

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 26 FEB 2025

DAY.

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**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

TABLED  
BY:

Hon. Samuel  
Chepkonga, MP

**OF**

CLERK-AT  
THE-TABLE:

Mr. Mado

**THE AUDITOR-GENERAL**

**ON**

**MAMA NGINA GIRLS SECONDARY SCHOOL**

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

**MOMBASA COUNTY**

Revised 30<sup>th</sup> July 2022



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**MAMA NGINA GIRLS SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> June 2022**

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

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**I. ACRONYMS AND GLOSSARY OF TERMS**

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
MOE	Ministry Of Education

**MAMA NGINA GIRLS SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL**

**Annual Report and Financial Statements**

**For the year ended 30<sup>th</sup> June 2022**

**II. 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 Mombasa County, Mvita Sub-County.

The school was registered in 1988 under registration number PU/S/3/631/13 and is currently categorized as a National public school established, owned or operated by the Government.

The school is a boarding school and had 974 number of students as at 30<sup>th</sup> June 2022. It has (4) four streams in four, five streams in form 1-3 and 41 teachers of which one was 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:

<b>Ref:</b>	<b>Name of Board Member</b>	<b>Designation</b>	<b>Date of appointment</b>
1	Rukia Harith	Chairman	8/6/2022
2	Mwanahamisi Omar	Secretary - Principal	8/6/2022
3	Eric Mwanyumba	Member	8/6/2022
4	Qs. Mwanyumba Eric	Member	8/6/2022
5	Husna Mbarak	Member	8/6/2022
6	Mr. Onesmus Mulwa	Member	8/6/2022
7	Md. Rosebella Abune	Member	8/6/2022
8	Dr. Patta	Member – Rep CEB	8/6/2022
9	Md. Sophie Dzombo	Member Rep Teachers	8/6/2022
10	Md. Fatuma Abdulrahim Saad	3 Members - Sponsor	8/6/2022
11	Khalid O. Shariff	Member - Community	8/6/2022
12	Md Rukiya Harith Swaleh	Member	8/6/2022
13	Hamisa M. Zaja	Member Special Needs	8/6/2022
14	Grace George	Rep Students	8/6/2022

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

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

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

**(c) Committees of the Board**

<b>Name of Committee</b>		<b>Designation</b>	<b>Number of meetings attended during the year</b>
Audit Committee			
	1 .Mwanahamisi Omar	Principal	6 out of 6
	2. Rukiya H. Swaleh	BOM Chairlady	6 out of 6
	3. Khalid O. Shariff	BOM Member	4 out of 6
Executive Committee	4. Dr. Shem Patta	BOM Member	6 out of 6
		BOM Chair	2 out of 3
	1. Dr Rukiya Harith	BOM Member	3 out of 3
	2. Dr. Faiz Shee	“ “	0 out of 3
	3. Mdm Rosebella	“ “	2 out of 3
	4. Mr. Khalid Shariff	“ “	0 out of 3
	5. Mdm Husna Mbarak	“ “	2out of 3
	6. Mdm Loise Kimani	“ “	2 out of 3
	7. Mdm Mwanaharusi		3 out of 3
	8. Mrs. Omar Mwanahamisi	principal	

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	<ol style="list-style-type: none"> <li>1. Qs Eric Mwanyumba</li> <li>2. Mr. Khalid Shariff</li> <li>3. Dr. Patta Shem</li> <li>4. Mr. Kakai Cornelius</li> <li>5. Dr. Rukiya Harith</li> <li>6. Mrs. Omar Mwanahamisi</li> <li>7. Mdm Loise Kimani</li> </ol>	BOM Chair BOM Member “ “ “ “ “ “ “ “ “ “	2 out of 3 3 out of 3 0 out of 3 2 out of 3 0 out of 3 out of 3 2 out of 3
Academic standards, quality and environment Committee  Discipline and welfare Committee	<ol style="list-style-type: none"> <li>1. Mdm Saadu Rashid</li> <li>2. Dr. Faiz Shee</li> <li>3. Dr. Sophie Uyoga</li> <li>4. Mdm Sophia Dzombo</li> <li>5. Dr. Rukiya Harith</li> <li>6. Mr. Kakai Cornelius</li> <li>7. Mdm Loise Kimani</li> <li>8. Mrs. Omar Mwanahamisi</li> </ol>	Chair Member “ “ “ “ “ “ Principal/Secretary	4 out of 4 4 out of 4 2 out of 4 3 out of 4 4 out of 4 4 out of 4 3 out of 4
	<ol style="list-style-type: none"> <li>1. Dr. Sophie Uyoga</li> <li>2. Mr. Onesums Mulwa</li> <li>3. Mdm Rosebella Ambune</li> <li>4. Mdm Fatima Saad</li> <li>5. Mdm Hamisa Zaja</li> <li>6. Mdm Loise Kimani</li> <li>7. Mr. Hamadi Hemed K.</li> <li>8. Mdm Husna Mubarak</li> </ol>	Chair Member “ “ “ “	4 out of 4 4 out of 4 2 out of 4 3 out of 4 4 out of 4 4 out of 4 3 out of 4

**(d) School operation Management**

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

Ref:	Designation	Name	TSC Number
1	Principal	Mwanahamisi Omar	350221
2	Deputy Principal	Loice kimani	334156
3	School Bursar	Basil Barasa Haduba	-

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

**(e) Schools contacts**

Post Office Box: 81074-80100  
Telephone: 0721743742  
E-mail: mamanginagirls.highschool@gmail.com  
Website: www.mamanginagirls.sc.ke  
Facebook:  
Twitter:

**(f) School Bankers**

The school operated 9 number of bank accounts in the following banks:

1. Name of Bank: Kenya Commercial Bank  
Branch: Mvita Branch-Mombasa  
Account Number: 1264854285 – Boarding

MPESA Pay Bill No. 522123, Account 67610K- KCB attached to - KCB bank  
account Number: 1264854285

2. Name of Bank: Kenya Commercial Bank  
Branch: Mvita Branch- Mombasa  
Account Number: 1261263170 - Tuition

3. Name of Bank: Kenya Commercial Bank  
Branch: Mvita Branch- Mombasa  
Account Number: 1261262220 – Operation

4. Name of Bank: Kenya Commercial Bank  
Branch: Mvita Branch- Mombasa  
Account Number: 1261263499 – BOM Savings

**School Bankers [continued]**

5. Name of Bank: Kenya Commercial Bank  
Branch: Mvita Branch- Mombasa  
Account Number: 1261262042 – Service Gratuity Savings
6. Name of Bank: Equity Bank  
Branch: Digo Road Branch- Mombasa  
Account Number: 046293773687 - Boarding
7. Name of Bank: National Bank Of Kenya  
Branch: Nkrumah Branch- Mombasa  
Account Number: 1021007512800 – Boarding
8. Name of Bank: Kenya Commercial Bank  
Branch: Treasury Square  
Account Number: 08020464581- NG-CDF
9. Name of Bank: Kenya commercial Bank  
Branch: Mvita  
Account Number: 1170742394 -Infrastructure

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**(g) Independent Auditors**

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

**MAMA NGINA GIRLS SECONDARY SCHOOL  
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**III. 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:**

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

S/N	ACCOUNT	2022	2021	2020
1	TUITION	(37,235.00)	(184,310.00)	538,246.00
2	OPERATION	64,369,853.00	(36,842,007.00)	(44,343.00)
3	MAIN	3,528,448.00	(1,320,918.00)	6,931,244.00

**II) Capitation grants from the Ministry of Education for the last three years**

S/N	ACCOUNT	2022	2021	2020
1	TUITION	2,972,912.00	1,085,461.00	1,456,781.00
2	OPERATION	134,401,906.00	7,228,581.00	61,213,394.00

**III) Ratio of capitation grant per student over the last three years**

S/N	ACCOUNT	2022	2021	2020
1	TUITION	1:3059	1:2992	1:2098
2	OPERATION	1:13,370	1:13968	1:14628

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

S/N	ACCOUNT	2022	2021	2020
1	MAIN	65,736,607.00	18,455,048.00	30,302,488.00

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

S/N	ACCOUNT	2022	2021	2020
1	TUITION	3,010,147.00	1,269,770.00	918,535.00
2	OPERATION	70,032,053.00	44,070,589.00	9,376,793.00
3	MAIN	62,208,160.00	19,775,966.00	23,371,244.00

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**Financial performance[continued]**

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

S/N	PARTICULARS	2022	2021	2020
1	DEBTORS	8,331,400	8,716,598.00	5,352,868.00
2	CREDITORS	21,048,65.00	18,704,378.00	4,510,386.00

VII) Movement of cash and bank balances over the last three years

S/N	PARTICULARS	2022	2021	2020
1	CASH ON HAND	27,231.00	29,575.00	2,568.00
2	CASH ON BANK	97,290,758.00	26,697,880.00	13,937.743.00

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**b) Teacher Student ratio:**

Teachers student ratio	1:20
1. Number of teachers recruited/posted to the school within the year	
2. Number of teachers transferred within the year	
3. Number of teachers retired during the year	
4. Number of teachers recruited/posted to the school within the year	
5. Number of teachers employed by TSC	42
6. Number of teachers employed by BOM	Nil
7. Subject allocation: (i) Maths	5 teachers
(ii) English	3 teachers
(iii) Kiswahili	5 teachers
(iv) Chemistry	5 teachers
(v) Biology	5 teachers
(vi) Physics	4 teachers
(vii) Business studies	2 teachers
(viii) Agriculture	1 teacher
(ix) Geography	5 teachers
(x) History and government	2 teachers
(xi) CRE	1 teacher
(xii) IRE	1 teacher
(xiii) Home science	1 teacher
(xiv) Computer	1 teacher
(xv) French	1 teacher
(xvi) Arabic	0
<b><u>Shortage</u></b>	
1. Physics/Maths	
2. Arabic	
3. Computer	

**c) Mean score in the 2020 KCSE:**

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S/N	DESCRIPTION	2020	2019	2021
1.	Performance of the school	C+	C+	B-
2.	School mean score	7.42	7.12	8.08
3.	Number of students transited to higher learning	114	122	160

**d) Number of candidates in the 2020 KCSE:**

S/N	DESCRIPTION	2020	2019	2018
1.	KCSE candidates	175	199	197

**e) Capacity of the school**

S/N	DESCRIPTION	2022
1.	Number of students	972
2.	Dormitories	9
3.	Dining hall	1
4.	Laboratories :- ICT lab	1
	Home science lab	1
	Physics lab	1
	Chemistry/biology lab	2
5.	Toilets	63
6.	Kitchen	1

**MAMA NGINA GIRLS SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL**

**Annual Report and Financial Statements**

**For the year ended 30<sup>th</sup> June 2022**

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

Relocation of Mama Ngina Girls Secondary School to Shimo la Tewa.

	PROJECTS	SOURCE OF FUNDS	DATE CONTRACTED	DATE EXPECTED TO BE COMPLETED	PROJECT TOTAL COST KSH	AMOUNT PAID TODATE KSH	COMMENT
1	TUITION BLOCK	MOE	07/10/2019	MAY 2022	172,221,401.00	146,044,163.00	WAITING HANDOVER
2	STAFF HOUSE-PRINCIPAL	MOE	07/05/2021	SEPT 2021	3,853,728.00	3,853,728.00	COMPLETED
3	STAFF HOUSE-DEPUTY PINCIPAL	MOE	25/10/2021	FEB 2022	3,937,840.00	4,600,450.00	COMPLETED
4	DORMITORY	MOE	16/02/2022	DEC 2022	99,531,699.00	41,161,315.00	WORK IN PROGRESS

Sign



School Principal

**MAMA NGINA GIRLS SECONDARY SCHOOL  
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**IV. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY**

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

Schedule 4 (Section 23) of the Education Act, 2013 requires 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 Mama Ngina Girls 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 30<sup>th</sup> June, 2022, and of the school's financial position as at that date.

Name: Eric Mwanjumbi

Designation: Chairman, School Board of Management

Sign: [Signature]

Date: 30-8-2022

Name: Wes Omba

Designation: School Principal & Secretary to Board of Management

Sign: [Signature]

Date: 30/8/22

Name: Basil Barasa

Designation: Bursar/ Finance Officer

Sign: [Signature]

Date: 30-8-2022

# REPUBLIC OF KENYA

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*Enhancing Accountability*

## **REPORT OF THE AUDITOR-GENERAL ON MAMA NGINA GIRLS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – MOMBASA COUNTY**

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Mama Ngina Girls Secondary School – Mombasa County set out on pages 1 to 22, which comprise of the statement of

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*Report of the Auditor-General on Mama Ngina Girls Secondary School for the year ended 30 June, 2022 - Mombasa County*

financial assets and financial liabilities as at 30 June, 2022 and the statement of receipts and payments, 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 financial statements present fairly, in all material respects, the financial position of the Mama Ngina Girls Secondary School - Mombasa County as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

## **Basis for Qualified Opinion**

### **1. Inaccuracies in the Financial Statements**

Review of the statement of receipts and payments revealed amounts at variance with the balances reflected in the statement of cash flows as analysed below;

<b>Description</b>	<b>Statement of Receipts and Payments Amount (Kshs.)</b>	<b>Statement of Cash Flows Amount (Kshs.)</b>	<b>Variance (Kshs.)</b>
School Fund Income - Parents Contribution	3,740,545	68,461,364	64,720,819
School Fund Income – Other Receipts	61,996,062	0	61,996,062
Boarding and School Fund Payments	62,208,160	62,203,448	4,712

The variances were not explained or reconciled.

Further, the statement of cash flows reflects total receipts of Kshs.205,836,182 against actual total receipts on comparable basis of Kshs.52,349,840 reflected in the statement of receipts and payments resulting to unreconciled receipts totaling Kshs.153,486,342. In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

### **2. Unsupported Expenditure on Acquisition of Assets**

The statement of receipts and payments reflects payments for operations totalling Kshs.70,032,053 which as disclosed in Note 6 to the financial statements includes acquisition of assets of Kshs.55,348,109. However, the expenditure was not supported

with the ledger or analysis of the assets acquired. In addition, the expenditure is not captured under Annex 1 – summary of fixed assets register as additions during the year.

In the circumstances, the accuracy and existence of expenditure on acquisition assets of Kshs.55,348,109 could not be confirmed.

### 3. Non-Disclosure of Investment and Investment Returns

The statement of financial assets and financial liabilities reflects bank balances totaling Kshs.97,290,758 as disclosed in Note 8 to the financial statements. Review of bank statements for the year under audit revealed that the School Management authorized funds totaling to Kshs.307,500,000 to be invested in fixed deposit account and on call deposits as shown below.

Date	Amount (Kshs.)
12.09.2021	20,000,000
06.12.2021	100,000,000
01.04.2022	81,000,000
23.05.2022	9,500,000
07.06.2022	22,000,000
17.06.2022	59,500,000
22.06.2022	15,500,000
<b>Total</b>	<b>307,500,000</b>

However, there was no disclosure of short-term investments in the statement of financial assets and financial liabilities.

Further, Management indicated that a total of Kshs.1,406,728 was realized and disclosed, however, there was no investment schedule showing how many times the investment was carried out, when the investment matures and how much interest was earned. In addition, there was no proof of negotiations carried out between the bank and the School for a possible higher rate of interest or search for higher interest rate from other banks in the market. Evidence that the investment was approved by the Principal Secretary of the Parent Ministry was also not provided.

In the circumstances, the School was exposed to loss of funds and the financial statements may be misstated.

### 4. Inconsistencies in School Fund Income - Parents Contribution

The statement of receipts and payments reflects total receipts of Kshs.203,111,425 which include, school fund income - parents contribution and school fund income – other receipts of Kshs.3,740,545 and Kshs.61,996,062 as disclosed in Note 3 and Note 4 to the financial statements totalling Kshs.65,736,607. However, the ledger reflects a balance of Kshs.59,527,411 resulting to an unreconciled variance of Kshs.6,209,196. Further, an

examination of revenue reports generated by the QuickPay System revealed an amount of Kshs.66,103,802. The variances have not been explained or reconciled.

In circumstances, the accuracy of the school fund income totalling Kshs.65,736,607 could not be confirmed.

## **5. Inaccuracies in Capitation Grants**

The statement of receipts and payments reflects capitation grants for tuition and operations amounts of Kshs.2,972,912 and Kshs.134,401,906 as disclosed in Note 1 and Note 2 to the financial statements. Review of the NEMIS capitation disbursements made to the School against the amount received by the School revealed amounts of Kshs.14,506,815 and Kshs.13,376,121 respectively resulting to an unexplained variance of Kshs.1,130,694. Further, comparison of banks statements and the financial statements reflects amounts of Kshs.13,376,121 and Kshs.137,374,818 resulting to an unexplained variance of Kshs.123,998,697

In the circumstances, the accuracy and completeness of capitation grants for tuition and operation of Kshs.2,972,912 and Kshs.134,401,906 could not be confirmed.

## **6. Long Outstanding Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.8,331,406 in respect of fees arrears and salary advances as disclosed in Note 11 to the financial statements. However, included in the balance are receivables amounting to Kshs.552,963 which had been outstanding for more than two (2) years. Further, significant accounting policies on accounts receivables as disclosed in Note 5 is silent on the treatment of the students' fees balances which is the major source of income for the School.

In the circumstances, the full recoverability of the outstanding receivables balance of Kshs.8,331,406 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Mama Ngina Girls 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 of Kshs.115,811,900 and Kshs.52,349,840. respectively, resulting to an under-funding of Kshs. 63,462,060 or 55% of the budget. However, the

School spent a balance of Kshs.135,250,359 against actual receipts of Kshs.52,349,840 resulting to an over-utilization of Kshs.82,900,519 or 158% of actual receipts which was not justified.

The under-funding affected the 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Late Submission of Financial Statements for Audit**

During the year under review, Management did not submit the financial statements to the Auditor-General by the statutory date of 30 September, 2022 but submitted them on 28 February, 2023. This was contrary to the Ministry of Education circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the schools financial statements should be ready by 30 September, 2022 in compliance with Section 81 of the Public Finance Management Act, 2012 on preparation of financial statements.

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

#### **2. Lack of Effective Management of Textbooks**

During the year under review, it was observed that the School had not implemented mechanisms to eliminate loss of textbooks in the custody of students, and the students are only accountable to the books when picking their certificates upon clearing from the School. Further, the audit revealed that stock taking of books had not been carried out, and books that were not in the custody of students and teachers were not properly arranged in the bookstore and some remained on the floor. It was therefore not possible to ascertain books available as well as lost textbooks.

In the circumstances, the School may not have derived value from the textbooks exposed to loss and the School's re-order level may not be effective in the absence of proper records.

### 3. Excess Supply of Books

During the year under review, the Ministry of Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD) Examination of records revealed that the Institute distributed one thousand and twenty-eight (1,028) books to the School while only nine hundred and sixty-four (964) books were issued to the students, resulting to an unexplained sixty-four (64) excess text books in the School store.

In the circumstances, value for money on the excess sixty-four (64) text books could not be confirmed.

### 4. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.134,401,906 as disclosed in Note 2 to the financial statements, from the Ministry of Education credited in the operations bank account Included in the amount is Kshs.4,520,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, no amount was transferred to infrastructure account. This was contrary to the Ministry of Education Circular Ref. No MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

### 5. Employees Earning Less Than a Third of Basic Pay

The statement of receipts and payments reflects payments for operations amounting to Kshs.70,032,053, out of which an amount of Kshs 7,810,382 relates to other vote heads which includes payments made to employees Examination of a sample of the June, 2022 payroll revealed that some employees were earning less than a third of their basic pay as indicated in the table below:

Employee Designation	Basic Pay (Kshs.)	Net Pay (Kshs.)	A Third of Basic Pay (Kshs.)
Account Clerk	21,470	5,380	7,156.67
Matron	25,400	5,716	8,466.67
Cateress	19,770	5,455	6,590
Librarian	19,770	4,955	6,590

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

## **6. Unbalanced Budget**

The statement of budgeted versus actual amounts reflects final budgeted income of Kshs.115,811,900 and final budgeted expenditure of Kshs.71,219,336 resulting to a budget surplus of Kshs.44,592,564 contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that 'unless provided otherwise in the Act, these Regulations or any other guidelines developed in furtherance of the Act or these Regulations, that at all times during budget formulation and approval it must be ensured that the budget shall be balanced.

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

## **7. Long Outstanding Payables**

The statement of financial assets and financial liabilities and as disclosed in Note 12 to the financial statements reflects payables balance of Kshs.21,048,655. However, included in the balance are trade payables balance of Kshs.3,000,000 which had been outstanding for more than two (2) years. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates.

In the circumstances, the School Management was in breach of the law and there is risk loss of public funds through litigations, interests and penalties.

## **8. Unconfirmed Students Enrolment Data**

The statement of receipts and payments reflects capitation grants for tuition, operations and infrastructure totalling Kshs.137,374,818. Comparison of data from National Education Management and Information System (NEMIS) with records from the County Director of Education revealed that during the financial year 2021/2022, NEMIS reflected nine hundred and six (906) students while records from the County Director of Education had nine hundred and seventy-four (974) students, resulting to an underfunding of the School by an amount of Kshs.1,512,592. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the Principals to ensure their records are accurate.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

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

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi


23 September, 2024

**PUBLIC SECONDARY SCHOOLS - MAMA NGINA GIRLS SECONDARY SCHOOL**  
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**VI. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30<sup>TH</sup> JUNE 2022**

DESCRIPTION OF VOTE HEAD	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	2,972,912.00	1,085,461.00
Capitation grants for operations	2	134,401,906.00	7,228,581.00
School Fund Income- Parents' Contributions	3	3,740,545.00	983,171.00
School Fund Income- Other receipts	4	61,996,062.00	17,471,877.00
Proceeds from borrowings			
<b>TOTAL RECEIPTS</b>		<b>203,111,425.00</b>	<b>26,769,090.00</b>
<b>PAYMENTS</b>			
Payments for Tuition	5	3,010,147.00	1,269,770.00
Payments for operations	6	70,032,053.00	44,070,589.00
Boarding and school fund payments	7	62,208,160.00	19,775,966.00
<b>TOTAL PAYMENTS</b>		<b>135,250,360.00</b>	<b>65,116,325.00</b>
<b>SURPLUS/DEFICIT</b>		<b>67,861,065.00</b>	<b>(38,347,235.00)</b>

The school financial statements were approved on 30-8-2022 and signed by:

Sign:   
 Name: Eric Mwanuzumbe

Chair BOM

Date: 30-8-2022

Sign:   
 Name: Mrs Anita

School Principal/  
Secretary to BOM

Date: 30/8/22

Sign:   
 Name: Basil Barasa

Bursar/  
Finance Officer

Date: 30-8-2022

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**VII. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT  
30<sup>TH</sup> JUNE 2022**

	Note	2021/2022	2020-2021
		Ksh	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8	97,290,758.00	26,697,880.00
Cash Balances	9	27,231.00	29,575.00
<b>Total Cash and cash equivalent</b>		<b><u>97,317,989.00</u></b>	<b><u>26,727,455.00</u></b>
Account's receivables	11	8,331,406.00	8,716,598.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>105,649,395.00</b>	<b>35,444,053.00</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	12	(21,048,655.00)	(18,704,378.00)
<b>NET FINANCIAL ASSETS</b>		<b>84,600,740.00</b>	<b>16,739,675.00</b>
<b>REPRESENTED BY</b>			
Fund balance b/fd 1 <sup>st</sup> Jan. 2020	13	16,739,674.00	55,086,908.00
Surplus/Deficit for the year		67,861,066.00	(38,347,235.00)
<b>NET FINANCIAL POSSITION</b>		<b>84,600,740.00</b>	<b>16,739,674.00</b>

The School's financial statements were approved on 30/8 2022 and signed by:

Name: Eric Mwanuzi  
Chairman, BoM  
Sign: [Signature]  
Date: 30-8-2022

Name: Mae Anna  
School Principal/Secretary  
to BoM  
Sign: [Signature]  
Date: 30/8/22

Name: Basit Barasa  
Bursar/Finance  
Sign: [Signature]  
Date: 30-8-2022

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**VIII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2022**

		2021-2022	2020-2021
		Kshs	Kshs
<b>Receipts from operating activities</b>			
Capitation grants for tuition	1	2,972,912.00	1,085,461.00
Capitation grants for operations	2	134,401,906.00	7,014,394.00
School fund income- Parents contributions/ fees	3	68,461,364.00	15,530,687.00
<b>Total receipts</b>		<b>205,836,182.00</b>	<b>23,630,542.00</b>
<b>Payments from operating activities</b>			
Payments for Tuition	5	3,010,147.00	1,269,770.00
Payments for operations	6	14,683,944.00	6,077,535.00
Boarding and school fund payments	7	62,203,448.00	20,577,024.00
<b>Total payments</b>		<b>79,897,539.00</b>	<b>27,924,329.00</b>
<b>Net cash flow from operating activities</b>		<b>125,938,644.00</b>	<b>(4,293,787.00)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts from investing activities</b>			
Maintenance & Improvement funds			11,622,154.00
Proceeds from Sale of Assets			-
Proceeds from investments			-
<b>Total receipts</b>			<b>11,622,154.00</b>
<b>Payments from investing activities</b>			
Acquisition of Assets		(55,348,109.00)	(40,541,225.00)
<b>Total payments</b>		-	-
<b>Net cash flows from Investing Activities</b>		<b>(55,348,109.00)</b>	<b>(28,919,071.00)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
<b>Receipts from financing activities</b>			
Proceeds from borrowings/ loans			-
<b>Total receipts</b>			-
<b>Payments from financing activities</b>			
Repayment of principal borrowings/loans			-
<b>Total payments</b>			-
<b>Net cash flows from financing activities</b>			-
<b>Net increase in cash and cash equivalents</b>		<b>70,590,535.00</b>	<b>(33,212,858.00)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>26,727,455.00</b>	<b>59,940,311.00</b>
<b>Cash and cash equivalent at END of the year</b>		<b>97,317,990.00</b>	<b>26,727,453.00</b>

**PUBLIC SECONDARY SCHOOLS - MAMA NGINA GIRLS SECONDARY SCHOOL**

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**IX. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
<b>RECEIPTS</b>						
<i>(1) CAPITATION GRANT ON TUITION</i>						
Textbooks and reference materials	-	-	-	-	-	-
Exercise books	-	-	-	-	-	-
Laboratory equipment	-	-	-	-	-	-
Internal exams	-	-	-	-	-	-
Teaching / learning materials	38,256,680.00	-	38,256,680.00	2,972,912.00	852,768.00	77.7%
Chalks	-	-	-	-	-	-
Exams and assessment	-	-	-	-	-	-
Teachers guides	-	-	-	-	-	-
Reference/Library	-	-	-	-	-	-
<i>(2) CAPITATION GRANT ON OPERATIONS</i>						
Personnel emoluments	-	-	-	-	-	-
Maintenance & Improvement	5,550,000.00	-	5,550,000.00	4,361,810.00	(1,188,190.00)	78.6%
Local transport / travelling	-	-	-	-	-	-
Other Incomes	8,620,000.00	-	8,620,000.00	8,634,095.00	(14,095.00)	100.2%
Electricity and water	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-
Administration costs	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Activity	-	-	-	-	-	-

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
<b>(3) FEES CHARGED ON PARENTS</b>						
Personnel emoluments				-	-	-
Repairs and maintenance	-	-	-	-	-	-
Local transport / travelling	-	-	-	-	-	-
Electricity and water	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Administration costs	-	-	-	-	-	-
Activity	-	-	-	-	-	-
SMASSE	-	-	-	-	-	-
Fee on Boarding Equipment and Stores	-	-	-	-	-	-
<b>OTHER INCOME</b>						
Fee on Boarding Equipment and Stores	24,308,000.00	4,928,820.00	29,236,820.00	3,501,607.00	(5,778,787.00)	120%
Electricity, water & Conservancy						
Local Travelling & Transport						
Home science				274,900.00		
Personal Emoluments						
Hire of facilities				1,659,200.00		
Activity	26,000,000		26,000,000.00	23,524,955.00	2,475,045.00	79%
Other vote heads	8,148,400.00		8,148,400.00	5,898,962.00	2,526,184.00	90.5%
Tender fees				117,500.00		
Canteen				94,000.00		
Students ID Cards/Admission materials				1,290,400		
Caution Money						
Swimming				19,500.00		

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Income from farming activities				-		
Insurance compensation				-		
Income from Posho mill				-		
Income from Bus Hire				-		
Fee for hire of ground and equipment/hall				-		
Income from grants and donations*						
Interest income				-		
Dividends income				-		
<b>TOTAL INCOME</b>	<b>110,883,080.00</b>		<b>115,811,900.00</b>	<b>52,349,840.00</b>	<b>(24,036,060.00)</b>	
<b>(1) EXPENDITURE FOR TUITION</b>						
Textbooks and reference materials						
Tuition	3,825,680.00	-	3,825,680.00	3,010,147.00	815,533.00	78.7%
Laboratory equipment						
Internal exams						
Teaching / learning materials						
Chalks						
Exams and assessment						
Teachers guides						
Administration costs						
Bank Charges						
<b>(2) PAYMENTS FOR OPERATIONS</b>						
Personnel emoluments						
Other income	8,620,000.00	-	8,620,000.00	7,810,382.00	809,618.00	90.6%
Administration costs						

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Maintenance & improvements	5,550,000.00	-	5,550,000.00	5,252,045.00	297,955.00	94.6%
Local transport / travelling						
Electricity, water and conservancy						
Servant quarters		-		1,621,517.00		
Activity Expenses						
SMASSE						
Insurance Cost						
Bank Charges						
Acquisition of Assets				55,348,109.00		
<b>(3) BOARDING AND FOR SCHOOL FUND PAYMENTS</b>						
Activity	975,656.00	-	975,656.00	530,685.00	444,971.00	54.4%
Other vote heads	26,000,000.00	-	26,000,000.00	20,973,206.00	5,026,793.00	80.7%
Fee on Boarding Equipment and Stores	24,308,000.00	-	24,308,000.00	34,634,683.00	(10,326,683.00)	142.5%
Gratuity						
Home science				309,139.00		
Tender						
BOM Teachers				91,980.00		
Hire of facilities				1,591,823.48		
Pocket Money						
Caution money						
Personnel emoluments (security)				47,300.00		
Service Gratuity				438,750.00		
Repairs, maintenance and improvements	1,940,000.00	-	1,940,000.00	2,471,543.00	(531,543.00)	127.4%
Local transport / travelling						

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<b>Receipt/expenses Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Electricity and water						
Medical Expenses						
Administration materials				1,119,050.00		
Lunch Programme						
Expenses on Income Generating Activities						
<b>TOTAL EXPENDITURE</b>	<b>71,219,336.00</b>		<b>71,219,336.00</b>	<b>135,250,359.00</b>	<b>(64,031,023.00)</b>	

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

- i. The underutilised vote heads were arrived due to stock brought forward from the previous year.
- ii. Over utilized was arrived due to parents not paying 100% fees and funding was not 100%

**X. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

**2. Recognition of receipts and payments**

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

**3. In-kind contributions**

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

**4. Cash and cash equivalents**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Accounts Receivable**

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

**6. Accounts Payable**

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

**7. Non-current assets**

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

**8. Budget**

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

**9. Comparative figures**

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

**10. Subsequent events**

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

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. CAPITATION GRANT FOR TUITION**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Textbooks and reference materials	-	-
Tuition	2,972,912.00	1,085,461.00
Exercise books		-
Teachers guides		-
Reference/Library		-
<b>Total</b>	<b>2,972,912.00</b>	<b>1,085,461.00</b>

**2. CAPITATION GRANT FOR OPERATIONS**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>kshs</b>	<b>Kshs</b>
Other voteheads	8,634,095.00	3,945,461.00
Lunch Programme		
Personnel emoluments		
Maintenance & Improvement	4,361,810.00	2,861,334.00
Local transport / travelling		
Infrastructure	121,406,001.00	421,255.00
Activity		
<b>Total</b>	<b>134,401,906.00</b>	<b>7,228,050.00</b>

**3. PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>kshs</b>	<b>Kshs</b>
Personnel emoluments		
Lunch Programme		
BOM Teachers		
Repairs and maintenance	2,555,846.00	729,639.00
Welfare		
Administration costs		
Activity	1,184,699.00	253,532.00
<b>Total</b>	<b>3,740,545.00</b>	<b>983,171.00</b>

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**4. OTHER RECEIPTS – SCHOOL FUND ACCOUNT**

	2021-2022	2020-2021
	kshs	Kshs
Fee on Boarding Equipment and Stores	35,015,607.00	11,422,010.00
Electricity, water & Conservancy		
Local transport & travelling		
Home science	274,900.00	115,905.0
Other vote heads	23,524,955.00	5,898,962.00
Canteen	94,000.00	20,000.00
Admission materials	1,290,400.00	
Activity		
Swimming	19,500.00	
Tender fees	117,500.00	15,000.00
Rent Income		
Hire of facilities	1,659,200.00	
<b>Total</b>	<b>61,996,062.00</b>	<b>17,471,877.00</b>

**5. PAYMENTS FOR TUITION**

	2021-2022	2020-2021
	ksh	Kshs
Textbooks and reference materials		
Internal exams		
Teaching / learning materials	3,010,147.00	1,269,770.00
<b>Total</b>	<b>3,010,147.00</b>	<b>1,269,770.00</b>

**6. PAYMENTS FOR OPERATIONS**

	2021-2022	2020-2021
	kshs	Kshs
Other vote heads	7,810,382.00	4,233,480.00
Maintenance & Improvement	5,252,045.00	1,761,893.00
Servant quarters	1,621,517.00	
Medical		6,150.00
Acquisition of Assets	55,348,109.00	38,069,065.00
<b>TOTAL</b>	<b>70,032,053.00</b>	<b>44,070,588.00</b>

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**7. BOARDING AND SCHOOL FUND PAYMENTS**

	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Ksh</b>	<b>Kshs</b>
Activity	530,685.00	
Home science	309,139.00	111,466.00
Other vote heads	20,973,206.00	6,928,044.00
Tender	91,980.00	19,430.00
BOM Teachers		127,500.00
Gratuity	438,750.00	165,330.00
Hire of facilities	1,591,823.00	
Repairs and maintenance & Improvements	2,471,543.00	1,192,103.00
Caution money	47,300.00	
Admission materials	1,119,050.00	
Fee on Boarding Equipment and Stores	34,634,683.00	11,232,093.00
<b>TOTAL</b>	<b>62,208,159.00</b>	<b>19,775,966.00</b>

**8. BANK ACCOUNTS**

<b>Name of Bank, Account No. &amp; currency</b>	<b>Bank Account Number</b>	<b>2021-2022</b>	<b>2020-2021</b>
		<b>Ksh</b>	<b>Kshs</b>
Tuition Account	1261263170	715.00	37,950.00
Operations Account	1261262220	3,843,092.00	5,526,676.00
EQUITY A/c	0460293773687	536,624.00	269,055.00
School Fund Account/Boarding	1264854285	333,932.00	42,843.00
KCB A/c-CDF	08020464581	114.00	114.00
Gratuity A/c	1261262942	3,221,203.00	1,169,629.00
BOM Savings account	1261263499	4,470,040.00	702,966.00
Infrastructure account	1170742394	84,785,738.00	18,727,846.00
NBK A/c	01021007512800	99,298.00	222,800.00
<b>Total</b>		<b>97,290,756.00.</b>	<b>26,699,879.00</b>

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**9. CASH IN HAND**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
		<b>Kshs</b>
Tuition Account		
Operation Account	(4,338.00)	117.00
School Fund account	31,569.00	29,458.00
Infrastructure		-
<b>Total</b>	<b>27,231.00</b>	<b>29,575.00</b>

**10. SHORT TERM INVESTMENTS**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Ksh</b>	<b>Kshs</b>
Cooperative shares	-	-
Treasury Bills	-	-
Fixed deposit	-	-
Equity stock	-	-
Other investments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**11. ACCOUNTS RECEIVABLE**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Ksh</b>	<b>Kshs</b>
Fees arrears	7,692,726.00	8,178,752.00
Other non-fees receivables	499,680.00	499,680.00
R/D CHEQUE	83,500.00	9,000.00
Salary advances	55,500.00	29,166.00
Imprest		-
<b>Total</b>	<b>8,331,406.00</b>	<b>8,716,598.00</b>

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<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Ksh.</b>	<b>Kshs</b>
Fees arrears for current year	3,833,941.00	3,833,838.00
Fees arrears for the previous year	3,305,822.00	3,791,951.00
Fees arrears for prior periods (over two years)	552,963.00	552,963.00
<b>Total</b>	<b>7,692,726.00</b>	<b>8,178,752.00</b>

**12. ACCOUNTS PAYABLE**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Ksh</b>	<b>Kshs</b>
Trade creditors (See ageing below and appendix 1)	4,216,545.00	3,767,492.00
Prepaid fees	2,232,867.00	343,507.00
Unallocated Bursary	25,776.00	20,000.00
Retention	14,573,378.00	14,573,378.00
SUSPENSE	88	
<b>Total</b>	<b>21,048,654.00</b>	<b>18,704,377.00</b>

Trade creditors ageing

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Ksh</b>	<b>Kshs</b>
Trade creditors for current year	1,216,545.00	767,492.00
Trade creditors for the previous year		-
Trade creditors for prior periods (over two years)	3,000,000.00	3,000,000.00
<b>Total</b>	<b>4,216,545.00</b>	<b>3,767,492.00</b>

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**13. FUND BALANCE BROUGHT FORWARD**

Description	2021-2022	2020-2021
	Ksh	Kshs
Bank balances	26,697,880.00	59,937,743.00
Cash balances	29,574.00	2,567.00
Short Term Investments		
Receivables	8,716,598.00	5,352,868.00
Payables	(18,704,377.00)	10,206,270.00
<b>Total</b>	<b>16,739,674.00</b>	<b>55,086,908.00</b>

**14. Non-current Liabilities Summary**

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank loan(s)	-	-
Hire purchase	-	-
Gratuity and leave provision	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**15. Biological assets**

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Cattle		-	-
Goats		-	-
Trees		-	-
Coffee or tea plantation		-	-
Poultry		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

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**Other important disclosure notes**

**16 Borrowings**

Description	2021-2022	2020-2021
	KShs	KShs
<b>a) Borrowings</b>		
Borrowing at beginning of the year	-	-
Borrowings during the year	-	-
Repayments of during the year	-	-
<b>Balance at end of the year</b>	-	-

**17 Stock/ Inventory**

Description	2021-2022	2020-2021
	KShs	KShs
<b>b) Borrowings</b>		
Stock/ inventory at beginning of the year	-	-
Stock/ inventory purchased during the year	-	-
Stock/ inventory issued during the year	-	-
<b>Balance at end of the year</b>	-	-

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**18 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

<b>Ref No.</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>

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**XI. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction of buildings</b>						
1. TUITION AND ADMINISTRATION BLOCK	172,221,401	25/09/2029	132,194,319	39,927,082		AWAITING HANDOVER
2. 2 STAFF HOUSES	7,791,568.00	12/09/2021	7,791,568.00	-	-	COMPLETED
3. DORMITORY	9,531,699.00	31/12/2022				WORK IN PROGRESS
<b>Sub-Total</b>						
<b>Supply of goods</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Grand Total</b>	<b>189,544,668.00</b>			<b>39,927,082</b>		

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**XII. ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Date purchased	Quantity	Location	Historical Cost b/f (Kshs) 1 <sup>st</sup> July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 <sup>th</sup> June 2022
Land 1	01/01/1988	0.079 HA	GANJONI-KIZINGO				
Land 2	01/01/2019	30 HA	SHANZU				
Buildings and structures							
Motor vehicles - BUS	17/10/2005	1	-	-	-	-	-
Office equipment, furniture and fittings							
File Cabinet	2019	1 pc	Reception	33,493	-	-	33,493
Leather Visitors Chairs	2017	2 pcs	Principal's	33,493	-	-	33,493
Office Chairs	2017	4 pcs	Office	15,517	-	-	15,517
			Principal's	70,000	-	-	70,000
Glass Top Coffee Table	2017	1 pc	office Accounts	34,566	-	-	34,566
Conference Table	2017	4 pcs	& D.O.S	88,300	-	-	88,300
Restaurant Chairs	2017	50 pcs	Principal's	137,750	-	-	137,750
Link Chairs 3 pax & 4 pax	2017	2 pcs	Office	32,650	-	-	32,650
Office Table	2017	1 pc	Boardroom	8275	-	-	8275
			Boardroom				
			Reception				
			Reception				
ICT Equipment, and Other ICT Assets							
HP Printers.		1 pc	Dean of	32,000	-	-	32,000

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		1 pc	Students	36,000	-	-	36,000
		1 pc	Reception				
		1 pc	Computer Lab	35,000	-	-	35,000
Copy Printer	2018	1 pc	Reception	40,000	-	-	40,000
Kyocera Taskaifa 3510i	2021	1 pc	Exam Room	455,520	-	-	455,520
Laptops	2017-2021	10 pcs	Reception	150,000	-	-	150,000
Computers	2017-2021	11 pcs	Teachers	259,990	-	-	259,990
			Reception & Staffroom	100,340	-	-	100,340
<b>TEXTBOOKS(Government Textbooks)</b>	<b>2018-2019</b>						
		1993 pcs	Stores	-			
English		2063 pcs	Stores	-	-	-	-
Kiswahili		1660 pcs	Stores	-	-	-	-
Biology		1435 pcs	Stores	-	-	-	-
Chemistry		1426 pcs	Stores	-	-	-	-
Physics		1301 pcs	Stores	-	-	-	-
Geography		1500 pcs	Stores	-	-	-	-
History		508 pcs	Stores	-	-	-	-
Home Science		1240 pcs	Stores	-	-	-	-
Business studies		234 pcs	Stores	-	-	-	-
Computer Studies		322 pcs	Stores	-	-	-	-
Islamic Religious Education		891 pcs	Stores	-	-	-	-
Christian Religious Education		265 pcs	Stores	-	-	-	-
Agriculture		129 pcs	Stores	-	-	-	-
French		2029 pcs	Stores	-	-	-	-
Mathematics							

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<b>Other Machinery and Equipment</b>							
Chest Freezer	2021	1 pc	Kitchen	37,900	-	-	37,900
Sony Mini HIFI System	2021	1 pc	French Teacher	29,000	-	-	29,000
Water Pump	2021	1 pc	Dorms	71,300	-	-	71,300
Micro Wave	2021	1 pc	Principal's	17,895	-	-	17,895
Vegetable Chopping Machine	2108	1 pc	office	170,000	-	-	170,000
Gasoline Lawn Mower	2018	1 pc	Kitchen	68,530	-	-	68,530
Baking Oven	2018	1 pc	Boarding	170,000	-	-	170,000
Dough Mixer	2017	1 pc	Kitchen	285000	-	-	285000
			Kitchen				
<b>Total</b>	-	-	-	<b>2,412,519.00</b>	-	-	<b>2,412,519.00</b>