

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

PARLIAMENT  
OF KENYA  
LIBRARY

## REPORT

THE NATIONAL ASSEMBLY  
PAPERS LAID

OF

DATE: 05 MAR 2025

DAY:  
Wednesday

TABLED  
BY:

Hon. Nanyang  
Wagap, MP

THE AUDITOR-GENERAL

CLERK-AT  
THE-TABLE:

A. Shibusko

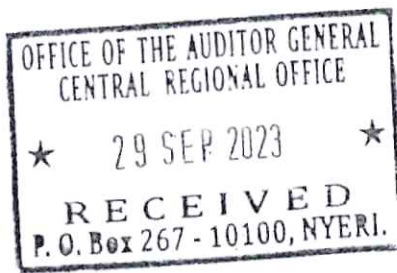
Reply May 2023

ON

**NAROMORU GIRLS SECONDARY  
SCHOOL**

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

**NYERI COUNTY**



Revised 30<sup>th</sup> June 2023.



**NAROMORU GIRLS HIGH SCHOOL**

P.O. BOX 20-10105 NAROMORU, NYERI, KENYA  
Mobile; 0795 143 256, 0737 627 277  
Email: naromorugirls@yahoo.com

Mission: To provide holistic education to the Kenyan girl through fostering self-drive, discipline and inculcating spiritual growth

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**NAROMORU GIRLS SEC.SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2023**

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

*Naromoru girls Sec. School)*

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

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## 1. 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 in Nyeri County, Kieni East Sub-County.

The school was registered in 22/1/2007 under registration number GP/A/4988/07 and is currently categorized as an Extra County public school established, owned or operated by the Government.

The school is a day/boarding school and had 820 number of students as at 30<sup>th</sup> June 2023. It has 4 streams and 33 teachers of which 2 teachers are employed by the School Board of Management.

### (b) School Board of Management - Board Members

The School Board of Management established under Section 55 of the Basic Education Act, 2013; is composed of the following members:

Ref.	Name of Board Member	Designation	Date of appointment
1	Mr. James Miano	Chairman	5/3/2022
2	Esther Mukundi	Secretary- Principal	„
3	Mr. Stephen Kiarie	Member	„
4	Ms. Charity Mwangi	Member	„
5	Ms. Irene Ndumia	Member	„
6	Mr. Daniel Kang'angi	Member	„
7	Mr. Daniel Kiriungi	Member	„
8	Mr. Beanard Mathu	Member –	„
9	Mr. Samuel Njuguna	Member Rep Teachers	„
10	Rev. Muriithi Miiru	Member - Sponsor	„
11	Mr. Isaack Kamanja	Member Special Needs	„
12	Mr. Titus Wambeti	Member	„
13	Mrs Beretha Ngunjiri	Member	„
14.	Dr. Charity Waithima	Member	„

1

**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**

*(Provide the names of the various committees of the Board established by the Board and the names of the committee members):*

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1. James Miano 2. Esther Mukundi 3. Stephen Kiarie 4. Irene Ndumia 5. Charity Mwangi	Chairman Secretary Member. P.A. Chair Member	5

2	Audit Committee	1.Peris Gathoni 2.Njoroge Kiriungi 3.Charity Waithima 4.Benard Mathu	Chairperson Secretary Member Member	1/3
3	Finance,procurement and general purposes Committee	1.Titus Wambeti 2.Esther Mukundi 3.Mrs Beritha Ngunjiri 4.Mr Simon Gichia 5.Mr.Stephen Kiarie	-Chairman Principal /Member Member Member Member	3/3
4	Academic Committee	1.Mr Benard Mathu 2.Mr.Samuel Njuguna 3.Dr. Charity Waithima 4.Mr.James Miano 5.Ms Charity Mwangi	Chairman Member Member Member Member	2/3
5	Development Committee	1.Daniel Kanga'ang,i 2.David Ntuara 3.Mercy Ngatia 4.James M.Gachara 5.Irene Ndumia 6.Esther Mukundi 7.Daniel Kiriungi	Chairman Subcounty Director .Educ Secretary /Deputy Principal Member P.A. Member Principal/Member Member	5/3
6	Discipline and welfare Committee	1.Simon Gichia 2.Mercy Ngatia 3.Dr.Charity Waithima 4.Isaack Kamanja	Chairman Secretary/D.Principal Member Member	1/3

		5.Eng.Peris Gathoni	Member	
7	Adhoc Committee (if any during the year)			

**(d) School operation Management**

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

Ref:	Designation	Name	Identification
1	Principal	Esther Mukundi	ID No.7029442
2	Deputy Principal	Mercy Ngatia	ID No. 10733497
3	School Bursar	Stephen Maina	ID. NO. 11032679

**(e) Schools contacts**

Post Office Box: 20-10105 NAROMORU  
 Telephone: 0795143256  
 E-mail: naromorugirls@yahoo.com  
 Website:  
 Facebook:  
 Twitter:

**(f) School Bankers**

1. Name of bank KCB  
 Branch Naromoru  
 Account a).1101926457 .School fund  
 b).1101934883 . Operations account  
 c ).1101933054 . Tuition account

2. Name of Bank: Equity  
 Branch Nyeri 2  
 ACCOUNT a) 1150266511152. School fund  
 b) 1150279617670 - Infrastructure  
 c) 1150282766031 - Canteen

3. Name of bank Taifa Sacco  
 Branch Naromoru  
 Account 702-11-0779

2. MPESA PAY BILL. i) Business No.522123  
 Account No.37654k  
 Attached to bank account 1101926457 at KCB  
 ii) Business no.247247  
 Account 511152  
 Attached to account 1150266511152 at Equity Bank.

*Naromoru girls Sec. School)*

**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

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

### 3. Summary Report of Performance of The School

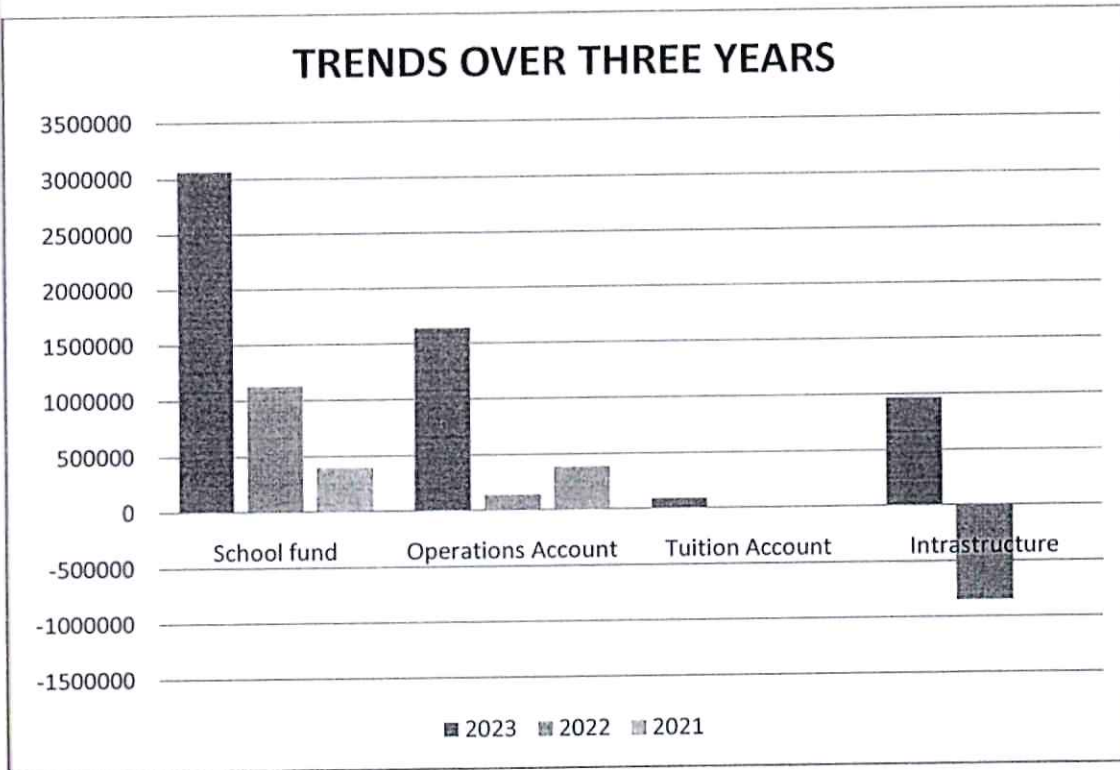
The following is a summary report of the performance of the school against the set performance evaluation criteria:

**a) Financial performance:**

- b) Under this section it reflects the actual financial performance trend for the last three years period between 1<sup>st</sup> January to dec.2020 to December ,which covers a period of 12 months while January to 30<sup>th</sup> June 2021 covers 6 months ,1<sup>st</sup>july 2021 to 30<sup>th</sup>june which covers 12 months and from 1<sup>st</sup>july 2022 to 30june 2023 covering 12 months is summarised as follow.

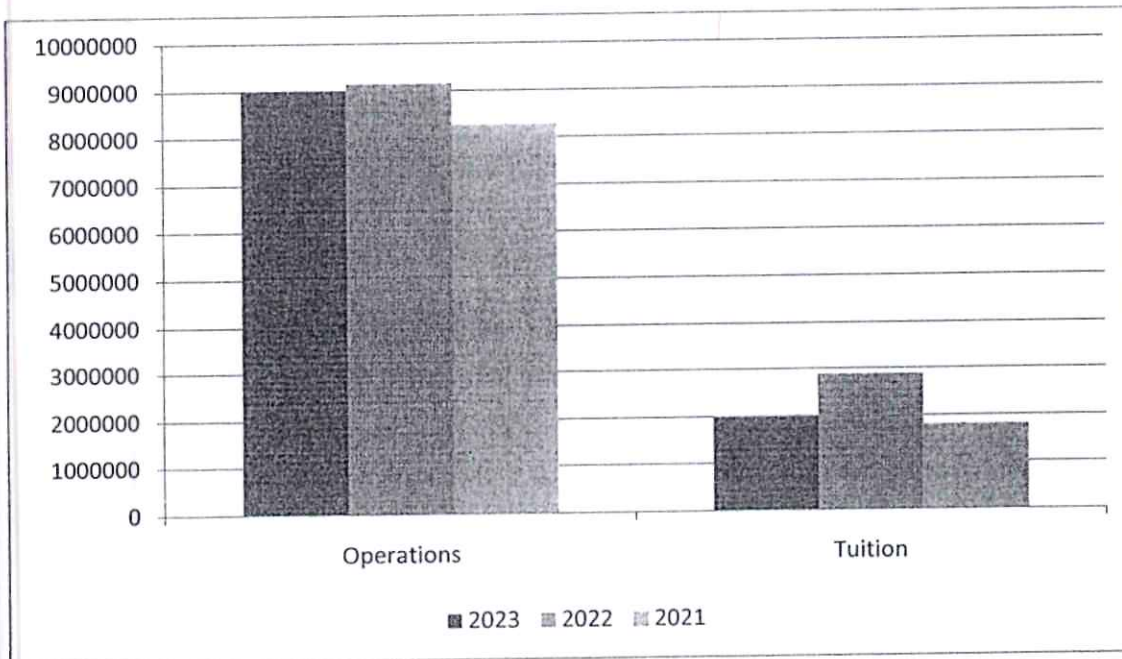
#### SURPLUS /DEFICIT FOR THE YEAR AND A COMPARISON OF THE SAME FOR THE LAST FOUR YEARS

SNO	ACCOUNTS	2022-2023	2021-2022	2021	2020
		KSH.	KSH.	KSH.	KSH.
1	School fund account	3,490,560	1,129,327	394,489	60,276
2.	Operations account	1,638,609	137,504	382,847	72,315
3	Tuition account	91,483	1,569.	(719)	4,359
4.	infrastructure	964,940	(852,835)		
	<b>TOTAL</b>	<b>6,185,592</b>	<b>415 565</b>	<b>1,722,437</b>	<b>136,950</b>
	<b>Increase/Decrease</b>	<b>5,770,027</b>	<b>(1,306,872)</b>	<b>1,585,487</b>	



**CAPITATION GRANTS FROM THE MINISTRY OOF EDUCATION FOR THE LAST THREE YEARS.**

SN	ACCOUNTS	2022-2023	2021-2022	2021	2020
		KSH.	KSH.	KSH.	
1.	Operations	9,025,275	9,156,880	8,274,228.05	6,532,175
2.	Tuition	1,998,440	2,868,536	1802050.5	995,909
3.	Infrastructure	2967000	4,399,500		
	<b>Total</b>	<b>13,990,715</b>	<b>16,424,916</b>	<b>10,076,278</b>	<b>7,528,084</b>
	Increase/Decrease	(2,434,201)	6,348,638	2,548,194	
	No. Of students	820	712	609	565
	<b>Ratio of capitation per student</b>	<b>1:17061.</b>	<b>1:23,068</b>	<b>1:16,546</b>	<b>1:18,418</b>



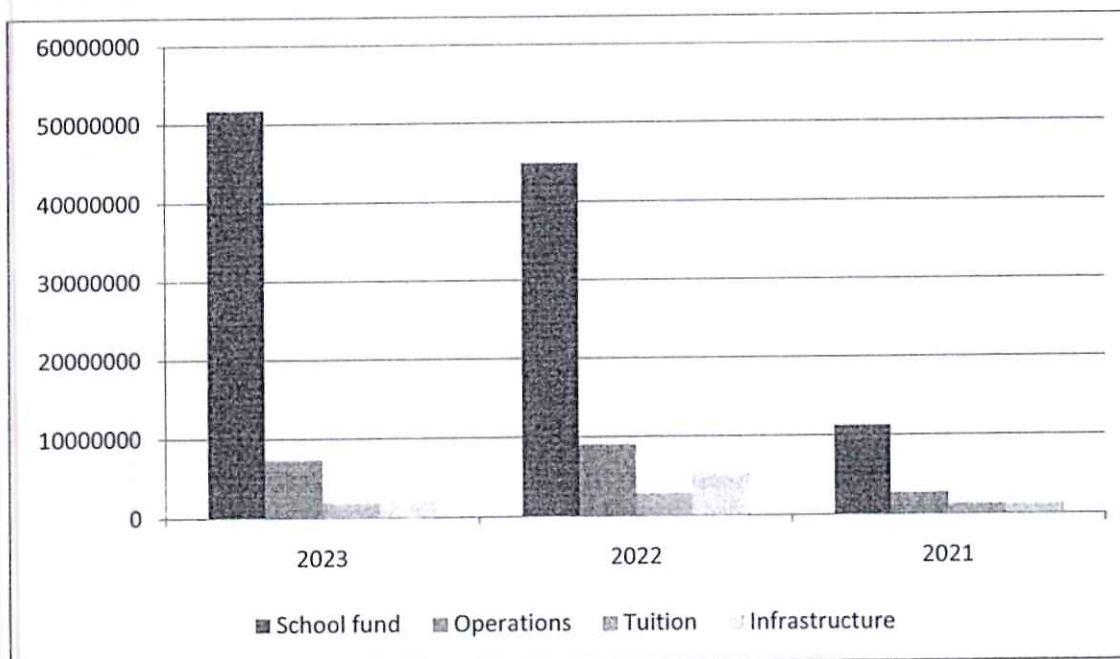
**OVER VIEW OF NET GROWTH OF MISCELLANEOUS INCOMES.**

SN.	ACCOUNTS	2022-2023	2021-2022	2021	
		KSH.	KSH.	KSH.	
1.	Rent	350,050	142,300	53300	
2.	Farm	956,725	691,015	0	
3.	Canteen	2,218,448	0		
4.	Fees Recoveries	728,629	601,461		
5.	Development	2,080,171	1,930,890		
	<b>Total</b>	<b>5,983,973</b>	<b>3,365,666</b>	<b>53,300</b>	
	<b>Increase /Decrease</b>	<b>2,618,307</b>	<b>3,312,366</b>		

**OVER VIEW OF GROWTH IN EXPENDITURE OF SCHOOL**

SN0.	ACCOUNT	2022-2023	2021-2022	2021	2020
	Ksh	Ksh.	Ksh.	Ksh.	Ksh.
1	School fund	50,781,161	44,951,992	11,242,098	12,151,205
	Operations	7,386,666	9,019,376	2710432	4475553
	Tuition	1,906,957	2,866,967	1,259,433	1,035,774
	<b>Total</b>	<b>60,074,784</b>	<b>56,838,335</b>	<b>16,385,643</b>	<b>17,662,532</b>

**TREND OVER LAST THREE YEARS**



**MOVEMENT OF DEBTORS OF THE SCHOOL.**

SNO.	ACCOUNT	2023	2022	2021	2020
	School fund account.	KSH	KSH	KSH.	KSH.
	Debtors	5,138,440	4,216,649	4,855,278	3,625,227
	<b>Total</b>	<b>5,138,440</b>	<b>4,216,649</b>	<b>4,855,278</b>	<b>3,625,227</b>
	<b>INCREASE/DECREASE</b>	<b>921,791</b>	<b>(638,629)</b>	<b>1,230,051</b>	

**MOVEMENT OF CREDITORS OF THE SCHOOL**

SN	Account	2023	2022	2021	2020
1.	School fund	1,232,921	500,000	3,434,147	1,971,656
	Tuition	0	286,000	499,396	785,756
	<b>Total</b>	<b>1,232,921</b>	<b>786,000</b>	<b>3,933,543</b>	<b>2,757,412</b>
	Increase/Decrease	(446,921)	3,147,543	(1,176,131)	

**MOVEMENT OF CASH AND BANK BALANCES.**

SN	ACCOUNT	2022-2023	2021-2022	2021	2020
		KSH.	KSH.	KSH.	KSH.
1	School fund kcb	4,431,018	2,038,750	587,650	145239
	- Equity	648,232			
2	Operations account	1,839,843	41,705	419,898	72315
3	Tuition account	97,411	5,928	3,640	4359
4	Infrastructure account	1,076,141	111,262.	953,807	
5	Savings account –Taifa sacco	201,719	1719	269,000	240,142
		<b>8,303,3712</b>	<b>2,270,364.</b>	<b>2,233,995</b>	<b>462,055</b>

**b)Teacher student Ratio**

Between the month of July 2022 and June 2023 ,the status of the teaching staff is as follows :

There are 31 teachers employed by Teachers Service Commission and 2 teachers employed by the Board of Management

**c) Mean score in the years 2020 , 2021 and 2022**

Year	ENROLMENT	MEAN	TRANSITION	TRANSITION %	SCHOOL TARGET	COMMENTS
2022	132	6.57	132	100	8.0	Hope to improve
2021	136	6.69	130	95.5	8.0	Decline
2020	144	7.35	138	96	8.0	Well done

d) 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).

Projects	Year	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Funds source
Project					
1.Dormitory 2.Classrooms (2)	2022-2023	Complete	6,926,440	6,926,440	1. Maintenance and improvement. 2.Parents contribution

*[Signature]*

Mr. James Miano  
Chairman  
Board of Management  
Naromoru Girls Sec.  
sec. School  
School  
Date: 28/9/2023

*[Signature]*

Esther Mukundi  
Secretary Board of  
Management/Principal  
Naromoru Girls Sec. School .  
Date: 28/9/2023

*[Signature]*

Stephen Maina (Mr)  
Bursar  
Naromoru girls  
Date: 28/9/2023

PRINCIPAL  
NAROMORU GIRLS SEC. SCHOOL  
28 SEP 2023  
P.O. Box 20 - 10105 NAROMORU  
Email: naromorugirls@yahoo.com.

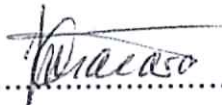
#### 4. Statement of School Management Responsibility

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

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

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

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



Name: Mr. James Miano

Designation: Chairman, School Board of Management

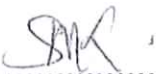
Date: 28/9/2023



Name: Esther Mukundi

Designation: School Principal & Secretary to Board of Management

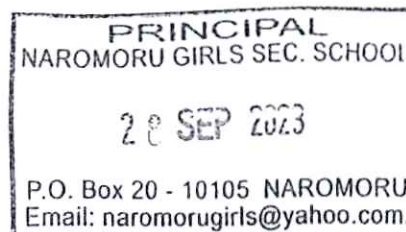
Date: 28/9/2023



Name: Mr. Stephen Maina

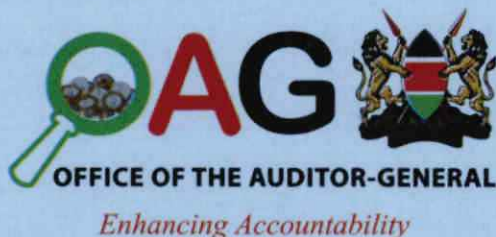
Designation: Bursar

Date: 28/9/2023



# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON NAROMORU GIRLS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 – NYERI COUNTY

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### PREAMBLE

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

- A. Report on the financial statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in use of public resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for 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 Naromoru Girls Secondary School – Nyeri County set out on pages 15 to 31, which comprise of the statement of

financial assets and financial assets liabilities at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and 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 Naromoru Girls Secondary School – Nyeri County as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Accounts Receivables**

##### **1.1. Unsupported Accounts Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.5,138,440 as disclosed in Note 13 to the financial statements. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy of the accounts receivables balance of Kshs.5,138,440 could not be confirmed.

##### **1.2. Long Outstanding Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.5,138,440 in respect of fees arrears as disclosed in Note 13b to the financial statements. Included in the balance are receivables amounting to Kshs.2,919,579 which had been outstanding for more than three (3) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.5,138,440 could not be confirmed.

#### **2. Unreconciled Cash and Bank Balance**

The statement of financial assets and liabilities reflects bank account balance of Kshs.8,303,712 as disclosed in Note 10 to the financial statements. Included in the balance is School Fund Account balance of Kshs.5,079,250 from two banks with balances

of Kshs.4,431,018 and Kshs.648,232 respectively. However, the cashbook and the bank reconciliation statement for the two bank accounts indicated a balance of Kshs.5,149,238 resulting in an unexplained and an unreconciled variance of Kshs.69,988.

Further, the two bank accounts had one cashbook making it difficult to confirm their separate cashbook balances.

In the circumstances, the accuracy, completeness, existence of bank balance of Kshs.8,303,712 could not be confirmed.

### **3. Unsupported Payments**

The statement of receipts and payments reflects operations and infrastructure amount of Kshs.7,386,666 and Kshs.2,002,060 as disclosed in Note 7 and 8 to the financial statements respectively. However, examination of payment vouchers amounting to Kshs.4,364,640 for construction of dormitory block revealed that Management made payments without proper support documents such as requisitions, local purchase orders, delivery notes, inspection reports, goods received notes, certificate of payments.

In the circumstances, the, accuracy and completeness of the operations and infrastructure amounting to Kshs.7,386,666 and Kshs.2,002,060 respectively could not be confirmed.

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

The financial statements presented for audit included the following Inaccuracies;

- i) A re-computation for most of the amounts and balances reported in the financial statements revealed unexplained and unreconciled variances.
- ii) The financial statements included comparative amounts. However, the balances and amounts did not agree with the previous financial year amounts and balances.
- iii) The statement of comparison of budget and actual amounts does not include the net surplus or deficit at the end of the actual on comparable basis column as required in the reporting template.
- iv) The statement of comparison of budget and actual amounts does not have a column for budget utilization difference as required in the revised template of 2023.
- v) The approved budget figures could not accurately be traced in the statement of budget and actual amounts for the year under review.
- vi) The statement of financial assets and financial liabilities indicates items whose Note numbers are not correctly marched to the Notes to the financial statements as indicated in the table below:

Page	Description	Note No.	Correct Note No.	Amount
16	Bank Balances	8	10	8,303,712.00
16	Cash Balances	9	11	152,280.00
16	Accounts Receivables	11	13	5,138,440.00
16	Accounts Payable	12	14	1,232,921.00
16	Fund Balance B/F	13	15	4,495,084.00

- vii) A comparison of the financial statements and the trial balance submitted for audit revealed variances between the financial statements and the trial balance as indicated below:

Note No.	Description	Balance as Per the Financial Statement	Balance as Per the Trial Balance	Variance
5	Income from Farming Activities	956,725	1,027,761	(71,035)
5	Income from Canteen	2,218,448	-	2,218,448
8	Construction of Dormitory	2,002,000	-	2,002,000
8	Bank Charges	60	-	60
9	Local Transport/ Travelling	2,396,923	2,696,923	(300,000)
9	Expense on Canteen	2,319,640	110,540	2,209,100
9	Fee of Boarding Equipment & Stores	18,387,168	18,672,205	(285,037)
10	School Fund Bank Account	5,079,250	5,149,239	(69,989)
10	Infrastructure Account	1,076,141	-	1,076,141
10	Canteen Account	9,348	-	9,348

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

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

## **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter(s) 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. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association**

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.50,781,161 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.832,540 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money of funds transferred to KESSHA amounting to Kshs.832,540 could not be confirmed.

#### **2. Over Funding of Capitation Grants**

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations amount of Kshs.1,998,440 and Kshs.9,025,275 respectively as disclosed in Notes 1 and Note 2 to the financial statements. During the financial year, NEMIS reported a total number of six hundred ninety-seven (697) students while the enrolment records provided by the school indicated a total number of six hundred ninety-four (694) students, resulting to an unexplained variance of three (3) students. As a result of the variances, the school was over funded by an amount of Kshs.66,732.

In the circumstances, the over funding of the School may have affected service delivery to the other schools which did not receive capitation for students and value for money could not be confirmed.

### **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 three hundred seventy-seven (377) books to the School while only three hundred and eight (308) books were issued to the students, resulting to an unexplained excess text books of sixty nine (69) books in the School store.

In the circumstances, value for money on the excess sixty-nine (69) text books could not be confirmed.

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

During the year under review, the School 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.

### **5. Failure to Transfer of Infrastructure Funds**

The statement of receipts and payments reflects operations grants amount of Kshs.9,025,275 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.697,000 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, leaving a balance of Kshs.697,000 as at 30 June, 2023. 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.

### **6. Incomplete Procurement Plan**

The statement of receipts and payments reflects an amount of Kshs.68,262,436 and Kshs.62,076,844 in respect of total receipts and payments respectively. during the year the Management had an approved procurement plan. However, the procurement plan did not include the unit costs for the planned items, total expected costs and the procurement method applicable for each of the items in the plan. This was contrary to rregulation 41(e),

(f) and (g) of the Public Procurement and Asset Disposal Regulations, 2020 which stipulates the contents of annual consolidated procurement plan for each procuring entity.

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

## **7. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements**

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows;

- (i) The table of contents and the Report of the Independent Auditors have been omitted.
- (ii) The Notes to the financial statements were not aligned to the figures in the financial statements.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack relevant information may affect users' reliance on the financial statements for decision making.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of Internal Audit Function and Audit Committee**

During the year under review, the School had not constituted an audit committee and an internal audit unit as required by Regulation 166(1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the School through an internal

performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

In the circumstances, the School did not benefit from the oversight role and advice from the audit committee and the internal audit function.

## **2. Lack of Automated Systems**

The School Management did not provide any evidence indicating that, it had an automated system to manage its operations. This was despite the growth in students' and financial data, the school uses a manual system to manage its financial, procurement, human resource and students records.

In the circumstances, without a proper automated system, the school faces challenges in data security and exposure to errors and omissions.

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

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

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

In preparing the financial statements, Management is responsible for assessing the School's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
 FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**19 September, 2024**

# NARUMORU GIRLS SECONDARY SCHOOL

## Reports and Financial Statements For the year ended 30th June 2023

### V. Statement of Receipts And Payments Period To 30th June 2023

DESCRIPTION OF VOTE HEAD	Note	2022-2023	2021-2022
			Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	1,998,440.00	2,868,536.00
Capitation grants for operations	2	9,025,275.00	9,156,880.00
Capitation grant for Infrastructure	3	2,967,000.00	4,399,500.00
School Fund Income- Parents' Contributions	4	48,287,748.00	42,715,653.00
School Fund Income- Other receipts	5	5,983,973.00	3,365,666.00
<b>TOTAL RECEIPTS</b>		<b>68,262,436.00</b>	<b>62,506,235.00</b>
<b>PAYMENTS</b>			
Payments for Tuition	6	1,906,957.00	2,866,967.00
Payments for operations	7	7,386,666.00	9,019,376.00
Payment for Infrastructure	8	2,002,060.00	5,252,335.00
Boarding and school fund payments	9	50,781,161.00	44,951,992.00
<b>TOTAL PAYMENTS</b>		<b>62,076,844.00</b>	<b>62,090,670.00</b>
<b>SURPLUS/DEFICIT</b>		<b>6,185,592.00</b>	<b>415,565.00</b>

The School's financial statements were approved on 28/9/2023 2023 and signed by:

Name: JAMES MIAHO

Name: Edrick Mwakanda Name: Stephanine

Chairman, BOM

School Principal/Secretary  
to BOM

Bursar/finance Officer

Sign: [Signature]

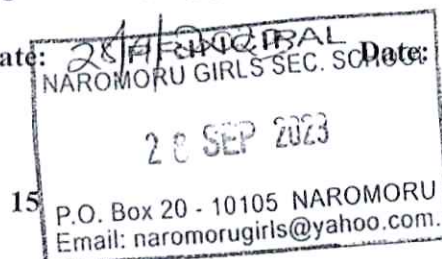
Sign: [Signature]

Sign: [Signature]

Date: 28/9/2023

Date: 28/9/2023

Date: 28/9/2023



NARUMORU GIRLS SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Reports and Financial Statements For the year ended 30th June 2023

VI. Statement of Financial Assets And Financial Liabilities As At 30th June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8	8,303,712.00	2,199,364.00
Cash Balances	9	152,280.00	71,036.00
Short term Investment	10	-	-
<b>Total Cash and Cash Equivalents</b>		<b>8,455,992.00</b>	<b>2,270,400.00</b>
Account's receivables	11	5,138,440.00	4,216,649.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>13,594,432.00</b>	<b>6,487,049.00</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable	12	1,232,921.00	1,991,965.00
<b>NET FINANCIAL SSETS</b>		<b>12,361,511.00</b>	<b>4,495,084.00</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	4,495,084.00	3,275,966.00
Surplus/Defict for the year		6,185,592.00	415,565.00
Increase/Decrease in receiveable		921,791.00	(638,629.00)
Decrease in payable		759,044.00	1,442,182.00
Less; arrears w/o		-	
<b>NET FINANCIAL POSITION</b>		<b>12,361,511.00</b>	<b>4,495,084.00</b>

The School's financial statements were approved on 28/9/2023 and signed by:

Name: JAMES MIANO  
Chairman, BOM

Name: ESTHER MUKUNDU  
School Principal/  
Secretary to BOM

Name: Stephen Mwangi  
Bursar/ finance officer

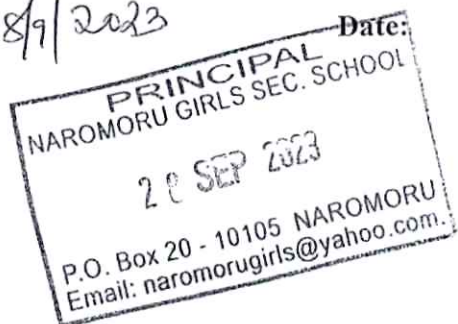
Sign: [Signature]

Sign: [Signature]

Sign: [Signature]

Date: 28/9/2023

Date: 28/9/2023



**NARUMORU GIRLS SECONDARY SCHOOL**

Reports and Financial Statements For the year ended 30th June 2023

**VII. Statement of Cash Flows for the Period Ended 30th June 2023**

		2022 - 2023	2021 - 2022
		Kshs	Kshs
<b>Receipts from operating activities</b>			
Capitation grants for tuition	1	1,998,440.00	2,868,536.00
Capitation grants for operations	2	9,025,275.00	9,156,880.00
Capitation grant for Infrastructure	3	2,967,000.00	4,399,500.00
School fund income- Parents contributions/ fees	4	48,287,748.00	42,715,653.00
School fund income- other receipts	5	5,983,973.00	3,365,666.00
<b>Total receipts</b>		<b>68,262,436.00</b>	<b>62,506,235.00</b>
<b>Payments</b>			
Payments for Tuition	6	1,906,957.00	2,866,967.00
Payments for operations	7	7,386,666.00	9,019,376.00
Payments for Infrastructure	8	2,002,060.00	5,252,335.00
Boarding and school fund payments	9	50,781,161.00	44,951,992.00
<b>Total payment</b>		<b>62,076,844.00</b>	<b>62,090,670.00</b>
<b>Net cash flow from operating activities</b>		<b>6,185,592.00</b>	<b>415,565.00</b>
<b>Cash flow from Investing activities</b>			
Proceeds from Sale of Assets			-
Acquisition of Assets			-
Proceeds from investments			-
<b>Net cash flows from Investing Activities</b>			-
<b>Cash flow from Financing activities</b>			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
<b>Net cash flows from Investing Activities</b>			-
<b>Net cash inflow/outflows investing activities</b>		<b>6,185,592.00</b>	<b>415,565.00</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>2,270,400.00</b>	<b>1,854,835.00</b>
<b>Cash and cash equivalent at END of the year</b>		<b>8,455,992.00</b>	<b>2,270,400.00</b>

The School's financial statements were approved on 28/9/2023 2023 and signed by:

Name JAMES MIAHO  
Chairman, BOM

Name: ESMERA MUKUNDI  
School Principal/  
Secretary to BOM  
to BOM

Name: Stephen Mawu  
Bursar

Sign: [Signature]

Sign: [Signature]

Sign: [Signature]

Date: 28/9/2023

Date: 28/9/2023

Date: 28/9/2023

**PRINCIPAL**  
**NARUMORU GIRLS SEC. SCHOOL**  
**28 SEP 2023**  
P.O. Box 20 - 10105 NARUMORU  
Email: naromorigirls@yahoo.com.

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30<sup>th</sup> June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Receipts</b>					
<i>(1) Capitation Grant on Tuition</i>					
Exercise Books	1,566,530	485,493	1,081,037	1,081,037	100
Laboratory Equipment	276,663	87,813	188,850	188,850	100
Internal Exams	649720	(441,528)	280192	280,192	100
Teaching / Learning Materials	406,026	42335	448,361	448,361	100
<b>Subtotal</b>	<b>2,895,939</b>	<b>1,998,440</b>	<b>2,895,939</b>	<b>1,998,440</b>	<b>100</b>
<i>(2) Capitation Grant on Operations</i>					
Personnel Emoluments	3,070,510	(510,173)	2506,337	2,506,337	100
Local Transport / Travelling	669,980	120,113	790,093	790,093	100
Electricity And Water	1,341,350	(271,543)	1,069,807	1,069,807	100
Administration Costs	1,462,280	(178,805)	1,283475	1,283,475	100
Activity	71,200	(213,603)	284,263	284,263	100
	<b>6,615,320</b>		<b>6,615,320</b>	<b>5,933,975</b>	
<i>3) FDSE for infrastructure</i>					
Maintenance & Improvement MoE	3,136,500	(169500)	2967000	2,967,000	100
M&I parents' contribution					

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30<sup>th</sup> June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Receipts</b>					
<i>(1) Capitation Grant on Tuition</i>					
Exercise Books	1,566,530	485,493	1,081,037	1,081,037	100
Laboratory Equipment	276,663	87,813	188,850	188,850	100
Internal Exams	649720	(441,528)	280192	280,192	100
Teaching / Learning Materials	406,026	42335	448,361	448,361	100
<b>Subtotal</b>	<b>2,895,939</b>	<b>1,998,440</b>	<b>2,895,939</b>	<b>1,998,440</b>	<b>100</b>
<i>(2) Capitation Grant on Operations</i>					
Personnel Emoluments	3,070,510	(510,173)	2506,337	2,506,337	100
Local Transport / Travelling	669,980	120,113	790,093	790,093	100
Electricity And Water	1,341,350	(271,543)	1,069,807	1,069,807	100
Administration Costs	1,462,280	(178,805)	1,283475	1,283,475	100
Activity	71,200	(213,603)	284,263	284,263	100
	<b>6,615,320</b>		<b>6,615,320</b>	<b>5,933,975</b>	
<i>3) FDSE for infrastructure</i>					
Maintenance & Improvement MoE	3,136,500	(169500)	2967000	2,967,000	100
M&I parents' contribution					

**Date:** .....

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30<sup>th</sup> June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Receipts</b>					
<i>(1) Capitation Grant on Tuition</i>					
Exercise Books	1,566,530	485,493	1,081,037	1,081,037	100
Laboratory Equipment	276,663	87,813	188,850	188,850	100
Internal Exams	649720	(441,528)	280192	280,192	100
Teaching / Learning Materials	406,026	42335	448,361	448,361	100
<b>Subtotal</b>	<b>2,895,939</b>	<b>1,998,440</b>	<b>2,895,939</b>	<b>1,998,440</b>	<b>100</b>
<i>(2) Capitation Grant on Operations</i>					
Personnel Emoluments	3,070,510	(510,173)	2506,337	2,506,337	100
Local Transport / Travelling	669,980	120,113	790,093	790,093	100
Electricity And Water	1,341,350	(271,543)	1,069,807	1,069,807	100
Administration Costs	1,462,280	(178,805)	1,283475	1,283,475	100
Activity	71,200	(213,603)	284,263	284,263	100
	<b>6,615,320</b>		<b>6,615,320</b>	<b>5,933,975</b>	
<i>3) FDSE for infrastructure</i>					
Maintenance &ImprovementMoE	3,136,500	(169500)	2967000	2,967,000	100
M&I parents' contribution					

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Economic Stimulus Programs					
Transition Infrastructure Grants					
Administration Block					
<i>Subtotal</i>					
<i>(4) Fees Charged on Parents</i>					
Personnel Emoluments	4,055,325	(558,778)	3,496,547	3,496,547	100
Repairs And Maintenance	1,390,000	226,490	1,616,490	1,616,490	100
Local Transport / Travelling	811,065	1,158,536	811,065	1,969,601	100
Electricity And Water	1,622,130	147,720	3,099,335	3,099,335	100
Administration Costs	1,622,130	3,161,815	4,783,945	4,783,945	100
Activity	162,500	133,098	295,598	295,598	100
Fee On Boarding Equipment and Stores	18,371,170	6,770,554	25,141,724	25,141,724	100
<i>5) Miscellenous Income</i>					
Rent income	400,800	(50,750)	350,050	350,050	100
Fee For Hire of Ground and Equipment					
Sub total					
<b>Total Income</b>					
<i>(6) Expenditure For Tuition</i>					
Exercise Books	1,566,530	(1,355,146)	211,384	211,384	100
Laboratory Equipment	273,663	(242,723)	30,940	30,940	100
Internal Exams	649,720	(303,220)	346,500	346,500	53.3

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Teaching / Learning Materials	406,026		1,216,670	1,216,670	100
Bank Charges	1463		1463	1463	100
Subtotal	<b>2,895,939</b>		<b>2,895,939</b>	<b>1,806,957</b>	
<b>(7) Expenditure For Operations</b>					
Personnel Emoluments	3,070,510	336,171	3,070,510	2,734,339	100
Repairs, Maintenance & Improvements	63,430	0	63430	63,430	100
Local Transport / Travelling	669,980	382,236	669,980	287,744	100
Electricity, Water and Conservancy	1,341,350	(848,615)	492,735	492,735	100
Administration Costs	1,462,280	(1,274,165)	188115	188,115	100
Activity Expenses	71200	(378,835)	450,035	450,035	100
Subtotal	<b>6,615,320</b>		<b>6,615,320</b>	<b>4,215,798</b>	
<b>(8) Expenditure For infrastructure</b>					
Construction of DORMS and Classroom	3,136,500	(1,134,440)	2,002,060	2,002,060	100
Subtotal	<b>3,136,500</b>	<b>1,134,440</b>	<b>2002060</b>	<b>2,002,060</b>	
<b>(9) Expenditure For school fund/lunch/boarding</b>					
Personnel Emoluments	4,055,325	2,336,167	1719,158	1,719,158	100
Repairs, Maintenance and Improvements	1,390,000	2248550	3,638,550	3,638,550	100
Local Transport / Travelling	811,065		811,065	2,696,923	332

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Electricity, Water and Conservancy	1,622,130	699,872	922,258	922,258	100
Administration Costs	1,622,130	6,398,978	1,622,130	8,021,108	100
Activity	162,500	76,800	239,300	239,300	100
Boarding Equipment and Stores	18,371,170	301,035	18,672,205	18,672,205	101
	<b>28,034,320</b>		<b>28,034,320</b>	<b>35,909,502</b>	
<b>Expenditure For Income Generating Activity</b>					
Farm					
Other Expenses On Investments					
Rent Expenses					
Bank Charges					
Loan Interest Repayment					
Loan Principal Repayment					
Acquisition Of Assets					
<b>Totals</b>	<b>40,682,079</b>		<b>40,682,079</b>	<b>44,185,207</b>	

## 10. Significant Accounting Policies

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

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

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.

**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 30<sup>th</sup> 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.

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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 2023.

NARUMORU GIRLS SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2023

X. Notes To The Financial Statements

1 Government Grants for Tuition

	2022-2023	2021-2022
	Kshs	Kshs
Text books/reference	-	-
Exercise books	1,081,036.00	-
Laboratory equipments and apparatus	188,850.00	-
Teaching/learning materials	280,192.00	2,868,536.00
chalks	-	-
Internal exams	448,362.00	-
Exams and assessment	-	-
Adm. Costs	-	-
Teachers guides	-	-
<b>Total</b>	<b>1,998,440.00</b>	<b>2,868,536.00</b>

2 Government Grants for Operations

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	2,506,337.00	2,863,679.00
Repairs and maintenance	2,967,000.00	3,449,500.00
Local transport / travelling	790,093.00	543,195.00
Electricity and water	1,069,807.00	1,086,403.00
Administration costs	71,200.00	-
Medical	1,283,475.00	1,184,803.00
Activity	53,100.00	29,300.00
School fund account		-
NHIF - EDU AFYA	284,263.00	-
NSSF	-	-
NHIF	-	-
<b>Total</b>	<b>9,025,275.00</b>	<b>9,156,880.00</b>

3 Government Grants for infrastructure

	2022-2023	2021-2022
	Kshs	Kshs
Maintainance and Improvement	2,967,000.00	4,399,500.00
<b>TOTAL</b>	<b>2,967,000.00</b>	<b>4,399,500.00</b>

NARUMORU GIRLS SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2023

4 School Fund Income - Parents Contribution/Fees

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	3,496,547.00	3,963,281.00
Repairs and maintenance	1,616,490.00	1,686,429.00
Local transport / travelling	1,969,601.00	884,304.00
Electricity and water	3,099,335.00	2,563,192.00
Medical	-	-
Fee on Boarding Equipent and Stores	25,141,724.00	20,731,058.00
PA Levies* Development	-	-
Administration costs	4,783,945.00	4,395,758.00
Others (Uniforms)	7,517,345.00	6,945,933.00
Prepaid fees	370,163.00	1,205,965.00
NHIF	-	-
K.C.S.E	-	-
Activity	292,598.00	339,733.00
<b>Total</b>	<b>48,287,748.00</b>	<b>42,715,653.00</b>

5 Miscellaneous Incomes

Description	2022-2023	2021-2022
	Kshs	Kshs
Rent Income	350,050.00	142,300.00
Income From Farming Activities	956,725.00	691,015.00
Insurance Compensation	-	-
Income From Posho Mill	-	-
Income From Bus Hire	-	-
Fee For Hire of Ground and Equipment	-	-
Income From Canteen*	2,218,448.00	-
Operations account	-	-
Fees recoveries	728,629.00	601,461.00
Loans/Borrowings*	-	-
Other Income <i>Development</i>	2,080,171.00	1,930,890.00
<b>Total</b>	<b>5,983,973.00</b>	<b>3,365,666.00</b>

6 Payments for Tuition

	2022-2023	2021-2022
	Kshs	Kshs
Text books	-	-
Exercise book	211,384.00	398,350.00
Laboratory equipments and apparatus	30,940.00	594,780.00
Internal Exams	346,500.00	252,500.00
Teaching/learning materials	1,216,670.00	1,121,110.00
Chalks	-	-
Exams and assessment	-	-
Teachers guide	-	-
Reference books	-	-
Bank charges	1,463.00	831.00
Creditors	100,000.00	499,396.00
<b>Total</b>	<b>1,906,957.00</b>	<b>2,866,967.00</b>

7

## Payment For Operations

	2022-2023	2021-2022
	Kshs	Kshs
Personal Emoluments	2,734,339.00	3,554,640.00
Repairs and Maintenance	63,430.00	220,600.00
Service Gratuity	-	-
Administration Cost	188,115.00	149,583.00
Creditors	-	-
Local transport / travelling	287,744.00	711,656.00
Activity	450,035.00	300,300.00
Infrastructure account	2,967,000.00	3,449,500.00
Bank charges	3,268.00	2,110.00
Transfer to Savings account	200,000.00	-
Electricity and water	492,735.00	630,987.00
<b>TOTAL</b>	<b>7,386,666.00</b>	<b>9,019,376.00</b>

## 8 Payments For Infrastructure

	2022-2023	2021-2022
	Kshs	Kshs
Construction of classrooms	-	-
Construction of laboratory	-	-
Compound Fencing	-	-
Construction of dormitory	2,002,000.00	5,252,335.00
Purchase of furniture	-	-
Purchase of equipment	-	-
Purchase of apparatus	-	-
Bank Charges	60.00	-
Drilling of boreholes	-	-
<b>Total</b>	<b>2,002,060.00</b>	<b>5,252,335.00</b>

9

## Boarding And School Fund Payments

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	1,719,218.00	1,522,531.00
Repairs and maintenance	3,638,550.00	2,189,489.00
Local transport / travelling	2,396,923.00	2,263,443.00
Electricity and water	852,220.00	1,240,183.00
Expense of Canteen	2,319,640.00	-
Fee on Boarding Equipent and Stores	18,387,168.00	18,899,141.00
PA Levies* Development	4,083,318.00	2,187,783.00
Administration costs	8,021,108.00	5,505,054.00
Expense on Farming Activities	250,890.00	285,500.00
Expense on Rent	50,000.00	4,400.00
Bank Charges	17,488.00	19,290.00
Creditors	762,758.00	3,434,147.00
Gratuity	-	267,281.00
Uniform	8,042,580.00	6,758,250.00
Activity	239,300.00	375,500.00
NHIF	-	-
<b>TOTAL</b>	<b>50,781,161.00</b>	<b>44,951,992.00</b>

7

## Payment For Operations

	2022-2023	2021-2022
	Kshs	Kshs
Personal Emoluments	2,734,339.00	3,554,640.00
Repairs and Maintenance	63,430.00	220,600.00
Service Gratuity	-	-
Administration Cost	188,115.00	149,583.00
Creditors	-	-
Local transport / travelling	287,744.00	711,656.00
Activity	450,035.00	300,300.00
Infrastructure account	2,967,000.00	3,449,500.00
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Transfer to Savings account	200,000.00	-
Electricity and water	492,735.00	630,987.00
<b>TOTAL</b>	<b>7,386,666.00</b>	<b>9,019,376.00</b>

## 8 Payments For Infrastructure

	2022-2023	2021-2022
	Kshs	Kshs
Construction of classrooms	-	-
Construction of laboratory	-	-
Compound Fencing	-	-
Construction of dormitory	2,002,000.00	5,252,335.00
Purchase of furniture	-	-
Purchase of equipment	-	-
Purchase of apparatus	-	-
Bank Charges	60.00	-
Drilling of boreholes	-	-
<b>Total</b>	<b>2,002,060.00</b>	<b>5,252,335.00</b>

9

## Boarding And School Fund Payments

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	1,719,218.00	1,522,531.00
Repairs and maintenance	3,638,550.00	2,189,489.00
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Creditors	762,758.00	3,434,147.00
Gratuity	-	267,281.00
Uniform	8,042,580.00	6,758,250.00
Activity	239,300.00	375,500.00
NHIF	-	-
<b>TOTAL</b>	<b>50,781,161.00</b>	<b>44,951,992.00</b>

10 Bank Accounts

Account Name & currency	Status	Bank Account Number	2022-2023	2020-2021
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	1101933054	97,411.00	5,928.00
Operations Account	Active	1101834883	1,839,843.00	41,705.00
Infrastructural Account	Active	1150279617670	1,076,141.00	111,262.00
Canteen account - Equity	Active	1150282766031	9,348.00	-
Saving account - Taifa Sacco	Active	702-11-0779	201,719.00	1,719.00
School Fund Account/Boarding - KCB	Active	11018926457	4,431,018.00	2,038,750.00
- Equity bank	Active	1150266511152	648,232.00	-
<b>Total</b>	-		<b>8,303,712.00</b>	<b>2,199,364.00</b>

11 Cash In Hand

Description	2022-2023	2020-2021
	Kshs	Kshs
Notes and Coins	152,280.00	71,036.00
<b>Total</b>	<b>152,280.00</b>	<b>71,036.00</b>

12 Short Term Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Cooperative shares	-	-
Treasury Bills	-	-
Fixed deposit	-	-
Equity stock	-	-
Other investments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

13 Accounts Receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees arrears	5,138,440.00	4,216,649.00
Other non-fees receivables	-	-
Salary advances	-	-
Imprest	-	-
<b>Total</b>	<b>5,138,440.00</b>	<b>4,216,649.00</b>

13b.

**Ageing Analysis of Accounts Receivable**

Description	2022-2023		2021-2022	
	<i>Kshs</i>		<i>Kshs</i>	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	1,650,420.00	32%	710,916.00	17%
Between 2-3 years	568,441.00	11%	586,154.00	14%
Over 3 years	2,919,579.00	57%	2,919,579.00	69%
<b>Total (should tie to note 13 a)</b>	<b>5,138,440.00</b>	<b>100%</b>	<b>4,216,649.00</b>	<b>100%</b>

**NARUMORU GIRLS SECONDARY SCHOOL**

Reports and Financial Statements For the year ended 30th June 2023

**14 Account Payable**

Description	2022-2023	2021-2022
	<i>Kshs</i>	<i>Kshs</i>
Trade creditors (See ageing below and appendix 1)	862,758.00	786,000.00
Non trade Creditors	-	-
Prepaid fees	370,163.00	1,205,965.00
Retention monies	-	-
<b>Total</b>	<b>1,232,921.00</b>	<b>1,991,965.00</b>

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

Description	2022-2023	2021-2022
	<i>Kshs</i>	<i>Kshs</i>
Trade creditors for current year	862,758.00	786,000.00
Trade creditors for the previous year	-	-
Trade creditors for prior periods (over two years)	-	-
<b>Total</b>	<b>862,758.00</b>	<b>786,000.00</b>

**15 Fund Balance Brought Forward**

Description	2022-2023	2021-2022
	<i>Kshs</i>	<i>Kshs</i>
Bank balances	2,199,364	1,740,616.00
Cash balances	71,036	114,219.00
Short Term Investments	-	-
Receivables	4,216,649	4,855,278.00
Payables	(1,991,965)	(3,434,147.00)
<b>Total</b>	<b>4,495,084</b>	<b>3,275,966.00</b>

**Other important disclosure notes**

**NARUMORU GIRLS SECONDARY SCHOOL**

**PUBLIC SECONDARY SCHOOL**

**Reports and Financial Statements For the year ended 30th June 2023**

16 **Non-current Liabilities Summary**

Description		2022-2023	2021-2022
		Kshs	Kshs
Bank loan(s)		-	-
Outstanding Leases		-	-
Hire purchase		-	-
Gratuity and leave provision		-	-
<b>Total</b>		<b>-</b>	<b>-</b>

17 **Biological assets**

Description	Numbers	2022-2023	2021-2022
		Kshs	Kshs
Cattle	6	230,000.00	160,000.00
Goats		-	-
Trees		-	-
Coffee or tea plantation		-	-
Poultry		-	-
<b>Total</b>		<b>230,000.00</b>	<b>160,000.00</b>

18 **Borrowings**

Description		2022-2023	2021-2022
		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>		<b>-</b>	<b>-</b>

19 **Stock/ Inventory**

Description		2022-2023	2021-2022
		KShs	KShs
<b>Stock/Inventory</b>			
Stock/ inventory at beginning of the year		491,008.00	507,000.00
Stock/ inventory purchased during the year		15,577,269.00	22,084,395.00
Stock/ inventory issued during the year		12,638,043.00	22,100,387.00
<b>Balance at end of the year</b>		<b>3,430,234.00</b>	<b>491,008.00</b>

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

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

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

*Naromoru girls Sec. School*  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

Asset Class	Historical Cost b/f (Kshs) 1 <sup>st</sup> July 2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 <sup>th</sup> June 2023
Land	24,125,000	0	0	24,125,000
Buildings And Structures	84,000,000	7,361,440	0	91,361,440
Motor Vehicles	7,305,901	0	0	7,305,901
Office Equipment, Furniture And Fittings	437,000	91000	0	528,000
Textbooks	2500,000	65,720	0	2,565,720
ICT Equipment	400,000	547,500	0	947,500
Tools And Apparatus	350,000	75000	0	425000
Other Machinery And Equipment-CCTV,	1200,000	382,500	0	1,582,500
Heritage And Cultural Assets				
Intangible Assets- Soft Ware	280,000	87,675	0	367,675
<b>Total</b>	<b>12,0597,901</b>	<b>8,610,835</b>		<b>129,208,736</b>

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