, no schedule was provided matching appropriately the opening balances reported.
- (iii) The statement of cash flow reflects School fund income- parents contribution amount of Kshs.518,877. However, the corresponding Note 3 to the financial statements reflects an amount of Kshs.600,529 resulting to an unexplained variance of Kshs.81,652.
- (iv) The statement of budgeted versus actual amounts reflects revenue receipts and payments budget of Kshs.1,764,163 and Kshs.1,559,349 which did not agree with the amounts stated in the budget presented for audit. Further, the actual on comparable basis balances presented did not match with the trial balance amounts.

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

#### **2. Long Outstanding Receivables**

The statement of financial assets and liabilities reflects accounts receivables balance of Kshs.2,578,527 in respect of fees arrears as disclosed in Note 11 to the financial

statements. However, included in the balance are receivables amounting to Kshs.2,209,201 which had been outstanding for more than two (2) years.

In the circumstances, the accuracy, completeness and recoverability of the receivables balance of Kshs.2,807,727 could not be confirmed.

### **3. Inaccuracies in Capitation Data**

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations amount of Kshs.137,735 and Kshs.975,899 respectively as disclosed in Note 1 and Note 2 to the financial statements. During the financial year, NEMIS reported a total number of seventy-six (76) students to the School. However, review of enrolment records provided by the School indicated a total number of one hundred and two (102) students, resulting to an unexplained variance of twenty-six (26) students. As a result of the variances, the School was under funded by an amount of Kshs.286,456.

In the circumstances, the accuracy and completeness of capitation grants for tuition and capitation grants for operations amounting to Kshs.137,735 and Kshs.975,899 respectively could not be confirmed.

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

### **Emphasis of Matter**

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

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.4,390,459 and Kshs.3,360,754 respectively, resulting to an under-funding of Kshs.1,029,705 or 23% of the budget. However, the School spent a balance of Kshs.1,559,349 against actual receipts of Kshs.1,764,163 resulting to an under-utilization of Kshs.204,814 or 13% of actual receipts.

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

### **Key Audit Matters**

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

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

## **Conclusion**

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

## **Basis for Conclusion**

### **1. 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).

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. 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.558,975 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.230,550 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 of funds transferred to KESSHA amounting to Kshs.230,550 could not be confirmed.

### **3. Long Outstanding Accounts Payable**

The statement of financial assets and financial liabilities reflect accounts payable balance of Kshs.162,888 as disclosed in Note 15 to the financial statements. However, the balance includes trade creditors balance of Kshs.150,888 which had been outstanding for more than two (2) years. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract(s) are reflected in approved budget estimates.

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

#### **4. Failure to Transfer Infrastructure Funds**

The statement of receipts and payments reflects operations grants amount of Kshs.975,899 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the grants is an amount of Kshs.317,500 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, an amount of Kshs.300,000 was transferred to infrastructure account, leaving a balance of Kshs.17,500 as at 30 June, 2021. This was contrary to Ministry of Education (MOE) Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directs that infrastructure grants as well as maintenance and improvement funds be transferred to the school infrastructure account fifteen days (15) upon receipt of the funds in the operations account.

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

#### **5. Failure to Maintain Fixed Asset Register**

Annex 2 to the financial statements reflects summary of fixed assets register. However, the summary does not disclose the value of the assets owned by the School. In addition, there was no evidence that the School maintained a fixed assets register. This was contrary to Section 143(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, Management was in breach of law.

#### **6. Unconfirmed Students Enrolment Data**

The statement of receipts and payments reflects capitation grants for tuition, capitation grants for operations and infrastructure grants totalling Kshs.1,113,634. Comparison of data from National Education Management and information System (NEMIS) with records from the School revealed that during the financial year 2020/2021, NEMIS reflected one hundred and two (102) students while records from the School had seventy-six (76) students, resulting to an underfunding of the School by an amount of Kshs.286,456. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, underfunding of the School may have affected service delivery to the students.

#### **7. Failure to Prepare School Improvement Plan**

During the year/period under review, the School did not have an approved School Improvement Plan. This was 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, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **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) Regulation, 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.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 its 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 controls 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 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 Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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**

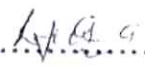
**19 September, 2024**

HABEL NYAMU SECONDARY SCHOOL

I. STATEMENT OF RECEIPTS AND PAYMENTS

| DESCRIPTION OF VOTE HEAD                | Note | Jan-June 2021       | 2020-2020           |
|---|------|---------------------|---------------------|
|   |      | Kshs                | Kshs                |
| <b>RECEIPTS</b>                         |      |                     |                     |
| Capitation grants for tuition           | 1    | 137,735.00          | 191,282.70          |
| Capitation grants for operations & infr | 2    | 975,899.00          | 1,209,090.00        |
| School Fund Income- Parents' Contrib    | 3    | 600,529.00          | 543,416.00          |
| School Fund Income- Other receipts      | 4    | 50,000.00           | -                   |
| Proceeds from borrowings                |      |                     |                     |
| <b>TOTAL RECEIPTS</b>                   |      | <b>1,764,163.00</b> | <b>1,943,788.70</b> |
| <b>PAYMENTS</b>                         |      |                     |                     |
| Payments for Tuition                    | 5    | 135,360.00          | 202,740.00          |
| Payments for operations and infrastruc  | 6    | 865,014.00          | 1,097,850.85        |
| Boarding and school fund payments       | 7    | 558,975.00          | 170,382.00          |
| <b>TOTAL PAYMENTS</b>                   |      | <b>1,559,349.00</b> | <b>1,470,972.85</b> |
| <b>SURPLUS/DEFICIT</b>                  |      | <b>204,814.00</b>   | <b>472,815.85</b>   |

  
 .....  
 Cyrus M. Gacura (Mr)

  
 .....  
 Lilian W. M

Chair BOM

Secretary, BOM/Princi Finance Officer

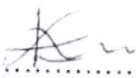
Habel Nyamu Sec. School      Habel Nyamu Habel Nyamu Sec. School

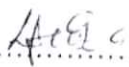
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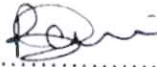
**HABEL NYAMU SECONDARY SCHOOL**

**II. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES**

|  | Note | jan-june 2021<br>Kshs | 2020-2020<br>Kshs   |
|--|------|-----------------------|---------------------|
| <b>FINANCIAL ASSETS</b>                        |      |                       |                     |
| <b>Cash and Cash Equivalents</b>               |      |                       |                     |
| Bank Balances                                  | 8    | 136,684.21            | 13,542.21           |
| Cash Balances                                  | 9    | 20.00                 | -                   |
| Short term Investment                          | 10   | -                     | -                   |
| <b>Total Cash and Cash Equivalents</b>         |      | <b>136,704.21</b>     | <b>13,542.21</b>    |
| Account's receivables                          | 11   | 2,578,527.00          | 2,499,875.00        |
| <b>TOTAL FINANCIAL ASSETS</b>                  |      | <b>2,715,231.21</b>   | <b>2,513,417.21</b> |
| <b>FINANCIAL LIABILITIES</b>                   |      |                       |                     |
| Accounts Payable                               | 12   | 162,888.00            | 165,888.00          |
| <b>NET FINANCIAL ASSETS<br/>REPRESENTED BY</b> |      | <b>2,552,343.21</b>   | <b>2,347,529.21</b> |
| Fund balance b/fwd 1st July...                 | 13   | 2,347,529.21          | 1,874,713.36        |
| Surplus/Deficit for the year                   |      | 204,814.00            | 472,815.85          |
| <b>NET FINANCIAL POSITION</b>                  |      | <b>2,552,343.21</b>   | <b>2,347,529.21</b> |

  
Cyrus M. Gacura (Mr)

  
Lilian W. MWANGI (Mrs)



Chair BOM  
Habel Nyamu Sec. School

Secretary, BOM/Principal  
Habel Nyamu Sec. School

Finance Officer  
Habel Nyamu Sec. School

Date... 15/9/2021

Date... 15/9/2021

Date... 15/9/2021

**HABEL NYAMU SECONDARY SCHOOL**  
**STATEMENT OF CASH FLOW**

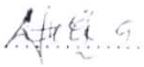
|  |                 | jan-june2021        | 2020-2020           |
|--|-----------------|---------------------|---------------------|
|  |                 | Kshs                | Kshs                |
| <b>Receipts from operating activities</b>                |                 |                     |                     |
| Capitation grants for tuition                            | 1               | 137,735.00          | 191,282.70          |
| Capitation grants for operations                         | 2               | 975,899.00          | 1,209,090.00        |
| School fund income- Parents contributions/ fees          | 3               | 518,877.00          | 299,542.00          |
| School fund income- other receipts                       | 4               | 50,000.00           | -                   |
| <b>Total receipts</b>                                    |                 | <b>1,682,511.00</b> | <b>1,699,914.70</b> |
| <b>Payments</b>  |                 |                     |                     |
| Payments for Tuition                                     |                 | 135,360.00          | 202,740.00          |
| Payments for operations                                  |                 | 865,014.00          | 1,201,750.85        |
| Boarding and school fund payments                        |                 | 558,975.00          | 296,866.00          |
| <b>Total payments</b>                                    |                 | <b>1,559,349.00</b> | <b>1,701,356.85</b> |
| <b>Net cash flow from operating activities</b>           |                 | <b>123,162.00</b>   | <b>(1,442.15)</b>   |
| <b>CASHFLOW FROM INVESTING ACTIVITIES</b>                |                 |                     |                     |
| Proceeds from Sale of Assets                             |                 | -                   | -                   |
| Acquisition of Assets                                    |                 | -                   | -                   |
| Proceeds from investments                                |                 | -                   | -                   |
| <b>Net cash flows from Investing Activities</b>          |                 | -                   | -                   |
| <b>NET CASHFLOW FROM FINANCING ACTIVITIES</b>            |                 |                     |                     |
| Proceeds from borrowings/ loans                          |                 | -                   | -                   |
| Repayment of principal borrowings                        |                 | -                   | -                   |
| <b>Net cash flows from Investing Activities</b>          |                 | -                   | -                   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>          | d=a<br>+b+<br>c | <b>123,162.00</b>   | <b>(1,442.15)</b>   |
| <b>Cash and cash equivalent at BEGINNING of the year</b> | e               | <b>13,542.21</b>    | <b>14,984.36</b>    |
| <b>Cash and cash equivalent at END of the year</b>       | f=d<br>+e       | <b>136,704.21</b>   | <b>13,542.21</b>    |
|  |                 | -                   | (0)                 |

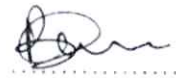
HABEL NYAMU SECONDARY SCHOOL

TRIAL BALANCE AS AT 30TH JUNE 2021

|                                  |  | DR           | CR           |
|----------------------------------|--|--------------|--------------|
| <b>Cash and Cash equivalents</b> |  |              |              |
|                                  | Bank Balances                              | 136,684.21   |              |
|                                  | Cash Balances                              | 20.00        |              |
|                                  | Short term investments                     | -            |              |
|                                  | Receivables                                | 2,578,527.00 |              |
| <b>Payments</b>                  |  |              |              |
|                                  | Payments for Tuition                       | 135,360.00   |              |
|                                  | Payments for operations                    | 865,014.00   |              |
|                                  | Boarding and school fund payments          | 558,975.00   |              |
| <b>Receipts</b>                  |  |              |              |
|                                  | Capitation grants for tuition              |              | 137,735.00   |
|                                  | Capitation grants for operations           |              | 975,899.00   |
|                                  | School Fund Income- Parents' Contributions |              | 600,529.00   |
|                                  | School Fund Income- Other receipts         |              | 50,000.00    |
|                                  | Proceeds from borrowings                   |              |              |
|                                  | Payables                                   |              | 162,888.00   |
| Prior Year Adjustment            |  |              |              |
| <b>Fund Balance b/f</b>          |  |              |              |
|                                  |  |              | 2,347,529.21 |
| <b>TOTAL</b>                     |  |              |              |
|                                  |  | 4,274,580.21 | 4,274,580.21 |







Cyrus M.Gacura (Mr)

Lilian W . MWANGI (Mrs)

Chair BOM

Secretary,BOM/Principal

Finance Officer

Habel Nyamu Sec. School

Habel Nyamu Sec. School

Habel Nyamu Sec.School

Date: 15/9/2021

Date: 15/9/2021

Date: 15/9/2021

HABEL NYAMU SEC. SCHOOL  
APPROPRIATION

| Receipt/Expense Item                      | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilisation Difference | % of Utilisation |
|---|-----------------|-------------|--------------|----------------------------|-------------------------------|------------------|
|   | a               | b           | c=a+b        | d                          | e=c-d                         | f=d/c %          |
| <b>RECEIPTS</b>                           |                 |             |              |                            |                               |                  |
| <b>(1) CAPITATION GRANT ON TUITION</b>    |                 |             |              |                            |                               |                  |
| Text books                                | -               | -           | -            | -                          | -                             | -                |
| Exercise books                            | 145,000.00      | -           | 145,000.00   | 145,000.00                 | 30,000.00                     | 33%              |
| Laboratory equipments and apparatus       | 95,000.00       | -           | 95,000.00    | 95,000.00                  | 20,000.00                     | 43%              |
| Teaching/learning materials               | 144,459.00      | -           | 144,459.00   | 144,459.00                 | 40,000.00                     | 67%              |
| chalks                                    | 7,000.00        | -           | 7,000.00     | 7,000.00                   | 2,000.00                      | -                |
| Internal exams                            | 15,000.00       | -           | 15,000.00    | 15,000.00                  | 5,000.00                      | 71%              |
| Reference books                           | 6,000.00        | -           | 6,000.00     | 6,000.00                   | 1,275.00                      | 88%              |
| <b>(2) CAPITATION GRANT ON OPERATIONS</b> |                 |             |              |                            |                               |                  |
| Personnel emoluments                      | 457,500.00      | 0           | 457,500.00   | 296,500                    | 161,000                       | 64.8%            |
| Repairs and maintenance                   | 375,000.00      | 0           | 375,000.00   | 98,310                     | 276,690                       | 26.2%            |
| Local transport / travelling              | 97,500.00       | 0           | 97,500.00    | 55,600                     | 41,900                        | 57.0%            |
| Electricity and water                     | 105,500.00      | 0           | 105,500.00   | 9,680                      | 95,820                        | 9.2%             |
| Medical                                   | 40,000.00       | 0           | 40,000.00    | 30,000                     | 10,000                        | 75.0%            |
| Administration costs                      | 325,000.00      | 0           | 325,000.00   | 299,845                    | 25,155                        | 92.3%            |
| Others                                    | -               | -           | -            | -                          | -                             | -                |
| Activity                                  | 177,500.00      | 0           | 177,500.00   | 25,000                     | 152,500                       | 14.1%            |



|                              |                  |          |                  |                  |                  |              |
|------------------------------|------------------|----------|------------------|------------------|------------------|--------------|
| Local transport / travelling | 97,500.00        | 0        | 97,500.00        | 55,600           | 41,900           | 57.0%        |
| Electricity and water        | 105,500.00       | 0        | 105,500.00       | 9,680            | 95,820           | 9.2%         |
| Medical                      | 40,000.00        |          | 40,000.00        | -                | 40,000           | 0.0%         |
| Activity Expenses            | 177,500.00       | 0        | 177,500.00       | 25,000           | 152,500          | 14.1%        |
| Infrastructure               | 404,000          | 0        | 404,000          | 69,000           | 335,000          | 17.1%        |
| <b>BOARDING AND</b>          |                  |          | 0                |                  |                  |              |
| <b>SCHOOL FUND PAYMENTS</b>  |                  |          | 0                |                  |                  |              |
| Personnel emoluments         |                  |          | 0                | 58,500           |                  | 0.0%         |
| Administration costs         |                  |          | 0                | 16,210           |                  | 0.0%         |
| Lunch Programme              | 2,400,000        | 0        | 2,400,000        | 2,115,392        | 284,608          | 88.0%        |
| Bank Charges                 |                  |          | 0                | -                |                  | 0.0%         |
| <b>TOTAL</b>                 | <b>2,481,000</b> | <b>0</b> | <b>4,382,000</b> | <b>2,190,102</b> | <b>2,763,280</b> | <b>66.0%</b> |

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## V. 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.

### 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.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Accounts Payable**

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

**7. Non-current assets**

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

**8. Budget**

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

**9. Comparative figures**

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

**10. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2021.

# HABEL NYAMU SECONDARY SCHOOL

## I. NOTES TO THE FINANCIAL STATEMENTS

| CAPITATION GRANT FOR TUITION        |  |                   |                   |
|-------------------------------------|--|-------------------|-------------------|
|                                     |  | Jan-june 2021     | 2020-2020         |
|                                     |  | Kshs              | Kshs              |
| Text books                          |  | -                 | -                 |
| Exercise books                      |  | -                 | -                 |
| Laboratory equipments and apparatus |  | -                 | -                 |
| Teaching/learning materials         |  | 137,735.00        | 191,282.70        |
| <b>Total</b>                        |  | <b>137,735.00</b> | <b>191,282.70</b> |

## CAPITATION GRANT FOR OPERATIONS AND INFRASTRUCTURE ACCOUNT

|                              |  | Jan-june 2021     | 2020-2020           |
|------------------------------|--|-------------------|---------------------|
|                              |  | Kshs              | Kshs                |
| Personnel emoluments         |  | -                 | 730,690.00          |
| Repairs and maintenance      |  | 262,000.00        | 416,000.00          |
| Local transport / travelling |  | -                 | -                   |
| Electricity and water        |  | -                 | -                   |
| Medical                      |  | -                 | 41,600.00           |
| Administration costs         |  | -                 | -                   |
| Activity                     |  | -                 | -                   |
| Others                       |  | 713,899.00        | 20,800.00           |
| <b>Total</b>                 |  | <b>975,899.00</b> | <b>1,209,090.00</b> |

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## PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

|                              |  | Jan-June 2021     | 2020-2020         |
|------------------------------|--|-------------------|-------------------|
|                              |  | Kshs              | Kshs              |
| Personnel emoluments         |  | -                 | -                 |
| Repairs and maintenance      |  | -                 | -                 |
| Local transport / travelling |  | -                 | -                 |
| Electricity and water        |  | -                 | -                 |
| Lunch programme              |  | 600,529.00        | 537,516.00        |
| Administration costs         |  | -                 | 5,900.00          |
| Activity                     |  | -                 | -                 |
| <b>Total</b>                 |  | <b>600,529.00</b> | <b>543,416.00</b> |

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## OTHER RECEIPTS - SCHOOL FUND ACCOUNT

|                                      |  | Jan-June 2021    | 2020-2020 |
|--------------------------------------|--|------------------|-----------|
|                                      |  | Kshs             | Kshs      |
| Fee on Boarding Equipment and Stores |  |                  |           |
| Development                          |  | 50,000.00        | -         |
| Electricity, water & C               |  |                  |           |
| LT&T                                 |  |                  |           |
| Repairs and Maintenance              |  |                  |           |
| Personal Emoluments                  |  |                  |           |
| Admin Costs                          |  |                  |           |
| <b>Total</b>                         |  | <b>50,000.00</b> | <b>-</b>  |

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| BOARDING AND SCHOOL FUND PAYMENTS |                      | 2020-2021         | 2020-2020         |
|-----------------------------------|----------------------|-------------------|-------------------|
|                                   |                      | NSNS              | NSNS              |
|                                   | Activity             |                   |                   |
|                                   | Medical Expenses     |                   |                   |
|                                   | Administration costs |                   |                   |
|                                   | Lunch Programme      | 502,975.00        | 170,382.00        |
|                                   | Personal Emoluments  | 56,000.00         |                   |
|                                   | Bank Charges         |                   |                   |
|                                   | <b>TOTAL</b>         | <b>558,975.00</b> | <b>170,382.00</b> |

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

| 8 BANK ACCOUNTS                      |                     |                   |                  |
|--------------------------------------|---------------------|-------------------|------------------|
| Name of Bank, Account No. & currency | Bank Account Number | Jan-june 2021     | 2020-2020        |
|                                      |                     | Kshs              | Kshs             |
| Tuition Account                      | 113944910<br>09000  | 2,798.20          | 423.20           |
| Operations Account                   | 011394910<br>09001  | 68,825.50         | 1,640.50         |
| School Fund Account/Boarding         | 010019492<br>0017   | 13,293.36         | 3,391.36         |
| Savings Account                      |                     | -                 | -                |
| Income generating activities Account |                     |                   |                  |
| Infrastructural Account              | 172027965<br>0360   | 51,767.15         | 8,087.15         |
| Farm Account                         |                     |                   |                  |
| <b>Total</b>                         |                     | <b>136,684.21</b> | <b>13,542.21</b> |

| 9 CASH IN HAND      |  |               |           |
|---------------------|--|---------------|-----------|
| Description         |  | Jan-june 2021 | 2020-2020 |
|                     |  | Kshs          | Kshs      |
| Tuition Account     |  | -             | -         |
| Operation Account   |  | 20.00         |           |
| School Fund account |  |               |           |
| <b>Total</b>        |  | <b>20.00</b>  | <b>-</b>  |

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## SHORT TERM INVESTMENTS

| Description        | Jan-June 2021 | 2020-2020 |
|--------------------|---------------|-----------|
|                    | Kshs          | Kshs      |
| Cooperative shares | -             | -         |
| Treasury Bills     | -             | -         |
| Fixed deposit      | -             | -         |
| Equity stock       | -             | -         |
| Other investments  | -             | -         |
| <b>Total</b>       | -             | -         |

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## ACCOUNTS RECEIVABLE

| Description                | Jan-June 2021       | 2020-2020           |
|----------------------------|---------------------|---------------------|
|                            | Kshs                | Kshs                |
| Fees arrears               | 2,578,527.00        | 2,499,875.00        |
| Other non-fees receivables | -                   | -                   |
| Salary advances            | -                   | -                   |
| Imprest                    | -                   | -                   |
| <b>Total</b>               | <b>2,578,527.00</b> | <b>2,499,875.00</b> |

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

| Description                                     | Jan-june 2021       | 2020-2020           |
|---|---------------------|---------------------|
|   | Kshs                | Kshs                |
| Fees arrears for current year                   | 215,874.00          | 290,674.00          |
| Fees arrears for the previous year              | 153,452.00          | 288,914.00          |
| Fees arrears for prior periods (over two years) | 2,209,201.00        | 1,920,287.00        |
| <b>Total</b>                                    | <b>2,578,527.00</b> | <b>2,499,875.00</b> |

#### 12 ACCOUNTS PAYABLE

| Description                                       | Jan-june 2021     | 2020-2020         |
|---|-------------------|-------------------|
|   | Kshs              | Kshs              |
| Trade creditors (See ageing below and appendix 1) | 150,888.00        | 150,888.00        |
| Prepaid fees                                      | 12,000.00         | 15,000.00         |
| Retention monies                                  |                   |                   |
| Bursary   |                   |                   |
| <b>Total</b>                                      | <b>162,888.00</b> | <b>165,888.00</b> |

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

| Description  | Jan-June 2021     | 2020-2020         |
|--|-------------------|-------------------|
|  | Kshs              | Kshs              |
| Trade creditors for current year                   |                   | 150,888.00        |
| Trade creditors for the previous year              | 150,888.00        |                   |
| Trade creditors for prior periods (over two years) |                   |                   |
| <b>Total</b>                                       | <b>150,888.00</b> | <b>150,888.00</b> |

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**FUND BALANCE BROUGHT FORWARD**

| Description            | Jan-June 2021       | 2020-2020           |
|------------------------|---------------------|---------------------|
|                        | Kshs                | Kshs                |
| Bank balances          | 136,684.21          | 13,542.21           |
| Cash balances          | 20.00               |                     |
| Short Term Investments |                     |                     |
| Receivables            | 2,578,527.00        | 2,499,875.00        |
| Payables               | (162,888.00)        | (165,888.00)        |
| <b>Total</b>           | <b>2,552,343.21</b> | <b>2,347,529.21</b> |

Other important disclosure notes

14 Non-current Liabilities Summary

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

15 Biological assets

| Description              | Number     | Jan-June 2021 | 2020-2020 |
|--------------------------|------------|---------------|-----------|
|                          |            | Kshs          | Kshs      |
| Cattle                   | 0          | -             | -         |
| Goats                    | 0          | -             | -         |
| Trees                    | 120        | -             | -         |
| Coffee or tea plantation | 0          | -             | -         |
| Poultry                  | 0          | -             | -         |
| <b>Total</b>             | <b>120</b> | -             | -         |

|    |                                    |  |               |           |
|----|------------------------------------|--|---------------|-----------|
| 16 | Borrowings                         |  |               |           |
|    | Description                        |  | Jan-June 2021 | 2020-2020 |
|    |                                    |  | KShs          | KShs      |
|    | a) Borrowings                      |  |               |           |
|    | Borrowing at beginning of the year |  | -             | -         |
|    | Borrowings during the year         |  | -             | -         |
|    | Repayments of during the year      |  | -             | -         |
|    | Balance at end of the year         |  | -             | -         |

|    |  |  |               |            |
|----|--|--|---------------|------------|
| 17 | 1 Stock/ Inventory                         |  |               |            |
|    | Description                                |  | Jan-June 2021 | 2020-2020  |
|    |  |  | KShs          | KShs       |
|    | Stock/Inventory                            |  |               |            |
|    | Stock/ inventory at beginning of the year  |  | 35,000.00     | 15,000.00  |
|    | Stock/ inventory purchased during the year |  | 150,000.00    | 120,000.00 |
|    | Stock/ inventory issued during the year    |  | 175,000.00    | 100,000.00 |
|    | Balance at end of the year                 |  | 10,000.00     | 35,000.00  |



HABEL NYAMU SECONDARY SCHOOL.  
 PUBLIC SECONDARY SCHOOL  
 Annual Report and Financial Statements  
 For the year ended 30<sup>th</sup> June 2021  
**ANNEX 2- SUMMARY OF FIXED ASSETS REGISTER**

| 10 | Asset class                              | UNITS  | ADDITION DURING THE YEAR | DISPOSAL DURING THE YEAR | BAI. C/F (KSHS) TOTAL 30 <sup>th</sup> JUNE 2021   |
|----|--|--|--------------------------|--------------------------|--|
| 1  | Land                                     | 5 Acres  |                          | 0                        | 5 Acres  |
| 2  | Buildings and Structure                  | 7 Classrooms, 1 science Laboratory<br>1 ADM. Block   |                          | 0                        | 7 Classrooms, 1 science Laboratory<br>1 ADM. Block   |
| 3  | Motor Vehicles                           | 0  |                          | 0                        | 0  |
| 4  | Office Equipment, furniture and fittings | 14 office desks, 14 office chairs<br>3 cabinet   |                          | 0                        | 14 office desks, 14 office chairs<br>3 cabinet   |
| 5  | ICT Equipment and Other ICT Assets       | 4 computer<br>1 photocopier<br>1 printer   |                          | 0                        | 4 computer<br>1 photocopier<br>1 printer   |
| 6  | Tools and Apparatus                      | Laboratory equipments- 10<br>voltermeters, 30<br>ammeters, 20<br>stopwatches, 3<br>rheostats, 150<br>beakers, 60<br>measuring cylinders, 120<br>test tubes, 3<br>microscopes |                          | 0                        | Laboratory equipments- 10<br>voltermeters, 30<br>ammeters, 20<br>stopwatches, 3<br>rheostats, 150<br>beakers, 60<br>measuring cylinders, 120<br>test tubes, 3<br>microscopes |
| 7  | Textbooks                                | ENG-270, KISW<br>290, MATHS-<br>265, CHEM-<br>220, BIO-<br>200, PHY-<br>205, HIST<br>180, CRE-<br>162, BST-<br>210, AGRI-<br>140, GOE-155                                    |                          | 0                        | ENG-270, KISW<br>290, MATHS-<br>265, CHEM-<br>220, BIO-<br>200, PHY-<br>205, HIST<br>180, CRE-<br>162, BST-<br>210, AGRI-<br>140, GOE-155                                    |
| 8  | Other Machinery and Equipment            | 2 energy saving jikos, 5<br>sufurias, 10<br>buckets, 4 tanks   |                          | 0                        | 2 energy saving jikos, 5<br>sufurias, 10<br>buckets, 4 tanks   |
| 9  | Intangible assets-software               | NIL  |                          | 0                        | NIL  |
|    | <b>Total</b>                             |  |                          | 0                        |  |