

REPUBLIC OF KENYA



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**REPORT**

07 NOV 2023

DAY  
TUESDAY

TABLED  
BY:

HON. KIMANI ICHUMKWA  
MAJORITY LEADER

OF

INZOPU MWALE

**THE AUDITOR-GENERAL**

**ON**

**BUTULA BOYS HIGH SCHOOL**

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

**BUSIA COUNTY**



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## **BUTULA BOYS HIGH SCHOOL**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE 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. 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 BUSIA County, BUTULA Sub-County

The school was registered in 2017 under registration number 40500000116 and is currently categorized as a *national* public school established, owned or operated by the Government.

The school is a boarding school and had 1723 numbers of students as at 30<sup>th</sup> June 2022. It has 03 stream and 68 teachers of which 18 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	PROF.PIUS ODUNGA	Chairman	MAY 2019
2	MR.OUMA DANIEL	Secretary – Principal	MAY 2019
3	DR.REGINA BWIRE	Member	MAY 2019
4	MR.ALEX WANJALA	Member	MAY 2019
5	MR.EPHRAIM WANALWENGE	Member	MAY 2019
6	MR.MICHAEL OCHIENG	Member	MAY 2019
7	DR.MARTIN MBITHI	Member	MAY 2019
8	MS ELECTINE ATEBA	Member – Rep CEB	MAY 2019
9	REV.FR.FR OUNDO	Member Rep Teachers	MAY 2019
10	MR.CHARLES OMBOTSO	Members – Sponsor	MAY 2019
11	FR ANDREW OUNDO	Members – Sponsor	MAY 2019
12	MR. MICHAEL OCHIENG	Members – Sponsor	MAY 2019
13	MS SUSAN DRYA	Member – Community	MAY 2019
14	PRO.VIOLET OPATA	Member Special Needs	MAY 2019
15	ISAAC K'OWINO	Rep Students	MAY 2019
16	MR. DINAH WERE	Member	MAY 2019
17	MR. ISAAC OKUMU	Member	MAY 2019

Ref:	Name of Board Member	Designation	Date of appointment
1	PROF.PIUS ODUNGA	Chairman	21/MAY/2022
2	MR.OUMA DANIEL	Secretary – Principal	21/MAY/2022
3	PROF.LINET GAHOLE	Member	21/MAY/2022

4	DR.MARK ODERO	Member	21/MAY/2022
5	DR.RHAB KAMAU	Member	21/MAY/2022
6	DR.GEORGE ODHIAMBO	Member	21/MAY/2022
7	DR.MELVIN OUMA	Member	21/MAY/2022
8	MR.EPHRAIM KONZOLO	Member – Rep CEB	21/MAY/2022
9	MR.EDWIN OPAKASI	Member Rep Teachers	21/MAY/2022
10	REV.FR.JAMES OTANGA	Members – Sponsor	21/MAY/2022
11	Ms.DIANA OLENJE	Members – Sponsor	21/MAY/2022
12	MR.JOSEPH ONYANGO	Members – Sponsor	21/MAY/2022
13	ENG.JOSEPH AGUMBA	Members	21/MAY/2022
14	MS.SUSAN DARYA	Members	21/MAY/2022
15	MR.OWINO OPONDO	Member – Community	21/MAY/2022
16	DR.ODABA DAVID	MemberSpecial Needs	21/MAY/2022
17	MR.GEORGE OLEWE	Rep Students	21/MAY/2022

**Key School Information and Management (Continued)**

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

- Promote the best interests of the School and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013
- Ensure and assure the provision of proper and adequate facilities for the School
- **Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.**
- Advise the County Education Board on the staffing needs of the School.
- Determine cases of 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	Prof.Pius O.Odunga Fr.Andrew Oundo Mr.Michael Ochieng Mr.Daniel O.Ouma	BOM Chairman Sponsor P.A Chairman Principal	2
2	Audit Committee	Mr.Ephraim Wanalwenge DR.Regina Bwire Mr.Alex Wanjala		1
3	Finance,procurement and general purposes Committee	Dr.Isaac K'Owino Fr.Oundo Mr.Michael Ochieng Dr. Martin Mbithi		4
4	Academic Committee	Prof.Violet Opata Ms.Electine Ateba Mr.Charles Ombotso Mr.Martin Onyango		3
5	Development Committee	S.C.D.E Mr.Ouma Daniel Prof.Pius Odunga Mr.Mukabi George		6

6	Discipline and welfare Committee	Mr. Joseph Opondo Dr. George Odhiambo Ms. Melvin Ouma Mr. Ephraim Konzolo S.C.D.E		3
7	Adhoc Committee (if any during the year)	N/A		

**(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	DANIEL OUMA ONYANGO	349264
2	Deputy Principal	GEORGE MUKABI	304661
3	School Bursar	GEOFFREY ETILA	29508515

**(e) Schools contacts**

Post Office Box: PRIVATE BAG-50405 BUTULA  
 Telephone: 0115999583  
 E-mail: butulahigh@gmail.com  
 Website: www.butulahigh.co.ke  
 Facebook:  
 Twitter:

**(f) School Bankers**

The following school operated 05 numbers of bank accounts in the following banks:

1. Name of Bank: National Bank of Kenya  
Branch: BUSIA  
Account Number: 01021054617801
2. Name of Bank: National Bank of Kenya  
Branch: BUSIA  
Account Number: 01242054617801
3. Name of Bank: National Bank of Kenya  
Branch: BUSIA  
Account Number: 01025054617800
4. Name of Bank: Kenya Commercial Bank  
Branch: BUSIA

Account Number: 1265473099

5. MPESA Pay Bill No. 522123, attached to KCB Bank Account
  
6. MPESA Pay Bill No. 502688, attached to NBK Bank Account

(Ensure all bank accounts operated by the school are disclosed and that all Pay Bill Numbers are also disclosed)

**(g) Independent Auditors**

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

**II. Summary Report of Performance of the School**

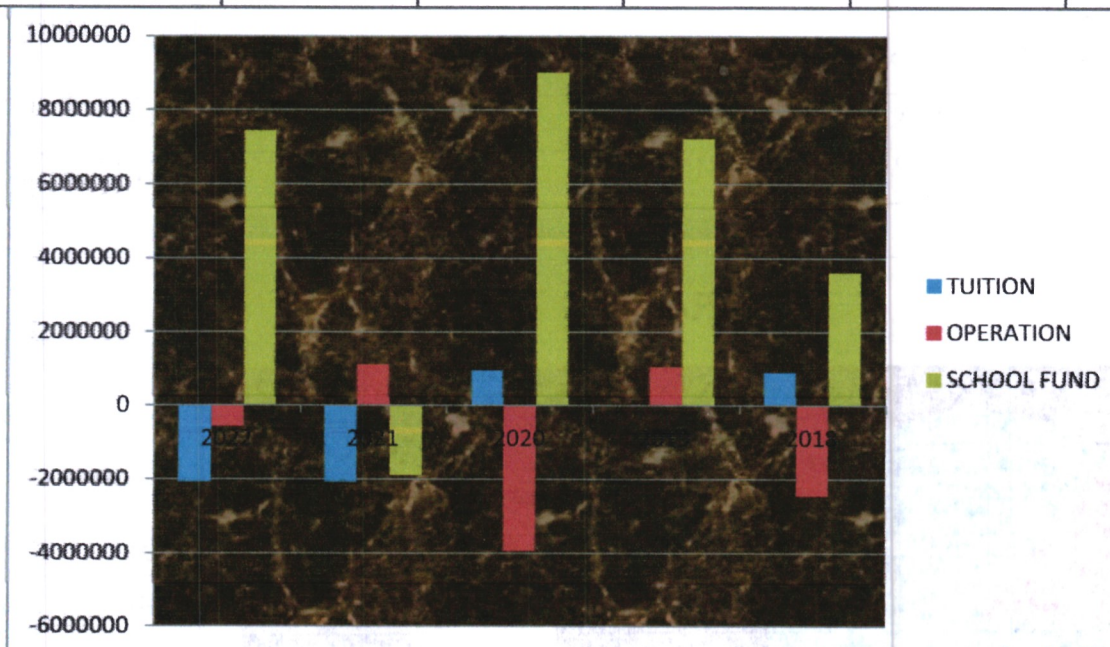
The following is a summary report of the performance of the school against the set performance evaluation criteria:

**a) Financial performance:**

*(Under this section, the following information should be given:*

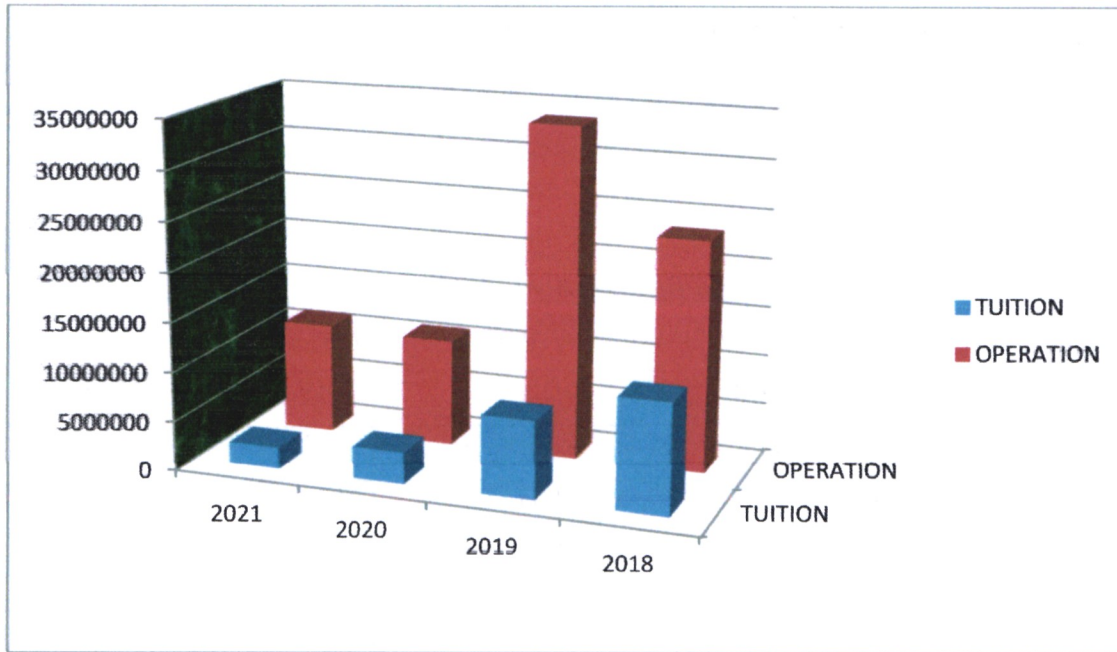
- *Surplus/ deficit for the year and a comparison of the same for the last three years*

YEAR	2022	2021	2020	2019	2018
TUITION	(2,082,098)	(2082098)	969109.70	(8699.15)	909653.00
OPERATION	(563,474)	1123900	(3941655.13)	1061072.11	(2460488.00)
SCHOOL FUND	7,449,622	(1892203)	9009059.77	7219096.55	3592870.00



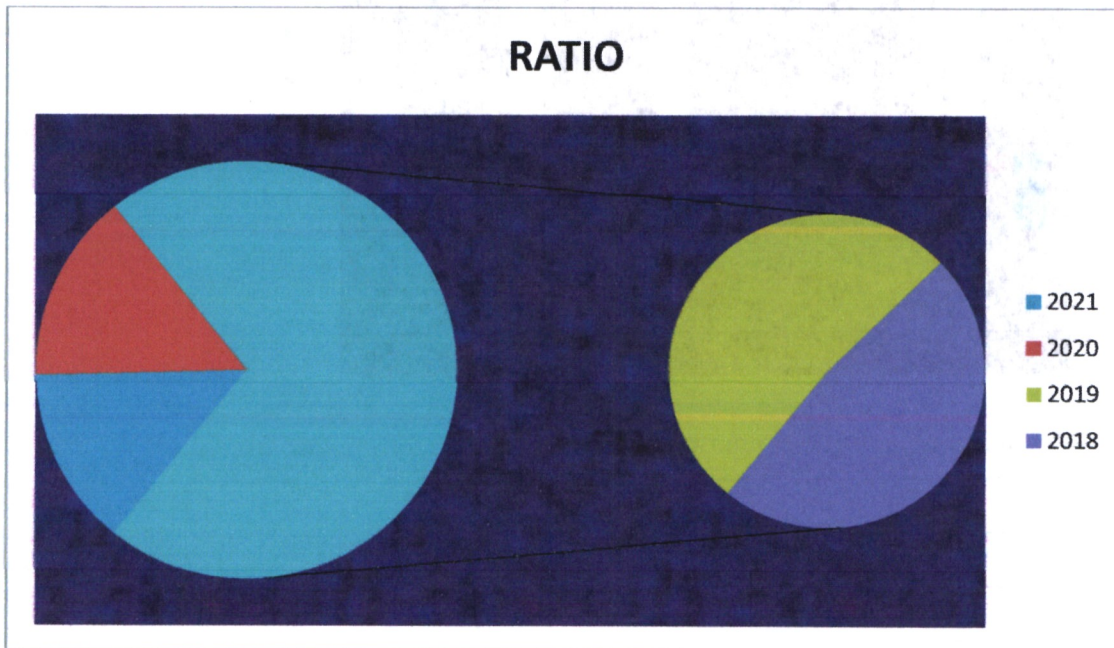
- *Capitation grants from the Ministry of Education for the last three years*

YEAR	2021	2020	2019	2018
TUITION	2194267.00	3233883.70	7925089.10	11179942.00
OPERATION	11146902.00	10823618.50	33682410.21	23388579.00
TOTAL	13341169.00	14057502.20	41607499.31	34568521.00



- Ratio of capitation grant per student over the last three years

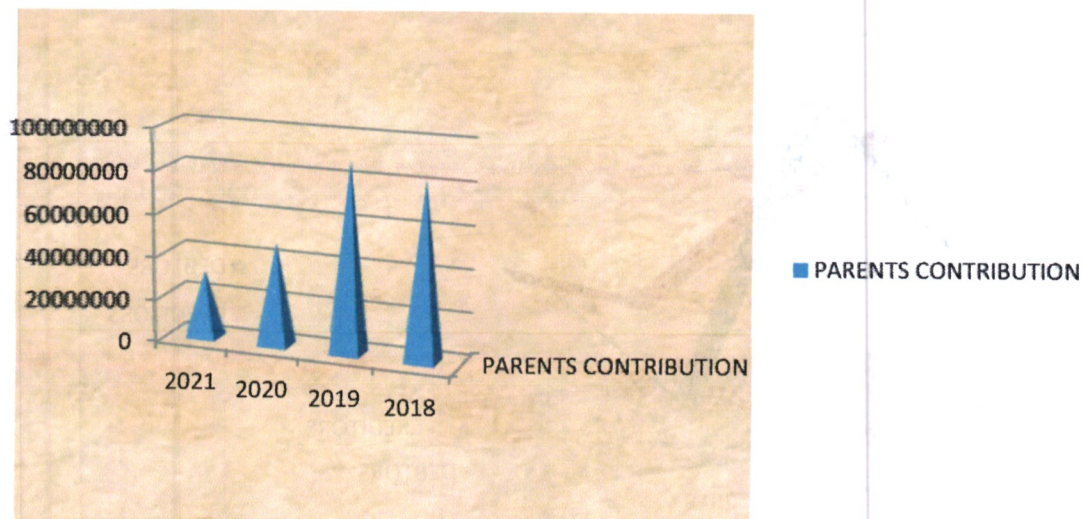
YEAR	2021	2020	2019	2018
RATIO	7742.98	8158.74	20803.74	19204.73



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

YEAR	2021	2020	2019	2018
PARENTS CONTRIBUTION	31,267,151	48,233,376.80	89,102,166.95	83,506,036.00

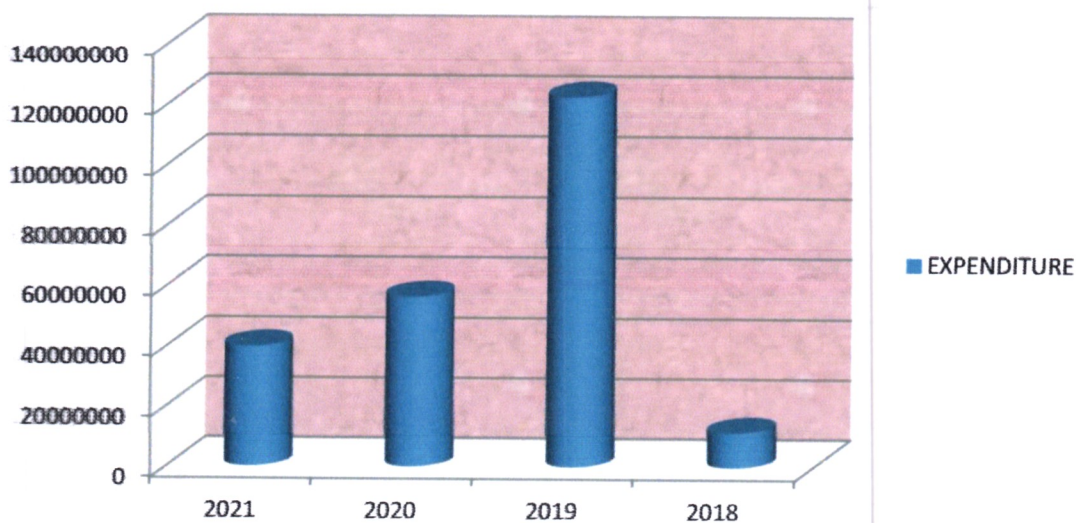
### PARENTS CONTRIBUTION



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

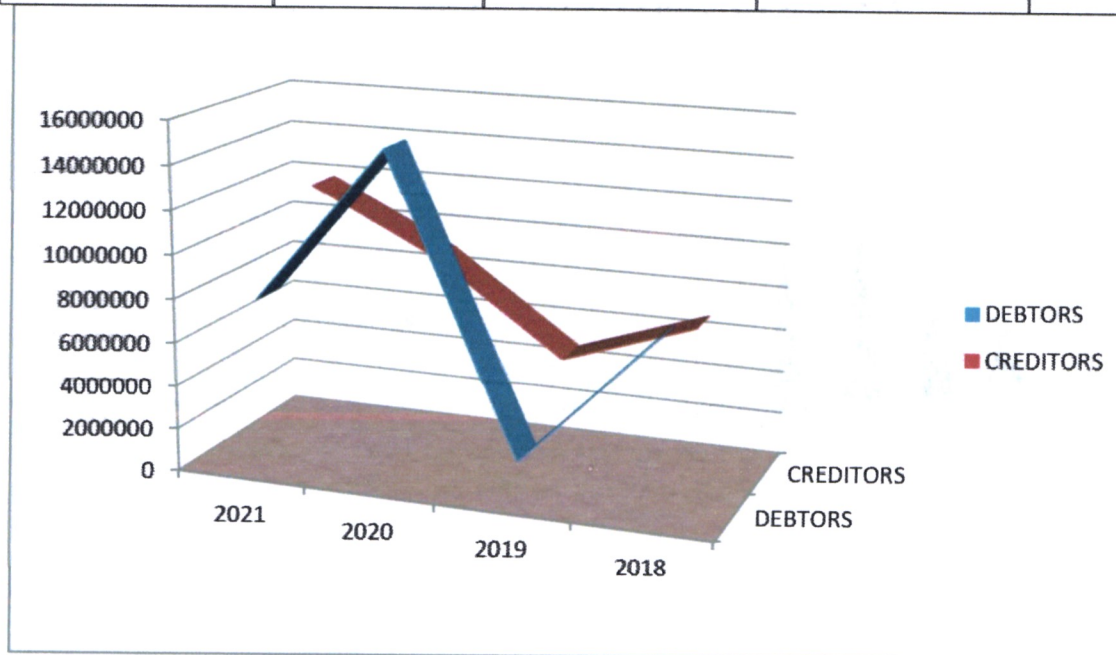
YEAR	2021	2020	2019	2018
EXPENDITURE	39,804,269	56,254,364.66	122,438,196.75	11,603,2521.00

### EXPENDITURE



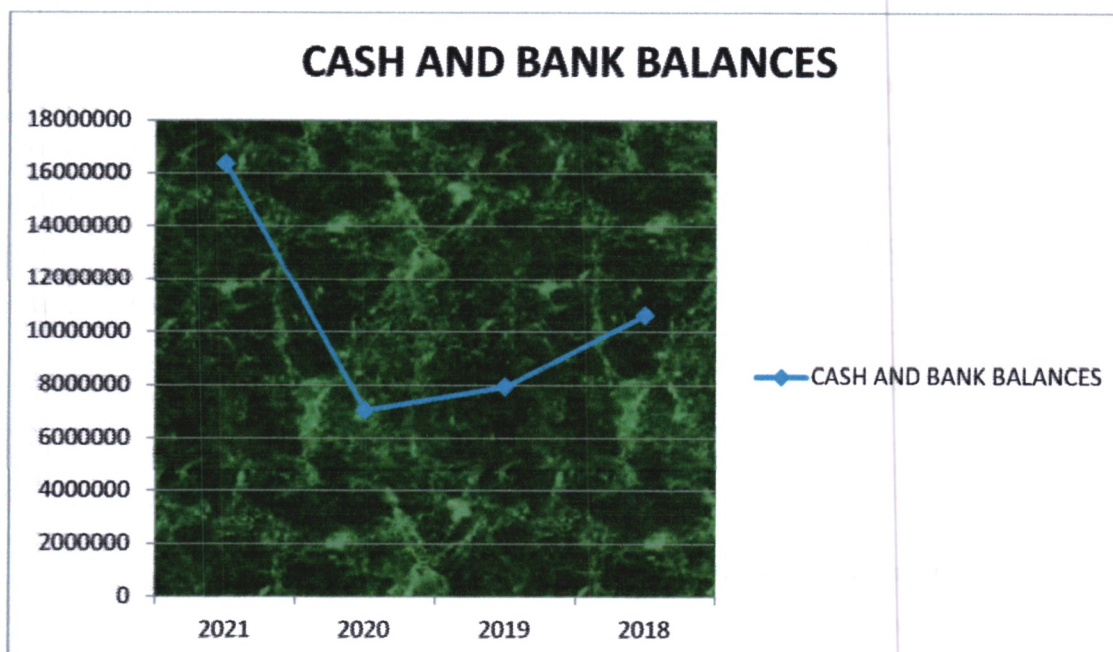
- Movement of debtors and creditors of the school over the last three years

YEAR	2021	2020	2019	2018
DEBTORS	7839919.80	15050667.10	17502448.35	7937187.00
CREDITORS	11843385.00	8935368.50	4735044.20	6797696.00



- Movement of cash and bank balances over the last three years

YEAR	2021	2020	2019	2018
CASH AND BANK BALANCES	16,342,253	7045628.16	7938437.18	10610858.81



*Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends).*

**b) Teacher Student ratio:**

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

<i>Teachers employed by TSC</i>	<i>50</i>
<i>Teachers employed by BOM</i>	<i>18</i>
<i>Teachers retired</i>	<i>00</i>
<i>Teachers posted</i>	<i>00</i>
<i>Teachers Transferred</i>	<i>00</i>
<i>Teachers to student ratio</i>	<i>25: 1 teacher</i>

**c) Mean score in the 2022 KCSE:**

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

<b>YEAR</b>	<b>ENTRY</b>	<b>MEAN SCORE</b>	<b>MEAN GRADE</b>
2020	297	8.15	B-
2021	318	7.63	B-
2022	306	9.27	B

**d) Number of Candidates in the 2022 KCSE:**

*(Tabulate the number of candidates sitting for KCSE over the last three years).*

<b>YEAR</b>	<b>CANDIDATES</b>
2020	297
2021	318
2022	306

**e) Capacity of the school:**

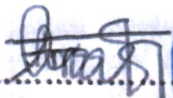
*(Indicate the number of students in the school vis a vie the facilities like the dormitories, the dining hall, the laboratories, toilets and other amenities. This information will provide useful details for the Ministry of Education).*

DINNING HALL	01
LAB	07
CLASSROOM	30
DORM	19
TOILETS	57 DOORS
KITCHEN	02
LIBRARY	01
STAFFROOM	01

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

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

YEAR	SOURCE	AMOUNT SPENT	STATUS	PROJECT
2022	MI	2,971,908	ON-GOING	CONSTRUCTION OF ULTRA MODERN LABORATORY



School Principal




**III. Statement of School Management Responsibility**

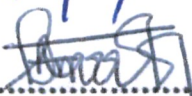
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant 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.

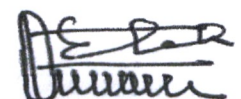
The Board of Management of BUTULA BOYS HIGH SCHOOL accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

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: Prof. Pius ODUNGA  
Designation: Chairman, School Board of Management  
Date: 30/6/2022

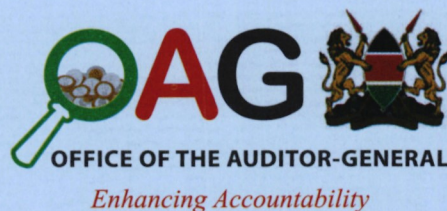
  
Name: Daniel Ouma  
Designation: School Principal & Secretary to Board of Management  
Date: 30/6/2022



  
Name: GEBFFAY ERIKA  
Designation: Bursar/ Finance Officer  
Date: 30/6/2022

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON BUTULA BOYS HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – BUSIA 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 that the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and overall 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

#### **Adverse Opinion**

I have audited the accompanying financial statements of Butula Boys High School – Busia County set out on pages 1 to 13, which comprise the statement of financial assets and

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Butula Boys High School – Busia 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 do not comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

## **Basis for Adverse Opinion**

### **1. Understatement of Capitation Grants Receipts**

As disclosed in Notes 1 and 2 to the financial statements, the statement of receipts and payments reflects Kshs.5,369,129 and Kshs.28,889,173 in respect of capitation grants for tuition and capitation grants for operations respectively, all totalling Kshs.34,258,302. Review of the National Education Management Information System (NEMIS) report and the School's manual enrolment register for the period under review revealed inconsistencies in respect of the number of students captured in the two registers with the number of students captured in NEMIS being lower than the number in the School's manual register. Further, the variances resulted to under-funding of Kshs.4,978,288 as detailed below:

	<b>Total Capitation (Kshs.)</b>	<b>Capitation per Student (Kshs.)</b>	<b>Number of Students per NEMIS</b>	<b>Number of Student per School's Manual Register</b>	<b>Expected Total Capitation (Kshs.)</b>	<b>Variance Students</b>	<b>Under/(Over) Funding (Kshs.)</b>
June 2022- Operations	4,925,390	2,087	1755	1723	3,595,901	32	(1,329,489)
March,2022- Operations	4,872,465	2,955	1649	1723	5,091,465	(74)	291,000
December 2021- Operations	3,421,605	2,074	1650	1723	3,573,502	(73)	151,897
September- 2021-Operation	2,727,000	4,500	606	545	2,452,500	61	(274,500)
September- 2021-Operation	1,979,410	3,554	557	545	1,936,930	12	(42,480)
September- 2021-Operation	3,887,747	3,554	1094	1723	6,123,542	(629)	2,235,795

	Total Capitation (Kshs.)	Capitation per Student (Kshs.)	Number of Students per NEMIS	Number of Student per School's Manual Register	Expected Total Capitation (Kshs.)	Variance Students	Under/(Over) Funding (Kshs.)
July-2021- Operation	4,702,500	4,500	1045	1723	7,753,500	(678)	3,051,000
June, 2022- Tuition	1,397,419	796	1755	1723	1,371,508	32	(25,911)
March, 2022- Tuition	1,732,439	1,051	1649	1723	1,810,873	(74)	78,434
December, 2021-Tuition	788,700	478	1650	1723	823,594	(73)	34,894
September, 2021-Tuition	442,380	730	606	545	397,850	61	(44,530)
September, 2021-Tuition	389,900	700	557	545	381,500	12	(8,400)
September, 2021-Tuition	765,800	700	1094	1723	1,206,100	(629)	440,300
July, 2021- Tuition	762,850	730	1045	1723	1,257,790	(678)	494,940
<b>Total</b>	<b>32,795,605</b>				<b>37,776,555</b>		<b>4,980,950</b>

However, the underfunding of Kshs.4,980,950 was not included in the accounts receivable balance of Kshs.89,832,402 reflected in the statement of financial assets and liabilities.

In the circumstances, the accuracy and completeness of capitation grants of Kshs.34,258,302 and the accounts receivable balance of Kshs.89,832,402 could not be confirmed.

## 2. Accuracy of Capitation Grants for Tuition

As disclosed in Note 1 to the financial statements, the statement of receipts and payments reflects an amount of Kshs.5,369,129 in respect of capitation grants for tuition. However, review of the supporting schedule and National Education Management Information System (NEMIS) capitation disbursement extract revealed an amount of Kshs.6,279,488 resulting to an unexplained and unreconciled variance of Kshs.910,359.

In the circumstances, the accuracy and completeness of the amount of Kshs.5,369,129 in respect of capitation grants for tuition could not be confirmed.

## 3. Accuracy of Capitation Grants for Operations

As disclosed in Note 2 to the financial statements, the statement of receipts and payments reflects an amount of Kshs.28,889,173 in respect of capitation grants for operations. However, review of the supporting schedule and NEMIS capitation disbursement extract

revealed an amount of Kshs.26,516,118, resulting in an unexplained and unreconciled variance of Kshs.2,373,055.

In the circumstances, the accuracy and completeness of an amount of Kshs.28,889,173 in respect of capitation grants for operations could not be confirmed.

#### **4. Unsupported School Fund Income- Parents' Contributions**

As disclosed in Note 3 to the financial statements, the statement of receipts and payments reflects an amount of Kshs.123,588,474 in respect of school fund income - parents' contributions. However, supporting documents including student fee receipts summary, bank statements and schedules were not provided for audit review.

In the circumstances, the accuracy and completeness of the amount of Kshs.123,588,474 in respect of school fund income- parents' contributions could not be confirmed.

#### **5. Unsupported Payments for Tuition**

As disclosed in Note 5 to the financial statements, the statements of receipts and payments reflects an amount of Kshs.6,638,160 in respect of payments for tuition. However, supporting documents including, ledger schedules, invoices, delivery notes, issue and receipt vouchers were not provided for audit.

In the circumstances, the validity accuracy and completeness of the expenditure of Kshs.6,638,160 in respect of payments for tuition could not be confirmed.

#### **6. Unsupported Boarding and School Fund Payments**

As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects an amount of Kshs.121,651,031 in respect of boarding and school fund payments. However, supporting documents including ledger schedules, inspection and acceptance reports, invoices, delivery notes and receipt and issue vouchers were not provided for audit.

In the circumstances, the validity, accuracy and completeness of the expenditure of Kshs.121,651,031 in respect of boarding and school payments could not be confirmed.

#### **7. Unsupported Personnel Emoluments**

As disclosed in Notes 6 and 7 to the financial statements, the statement of receipts and payments reflects amounts of Kshs.7,382,580 and Kshs.16,124,410 respectively in respect of personnel emoluments, all totalling to Kshs.23,506,990. However, review of the sampled payroll for the months of May and June, 2022 revealed gross salaries of Kshs.480,494, Kshs.307,132 and Kshs.320,000 in respect of salaries to non-teaching staff, support staff and Board of Management(BOM)teachers respectively, all totalling to Kshs.1,107,626 per month. This translated to a total of Kshs.13,291,512 in respect of personnel emoluments for the year under review. However, the re-casted personnel emoluments of Kshs.13,291,512 differed with total personnel emoluments of Kshs.23,506,990, thereby resulting in an unexplained and unreconciled variance of Kshs.10,940,522.

In the circumstances, the accuracy and completeness of the expenditure of Kshs.23,506,990 in respect of personnel emoluments could not be confirmed.

### **8. Unreconciled Expenditure on Maintenance and Improvements**

As disclosed in Notes 6 and 7 to the financial statements, the statement of receipts and payments reflects payments for operations and boarding and school fund payments of Kshs.20,527,930 and Kshs.121,651,031 respectively. The amounts include Kshs.2,971,908 and Kshs.7,791,380 respectively in respect of maintenance and improvement, all totalling to Kshs.10,763,288 and were spent on the construction of an ultra-modern science laboratory.

Review of records including the statement for payment on accounts in respect to the payment certificates revealed that the proposed construction of two storeyed science laboratory, classroom and library was contracted at a cost of Kshs.15,713,075. However, the certified and paid amount as at 30 June, 2021, totalled Kshs.12,614,020 while the certified and paid amount for the year under review is reflected as Kshs.10,763,288, thus totalling to Kshs.23,377,308. The total amount paid for the contract therefore differed with the contract sum of Kshs.15,713,075 by an unexplained and unreconciled overpayment of Kshs.7,664,233.

In the circumstances, the validity, accuracy and completeness and value for money totalling Kshs.10,763,288 in respect of capitation grants for infrastructure could not be confirmed.

### **9. Undisclosed Cash and Cash Equivalents Balance**

As disclosed in Notes 8 and 9 to the financial statements, the statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.25,436,629 which includes Kshs.25,243,644 and Kshs.192,985 in respect of bank and cash-in-hand balances respectively. The bank balance of Kshs.25,243,644 includes cash book bank balances of four (4) bank accounts. However, the preamble on key school information and management of the financial statements refers to bank accounts details including two (2) M-Pesa pay bill accounts which have not been disclosed in the financial statements nor supported with Safaricom receipt statements.

In the circumstances, the regularity, accuracy and completeness of the balance of Kshs.25,436,629 in respect of cash and cash equivalents could not be confirmed.

### **10. Unsupported Accounts Receivables Balance**

As disclosed in Note 11 to the financial statements, the statement of financial assets and liabilities reflects accounts receivables balance of Kshs.89,832,402 which relate to fees arrears. However, supporting documents including ledger schedules and students fee statements with ageing analysis of the fees arrears and School's Finance Committee minutes or deliberations on accounts receivables were not provided for audit.

Further, details in Note 11 to the financial statements indicate accounts receivables of Kshs.55,068,622 incurred two years ago. However, Management did not provide

evidence indicating that proper mechanisms had been put in place to recover these long overdue debt arrears.

In the circumstances, the accuracy, completeness and recoverability of the accounts receivable balance of Kshs.89,832,402 could not be confirmed.

### **11. Unsupported Accounts Payables Balance**

As disclosed in Note 12 to the financial statements, the statement of financial assets and financial liabilities reflects accounts payable balance of Kshs.11,532,774 which includes balances of Kshs.10,981,493 and Kshs.551,281 in respect of trade creditors and prepaid fees respectively. However, trade creditors balance of Kshs.10,981,493 was not supported with documents including ledger schedule and invoices, delivery notes, issues and receipts. Further, the prepaid fees were not supported with student fee statements. In addition, Note 12 to the financial statements indicates accounts payables which were incurred two years ago without clear mechanism of being settled.

In the circumstances, the accuracy, completeness and fair statement of accounts payable balance of Kshs.11,532,774 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Butula Boys High 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 adverse 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.

### **Other Matter**

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

The statement of budgeted versus actual amounts reflects final total income budget and actual on comparable basis of Kshs.121,110,090 and Kshs.157,911,496 respectively, resulting in an over-collection of Kshs.36,801,406 or 30% of the budget. Similarly, the statement reflects final budget expenditure and actual on comparable basis of Kshs.120,870,090 and Kshs.148,817,121, resulting in over-expenditure of Kshs.27,947,031 or 23% of the budget.

Further, the budget amounts presented were not supported by approved budget as required by Regulation 31(1) of the Public Finance Management (National Government) Regulations, 2015 which states that 'the Accounting Officer shall ensure that the draft

estimates relating to her or his department are prepared in conformity with the Constitution, the Act and these Regulations.

The over-absorption and spending above the approved budget may result to unauthorized expenditure.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Unapproved Additional Fees Charged**

As disclosed in Note 3 to the financial statements, the statement of receipts and payments reflects an amount of Kshs.123,588,210 in respect of school fund income - parents contribution. Further, review of the School's fee structure revealed an amount of Kshs.58,554 charged by the School against the Ministry approved fees of Kshs.45,000, resulting in an extra fee charged of Kshs.13,554. In addition, review of the preamble information to the financial statements at page iv revealed that the School had students enrolment of 1723, resulting additional total fees charged of Kshs.23,353,542, contrary to the Ministry of Education Circular No. MOE.HQS/3/6/112(1) dated 9 August, 2022 which directed schools that desire to charge amounts above the stipulated fees to make a formal request to the Cabinet Secretary.

In the circumstances, Management was in breach of the guidelines by the Ministry of Education.

#### **2. Unbalanced Budget**

The statement of budgeted versus actual amounts reflects a final income budget of Kshs.121,110,090 and a final expenditure budget of Kshs.120,870,090, resulting in a variance of Kshs.240,000. The budget imbalance is contrary to the provisions of Section 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that 'budget revenue and expenditure appropriation shall be balanced'.

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

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

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

## **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Risk Management Policy**

Review of records provided for audit revealed that the School's Management had not established a Risk Management Policy. This is contrary to Regulation 165(1) of the Public Finance Management (National Governments) Regulations, 2015 which states that 'the Accounting Officer shall ensure that the national government entity develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations'.

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

### **2. Lack of Approved Information Technology Security Policy**

Review of the School's Information Technology systems revealed that the School did not have an approved IT Policy for governance and management of its ICT resources. Further, there was no ICT Steering Committee in place to assist in the development of ICT Policy framework to enable the School to realize long-term ICT strategic goals. Lack of an approved IT Policy may result in an unclear direction regarding maintenance of information security across the organization and safeguarding the School's ICT assets. In addition, without a sound and approved framework, users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability.

In the circumstances, the School may be exposed to financial losses or falsification of records in the absence of an Information, Communication and Technology Policy.

### **3. Lack of Insurance Cover for Property and Other Assets**

Review of records and information provided revealed that the School did not have insurance cover for its property and other assets.

In the circumstances, the School's assets may be exposed to losses without compensation in case of fire, theft or any other unforeseen calamities.

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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease 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 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 the Management.
- Conclude on the appropriateness of the 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 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 the 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathunga, CBS  
AUDITOR-GENERAL

Nairobi

13 October, 2023

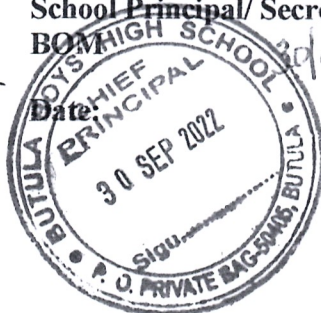
V. Statement of Receipts and Payments Period to 30<sup>th</sup> June 2022

Description Of Vote Head	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Receipts</b>			
Capitation grants for tuition	1	5,369,129	2,194,267
Capitation grants for operations	2	28,889,173	11,146,902
School fund income- parents' contributions	3	123,588,474	31,267,151
School fund income- other receipts	4	64,720	86,587
Proceeds from borrowings			
<b>Total Receipts</b>		<b>157,911,496</b>	<b>44,694,907</b>
<b>Payments</b>			
Payments for tuition	5	6,638,160	4,276,365
Payments for operations	6	20,527,930	11,710,375
Boarding and school fund payments	7	121,651,031	23,817,529
<b>Total Payments</b>		<b>148,817,121</b>	<b>39,804,269</b>
<b>Surplus/Deficit</b>		<b>9,094,375</b>	<b>4,890,638</b>

The school financial statements were approved on 30<sup>TH</sup> September 2022 and signed by:

.....  
 Name: **Prof BIR OJUMA**  
 Chair BOM  
 Date: **30/9/2022**

.....  
 Name: **Daniel Omer**  
 School Principal/ Secretary to  
 BOM/HIGH SCHOOL  
 Date: **30/9/2022**




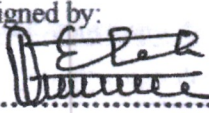
.....  
 Name: **GEORGE ETIHA**  
 Bursar/ Finance Officer  
 Date: **30/9/2022**

VI. Statement of Financial Assets and Financial Liabilities as At 30<sup>th</sup> June 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	8	25,243,644	16,280,906
Cash balances	9	192,985	61,348
Short term investment	10	-	-
<b>Total cash and cash equivalent</b>		<b>25,436,629</b>	<b>16,342,254</b>
Account's receivables	11	89,832,402	90,143,013
<b>Total financial assets</b>		<b>115,269,031</b>	<b>106,485,267</b>
<b>Financial liabilities</b>			
Accounts payables	12	11,532,774	11,843,385
<b>Net financial assets</b>		<b>103,736,257</b>	<b>94,641,882</b>
<b>Represented by</b>			
Accumulated fund b/fwd	13	94,641,882	89,751,244
Surplus/deficit for the year		9,094,375	4,890,638
<b>Net financial position</b>		<b>103,736,257</b>	<b>94,641,882</b>

The school's financial statements were approved on 30<sup>th</sup> September 2022 and signed by:

  
 Name: Prof. Pius Oduma  
 School Principal/ Secretary to BOM  
 Date: 30/9/2022

  
 Name: Ledford Etika  
 Bursar/ Finance Officer  
 Date: 30/9/2022



VII. Statements of Cash Flows for the Period Ended 30<sup>th</sup> June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Operating activities</b>			
<b>Receipts</b>			
Capitation grants for tuition	1	5,369,129	2,194,267
Capitation grants for operations	2	28,889,173	11,146,902
School fund income- parents contributions/ fees	3	123,588,474	31,267,151
School fund income- other receipts	4	64,720	86,587
<b>Total receipts</b>		<b>157,911,496</b>	<b>44,694,907</b>
<b>Payments</b>			
Payments for tuition	5	6,638,160	4,276,365
Payments for operations	6	20,527,930	11,710,375
Boarding and school fund payments	7	121,651,031	23,817,529
<b>Total payments</b>		<b>148,817,121</b>	<b>39,804,269</b>
<b>Net cash flow from operating activities</b>		<b>9,094,375</b>	<b>4,890,638</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of assets		-	-
Acquisition of assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
<b>Net cash flows from investing activities</b>			
<b>Cash flow from borrowing activities</b>		<b>9,094,375</b>	<b>4,890,638</b>
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
<b>Net cash flow from financing activities</b>			
<b>Net increase in cash and cash equivalents</b>		<b>9,094,375</b>	<b>4,890,638</b>
<b>Cash and cash equivalent at beginning of the year</b>		<b>16,342,254</b>	<b>11,451,616</b>
<b>Cash and cash equivalent at end of the year</b>		<b>25,436,629</b>	<b>16,342,254</b>

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

VIII. Statement Of Budgeted Versus Actual Amounts for the Year Ended 30<sup>th</sup> June 2022

Receipt/Expenses Item	Original Budget A Kshs	Adjustments B Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
<b>Receipts</b>						
<i>(1) Capitation Grant on Tuition</i>						
Textbooks And Reference Materials						
Exercise Books						
Laboratory Equipment				2,600,000		
Internal Exams						
Teaching / Learning Materials	6,380,856	-	6,380,856	2,769,129	3,611,727	43%
Chalk						
Bank charges						
<b>Sub total</b>	<b>6,380,856</b>	<b>-</b>	<b>6,380,856</b>	<b>5,369,129</b>	<b>1,011,727</b>	<b>84%</b>
<i>(2) Capitation Grant on Operations</i>						
Personnel emoluments	3,256,380	-	3,256,380	8,852,280	(5,595,900)	272%
Repairs and maintenance	8,244,000	-	8,244,000	11,205,000	(2,961,000)	136%
Local transport / travelling	1,845,282	-	1,845,282	2,595,568	(750,286)	141%
Electricity and water	2,496,552	-	2,496,552	3,640,757	(1,144,205)	146%
Medical	2,748,000	-	2,748,000			
Administration costs	3,256,386	-	3,256,386	2,595,568	660,818	80%
Activity	2,061,000	-	2,061,000			

**BUTULA BOYS HIGH SCHOOL**  
**Reports and Financial Statements for the year ended 30<sup>th</sup> June 2022**

Receipt/Expenses Item	Original Budget A Kshs	Adjustments B Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Gratuity						
<b>Sub total</b>	<b>23,907,600</b>	<b>-</b>	<b>23,907,600</b>	<b>28,889,173</b>	<b>(4,981,573)</b>	<b>121%</b>
<i>(3) Fees Charged on Parents</i>						
Personnel emoluments	11,584,291	-	11,584,291	31,535,422	(19,951,131)	272%
Repairs and maintenance	3,042,000	-	3,042,000	8,263,325	(5,221,325)	272%
Local transport / travelling	5,950,000	-	5,950,000	9,522,419	(3,572,419)	160%
Electricity and water	7,500,000	-	7,500,000	11,520,235	(4,020,235)	154%
Uniform & other items	-	-	-	17,243,285	(17,243,285)	
Commission				4,000		
General Damages				124,908		
Administration costs	5,950,000	-	5,950,000	10,588,210	(4,638,210)	178%
Activity	1,213,758	-	1,213,758	2,073,833	(860,075)	171%
Academic programme	9,126,000	-	9,126,000	586,185	8,539,815	6%
Fee on Boarding Equipment and Stores	46,215,585	-	46,215,585	32,126,653	14,088,932	70%
<b>Sub total</b>	<b>90,581,634</b>	<b>-</b>	<b>90,581,634</b>	<b>123,588,474</b>	<b>(33,006,840)</b>	<b>136%</b>
<b>Other Income</b>						
Rent income						
Donation				10,000		
Insurance compensation						
Income from Posho mill						

**BUTULA BOYS HIGH SCHOOL**  
**Reports and Financial Statements for the year ended 30<sup>th</sup> June 2022**

Receipt/Expenses Item	Original Budget		Adjustments		Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
	A	Kshs	B	Kshs				
Income from Bus Hire	240,000		-		240,000	44,200	195,800	18%
Fee for hire of ground and equipment					-			
Lost books					-	10,520		
Income from any other investment					-			
<b>Sub total</b>	<b>240,000</b>		<b>-</b>		<b>240,000</b>	<b>64,720</b>	<b>175,280</b>	<b>27%</b>
<b>Grand total income</b>	<b>121,110,090</b>		<b>-</b>		<b>121,110,090</b>	<b>157,911,496</b>	<b>(36,801,406)</b>	<b>130%</b>
<b>(1) Expenditure For Tuition</b>								
Textbooks And Reference Materials								
Exercise Books								
Laboratory Equipment						2,600,000		
Internal Exams								
Teaching / Learning Materials	6,380,856		-		6,380,856	4,038,160	2,342,696	63%
Payables								
Bank charges								
<b>Sub total</b>	<b>6,380,856</b>		<b>-</b>		<b>6,380,856</b>	<b>6,638,160</b>	<b>(257,304)</b>	<b>104%</b>
<b>(2) Expenditure For Operations</b>								
Personnel emoluments	3,256,380		-		3,256,380	7,382,580	(4,126,200)	227%
Repairs and maintenance	8,244,000		-		8,244,000	2,971,908	5,272,093	36%

**BUTULA BOYS HIGH SCHOOL**  
**Reports and Financial Statements for the year ended 30<sup>th</sup> June 2022**

Receipt/Expenses Item	Original Budget		Adjustments		Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
	A Kshs	B Kshs	B Kshs	d				
Local transport / travelling	1,845,282	-	-	2,214,774	(369,492)		Kshs	120%
Electricity and water	2,496,552	-	-	2,953,032	(456,480)			118%
Medical	2,748,000	-	-					
Administration costs	3,256,386	-	-	3,325,574	(69,188)			
Activity	2,061,000	-	-					
KESSHA				15,000				
Insurance Cost				62,000				
Bom teachers				1,603,062				
<b>Sub total</b>	<b>23,907,600</b>	<b>-</b>	<b>-</b>	<b>20,527,930</b>	<b>3,379,671</b>			<b>86%</b>
<b>(3) Expenditure For School Fund</b>								
Personnel emoluments	11,584,291	-	-	16,124,410	(4,540,119)			139%
Repairs and maintenance	3,042,000	-	-	7,791,380	(4,749,380)			256%
Local transport / travelling	5,950,000	-	-	5,290,652	659,348			89%
Electricity and water	7,500,000	-	-	7,149,234	350,766			95%
Uniform & other items	-	-	-	18,451,374	(18,451,374)			0%
KESSHA				459,900				
Insurance				444,690				
Expenses on Income Generating Activities				1,107,000				
BOM Teachers				290,720				
Refunds				233,897	(233,897)			
PAYE				22,252	(22,252)			0%

**BUTULA BOYS HIGH SCHOOL**  
**Reports and Financial Statements for the year ended 30<sup>th</sup> June 2022**

Receipt/Expenses Item	Original Budget A Kshs	Adjustments B Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
Administration costs	5,950,000	-	5,950,000	4,946,992	1,003,008	83%
Activity	1,213,758	-	1,213,758	340,505	873,253	28%
Academic programme	9,126,000	-	9,126,000	2,579,150	6,546,850	28%
Fee on Boarding Equipment and Stores	46,215,585	-	46,215,585	56,418,876	(10,203,291)	122%
<b>Sub total</b>	<b>90,581,634</b>	<b>-</b>	<b>90,581,634</b>	<b>121,651,031</b>	<b>(31,069,397)</b>	<b>134%</b>
<b>Grand total expenditure</b>	<b>120,870,090</b>	<b>-</b>	<b>120,870,090</b>	<b>148,817,121</b>	<b>(27,947,031)</b>	<b>123%</b>

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

- i. *Under income and expenditure there was underutilization since it was below 90% apart from some vote heads.*
- ii. *The overutilization in some of the vote heads was as a result of change of financial year since budget had already been approved from January to December.*

## IX. 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.

**X. Notes to the Financial Statements**

**1 Capitation Grant for Tuition**

Description	2021-2022	2020-2021
	Kshs	Kshs
Textbooks And Reference Materials	-	-
Exercise Books	-	-
Laboratory Equipment	2,600,000	-
Internal Exams		
Teaching / Learning Materials	2,769,129	2,194,267
Chalks	-	-
Exams And Assessment	-	-
Teachers Guides	-	-
<b>Total</b>	<b>5,369,129</b>	<b>2,194,267</b>

**2 Capitation Grant for Operations**

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	8,852,280	3,888,451
Maintenance and Improvement	11,205,000	3,370,001
Local transport / travelling	2,595,568	1,166,535
Electricity and water	3,640,757	1,555,380
Medical		-
Administration costs	2,595,568	1,166,535
Activity		-
<b>Total</b>	<b>28,889,173</b>	<b>11,146,902</b>

**3 Parents Contribution/Fees - School Fund Account**

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	31,535,422	5,026,878
Fee on Boarding Equipment and Stores	32,126,653	11,867,952
Academic programme	586,185	3,206,818
Maintenance and Improvement	8,263,325	2,746,000
Local transport / travelling	9,522,419	2,909,928
Electricity and water	11,520,235	4,194,355
Uniform		55,201
Uniform & other items	17,243,285	230,250

Description	2021-2022	2020-2021
	Kshs	Kshs
PTA/Development		5,000
Commission	4,000	
General Damages	124,908	
Administration costs	10,588,210	1,024,770
Activity	2,073,833	-
<b>Total</b>	<b>123,588,474</b>	<b>31,267,151</b>

**Notes to the Financial Statements (Continued)****4 Other Receipts – School Fund Account**

Description	2021-2022	2020-2021
	Kshs	Kshs
Fee On Boarding Equipment and Stores		-
Lost books	10,520	-
Income From Farming Activities		3,100
Insurance compensation		2,487
Income From Posho Mill		
Income From Bus Hire	44,200	
Fee For Hire of Ground and Equipment		81,000
Income From Grants and Donations*		
Donation	10,000	
Dividends Income		
<b>Total</b>	<b>64,720</b>	<b>86,587</b>

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

**5 Payments for Tuition**

Description	2021-2022	2020-2021
	Kshs	Kshs
Textbooks And Reference Materials		-
Exercise Books		
Laboratory Equipment	2,600,000	2,695,685
Internal exams		
Teaching / learning materials	4,038,160	1,454,580
Evaluation test		126,100
Exams and assessment		

Administration Costs		
Bank Charges		
<b>Total</b>	<b>6,638,160</b>	<b>4,276,365</b>

## Notes to the Financial Statements (Continued)

## 6 Payments for Operations

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	7,382,580	2,823,202
BOM Teachers		425,930
Administration Cost	3,325,574	523,400
Maintenance and Improvement	2,971,908	6,033,373
Local transport / travelling	2,214,774	632,450
Electricity and water	2,953,032	1,272,020
KESSHA	15,000	
Insurance Cost	62,000	
BOM Teachers	1,603,062	
<b>Total</b>	<b>20,527,930</b>	<b>11,710,375</b>

## Notes to the Financial Statements (Continued)

## 7 Boarding and School Fund Payments

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	16,124,410	3,323,587
Academic programme	2,579,150	1,137,400
Maintenance & Improvements	7,791,380	-
Uniform		20,000
Activity Expenses	340,505	
Uniform & other items	18,451,374	30,000
PTA/Development		3,442,840
Local transport / travelling	5,290,652	1,346,836
Electricity and water	7,149,234	2,414,835
Medical Expenses-BUNOTESWA		295,856
Bus insurance	444,690	240,116
BOM Teachers	290,720	174,720
KESSHA	459,900	32,500
Administration costs	4,946,992	999,076
Expenses on Income Generating Activities	1,107,000	26,269
Fee on Boarding Equipment and Stores	56,418,876	10,333,495
Refunds	233,897	
PAYE	22,252	
<b>TOTAL</b>	<b>121,651,031</b>	<b>23,817,529</b>

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

## Notes to the Financial Statements (Continued)

## 8 Bank Accounts

Name Of Bank, Account No. & Currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account	01025054617800	76,479	448,227
Operations Account	01242054617801	2,232,656	1,236,688
School Fund Account/Boarding	01021054617801	13,456,040	13,350,613
Parent Association Development Account			
Infrastructural Account	01022054617800	9,478,470	1,245,377
<b>Total</b>		<b>25,243,644</b>	<b>16,280,906</b>

## 9 Cash In Hand

Description	2021-2022	2020-2021
	Kshs	Kshs
PA Account		
Operation Account	104,332	61,348
School Fund account	88,654	
<b>Total</b>	<b>192,985</b>	<b>61,348</b>

## 10 Short Term Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Cooperative Shares	-	-
Treasury Bills	-	-
Fixed Deposit	-	-
Equity Stock	-	-
Other Investments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## Notes to the Financial Statements (Continued)

## 11 Accounts Receivable

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees Arrears	89,832,402	90,143,013
Other Non-Fees Receivables	-	-
Salary Advances	-	-
N.S.S.F	-	-
<b>Total</b>	<b>89,832,402</b>	<b>90,143,013</b>

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees Arrears For Current Year	26,923,861	7,839,919
Fees Arrears For The Previous Year	7,839,919	13,407,028
Fees Arrears For Prior Periods (Over Two Years)	55,068,622	68,896,066
<b>Total</b>	<b>89,832,402</b>	<b>90,143,013</b>

## 12 Accounts Payable

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	10,981,493	11,843,385
Prepaid Fees	551,281	
Retention Monies	-	
<b>Total</b>	<b>11,532,774</b>	<b>11,843,385</b>

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Creditors for Current Year	10,981,493	11,843,385
Trade Creditors for The Previous Year	-	-
Trade Creditors for Prior Periods (Over Two Years)	-	-
<b>Total</b>	<b>10,981,493</b>	<b>11,843,385</b>

## Notes to the Financial Statements (Continued)

## 13 Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank Balances	16,280,906	11,256,445
Cash Balances	61,348	195,171
Short Term Investments	-	-
Receivables	90,143,013	83,946,733
Payables	(11,843,385)	(5,647,105)
<b>Total</b>	<b>94,641,882</b>	<b>89,751,244</b>

**Other important disclosure notes**

IPSAS 1 encourages an entity to disclose accrual related information in relation to an entity's assets and liabilities. The notes outlined below are disclosure notes in relation to the school's non- financial assets and liabilities.

**14 Non-current Liabilities Summary**

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank Loan(S)		-
Outstanding Leases		-
Hire Purchase		-
Gratuity And Leave Provision		-
<b>Total</b>		-

**15 Biological assets**

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Cattle	11	170,000	170,000
Goats			
Trees	120	50,000	50,000
Coffee Or Tea Plantation			
Poultry			
<b>Total</b>	<b>131</b>	<b>220,000</b>	<b>220,000</b>

**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>		-

**Other important disclosure notes****17 Stock/ Inventory**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>b) Inventory</b>		
Stock/ inventory at beginning of the year	2,035,376	-
Stock/ inventory purchased during the year	125,545,975	34,051,378
Stock/ inventory issued during the year	125,416,611	32,016,002
<b>Balance at end of the year</b>	<b>2,164,740</b>	<b>2,035,376</b>

**BUTULA BOYS HIGH SCHOOL**  
**Reports and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**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.

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

-----  
 Sign and Date  
 Principal

**BUTULA BOYS HIGH SCHOOL**  
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**Annex 1 - Analysis of Pending Accounts Payable**

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2022-1	Comments
	A	B	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction Of Buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Supply Of Goods</b>						
4. STAFON HOLDING LIMITED	1953250	N/A	0.00	1953250	1953250	
5. JUAKALI STRUCTURAL ENGINEERING	940800	N/A	0.00	940800	940800	
6. AUKI DISTRIBUTORS	932650	N/A	0.00	932650	932650	
7. NEW EBENEZA ELECTRICALS	671970	N/A	0.00	671970	671970	
8. SYLVESTER ACHIENG SUMALA	587000	N/A	0.00	587000	587000	
9. PURVE SALES	552900	N/A	0.00	552900	552900	
10. PEAK LAB LIMITED	486150	N/A	0.00	486150	486150	
11. SUNSHINE AUTOMOBILES	453329	N/A	0.00	453329	453329	
12. READERS QUEST PUBLISHERS LTD	424200	N/A	0.00	424200	424200	
13. ALFMAKO ENTERPRISES	400000	N/A	0.00	400000	400000	
14. MAPSENETA ENTERPRISES	391600	N/A	0.00	391600	391600	

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Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2022-1	Comments
15. MARGARET NIGHT ODUOR	356170	N/A	0.00	356170	356170	
16. FREDRICK OMOTO	356100	N/A	0.00	356100	356100	
17. FRANCIS OPALO	353000	N/A	0.00	353000	353000	
18. JENIPHER AWINO WANGA	331000	N/A	0.00	331000	331000	
19. STARRICE HARDWARE	240940	N/A	0.00	240940	240940	
20. BUTULA CATHOLIC CHURCH	223000	N/A	0.00	223000	223000	
21. LABOTECH SUPPLIERS LTD	222810	N/A	0.00	222810	222810	
22. MONICA OKOTSI	200000	N/A	0.00	200000	200000	
23. LUCHEMA ENTERPRISES	140000	N/A	0.00	140000	140000	
24. FREEDIT SERVICES	100000	N/A	0.00	100000	100000	
25. FITTERS ENGINEERING	66300	N/A	0.00	66300	66300	
26. GINFO INVESTMENTS	65000	N/A	0.00	65000	65000	
27. CHRISTINE HAMISI MWANZALA	60000	N/A	0.00	60000	60000	
28. MEMPHIS BUCHERY	57200	N/A	0.00	57200	57200	
29. MICHAEL OGINGO MILAI	56000	N/A	0.00	56000	56000	
30. WEGO TRADEERS	45000	N/A	0.00	45000	45000	
31. MARGARET AKUNU MALOBA	38025	N/A	0.00	38025	38025	
32. HUMPHREY OMORO	36100	N/A	0.00	36100	36100	
33. OGALO FARMERS CENTER	33050	N/A	0.00	33050	33050	
34. JOSEPHAT OCHIENG	31770	N/A	0.00	31770	31770	
35. BRALIE GENERAL SOLUTIONS	30000	N/A	0.00	30000	30000	

**BUTULA BOYS HIGH SCHOOL**  
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Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2022-1	Comments
36. MBINDA FIRE APPLIANCES	29400	N/A	0.00	29400	29400	
37. BOAZ WANJALA	24570	N/A	0.00	24570	24570	
38. NATIONAL PRINTING PRESS LTD	21800	N/A	0.00	21800	21800	
39. MACPZONE	20000	N/A	0.00	20000	20000	
40. GODFREY MUSUNGU	17998	N/A	0.00	17998	17998	
41. MRS MONIKA HALIMA	17500	N/A	0.00	17500	17500	
42. AFFORDABLE ENTERPRISES	12200	N/A	0.00	12200	12200	
43. HOME HEALTH EDUCATIONAL SERVICES	2350	N/A	0.00	2350	2350	
44. BUTULA NON-TEACHING SAFF	360	N/A	0.00	360	360	
<b>Sub-Total</b>						
<b>Supply Of Services</b>						
<b>Sub-Total</b>						
<b>Grand Total</b>	<b>10,981,493</b>	<b>N/A</b>	<b>0.00</b>	<b>10,981,493</b>	<b>10,981,493</b>	

**BUTULA BOYS HIGH SCHOOL**  
**Reports and Financial Statements for the year ended 30<sup>th</sup> June 2022**

**Annex 2 – Summary Of Fixed Assets Register**

Asset Class	Date purchased	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	1965	BUTULA	2,500,000	0	0	2,500,000
Land 2	N/A					
Buildings And Structures	1965-2022	BUTULA	120,000,000	0	0	120,000,000
Motor Vehicles	2007	BUTULA	4,000,000	0	0	4,000,000
Office Equipment, Furniture And Fittings	1990-2022	BUTULA	6,000,000	0	0	6,000,000
ICT Equipment, And Other ICT Assets	2002-2022	BUTULA	10,000,000	0	0	10,000,000
Tools And Apparatus	1990-2022	BUTULA	12,000,000	0	0	12,000,000
Textbooks	1990-2022	BUTULA	8,000,000	0	0	8,000,000
Generator	2005	BUTULA	300,000	0	0	300,000
Grinding mill	2008	BUTULA	157,000	0	0	157,000
Intangible Assets- Soft Ware						
<b>Total</b>	<b>1965-2022</b>	<b>BUTULA</b>	<b>162,957,000</b>	<b>0</b>	<b>0</b>	<b>162,957,000</b>

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