

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT: 17 JUN 2026

DAY.
Wednesday

TABLED
BY:

Deputy Majority Whip
Hon. Naomi Wago, MP

CLERK-AT
DE-TABLE:

Irene Nduku

THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

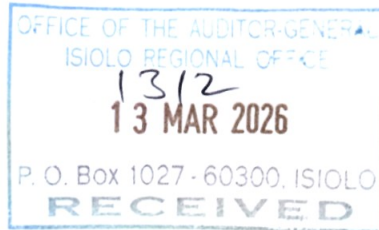
MERTI SECONDARY SCHOOL

FOR THE YEAR ENDED
30 JUNE, 2025

ISIOLO COUNTY

MERTI SEC. SCHOOL
P O. Box 177 -60300, ISIOLO
Date:..... Sign:.....

Revised 30th June 2025.



**MERTI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30th June 2025**

Transitional Financial Statements Prepared under the International Public Sector Accounting Standards (IPSAS)

(Leave this page blank)

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

Table of Contents

Page

1. Acronyms and Definition of Key Terms	ii
2. Key School Information and Management	iii
3. Summary Report of Performance of The School	vii
4. Statement of School Management Responsibility	xii
5. Report Of The Independent Auditors	xiii
6. Statement Of Financial Performance for the Year Ended 30 th June 2025	1
7. Statement of Assets and Liabilities As At 30 th June 2025	2
8. Statement of Cash Flows for the Year Ended 30 th June 2025	3
9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2025	5
10. Significant Accounting Policies	11
11. Notes To the Financial Statements	13
12. Annexes	25

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**



1. Acronyms and Definition of Key Terms

A. Acronyms.

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day Secondary Education
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary Education

B. Definition of Key Terms

Comparative Year- Means the prior period.

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

2. Key School Information and Management

(a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is in **Isiolo** County, Merti Sub-County.

The school was registered in April/1989 under registration number H/A/1191/89 and is currently categorized as a County public school established, owned or operated by the Government.

The school is a day/boarding school and had 95 number of students as at 30th June 2025. It has 1 stream and 8 teachers of which 1 teacher is 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	Adan Jirma Duba	Chairman	29th August,2022
2	Nyencho Galgallo Dima	Secretary - Principal	"
3	Asli Abduba	Member	"
4	Jirma Hussein Kuta	Member	"
5	Kanu Guyatu Halake	Member	"
6	Guyo Godana	Member	"
7	Golo Tanu Galgalo	Member	"
8	Dade Boru	Member – Rep CEB	"
9	Jarso Jillo Abduba	Member Rep Teachers	"
10	Mohamed Okile, Hassan Duba, Boru A. Adan	3 Members - Sponsor	"
11	Abkul Godana	Member - Community	"
12	Hussein Halkano	Member Special Needs	"
13	Abdirahman Hassan	Rep Students	27th July, 2024

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

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

(c) Committees of the Board

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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	ADAN JIRM DUBA NYENCHO GALGALLO ABKUL GODANA DADE BORU MOHAMED OKILE	Chairman Secretary Member Member Member	2/3 3/3 2/3 0/3 3/3
2	Audit Committee	Adan Jirm Duba Nyencho Galgallo Golo Tanu Mohamed Okile Abkul Godana	Chairman Secretary Member Member Member	2/2 2/2 1/2 2/2
3	Finance, procurement and general purposes Committee	Adan Jirm Duba Nyencho Galgallo Guyatu Kanu Mohamed Okile Golo Tanu	Chairman Secretary Member Member Member	1/1 1/1 0/1 1/1 1/1

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

4	Academic Committee	Jirma Hussein Kuta Nyencho Galgallo Mohamed Okile Kanu Guyatu Halake Jarso Jillo Abduba	Chairman Secretary Member Member Member	2/2 2/2 2/2 1/2 2/2
5	Development Committee	Golo Tanu Nyencho Galgallo Mohamed Okile Adan Jirma Abkul Godana	Chairman Secretary Member Member Member	0/0 0/0 0/0 0/0 0/0
6	Discipline and welfare Committee	Abkul Godana Nyencho Galgallo Golo Tanu Asli Abduba Jarso Jillo Abduba Hassan Duba	Chairman Secretary Member Member Member Member	2/2 2/2 1/2 1/2 1/2 1/2
7	Adhoc Committee (if any during the year)			

(d) School operation Management

For the financial year ended 30th June, 2025, the School's day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	Nyencho Galgallo Dima	TSC No. 420206
2	Deputy Principal	Ibrahim Buke Qalla	TSC No. 464609
3	School Bursar	Abdi Adi Sora	ID 12542492
4	Other (specify)		

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

(e) Schools contacts

Post Office Box: 177-60300; ISIOLO
Telephone: 0720908188
E-mail: mertisecondaryschool@gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

The school operated 5 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: KCB-(**OPERATION**)
Branch: ISIOLO
Account Number: 1103343009
2. Name of Bank: CONSOLIDATED-(**TUITION**)
Branch: ISIOLO
Account Number: 10111203000011
3. Name of Bank: ABSA-(**BOARDING**)
Branch: MERU
Account Number: 0132009708
4. Name of Bank: KCB-(**INFRASTRUCTURE**)
Branch: ISIOLO
Account Number: 1266987185
5. Name of Bank: EQUITY-(**NG-CDF**)
Branch: ISIOLO
Account Number: 0410279919080

6. MPESA Pay Bill No. **303030** attached to **0132009708** bank account number

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

(g) Independent Auditors

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

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

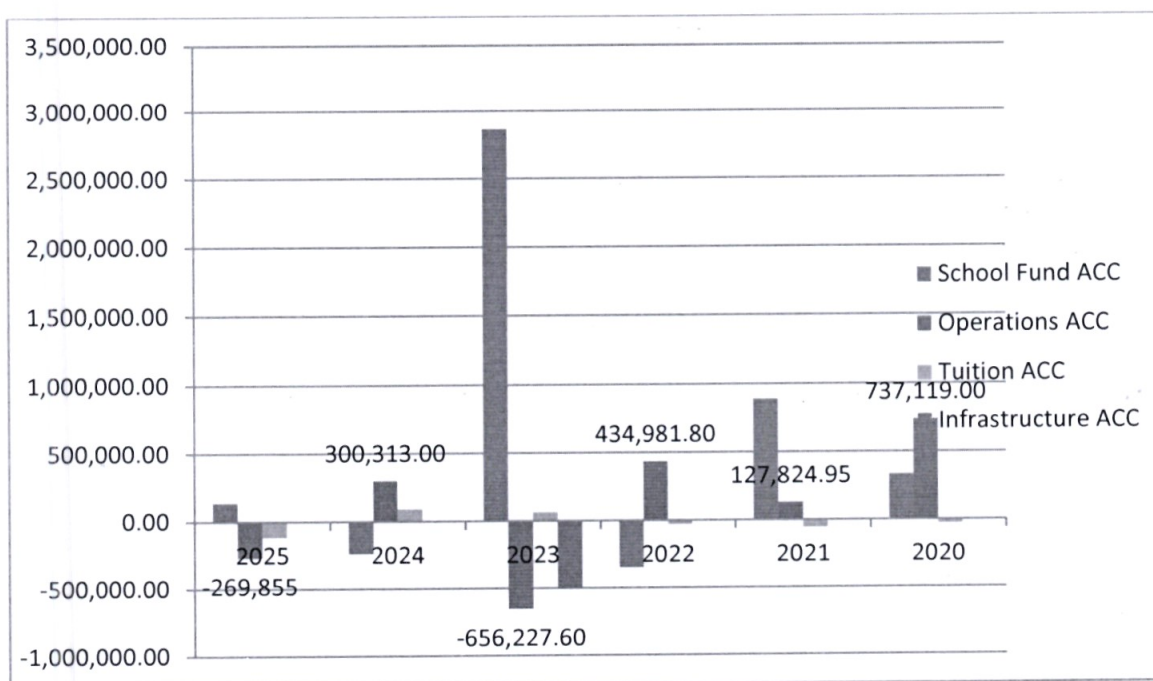
3. Summary Report of Performance of The School

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

a) Financial performance:

SNO	ACCOUNTS	2024/2025	2023/2024	2022/2023	2021/2022
		Kshs	Kshs.	Kshs.	Kshs
1	School Fund Account	138,185	(240,755)	2,864,663	(351,202)
2	Operations Account	(269,855)	300,313	(656,227)	434,981
3	Tuition Account	(116,970)	90,890	62.330	(30,825)
4	Infrastructure Account	-	-	(508,640)	
	TOTAL	(248,640)	150,448	1,762,126	52,954
	Increase/Decrease	(399,088)	(1,611,678)	1,709,172	52,954

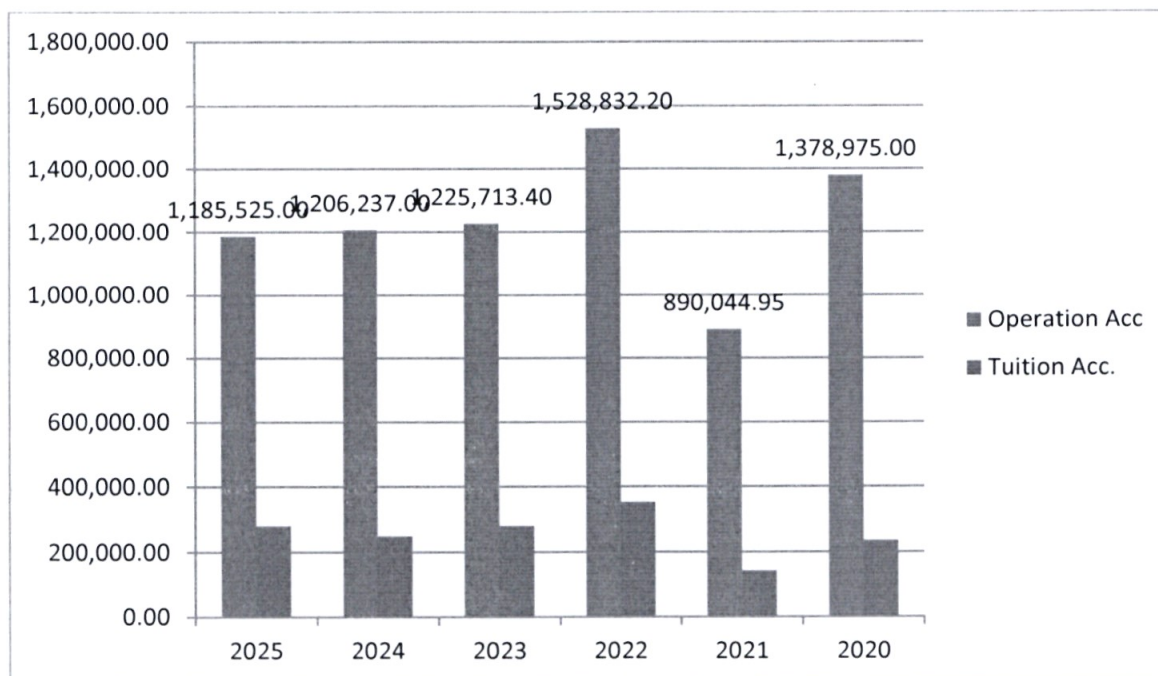
Trend over the last two years



MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

SNO	ACCOUNTS	2024/2025	2023/2024	2022/2023	2022
		Kshs	Kshs.	Kshs.	Kshs.
1	Operations Account	1,185,525	1,206,237	1,225,713	1,528,832
2	Tuition Account	280,565	249,020	280,730	352,090
	Total	1,466,090	1,455,257	1,506,564	1,880,922
	Increase/Decrease	(10,833)	51,307	374,358	848,877
	No of students	95	102	96	106
	Ratio of Capitation per students	1:15,432	1:14,267	1:15,693	1:17,745

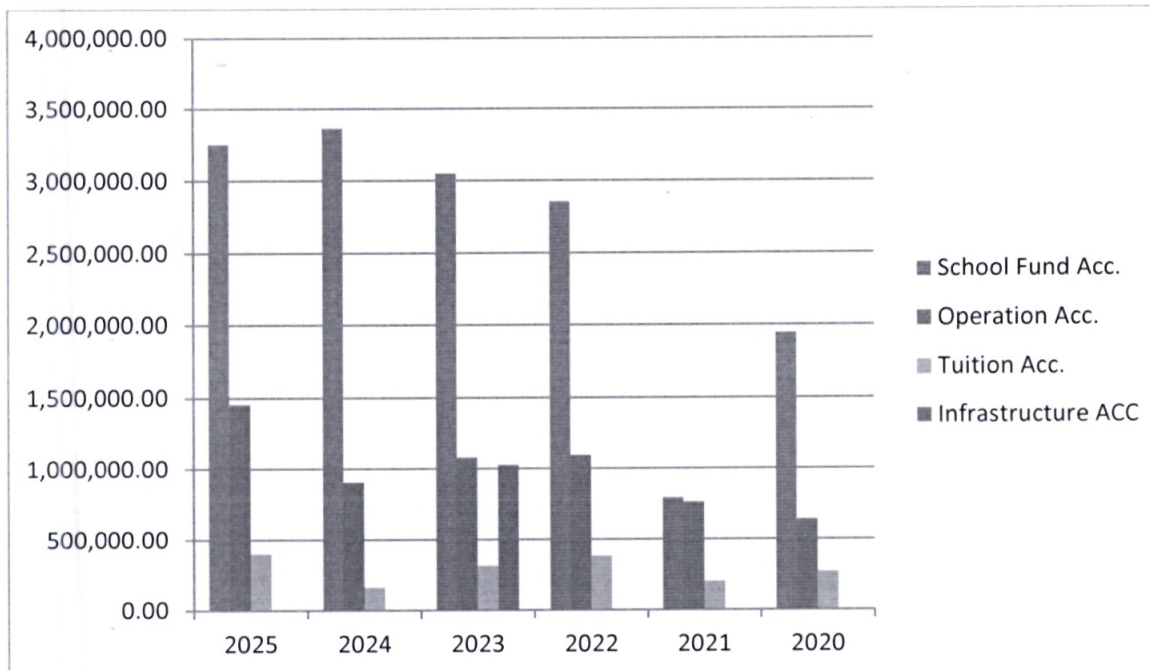
Trend over the last two years



MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

SNO	ACCOUNTS	2024/2025	2023/2024	2022/2023	2021/2022
		Kshs.	Kshs.	Kshs.	Kshs.
1	School Fund Account	3,252,135	3,362,705	1,532,992	2,856,062
2	Operations Account	1,455,380	905,924	1,809,991	1,093,850
3	Tuition Account	397,535	158,130	310,850	382,916
4	Infrastructure Account	-		1,024,640	-
	Total	5,105,050	4,426,759	4,678,473	4,332,828
	Increase/Decrease	(678,291)	(251,744)	345,644	(2,580,797)

Trend over the last two years



**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

b) Teacher Student ratio:

Between the month of July 2024 and June 2025, the status of the teaching staff is as follows:

There are 7 teachers posted by the Teachers Service Commission and 1 recruited by the Board of Management. It was unfortunate that 2 teachers were released from the school in the period, and replaced by one. No retiree in the period July 2024 to June 2025. Although the teacher student ratio lies at 1:12, we have a shortage of three teachers because of the subject combination

c) The mean score in the Years 2024,2023,2022,2021,2020,2019,2018 KCSE:

YEAR	ENTRY	MEAN	TRANSITION	TRANSITION (%)	SCHOOL TARGET	COMMENTS
2024	18	5.28	3	17	5.5	Although there was improvement, Target Not met
2023	<i>10</i>	<i>5.208</i>	<i>3</i>	<i>30</i>	<i>4.5</i>	Exceeded the target
2022	<i>24</i>	<i>4.028</i>	<i>0</i>	<i>0</i>	<i>4.0</i>	Positive deviation
2021	<i>21</i>	<i>3.429</i>	<i>0</i>	<i>0</i>	<i>3.5</i>	Positive deviation
2020	<i>27</i>	<i>2.852</i>	<i>0</i>	<i>0</i>	<i>3.5</i>	Positive deviation noted.
2019	<i>39</i>	<i>2.615</i>	<i>0</i>	<i>0</i>	<i>2.8</i>	Positive deviation noted
2018	<i>36</i>	<i>2.176</i>	<i>0</i>	<i>0</i>	<i>2.5</i>	The target was not meet.

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

d) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time


 Sign.....
 MERTI SEC. SCHOOL
 Box 177 -60300, ISIOLO
 Date.....
 School Principal

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

4. Statement of School Management Responsibility

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

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

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2025, and of the school's financial position as at that date.



.....

Name: ADAN JIRMA

Designation: Chairman, School Board of Management

Date: 10/3/26

 MERTI SEC. SCHOOL
P.O. Box 177-60300, ISIOLO

.....
Name: NYENCHO GALGALLO

Designation: School Principal & Secretary to Board of Management

Date: 10/03/2026



.....

Name: ABDI ADI

Designation: Bursar/ Finance Officer

Date: 10/3/26

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 MERTI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2025 - ISIOLO COUNTY

PREAMBLE

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

- A. Report on 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 the 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; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying transitional financial statements of Merti Secondary School set out on pages 1 to 24, which comprise of the statement of assets and liabilities

as at 30 June, 2025 and the statement of financial performance, statement of cash flows and statement of budgeted versus actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Merti Secondary School as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the Basic Education Act, 2013, the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements submitted for audit revealed the following inaccuracies:

- i) Statement of cashflow reflects a cash and cash equivalent at the end of the year of Kshs.1,013,866. However, the statement of assets and liabilities reflects a cash and cash equivalent of Kshs.1,223,370 leading to unexplained variance of Kshs.209,504.
- ii) The statement of financial performance reports an opening balance for school fund income–parents' contribution of Kshs.3,121,950, whereas Note 4 to the financial statements reflects an opening balance of Kshs.1,751,650, resulting in an unexplained variance of Kshs.1,370,300.
- iii) Comparison of the financial statements and the notes to the financial statements reflected the following variances;

Component	Statement of Financial Performance/Statement of Assets and Liabilities (Kshs.)	Notes to the Financial statements (Kshs.)	Variance (Kshs.)
School fund income-parents contribution - Note 4	3,390,320	3,391,424	1,104
Miscellaneous Income- Note 5	1,104	3,391,424	3,390,319
Operation - Note 7	1,455,380	1,355,380	100,000
Accounts Receivable -Note 13	14,840,431	1,354,530	13,485,901

- iv) The actual amounts reported in the statement of budgeted versus actual amounts differ from the actual amounts disclosed in the statement of receipts and payments, resulting in unexplained variances as shown below;

	Statement of Receipts and Payments (Kshs.)	Statement of budgeted versus Actual (Kshs.)	Variance (Kshs.)
School Fund Income - Parents' Contribution	3,390,320	1,639,720	1,750,600
Miscellaneous income	1,104	0	1,104
Payments for Tuition	397,535	325,875	71,660
Payments for Operations	1,455,380	990,275	465,105
Boarding and School Fund	3,252,135	1,893,645	1,358,490

- v) The actual amounts reported in the statement of budgeted versus actual amounts differ from the actual amounts disclosed in the statement of cash flows, resulting in unexplained variances as shown below;

	Statement of Receipts and Payments (Kshs.)	Statement of budgeted versus Actual (Kshs.)	Variance (Kshs.)
School Fund Income - Parents' Contribution	3,390,320	1,639,720	1,750,600
Miscellaneous income	1,104	0	1,104
Payments for Tuition	397,535	325,875	71,660
Payments for Operations	1,455,380	990,275	465,105
Boarding and School Fund	3,252,135	1,893,645	1,358,490

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

2. Long Outstanding and Unsupported Accounts Receivables

The statement of assets and liabilities and as disclosed in Note 13 to the financial statements reflects accounts receivable balance of Kshs.14,840,431. However, the supporting schedules, detailed aging analysis, issued invoices and listing of the students with outstanding fees indicating how much each owes were not provided for audit review. Further, included in the balance is accounts receivable balance of Kshs.12,609,601 which had been outstanding for more than two (2) years. The School did not have a policy on the impairment of long outstanding fees arrears casting doubt on full recoverability of the accounts receivables balance.

In the circumstances, the fair presentation, accuracy, and recoverability of the accounts receivables balance could not be confirmed.

3. Cash and Cash Equivalents

3.1 Unsupported Cash and Cash Equivalents

The statement of assets and liabilities and as disclosed in Note 10 to the financial statements reflect an amount of Kshs.1,198,310 with respect to bank balances. However, the school did not maintain a cashbook for the infrastructure account and no cash survey was performed. Further, there was no evidence of segregation of duties in the preparation

and review of bank reconciliations, as the statements were unsigned and did not indicate the preparer or the reviewing officer.

In the circumstances, the accuracy of the cash and cash equivalent balance of Kshs.1,198,310 could not be confirmed.

3.2 Non-Disclosure of a Bank Account

The statement of assets and liabilities and as disclosed under Note 10 to the financial statements, reflects a balance of Kshs.1,198,310 in respect of bank accounts as at 30 June, 2025. However, a review of the school bankers as presented in the financial statements revealed that the school maintained an NG-CDF account at Equity Bank and whose balance was not disclosed. Further, the bank statements, certificate of bank balance, cashbook, and bank reconciliation statements were not provided for audit review.

In the circumstances, accuracy of the cash and cash equivalent balance of Kshs.1,198,310 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2025, and after casting, reflects final total revenues budget and actual amounts on comparable basis of Kshs.6,042,295 and Kshs.3,105,811 respectively, resulting to an under funding of Kshs.2,936,484 or 49% of the budget. Similarly, the School spent Kshs.3,209,975 against actual receipts of Kshs.3,105,811 resulting to an over-expenditure of Kshs.104,164 or 103 % of the actual revenue without approval of the board.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Other Matter

1. Significant Exemptions in the Reporting Templates

The financial statements have been prepared using the financial year 2024/2025 reporting template issued by the Public Sector Accounting Standards Board (PSASB). As

communicated by PSASB on 25 February, 2026, the template was designed to facilitate a phased transition to accrual-based IPSAS for public secondary schools and, therefore, does not include certain statements and disclosures required under the full IPSAS transition. These omissions include the statement of changes in net assets/equity, detailed disclosures of transitional provisions under IPSAS 33, and a reconciliation of budgeted amounts to actual accrual amounts. The absence of these elements arises from limitations inherent in the prescribed template and does not constitute non-compliance on the part of the school.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issues remained unresolved;

No.	Financial Year	Audit Issue
1	2022/2023	Inaccuracies in the Financial Statements
2	2022/2023	Unsupported Cash and Bank Balances
3	2022/2023	Unsupported Accounts Receivable Balance
4	2022/2023	Unsupported Accounts payable Balance
5	2022/2023	Late submission of Financial Statements for Audit
6	2022/2023	Non-compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements
7	2022/2023	Non-compliance with the Public Procurement and Assets Disposal Act, 2015.
8	2022/2023	Excess supply of textbooks
9	2022/2023	Unconfirmed Students enrollment
10	2022/2023	Failure to prepare School Improvement Plan
11	2022/2023	Lack of Land ownership documents and incomplete fixed asset Register
12	2022/2023	Weaknesses in the governance of the school

Other Information

Management is responsible for the Other Information set out on page iii to xii which comprise of Key School Information and Management, Summary Report of Performance of the School, Statement of School Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on Merti Secondary School financial statements, my responsibility is to read the Other Information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE 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 the 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 to the Auditor-General

During the year under review, Management submitted the financial statements to the Auditor-General on 30 September, 2025. This was contrary to The National Treasury and economic planning circular with reference No.AG.3/88 VOL.VII (41) paragraph 1.9 which required all Accounting Officers for public entities and receiver of revenue to prepare annual financial statements and submit them to the Auditor-General by 31 August, 2025.

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

2. Non-Compliance with Public Sector Accounting Standards Board (PSASB) Financial Reporting Template

Review of financial statements revealed the following areas on non-compliance with the Public Sector Accounting Standards Board (PSASB) financial reporting template.

- i) The Summary Report on the Performance of the School on pages 8 to 10 includes tables and graphs analyzing various data. However, the table presented had no title, and some of the information disclosed was not consistent with the financial statements.
- ii) Management did not provide a commentary on significant budget underutilization (below 90% of utilization) and any overutilization above 100% as required in the template.
- iii) The statement of budgeted versus actual amounts did not have the sub-totals and totals of the income and expenditure.
- iv) The comparative year, 2023/2024 has not been included in Note 10-bank accounts.
- v) The statement on follow-up of auditor's recommendations is neither signed nor dated and does not comprehensively address all issues raised in the previous audit report.

In the circumstances, the Management was in breach of the Public Sector Accounting Standards Board (PSASB) guidelines.

3. Unbalanced Budget

The statement of budgeted versus actual amount reflects budgeted revenue of Kshs.6,042,295 and an approved expenditure budget of Kshs.6,027,295 resulting to a budgeted surplus of Kshs.15,000. However, no explanation was given on why the school board approved the unbalanced budget contrary to Section 33 of the Public Finance Management (National Government) Regulations, 2015 which requires the budget to be balanced.

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

4. Unconfirmed Students Enrolment Data

The statement of financial performance reflects capitation grants for tuition and capitation grants for operations of Kshs.280,565 and Kshs.1,185,525 respectfully totalling Kshs.1,466,090. Comparison of data from National Education Management and information System (NEMIS) with the school records revealed that during the period of 22 August, 2024 and 28 May, 2025, NEMIS reflected 122 and 94 students respectively while records from the school had 113 and 90 students respectively, resulting to an overfunding of the school by an amount of Kshs.42,383. This was contrary to Ministry of Education vide Circular MOE.HQs/3/10/18/ (46) dated 7 February, 2022 and Circular MOE.HQS/3/13/3 dated 16 June, 2021 issued guidelines on implementation of Free Day Secondary Education (FDSE) requires that all learners to be registered in NEMIS the principals to ensure their records are accurate.

In the circumstances, the School was over-funded due to inaccurate enrolment in the NEMIS system.

5. Partial and Late Transfer of Infrastructure Funds from Operations Bank Account

The statement of financial performance reflects operation grants amount of Kshs.1,185,525 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.344,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the school's facilities. However, only Kshs.91,500 was transferred to infrastructure account, leaving a balance of Kshs.252,500 as at 30 June, 2025. Further, an amount of Kshs.91,500 was transferred on 24 September, 2024 or 27 days of receipt. This was contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 directs that infrastructure grants as well as maintenance and improvement funds be transferred to the school infrastructure account fifteen days upon receipt of the funds in the operations account.

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

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

The statement of financial performance as disclosed in Note 9 to the financial statements reflects an amount Kshs.3,252,135 with respect to boarding and school fund payments. Included in this expenditure is an amount of Kshs.31,300 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.31,300 could not be confirmed.

7. Non-Registration with the Data Protection Commissioner

Audit review established that the School had not registered with the Office of the Data Protection Commissioner as a data controller and data processor, despite actively collecting, processing, and storing personal data of staff, service providers, and students during the year under review. This was contrary to Section 18(1) of the Data Protection Act, 2019. This lapse exposes the school to risks of potential breaches of personal data, and associated legal and reputational consequences.

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

8. Irregularities in Procurement Processes

8.1 Lack of a Procurement Function

The School did not have an established procurement function managed by qualified procurement professional as required under Section 47(2) of the Public Procurement and Asset Disposal Act, 2015 requiring public entities function to be handled by a registered procurement profession and Regulation 33 of the Public Procurement and Asset Disposal Regulations, 2020 requiring public entities to establish a procurement function. Procurement activities were undertaken by individuals lacking the requisite qualifications.

9. Lack of a Procurement Plan

The statement of financial performance. reflects amounts of Kshs.4,857,514 and Kshs.5,105,050 in respect of total receipts and payments respectively. However, during the year, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

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

10. Failure to Prepare School Improvement Plan

During the year under review, the School did not have an approved School Improvement Plan, contrary to Section 2.2 of the Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which requires schools to identify in every three-year school improvement planning cycle, one priority area in each of the four key areas which include curriculum implementation, foundational literacy and numeracy outcomes, an enabling environment for learning and parental involvement and community engagement for implementation.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 and comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing 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. Weaknesses in Human Resource Management

Audit review established that the school did not have an approved salary structure for supporting staff, an approved staff establishment, or a formal scheme of service for Board of Management teachers outlining job descriptions, qualifications, and recruitment standards. This indicates weaknesses in internal controls over human resource management, thereby exposing the school to risks of irregular recruitment, inconsistent remuneration and unauthorized payments.

In the circumstances, the effectiveness of internal controls over staff recruitment, deployment and payment of personal emoluments could not be confirmed.

2. Lack of Land Ownership Documents and Incomplete Fixed Asset Register

Annex 2 to the financial statements on summary of the fixed assets register reflected an amount of Kshs.60,098,045. However, the detailed fixed assets register indicated unvalued school land whose ownership documents was not provided for audit. In addition, the asset register lacked information on the cost, purchase date, asset coding and serial

numbers of the assets. Further, audit inspection carried out in 27 February, 2026 on school assets revealed that the items including furniture and printers were not tagged.

In the circumstances, the effectiveness of management controls over assets could not be confirmed.

3. Lack of Automation of Key Processes

Audit review established that the School majorly relies on manual systems for transaction processing and record keeping. This exposes the school to inherent risks associated with manual operations, including processing errors, inaccurate financial reporting, susceptibility to manipulation of records, and compromised data integrity and confidentiality. Further, manual processes are inefficient and hinder timely processing and retrieval of information.

In the circumstances, the adequacy and effectiveness of internal controls over financial processing and record management could not be confirmed.

4. Weaknesses in the Board of Management

4.1 Inactivity of Board Committees

The school established Board Committees, including Finance and General Purpose, Audit, Executive, Academic, Development, and Discipline and Welfare, in line with Section 61(2) of the Basic Education Act, 2013. However, audit review revealed that no evidence was provided to confirm that any of these Committees held meetings during the year under review.

4.2 Failure to Hold Meetings

During the year under review, the Board of Management convened only one meeting, held on 11 October, 2024 thereby limiting its ability to provide strategic direction, ensure accountability, and effectively oversee the operations of the school. This was contrary to Section 6(1) of the Fourth Schedule to the Basic Education Act, 2013, which requires the Board to meet at least once every four months.

In the circumstances, the effectiveness of governance and oversight by the Board of Management could not be confirmed.

5. Deterioration of School Infrastructure

Physical verification of the school infrastructure revealed that a majority of the buildings are aged and in need of significant renovation and refurbishment. The administration block was observed to have a substructure constructed using timber, raising concerns regarding structural durability and long-term stability. Further inspection of the laboratory block revealed a worn-out floor slab and cracked walls. Similar structural deficiencies, including deteriorated flooring and wall cracks, were also noted in some classrooms and the administration block. These conditions indicate progressive deterioration of infrastructure and may pose safety risks to learners, staff, and other users if not promptly

addressed through comprehensive structural assessment and appropriate rehabilitation measures.

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 the financial statements in accordance with International Public Sector Accounting Standards (Accrual 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern of accounting unless Management is aware of the intention to terminate the School or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

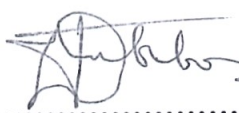
21 April, 2026

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2025

6. Statement Of Financial Performance for the Year Ended 30th June 2025

Description Of Vote Head	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue			
Government grants for tuition	1	280,565	249,020
Government grants for operations	2	1,185,525	1,206,237
Government Grants for infrastructure	3	-	-
School fund income- parents' contributions	4	3,390,320	3,121,950
Miscellaneous incomes	5	1,104	
Total Revenue		4,857,514	4,577,206
Expenditure			
Tuition	6	397,535	158,130
Operations	7	1,455,380	905,924
Infrastructure	8	-	
Boarding and school fund	9	3,252,135	3,362,705
Total Expenditure		5,105,050	4,426,759
Surplus/Deficit		(247,536)	150,447

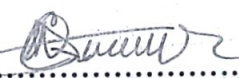
The school financial statements were approved on 31/08/2025 and signed by:



Name: ADAN JIRMA

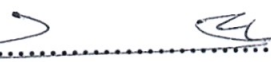
Chair BOM

Date: 10/3/26



Name: NYENCHO
GALGALLO
School Principal/ Secretary to
BOM

Date: 10/03/2026



Name: ABDI ADI

Bursar/ Finance Officer

Date: 15/8/2026

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

7. Statement of Assets and Liabilities As At 30th June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	1,198,310	1,254,335
Cash balances	11	25,060	3,770
Short term investments	12	-	
Total cash and cash equivalent		1,223,370	1,258,105
Account's receivables	13	14,840,431	15,044,702
Total financial assets (a)		16,063,801	16,302,807
Financial liabilities			
Accounts payables	14	409,890	401,360
Total Financial Labilities (b)			
Net financial assets (a-b)		15,653,911	15,901,447
Represented by			
Accumulated fund b/fwd	15	15,901,447	15,751,390
Surplus/deficit for the year		(247,536)	150,447
Net Assets		15,653,911	15,901,447

The school's financial statements were approved on 31/08/2025 and signed by:

Name: ADAN JIRMA

Chair BOM

Date: 10/3/26

Name: NYENCHO

GALGALLO

School Principal/ Secretary to
BOM

Date: 10/03/2026

Name: ABDI ADI

Bursar/ Finance Officer

Date: 10/3/26

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2025

8. Statement of Cash Flows for the Year Ended 30th June 2025

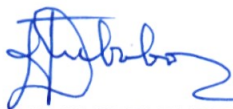
Description	Note	2024/2025 Kshs	2023/2024 Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition		280,565	249,020
Government grants for operations		1,185,525	1,206,237
Government grants for infrastructure		-	
School fund income- parents contributions/ fees		3,390,320	3,121,950
Other income		1,104	
Total receipts		4,857,514	4,577,207
Payments			
Cash outflows for tuition		397,535	158,130
Cash outflows for operations		1,455,380	905,924
Cash outflows for Infrastructure			
Cash outflows Boarding/lunch and school fund payments		3,252,135	3,362,705
Total payments		5,105,050	4,426,759
Net cash inflow/outflow from operating activities		(247,536)	150,448
Cash flow from investing activities		-	
Acquisition of assets		-	-
Proceeds from sale of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash inflow/outflows from investing activities		-	-
Cash flow from Financing activities		-	
Proceeds from borrowings/ loans	18	-	-
Repayment of principal borrowings		-	-
Net cash inflow/outflow from financing activities		-	-
Net increase/decrease in cash and cash equivalents		(247,536)	150,448
Cash and cash equivalent at beginning of the FY		1,261,402	1,110,974
Cash and cash equivalent at end of the FY		1,013,866	1,261,402

Note: Cash and Cash Equivalent is the summation of Note 10, 11 and 12.

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

(The above presentation of the 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).

The school's financial statements were approved on _____ 31/08/2025 and signed by:



Name: ADAN JIRMA

Chair BOM

Date: 10/3/26

MERTI SEC. SCHOOL
P.O. Box 177 -60300, ISIOLO



**Name: NYENCHO
GALGALLO**

**School Principal/ Secretary to
BOM**

Date: 10/03/2026

Name: ABDI ADI

Bursar/ Finance Officer

Date:

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2025

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					
(1) Capitation Grant on Tuition					
Reference Materials	43,585	-	43,585	7,000	16
Exercise Books	71,519	-	71,519.00	50,000	35
Laboratory Equipment	63,572	-	63,572	110,052	173
Internal Exams	28,607	-	28,607	8000	28
Teaching / Learning Materials	39,036	-	39,036	43,000	80
Exams And Assessment	28,607	-	28,607	7000	24
Chalk	15,000	-	15,000	14,000	93
Administration cost	71,519	-	71,519	41,513	58
(2) Capitation Grant on Operations					
Personnel Emoluments	379,449	-	379,449	268,390	71
Repairs And Maintenance	575,000		575,000	344,000	60
Local Transport / Travelling	206,986		206,986	134,196	65
Electricity And Water	207,028		207,028	134,195	65
Medical	230,000		230,000	102,410	45
Administration Costs	264,537		264,537	134,195	51

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2025

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
Activity	195,500	-	195,500	68,140	35
Gratuity	-	-	-	-	-
3) FDSE for infrastructure					
Maintenance &Improvement MoE	-				-
M&I parents' contribution	-				-
Economic Stimulus Programs	-				-
Transition Infrastructure Grants	-				-
Administration Block	-				-
(4) Fees Charged on Parents					
Personnel Emoluments	211,650	-	211,650	57,550	27
Repairs And Maintenance	97,200	-	97,200	37,600	39
Local Transport / Travelling	106,600	-	106,600	43,300	41
Electricity And Water	158,700	-	158,700	36,300	23
Medical	-	-	-	-	-
Administration Costs	94,950	-	94,950	29,270	31
Activity	15,000	-	15,000	3,500	23
SMASSE	-	-	-	-	-
Fee On Boarding Equipment and Stores	2,938,250	-	2,938,250	1,432,200	49
5) Miscellaneous Income					

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

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
Loans / Borrowing	-	-	-	-	-
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	-	-	-	-	-
Total Income					
(6) Expenditure For Tuition					
Textbooks					
Reference Materials	43,585	-	43,585	-	-
Exercise Books	71,519	-	71,519	15,800	22
Laboratory Equipment	63,572	-	63,572	135,675	213
Internal Exams	28,607	-	28,607.00	4,000	14
Teaching / Learning Materials	39,036	-	39,036	32,900	84
Chalks				7,000	-
Exams And Assessment	28,607	-	28,607	5,100	
Teachers Guides				-	-

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2025

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	71,519	-	71,519	124,920	175
Bank Charges	-	-	-	480	-
(7) Expenditure For Operations					
Personnel Emoluments	379,449	-	379,449	697,500	184
Repairs, Maintenance & Improvements	575,000		575,000	13,700	2.4
Local Transport / Travelling	206,986		206,986	38,300	19
Electricity, Water and Conservancy	207,028		207,028	77,750	38
Medical	230,000		230,000	33,275	14.5
Administration Costs	264,537		264,537	101,200	38
Activity Expenses	195,500	-	195,500	28,550	15
Gratuity	-	-	-	-	-
SMASSE				-	-
(8) Expenditure For infrastructure					
Construction of classrooms	-	-	-	-	-
Construction of LAB	-	-	-	-	-
Construction of DORMS	-	-	-	-	-
Purchase of furniture	-	-	-	-	-
Purchase of equipment	-	-	-	-	-

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

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
Purchase of machinery	-	-	-	-	-
(9) Expenditure For school fund/lunch/boarding					
Personnel Emoluments	211,650	-	211,650	218,600	103
Repairs, Maintenance and Improvements	97,200	-	97,200	81,570	84
Local Transport / Travelling	106,600	-	106,600	357,450	335
Electricity, Water and Conservancy	158,700	-	158,700	178,400	112
Medical Expenses	-	-	-	-	-
Administration Costs	94,950	-	94,950	86,329	91
Activity	15,000	-	15,000	52,610	350
Gratuity	-	-	-	-	-
Lunch Programme	-	-	-	-	-
Boarding Equipment and Stores	2,938,250	-	2,938,250	902,440	31
Expenditure For Income Generating Activity	-	-	-	-	-
Insurance Costs	-	-	-	-	-
Other Expenses On Investments	-	-	-	-	-
Rent Expenses	-	-	-	-	-
Bank Charges	-	-	-	16,426	-
Loan Interest Repayment	-	-	-	-	-
Loan Principal Repayment	-	-	-	-	-

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2025

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
Acquisition Of Assets	-	-	-	-	-
Totals					

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

- i. Xxx
- ii. Xxx

10. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

Statement of Compliance

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The entity has taken advantage of the transitional provisions under IPSAS 33, and therefore, these first/second/third/year financial statements are transitional financial statements.

Basis of Preparation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, statement of cash flow). Under an accrual basis, revenues are recognized when rights to assets are earned or levied rather than when cash is received, and expenses are recognized when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of revenue and expenditure

The school recognizes all revenue from various sources when earned and all expenses when incurred.

The capitation grants include recurrent and development grants. Recurrent capitation are recognised in the statement of financial performance while development grants are recognised in the statement of financial position after meeting the revenue recognition criteria. The conditional grants will be recognised as revenue upon fulfilment of the set conditions.

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 financial performance both as revenue and as expenditure in equal and opposite amounts; otherwise, the contribution is not recorded.

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2025

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 an insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

5. Accounts Receivable

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

6. Accounts Payable

For the purposes of these financial statements, deposits, and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditures incurred for the purchase of goods, works and services that have 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 2025.

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

11. Notes To the Financial Statements

1 Government Grants for Tuition

Description	2024/2025	2023/2024
	Kshs	Kshs
Reference Materials	7,000	8,500
Exercise Books	50,000	53,000
Laboratory Equipment	110,052	110,488
Internal Exams	8,000	
Teaching / Learning Materials	43,000	26,841
Chalks	14,000	7,000
Exams and assessment	7,000	13,000
Teachers Guides	-	
Administrative cost	41,513	30,191
Total	280,565	249,020

**Include others as per MOE circulars*

2 Government Grants for Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	268,390	309,077
Repairs And Maintenance	344,000	393,100
Local Transport / Travelling	134,196	154,539
Electricity And Water	134,195	154,539
Medical	102,410	8,475
Administration Costs	134,195	154,539
Activity	68,140	31,969
Other Vote Heads (specify)*	-	
Total	1,185,525	1,206,237

**Include others as per MOE circulars*

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

3 Government Grants for infrastructure

Description	2024/2025	2023/2024
	Kshs	Kshs
Maintenance & Improvement	-	-
Transition infrastructure grants	-	-
Administration Block	-	-
Economic stimulus grants	-	-
Other (specify) (NGCDF and County govt.	-	-
Total	-	-

4 School Fund Income - Parents Contribution/Fees

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel emoluments	57,550	130,350
Repairs and maintenance	36,600	82,400
Local transport / travelling	43,300	61,600
Electricity and water	36,300	65,300
Medical	-	-
Fee on Boarding Equipment and stores	1,432,200	1,342,750
Administration costs	29,270	40,900
Activity	3,500	28,350
SMASSE	-	-
PA Levies*	-	-
Bursary	429,500	
Debtors	629,100	
Salary	40,000	
FEES	553,000	
Interest	1,104	
Inter-Account Borrowing	100,000	
Total	3,391,424	1,751,650

*Includes all levies charged by the school outside the fees structure but by mutual agreement with the parents.

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

5 Miscellaneous Incomes

Description	2024/2025	2023/2024
	Kshs	Kshs
Rent Income	-	-
Income From Farming Activities	-	-
Insurance Compensation	-	-
Income From Posho Mill	-	-
Income From Bus Hire	-	-
Fee For Hire of Ground and Equipment	-	-
Income From Grants and Donations*	-	-
Interest Income	-	-
Dividends Income	-	-
Loans/Borrowings*	-	-
Other Income (<i>specify</i>)*	-	-
Total	3,391,424	1,751,650

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

*Ensure proper authorization from MOE before obtaining loans/borrowings.

*Indicate what other income relates to including income arising from writebacks if any.

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

NOTES TO FINANCIAL STATEMENTS (continued)
PAYMENTS

6 Tuition

Description	2024/2025	2023/2024
	Kshs	Kshs
Text Books and Reference Materials	-	-
Exercise books	15,800	7,000
Laboratory Equipment	135,675	95,070
Internal exams	4000	-
Teaching / Learning Materials	32,900	15,150
Chalks	7000	9,000
Exams And Assessment	5,100	7,000
Teachers Guides	-	-
Administrative Costs	124,920	24,430
Bank Charges	480	480
Creditors	71,660	
Total	397,535	158,130

7 Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	697,500	421,200
Service Gratuity	-	-
Administration Cost	101,200	28,125
Repairs And Maintenance & Improvements	13,700	-
Local Transport / Travelling	38,300	189,000
Electricity And Water	77,750	140,057
Medical	33,275	-
Activity Expenses	28,550	23,970
SMASSE	-	-
NSSF	47,040	51,360
NHIF	1,800	17,100
Insurance Cost	-	-
Bank Charges	465	5,112
Acquisition of Assets	-	-
Infrastructure transfer	215,800	

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

Inter acc. Transfer ABSA	100,000	
Total	1,355,380	905,924

8 Infrastructure

Description	2024/2025	2023/2024
	Kshs	Kshs
Construction of classrooms		
Construction of laboratory		
Construction of dormitory		
Purchase of furniture		
Purchase of equipment		
Purchase of apparatus		
Drilling of boreholes		
Others (specify)		
Total		

9 Boarding And School Fund

Description	2024/2025	2023/2024
	Kshs	Kshs
Personnel Emoluments	218,600	488,000
Repairs And Maintenance & Improvements	81,570	100,100
Local Transport / Travelling	357,450	208,000
Electricity And Water	178,400	197,332
Medical Expenses	-	-
Administration Costs	86,329	135,440
Activity	52,610	58,475
Gratuity	-	-
Bursary	429,500	856,000
Lunch Program	-	-
Fee On Boarding, Equipment and Stores	902,440	1,305,195
Expenses On Income Generating Activities**	-	-
Insurance Cost	-	-
Other Expenses on Investment	-	-
Rent Expenses	-	-
Bank Charges	16,426	14,164
Loan Principal Repayment	-	-

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

Loan Interest Repayment	-	-
Acquisition Of Assets	-	-
PA expenses	-	-
NHIF	6000	-
KESSHA	28,300	-
CREDITORS	329,750	-
NSSF	11,760	-
FEES	553,000	-
Total	3,252,135	3,362,706

*(Expenses on income generating activities** should include all costs relating to the school earnings on miscellaneous revenue as recorded in note 5. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others).*

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2025

10 Bank Accounts

Account Name & Currency	Status	Bank Account Number	2024/2025
	Active/Dormant		Kshs
Tuition Account(CONSOLIDATED)	10111203000011	Active	52,876
Operations Account(KCB)	1103343009	Active	119,733
School Fund Account/Boarding(ABSA)	0132009708	Active	610,887
Savings Account	-	-	-
Parent Association Development Account	-	-	-
Income Generating Activities Account	-	-	-
Infrastructural Account(KCB)	1266987185	Active	414,813
Total			1,198,309

11 Cash In Hand

Description	2024/2025	2023/2024
	Kshs	Kshs
Notes and Coins	25,060	-
Total	25,060	-

12 Short Term Investments

Description	2024/2025	2023/2024
	Kshs	Kshs
Cooperative Shares	-	-
Treasury Bills	-	-
Fixed Deposit accounts	-	-
Other Investments	-	-
Total		

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL**
Annual Report and Financial Statements
For the year ended 30th June 2025

13 Accounts Receivable

Description	2024/2025	2023/2024
	Kshs	Kshs
Fees Arrears	1,354,530	15,044,702
Other Non-Fees Receivables	-	-
Salary Advances (list/schedule attached)	-	-
Imprest (list/schedule attached)	-	-
Rent arrears (list/schedule attached)	-	-
Total	1,354,530	15,044,702

13 b) Ageing Analysis of Accounts Receivable

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,354,530	9.13%		%
Between 1- 2 years	876,300	5.90%	876,300	6%
Between 2-3 years	1,343,714	9.05%	1,343,714	9%
Over 3 years	11,265,887	75.91%	12,824,688	85%
Total (should tie to note 13 a)	14,840,431	100%	15,044,702	100

14 Accounts Payable

Description	2024/2025	2023/2024
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	409890	401,360
Prepaid Fees	-	-
Retention Monies	-	-
Unpaid salaries and statutory deductions	-	-
Caution money	-	-
Other payables (<i>specify</i>)	-	-
Total	409,890	401,360

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

14a. Ageing Analysis of Accounts Payable

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	409,890	100%		%
Between 1- 2 years	0	%	401,360	100
Between 2-3 years	0	%	-	
Over 3 years	0	%	-	
Total (should tie to note 14)	409,890	100%	401,360	100

15 Fund Balance Brought Forward

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank Balances	1,198,309	1,254,335
Cash Balances	25,060	3,770
Short Term Investments	-	-
Receivables	1,354,530	15,044,702
Payables	(409,890)	(401,360)
Total	2,168,009	14,643,342

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

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	2024/2025	2023/2024
	Kshs	Kshs
Bank Loans	-	-
Outstanding Leases	-	-
Hire Purchase	-	-
Gratuity And Leave Provision	-	-
Others (specify)	-	-
Total	-	-

17 Biological assets

Description	Numbers	2024/2025	2023/2024
		Kshs	Kshs
Cattle		-	-
Goats		-	-
Trees		-	-
Coffee Or Tea Plantation		-	-
Poultry		-	-
Others (specify)		-	-
Total		-	-

18 Borrowings

	2024/2025	2023/2024
Description	Kshs	Kshs
Borrowings at beginning of the year	-	-
Borrowings during the year	-	-
Repayments during the year	-	-
Balance at the end of the year	-	-

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

Other important disclosure notes

19 Stock/ Inventory

a) Stock/ Inventory

Description	2024/2025	2023/2024
	Kshs	Ksh.
Stock/ inventory at beginning of the year	153310	67,310
Stock/ inventory purchased during the year	1,196,215	1,431,415
Stock/ inventory issued during the year	1,232,225	1,345,415
Balance at end of the year	117,300	153,310

b) Stock/ Inventory

Description	2024/2025	2023/2024
	Kshs	Kshs
Food stuffs	29,300	86,000
Lab consumables	65,000	15,000
Farm produce	-	-
Medication	-	-
Construction Materials	-	-
Stationaries	23,000	52,310
Balance at end of the year	117,300	153,310

(Stock to be measured at lower of cost and net realisable value. Net realisable value is the difference between selling costs less costs to sell)

**MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025**

20 Progress On Follow Up of Auditor Recommendations

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

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Variance between Balances reflected in the statement of receipts and payments and corresponding notes.	Challenges in preparing FS under IPSAS as little training was done for accounts clerks. This has been rectified in the corrected FS	Resolved	
2	Unsupported Cash and Bank Balances	The errors in FS has since been rectified in the corrected financial statements	Resolved	
3	Inaccuracy in capitation Grants for operations	Sometime the figures from the MoE and what we receive in the school may differ, but we can report on what has been received in the school.	Resolved	
4	Late submission of Financial Statements	The FS for year 2023 was prepared towards the end of the year and submitted.	Resolved	
5	Weakness in Governance of the school.	The BoM met more than once in the year in question, however some of the minutes were missing in the file. This has been noted and proper filing adopted in the future.	Resolved	
6	Accuracy of school Enrolment Data	This is as a result of some students not having birth certificates, and also the NEMIS system not responsive sometimes especially to the cases of transfers.	Not resolved	By the end the year.

Sign and Date
Principal

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

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 2025	Outstanding Balance Comparative 2024	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1.	-			-		
2.				-		
Sub-Total	-			-		
Supply Of Goods						
3. Four Silver Transporters	343,200	28/06/2024		343,200		
4. Baranot Bookshop	66,690	28/06/2024		66,690		
Sub-Total	409,890			409,890		
Supply Of Services						
5.						
6.						
Sub-Total	-	-		-		
Grand Total	409,890			409,890		

MERTI SECONDARY SCHOOL
COUNTY SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2025

Annex 2 – Summary of Fixed Assets Register

Asset Class	Date Purchased	Location	Historical Cost b/f (Kshs) 1st July 2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2025
Land 1	1986	MERTI	17,000,000	-	-	17,000,000
Land 2	1986	MERTI	13,500,000	-	-	13,500,000
Buildings And Structures	-		24,980,000	-	-	24,980,000
Motor Vehicles	-		-	-	-	-
Office Equipment, Furniture and Fittings			367,000	-	-	367,000
ICT Equipment and other ICT Assets			1,100,000	221,045	-	1,321,045
Tools And Apparatus			920,000	-	-	920,000
Textbooks			1,980,000	-	-	1,980,000
Other Machinery and Equipment			-	-	-	-
Heritage And Cultural Assets			-	-	-	-
Intangible Assets- Soft Ware			30,000	-	-	30,000
Total			59,877,000	-	-	60,098,045

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