

REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	DATE: 03 DEC 2024
	DAY: <u>Monday</u>
TABLED BY:	Hon. Kimani Ichungwah (Leader of the Majority Party)
OF	Anastacia

THE AUDITOR-GENERAL

ON

MBITA HIGH SCHOOL

**FOR YEAR ENDED
30 JUNE, 2023**

HOMABAY COUNTY

14 JUN 2024



MBITA HIGH SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Table of Contents

Page

1. Acronyms and Glossary of Terms	ii
2. Key School Information and Management	iii
3. Summary Report Of Performance Of The School.....	vii
4. Statement Of School Management Responsibility.....	x
5. Report Of The Independent Auditor for the financial statements of Mbita High School for the year ended June 30 th . 2023.....	xi
6. Statement Of Receipts and Payments For the Year Ended 30 th June 2023	1
7. Statement of Assets and Liabilities As At 30 th June 2023.....	2
8. Statement of Cash Flows for the Year Ended 30 th June 2023	3
9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2023.....	4
10. Significant Accounting Policies	9
11. Notes To The Financial Statements.....	11
12. Annexes	20

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 Homa Bay County, Mbita Sub-County

The school was registered in 1966 under registration number 43S130000107 and is currently categorized as a National public school established, owned or operated by the Government.

The school is a boarding school and had 1841 number of students as at 30th June 2023. It has 30 streams and 79 teachers of which 30 teachers are employed by the School Board of Management.

(b) School Board of Management - Board Members

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

Ref:	Name of Board Member	Designation	Date of appointment
1	MR. JARRED OMONDE KISERA	Chairman	1.05.2022
2	MR. KENNEDY OJIJO	Secretary - Principal	20.05.2022
3	DR. PATRICK SAWA	Member	20.05.2022
4	PROF. OGODO MANYASA	Member	20.05.2022
5	DR. NAFULA WERE	Member	20.05.2022
6	ENG. DORIS OMBARA	Member	20.05.2022
7	DR. ROSE OPONDO	Member	20.05.2022
8	CPA JOSEPH O. MAREMBO.	Member – Rep CEB	20.05.2022
9	MRS. BENTER ODHIAMBO	Member Rep Teachers	20.05.2022
10	- PROF. ENOSE SIMATWA - MRS. JANET BETTY ONYANGO	Members - Sponsor	20.05.2022
11	MRS. BENTER AKINYI	Member - Community	20.05.2022
12	MASTER SIMON MASANA	Rep Students	20.05.2022
13	DR. ROSE KOWERU	Member Special Needs	20.05.2022

The functions of the School Board of Management are to:

- Promote the best interests of the School and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013.
- Ensure and assure the provision of proper and adequate facilities for the School.

3	Finance, procurement and general purposes Committee			
		1. PROF. ENOS SIMATWA	MEMBER	
		2. CPA MAREMBO JOSEPH	CHAIRPERSON	
		3. MR. OMONDE KISERA	MEMBER	
4	Academic Committee			3 of 3
		1. MRS. JANET BETTY	CHAIRPERSON	
		2. PROF. OGODO MANYASA	MEMBER	
		3. DR. ROSE KOWERU	MEMBER	
		4. MR. THOMAS KOGOLLA	MEMBER	
5	Infrastructure Committee			5 of 3
		1. MRS. SABINA OTIENO		
		2. MR. KENNEDY OJJO		
		3. MR. JARRED O. KISERA	MEMBER	
		4. DR. PATRICK SAWA	CHAIRPERSON	
6	Discipline and welfare Committee			3 of 3
		1. MR. DICKENS KITAWIA		
		2. MR. ELIJAH MARINDA		
		3. MR. JARRED O. KISERA		
		4. DR. PATRICK SAWA		

(e) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Principal	MR. KENNEDY OJJO	349223
2	Deputy Principal	MR. OTIENO NATHANIEL	450500
3	School Bursar	MR. NASSUR OKECH	N/A

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

3. Summary Report Of Performance Of The School

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

a) Financial performance:

	TUITION			OPERATION			SCHOOL FUND		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
INCOME	1,731,087	3,406,485	9,716,246	11,609,728	22,061,380.9	27,845,745	29,518,329	127,781,258.25	160,834,858
EXPENDITURE	1,731,860	12,517,223	9,716,480	7,297,208	30,585,561.1	27,562,053	57,058,523	141,844,181.00	186,622,132
CASH & BANK BALANCES	2,764	1,130,462.19	34,379	23,983	161,413.80	273,878	1,104,804	1,557,738.36	535,198

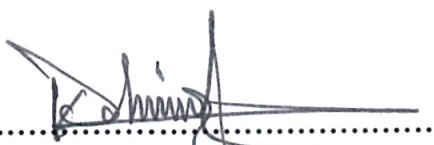
b) Teacher Student ratio:

	SUBJECT	TEACHER	ENROLL
1	MATHEMATICS	13	1841
2	ENGLISH	13	1841
3	KISWAHILI	12	1841
4	GEOGRAPHY	5	1050
5	HISTORY & GOVT.	8	1841
6	CRE	5	1221
7	PHYSICS	8	1841
8	CHEMISTRY	13	1841
9	BIOLOGY	13	1841
10	AGRICULTURE	2	522
11	COMPUTER	2	355
12	BUSINESS STUDIES	3	921

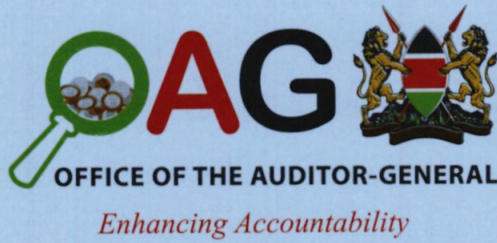
Summary Report of the Performance of the School (Continued)

f) Development projects carried out by the school:

YEAR	PROJECT	SOURCE OF FUNDING	ACTUAL	STATUS
2022/2023	Construction of Dormitory-Migingongo B	MOE/PARENT	Kshs 3,085,871.00	Completed and in use
	Multipurpose Hall	MOE/PARENT	Kshs 4,446,540.00	Completed and in use
	Completion of Homa Dorm	MOE/PARENT	Kshs 397,900.00	Completed and in use
	3 Classrooms	MOE/PARENT	Kshs 5,202,969.00	Completed and in use
	Construction of CBC Classroom	MOE/PARENT	Kshs 1,426,515.00	Completed and in use

.....

 School Principal 10.06.2024

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON MBITA HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 – HOMA BAY COUNTY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mbita High School – Homa Bay County set out on pages 1 to 19, which comprise of the statement of assets and liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows

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 provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mbita High School – Homa Bay County as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following unsatisfactory matters.

- i. The balances reflected in the statement of receipts and payments differs with corresponding balances in the statement of cash flows balances as shown in the table below:

Component	Statement of Receipts & Payments Balance Kshs	Statement of Cash Flows Balance Kshs	Variance Kshs
Government Grants for Infrastructure	28,592,750	-	28,592,750
School Fund Income - Parents Contributions	134,892,146	139,328,272	(4,436,126)
Payments for Operations	21,397,053	4,104,303	17,292,750
Payments for Infrastructure	18,403,053	-	18,403,053
Payments for Boarding & School Fund	180,170,432	154,661,876	25,508,556

- ii. Further, the statement of cash flows reflects cash flow from investing activities on acquisition of assets of Kshs.18,677,953. However, the supporting annex 2 to the financial on summary of fixed assets register indicates nil additional assets during the year under review.
- iii. In addition, the statement of budgeted versus actual amounts also did not reflect the total balance on receipts and payments on original amounts, final budget and actual on comparable basis as required in the Public Sector Accounting Standards.

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

2. Inaccuracies in Government Grants for Operations

The statement of receipts and payments and as disclosed Note 2 to the financial statements reflects Government grants for operations balance of Kshs.27,736,145. However, the balances in the financial statement differ with the balances reflected in the ledger as shown in the table below:

Component	Note 2 Balances in Financial Statements Kshs	Ledger Balance Kshs.	Variance Kshs.
Electricity and Water	-	2,135,948	(2,135,948)
Medical	274,900	145,000	129,900
Repairs and Improvements	15,927,000	-	15,927,000
Other Vote Heads	10,679,107	-	10,679,107
Administration Costs	-	2,135,824	(2,135,824)
PE	-	4,271,633	(4,271,633)
Local Travel	-	2,135,824	(2,135,824)

In the circumstances, the accuracy and completeness of Government grants for operations balance could not be confirmed.

3. Inaccuracies in School Fund Income- Parents Contributions

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects an amount of Kshs.134,892,146 in respect of school fund income- parents' contributions. However, the balances in the financial statements differ with the balances reflected in the ledger as shown in the table below:

Component	Note 4 Balances in Financial Statements Kshs	Ledger Balance Kshs	Variance Kshs
Personnel Emoluments	16,764,487	17,095,292	(330,805)
Administration Costs	8,479,905	8,477,914	1,991
Boarding equipment & Stores	80,614,322	64,886,386	15,727,936
PA Levies Development Fund	-	74,557	(74,557)

In the circumstances, the accuracy and completeness of school fund income - parents' contributions /fees balance could not be confirmed.

4. Unsupported Payments for Operations

The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects operations expenditure balance of Kshs.21,397,053. However, the expenditure was not supported by requisitions, Local Purchase Orders (LPOs), invoices, receipts, goods received notes and inspection and acceptance committee certificates.

In the circumstances, the accuracy and completeness of operations expenditure balance could not be confirmed

5. Inaccuracies in Boarding and School Fund

The statement of receipts and payments and as disclosed in Note 9 to the financial statements reflects boarding and school fund expenditure of Kshs.180,170,432. However, the balances in the financial statements differ with the balances reflected in the ledger resulting to unexplained variances on SMASSE and boarding equipment and stores of Kshs.239,850 and Kshs.56,822,268, respectively.

In the circumstances, the accuracy and completeness of boarding and school fund balance could not be confirmed

6. Unsupported Cash and Cash Equivalents

The statement of assets and liabilities and as disclosed in Note 10 to the financial statements reflects cash and cash equivalents balance of Kshs.1,197,580. However, Management did not prepare and maintain monthly bank reconciliation statements for all the accounts.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance could not be confirmed.

7. Unsupported and Long Outstanding Accounts Receivables

The statement of assets and liabilities and as disclosed in Note 13 to the financial statements reflects accounts receivables balance of Kshs.89,501,267 in respect of fees arrears, un-surrendered imprests and salary advances. However, the accounts receivables were not supported by ledgers and debtors' schedule showing opening balances, receivables for the year, amount received during the year and the outstanding balances at the end of the year.

Further, Note 13 reflects accounts receivable balance of Kshs.89,501,267. However, the schedule on ageing analysis in Note 13b reflects a balance of Kshs.87,887,455 resulting to unexplained variance of Kshs.1,613,812.

In addition, the receivable balance in respect of fees arrears amounting to Kshs.71,166,298 or 81% of the account receivables was outstanding for a period of over one (1) year.

In the circumstances, the accuracy and completeness of the account's receivables balance could not be confirmed.

8. Unsupported and Long Outstanding Accounts Payables

The statement of assets and liabilities and as disclosed in Note 14 to the financial statements reflects accounts payables balance of Kshs.63,881,654 in respect of trade creditors, prepaid fees and refundable fees. Included in the accounts payables balance were trade creditors balances of Kshs.53,356,965 which were not supported with the creditors ledger, invoices, delivery notes, local purchase orders (LPO), delivery notes, and inspection and acceptance reports.

Further, the balance includes prepaid fees and fees refund amount of Kshs.10,504,589 and Kshs.20,100, respectively. However, details of the students who had prepaid fees and fees refunds beneficiaries were not provided for audit.

In addition, Note 14 to the financial statements reflects accounts payable balance of Kshs.63,881,654. However, Note 14a in the schedule of ageing analysis reflects a balance of Kshs.53,356,965 resulting to unexplained variance of Kshs.10,524,689.

In the circumstances, the accuracy and completeness of the accounts payables balance could not be confirmed.

9. Excess Transfer of Funds from Operations Account to Infrastructure Account

During the year under review, the School received operations capitation grants of Kshs.27,736,144.90 out of which, an amount of Kshs.5,927,000 was supposed to be transferred to the infrastructure account. However, Kshs.8,292,750 was transferred resulting to excess transfer of Kshs.2,365,750. No explanation and approval were given for the excess transfer of kshs.2,365,750.

In the circumstances, the regularity of the excess transferred could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2023.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements

During the year under review, the School Management did not submit the financial statements to the Auditor-General by the statutory date of 30 September, 2023. The financial statements were submitted on 20 May, 2024 which was eight (8) months after the statutory deadline. This was contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. Late submission of financial report adversely affects the Office of the Auditor-General in meeting the statutory timelines.

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

2. Non-Compliance with the Public Sector Accounting Standards Board

Review of the financial statements revealed that Annex 1 to the financial statements on analysis of pending accounts payables did not indicate details of original amounts, date contracted, amount paid to date, outstanding balance for current year and outstanding balance as prescribed in the Public Sector Accounting Standards Board (PSASB) reporting template.

Further, Annex 2 to the financial statements on summary of fixed assets register did not reflect details of date assets were purchased, historical cost brought forward, additions and disposals during the year and historical cost carried forward as required by the PSASB reporting template.

In the circumstances, Management did not comply with the PSASB reporting template requirements.

3. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

During the year under review, the School transferred an amount of Kshs.397,055 to Kenya Secondary Schools Heads Association (KESSHA) to support the association activities. However, KESSHA is a welfare organization that draws its membership from school Principals only. The organization is not defined in Government Funding System and there is no assurance that it has implemented effective, efficient and transparent financial management and internal control systems to manage the funds transferred by the Schools.

In the circumstances, the value for money transferred to KESSHA could not be confirmed.

4. Unauthorized Loan

The statement of receipts and expenditure and as disclosed in Note 9 to the financial statements reflects Kshs.180,170,423 in respect of boarding and school fund. Included this amount are school vans loan repayment of Kshs.755,943 and Kshs.220,821 respectively, totalling Kshs.976,764. However, review of records revealed that the School obtained loans for the purchase of school vans without approval from the respective Cabinet Secretary. This was contrary to circular from State Department of Basic Education reference No. MOE. HQS/3/10/18/(112) of 15 November, 2022 that states that Schools may not enter into financial contracts for instance, hire purchase, bank loans without express written approval from the Cabinet Secretary in line with Section 18 of the 4th schedule of the Basic Education Act, 2013.

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

5. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015

Review of payment vouchers and supporting documentation revealed that Kshs.4,385,000 was paid for procurement of goods and services. However, Management did not prepare a Procurement Plan for the year under review. This was contrary to Section 53 (2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that an Accounting Officer shall prepare an Annual Procurement Plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

Further, procurement of good and service were not supported by requisitions from user Departments contrary to Section 162 (1) of the Public Procurement and Assets Disposal Act 2015. In addition, the procurement of goods and services were not supported by local purchase/service orders (LPOs/LSOs).

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

6. Failure to Prepare School Improvement Plan

During the year under review, Management did not develop School Improvement Plan to be used to measure the School's improvement activities, keep the School in focus in achieving the school target, prioritization of School needs, ensuring prudent utilization of resources and to improve accountability. This was contrary to Section 2.2.1 of the Operational Manual for Utilization of Learner Capitation, Grant and Other School Funds which requires a school to develop improvement plan which is a road map for changes that a school needs to improve the school environment and learning outcomes.

In the circumstances, Management was in breach of the Operational Manual.

7. Failure to Reconcile Student Enrollment Data

Review of student's records provided for audit revealed unexplained variance in student numbers between National Education Management Information System (NEMIS) and School registers resulting to tuition fees under - disbursement on both capitation grants for tuition and operation fees of Kshs.7,710,240 as analyzed below:

Month	No. of Students Per NEMIS	No. of Students as Per Register	Capitation Grant per Student Kshs	Total Expected Capitation Per School Register Kshs.	Actual Capitation Received Kshs.	Capitation not Received Kshs.
July 2022	1,299	1,839	3,603	6,625,365	4,679,907	1,945,458
Sept. 2022	1,299	1,838	4,011	7,371,299	5,209,640	2,161,660
Jan.2023	1,450	2163	3,706	8,016,943	5,374,280	2,642,663
Apr. 2023	1,879	2163	3,382	7,315,050	6,354,590	960,460
Total						7,710,240

Management explained that the difference was due to failure by the School to fully register all students on National Education Management Information System Management (NEMIS) because some learners lacked birth certificates, others had duplicate birth certificates and some students had attained the age of 18 years and were automatically removed from the system. This was contrary to the Ministry of Education Circular MOE.HQ/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners to be registered in National Education Management Information System and the Principals to ensure their records are accurate.

In the circumstances, Management was in breach of the circular and the underfunding of the School affected service delivery to the students.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Ownership Documents

Review of assets documents revealed that the School did not have land ownership documents for two parcels of land allotted by the County Government. Further, it was observed that a motor vehicle log book had not been transferred to the School and was registered under a local bank (financier due to an outstanding car loan). However, the loan statement, agreement with the bank and bank confirmation certificate of the loan balance were not provided for audit. The outstanding loan balance was not disclosed in the financial statements. In addition, original logbook for another motor vehicle was not provided for audit.

In the circumstances, the existence and custody of the assets could not be confirmed.

2. Lack of an Audit Committee

During the year under review, the School operated without an Audit Committee. This was contrary to Section 61(2) of the Basic Education Act, 2013 which requires the Board of Management to establish Finance, Procurement and General Purposes Committee, Academic Standards, Quality and Environment Committee, Ethics and Integrity Committee, Audit Committee, and Human Rights and Student Welfare Committee.

In the circumstances, the existence of an effective internal control and governance structure could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

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

- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 September, 2024

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

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

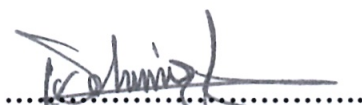
Description Of Vote Head	Note	2023	2022
		Kshs	Kshs
Receipts			
Government grants for tuition	1	3,882,246	5,003,397
Government grants for operations	2	27,736,145	22,061,381
Government Grants for infrastructure	3	28,592,750	
School fund income- parents' contributions	4	134,892,146	121,498,246
Miscellaneous incomes	5	15,769,364	16,243,553
Total Receipts		210,872,651	164,806,577
Payments			
Tuition	6	9,680,480	6,533,609
Operations	7	21,397,053	22,747,656
Infrastructure	8	18,403,053	
Boarding and school fund	9	180,170,432	137,904,029
Total Payments		229,651,018	167,185,294
Surplus/Deficit		(18,778,366)	(2,378,716)

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



Name: **JARRED KISERU**
 Chair BOM

Date: **10/6/2024**



Name: **KENNEDY DIJO**
 School Principal/ Secretary to BOM

Date:



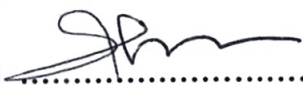
Name: **Nassur Okach**
 Bursar/ Finance Officer


Date: **10.06.2024**


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

Description	Note	2023 Kshs	2022 Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	1,197,580	1,606,165
Cash balances	11		
Short term investments	12		
Total cash and cash equivalent		<u>1,197,580</u>	<u>1,606,165</u>
Account's receivables	13	89,501,267	82,586,304
Total financial assets		90,698,848	84,192,469
Financial liabilities			
Accounts payables	14	63,881,654	38,596,909
Net financial assets		26,817,194	45,595,560
Represented by			
Accumulated fund b/fwd	15	45,595,560	47,974,276
Surplus/deficit for the year		(18,778,366)	(2,378,716)
Net financial position		26,817,194	45,595,560

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


 Name: **JARED KISERA**
 Chair BOM
 Date: **10/6/2024**


 Name: **KENNEDY OJITO**
 School Principal/ Secretary to BOM
 Date: _____


 Name: **NASSIR OKECH**
 Bursar/ Finance Officer
 Date: **10.06.2024**

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
<i>(1) Capitation Grant on Tuition</i>					
Reference Materials					
Exercise Books					
Laboratory Equipment					
Internal Exams					
Teaching / Learning Materials	11,051,634		11,051,634	3,882,246	35.1
Exams And Assessment					
<i>(2) Capitation Grant on Operations</i>					
Personnel Emoluments					
Repairs And Maintenance	18,668,300		18,668,300	15,927,000	85.3
Local Transport / Travelling					
Electricity And Water	22,188,608		22,188,608		
Medical	5,333,800		5,333,800	274,900	5.2
Administration Costs					
Activity	6,128,536		6,128,536	855,138	14.0
Gratuity					

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Income From Bus Hire					
Fee For Hire of Ground and Equipment					
Interest Income					
Income From Any Other Investment					
Total Income					
(6) Expenditure For Tuition					
Textbooks					
Reference Materials					
Exercise Books					
Laboratory Equipment					
Internal Exams					
Teaching / Learning Materials	21,690,500		21,690,500	9,680,480	44.6
Chalks					
Exams And Assessment					
Teachers Guides					
Administration Costs					
Bank Charges					
(7) Expenditure For Operations					
Personnel Emoluments	14,245,846		14,245,846	920,638	6.5
Transfer to Maintenance & Improvements	22,569,959		22,569,959	17,292,750	76.6
Local Transport / Travelling	3,935,000		3,935,000	37,920	1.0

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

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Administration Costs	4,518,300		4,518,300	9,597,958	212.4
Activity	5,251,420		5,251,420	5,564,665	106.0
Gratuity					
Lunch Programme					
Boarding Equipment and Stores					
Expenditure For Income Generating Activity					
Insurance Costs					
Other Expenses On Investments					
Rent Expenses					
Bank Charges					
Loan Interest Repayment					
Loan Principal Repayment					
Acquisition Of Assets					
Totals					

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. Accounts receivables also include school fees billed to parents for services rendered but not paid. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2023.

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

4 School Fund Income - Parents Contribution/Fees

Description	2023	2022
	Kshs	Kshs
Personnel emoluments	16,764,487	17,956,767
Repairs and maintenance	4,987,028	5,305,770
Local transport / travelling	5,779,932	5,284,639
Electricity and water	16,012,815	14,400,731
Medical	285,460	
Administration costs	8,479,905	6,992,143
Activity	1,968,197	2,063,118
Fee on Boarding Equipment and stores	80,614,322	69,495,078
PA Levies-development fund		
Others (specify)		
Total	134,892,146	121,498,246

5 Miscellaneous Incomes

Description	2023	2022
	Kshs	Kshs
Insurance Compensation		
Hire school bus	22,000	30,000
Fee For Hire of Ground and Equipment		
Income From Grants and Donations*		
Interest Income		
Dividends Income		
Id card	197,100	317,400
Uniform	15,550,264	15,896,153
Total	15,769,364	16,243,553

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

Notes to the Financial Statements (continued)

8 Infrastructure

Description	2023	2022
	Kshs	Kshs
Construction of Multipurpose Hall	4,446,540	
Completion of Homa Dorm	397,900	
Painting & Glasses-Repairs	1,113,515	
Repairs Lockers, chairs & beds	683,743	
CBC Classroom-2022	1,426,515	
Procurement of new furniture's-lockers, chairs & Beds	1,540,000	
Three Classrooms	5,202,969	
General Repairs	506,000	
Migingi B Dorm	3,085,871	
Total	18,403,053	

9 Boarding And School Fund

Description	2023	2022
	Kshs	Kshs
Personnel Emoluments	12,440,837	12,954,805
Bus hire	15,000	
Repairs Maintenance	11,300,000	
Local Transport / Travelling	6,341,077	5,248,495
Electricity And Water	7,541,934	4,863,889
Medical Expenses	285,460	319,330
Administration Costs	18,882,073	17,807,449
Activity Expenses	5,564,665	565,420
Boarding Equipment and Stores	100,670,172	79,723,716
Uniform	15,887,150	15,366,647
Insurance Cost (<i>Life Property</i>)		85,700
ID card	265,300	317,400
School Van Loan Repayment - Principal	755,943	443,626
School Van Loan Repayment - Principal	220,821	207,551
Total	180,170,432	137,904,029

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

Notes to the Financial Statements (continued)

13 Accounts Receivable

Description	2023	2022
	Kshs	Kshs
Fees Arrears	87,887,455	80,356,492
Un-surrendered Imprest	10,000	10,000
Salary Advances	1,603,812	2,219,812
Total	89,501,267	82,586,304

13 b Ageing Analysis of Accounts Receivable

Description	2023		2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Fee arrears for current year	15,721,157	18%		%
Fee arrears for previous year	1,770,347	2%	9,960,541	12%
Fee arrears for prior period (over 2 years)	70,395,951	80%	70,395,951	88%
Total (should tie to note 13 a)	87,887,455	100%	80,356,492	100%

14 Accounts Payable

Description	2023	2022
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	53,356,965	35,063,362
Prepaid Fees	10,504,589	3,513,447
Retention Monies		
Refundable fees	20,100	20,100
Total	63,881,654	38,596,909

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

Other important disclosure notes

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

16 Non-current Liabilities Summary

Description	2023	2022
	Kshs	Kshs
Bank Loans	1,184,931	1,940,874
Outstanding Leases		
Hire Purchase		
Gratuity And Leave Provision		
Others (specify)		
Total	1,184,931	1,940,874

17 Biological assets

Description	Numbers	2023	2022
		Kshs	Kshs
Cattle			
Goats			
Trees			
Coffee Or Tea Plantation			
Poultry			
Others (specify)			
Total			

18 Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year		
Borrowings during the year		
Repayments during the year		
Balance at the end of the year		

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1.						
2.						
3.						
Sub-Total						
Supply Of Goods						
4.						
5.						
Sub-Total						
Supply Of Services						
6.						
7.						
8.						
Sub-Total						
Grand Total						

Annex 2 – Summary of Fixed Assets Register