REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KAJIUNDUTHI HIGH SCHOOL

FOR THE SIX (6) MONTHS PERIOD ENDED 30 JUNE, 2021

THARAKA NITHI COUNTY

HARAMBEE

KAJIUNDUTHI HIGH SCHOOL
PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2021

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

Table of Contents

I. KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in Tharaka Nithi County, Maara Sub-County

The school was registered in 1969 under registration number 113S00300744 and is currently categorized as, Extra County public school established, owned or operated by the Government.

The school is a boarding school and had 1260 number of students as at 30th June 2021. It has six streams and 60 teachers of which 16 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	ASHFORD KARANI MWENDA	Chairman	1/1/2019
2	KIRINGO M'ERINGO	Secretary - Principal	1/1/2019
3	FRANKLIN NJAGI	Member	1/1/2019
4	JANE NJERI GITONGA	Member	1/1/2019
5	KIRIMI MUTURI	Member	1/1/2019
6	ENG.FRANLIN MWENDA FESTUS	Member	1/1/2019
7	JULIET ITHIMA NJAGI	Member	1/1/2019
8	BURURIA CHABARI	Member – Rep CEB	1/1/2019
9	AUGUSTINE NYAGA CHABARI	Member Rep Teachers	1/1/2019
10	HUMPREY NJUE MWENDA	Members - Sponsor	1/1/2019
11	BARNABA NJERU NJAGI	Member - Community	1/1/2019
12	JACOB NYAGA IBRAHIM	MemberSpecial Needs	1/1/2019
13	AMOS KIRONCO	Rep Students	1/1/2019
14	MARANGU M'RAGWA	MEMBER	1/1/2019

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year JAN – JUNE 2021
		Ashford Karani	Chairman	2
		Kiringo M'Eringo	Member	
		Bururia Chabari	Member	
		Jane Gitonga	Member	
		Eliphas Mwenda	Member	
1	Executive Committee			
		Eng:Festus Mwenda	Chairman	1
		Juliet Ithima Njagi	Secretary	
2	Audit Committee	Kirimi Muturi	Member	
	Finance,procurement and	Eng. Festus Mwenda	Chairman	1
	general purposes	Juliet Ithima Njagi	Secretary	
3	Committee	Kirimi Muturi	Member	
		Bururia Chabari	Chairman	1
		ChabariNyaga	Secretary	
4	Academic Committee	Juliet Ithima	Member	2
		Bururia Chabari	Chairman	
		Ashforf Karani	Secretary	
5	Development Committee	Eliphas Mwenda	Member	
		Kirimi Muturi	Chairman	1
		Marangu M'Ragwa	Secretary	
	Discipline and welfare	Chabari Nyaga	Member	
6	Committee	Eliphas Mwenda	Member	
7	Adhoc Committee (if any during the year)			

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(d) School operation Management

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

Ref:	Designation	Name	TSC Number/ID NO
1	Principal	KIRINGO M'ERINGO	310844
2	Deputy Principal	STANELY MUTEMBEI MUTHARAKA	393688
3	Deputy Principal	MWITI NICHOLAS	314316
4	School Bursar	FLORENCE GATWIRI KIMATHI	24768339

(e) Schools contacts

Post Office Box: 150 CHOGORIA
Telephone: 0741092008
E-mail: kajiunduthi high@gmail .com
Website:
Facebook:
Twitter:

(f) School Bankers

The following school operated six number of bank accounts in the following banks

1. Name of Bank: KCB BANK
   Branch: CHUKA
   Account Number: 1103210327
   Account name School Fund

2. Name of Bank: KCB BANK
   Branch: CHUKA
   Account Number: 1103668587
   Account name School Fund

3. MPESA Pay Bill No. 522123 attached to KCB bank account no 1103668587 school Fund account

4. Name of Bank: CO-OPERATIVE BANK
   Branch: CHOGORIA
   Account Number 01129057644500
   Account name School Fund

5. Name of Bank: CO-OPERATIVE BANK
   Branch: CHOGORIA
   Account Number 01139057644501
   Account name Infrastructure

6. Name of Bank: CO-OPERATIVE BANK
Branch: CHOGORIA
Account Number 01139057644500
Account name Tuition

7. Name of Bank: CO-OPERATIVE BANK
Branch: CHOGORIA
Account Number 01139057644502
Account name Operation

(g) Independent Auditors

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

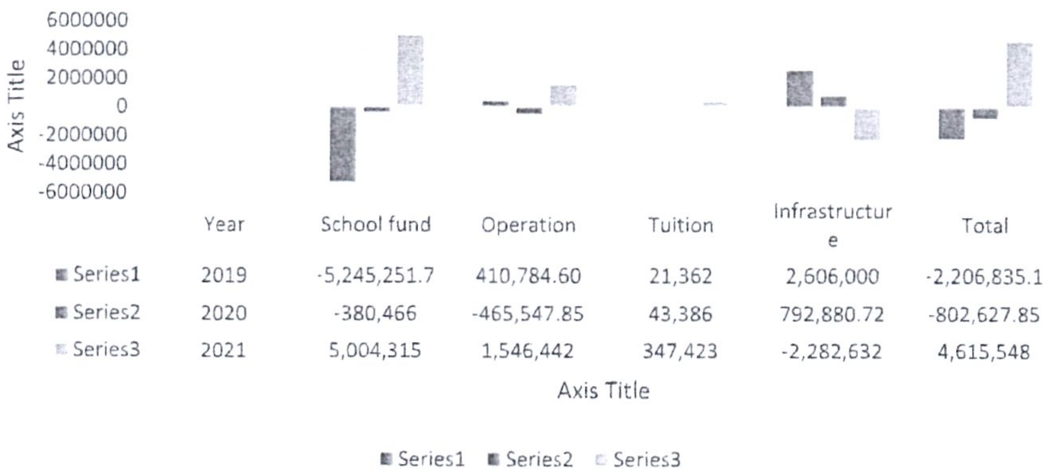
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance**:

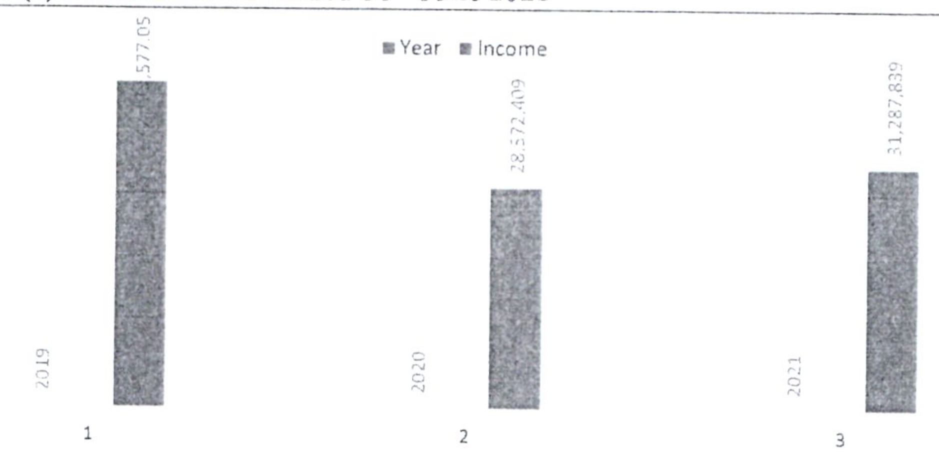
- Surplus /deficit comparison

Year	School fund	Operation	Tuition	Infrastructure	Total
2019	(5,245,252)	410,785	21,362	2,606,000	(2,206,835)
2020	(380,466)	(465,548)	43,386	792,881	(802,628)
2021	5,004,315	1,546,442	347,423	(2,282,632)	4,615,548



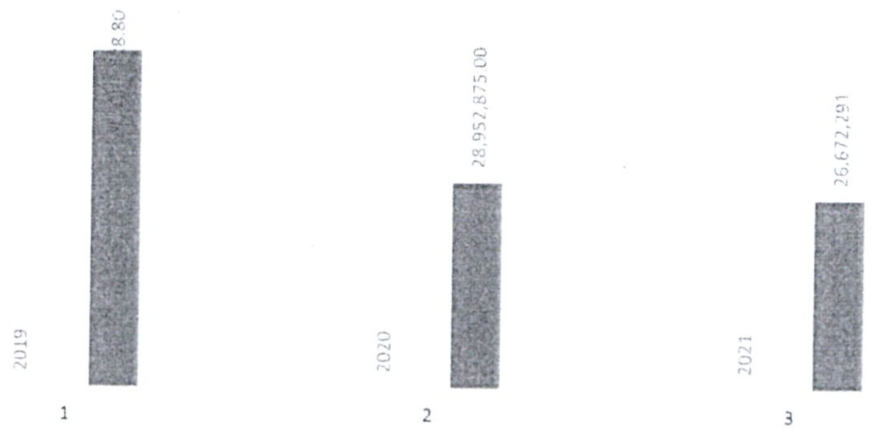
- *Capitation grants from the Ministry of Education for the last three years*

Year	Operation	Tuition	Total
2019	12,131,682	1,801,232	13,932,914
2020	9,177,997	1,473,250	10,651,247
2021	6,342,153	1,066,713	7,408,866



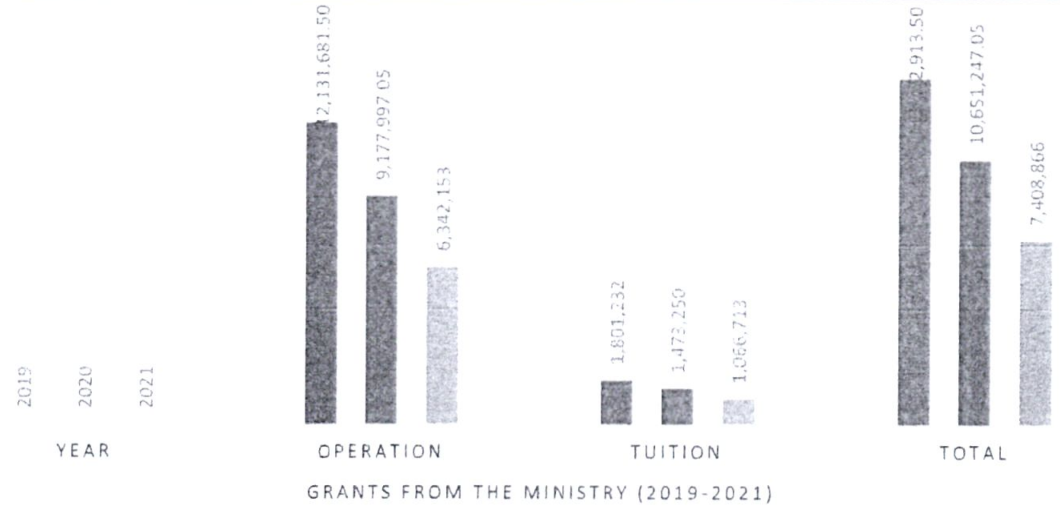
- *A three-year overview of growth in expenditure of the school*

Year	Expenditure
2019	47,384,829
2020	28,952,875
2021	26,672,291



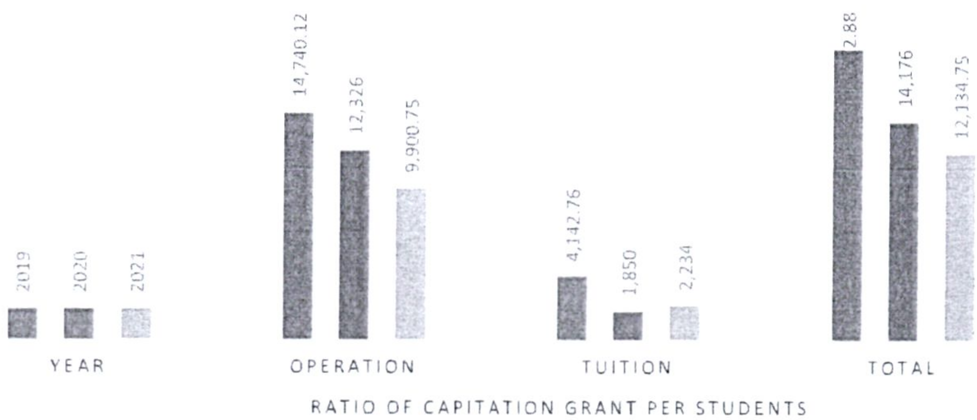
- *Movement of debtors and creditors of the school over the last three years*

- Year	Debtors	Creditors
2019	2,026,454	9,817,898
2020	3,314,881	10,760,123
2021	10,751,912	4,426,479



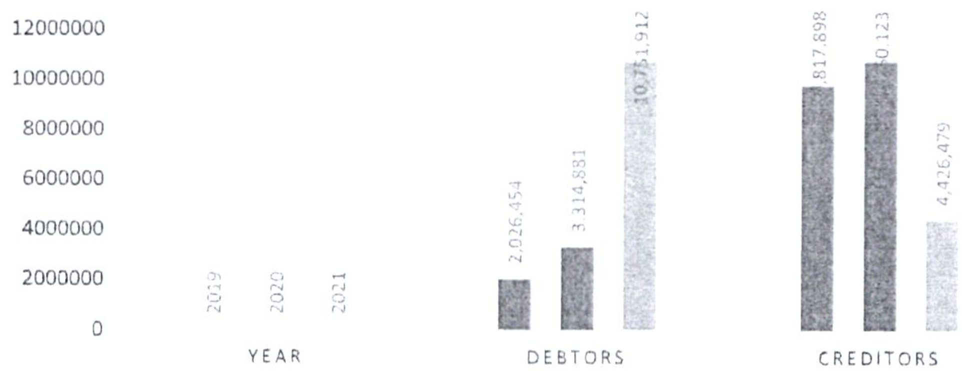
- *Ratio of capitation grant per student over the last three years*

YEAR	Operation	Tuition	TOTAL
2019	14,740	4,143	18,883
2020	12,326	1,850	14,176
2021	9,901	2,234	12,135



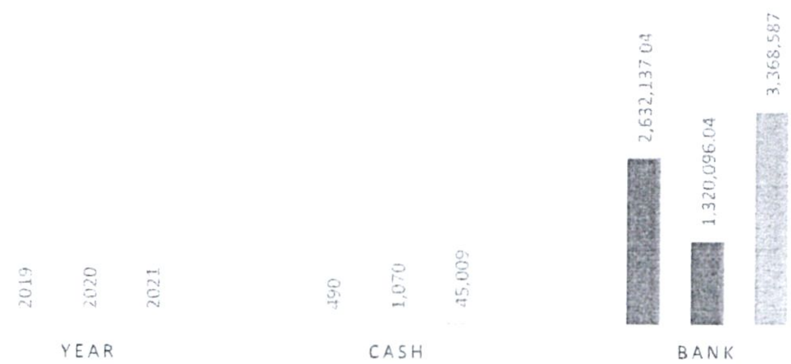
A three-year overview of growth of other income(s) earned by the school.

Year	Income
2019	42,139,577
2020	28,572,409
2021	31,287,839



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

Year	Cash	Bank
2019	490	2,632,137
2020	1,070	1,320,096
2021	45,009	3,368,587



b) **Teacher Student ratio**:

NO. OF TSC TEACHERS	NO. OF BOM TEACHERS	TOTAL TEACHERS	TOTAL NO OF STUDENTS	TEACHER STUDENT RATIO
44	14	58	1260	1:24

c) **Mean score in the *2021* KCSE**:

YEAR	CANDIDATURE	TARGET	KCSE MEAN	DEVIATION	COMMENT
2018	147	6.8	5.1769	-1.6231	DECLINE
2019	159	6.8	6.0759	+0.7241	POSITIVE DEVIATION
2020	185	6.8	5.9076	-0.8924	DECLINE
2021	274	6.8	4.806	-1.994	DECLINE

d) **Number of Candidates in the 2021 KCSE:**

YEAR	CANDIDATURE
2018	147
2019	159
2020	185
2021	274

e) **Capacity of the school:**

NO OF STUDENTS	FACILITIES	NO OF FACILITIES	CAPACITY
1260	CLASSROOOMS	21	1260
1260	LABORATORY	3	200
1260	LIBRARY	1	40
1260	DINNING HALL	1	800
1260	DORMS	10	980
1260	TOILETS	69	100
1260	BATHROOMS	36	60
1260	URINALS	30METERS	300
1260	COMPUTER LAB	1	253
1260	HOMESCIENCE LAB	1	20
1260	DRAWING AND DESIGN ROOM	1	20

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

PROJECT	SOURCE OF FUNDING
DORMITORY	MOE (RMI)
DEPUTY PRINCIPALS HOUSE	PARENTS (SCHOOL RMI)
POSHO MILL	PARENTS (SCHOOL RMI)

Sign

School Principal

III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2021, and of the school's financial position as at that date.

Name: Humphrey Kirimi
Designation: Chairman, School Board of Management
Sign:
Date: 2/4/2028

Name: BENSON NJERU
Designation: School Principal& Secretary to Board of Management
Sign:
Date: 2/4/2026

Name: Florence Gatwiri
Designation: Bursar/ Finance Officer
Sign:
Date: 02/04/2020

REPUBLIC OF KENYA

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REPUBLIC OF KENYA

OAG
OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KAJIUNDUTHI HIGH SCHOOL FOR THE SIX (6) MONTHS PERIOD ENDED 30 JUNE, 2021 - THARAKA NITHI 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 the 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 the 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 financial statements of Kajiunduthi High set out on pages 13 to 30, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts, for the period then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, financial statements present fairly, in all material respects, the financial position of Kajiunduthi High School as at 30 June, 2021, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Payments

The statement of receipts and payments reflects total expenditure amount of Kshs.26,672,291 as disclosed in Notes 5,6,7 and 8 and to the financial statements. However, review of payment vouchers amounting to Kshs.2,251,710 revealed that Management made payments without proper support documents such as requisitions, local purchase orders, delivery notes, inspection reports and goods received notes.

In the circumstances, the accuracy, and completeness of the expenditure amount of Kshs.2,251,710 could not be confirmed.

2. Unsupported Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.3,413,596 as disclosed in Notes 9 and 10 to the financial statements. Included in the balance are six (6) bank accounts with account balances totalling Kshs.3,368,587. However, one bank account with a balance of Kshs.127,664 was not supported by cash books and bank reconciliation statements. In addition, the cash and bank balances were not supported by a signed board of survey report while the two School Fund Accounts shared the same cashbook.

In the circumstances, the accuracy, and completeness of cash and cash equivalents balance of Kshs.3,413,596 could not be confirmed.

3. Long Outstanding Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.10,751,912 as disclosed in Note 12 to the financial statements. However, accounts receivables for over two (2) years amounting to Kshs.8,232,194 was still outstanding as at 30 June, 2021 and ageing analysis was not provided for audit.

In the circumstances, the accuracy, completeness, and recoverability of the accounts receivable balance of Kshs.8,232,194 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kajiunduthi High School Management in accordance with ISSAI 130 on the 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 budgeted versus actual amounts reflects final revenue budget and actual on a comparable basis of Kshs.36,451,615 and Kshs.26,832,397 respectively, resulting in an under-funding of Kshs.9,619,218 or 26% of the budget. However, the School spent an amount of Kshs.26,672,291 against budgeted expenditure amount of Kshs.35,753,905 resulting in an under-utilization of Kshs.9,081,614 or 25% of the actual receipts. Further, other receipts totalling Kshs.711,665 was not budgeted for.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

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

In connection with my audit on the school's 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 effects 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. Underfunding of Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and operations amount of Kshs.1,066,713 and Kshs.6,342,153 respectively as disclosed in Notes 1 and 2 to the financial statements. During the period under review, NEMIS reported a total number of eight hundred and sixty-two (862) students while the enrolment records provided by the School indicated a total number of one thousand two hundred and sixty-six (1,266) students, resulting in an unexplained variance of four hundred and four (404) students. As a result of the variances, the School was underfunded by an amount of Kshs.8,986,576 using a rate of Kshs.22,244 per student.

In the circumstances, the under-funding of the School may have affected service delivery to the school.

2. Unconfirmed Students Enrolment Data

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations totalling of Kshs.1,066,713 and Kshs.6,342,153 respectively as disclosed in Notes 1 and 2 to the financial statements. Comparison of data from National Education Management and information System (NEMIS) with records from the County Director of Education revealed that during the financial year 2021/2022, NEMIS reflected eight hundred and sixty-two (862) students while records from the County Director of Education had one thousand two hundred and sixty-six (1,266) students, resulting in an under-funding of the school by an amount of Kshs. 8,986,576. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, the accuracy of the students enrolment data could not be confirmed.

3. Excess Supply of Textbooks

During the audit, it was noted that the School had not received any textbook distributions from the Ministry of Education through the Kenya Institute of Curriculum Development (KICD) since the year 2019. Further, examination of stores records and stock registers revealed that textbooks were issued to all students during the 2021/2022 financial year and still excess textbooks were still held in the School store at the time of audit in March 2026. The textbooks were confirmed to be obsolete and no longer in use following curriculum changes in set books.

In the circumstances, value for money on the excess text books could not be confirmed.

4. Failure to Prepare School Improvement Plan

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

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

5. Lack of a Procurement Plan

The statement of receipts and payments reflects total expenditure amounts of Kshs.26,672,291. However, during the period under review, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 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.

6. Lack of a Functional Procurement Unit

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 and Regulation 33 of the Public Procurement and Asset Disposal Regulations, 2020. Procurement activities were undertaken by individuals lacking the requisite qualifications.

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

7. Late Submission of Financial Statements for Audit

During the audit, it was noted that Management submitted the financial statements to the Auditor-General on 17 March, 2023, one and a half years late, instead of the statutory deadline of 30 September, 2021. This was contrary to Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

8. Unbalanced Budget

The statement of budgeted versus actual amounts reflects approved final revenue budget amount of Kshs. 36,087,400 against an expenditure budget amount of Kshs. 35,753,905 leading to a budget surplus of Kshs. 333,495. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that budget revenue and expenditure appropriations shall be balanced.

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 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 governance were not effective.

Basis for Conclusion

1. Lack of Internal Audit Function and Audit Committee

During the period under review, the School had not constituted an audit committee and an internal audit unit as required by Regulation 166 (1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the School through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

In the circumstances, the existence of an effective oversight mechanisms could not be confirmed.

2. Weaknesses in the Board of Management

Review of the minutes of the Executive Board of Management meetings revealed that the minutes of the Board of Management meetings were not signed by the Secretary, the Chairperson and were not supported by attendance register of the members; the audit committee, Finance and procurement committee, did not hold any meeting for the entire period ended June 2021.

In the circumstances, the effectiveness of the governance mechanism in the School could not be confirmed.

3. Weaknesses in Management of Assets

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.146,634,447 which includes land with a balance of Kshs.98,194,850. However, the land on which the School is situated lacks title deed in its name. No explanation has been provided why Management has not obtained title deed for the School land. Further, the School Management did not prepare an updated fixed assets register and assets in the School were not tagged for identification.

In the circumstances, the existence of effective measures in the management of assets 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 the 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 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 sustainability of services unless Management is aware of the intention 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 comply 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

18 May, 2026

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

DESCRIPTION OF VOTE HEAD	Note	JAN 2021 – JUNE 2021	2020
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	1,066,713	-
Capitation grants for operations	2	6,342,153	-
School Fund Income- Parents' Contributions	3	23,167,308	-
School Fund Income- Other receipts	4	711,665	-
Proceeds from borrowings			
TOTAL RECEIPTS		**31,287,839**	**-**
PAYMENTS			
Payments for Tuition	5	719,290	-
Payments for operations	6	4,795,711	-
Boarding and school fund payments	7	18,874,658	-
Payments for infrastructure accounts	8	2,282,632	
TOTAL PAYMENTS		**26,672,291**	**-**
SURPLUS/DEFICIT		**4,615,548**	

The school financial statements were approved on 2/4/ 2026 and signed by:

Sign:	**Sign:**	**Sign**
Name: Humphrey Kirimi	**Name:** Benson Njeru	**Name:** Florence Gatwiri
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 2/4/2026	**Date** 2/4/26	**Date:** 02/04/2026

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

	Note	JAN 2021-JUNE 2021	2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9	3,368,587	
Cash Balances	10	45,009	
Short term Investment	11		
Total Cash and Cash Equivalents		**3,413,596**	
Account's receivables	12	10,751,912	
TOTAL FINANCIAL ASSETS		**14,165,508**	
FINANCIAL LIABILITIES			
Accounts Payable	13	4,426,479	
NET FINANCIAL ASSETS		**9,739,029**	
REPRESENTED BY			
Fund balance b/fwd 1st July...	14	5,123,481	
Surplus/Defict for the year		4,615,548	
NET FINANCIAL POSITION		**9,739,029**	

The School's financial statements were approved on 2/4/ 2026 and signed by:

Name: Humphrey Kirimi	**Name:** Benson Njeru	**Name:** Florence Gitonga
Chairman, BoM	*School Principal/Secretary to BoM*	*Bursar/Finance*
Sign:	**Sign:**	**Sign:**
Date: 2/4/2026	**Date:** 2/4/26	**Date:** 02/04/2026

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

	JAN 2021 – JUNE 2021	2020
	Kshs	
Receipts from operating activities		
Capitation grants for tuition	1,066,713	
Capitation grants for operations	6,342,153	
Capitation grants for infrastructure	-	
School fund income- Parents contributions/ fees	23,167,308	
School fund income- other receipts	711,665	
Total receipts	**31,287,839**	
Payments		
Payments for Tuition	719,290	
Payments for operations	4,795,711	
payments for infrastructure	2,282,632	
Boarding and school fund payments	18,874,658	
Total payments	**26,672,291**	
Net cash flow from operating activities	**4,615,548**	
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets		
Acquisition of Assets		
Proceeds from investments		
Net cash flows from Investing Activities		
NET CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings/ loans		
Repayment of principal borrowings		
Net cash flows from Financing Activities		
NET INCREASE IN CASH AND CASH EQUIVALENT	**4,615,548**	
Cash and cash equivalent at BEGINNING of the year	**(1,201,952)**	
Cash and cash equivalent at END of the year	**3,143,596**	

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Text books		0	0		-	
Exercise books			0		-	
Laboratory equipments and apparatus			0		-	
Teaching/learning materials	2,007,000.00		2,007,000	1,066,713	940,288	53.0%
chalks					-	
Internal exams					-	
Reference books					-	
					-	
					-	
					-	
(2) CAPITATION GRANT ON OPERATIONS					-	
Personnel emoluments					-	
Repairs and maintenance					-	
Local transport / travelling					-	
Electricity and water	-	0	0		-	
Medical					-	
Administration costs					-	
Insurance					-	
Activity				-	-	
OTHER VOTEHEADS	9,331,200.00		9,331,200	6,342,153	2,989,047	68.0%
					-	
(3) FEES CHARGED ON PARENTS					-	
Personnel emoluments	1860000		1,860,000	37,200	1,822,800	2.0%
Repairs and maintenance	1440000		1,440,000	231,200	1,208,800	16.0%
Local transport / travelling	390000		390,000	8,450	381,550	2.0%
Electricity and water	2940000		2,940,000	60,600	2,879,400	2.0%
Medical					-	

Administration costs	1110000		1,110,000	49,270	1,060,730	4.0%
Activity	90000		90,000	1,950	88,050	2.0%
SMASSE					-	
Fee on Boarding Equipment and Stores	16,431,000.00		16,431,000	18,323,197	(1,892,197)	111.0%
					-	
OTHER INCOME					-	
BES						
RMI						
EWC						
LT@T						
ACTIVITY						
ADMIN COSTS						
Personal emolument						
Posho mill				-		
Hire ground and school bus	100,000.00		100,000	250,000	(150,000)	250%
#REF!						
House rent arrears						
House rent	31,200.00		31,200	6,000	25,200	19.0%
School farm	357,000.00		357,000	91,450	265,550	26.0%
BUS						
Interest income				-		
Fees arrears				-		
Fee prepayment	-			-		
PA-donations, school van project				-		
School clubs	364,215.00		364,215	364,215	-	100.0%
TOTAL INCOME	36,451,615	0	36,451,615	26,832,397	9,619,218	
(1) EXPENDITURE FOR TUITION						
Text books			0		-	
Exercise books			0		-	
Laboratory equipments and apparatus			0		0	
Teaching/learning materials	1,944,710.00		1,944,710	1,018,930	925,780	52%
chalks			0		-	
Internal exams			0		-	
Reference books			0		-	
Bank charges			0		-	

0			0		-	
0			0		-	
			0		-	
PAYMENTS FOR OPERATIONS			0		-	
Personal Emoluments			0			
Service Gratuity						
Administration Cost						
Repairs and maintenance & improvements			0			
Local transport / travelling			0			
Electricity and water			0			
Medical			0			
Activity Expenses			0			
SMASSE	0		0	-		
Insurance Cost	0		0	-		
Bank Charges			0			
Acquisition of Assets						
other voteheads	9,210,030		9,210,030	5,415,971	(3,784,059)	59%
BOARDING AND SCHOOL FUND PAYMENTS			0			
BES	18,602,055		18,602,055	6,254,571	12,347,484	33%
RMI	569,600		569,600	637,526	(67,926)	112%
EWC	718,000		718,000	566,670	151,330	78%
LT@T	595,000		595,000	1,091,455	(496,455)	183%
ACTIVITY	1,250,000		1,250,000	87,950	1,162,050	7%
ADMIN COSTS	1,491,110		1,491,110	1,737,703	(246,593)	116%
Personal emolument	1,840,958		1,840,958	1,389,943	421,015	76%
Posho mill						
Hire ground and school bus	700,000		700,000		700,000	0%
House rent	30,000		30,000		30,000	0%
School farm	587,500		587,500		587,500	0%
Infrastructure grant,Borehole						
Bank charges	0		0			
creditors paid			0			
Expenses on Income Generating Activities	0		0	-		
Fee on Boarding Equipment and Stores			0	-		
Rent Expenses			0	-		

Insurance Cost (Life Property)	0		0	-		
Loan Principal repayment	0		0	-		
Loan Interest repayment	0		0	-	-	
Acquisition of Assets	0		0	-	-	
TOTAL				18,200,719	(18,200,719)	

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprest, salary advances and other receivables and b) payables that include deposits and retentions and payables from operations.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *school* and all values are rounded to the nearest Kenya Shilling (Kshs). The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of receipts and payments

The *school* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the *school*. In addition, the *school* recognises all expenses when the event occurs and the related cash has actually been paid out by the *school*.

3. In-kind contributions

In-kind contributions are donations that are made to the *school* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *school* includes such value in the statement of receipts and payments both as a receipt and as a payment in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years.

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021

IX. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
Textbooks and reference materials		
Exercise books		
Laboratory equipment		
Internal exams		
Teaching / learning materials	1,066,713	
Chalks	-	
Exams and assessment	-	
Teachers guides	-	
Total	**1,066,713**	

2 CAPITATION GRANT FOR OPERATIONS

	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
Personnel emoluments		
Repairs and maintenance	2,774,250	
Local transport / travelling		
Electricity and water		
Medical		
Administration costs		
Other voteheads	3,567,903	
Total	**6,342,153**	

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	JAN 2021-JUNE 2021	2020
Personnel emoluments	46,500	
Repairs and maintenance	236,000	
Local transport / travelling	9,750	
Electricity and water	73,500	
Medical	-	
Administration costs	54,820	
Bes	18,873,042	
Total	**23,167,308**	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores		
Rent income	6,000	
Income from farming activities		
Hire of grounds	250,000	
Income from Posho mill		
Income from Bus Hire		
Fee for hire of ground and equipment		
School farm	91,450	
School clubs	364,215	
Dividends income		
Total	**711,665**	

5 PAYMENTS FOR TUITION

	JANUARY -JUNE-2021	2020
Textbooks and reference materials		
Exercise books		
Laboratory equipment		
Internal exams		
Teaching / learning materials	718,930	
Chalks		
Exams and assessment		
Teachers guides		
Administration Costs		
Bank Charges	360	
Total	**719,290**	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
Personnel emoluments	4,083,425	
Service Gratuity		
Administration Cost	366,865	
Repairs and maintenance & improvements		
Local transport / travelling	124,500	
Electricity and water	175,921	
Medical		
Activity Expenses	45,000	
SMASSE		
Insurance Cost		
Bank Charges		
Acquisition of Assets		
TOTAL	**4,795,711**	

7 BOARDING AND SCHOOL FUND PAYMENTS

	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
Personnel emoluments	12,879,261	
RMI	637,526	
EWC	566,670	
Local transport / travelling	1,091,455	
Activity	87,950	
Administration	1,737,703	
Personal emoluments	1,389,943	
Lunch Programme	-	
Bank Charges	-	
Expenses on Income Generating Activities	-	
Farm	59,150	
Bus	145,500	
Clubs	279,000	
Caution	500	
TOTAL	**18,874,658**	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 PAYMENT FOR INFRUSTRUCTURE ACCOUNT

Description	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
	-	
Infrastructure	2,282,332	
Bank charges	300	
Total	**2,282,332**	

9 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	JAN 2021-JUNE 2021	2020
Tuition Account Coop Bank	01139057644500	115,677	
Operations Account Coop Bank	01139057644502	888,437	
School Fund Account/Boarding Coop Bank	00129057644500	604,543	
KCB	1103668587	427,018	
Savings Account		127,664	
Infrastructural Account	01139057644501	1,116,248	
Total		**3,368,587**	

10 CASH IN HAND

Description	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
Tuition Account	-	
Operation Account	3,000	
Infrastructure account	-	
School Fund account	42,009	
Total	**45,009**	

11 SHORT TERM INVESTMENTS

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

12 ACCOUNTS RECEIVABLE

Description	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
Fees arrears	10,751,912	
Other non-fees receivables		
Salary advances		
Imprest		
Total	**10,751,912**	

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

Description	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
Fees arrears for current year	2,519,718	
Fees arrears for prior periods (over two years)	8,232,194	
Total	**10,751,912**	

13 ACCOUNTS PAYABLE

Description	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	2,473,430	
Prepaid fees	1,953,049	
Retention monies		
Total	**4,426,479**	

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

Description	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
Trade creditors for current year	2,473,430	
Prepaid fees	1,953,049	
Trade creditors for prior periods (over two years)		
Total	**4,426,479**	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 FUND BALANCE BROUGHT FORWARD

Description	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
Bank balances: CO-OP Bank	1,076,103	
KCB	243,993	
Tuition Bank	68,255	
Operation Bank	(39,245)	
Infrastructure Bank	3,398,881	
Cash balances	4,070	
Short Term Investments		
Receivables	2,502,392	
Payables	(2,130,968)	
Total	**5,123,481**	

Other important disclosure notes

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

15 Non-current Liabilities Summary

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

16 Biological assets

Description	Numbers	JAN 2021-JUNE 2021	2020
		Kshs	Kshs
Cattle	20	70,000	
Goats	11	66,000	
Trees	339	1,437,000	
Coffee or tea plantation			
pigs	8	284,500	
Total			

17 Borrowings

Description	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
a) Borrowings		
Borrowing at beginning of the year		
Borrowings during the year		
Repayments of during the year		
Balance at end of the year		

Other important disclosure notes

18 Stock/ Inventory

Description	JAN 2021-JUNE 2021	2020
	Kshs	Kshs
b) Borrowings		
Stock/ inventory at beginning of the year	733,630	
Stock/ inventory purchased during the year	3,254,571	
Stock/ inventory issued during the year	(3,693,421)	
Balance at end of the year	**294,780**	

19 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)*

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX-1	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Supply of goods						
4. MARKIMU ENTERPRISES	416955	13/3/2020	-	416955	416955	Cleared before the next financial year
5. MUTHAMBI 4K WATER ASSOCIATION	59375	31/12/2020	-	59375	59375	Cleared before the next financial year
6. PAUL COMFORT LOGIST	69600	18/12/2020	-	69600	69600	Cleared before the next financial year
7. EMILY MIKUI	546500	30/12/2020	-	546500	546500	Cleared before the next financial year
8. OVERMERE MERCHANTS	812500	3/2/2020	-	812500	812500	Cleared before the next financial year
9. KWWA	**200000**	**12/10/2020**	-	**200000**	**200000**	Cleared before the next financial year
10. AMADO CUPID	18000	16/12/2020	-	18000	18000	Cleared before the next financial year
11. FLORA KAINYU NJAGI	350500	12/11/2020	-	350500	350500	Cleared before the next financial year
total					2,473,430	
Supply of services						
12.						
13.						
14.						
Sub-Total						
Grand Total						

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1st July 20xx	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2021
Land 1	1970	KAJIUNDUTHI 7.951 HA= 19.63897	98,194,850	NIL	NIL	98,194,850
Land 2						
Buildings and structures	1980	KAJIUNDUTHI	30,000,000	5,600,000	N/A	35,600,000
Motor vehicles	28/7/2003	KAJIUNDUTHI	6,372,100	NIL	NIL	6,372,100
Office equipment, furniture and fittings	2010	KAJIUNDUTHI	250,000	NIL	NIL	250,000
ICT Equipment, and Other ICT Assets	2019	KAJIUNDUTHI	2,710,000	NIL	NIL	2,710,000
Tools and apparatus	2009	KAJIUNDUTHI	450,000	NIL	NIL	450,000
Textbooks	2010	KAJIUNDUTHI	1600000	250000	NIL	1,850,000
Other Machinery and Equipment	2008	KAJIUNDUTHI	320,000	NIL	NIL	320,000
Heritage and cultural assets		N/A	N/A	N/A	N/A	N/A
Intangible assets- soft ware	2019	KAJIUNDUTHI	887,497	NIL	NIL	887,497
Total						146,634,447