

REPUBLIC OF KENYA



REPORT



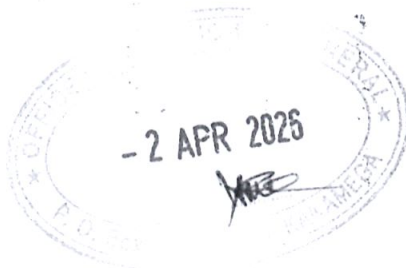
OF	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 JUL 2026 WEDNESDAY	
TABLED BY:	HON. MADEANEULTANY
CLERK-AT THE-TABLE:	ON BEHALF OF COM
	ESTHER NGINDO

**MBAKALO FRIENDS
SECONDARY SCHOOL**

**FOR THE YEAR ENDED
30 JUNE, 2023**

BUNGOMA COUNTY

Revised 30th June 2023.



MTAKALO FRIENDS SECONDARY SCHOOL.

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

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

(Leave this page blank)

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Table of Contents	Page
1. Acronyms and Glossary of Terms.....	ii
2. Key School Information and Management	iii
3. Summary Report of Performance of The School	viii
4. Statement of School Management Responsibility.....	xix
5. Report Of The Independent Auditors (<i>To be attached</i>).....	xx
6. Statement Of Receipts and Payments For the Year Ended 30 th June 2023	1
7. Statement of Assets and Liabilities As At 30 th June 2023.....	2
8. Statement of Cash Flows for the Year Ended 30 th June 2023.....	3
9. Trial Balance As At 30 th June 2023	4
10. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2023	7
11. Significant Accounting Policies	12
12. Notes To The Financial Statements.....	14
13. Annexes.....	24

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

1. Acronyms and Glossary of Terms

Provide a list of all applicable acronyms and glossary of terms e.g.

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	

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

2. Key School Information and Management

MBAKALO FRIENDS SECONDARY SCHOOL.

(a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is in Bungoma County, Bungoma North Sub-County.

The school was registered in 01 / 1987 under registration number 39530000223 and is currently categorized as a *County* public school established, owned or operated by the Government.

The school is a day/boarding school and had 1,120 number of students as at 30th June 2023. It has 6 streams and 46 teachers of which 17 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:

SCHOOL BOARD OF MANAGEMENT			
1	Mr. Peter Wabomba	Chairman	2/6/2022
2	Mr. Alex Luyali	Secretary - Principal	2/6/2022
3	Mr. Mutali Sirengo	Member	2/6/2022
4	Mr. Wycliffe Namaswa	Member	2/6/2022
5	Emilly Estock	Member	2/6/2022
6	Miss Namiti Gladys	Member	2/6/2022
7	Mr. Joseph Walunywa	Member	2/6/2022
8	Mr. Rodgers Makokha	Member – Rep CEB	2/6/2022
9	Miss Catherin Wekesa	Member Rep Teachers	2/6/2022
10	Mr. Jacob Wafula	3 Members - Sponsor	2/6/2022
11	Getrud Barasa	Member - Community	2/6/2022
12	Mr. Moses Shikanga	Member Special Needs	2/6/2022
13	Luke Mukanda	Rep Students	2/6/2022

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

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, 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

	Executive Committee	1.Peter Wabomba 2.Alex Luyali 3.Catherine Wekesa 4.Mulati Sirengo 5.Emily Estock	Chair Man Secretary/ pri Member Member Member	3 out of 4
2	Audit Committee	1.Rodgers Makokha 2.Wycliffe Namaswa 3.Peter Wabomba 4.Joshua Wanambisi	Chairman Member Member Member	1 out of 1
3	Finance,procurement and general purposes Committee	1.Gladys Namiti 2.Jacob Wafula 3.Alex Luyali 4.Getrud Barasa	Chairperson Member Member Member	3 out of 4

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

		5.Joshua Wanambisi		
4	Academic Committee	1.Moses Shikanga 2.Catherine Wekesa 3.Alex Luyali 4.Joseph Walunywa 5.Peter Wabomba		4 out of 4
5	Development Committee	1.Wycliffe Namaswa 2.Mutali Sirengo 3.Emilly Estock 4.Jacob Wafula		3 out of 4
6	Discipline and welfare Committee	1.Catherine Wekesa 2.Peter Wabomba 3.Getrud Barasa. 4.Alex Luyali.		3 out of 4
7	Adhoc Committee (if any during the year)	1.Joseph Walunywa 2.Catherine Wekesa 3.Mutali Sirengo 4.Joshua Wanambisi		1 out of 1

MTAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

(d) School operation Management

For the financial year ended 30th June 2023 the School day-to-day management was under the following persons:

Ref	Designation	Name	Identification
1	Principal	Mr. Alex Luyali	TSC No.390514
2	Deputy Principal	Mr. Sikalo Wanjala	TSC No.333714
3	Deputy Principal	Mr. Raylein Wanyama	TSC No. 473796
4	School Bursar	Mr.Joshua Wanambisi	186278

(e) Schools contacts

Post Office Box: 42 – 50211 Naitiri
Telephone: 0746819776
E-mail: mbakaloboy@gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

Provide details of the school bankers.

1. Name of Bank: K c b
Branch Kitale
Account Number 1105106667

2 Name of Bank : Cooperative
Branch : Kimilili
Account Number : 01139096944200

3. Name of Bank : K c b
Branch : Webuye
Account Number ;1108074537

4. Name of Bank : Cooperative
Branch : Kitale
Account Number : 01139096944201

5. Name of Bank : Cooperative
Branch: Kimilili
Account Number : 01103096944200

6. MPESA Pay Bill No 522123 / Account 50064K

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

(g) Independent Auditors

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

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

7. Summary Report of Performance of The School

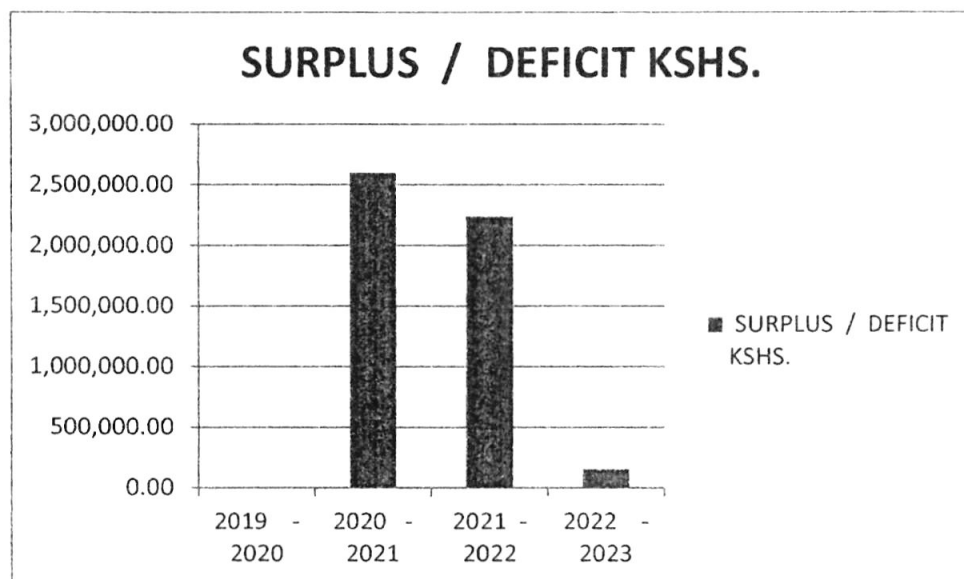
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

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

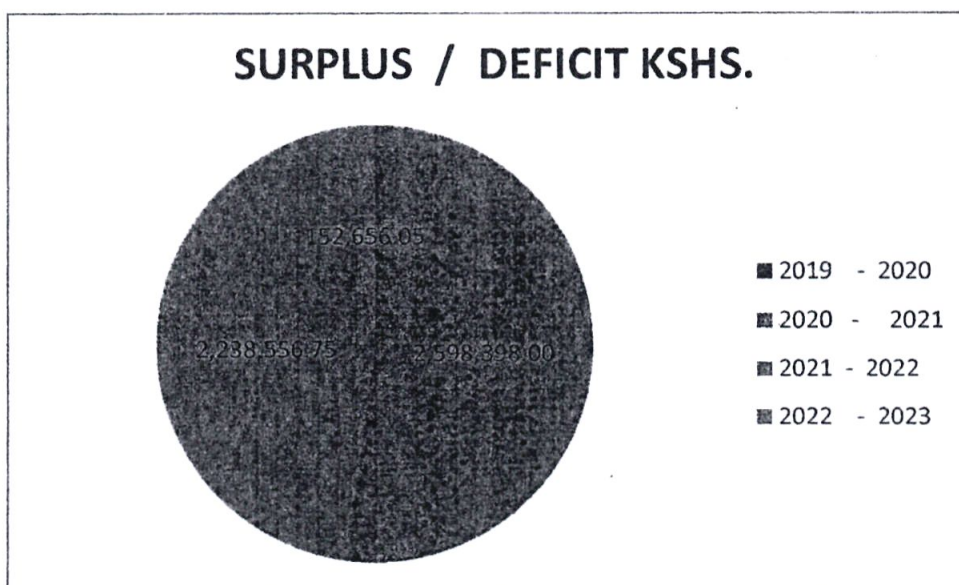
<i>YEAR</i>	<i>SURPLUS / DEFICIT KSHS.</i>
<i>2019 - 2020</i>	
<i>2020 - 2021</i>	<i>(2,598,398.00)</i>
<i>2021 - 2022</i>	<i>2,238,556.75</i>
<i>2022 - 2023</i>	<i>152,656.05</i>
<i>TOTALS</i>	<i>(512,497.30)</i>

GRAPHICAL PRESENTATION



MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

PIE CHARTS PRESENTATION

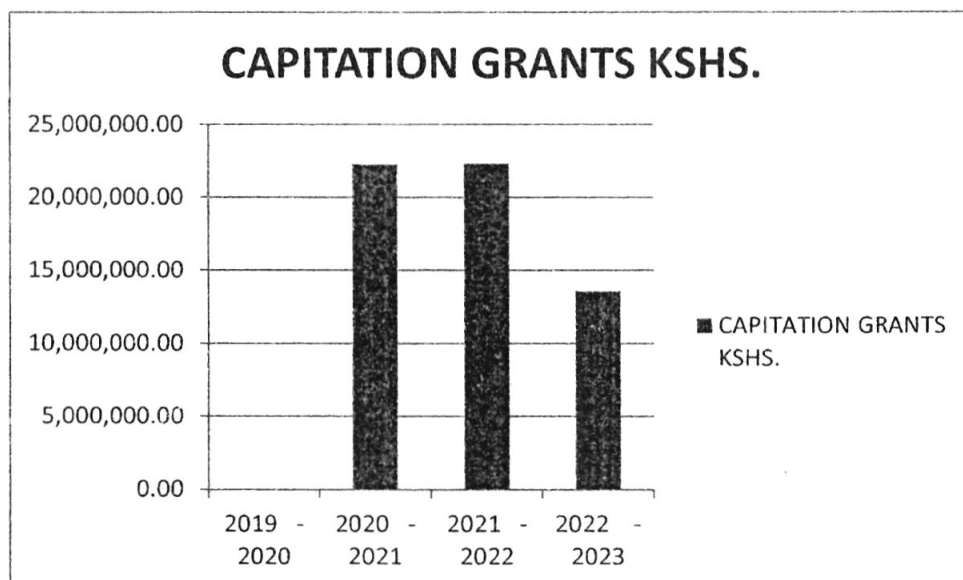


Capitation grants from the Ministry of Education for the last three years **TABULAR PRESENTATION**

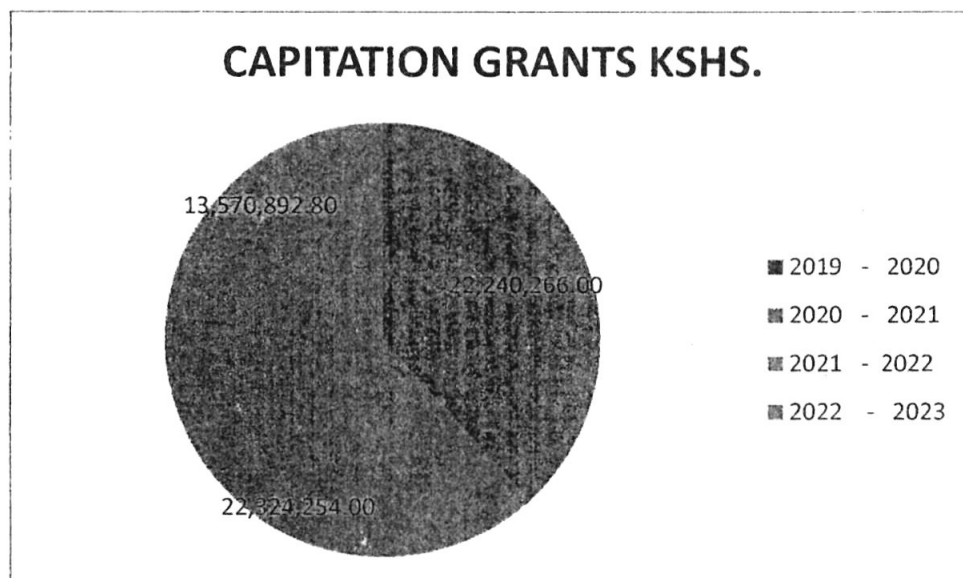
<i>YEAR</i>	<i>CAPITATION GRANTS KSHS.</i>
<i>2019 - 2020</i>	
<i>2020 - 2021</i>	<i>22,240,266.00</i>
<i>2021 - 2022</i>	<i>22,324,254.00</i>
<i>2022 - 2023</i>	<i>13,570,892.80</i>
TOTALS	58,135,412.80

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

GRAPHICAL PRESENTATION



PIE CHARTS PRESENTATION



A three-year overview of growth of other income(s) earned by the school.

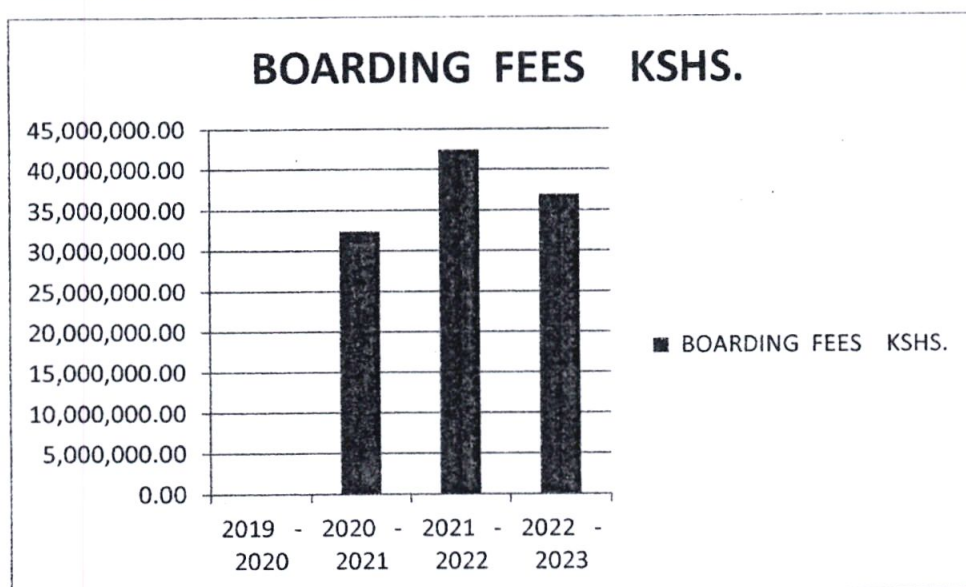
TABULAR PRESENTATION

YEAR	BOARDING FEES KSHS.
2019 - 2020	

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

2020 - 2021	32,399,801.00
2021 - 2022	42,419,860.00
2022 - 2023	36,906,250.25
TOTALS	111,725,911.25

GRAPHICAL PRESENTATION



PIE CHARTS PRESENTATION



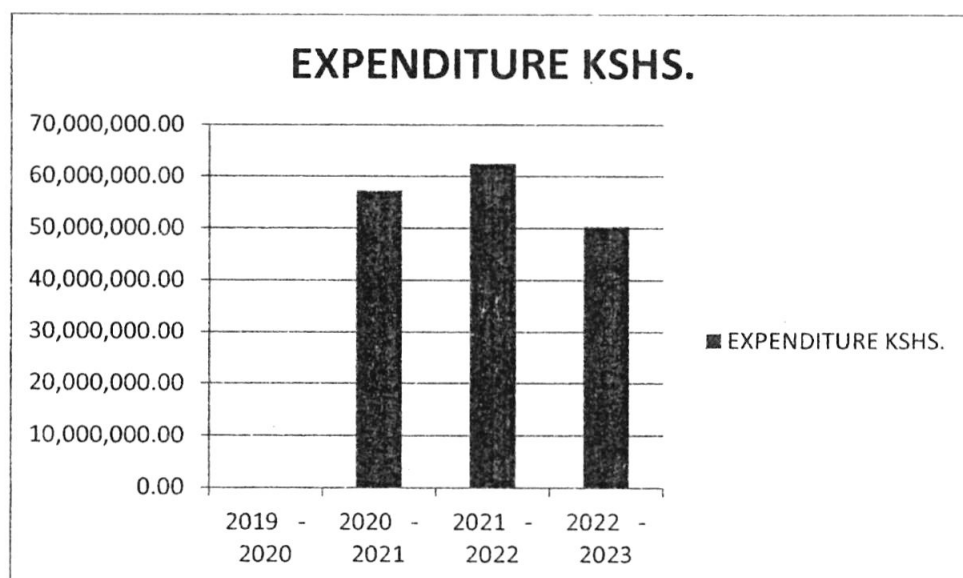
A three-year overview of growth in expenditure of the school

MTAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

TABULAR PRESENTATION

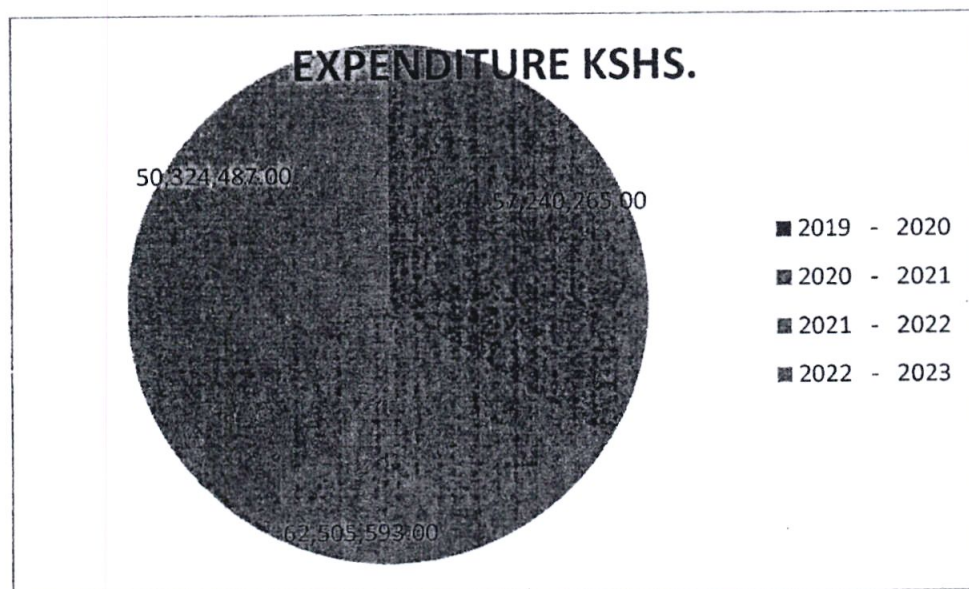
YEAR	EXPENDITURE KSHS.
2019 - 2020	
2020 - 2021	57,240,265.00
2021 - 2022	62,505,593.00
2022 - 2023	50,324,487.00
- TOTALS	170,070,345.00

GRAPHICAL PRESENTATION



PIE CHARTS PRESENTATION

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023



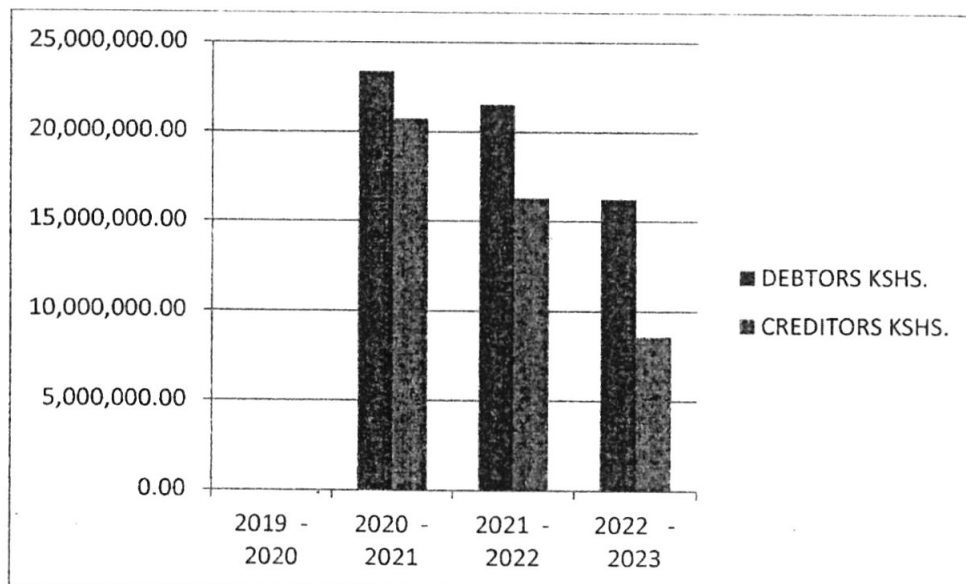
Movement of debtors and creditors of the school over the last three years

TABULAR PRESENTATION

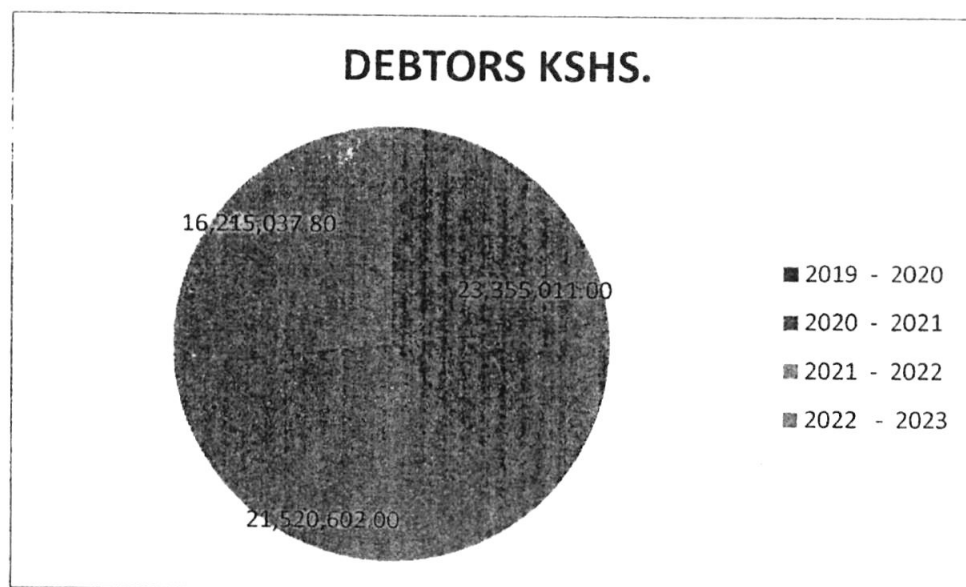
YEAR	DEBTORS KSHS.	CREDITORS KSHS.
2019 - 2020		
2020 - 2021	23,355,011.00	20,731,098.00
2021 - 2022	21,520,602.00	16,297,646.00
2022 - 2023	16,215,037.80	8,576,070.00
TOTALS	61,090,650.80	45,604,814.00

GRAPHICAL PRESENTATION

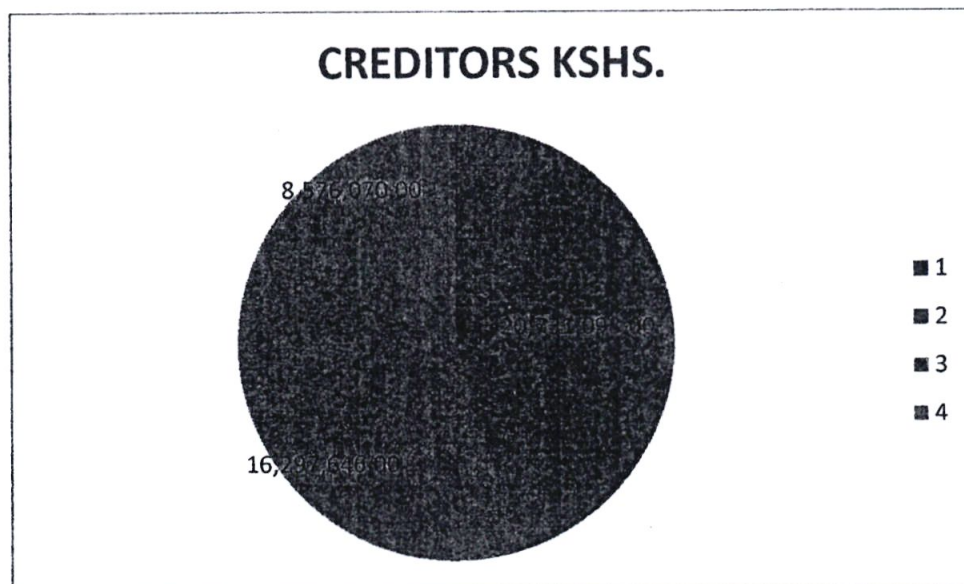
MTAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023



PIE CHARTS PRESENTATION



MTAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023



Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends unless the school is new).

b) Teacher Student ratio:

No,of Teachers Recruited and Posted	No.of Teachers Transferred	No. of Teachers Retired	No of Teachers Employed by TSC	No. of Teachers Employed by BOM	Teachers to Students Ratio

Number of Teachers per Subject

S/NO	SUBJECT	No. of Teachers
1	English	2
2	kiswahuli	5
3	maths	5
4	geography	2
5	history	5
6	C.R,E	4
7	Biology	6

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

8	Chemistry	5
9	Agriculture	3
10	Computer	1
11	Business	2
12	Music	1

(Include the teacher to student ratio, number of teachers recruited and posted to the school within the year, number of teachers that were transferred/ retired during the period as well as number of teachers employed by TSC, and number employed by BOM. One may also include how many teachers the school has for each subject in order to indicate shortage/ allocation of resources).

c) Mean score in the 2022 KCSE:

YEAR	NO. OF CANDIDATES	MEAN SCORE	GRADE	C-MINUS AND ABOVE	COMMENTS

Give performance of the school for each over the last three years. Include the number of students that have since transitioned to institutions of higher learning. Include the mean score and comment on improvement or otherwise as compared to the school's set score.

d) Number of Candidates in the 2022 KCSE:

YEAR	NO. OF CANDIDATES SAT FOR KCSE
2018	194
2019	225

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

2020	244
2021	179
2022	321
2023	239
TOTAL	1402

e) Capacity of the school:

The Enrolment of the school in the year 2023 was :

Total no.1044

The facilities of the School vis a vie the number of students . This information will provide useful details for the Ministry of Education)

S/NO.	FACILITIES	NO.	COMMENT
1.	Class rooms	20	
2.	Laboratory	2	
3.	Toilets	34	
4.	Dning Hall	1	
5.	Library	1	
6.	Domitories	5	
7.	Total		

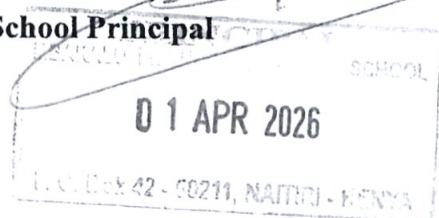
f) Development projects carried out by the school:

(Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format).

Dormitory		incomplet	25,000,000		

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

.....
School Principal



MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

8. Statement of School Management Responsibility

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

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

The Board of Management of *Mbakalo Friends 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).

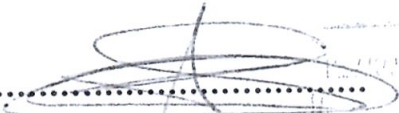
The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2023, and of the school's financial position as at that date.

Sign.....

Name: Mr. Peter Wabomba

Designation: Chairman, School Board of Management

Date: 11/4/2026

Sign.....

Name: Mr. Alex Luyali

Designation: School Principal & Secretary to Board of Management

Date:

Sign.....

Name: Mr. Joshua Wanambisi

Designation: Bursar/ Finance Officer

Date: 11/4/26

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 MBAKALO FRIENDS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 – BUNGOMA 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 financial statements of Mbakalo Friends Secondary School set out on pages 1 to 23, which comprise of the statement of assets and liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows

Report of the Auditor-General on Mbakalo Friends Secondary School for the year ended 30 June, 2023 - Bungoma County

and statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Mbakalo Friends Secondary School 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 Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Financial Statements

The statement of receipts and payments reflects school fund income -parents contributions amounting Kshs.33,436,750 as disclosed in Note 4 to the financial statements. However, re-casting of Note 4 to the financial statements amount indicates Kshs.34,179,402 resulting to unexplained variance of Kshs.742,652. Further, the statement of receipts and payments reflects boarding and school fund payments amounting to Kshs.35,147,675 while Note 9 to the financial statements reflects Kshs.31,826,800 resulting to a variance of Kshs.3,320,875 which has not been explained or reconciled.

In addition, Note 17 to the financial statements on other important disclosure notes reflects biological assets amounting to Kshs.572, which includes cattle and trees balances of Kshs.12 and Kshs.560, respectively. However, the number of cattle and trees has not been disclosed and valuation report was not provided for audit review. Additionally, the value of biological assets appears materially under-stated.

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

2. Unconfirmed Accounts Receivables Balance

The statement of assets and liabilities reflects accounts receivables balance of Kshs.16,215,038 as disclosed in Note 13 to the financial statements. However, the ledger reflects a balance of Kshs.10,139,109 resulting to an unexplained variance of Kshs.6,075,928. Further, the balance includes fees arrears amounting to Kshs.16,108,053 that had been outstanding for a period of more than one (1) year without clear strategy to ensure recovery of the same. Additionally, there was no policy on the impairment of long outstanding accounts receivables casting doubt on the fair statement of accounts receivables balance.

In the circumstances, the accuracy, completeness and recoverability of accounts receivables balance of Kshs.16,215,038 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Mbakalo Friends 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 final receipts budget and actual on a comparable basis amounts of Kshs.63,725,000 and Kshs.47,007,641 respectively, resulting to an under-funding of Kshs.16,717,359 or 26% of the budget.

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

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

Unresolved Prior Year Audit Issues

The Auditor-General's report for the year ended 30 June, 2022 raised several audit issues which remained unresolved as at 30 June, 2023. Management has not taken adequate action to address these matters. The issues as detailed in **Appendix 1** relate to prior period and have been reported for emphasis of matter purposes.

Other Information

Management is responsible for Other Information set out on page iii to xix which comprise of Key School Information and Management, Summary Report of Performance of the School and Statement of School Management Responsibility. 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

Management of the School submitted the financial statements to the Auditor-General on 20 February, 2026 instead of the statutory deadline of 30 September, 2023. This was contrary to Section 47(1) of the Public Audit Act, 2015 which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

2. Long Outstanding Accounts Payables

The statement of assets and liabilities and as disclosed in Note 14 to the financial statements reflects accounts payables balance of Kshs.8,576,070 which is comprised of trade payables totalling Kshs.8,014,370 and Kshs.561,700 prepaid fees. However, included in the balance are trade payables balance of Kshs.7,686,811 which had been outstanding for more than one (1) year, thereby exposing the School to the risk loss of public funds through litigations, interests and penalties.

This was contrary to Regulation 42 (1) (a) of the Public Finance Management (National Government) Regulations, 2015 which states that, service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations.

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

3. Lack of a Procurement Plan

The statement of receipts and payments reflects amounts of Kshs.50,477,143.05 and Kshs.50,324,487 in respect of total receipts and payments respectively. However, during the year under review, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the

Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

4. Failure to Maintain a Fixed Assets Register

Review of the School's records revealed that the School did not maintain a fixed asset register. 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, Management was in breach of the law.

5. Failure to Develop a School Improvement Plan

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

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

6. Lack of an Approved Staff Establishment and Salary Structure

Note 7 and 9 to the financial statements reflects personnel emoluments totaling Kshs.5,761,300. Review of the payroll data for the month of June, 2023 and human resource function of the institution revealed the School had thirty-seven (37) employees on Board of Management contractual engagement. However, there was no documentary evidence indicating that the School had an approved staff establishment and salary structure indicating the progression for each employee.

In the circumstances, Management may not be able to adequately plan for the optimum number of employees and remunerate them accordingly.

7. Failure to Maintain Memorandum Cashbook

During the year under review, an amount of Kshs.9,596 was issued as standing imprest for various operation expenses according to the petty cash expenditure report. However, the memorandum cashbook to record all receipts and payments was not maintained.

This was contrary to Regulation 93(14) of the Public Finance Management (National Government) Regulations, 2015 which states that, the holder of a standing imprest shall keep a memorandum cash book to record all receipts and payments and the balance on hand shall agree with the cash balance recorded in the cashbook.

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

8. Failure to Adhere to the Prescribed Financial Reporting Template

Review of the annual report and financial statements revealed non-compliance with the Public Sector Accounting Standards Board reporting requirements in that the Statement of School Management Responsibility was not signed by the Chairman. Further, Annex 1 and 2 to the financial statements in respect of accounts payables analysis and summary of fixed assets register are blank. This is contrary to Section 81(3) of the Public Finance Management Act, 2012 which states that the Accounting Officer should prepare the financial statements in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board.

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. Lack of Internal Audit Reports

During the year under review, the School had constituted a Board Committee to deal with internal and external audit reports. However, there was no evidence that the Committee received and deliberated on any internal audit reports in the year under review.

In the circumstances, the effectiveness of the School's oversight mechanism could not be confirmed.

2. Weakness in Management of Textbooks

During the year under review, it was noted that there was no evidence of instructional need assessment that provided the basis for determining the number and subject of instructional material needed by the School.

In addition, there was no evidence of Mbakalo Friends Secondary School having set up a School Instructional Materials Selection Committee (SIMSC) that does annual needs assessment of the textbooks urgently needed by the School that was to guide the Ministry of Education through Kenya Institute of Curriculum Development (KICD) on the distribution of textbooks to the School.

In the circumstances, the effectiveness of management of textbooks could not be confirmed.

3. Lack of Risk Management Policy

The School did not have a risk management policy, strategies, and risk register to mitigate against risk, contrary to Regulation 165 (1) of Public Finance Management (National Government) Regulation, 2015 which requires Accounting Officers to ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism.

In the circumstances, the effectiveness of risk management could not be confirmed.

4. Lack of Land Ownership Documents

Mbakalo Friends Secondary School sits on a parcel of land measuring approximated four (4) acres. However, ownership documents for the land were not provided for audit review.

In the circumstances, the ownership status of the School's land 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 (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 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'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

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

20 April, 2026

Report of the Auditor-General on Mbakalo Friends Secondary School for the year ended 30 June, 2023 - Bungoma County

Appendix 1: Unresolved Prior Year Audit Issues

S/No.	Financial Year	Audit Issue
1	2021/2022	Variances Between Financial Statement and Ledgers Balances
2	2021/2022	Unsupported Accounts Payables
3	2021/2022	Unsupported Accounts Receivables
4	2021/2022	Unsupported Board Allowances
5	2021/2022	Unsupported Bank Balances
6	2021/2022	Unsupported Boarding and School Fund Payments
7	2021/2022	Failure to Adhere to the Prescribed Financial Reporting Format
8	2021/2022	Failure to Maintain a Fixed Assets Register
9	2021/2022	Lack of Approved Staff Establishment and Salary Structure
10	2021/2022	Lack of Ownership Documents for Non- Current assets
11	2021/2022	Irregular Procurement of Works
12	2021/2022	Irregular Payments on Facilitation of Quality Performance
13	2021/2022	Unsupported Repairs on Services
14	2021/2022	Irregular Procurement of Tuition Materials
15	2021/2022	Unsupported Payments for Operations and Tuition
16	2021/2022	Failure to Carry out Inspection of Goods Procured
17	2021/2022	Weaknesses in Textbooks Records Management
18	2021/2022	Weaknesses in Cash Management

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

10. Statement Of Receipts and Payments For the Year Ended 30th June 2023

Receipts			
Government grants for tuition	1	3,105,420.00	4,103,222.00
Government grants for operations	2	6,986,472.80	11,503,032.00
Government Grants for infrastructure	3	3,479,000.00	6,718,000.00
School fund income- parents' contributions	4	33,436,750.25	42,129,609.00
Miscellaneous incomes	5	3,469,500.00	290,250.00
Total Receipts		50,477,143.05	64,744,114.00
Payments			
Tuition	6	4,474,305.00	5,004,030.00
Operations	7	6,939,867.00	11,753,953.00
Infrastructure	8	3,762,640.00	7,337,077.00
Boarding and school fund	9	35,147,675.00	38,410,532.00
Total Payments		50,324,487.00	62,505,593.00
Surplus/Deficit		152,656.05	2,238,521.00

The school financial statements were approved on 30th June _____ 2023 and signed by:

Sign.....

Name: Mr. Peter Wabomba

Chair BOM

Date: 11/4/2026

Sign.....

Name: Alex Luyali
School Principal/ Secretary to
BOM

Date: 11/4/2026

Sign.....

Name: Wanambisi Joshua

Bursar/ Finance Officer

Date: 11/4/26

C 1 APR 2026

(Comparative FY refers to the financial year preceding the current financial year.)

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

11. Statement of Assets and Liabilities As At 30th June 2023

2022-2023			
Financial Assets			
Cash and cash equivalents			
Bank balances	10	139,844.25	2,155,360.00
Cash balances	11	9,596.00	257,436.00
Short term investments	12		
Total cash and cash equivalent		149,440.25	2,412,796.00
Account's receivables	13	16,215,037.80	21,520,602.00
Total financial assets		16,364,478.05	23,933,398.00
Financial liabilities			
Accounts payables	14	(8,576,070.00)	(16,297,646.00)
Net financial assets		7,788,408.05	7,635,752.00
Represented by			
Accumulated fund b/fwd	15	7,635,752.00	5,397,231.00
Surplus/deficit for the year		152,656.05	2,238,521.00
Net financial position		7,788,408.05	7,635,752.00

The school's financial statements were approved on 30TH June

2023 and signed by:

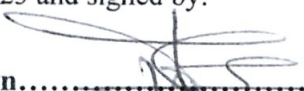
Sign.....

Name: Mr. Peter Wabomba

Chair BOM

Date: 1/4/2026

Sign.....
Name: Mr. Alex Luyali
School Principal/Secretary to BOM
Date: 1/4/2026

Sign.....

Name: Joshua Wanambisi

Bursar/ Finance Officer

Date: 1/4/26

(Comparative FY refers to the financial year preceding the current Financial year.)

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

12. Statement of Cash Flows for the Year Ended 30th June 2023

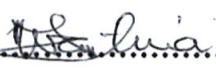
Cash from Operating Activities			
Receipts			
Government grants for tuition		3,105,420.00	4,103,222.00
Government grants for operations		6,986,472.80	11,503,032.00
Government grants for infrastructure		3,479,000.00	6,718,000.00
School fund income- parents contributions/ fees		31,173,394.25	42,129,609.00
Other income Miscele		3,469,500.00	290,250.00
Total receipts		48,213,787.05	64,744,114.00
Payments			
Cash outflows for tuition		4,474,305.00	5,004,030.00
Cash outflows for operations		6,939,867.00	11,753,954.00
Cash outflows Boarding/lunch and school fund payments		35,300,330.80	38,410,532.00
Total payments		(46,714,502.80)	(55,168,516.00)
Net cash inflow/outflow from operating activities		1,499,284.25	9,575,598.00
Cash flow from investing activities			
Acquisition of assets		(3,762,640.00)	(7,337,077.00)
Proceeds from sale of Assets		-	-
Proceeds from investments		-	-
4Purchase of investments		-	-
Net cash inflow/outflows from investing activities		(3,762,640.00)	(7,337,077.00)
Cash flow from Financing activities			
Proceeds from borrowings/ loans	18	-	-
Repayment of principal borrowings		-	-
Net cash inflow/outflow from financing activities		-	-
Net increase/decrease in cash and cash equivalents		(2,263,355.75)	2,238,521.00
Cash and cash equivalent at beginning of the FY		2,412,796.00	174,275.00
Cash and cash equivalent at end of the FY		149,440.25	2,412,796.00

Note: Cash and Cash Equivalent is the summation of Note 10, 11 and 12.

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

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

The school's financial statements were approved on 30th June _____ 2023 and signed by:

Sign..........

Name: Mr. Peter Wabomba

Chair BOM

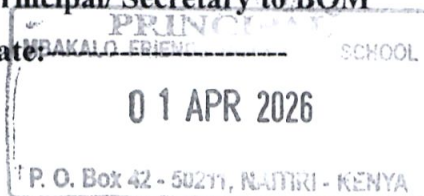
Date: 1/4/2026

Sign..........

Name: Mr. Alex Luyali

Principal/ Secretary to BOM

Date: _____



Sign..........

Name: Mr. Joshua
Wanambisi

Bursar/ Finance Officer

Date: 1/4/26

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

MBAKALO FRIENDS SECONDARY SCHOOL

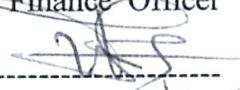
TRIAL BALANCE AS AT 30TH JUNE 2023

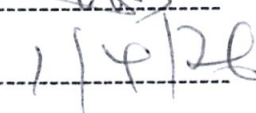
		DR	CR
		KSHS.	KSHS.
CASH AND CASH EQUIVALENTS			
	Bank Balances	139,844.25	
	Cash Balances	9,596.00	
	Short term investment		
	Receivables	16,215,037.80	
PAYMENTS :			
	Tuition Payments	4,474,305.00	
	Operation Payments	6,939,867.00	
	Infrastructure Payments	3,762,640.00	
	Boarding & Fund	35,147,675.00	
RECEIPTS:			
	Grants for Tuition		3,105,420.00
	Grants for Operation		6,986,472.80
	Grants for Infrastructure		3,479,000.00
	School Fund Income		33,436,750.25
	Other Receipts		3,469,500.00
	Proceeds from borrowing		
PRIOR YEAR ADJUSTMENT			
Fund Balance b/ f			7,635,752.00
	Payables		8,576,070.00
TOTALS		66,688,965.05	66,688,965.05

Prepared By :

Mr. Joshua Wanambisi

Bursar / Finance Officer

Sign 

Date 

Confirmed By :

Mr. Alex Luyali

Principal / Secretary BOM / PA



MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

(Comparative FY refers to the financial year preceding the current Financial year.)

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

13. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2023

	BUDGETED	ACTUAL	VARIANCE	PERCENTAGE	
Receipts					
(1) Capitation Grant on Tuition					
Reference Materials	124,600.00	-	124,600.00	116,100.00	93%
Exercise Books	780,000.00	-	780,000.00	685,164.00	88%
Laboratory Equipment	2,800,000.00	-	2,800,000.00	1,081,900.00	39%
Internal Exams	990,000.00	-	990,000.00	800,593.50	81%
Teaching / Learning Materials	480,800.00	-	480,800.00	280,987.50	58%
Exams And Assessment	120,600.00	-	120,600.00		
Chalk	386,000.00	-	386,000.00	140,675.00	36%
TOTAL	5,682,000.00		5,682,000.00	3,105,420.00	55%
(2) Capitation Grant on Operations					
Personnel Emoluments	4,000,000.00	-	4,000,000.00	3,189,250.00	80%
Repairs And Maintenance	-	-		-	-
Local Transport / Travelling	680,400.00	-	680,400.00	413,241.40	61%
Electricity And Water	925,600.00	-	925,600.00	742,278.40	80%
Medical	556,000.00	-	556,000.00	386,250.00	69%
Administration Costs	2,400,000.00	-	2,400,000.00	1,651,103.00	69%
Activity	890,000.00	-	890,000.00	753,900.00	85%
TOTAL	9,452,000.00		9,452,000.00	6,986,471.20	74%

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

	2022/23	2021/22	2020/21	2019/20	2018/19
3) FDSE for infrastructure					
Maintenance & Improvement MoE	4,000,000.00	-	4,000,000.00	3,479,000.00	87%
M&I parents' contribution	-	--			-
Economic Stimulus Programs	-	-			-
Transition Infrastructure Grants	-	-			-
Administration Block	-	-			-
(4) Fees Charged on Parents					
Personnel Emoluments	3,386,000.00	-	3,386,000.00	3,170,975.00	94%
Repairs And Maintenance	2,400,000.00	-	2,400,000.00	1,668,590.00	70%
Local Transport / Travelling	1,600,000.00	-	1,600,000.00	1,008,989.00	635
Electricity And Water	3,200,000.00	-	3,200,000.00	2,483,490.00	78%
Medical	-	-	-	-	-
Administration Costs	965,000.00	-	965,000.00	742,652.00	77%
Activity	680,000.00	-	680,000.00	359,356.00	53%
SMASSE		-	-		-
Fee On Boarding Equipment and Stores	32,360,000.00	-	32,360,000.00	24,002,698.00	74%
TOTAL	44,591,000.00	-	44,591,000.00	33,436,750.00	75%
5) Miscellenous Income					
Loans / Borrowing	-	-	-		-
Rent income	-	-	-		--
Income From Farming Activities	-	-	-		-
Insurance Compensation	-	-	-		-

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Income From Posho Mill	-	-	-		-
Income From Bus Hire	-	-	-		-
Fee For Hire of Ground and Equipment	-	-	-		-
Interest Income	-	-	-		-
Income From Any Other Investment	-	-	-		-
Total Income	63,725,000.00		63,725,000.00	47,007,641.20	74%
(6) Expenditure For Tuition			-		-
Textbooks	-	-	-		-
Reference Materials	124,600.00	-	124,600.00		
Exercise Books	780,000.00	-	780,000.00	910,010.00	117%
Laboratory Equipment	2,800,000.00	-	2,800,000.00	2,096,735.00	75%
Internal Exams	990,000.00	-	990,000.00	370,000.00	37%
Teaching / Learning Materials	480,800.00	-	480,800.00	906,230.00	188%
Chalks	386,000.00	-	386,000.00	115,580.00	30%
Exams And Assessment	120,400.00	-	120,400.00	75,750.00	63%
Teachers Guides					
Administration Costs	-	-	-		-
Bank Charges	-	-	-		-
	5,681,800.00		5,681,500.00	4,474,305.00	79%
(7) Expenditure For Operations					
Personnel Emoluments	4,000,000.00	-	4,000,000.00	2,768,490.00	69%
Repairs, Maintenance & Improvements	-		-		-

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Local Transport / Travelling	680,400.00	-	680,400.00	510,500.00	75%
Electricity, Water and Conservancy	925,600.00	-	925,600.00	1,414,850.00	153%
Medical	556,000.00	-	556,000.00	72,000.00	13%
Administration Costs	2,400,000.00	-	2,400,000.00	1,837,177.00	77%
Activity Expenses	890,000.00	-	890,000.00	336,850.00	38%
Gratuity					
SMASSE					
	9,452,000.00		9,452,000.00	6,939,867.00	73%
(8) Expenditure For infrastructure					
Construction of classrooms	4,000,000.00	-	4,000,000.00	3,672,640.00	92%
Construction of LAB		-	-		-
Construction of DORMS	-	-	-		-
Purchase of furniture	-	-	-		-
Purchase of equipment	-	-	-		-
Purchase of machinery	-	-	-		-
(9) Expenditure For school fund/lunch/boarding					
Personnel Emoluments	3,386,000.00	-	3,386,000.00	2,992,810.00	88%
Repairs, Maintenance and Improvements	2,400,000.00	-	3,386,000.00	1,349,864.00	40%
Local Transport / Travelling	1,600,000.00	-	1,600,000.00	1,020,137.00	64%
Electricity, Water and Conservancy	3,200,000.00	-	3,200,000.00	1,709,670.00	53%

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Medical Expenses	-	-	-	-	-
Administration Costs	965,000.00	-	965,000.00	636,448.00	66%
Activity	680,000.00	-	680,000.00	438,140.00	64%
Gratuity	-	-	-	-	-
Lunch Programme	-	-	-	-	-
Boarding Equipment and Stores	32,360,000.00	-	32,360,000.00	23,679,731.00	73%
Expenditure For Income Generating Activity	-	-	-	-	-
Insurance Costs	-	-	-	-	-
Other Expenses On Investments	-	-	-	-	-
Rent Expenses	-	-	-	-	-
Bank Charges	-	-	-	-	-
Loan Interest Repayment	-	-	-	-	-
Loan Principal Repayment	-	-	-	-	-
Acquisition Of Assets	-	-	-	-	-
Totals	63,725,000.00		63,725,000.00	46,913,612.00	74%

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

- i. *All incomes are below 90% this shows undercollection of revenue income.*
- ii. *Some expenses are above 100% while others are below 90% I.e spending beyond the budget estimates.*

14. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

The *school* recognises all receipts from 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*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

3. In-kind contributions

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

4. Cash and cash equivalents

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

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

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 fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditure incurred for the purchase of goods, works and services that has 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 2023.

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

15. Notes To The Financial Statements

1 Government Grants for Tuition

Reference Materials	116,100.00	68,962.80
Exercise Books	685,164.00	1,806,740.00
Laboratory Equipment	1,081,900.00	1,074,990.00
Internal Exams	800,593.50	802,180.00
Teaching / Learning Materials	280,987.50	156,728.00
Others (<i>chalk</i>)	140,675.00	193,621.50
Total	3,105,420.00	4,103,222.30

**Include others as per MOE circulars*

2 Government Grants for Operations

Personnel Emoluments	3,189,250.00	5,836,046.00
Repairs And Maintenance	-	-
Local Transport / Travelling	413,241.40	881,262.40
Electricity And Water	747,278.40	1,491,640.00
Medical	231,700.00	463,313.80
Administration Costs	1,651,103.00	1,921,440.00
Activity	753,900.00	459,330.00
Other Vote Heads (Gratuity)	-	450,000.00
Total	6,986,472.80	11,503,032.20

**Include others as per MOE circulars*

3 Government Grants for infrastructure

Maintenance & Improvement	3,479,000.00	6,718,000.00
Transition infrastructure grants		
Administration Block		
Economic stimulus grants		
Other (<i>specify</i>)(NGCDF and County govt.		
Total	3,479,000.00	6,718,000.00

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

4 School Fund Income - Parents Contribution/Fees

Personnel emoluments	3,170,975.00	3,860,627.70
Repairs and maintenance	1,668,590.00	1,846,588.00
Local transport / travelling	1,008,989.00	1,533,127.00
Electricity and water	2,483,490.00	3,261,052.00
Medical	-	-
Administration costs	742,652.00	1,421,193.55
Activity	359,356.00	572,409.00
Fee on Boarding Equipment and stores	24,002,698.00	29,634,612.00
PA Levies*		
Others (specify)		
Total	33,436,750.00	42,129,609.25

**Includes all levies charged by the school outside the fees structure but by mutual agreement with the parents.*

5 Miscellaneous Incomes

Rent Income		
Income From Farming Activities	194,125.00	149,750.00
Insurance Compensation		
Income From Poshò Mill		
Income From Bus Hire	107,000.00	90,500.00
Fee For Hire of Ground and Equipment		
Income From Grants and Donations*		
Tender fees		50,000.00
Bursary	3,168,375.00	-
Loans/Borrowings*		
Other Income (specify) *		
Total	3,469,500.00	290,250.00

(Include an explanation on the kind and source of grants/ donations received by the school.)

**Ensure proper authorization from MOE before obtaining loans/borrowings.*

**Indicate what other income relates to including income arising from writebacks if any.*

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

6 Tuition Payments

	2022	2021
Exercise Books	910,010.00	2,068,200.00
Internal exams	370,000.00	781,700.00
Reference materials	75,750.00	209,100.00
Laboratory Equipment	2,096,735.00	1,608,110.00
Teaching / Learning Materials	906,230.00	250,920.00
Exams And Assessment	-	-
Teachers Guides		
Bank Charges		
Others (Chalk	115,580.00	86,000.00
Total	4,474,305.00	5,004,030.00

7 Operations Payments

	2022	2021
Personnel Emoluments	2,768,490.00	4,558,380.00
Service Gratuity	-	400,000.00
Administration Cost	1,837,177.00	2,143,732.00
Repairs And Maintenance & Improvements	-	-
Local Transport / Travelling	510,500.00	678,940.00
Electricity And Water	1,414,850.00	2,809,052.00
Medical	72,000.00	435,900.00
Activity Expenses	336,850.00	727,950.00
Insurance Cost	-	-
Others (specify)	-	-
Total	6,939,867.00	11,753,954.00

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

8 Infrastructure Payments

Construction of classrooms	3,762,640.00	7,337,077.00
Construction of laboratory		
Construction of dormitory		
Purchase of furniture		
Purchase of equipment		
Purchase of apparatus		
Drilling of boreholes		
Others (specify)		
Total	3,762,640.00	7,337,077.00

9 Boarding And School Fund Payments

Personnel Emoluments	2,992,810.00	2,691,770.00
Service Gratuity		-
Repairs And Maintenance & Improvements	1,349,864.00	3,139,494.00
Local Transport / Travelling	1,020,137.00	671,100.00
Electricity And Water	1,709,670.00	1,540,706.00
Medical Expenses	-	-
Administration Costs	636,448.00	1,258,330.00
Farm	102,500	-
Bank Charges	-	-
Expenses On Income Generating activity(bus)	50,000	102,560.00
Fee On Boarding Equipment and Stores	23,679,731.00	28,711,387.00
Rent Expenses	-	
Insurance Cost (Life Property)	-	
Loan Principal Repayment	-	
Loan Interest Repayment	-	
Activity Expenses	438,140.00	295,185.00
PA expenses		
Others (bursary)	3,168,375	
Total	35,147,675.00	38,410,532.00

(Expenses on income generating activities** should include all costs relating to the school earnings on miscellaneous receipts as recorded in note 5. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others).

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

10 Bank Accounts

Tuition Account			55,779.00	76,834.65
Operations Account			26,928.25	231,202.45
School Fund Account/Boarding			57,137.00	1,847,323.20
Savings Account			-	
Parent Association Development Account			-	
Income Generating Activities Account			-	
Infrastructural Account			-	
Total			139,844.25	2,155,360.30

11 Cash In Hand

Notes and Coins	-	-
Operation Account	9,500.00	125,850.00
School Fund Account	96.00	131,586.00
Total	9,596.00	257,436.00

12 Short Term Investments

Cooperative Shares	-	-
Treasury Bills	-	-
Fixed Deposit accounts	-	-
Other Investments	-	-
Total	-	-

MTAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

13 Accounts Receivable

Fees Arrears	16,215,037.85	21,141,644.95
Other Non-Fees Receivables	-	378,957.00
Salary Advances (list/schedule attached)		
Imprest (list/schedule attached)		
Rent arrears (list/schedule attached)		
Total	16,215,037.85	21,520,601.95

13 b Ageing Analysis of Accounts Receivable

	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	106,985.85	36%	7,448,385.00	35%
Between 1- 2 years	2,414,792.00	10%	3,288,127.00	16%
Between 2-3 years	-	%	-	%
Over 3 years	13,693,259.95	54%	10,405,132.95	49%
Total (should tie to note 13 a)	16,215,037.80	100%	21,141,644.95	100%

14 Accounts Payable

Trade Creditors (See Ageing Below and Appendix 1)	8,014,370.00	14,633,118.00
Prepaid Fees	561,700.00	1,287,471.00
Retention Monies		377,057.00
Unpaid salaries and statutory deductions		-
Caution money		-
Other payables (<i>specify</i>)		-
Total	8,576,070.00	16,297,646.00

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

14a. Ageing Analysis of Accounts Payable

	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	327,559.15	%	5,900,621.00	40%
Between 1- 2 years	850,621.00	%	8,732,497.00	60%
Between 2-3 years	-	%	-	%
Over 3 years	6,836,189.85	%	-	%
Total (should tie to note 14)	8,014,370.00	%	14,633,118.00	100%

15 Fund Balance Brought Forward

Bank Balances	2,155,360.30	1,601,967.25
Cash Balances	257,436.00	36,133.00
Short Term Investments		-
Receivables	25,186,288.95	16,208,136.25
Payables	(19,963,333.25)	(12,449,005.00)
Total	7,635,752.00	5,397,231.50

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Other important disclosure notes

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

16 Non-current Liabilities Summary

	2022/23	2021/22
Bank Loans	-	-
Outstanding Leases	-	-
Hire Purchase	-	-
Gratuity And Leave Provision	-	-
Others (specify)	-	-
Total	-	-

17 Biological assets

	2022/23	2021/22
Cattle	12	8
Goats	0	-
Trees	560	280
Coffee Or Tea Plantation	-	-
Poultry	-	-
Others (specify)	-	-
Total	-	288

18 Borrowings

	2022/23	2021/22
Borrowings at beginning of the year	-	* -
Borrowings during the year	-	-
Repayments during the year	-	-
Balance at the end of the year	-	-

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Other important disclosure notes

19 Stock/ Inventory

	2022-2023	2021-2022
Food stuffs	850,000	1,059,080.00
Lab consumables		
Farm produce		
Medication		
Construction Materials		
Others (specify)		
	850,000	1,059,080.00

(Stock to be measured at lower of cost and net realisable value. Net realisable value is the difference between selling costs less costs to sell)

MBAKALO FRIENDS SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

20 Progress On Follow Up Of Auditor Recommendations

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

Sign and Date
Principal

MBAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

16. Annexes

Annex I - Analysis of Pending Accounts Payable

Construction Of Buildings						
1. DOMITORY	25,000,000					
2.						
3.						
Sub-Total						
Supply Of Goods						
4. MEAT						
5. MAIZE						
Sub-Total						
Supply Of Services						
6. EXHAUST SERVICES						
7. BUS REPAIR AND MATAINANCE						
8.						
Sub-Total						
Grand Total						

MTAKALO FRIENDS SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

Annex 2 – Summary of Fixed Assets Register

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				

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

REPUBLIC OF KENYA

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



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

Ref: OAG/KRO/MTAKALO F SECS/2022/2023/(17)

15 June, 2026

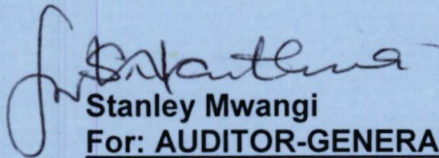
Mr. Samuel Josephat Njoroge, CBS
Clerk of the National Assembly
Parliament Buildings
P. O. Box 41842-00100
NAIROBI

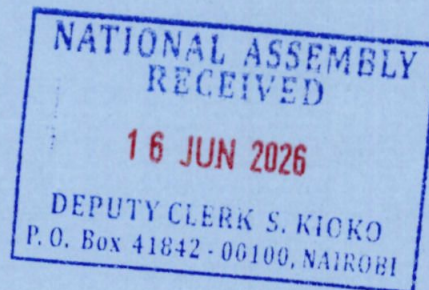
Dear Mr. Njoroge

REPORT OF THE AUDITOR-GENERAL ON MBACKALO FRIENDS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 - BUNGOMA COUNTY

I transmit the report of the Auditor-General on the examination and audit of Mbackalo Friends Secondary School for the year ended 30 June, 2023 in accordance with the provisions of Article 229(7) of the Constitution of Kenya for the necessary action as required by Article 229(8) of the Constitution.

Yours sincerely


Stanley Mwangi
For: AUDITOR-GENERAL



Copy to: Dr. Chris K. Kiptoo, PhD., CBS
Principal Secretary
The National Treasury
P. O. Box 30007-00100
NAIROBI

Mr. John Lekakeny Ololtuaa, CBS
Principal Secretary
Ministry of Education
State Department for Basic Education
P. O. Box 30040-00100
NAIROBI

Mr. Alex Luyali
Principal
Mbakalo Friends Secondary School
P. O. Box 42-50211
NAITIRI

