REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 18 JUN 2026 DAY. Thursday
TABLED BY: Hon. Samuel Chepkonga (on behalf of Leader of Majority)
CLERK-AT THE-TABLE: Lomale

REPORT

OF

THE AUDITOR-GENERAL

ON

FINCHARO MIXED SECONDARY SCHOOL

FOR THE YEAR ENDED 30 JUNE, 2025

MANDERA COUNTY

FINCHARO MIXED SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIALYEAR ENDED
30th June 2025

Transitional Financial Statements Prepared under the International Public Sector Accounting Standards (IPSAS)

Table of Contents Page

1. Acronyms and Definition of Key Terms

A. Acronyms.

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day Secondary Education
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary Education

B. Definition of Key Terms

Comparative Year- Means the prior period.

2. 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 MANDERA County, MANDERA SOUTH Sub-County

The school was registered in 2nd JUNE 2021 under registration number 9S30000050 and is currently categorized as SUB- County public school established, owned or operated by the Government.

The school is a DAY school and had 170 numbers of students as at 30th June 2025.It has ONE stream and 5 teachers of which 3 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	MR IBRAHIM MAHMUD	Chairman	18th JAN 2022
2	MR. ABDIRAHMAN HASSAN	Secretary- Principal	18th JAN 2022
3	MR. ISSAK BABU BARO	Member	18th JAN 2022
4	MR. MOHAMED ALIOW	Member	18th JAN 2022
5	MR. ABDULLAHI BORE	Member	18th JAN 2022
6	MR ADAN ABDULLAHI JIRAW	Member	18th JAN 2022
7	MR. ALIOW ALOW HASSAN	Member	18th JAN 2022
8	MR ABDULLAHI HASSAN IBRAHI	Member – Rep CEB	18th JAN 2022
9	MRS HABIBA HASSAN	Member Rep parent	18th JAN 2022
10	MR. HASSAN NUR AHMED	Member	18th JAN 2022
11	MRS ABDIA ADAN ABDULLA	Member	18th JAN 2022
12	MR. YUSSUF MUKTAR	Member	18th JAN 2022
13	MR. IBRAHIM MUKTAR OSMAN	Member	18th JAN 2022
14	MR. EDIN ALIOW	Member	18th JAN 2022

The functions of the School Board of Management are to:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Mr. Ibrahim Mahmud Mr. Habiba Hassan Mr. abdirahman Hassan	Bom Chair member Bom Secretary	**2 of 3**
2	Audit Committee	Mr. Abdirahman Hassan	Secretary	3 of 3
3	Finance,procurement and general purposes Committee	Mr. Adan Abdullahi Jiraw Mr. Abdullahi Bore		1 of 3
4	Academic Committee	Mr Adan Jiraw		
5	Development Committee	Mr. Ibrahim Mahmud Mr. Abdirahman Hassan	Bom Secretary	1 of 3
6	Discipline and welfare Committee	Mr Abdullahi Hassan Ibrahim Mrs Halima Issakow		0
7	Adhoc Committee (if any during the year)			0

(d) School operation Management

For the financial year ended 30th June, 2025 the School's day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	MR. ABDIRAHMAN HASSAN	442565
2	Deputy Principal	MR. ADAN ABDULLAHI JIRAW	621689

(e) Schools contacts

Post Office Box: 30-70301
Telephone: +254714866466
E-mail:
Website:
Facebook:
Twitter:

(f) School Bankers

The following school operated 4 numbers of bank accounts in the following banks:

1. Name of Bank: Operation Account - EQUITY MANDERA BRACH
   Account Number: 1000279551174
2. Name of Bank: Tuition Account - EQUITY MANDERA BRACH
   Account Number: 1000279551141
3. Name of Bank Boarding Account - EQUITY MANDERA BRACH
   Account Number 1000279551163
4. Name of Bank Infrastructure Account - EQUITY MANDERA BRACH
   Account Number 1000280453872

(g) Independent Auditors

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

3. 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:

S/no	Particulars	2024-2025	2023-2024	2022-2023
(1)	Surplus/Deficit	(125,727)	(11,373)	135,420
(2)	Capitation Grants from MOE- Tuition	592,784	478,999	243,140
(3)	Capitation Grants from MOE- Operation	2,021,135	1,886,709	1,136,600
(4)	Growth of other income	538,838	877,053	0
(5)	Growth of Expenditure	3,278,485	3,254,134	2,630,646
(6)	Movement of Cash and Bank Balances	2,042	127,769	139,142

b) Teacher Student ratio:

Teachers Students Ratio	1:234
Number of Teachers Recruited	0
Number of Teachers Posted to the school within a Year	1
Number of teachers Transferred	0
Number of teachers Retired	0
Number of Teachers Employed by the TSC	2
Number of Teachers Employed by the BOM	3

Number of Teachers Per Subject	Number of Teachers Per Subject
English	1
Kiswahili	1
Mathematics	1
Chemistry	0
Biology	1
History	1
Christian Religion Education	0
Geography	0
Home Science	0
Computer	0

Agriculture	0
Business Studies	0
Music	0
French	0

c) **The mean score in the *2024* KCSE:**

Years	Transitioned to higher learning	Mean score	School Set Score	Remarks
2020	0	0	0	0
2021	0	0	0	0
2022	0	0	0	0

d) **Number of Candidates in the 2024 KCSE:**

Years	Enrol KCSE	Mean score	A	A-	B+	B	B-	C+	Student Transition to Tertiary Institution
2022	0	0	0	0	0	0	0	0	0
2023	63	8.95	0	0	0	6	28	24	55
2024	80	7.16				7	24	24	65

e) **The capacity of the school:**

Students in the School and Facilities (Amenities)

Number of Students in the school		130
Number of Dormitories		0
Number of Laboratories		1
Dining Hall		0
Library		0
Number of Beds double Decker		0
Lockers		130
Number of Classrooms		4
	Classrooms	**Tuition Area**
Number of Toilets	4	3

f) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Repairs of school laboratory	MOE	Complete	162,000	162,000	30/04/2025

....

School Principal 6/2/2026

FINCHARO MIXED SECONDARY SCHOOL
P. O. Box 30 - 70301,
ELWAK

4. 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 keep all proper books and records of accounts of the income, expenditure, and assets of the institution.

The Board of Management of FINCHARO MIXED SECONDARY 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 30th June, 2025, and of the school's financial position as at that date.

....

Name: MR. IBRAHIM MAHMUD

Designation: Chairman, School Board of Management

Date: 6/2/2026

....

Name: MR. ABDIRAHMAN HASSAN

Designation: School Principal & Secretary to Board of Management

Date: 6/2/2026

FINCHARO MIXED SECONDARY SCHOOL
P. O. Box 30 - 70301,
ELWAK

....

Name: MR MOHAMED HASSAN

Designation: Bursar/ Finance Officer

Date: 6/2/2026

REPUBLIC OF KENYA

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

REPUBLIC OF KENYA

OAG
OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON FINCHARO MIXED SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2025 – MANDERA COUNTY

PREAMBLE

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

A. Report on 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 the 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; and,

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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 transitional IPSAS financial statements of Fincharo Mixed Secondary School set out on pages 1 to 12, which comprise of the statement of asset and liabilities as at 30 June, 2025 and the statement of financial performance, statement of cash flows and the statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Fincharo Mixed Secondary School as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards - Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the Basic Education Act, 2013, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Non-Compliance with Transitional IPSAS Reporting Requirements

As disclosed in Note 2 to the financial statements on Statement of Compliance and Basis of Preparation of the Financial Statements, the School has taken advantage of the transitional provisions under IPSAS 33. However, Management has not indicated the elements of the financial statements that have not been fully recognized as per the respective IPSAS and the steps being taken towards full compliance with IPSAS Accrual.

In the circumstances, the financial statements as prepared and presented are not in compliance with IPSAS reporting framework.

2. Unsupported Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.2,042 as disclosed in Notes 7 to the financial statements. However, bank reconciliation statements for the Schools' Infrastructure Account were not provided. Further, cash books were not checked and approved by an officer different from the one who updates them resulting in lack of segregation of duties.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.2,042 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Fincharo Mixed Secondary School Management in accordance with ISSAI 130 on the 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 total receipts budget and actual on a comparable basis of Kshs.3,300,000 and Kshs.3,152,758 respectively, resulting in an under-funding of Kshs.147,242 or 4% of the budget. However, the School spent Kshs.3,278,485 against actual receipts of Kshs.3,152,758 resulting in an over-expenditure of Kshs.125,727 or 4% of actual receipts.

The under-funding affected the planned activities and may have impacted negatively on the operations of the operations of the school

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Significant exemptions by Public Sector Accounting Standards Board in the Financial Statements Reporting Template

The financial statements have been prepared using the financial year 2024/2025 reporting template issued by the Public Sector Accounting Standards Board (PSASB). As communicated by PSASB on 25 February, 2026, the template was designed to facilitate a phased transition to accrual-based IPSAS for public secondary schools and, therefore, does not include certain statements and disclosures required under the full IPSAS transition. These omissions include the Opening Statement of Financial Position, the Statement of Changes in Net Assets/Equity, detailed disclosures of transitional provisions under IPSAS 33, and a reconciliation of budgeted amounts to actual accrual amounts.

The absence of these elements arises from limitations inherent in the prescribed template and does not constitute non-compliance on the part of the School.

Other Information

The Management is responsible for the Other Information set out on page iii to ix which comprise of Key School Information and Management, Summary Report of Performance of the School and the Statement of School Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the School's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Late Submission of Financial Statements

The financial statements were submitted to the Auditor-General on 19 January, 2026 instead of the statutory deadline of 31 August, 2025. This was contrary to the National Treasury Circular No: AG.3/88 Vol. VII (41) of 4 December, 2024 in compliance with Section 81 of the Public Finance Management Act, 2012 on which required all public entities to submit financial statements for the financial year ended 30 June, 2025 on or before 31 August, 2025.

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

2. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of financial performance reflects government grants for operations amount of Kshs.2,021,135 as disclosed in Note 2 to the financial statements. Included in the amount is Kshs.286,500 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, the funds were utilized from operation account and not transferred to infrastructure account as at 30 June, 2025. This was contrary to The Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021.

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

3. Lack of Approved Budget

The budget amounts presented in the statement of budgeted versus actual amounts were not supported by an approved budget. This was contrary to Section 68(2)(h) of the Public Finance Management Act, 2012 which provides that an accounting officer shall prepare estimates of expenditure and revenues of the entity in conformity with the strategic plan of the entity.

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

4. Failure to Prepare a Balanced Budget

The statement of budgeted versus actual amounts reflects a final income budget of Kshs.3,300,000 and final expenditure budget of Kshs.3,355,100 resulting to a difference of Kshs.55,100. This was contrary to the provisions of Regulation 33(a) and (c) of the Public Finance Management (National Government) Regulations, 2015 which provides that all revenue and expenditure shall be entered into the National Government budget estimates and that the budget shall be balanced.

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

5. Non-Compliance with Capitation Funds Accountability Requirements

Audit review established that the Principal did not submit to the County Director of Education the fund allocation acknowledgement forms duly signed by individual students to confirm receipt of capitation grants. In addition, the Management did not display the capitation receipts and the accompanying circular on the School noticeboard, as required to enhance transparency and accountability. This was contrary to the Ministry of Education Circular No. MOE.HQS/3/13/3 dated 16 June, 2021 which mandates that public schools adhere to strict financial guidelines, including displaying capitation receipts and circulars on noticeboards for transparency.

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

6. Excess Supply of Textbooks by Ministry of Education

During the year under review, the School received books from the Ministry of Education. Examination of the records provided revealed significant oversupply of textbooks against student enrollment number of one hundred and eighty (180) as shown in the table below:

Title of Textbook	Student Enrollment Data	Number of Copies Supplied	Variance
English Pupils Book	180	249	69
Kiswahili Pupils' Book	180	240	60
Chemistry Pupils Book	180	240	60
Mathematics Pupils Book	180	255	75
Biology Pupils Book	180	247	67

This means that the number of textbooks supplied were significantly more than the number of learners enrolled as at the end of the financial year. This was contrary to the Ministry of Education's National Curriculum Policy 4.3 of December, 2018, which underscores the Government's commitment to attaining a 1:1 textbook-to-learner ratio across all levels of basic education in the medium term.

In the circumstances, value for money on the excess text books could not be confirmed.

7. Non-Deduction of Capacity Building Levy

The statement of financial performance reflects total payments of Kshs.3,278,485 as disclosed in Notes 4, 5 and 6 to the financial statements. Review of payments for goods and services revealed that there was no deduction of the 0.03% levy on procurement contracts on the contracts, contrary to the Levy Order, 2023 issued by the Public Procurement Regulatory Authority.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 effect of 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 governance were not effective.

Basis for Conclusion

1. Failure to Maintain a Fixed Assets Register

Review of records revealed that the Management did not maintain a fixed asset register for buildings, motor vehicles, office equipment, furniture and fittings and other assets. This was contrary to Regulation 143(1) of Public Finance Management (National Government) Regulations, 2015 which provides 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, the effectiveness of Schools' internal control system on fixed assets management could not be confirmed.

2. Lack of Internal Audit Function and Audit Committee

During the year under review, the School did not have an Audit Committee and an Internal Audit Unit. This was contrary to Regulation 174(1) of the Public Finance Management (National Government) Regulations, 2015, which requires each National Government entity to establish an Audit Committee and Section 73(1)(a) of the Public Finance Management Act, 2012, which provides that every National Government entity shall ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the existence of an effective oversight mechanisms could not be confirmed.

3. Lack of Risk Management Policy and IT policy

During the year under review, the School did not have a Risk Management Policy in place. This was contrary to Regulation 165(1) (a-b) of the Public Finance Management

(National Governments) Regulations, 2015 which requires the accounting officer to ensure that the National Government entity develops risk management strategies. In addition, the School did not have approved Information Technology Policy for governance and management of its ICT resources.

In the circumstance, the effectiveness of risk management systems at the School 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 the 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 (Accrual 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply 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 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

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

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 April, 2026

6. Statement Of Financial Performance for the Year Ended 30th June 2025

Description Of Vote Head	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue			
Government grants for tuition	1	592,784	478,999
Government grants for operations	2	2,021,135	1,886,709
School fund income- parents' contributions	3	538,838	877,053
Total Revenue		**3,152,758**	**3,242,761**
Expenditure			
Tuition	4	594,985	478,813
Operations	5	2,144,530	1,763,570
Boarding and school fund	6	538,970	1,011,751
Total Expenditure		**3,278,485**	**3,254,134**
Surplus/Deficit		**(125,727)**	**(11,373)**

The school financial statements were approved on 6/2/ 2026 and signed by:

....
Name: IBRAHIM MOHAMED
Chair BOM
Date: 6/2/2026

....
Name: ABDIRAHMAN HALAN
School Principal/ Secretary to BOM
Date: 6/2/2026

....
Name: MOHAMED HASSAN
Bursar/ Finance Officer
Date: 6/2/2026

FINCHARO MIXED SECOND... SCHOOL
P. O. Box 30 - 70301,
ELWAK

7. Statement of Assets and Liabilities As At 30th June 2025

Description	Note	2024/2025 Kshs	2023/2024 Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	7	2,042	127,769
Cash balances			
Short term investments			
Total cash and cash equivalent		**2,042**	**127,769**
Account's receivables			
Total financial assets (a)		**2,042**	**127,769**
Financial liabilities			
Accounts payables			
Total Financial Labilities (b)			
Net financial assets (a-b)		**2,042**	**127,769**
Represented by			
Accumulated fund b/fwd	8	127,769	139,142
Surplus/deficit for the year		(125,727)	(11,373)
Net Assets		**2,042**	**127,769**

The school's financial statements were approved on 6/2/2026 and signed by:

…………………………	…………………………	…………………………
Name: IBRAHIM MOHAMED	**Name:** ABDIRAHMAN HASSAN	**Name:** M. SHAM
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 6/2/2026	**Date:** 6/2/2026	**Date:** 6/2/2026

FINCHARO MIXED SECONDARY SCHOOL
P.O. Box 30 - 70301
[illegible]WAK

8. Statement of Cash Flows for the Year Ended 30th June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition		592,784	478,999
Government grants for operations		2,021,135	1,886,709
School fund income- parents contributions/ fees		538,838	877,053
Total receipts		**3,152,758**	**3,242,761**
Payments			
Cash outflows for tuition		594,985	478,813
Cash outflows for operations		2,144,530	1,763,570
Cash outflows Boarding/lunch and school fund payments		538,970	1,011,751
Total payments		**3,278,485**	**3,254,134**
Net cash inflow/outflow from operating activities		**(125,727)**	**(11,373)**
Cash flow from investing activities			
Acquisition of assets			-
Proceeds from sale of Assets			-
Proceeds from investments			-
Purchase of investments			-
Net cash inflow/outflows from investing activities			-
Cash flow from Financing activities			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
Net cash inflow/outflow from financing activities		-	-
Net increase/decrease in cash and cash equivalents		**(125,727)**	**(11,373)**
Cash and cash equivalent at beginning of the FY		127,769	**139,142**
Cash and cash equivalent at end of the FY		**2,042**	**127,769**

The school's financial statements were approved on 6/2/ 2026 and signed by:

....	....	....
Name: IBRAHIM MOHAMED	**Name:** ABDIRAHMAN HASSAN	**Name:** MOHAMMED HASSAN
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 6/2/2026	**Date:** 6/2/2026	**Date:** 6/2/2026

FINCHARO MIXED SECONDARY SCHOOL
P. O. Box 30 - 70301,
ELWAK

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2025

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
(1) Capitation Grant on Tuition					
Teaching / Learning Materials	600,000	-	600,000	592,784	99%
(2) Capitation Grant on Operations					
Personnel Emoluments	1,200,000	-	1,200,000	1,149,605	96%
Local Transport / Travelling	600,000	-	600,000	586,500	98%
Medical	200,000	-	200,000	168,500	84%
Activity	150,000	-	150,000	116,530	78%
(4) Fees Charged on Parents					
Fee On Boarding Equipment and Stores	550,000	-	550,000	538,838	98%
Total Income	**3,300,000**		**3,300,000**	**3,152,758**	**96%**
(6) Expenditure For Tuition					
Teaching / Learning Materials	600,000	-	600,000	591,914	99%
Bank Charges	1,000	-	1,000	870	87%
(7) Expenditure For Operations					
Personnel Emoluments	2,050,000	-	2,050,000	2,000,500	98%
Administration Costs	150,000	-	150,000	142,000	95%
Bank charges	2,100	-	2,100	2,030	97%

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
(9) Expenditure For school fund/lunch/boarding					
Boarding Equipment and Stores	550,000	-	550,000	537,000	98%
Bank Charges	2,000	-	2,000	1,970	98%
Totals	**3,355,100**	-	**3,355,100**	**3,278,485**	**98%**

The underutilization is as a result of under disbursement of capitation and under collection from parents

10. 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

Statement of Compliance

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The entity has taken advantage of the transitional provisions under IPSAS 33, and therefore, these first/second/thi[rd]/year financial statements are transitional financial statements.

Basis of Preparation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, statement of cash flow). Under an accrual basis, revenues are recognized when rights to assets are earned or levied rather than when cash is received, and expenses are recognized when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of revenue and expenditure

The school recognizes all revenue from various sources when earned and all expenses when incurred.

The capitation grants include recurrent and development grants. Recurrent capitation are recognised in the statement of financial performance while development grants are recognised in the statement of financial position after meeting the revenue recognition criteria. The conditional grants will be recognised as revenue upon fulfilment of the set conditions.

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 financial performance both as revenue and as expenditure in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

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

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. Accounts receivables also include school fees billed to parents for services rendered but not paid. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits, and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditures incurred for the purchase of goods, works and services that have been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2025

11. Notes To the Financial Statements

1 Government Grants for Tuition

Description	2024/2025	2023/2024
	Kshs	Kshs
Teaching / Learning Materials	592,784	478,999
Total	**592,784**	**478,999**

2 Government Grants for Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	1,149,605	-
Local Transport / Travelling	586,500	-
Medical	168,500	-
Repairs and maintenance	-	195,000
Activity	116,530	-
Administrative costs		1,691,708
Total	**2,021,135**	**1,886,708**

3 School Fund Income - Parents Contribution/Fees

Description	2024/2025	2023/2024
	Kshs	Kshs
Fee on Boarding Equipment and stores	538,838	-
Personnel emoluments	-	877,053
Total	**538,838**	**877,053**

4 Tuition

Description	2024/2025	2023/2024
	Kshs	Kshs
Teaching / Learning Materials	591,914	478,000
Bank Charges	870	812
Total	**592,784**	**478,812**

5 Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	2,000,500	-
Administration Cost	142,000	-
Repairs And Maintenance & Improvements	-	195,000
Other Vote heads	-	1,567,000
Bank charges	2,030	1,569
Total	**2,144,530**	**1,763,569**

6 Boarding And School Fund

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	-	294,000
Administration Costs	-	76,000
Fee On Boarding Equipment and Stores	537,000	595,236
Bank charges	1,970	1,515
Activity	-	45,000
Total	**538,970**	**1,011,751**

7. Bank Accounts

Account Name & Currency	Status	Bank Account Number	2024/2025	2023/2024
	Active/Dormant		Kshs	Kshs
Tuition Account		1000279551141	812	898

Operations Account		1000279551174	474	123,869
School Fund Account/Boarding		1000279551163	626	757
Infrastructural Account		1000280453872	130	2,245
Total			**2,042**	**127,769**

8 Fund Balance Brought Forward

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank Balances	127,769	139,142
Cash Balances	-	-
Short Term Investments	-	-
Receivables	-	-
Payables	-	-
Total	**127,769**	**139,143**

Progress On Follow Up of Auditor Recommendations

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

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

Sign and Date 6/2/2026
Principal

FINCHARO MIXED SECONDARY SCHOOL
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12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1.						
2.						
3.						
Sub-Total						
Supply Of Goods						
4.						
5.						
Sub-Total						
Supply Of Services						
6.						
7.						
8.						
Sub-Total						
Grand Total						

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1st July 20XX	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 20XX
Land				
Buildings And Structures				
Motor Vehicles				
Office Equipment, Furniture and Fittings				
Textbooks				
ICT Equipment				
Tools And Apparatus				
Other Machinery and Equipment				
Heritage And Cultural Assets				
Intangible Assets- Soft Ware				
Total				