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TABLED BY:	Hon. Naomi Wago, MP Deputy Majority Whip
CLERK AT:	H. Shabuka

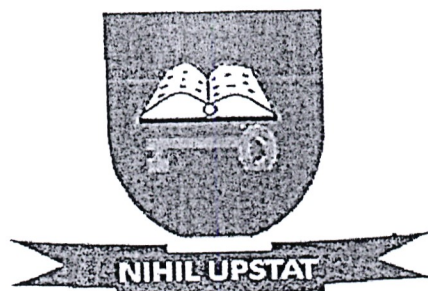
THE AUDITOR-GENERAL

ON

TEREMI BOYS HIGH SCHOOL

**FOR THE YEAR
ENDED 30 JUNE, 2021**

BUNGOMA COUNTY



13 AUG 2023

**TEREMI BOYS HIGH SCHOOL
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021**

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

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**TEREMI BOYS HIGH SCHOOL
PUBLIC SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2021

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 Bungoma County, Bungoma Central Sub-County

The school was registered on 19/12/2013 under registration number PU/S/3/8503/13 and is currently categorized as Extra County public school established, owned or operated by the Government.

The school is a boarding school and had 2411 number of students as at 30th June 2021. It has 40 streams and 102 teachers of which 50 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. Stephen Luketelo	Chairman	23/04/2019
2	Mr. Benard Wamanga	Secretary - Principal	23/04/2019
3	Mr. Francis Kamut	Member	23/04/2019
4	Mr. Dennis Waswa	Member	23/04/2019
5	Mr. Boniface Munyole	Member	23/04/2019
6	Mrs. Violet Mauka	Member	23/04/2019
7	Mr. Eliud Wanyonyi	Member	23/04/2019
8	Mrs. Eunice Imbwenya	Member - Rep CEB	23/04/2019
9	Mr. Robert Nafungo	Member Rep Teachers	23/04/2019
10	Mr. Zeblon Waliaula	Member - Sponsor	23/04/2019
11	Mr. Gerry Mukui	Member - Community	23/04/2019
12	Mrs. Roselyne Simiyu	Member Special Needs	23/04/2019
13	Rev. Joseck Butali Chumbe PA	Rep Students	23/04/2019
14	Mr. Felix Oilu	Member	23/04/2019
15	Mrs. Magaret Wanyonyi	Member	23/04/2019
16	Mr. Bramwel Ngala	Member	23/04/2019
17	Mr. Mark Tulienge	Member	23/04/2019
18	Mrs. Metrine Nangila	Member	23/04/2019
19	Hon. Meshack Simiyu	Member	23/04/2019
20	Hon. Machimbo Kalasinga	Member	23/04/2019
21	Education Office	Member	23/04/2019
22	Prof. Vencent Simiyu	Member	23/04/2019
23	Hillary Wamukoya	Member	23/04/2019

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Prof. Stephen Luketelo Eunice Imbwenya Benard Wamanga Violet Mauka	Chairman Member Committee Member	3
2	Audit Committee	Prof. Stephen Luketelo Benard Wamanga Denis Waswa Roselyne Simiyu	Member Member Chairmain Member	1
3	Finance, procurement and general purposes Committee	Prof. Stephen Luketelo Benard Wamanga Denis Waswa Bonface Munyole Khisa Wilfred	Member Member Member Committee Member	1
4	Academic Committee	Eunice Imbwenya Prof. Stephen Luketelo Benard Wamanga Denis Waswa Robert Nafungo	Committee Member Member Member Member	3

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Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
		George Mang'oli	Member	
5	Development Committee	Oilu Felix Prof. Stephen Luketelo Violet Mauka Benard Wamanga Zablon Waliaula	Committee Member Member Member Member	6
6	Discipline and welfare Committee	Khisa Wilfred Bonface Munyole Benard Wamanga Prof. Stephen Luketelo	Committee Member Member Member	5
7	Adhoc Committee (if any during the year)	Khisa Wilfred Bramwel Ngala Mark Tulienge Bernard Wamanga	Committee Member Member Member	3

(d) School operation Management

For the financial year ended 30th June 2021 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Mr. Bernard Wamanga	312693
2	Deputy Principal	Mr. Nyongesa Wilfred Khisa	310627
3	School Bursar	Mr. PiusSangura Wanyonyi	NAC/193715

(e) Schools contacts

Post Office Box: 203, Chwele
Telephone: 0722381328
E-mail: terem203@gmail.com
Website: N/A
Facebook:
Twitter:
Twitter:

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KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(f) School Bankers

The following school operated 7 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: Co-operative
Branch: Kimilili
Account Number: 01139050298000

2. Name of Bank: Co-operative
Branch: Kimilili
Account Number: 01139050298001
01139050298002
01139050298003
01129050298000
01100050298000
01103050298000

3. MPESA Pay Bill No.946304 attached to Co-operative bank account.

(g) Independent Auditors

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

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For the year ended 30th June 2021**

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:

During the financial year ending 30th June 2021, the school recorded a surplus of Kshs. 13,746,697.37 compared to a deficit of Ksh. 2,773,040.09 recorded in the year 2020. In the year 2019, the school recorded a deficit of Kshs. 11,159,954.26 in School Fund Account and Kshs. 5,042,432.35 in Tuition Account respectively. However, the school recorded a surplus of Kshs. 104,529.45 in the School Operation Account.

In the year 2018 the school recorded a deficit of Kshs. 867,889.70 in Tuition Account, Kshs. 261,389 in Operation Account and Ksh. 8,158,365.67 in School Fund Account respectively.

CAPITATION GRANTS

During the year 2020 the school received capitation grants of Ksh. 25,359,300 for Operation Account and Kshs. 3,946,472 for Tuition Account.

During the year 2019, the school received capitation grants of Ksh. 32,779,111.90 for Operation Account and Ksh. 6,931,528.05 for Tuition Account respectively.

The ratio of capitation grant per student over the last three years were as follows:

Date	Enrolment	Account	Amount	Ratio of cap. Grant
14/1/2019	2123	Operation	16,623,090.00	1:8
14/1/2019	2123	Tuition	3,061,366	1:1
6/5/2019	1	Operation	7,830	1:8
6/5/2019	2124	Operation	5,221,747.80	1:2
6/5/2019	1	Tuition	1,442	1:1
6/5/2019	2124	Tuition	1,113,252.12	1:5
6/8/2019	2123	Operation	5,209,311.25	1:2
6/8/2019	2123	Tuition	1,046,341.78	1:5
5/9/2019	2123	Operation	5,717,132.85	1:3
5/9/2019	2123	Tuition	1,709,121.15	1:8
11/12/2020	2132	Operation	16,896,100	1:8
11/12/2020	2132	Tuition	3,944,200	1:2
5/8/2020	2272	Operation	8,463,200	1:4
5/8/2020	2272	Tuition	2272	1:2
7/12/2020	2274	Operation	7,726,028.70	1:3
7/12/2020	2274	Tuition	784,530	1:3
9/4/2021	2289	Operation	7,713,930	1:3
9/4/2021	2289	Tuition	1,376,261.25	1:6
16/4/2021	2287	Operation	6,394,452	1:3
16/4/2021	2287	Tuition	1,627,200.50	1:7

NOTE: The capitation has been increasing due to the increase in enrolment.

SUMMARY REPORT OF THE PERFORMANCE OF THE SCHOOL (continued)

GROWTH OF OTHER INCOME EARNED BY THE SCHOOL

The institution main income generating activities were the school bakery and the school slaughter house. During the year 2020, the school slaughter house recorded a profit of Ksh. 402,870 while the school bakery recorded a deficit of Ksh. 343,260. During the year 2019 the school slaughter house recorded a deficit of Ksh. 24,327 whereas the school bakery recorded a profit of Kshs. 484,695. During the year 2018, the school bakery recorded a profit of Ksh. 619,980 while the school slaughter house recorded a profit of Ksh. 521,422.

OVERVIEW OF THE GROWTH IN EXPENDITURE

Year	Kshs.
2019 – 2020	114,221,900
2021	58,888,650

MOVEMENT OF DEBTORS AND CREDITORS OF THE SCHOOL

During the year 2020, the listed creditors were as follows: -

	Ksh.
Tuition	3,465,090
Operation	4,227,941
Infrastructure	1,173,085
School Fund	<u>25,117,648</u>
TOTAL	<u>33,983,264</u>

During the same year 2020 the debtors amounted to Kshs. 19,278,279. These excludes the debtors of Ksh. 104,544,726/65 owed to the school the year 2017 and back.

In the year 2019, the listed Sundry Creditors amounted to Ksh. 36,314,066, whereas the listed fees arrears amounted to Kshs. 11,046,060.

During the year 2018, the listed arrears amounted to Kshs. 11,475,195 while the listed sundry creditors amount to Kshs. 18,382,755 as follows.

	Kshs.
Tuition account listed	2,396,953
Operation Account listed	226,000
School Fund Account listed	<u>15,759,802</u>
TOTAL	<u>18,382,755</u>

MOVEMENT OF CASH AND BANK BALANCES

During the year 2020, the cash and bank balances were as follows

	Ksh.
Tuition Account	3,570
Operation Account	(37,278)
School Fund Account	<u>(1,012,486)</u>
TOTAL	<u>(1,046,194)</u>

During the year 2019 the cash and bank balances were as follows

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SUMMARY REPORT OF THE PERFORMANCE OF THE SCHOOL (continued)

	Ksh.
Tuition Account	4,569
Operation Account	220,704
School Fund Account	<u>134,047</u>
TOTAL	<u>359,319</u>

In the year 2018, cash and bank balances were as follows:

	Ksh.
Tuition Account	71,667
Operation Account	32,434
School Fund	<u>3,372,527</u>
TOTAL	<u>3,476,629</u>

b) Teacher Student ratio:

Teacher Student ratio: 1:22.7 (102 teachers :2311 Students)

c) Mean score in the 2021 KCSE:

YEAR	Entry	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MEAN	Grade
2016	445	0	8	41	47	72	82	104	47	32	11	1	0	6.95	C+
2017	414	0	3	9	21	48	55	64	97	86	30	1	0	5.76	C
2018	465	0	7	30	48	41	68	74	69	76	46	5	1	6.14	C
2019	477	0	11	30	56	67	61	79	81	59	23	9	0	6.49	C
2020	527	0	9	32	73	83	115	128	66	17	1	0	0	7.09	C+

YEAR	2018	2019	2020
DIRECT UNIVERSITY ENTRY	194	225	312
DIPLOMA COURSES	143	160	194
CERTIFICATE COURSES	128	91	18

d) Number of Candidates in the 2021 KCSE:

YEAR	Entry
2018	465
2019	477
2020	527

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SUMMARY REPORT OF THE PERFORMANCE OF THE SCHOOL (continued)

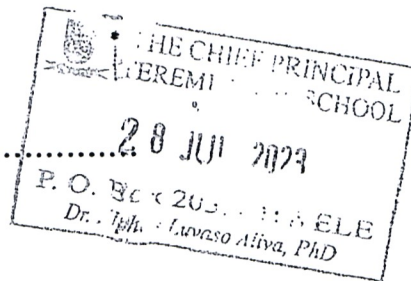
e) Capacity of the school: Number of Students 2311

K FACILITY	Number	
Class rooms	35	
Dormitories	15	
Laboratories	5	
Libraries	1	
Toilets	63	

f) Development projects carried out by the school:

The project carried out in the year was making the chairs, lockers and beds for the students. The on-going project is the construction of the storage class rooms, funded by M&I funds.

.....
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 of Kenya from time to time.

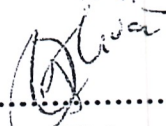
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to keep all proper books and records of accounts of the income, expenditure and assets of the institution.

The Board of Management of Teremi 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 30th June, 2021, and of the school's financial position as at that date.



.....
Name: Prof. Stephen Luketelo
Designation: Chairman, School Board of Management
Date: 28/7/2021



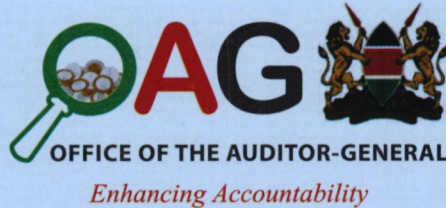
.....
Name: Dr. Elphas Aliva Luvaso
Designation: School Principal & Secretary to Board of Management
Date: 28/7/2021



.....
Name: Pius Sangura Wanyonyi
Designation: Bursar/ Finance Officer
Date: 28/7/2021

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TERE MI BOYS HIGH SCHOOL FOR THE SIX MONTHS' PERIOD ENDED 30 JUNE, 2021 - BUNGOMA COUNTY

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

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

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

Adverse Opinion

I have audited the accompanying financial statements of Teremi Boys High School - Bungoma County set out on pages 12 to 29, which comprise the statement of financial assets and financial liabilities as at 30 June, 2021, the statement of receipts and

payments, statement of cash flows and statement of comparison of budget versus actual amounts for the six months' period 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 Teremi Boys High School - Bungoma County as at 30 June, 2021 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and do not comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

The audit of the financial statements revealed the following anomalies: -

1.1 Discrepancies in Students Enrolment Data

Review of 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 in underfunding by Kshs.919,330 which was not explained nor reported as accounts receivable as detailed below:

Month	Total Capitation (Kshs.)	Capitation per Student (Kshs.)	Number of Students as per NEMIS	Number of Students per School's Manual Register	Variance Of NEMIS Register and Manual Register	Under Funding (Kshs.)
Operations 2020/2021						
April	6,394,452	2796	2287	2411	(124)	(346,704)
February	7,713,930	3370	2289	2411	(122)	(411,140)
Tuition 2020/2021						
April	1,627,200	711	2287	2411	(124)	(88,164)
February	1,376,261	601	2289	2411	(122)	(73,322)
Total						(919,330)

In the circumstances, the accuracy and completeness of the amounts in respect of capitation grants could not be confirmed.

1.2 Variances Between Financial Statement and Supporting Schedules

The audit revealed variances between the statement of receipts and payments and supporting schedules as detailed below:

Details	Notes	Financial statement Balance (Kshs.)	Supporting Schedule Balance (Kshs.)	Variance (Kshs.)
Capitation Grant for Tuition	1	2,976,107	3,003,461	27,354
Capitation Grant for Operations	2	18,637,185	14,108,382	4,528,803
Payments for Tuition	5	3,571,011	1,187,965	2,383,046
Payments for Operations	6	19,767,829	16,467,192	3,300,637

In the circumstances, the accuracy and completeness of the amounts in the statement of receipts and payments could not be confirmed.

1.3 School Fund Income - Parents' Contributions

The statement of receipts and payments reflects an amount of Kshs.44,239,592 in respect of school fund income- parents' contributions as disclosed in Note 3 to the financial statements. However, supporting documents including student fee receipts summary reflects an amount of Kshs.36,913,669 resulting to unexplained and unreconciled variance of Kshs.7,325,923. Further, the fees collected was not supported with the bank statements and the schedule provided did not include the names of students and the amounts of fees paid.

The In the circumstances, the accuracy and completeness of an amount of Kshs.44,239,592 in respect of School fund income- parents' contributions could not be confirmed.

1.4 Variance of Balances Between Statement of Receipts and Payments and Statement of Budgeted Versus Actual Amounts

The statement of budgeted versus actual amounts reflects amounts of Kshs.65,784,160 and Kshs.53,081,505 in respect of total income and expenditure on actual comparable basis respectively. However, review of the statement of receipts and payments revealed amounts of Kshs.72,635,347 and Kshs.59,595,250 in respect to total receipts and payments resulting to unexplained and unreconciled variance of Kshs.6,851,187 and Kshs.6,513,745 respectively.

In the circumstances, the accuracy and completeness of the receipts and payments could not be confirmed.

As disclosed in Note 3 to the financial statements, the statements of receipts and payments reflects an amount of Kshs.6,782,464 in respect of school fund income- parents' contributions. However, supporting documents including official receipts and schedules were not provided for audit review.

In the circumstances, the accuracy and completeness of an amount of Kshs.6,782,464 in respect of School fund income- parents' contributions could not be confirmed.

2. Unreconciled Funds for Maintenance and Infrastructure Developments

The statement of receipts and payments reflects capitation grants for operations of amounts of Kshs.18,637,185 which includes an amount of Kshs.8,322,399 in respect of maintenance and improvement as disclosed in Note 2 to the financial statements. However, review of Note 6 to the financial statement revealed expenditure of an amount of Kshs.1,536,850 in respect of maintenance and improvement and infrastructure account bank account balance of Kshs.12,298 as disclosed in Note 8 to the financial statement resulting to unreconciled variance of Kshs.6,773,251.

In the circumstances, accuracy and completeness of the funds of an amount of Kshs.6,773,251 in respect of maintenance and improvement could not be confirmed.

3. Unsupported Boarding and School Fund Payments

The statements of receipts and payments reflects an amount of Kshs.36,256,410 in respect of boarding and school payments as disclosed in Note 7 to the financial statements. However, supporting documents including ledger schedules, inspection and acceptance reports, invoices, delivery notes, issue and receipt vouchers were not provided for audit review.

In the circumstances, accuracy and completeness of the expenditure of Kshs.36,256,410 in respect of payments for operations could not be confirmed.

4. Unsupported Expenditure on the Construction of the Storage Class Rooms

As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects amounts of Kshs.19,767,829 in respect of payments for operations which includes Kshs.1,536,850 in respect of maintenance and improvement. However review of the financial records and financial statements including the preamble information on summary report of the school performance for the period revealed that the school constructed storage class rooms. Further, the supporting documents including procurement plans, bills of quantities, contract agreements, payment and inspection and acceptance committee reports in respect of the construction of the storage class rooms was not provided for audit review.

In the circumstances, accuracy and completeness of the total payments of an amount of Kshs.1,536,850 in respect of maintenance and improvement could not be confirmed.

5. Unsupported Personnel Emoluments

The statements of receipts and payments reflects payments for operations and boarding and school payments of amounts of Kshs.19,767,829 and Kshs.36,256,410 respectively as disclosed in Note 6 and 7 to the financial statements, which includes amounts Nil amounts in respect of personnel emolument. However, supporting documents including payrolls and approved staff establishment were not provided for audit review.

In the circumstances, accuracy and completeness of personnel emoluments expenditure could not be confirmed.

6. Unsupported Accounts Receivables

The statements of financial assets and financial liabilities reflects accounts receivable balance of Kshs.128,526,646 as disclosed in Note 11 to the financial statements, which includes balances of Kshs.125,631,209 in respect of fee arrears. However, the supporting schedule provided did not include ageing analysis of dates the fees arrears were incurred. The finance sub-committee minutes on deliberations on previous year's receivables were not provided for audit review. Further, Note 11 to the financial statements includes receivables in respect of NSSF, NHIF, PAYE, Refer-to-Drawer (RD), Chebutere Sacco and Imprest totalling to Kshs.1,182,678 which were not supported by schedules and details of refund claims. In addition, Note 11 to the financial statements indicates accounts receivables in respect to fees arrears incurred two years ago with no evidence indicating that proper mechanism had been put in place to recover these long overdue debts.

In the circumstances, the accuracy, completeness and recoverability and fair statement of accounts receivable balance of Kshs.128,526,646 could not be confirmed.

7. Unsupported Accounts Payables

The statements of financial assets and financial liabilities reflects accounts payable balance of Kshs.49,263,828 as disclosed in Note 12 to the financial statements, which includes balances of Kshs.46,721,655 in respect of trade creditors and excess fees respectively. However, trade creditors of Kshs.46,721,655 were not supported with documents including ledger schedule and invoices, delivery notes, issues and receipts vouchers and finance Sub-Committee minutes on accounts payable. Further, Note 12 to the financial statements includes payroll deductions in respect of welfare, union dues, HELB, KUDHEIHA, advance totalling to Kshs.741,500 which were deducted but not remitted and supported with payrolls.

In addition, Note 12 to the financial statements includes accounts payable incurred two years ago and there was no evidence indicating that proper mechanism had been put in place to settle these long outstanding accounts payables.

In the circumstances, the accuracy, completeness and fair statement of accounts payable balance of Kshs.49,263,828 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Teremi Boys High School Management 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 budget versus actual amounts reflects final total income budget and actual on comparable basis of Kshs.116,040,608 and Kshs.65,784,160 respectively resulting to an underfunding of Kshs.50,256,448 or 43% of the budget. Similarly, the statement reflects final budget expenditure and actual on comparable basis of Kshs.113,671,067 and Kshs.53,081,505 resulting to under-absorption of Kshs.60,489,562 or 53% of the budget.

The underfunding and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public and the Management was in breach of the law.

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 Adverse Opinion, 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. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The Public Sector Accounting Standards Board (PSASB) Guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Secondary Schools in Kenya of 20 August, 2021 requires the first financial statements after adoption of IPSAS to be presented for eighteen (18) months from 1 January, 2020 to 30 June, 2021 with comparatives being for twelve (12) months from 1 January, 2019 to 30 December, 2019. Further, a disclosure note ought to have been included in the financial statements that the reason for preparing the financial statements for longer period is due to the adoption of IPSAS for school and the change from calendar year to Government fiscal year. In addition, a disclosure note should be made in the financial statements that the comparative information may not be comparable due to the longer period covered by the current financial period.

However, Management presented the annual report and financial statements covering only six (6) months for financial year 2020-2021 with comparative balances for financial year 2019-2020. Therefore, the financial statements for 2020-2021 have not been prepared for eighteen-months (18) as prescribed by the Public Sector Accounting Standards Board.

In the circumstances, Management did not comply with the guidelines given by Public Sector Accounting Standards Board (PSASB).

2. Irregular Transfer of Funds from Tuition Account

The statements of financial assets and financial liabilities reflects accounts receivable balance of Kshs.128,526,646 as disclosed in Note 11 to the financial statements, which includes balances of Kshs.500,000, Kshs.1,088,084 and Kshs.124,675 in respect of transfers from tuition account to operations account totalling to Kshs.1,712,759. This is contrary to MOE.HQS/3/13/3 dated 16 June, 2021 which states that under the operations accounts schools may seek authority from the County Education Boards (CEBs) to vire savings or surplus funds from one item to another where it is absolutely necessary but no virement from the tuition account will be allowed.

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

3. Unbalanced Budget

The statement of comparison of budget versus actual amounts for the year ended 30 June, 2022 reflects a final income budget of Kshs.116,040,608 and an expenditure final budget of Kshs.113,671,067 resulting in a variance of Kshs.2,369,541. 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 Adverse Opinion, Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections 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. Failure to Maintain Fixed Assets Register

Review of the financial records revealed that the School did not maintain fixed assets register indicating date of assets acquisition, type of assets, supplier name, value, custodian and location in respect of the assets it owns contrary to Regulations 143(1)(2) of the of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. The register of land and buildings shall record each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details.

In the circumstances, Management may not effectively and efficiently manage and control its assets.

2. Lack of Risk Management Policy

Review of the documents and records provided for audit review revealed that School Management has not established Risk Management Policy. This is contrary to Regulation 165(1)(a-b) 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, Management was in breach of the law and was not able to identify risks and develop mitigating strategies.

3. Lack of Approved Information Technology Security Policy

Review of the School 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 information and communication Technology policy.

4. Lack of Insurance Cover for Property and Other Assets

Review of the financial statements and assets records revealed that the School did not have insurance cover for property and equipment.

In the circumstances, the School 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 Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 October, 2023

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V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2021

DESCRIPTION OF VOTE HEAD	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	2,976,107	3,945,272
Capitation grants for operations	2	18,637,185	27,758,100
School Fund Income- Parents' Contributions	3	44,239,592	65,978,148
School Fund Income- Other receipts	4	6,782,464	13,767,340
Proceeds from borrowings			
TOTAL RECEIPTS		72,635,347	111,448,860
PAYMENTS			
Payments for Tuition	5	3,571,011	4,511,658
Payments for operations	6	19,767,829	33,521,779
Boarding and school fund payments	7	36,256,410	76,188,463
TOTAL PAYMENTS		59,595,250	114,221,900
SURPLUS/DEFICIT		13,040,097	(2,773,040)

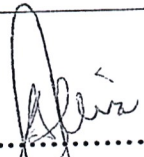
The school financial statements were approved on _____ 2021 and signed by:

.....


Name: Prof. Stephen Luketelo


Chair BOM

Date: 28/7/2021

.....


Name: Dr. Elphas Aliva Luvaso
School Principal/ Secretary to
BOM

Date: 28/7/2021

.....


Name: Pius Sangura
Wanyonyi

Bursar/ Finance Officer


Date: 28/7/2021

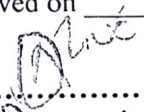
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VI. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2021

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	955,636	261,072
Cash Balances	9	153,637	41,420
Short term Investment	10	-	-
Total Cash and Cash Equivalents		1,109,273	302,492
Account's receivables	11	128,526,646	118,700,723
TOTAL FINANCIAL ASSETS		129,635,920	119,003,215
FINANCIAL LIABILITIES			
Accounts Payable	12	49,263,828	51,671,221
NET FINANCIAL ASSETS		80,372,092	67,331,994
REPRESENTED BY			
Fund balance b/fwd...	13	67,331,994	70,105,034
Surplus/Deficit for the year		13,040,097	(2,773,040)
NET FINANCIAL POSITION		80,372,092	67,331,994

The school's financial statements were approved on _____ 2021 and signed by:


 Name: Prof. STEPHEN
 JURETERO
 Chair BOM
 Date: 28/7/2021


 Name: DR. ERPINA ALWA
 School Principal/ Secretary to
 BOM
 Date: 28/7/2021


 Name: Pius Simbani
 Bursar/ Finance Officer
 Date: 28/7/2021

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021

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		2020 - 2021	2019 - 2020
		Kshs	Kshs
CASHFLOW FROM OPERATING ACTIVITIES			
Capitation grants for tuition	1	2,976,107	3,945,270
Capitation grants for operations	2	18,637,185	27,758,100
School fund income- Parents contributions/ fees	3	44,239,592	65,978,140
School fund income- other receipts	4	6,782,464	13,767,300
Total receipts		72,635,347	111,448,810
Payments			
Payments for Tuition		3,571,011	4,511,600
Payments for operations		19,767,829	33,521,700
Boarding and school fund payments		36,256,410	76,188,400
		59,595,250	114,221,900
Cash flow from operating activities before working capital adjustments		13,040,097	(2,773,090)
Add/less decrease/increase in receivables		(9,825,923)	(15,733,410)
Add/less increase/decrease in payables		(2,407,393)	17,399,500
Net cash flows from Operating Activities		806,781	(1,106,810)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Net cash flows from Investing Activities		-	-
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
Net cash flows from borrowing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		806,781	(1,106,810)
Cash and cash equivalent at BEGINNING of the year	10	302,492	1,409,302
Cash and cash equivalent at END of the year		1,109,273	302,492

(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).

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VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials						
Exercise books						
Laboratory equipment						
Internal exams						
Teaching / learning materials	9,684,528	4,842,264	4,842,264	2,976,107	1,866,157	61%
Chalks						
Exams and assessment reference/Library						
(2) CAPITATION GRANT ON OPERATIONS						
Other Vote heads	54,045,063	27,022,532	27,022,532	10,246,062	16,776,470	38%
Repairs and maintenance						
Local transport / travelling						
Electricity and water	4,674,000	2,337,000	2,337,000	-	2,337,000	0%
Medical						
Administration costs	4,739,078	2,369,538	2,369,541	-	2,369,538	0%
Activity						

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Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Maintenance and improvement	17,185,600	8,592,800	8,592,800	8,322,399	270,401	97%
SMASSE						
(3) FEES CHARGED ON PARENTS						
Personnel emoluments						
Repairs and maintenance	17,185,600	8,592,800	8,592,800	2,082,039	6,510,761	24%
Local transport / travelling						
Electricity and water						
Medical						
Administration costs	4,739,075	2,369,538	2,369,538	317,989	2,051,549	13%
Activity	54,045,063	27,022,532	27,022,532	12,758,036	14,264,497	47%
Other vote heads	65,783,205	32,891,603	32,891,603	29,081,529	3,810,074	88%
Fee on Boarding Equipment and Stores						
OTHER INCOME						
Rent income						
Income from farming activities						
Insurance compensation						
Income from Posho mill						
Income from Bus Hire						
Fee for hire of ground and equipment						
Interest income						
Income from any other investment						

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Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
TOTAL INCOME	232,081,212	116,040,605	116,040,608	65,784,160	50,256,445	57%
(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials						
Exercise books						
Laboratory equipment						
Internal Exams	9,684,528	4,842,264	4,842,264	3,221,011	1,621,253	67%
Teaching/learning materials						
Chalk						
Exams and assessment						
Teachers guides						
Administration cost						
Bank Charges						
(2) EXPENDITURE FOR OPERATIONS						
Other Vote heads	54,045,063	27,022,532	27,022,532	17,792,263	9,230,268	66%
Repairs and maintenance						
Local transport / travelling						
Electricity and water	4,674,000	2,337,000	2,337,000	438,716	1,898,284	19%
Medical						
Administration costs						
Activity						
Maintenance and improvement	17,185,600	8,592,800	8,592,800	1,536,850	7,055,950	18%

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Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
SMASSE						
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments						
Repairs and maintenance						
Local transport / travelling						
Electricity and water						
Medical						
Administration costs						
Activity	4,739,075	2,369,538	2,369,538	19,000	2,250,538	1%
Maintenance and improvement	17,185,600	8,592,800	8,592,800	346,350	8,246,450	4%
Other vote heads	54,045,063	27,022,532	27,022,532	4,258,252	22,764,280	16%
Fee on Boarding Equipment and Stores	65,783,205	32,891,603	32,891,603	25,469,063	7,422,539	77%
TOTAL EXPENDITURE	227,342,134	113,671,067	113,671,067	53,081,505	60,489,562	47%

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

- i. Xxxx
- ii. Xxxx

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 30th June 2021.

**TEREMI BOYS HIGH SCHOOL
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X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	-	-
Exercise books	-	-
Laboratory equipment	-	-
Internal exams	-	-
Teaching / learning materials	2,976,107	3,926,122
Chalks	-	-
Exams and assessment	-	19,150
Total	2,976,107	3,945,272

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	-	2,400,000
Maintenance and Improvement	8,322,399	9,619,500
Local transport / travelling	-	-
MOE	-	84,429
Medical	-	424,200
Other vote heads	10,246,062	14,381,571
Administration costs	68,724	-
Activity	-	848,400
Total	18,637,185	27,758,100

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	-	-
Fee on Boarding Equipment and Stores	29,081,529	46,184,424
Maintenance and Improvement	2,082,039	3,847,046
Local transport / travelling	-	-
Electricity and water	-	-
Medical	-	-
Other Vote heads	12,758,035	15,286,553
Administration costs	-	-
Activity	317,989	660,125
Total	44,239,592	65,978,148

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Rent income	-	-
Income from farming activities	-	30,000
Insurance compensation	-	778,720
Income from Posho mill	-	158,800
Income from Bus Hire	-	-
Income from bakery	5,630,964	3,180,320
Fee for hire of ground and equipment	-	-
Income from grants-infrastructure grants	1,135,500	9,619,500
Damages	16,000	-
Dividends income	-	-
Total	6,782,464	13,767,340

5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	-	-
Exercise books	-	503,960
Laboratory equipment	-	338,998
Internal exams	-	-
Teaching / learning materials	3,571,011	3,668,700
Chalks	-	-
Exams and assessment	-	-
Teachers guides	-	-
Administration Costs	-	-
Bank Charges	-	-
Total	3,571,011	4,511,658

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	-	2,400,000
Service Gratuity	-	-
Administration Cost	-	-
Maintenance and Improvement	1,536,850	9,619,500
Local transport / travelling	-	25,400
Other Vote heads	17,792,263	18,756,478
Medical	-	680,706
Insurance Cost	438,716	-
Contingencies	-	-
Bank Charges	-	-
Activity Expenses	-	2,039,695
TOTAL	19,767,829	33,521,779

7 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	-	-
Service Gratuity	346,350	883,820
Maintenance & Improvements	-	-
Local transport / travelling	-	-
Rent Expenses	19,000	165,450
Medical Expenses	-	-
SES	-	-
Administration costs	-	-
Other vote heads	4,258,252	16,403,443
Expenses on Income Generating Activities	4,660,175	3,905,530
Fee on Boarding Equipment and Stores	25,825,663	43,484,703
Activity Expenses	-	-
Medical Expenses	1,146,970	1,345,517
TOTAL	36,256,410	76,188,463

*(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).*

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account		459,451	3,570
Operations Account		-	-
School Fund Account/Boarding		400,538	-
Savings Account		83,350	233,734
Infrastructural Account		12,298	23,768
Total		955,636	261,072

9 CASH IN HAND

Description		2020-2021	2019-2020
		Kshs	Kshs
Tuition Account		-	-
Operation Account		40,665	1,170
Infrastructure account		-	-
School Fund account		112,972	40,250
Total		153,637	41,420

10 SHORT TERM INVESTMENTS

Description		2020-2021	2019-2020
		Kshs	Kshs
Cooperative shares		-	-
Treasury Bills		-	-
Fixed deposit		-	-
Equity stock		-	-
Other investments		-	-
Total		-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears	125,631,209	116,533,235
Other non-fees receivables	-	-
Inter - borrowing a/c tuition a/c[to operation a/c]	500,000	-
school fund[to operation a/c]	1,088,084	-
school fund [to tuition a/c]	124,675	493,850
NSSF	309,657	756,357
NHIF	180,850	132,250
PAYE	13,878	26,499
RD cheque	513,293	429,293
Advance	-	164,239
Chebutere sacco	155,000	155,000
Imprest	10,000	10,000
Total	128,526,646	118,700,723

An ageing of the fees / non fees arrears below

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year	10,400,813	9,278,279
Fees arrears for the previous year	17,973,440	7,133,338
Fees arrears for prior periods (over two years)	97,256,956	90,121,618
Total	125,631,209	116,533,235

12 ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	46,721,655	47,493,896
Inter - borrowing-tuition a/c[to operation a/c]	500,000	-
Operation a/c[by school fund a/c]	1,088,084	-
Tuition a/c[by school fund a/c]	124,675	493,850
Operations Account	21,545	38,448
School Fund Account/Boarding	-	1,052,736
Welfare	31,800	2,800
union dues	167,394	167,394
Helb	108,595	59,359

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Description	2020-2021	2019-2020
	Kshs	Kshs
Kudheihia	165,750	124,200
advance	267,961	-
prepaid fees	-	2,172,168
Excess fees	66,369	66,369
Retention monies	-	-
Total	49,263,828	51,671,221

An ageing of the creditor's arrears below

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year	18,678,755	33,983,764
Trade creditors for the previous year	20,675,408	7,652,341
Trade creditors for prior periods (over two years)	7,367,492	5,857,791
Total	46,721,655	47,493,896

13 FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	261,072	1,409,373
Cash balances	41,420	-
Short Term Investments	-	-
Receivables	118,700,723	102,967,308
Payables	(51,671,221)	(34,271,647)
Total	67,331,994	70,105,034

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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		2020-2021	2019-2020
		Kshs	Kshs
Bank loan(s)		-	-
Outstanding Leases		-	-
Hire purchase		-	-
Gratuity and leave provision		-	-
Total		-	-

15 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle		-	-
Goats		-	-
Trees		-	-
Coffee or tea plantation		-	-
Poultry		-	-
Total		-	-

16 Borrowings

Description		2020-2021	2019-2020
		KShs	KShs
a). Borrowings			
Borrowing at beginning of the year		-	-
Borrowings during the year		-	-
Repayments of during the year		-	-
Balance at end of the year		-	-

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Other important disclosure notes

17 Stock/ Inventory

Description	2020-2021	2019-2020
	KShs	KShs
Stock/Inventory		
Stock/ inventory at beginning of the year	-	-
Stock/ inventory purchased during the year	-	-
Stock/ inventory issued during the year	-	-
Balance at end of the year	-	-

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18 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

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Annex 1 - Analysis Of Pending Accounts Payable

Supplier of Goods or Services	Original Amount a Kshs	Date Contracted B Kshs	Amount Paid To-Date c Kshs	Outstanding Balance 2021 d=a-c Kshs	Outstanding Balance 2021-1 Kshs	Comments
Construction of buildings						
1. Gabhorice N. Enterprise	1,499,435		1,209,900	289,535.00		
2. Emmanuel Mabuk	300,00		-	300,00.00		
3. Pewapa Buildings Construction	1,165,000		990,000	175,000		
Sub-Total				764,535.00		
Supply of goods						
4. Mukanda Stephen	375,000		-	375,000		
5. Protus K. Kutore	375,000		-	375,000		
6. Felix Wafula	114,000		-	114,000		
7. Noreen Wamalwa	577,500		77,500	500,000		
8. Joseck Mkui	26,600		-	26,600		
9. Leonard Recha	190,000		-	190,000		
10. Sammy Simiyu Wanjala	190,000		-	19,000		
11. Buko Enterprises	193,000		-	193,000		
12. Kennedy Wamalwa	190,000		100,000	90,000		
13. Elizabeth Alaka	303,000		-	303,000		
14. Moses Wanyama Masinde	190,000		-	190,000		
15. Dennis Simiyu Mang'eni	190,000		30,000	160,000		
16. Petronilla w Muse	60,000*		-	60,000		
17. Daniel Barasa Simiyu	75,000		-	75,000		
18. Wabuye Waliula	315,000		-	315,000		
19. Metrine Wafula	113,500		-	113,500		
20. Alfred Walukaya	151,000		-	151,000		
21. Nakhumwa O Marrison	226,500		-	226,500		
22. Felix Wafula	67,900		-	67,900		

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021-1	Comments
23. Ruth Wanyonyi	646,050	-	-	646,050	-	
24. Kennedy Luketelo	829,000	-	-	829,000	-	
25. Zipporah N Wanyama	125,400	-	-	125,400	-	
26. Gideon Metongwa Khaemba	148,200	-	-	148,200	-	
27. Rapab Wangari Njoroge	417,500	-	-	417,500	-	
28. Tinya Investments	49,525	-	-	49,525	-	
29. Kennedy Luketelo	456,000	-	-	456,000	-	
30. Julius Wanyonyi	112,500	-	-	112,500	-	
31. David Mulongo Muchi	45,000	-	-	45,000	-	
32. Gladys K. Mamati	307,800	-	155,000	152,800	-	
33. Joseph Silali	57,000	-	-	57,000	-	
34. Samita General supplies	80,000	-	30,000	50,000	-	
35. Romano Namasaka	55,000	-	-	55,000	-	
36. Gladys Nasimiyu	49,000	-	-	49,000	-	
37. Isaac Juma Muganda	60,000	-	-	60,000	-	
38. Philis Muchuka	15,000	-	-	15,000	-	
39. Elizabeth N Wanjala	17,200	-	-	17,200	-	
40. Joseph Kiboi	200,000	-	-	200,000	-	
41. Aghelina M Kimeu	-	-	-	-	-	
42. Anne Nelima Amakoye	60,690	-	-	60,690	-	
43. Ruba Neema Enterprise	29,160	-	-	29,160	-	
44. Barasa Bunguswa enterprise	-	-	-	-	-	
45. Augustus Wangwe	-	-	-	-	-	
46. Pius Ijaka	-	-	-	-	-	
47. Anne Akisa Iworote	245,975	-	-	245,975	-	
48. George Mndila Nimbale	755,900	-	-	755,900	-	
49. Davison Wangila	18,930	-	-	18,930	-	
50. Michael M Kisuya	-	-	-	-	-	

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51. Faustine Bwisa	30,720	-	-	30,720	-	
52. Robert Wekesa Wakwabubi	100,000	-	-	100,000	-	
53. Judith Mukoya	10,000	-	-	10,000	-	
54. Joseph Mukui Wekesa	20,000	-	-	20,000	-	
55. Catherine Nsisimiyu Nanguilo	-	-	-	-	-	
56. Florine N Wanjala	106,395	-	-	106,395	-	
57. Alex Kimungui	120,000	-	-	120,000	-	
58. Godfrey Kapanga	100,000	-	-	100,000	-	
59. Ruth Nekesa	260,000	-	-	260,000	-	
60. Mirriam Mau Mukongolo	-	-	-	-	-	
61. Mirriam Masika	15,190	-	-	15,190	-	
62. Wekesa Wakoli Kennedy	27,400	-	-	27,400	-	
63. Metrine K Namawa	-	-	-	-	-	
64. Amos Simiyu Wanyonyi	358,400	-	-	358,400	-	
65. Zephaniah Simiyu Wekesa	-	-	-	-	-	
66. Hellen N Wanyonyi	82,400	-	-	82,400	-	
67. Letreteh Ltd	145,000	-	-	145,000	-	
68. Alics N Wotia	43,200	-	-	43,200	-	
69. Jacquilline S Wepukhulu	19,694	-	-	19,694	-	
70. New Arck Holding Ltd	240,000	-	-	240,000	-	
71. Belzan Gen. Co. Ltd	694,400	-	-	694,400	-	
72. David J Manyonge	11,460	-	-	11,460	-	
73. Jane Chepkoech Sang	17,160	-	-	17,160	-	
74. Rosemary Ndenda	68,000	-	-	68,000	-	
75. Millenium Stores	1,164,295	-	464,295	700,000	-	
76. Emmanuel Mabuk	76,600	-	-	76,600	-	
77. Stephene Mungangi	116,900	-	-	116,900	-	
78. Macrosec Electrical	1,240,000	-	-	1,240,000	-	
79. Golden Goal Venture	1,782,615	-	799,950	1,015,665	-	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021-1	Comments
80.Thomat Ventures	21,000	-	-	21,000	-	
81.Belizan Gen. Co. Ltd	363,400	-	-	363,400	-	
82.Gabriel Wenani	350,000	-	-	350,000	-	
83.Walter Wafufwa	152,000	-	102,000	50,000	-	
84.Samwel Hamisi Karanja	229,900	-	-	229,900	-	
85.Suwana Investments	284,000	-	-	284,000	-	
86.Henry Munyakho	34,000	-	-	34,000	-	
87.Milton Wafula	32,000	-	-	32,000	-	
88.Mdoe Fashions	113,510	-	-	113,510	-	
89.Evertec Bus Investments	420,000	-	320,000	100,000	-	
90.Teremi High School Service Gratuity a/c	920,000	-	-	920,000	-	
91.Rosemary Ndenda	168,000	-	-	168,000	-	
92.Lilian Khaemba	76,000	-	36,000	40,000	-	
93.Doricus Nyongesa	112,500	-	-	112,500	-	
94.Simon Mumani	602,000	-	50,000	552,000	-	
95.Bilha Mukui	228,000	-	178,000	50,000	-	
96.Terry Nekesa	302,500	-	-	302,500	-	
97.Charles Ngusare	249,565	-	162,500	87,065	-	
98.Buko Engo Supplies	380,000	-	183,000	197,000	-	
99.Sarah T Ngovilo	190,000	-	90,000	100,000	-	
100.Roseneta Nelima	114,000	-	-	114,000	-	
101.Mwanahawa Kassim	226,000	-	-	226,000	-	
102.Wanyama Moses Masinde	380,000	-	130,000	250,000	-	
103.Zipporah Wanyama	380,000	-	275,000	105,000	-	
104.Rabbeba Wabwile	152,000	-	-	152,000	-	
105.Martha Ngutuku	226,500	-	-	226,500	-	
106.Justus Wanyonyi	190,000	-	50,000	140,000	-	
107.Juzilee Enterprise	189,000	-	39,000	150,000	-	
107.Lilian Siangu	190,000	-	40,000	150,000	-	
108.Moses Maratan	190,000	-	70,000	120,000	-	
109.George Auma Owuor	375,000	-	270,000	105,000	-	
110.Oscar Simiyu	95,000	-	-	95,000	-	
111.George Wafula	76,000	-	-	62,051	-	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021-1	Comments
112.Linda Wekesa	91,200	-	41,200	50,000	-	
113.Colleta N Makokha	412,500	-	132,500	280,000	-	
114.Benson Wekesa	76,000	-	-	76,000	-	
115.Lilian Namaswa	152,000	-	98,000	54,000	-	
116.Juliet Namaswa	114,000	-	99,000	15,000	-	
117. Dan Simiyu	190,000	-	-	190,000	-	
118. Isaiah S Wekesa	190,000	-	50,0000	140,000	-	
119.Dennis Wafula	375,000*	-	-	375,000	-	
120.Mirriam M Mukongolo	264,000	-	-	264,000	-	
121.Sofia Muyoka Kololi	228,000	-	128,000	100,000	-	
122.Robert Makari	375,000	-	-	375,000	-	
123.Hellen Mulongo	57,000	-	-	57,000	-	
124.Emily Wanambisi	375,000	-	270,000	105,000	-	
125.Teremi Workers Welfare	380,000	-	-	380,000	-	
126.Emmanuel Wafula	114,000	-	-	114,000	-	
127.Laban L Kunani	308,608	-	20,000	288,608	-	
128.Robai Machuma	311,600	-	234,820	76,780	-	
129.Ayub Wasike	-	-	-	-	-	
130.Naomi Otero	37,500	-	-	37,500	-	
131.Phostine J Nabwile	1,135,000	-	280,000	855,000	-	
132.Simon Wasimela	80,000	-	35,000	45,000	-	
133.Francisca Makokha	787,500	-	100,000	687,500	-	
134.Christabel Wanyama	225,000	-	-	225,000	-	
135.Peter C Masinde	-	-	-	-	-	
136.Scholastic Mukoya	525,000	-	125,000	400,000	-	
137.Suwana Investments	200,000	-	-	200,000	-	
138.Janet N Nasambu	375,000	-	143,946	231,054	-	
139. Neddy Buyela	375,000	-	230,000	145,000	-	
140.Daniel M Juma	150,000	-	80,000	70,000	-	
141.Nandasaba Bonface	75,000	-	-	75,000	-	
142.Joseph Wabwile	190,000	-	50,000	140,000	-	
143.Dickson J Makokha	150,500	-	20,000	130,500	-	
144.Bilasio Wanjala	38,000	-	8,000	30,000	-	

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021-1	Comments
145. Ayub Masibo	113,000	-	-	113,000	-	
146. Metrine Nangila Wilson	416,000	-	380,000	36,000	-	
147. Daniel Wafula	375,000	-	175,000	200,000	-	
148. Friopal Enterprise	44,000	-	-	44,000	-	
149. Amos Naliakho	200,000	-	100,000	100,000	-	
150. Western Rock Ventures	557,000	-	-	557,000	-	
151. Mega Book Shop	1,102,132	-	-	1,102,132	-	
152. Western Commodities Enterprises	580,000	-	-	580,000	-	
153. Jaynas General Supplies	50,000	-	-	50,000	-	
154. Robai Machuma	385,000	-	-	385,000	-	
155. Teremi High School PA	4,115,000	-	575,000	3,540,000	-	
156. Gilfeeds Investment	750,000	-	550,000	200,000	-	
157. Jaynas General Supplies	1,950,000	-	1,300,000	650,000	-	
158. Envoy Exhausters Services	222,500	-	-	222,500	-	
159. Sunshine Automobile	183,860	-	-	183,860	-	
160. Albert Wanjala	120,000	-	60,000	60,000	-	
161. Chwele United Stores	134,000	-	-	134,000	-	
162. Emmanuel Mabuku	100,000.00	-	-	100,000.00	-	
163. Amos Naliakho	200,000.00	-	40,000	160,000.00	-	
164. Elma Printers & Stationeries	496,500	-	-	496,500	-	
165. Copy Teque International	390,000	-	215,000	175,000	-	
167. West World general supplies	1,200,000	-	489,600	710,400	-	
168. Yokhama Enterprises	628,146	-	-	628,146	-	
169. Eagle Enterprise	23,000	-	-	23,000	-	
170. Bungoma Mamu Agencies	171,335	-	-	171,335	-	
171. Nzowasco	750,000	-	550,000	200,000	-	
172. Non-Teaching staff salaries	2,453,325	-	-	2,453,325	-	
173. BOM teachers' Salaries	2,305,500	-	-	2,305,500	-	
174. Casuals	366,000	-	-	366,000	-	
175. Kenya Power & Lightening Co.	-	-	-	-	-	
176. Dostemic Solutions	68,800	-	-	68,800	-	

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Annex 2 – Summary of Fixed Assets Register

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 20xx	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 20xx
Land 1	9 acres					
Land 2	3.5 acres					
Buildings and structures	35					
Motor vehicles	KAN 895U KCK 896U					
Office equipment, furniture and fittings	Tables 36pcs Chairs 94pcs Desktops/Computers 20pcs Wooden cupboards 7pcs Filing cabinet 3pcs Students lockers 2,500pcs Students chairs 2,500pcs Printers 11pcs Laptops 10pcs					
ICT Equipment, and Other ICT Assets	Computers/desktops 31pcs Projectors 8pcs Chairs 5pcs Tables 27pcs Printers 3pcs Mouse 25pcs					

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Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 20xx	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 20xx
	White boards 1pc Fire extinguisher 35pcs Sony radio 1pc					
Tools and apparatus	Jembes 250pcs Slashers 25pcs					
Textbooks	16,000 copies (GOK) 3,000 Copies old (GOK)					
Other Machinery and Equipment	School generator (1) Water Pumps (2) Posho mills (1)					
Heritage and cultural assets						
Intangible assets- soft ware						
Total						

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TRIAL BALANCE AS AT 30TH JUNE 2021

	DR	CR
	Kshs	Kshs
Cash and Cash equivalents		
Bank Balances	955,636	
Cash Balances	153,637	
Short term investments	-	
Receivables	128,526,646	
Payments		
Payments for Tuition	3,571,011	
Payments for operations	19,767,829	
Boarding and school fund payments	36,256,410	
Receipts		
Capitation grants for tuition		2,976,107
Capitation grants for operations		18,637,185
School Fund Income- Parents' Contributions		44,239,592
School Fund Income- Other receipts		6,782,464
Proceeds from borrowings		
Prior Year Adjustment		
Fund Balance b/f		67,331,994
Payables		49,263,828
TOTAL	189,231,170	189,231,170