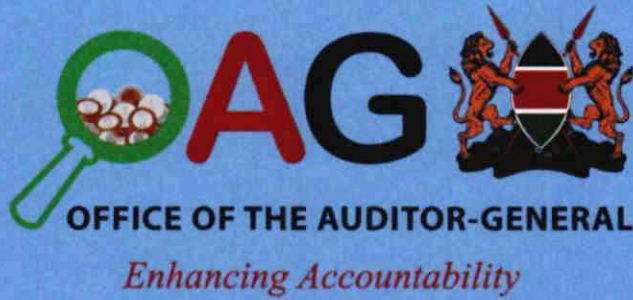


REPUBLIC OF KENYA



# REPORT

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OF

## THE AUDITOR-GENERAL

ON

### SERICHO SECONDARY SCHOOL FOR THE SIX MONTH'S PERIOD ENDED 30 JUNE, 2021

ISIOLO COUNTY

 NATIONAL ASSEMBLY PAPERS LAID	
DATE:	11 MAR 2025
	DAY: Tuesday
TABLED BY:	Hon Owen Baya, MP Deputy Majority Leader.
CLERK-AT-THE-TABLE:	Gertrude Chebet

Revised 30<sup>th</sup> June 2021.

OFFICE OF THE AUDITOR GENERAL  
UPPER EASTERN REGIONAL OFFICE - ISIOLO

19 June 2021

RECEIVED 397  
P. O. Box 1027-60300, ISIOLO



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**SERICHO SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD OF SIX MONTH  
30<sup>TH</sup> JUNE 2021**

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

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## II. Key School Information And Management

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

The school was registered in 28/3/2012 under registration number PU/2/S/7080/12 and is currently categorized as *county* public school established, owned or operated by the Government.

The school is a day school and had 280 students as at 30<sup>th</sup> June 2021. It has double streams and 16 teachers of which 3 teachers are employed by the School Board of Management.

### (a) 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	Mohamed Abakula	Chairman	21/03/2019
2	Huqa Ali	Secretary - Principal	21/03/2019
3	Habiba Abduba	Member / Parent	21/03/2019
4	Abdikadir Kanu	Member / Parent	21/03/2019
5	Safia Kululte	Member / Parent	21/03/2019
6	Ramadhan Sheikh	Member/ Parent	21/03/2019
7	Hassan Golicha	Member/ Parent	21/03/2019
8	Kulmia Abdi	Member/ Parent	21/03/2019
9	Ali Edin	Member – Rep CEB	21/03/2019
10	Joseph Kimathi	Member Rep Teachers	21/03/2019
11	Hussein Boru	Member - Sponsor	21/03/2019
12	Barnabus Mnene	Member - Sponsor	21/03/2019
13	Mamo Guyo	Member - Sponsor	21/03/2019
14	Abdikadir Abdullahi	Member - Community	21/03/2019
15	Fatuma Dido	Member Special Needs	21/03/2019
16	Iqra Yunis	Rep Students	21/03/2019
17	Mohamednoor Mamo	Co-opted	21/03/2019
18	Rahma Abdi	Co-opted	21/03/2019

**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.

**(a) Committees of the Board**

Ref	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Mr.Mohamed Abakula Mr.Huqa Ali Mrs. Habiba Abduba Mr.Hassan Golicha Mr.Ali Edin	Chairman Secretary Member Member Member	4 out of 4
2	Audit Committee	Mr.Mohamed Abakula Mr. Huqa Ali Mrs. Fatuma Dido Rev. Barnabas Mnene Sheikh Hussein Boru Mr. Abdikadir Abdullahi	Chairman Secretary Member Member Member Member	1 out of 1
3	Finance, procurement and general-purpose Committee	Mr.Mohamed Abakula Mrs. Huqa Ali Mr. Kulmia Abdi Mr. Abdikadir Kanu Mr. Mohamednoor Mamo Mrs. Rahma Abdi	Chairman Secretary Member Member Member Member	1 out of 1
<b>KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)</b>				

4	Development Committee	Mr Mamo Guyo Mr Huqa Ali Mr Hassan Golicha Mr Ramadhan Ibrahim Mr Safia Kululte	Chairman Secretary Member Member Member	1 out of 1
5	Academic Committee	Mr. Ali Edin Mrs Huqa Ali Mr. Habiba Abduba Mr Kimathi Joseph Mr Mamo Guyo	Chairman Secretary Member Member Member	2 out of 2
6	Discipline and welfare Committee	Rev. Barnabas Mnene Mr. Huqa Ali Sheikh Hussein Boru Mrs Habiba Abduba Mr. Abdikadir Kanu Mr. Kimathi Joseph Mr. Mamo Guyo Mrs. Safi Kululte	Chairman Secretary Member Member Member Member Member Member	2 out of 2

**(b) School operation Management**

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

Ref:	Designation	Name	TSC Number
1	Principal	Huqa Ali	476879
2	Deputy Principal	Abdi Ali	519009
3	School Bursar	Ahmed Ali	N/A

**(c) /Schools contacts**

Post Office Box: 19-70102  
Telephone: -  
E-mail: serichomixedsecondary@gmail.com  
Website: -  
Facebook: Sericho mixed sec  
Twitter: @serichosec

**(d) School Bankers**

The following school operated 4 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: KCB  
Branch: ISIOLO  
Account Number: 1116743116 Tuition account
2. Name of Bank: KCB  
Branch: ISIOLO  
Account Number: 1116743922 Infrastructure
3. Name of Bank: KCB  
Branch: ISIOLO  
Account Number: 1114545228 school fund account
4. Name of Bank: KCB  
Branch: ISIOLO  
Account Number: 1143535820 Operation account

**(e) Independent Auditors**

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

**III. 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:**

ITEMS	ACCOUNTS	2020	2021
Surplus/deficit	School Fund	467,068	761,410
	Tuition	3,142	102,450
	Operation	150,305	895,470
	Infrastructure	1,650	36,123
Capitation	School Fund	3,463,333	2,895,900
	Tuition	466,371	366,183
	Operation	2,694,075	2,704,269
	Infrastructure	0	0
Cash and bank balance	School Fund	125,201	885,906
	Tuition	1072	103,523
	Operation	6,059	901,423
	Infrastructure	1,650	37,773

**b) Teacher Student ratio:**

School has 13 TSC teachers, 2 intern teachers and 3 BOM employed teachers. This is line with curriculum-based establishment which put double school at 18, staffing capacity needed. All teachers are male

The school has a need for computer and Arabic teacher. No overstaffing in any of the subject department.

**c) Mean score in the 2020 KCSE:**

The school realised a mean score of 5.31, an improvement from the previous mean of 2.91 that was realised in the year 2019. This is a progressive improvement since in the year 2018 the school realised a mean of 2.88

The school posted university entry for 10 students. The table below shows a summary of school KCSE performance over the last three years.

KCSE YEAR	2018	2019	2020
MEAN SCORE	2.88	2.91	5.31
NO. OF CANDIDATES	88	92	55
UNIVERSITY ENTRY	4	6	10
UNIVERSITY ENTRY %	4.5%	65%	18%

**d) Capacity of the school:**

The school is lacking Library, Computer laboratory store, Fence, Multipurpose Hall, dormitories for both boys and girls, staff quarters. Basketball field, Mosque and dispensary


The table below show the available physical plants and the capacity status.

S/NO	FACILITIES	AVAILABLE	REMARKS
1	Classroom	10	Enough
2	Science Laboratory	1	One Extra Needed
3	Dinning Hall	1	One Extra Needed. Girls dinning lacking
4	Kitchen	1	Enough
5	Administrative offices	1	It lacks HOD curriculum office and head of department offices
6	Staffroom	1	Full to capacity, Spacious needed
7	Boys latrine	10	2 Extra needed
8	Girls latrine	8	Enough

**Summary Report of the Performance of the School (Continued)**

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

School Principal

  
**SECRETARY BOARD OF MANAGEMENT,  
SERICHO SECONDARY SCHOOL**  
P.O. BOX 19-70102, MODUGASHE

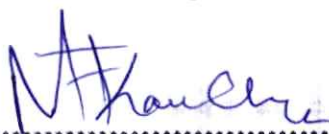
**IV. Statement Of School Management Responsibility**

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 be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

The Board of Management of *Sericho 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 30<sup>th</sup> June, 2021, and of the school's financial position as at that 30<sup>th</sup> June 2021.



.....  
**Name: Mohamed Abakula**

**Designation:** Chairman, School Board of Management

**Date:** 18/7/24



.....  
**Name: Huqa Ali Huqa**

**Designation:** School Principal & Secretary to Board of Management

**Date:** 18/7/24

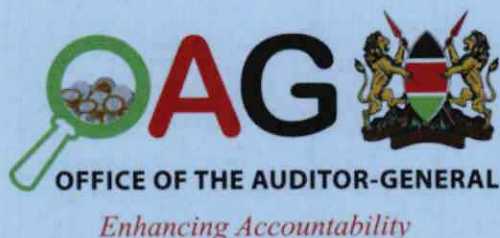


.....  
**Name: Ahmed Ali**

**Designation:** Bursar/ Finance Officer

**Date:** 18-07-24

# 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 SERICHO SECONDARY SCHOOL FOR THE SIX(6) MONTH'S PERIOD ENDED 30 JUNE, 2021 - ISIOLO COUNTY**

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### **PREAMBLE**

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public 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 Sericho Secondary School - Isiolo County set out on pages 1 to 19, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021 and the statement of receipts and payments,

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*Report of the Auditor-General on Sericho Secondary School for the Six (6) Month's period ended 30 June, 2021 - Isiolo County*

statement of cash flows and the 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, the financial statements present fairly, in all material respects, the financial position of the Sericho Secondary School - Isiolo County as at 30 June, 2021 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Inaccuracy in Payments for Operations**

The statement of receipts and payments reflects payments for operations of Kshs.1,772,676 as disclosed in Note 5 to the financial statements. However, supporting documents reflect an amount of Kshs.1,808,799 resulting in unreconciled variance of Kshs.36,123.

In the circumstances, the completeness and accuracy of payments for operations of Kshs.1,772,676 could not be confirmed.

#### **2. Unsupported Cash Balance**

The statement of financial assets and financial liabilities reflects cash balance of Kshs.811 as disclosed in Note 8 to the financial statements. However, the board of survey report in support the balance was not provided for audit.

In the circumstances, the validity, completeness and accuracy of cash balance of Kshs.811 could not be confirmed.

#### **3. Unsupported Accounts Payable Balance**

The statement of financial assets and financial liabilities reflects accounts payable balance of Kshs.68,000. However, the balance has erroneously been referenced to Note 11 which does not exist. Further, detailed analysis of the payables was not provided for audit.

In the circumstances, the validity, completeness and accuracy of accounts payable debit balance of Kshs.68,000 could not be confirmed.

#### **4. Unsupported Accounts Receivable Balance**

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.2,821,980 as disclosed in Note 10 to the financial statements. However,

the balance includes receivables balance of Kshs.2,481,825 whose detailed analysis was not provided for audit. Further, the balance had been outstanding for over two years and Management did not provide satisfactory explanation for failure to collect the receivables.

In the circumstances, the validity, completeness and accuracy of accounts receivable balance of Kshs.2,821,980 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sericho Secondary 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.

### **Key Audit Matters**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Late Submission of Financial Statements for Audit**

During the period under review, Management submitted the financial statements to the Auditor-General on 4 June, 2024 instead of the statutory deadline of 30 September 2021. This was contrary to the Ministry of Education circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be ready by 30 September, 2021 in compliance with 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.

#### **2. Non-Compliance with the Public Procurement and Asset Disposal Act, 2015**

The statement of receipts and payments reflects expenditures of Kshs.1,772,676 and Kshs.2,134,490 all totalling Kshs.3,907,166 in respect to payments for operations and school fund payments respectively as disclosed in Note 5 and Note 6 to the financial

statements, being payment to various suppliers. Review of procurement records revealed the following anomalies:

- i. The list of registered suppliers as required by section 57(1) of the Public Procurement and Asset Disposal Act 2015 was not provided for audit.
- ii. Inspection and Acceptance Certificate for goods as stipulated in Section 48(1) of the Act were not provided for audit.
- iii. Payments were not supported with tax invoice as required by Section 42 (1) of the Value Added Tax (VAT) Act 2013.

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

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

The statement of receipts and payments and Note 6 to the financial statements reflects boarding and school fund payments of Kshs.2,134,490. Included in the amount is an expenditure of Kshs.34,000 in respect Kenya Secondary Schools Heads Association (KSSHA). 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.34,000 could not be confirmed.

### **4. Late Transfer of Infrastructure Funds from the Operations Bank Account**

During the period under review, the school received capitation grants for operations amounting to Kshs.2,704,269 out of which Kshs.861,000 was transferred to the infrastructure account after the lapse of fifteen (15) days contrary to Ministry of Education circular Ref.MOE.HQS/3/13/3/ dated 16 June 2021 which directed that transfer of infrastructure funds be made within fifteen (15) days from the date of receipt.

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

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

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

## **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the 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. Lack of Ownership Documents**

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.29,155 in respect of fixed assets which includes land with a balance of Kshs.5,000. However, land ownership documents were not provided for audit review.

In the circumstances, the ownership of the land could not be confirmed.

### **2. Weaknesses in the Governance of the School**

During the period under review, the Board of Management held only one (1) meeting contrary to Section 6(1) of the Basic Education Act, 2013 which states that a Board of Management shall meet at least once every four months.

In the circumstances, the effectiveness of the school governance system 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and

other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.



**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**30 October, 2024**

V. Statement Of Receipts And Payments Period To 30<sup>th</sup> June 2021

Description Of Vote Head	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>Receipts</b>			
Capitation grants for tuition	1	366,183	-
Capitation grants for operations	2	2,704,269	-
School fund income- parents' contributions	3	2,895,900	-
School fund income- other receipts		-	-
Proceeds from borrowings		-	-
<b>Total Receipts</b>		<b>5,966,352</b>	-
<b>Payments</b>			
Payments for tuition	4	263,732	-
Payments for operations	5	1,772,676	-
Boarding and school fund payments	6	2,134,490	-
<b>Total Payments</b>		<b>4,170,898</b>	-
<b>Surplus/Deficit</b>		<b>1,795,454</b>	-

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



Name: Mohamed Abakula


Chair BOM

Date: 18/07/24



Name: Huqa Ali Huqa  
School Principal/ Secretary to BOM

Date: 18/7/24



Name: Ahmed Ali

Bursar/ Finance Officer

Date: 18-7-24


**VI. Statement Of Financial Assets And Financial Liabilities As At 30<sup>th</sup> June 2021**


Description	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	7	1,928,625	-
Cash balances	8	811	-
Short term investment	9	-	-
<b>Total cash and cash equivalent</b>		<b>1,929,436</b>	<b>=</b>
Account's receivables	10	2,821,980	-
<b>Total financial assets</b>		<b>4,751,416</b>	
<b>Financial liabilities</b>			
Accounts payables	11	(68,000)	-
<b>Net financial assets</b>		<b>4,683,416</b>	<b>-</b>
<b>Represented by</b>			
Accumulated fund b/fwd	12	2,887,922	-
Surplus/deficit for the year		1,795,494	-
<b>Net financial position</b>		<b>4,683,416</b>	<b>-</b>

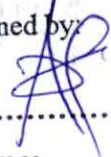
The school's financial statements were approved on \_\_\_\_\_ 2021 and signed by:

  
 Name: \_\_\_\_\_

Chair BOM  
 Date: 18/7/24

  
 Name: \_\_\_\_\_  
 School Principal/ Secretary to BOM  
 Date: 18/7/24



  
 Name: \_\_\_\_\_  
 Bursar/ Finance Officer  
 Date: 18-7-24

VII. Statement of Cash Flows for The Period Ended 30<sup>th</sup> June 2021

Description	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Operating activities</b>			-
<b>Receipts</b>			
Capitation grants for tuition	1	366,183	-
Capitation grants for operations	2	2,704,269	-
School fund income- parents contributions/ fees	3	2,895,900	-
School fund income- other receipts		-	-
<b>Total receipts</b>		<b>5,966,352</b>	-
<b>Payments</b>			-
Payments for tuition	4	263,732	-
Payments for operations	5	1,772,676	-
Boarding and school fund payments	6	2,134,490	-
<b>Total payments</b>		<b>4,170,898</b>	-
<b>Net cash flow from operating activities</b>		<b>1,795,454</b>	-
<b>Cashflow from investing activities</b>			
Proceeds from sale of assets		-	-
Acquisition of assets		(-)	(-)
Proceeds from investments		-	-
Purchase of investments		(-)	(-)
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>-</b>
<b>Cashflow from borrowing activities</b>			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,795,454</b>	-
<b>Cash and cash equivalent at beginning of the year</b>		<b>133,982</b>	-
<b>Cash and cash equivalent at end of the year</b>		<b>1,929,436</b>	-

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

VIII. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30<sup>th</sup> June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
<b>Receipts</b>						
<i>(1) Capitation Grant on Tuition</i>						
Textbooks And Reference Materials						
Exercise Books						
Laboratory Equipment						
Internal Exams						
Teaching / Learning Materials	580,160		580,160	366,183	213,977	63%
Chalks						
Exams And Assessment						
Teachers Guides						
<i>(2) Capitation Grant on Operations</i>						
Personnel Emoluments	798,000		798,000	1,212,977	(414,997)	152%
Repairs And Maintenance	700,000		700,000	1,124,000	(424,000)	160%
Local Transport / Travelling	177,333		177,333	122,424	54,909	69%
Electricity And Water	177,333		177,333	122,424	54,909	69%
Medical	42,000		42,000	-	-	%
Administration Costs	177,333		177,333	122,424	54,909	69%
Activity	210,000		210,000	-	-	%
Gratuity						

Receipt/Expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d Kshs	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
<b>(3) Fees Charged on Parents</b>						
Personnel Emoluments						
Repairs And Maintenance						
Local Transport / Travelling						
Electricity And Water						
Medical						
Administration Costs						
Activity						
Smasse						
Fee On Boarding Equipment and Stores	2,500,000		2,500,000	2,895,900	(395,900)	116%
<b>Other Income</b>						
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						
<b>Total Income</b>	<b>5,362,159</b>		<b>5,362,159.00</b>	<b>5,966,352</b>	<b>(604,193)</b>	<b>111%</b>

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
<b>(1) Expenditure For Tuition</b>						
Textbooks And Reference Materials						
Exercise Books						
Laboratory Equipment						
Internal Exams						
Teaching / Learning Materials	580,160		580,160	263,000	317,160	45%
Chalks						
Exams And Assessment						
Teachers Guides						
Administration Costs						
Bank Charges				732	-	%
<b>(2) Expenditure For Operations</b>						
Personnel Emoluments	798,000		798,000	899,742	(101,742)	113%
Repairs, Maintenance & Improvements	700,000		700,000	523,505	176,495	75%
Local Transport / Travelling	177,333		177,333	127,000	50,333	72%
Electricity, Water and Conservancy	177,333		177,333	140,000	37,333	79%
Medical	42,000		42,000.00	-	-	%
Administration Costs	177,333		177,333	80,000	97,333	45%
Activity Expenses	210,000		210,000.00	-	-	%
NSSF						
Bank charges				2,429	-	%

Receipt/Expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
<b>(3) Expenditure For School Fund</b>						
Personnel Emoluments						
Repairs, Maintenance and Improvements				294,800		%
Local Transport / Travelling						
Electricity, Water and Conservancy				98,500		%
Medical Expenses				69,000		%
Administration Costs						
Activity				385,600		%
NSSF						
Lunch Programme	2,500,000.00					%
Boarding Equipment and Stores			2,500,000.00	1,283,640	1,216,360	51%
Expenditure For Income Generating Activity						
Insurance Costs						
Other Expenses On Investments						
Rent Expenses						
Bank Charges						
Loan Interest Repayment				2,950		%
Loan Principal Repayment						
Acquisition Of Assets						
<b>Totals</b>	<b>5,362,159</b>		<b>5,362,159</b>	<b>4,170,898</b>	<b>1,191,261</b>	<b>78%</b>

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



**IX. Significant Accounting Policies**

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

**1. Statement of compliance and basis of preparation**

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

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

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

**2. Recognition of receipts and payments**

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

**3. In-kind contributions**

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

**4. Cash and cash equivalents**

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

**Significant Accounting Policies (Continued)**

5. **Accounts Receivable**  
For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.
6. **Accounts Payable**  
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years.
7. **Non-current assets**  
Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the school fixed asset register a summary of which is provided as a memorandum to these financial statements.
8. **Budget**  
The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The school's budget was approved by the School Board of Management. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.
9. **Comparative figures**  
Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.
10. **Subsequent events**  
There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2021.

**X. Notes To The Financial Statements****1 Capitation Grant for Tuition**

Description	2020-2021	2019-2020
	Kshs	Kshs
Textbooks And Reference Materials	-	-
Exercise Books	-	-
Laboratory Equipment	-	-
Internal Exams	-	-
Teaching / Learning Materials	366,183	-
Chalks	-	-
Exams And Assessment	-	-
Teachers Guides	-	-
<b>Total</b>	<b>366,183</b>	-

**2 Capitation Grant for Operations**

Description	2020-2021	2019-2020
	Kshs	Kshs
Personnel Emoluments	1,212,997	-
Repairs And Maintenance	1,124,000	-
Local Transport / Travelling	122,424	-
Electricity And Water	122,424	-
Medical	-	-
Administration Costs	122,424	-
Activity	-	-
<b>Total</b>	<b>2,704,269</b>	-

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Fee on Boarding Equipment and store	2,895,900	-
Repairs and maintenance	-	-
Local transport / travelling	-	-
Electricity and water	-	-
Medical	-	-
Administration costs	-	-
Activity	-	-
<b>Total</b>	<b>2,895,900</b>	-

## Notes To The Financial Statements (Continued)

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

## 4 Payments For Tuition

Description	2020-2021	2019-2020
	Kshs	Kshs
Textbooks And Reference Materials	-	-
Exercise Books	-	-
Laboratory Equipment	263,000	-
Internal Exams	-	-
Teaching / Learning Materials	-	-
Chalks	-	-
Exams And Assessment	-	-
Teachers Guides	-	-
Administration Costs	-	-
Bank Charges	732	-
<b>Total</b>	<b>263,732</b>	<b>-</b>

**SERICHO SECONDARY SCHOOL**  
**Reports and Financial Statements For the Period of Six Month 30<sup>th</sup> June 2021**

**Notes To The Financial Statements (Continued)**

**5 Payments For Operations**

Description	2020-2021	2019-2020
	Kshs	Kshs
Personnel Emoluments	899,742	-
Service Gratuity	-	-
Administration Cost	80,000	-
Repairs And Maintenance & Improvements	523,505	-
Local Transport / Travelling	127,000	-
Electricity And Water	140,000	-
Nhif	-	-
Activity Expenses	-	-
Smasse	-	-
Nssf	-	-
Bank Charges	2,429	-
Acquisition Of Assets	-	-
<b>Total</b>	<b>1,772,676</b>	<b>-</b>

**Notes To The Financial Statements (Continued)**

**6 Boarding And School Fund Payments**

Description	2020-2021	2019-2020
	Kshs	Kshs
Personnel Emoluments	294,800	-
Service Gratuity	-	-
Repairs And Maintenance & Improvements	-	-
Local Transport / Travelling	98,500	-
Electricity And Water	69,000	-
NSSF	-	-
Administration Costs	385,600	-
Lunch Programme	1,283,640	-
Bank Charges	2,950	-
Expenses On Income Generating Activities	-	-
Fee On Boarding Equipment and Stores	-	-
Rent Expenses	-	-
Insurance Cost (Life Property)	-	-
Loan Principal Repayment	-	-
Loan Interest Repayment	-	-
Acquisition Of Assets	-	-
<b>Total</b>	<b>2,134,490</b>	<b>-</b>

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

Notes To The Financial Statements (Continued)

7 Bank Accounts

Name Of Bank, Account No. & Currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account	1116743116	103,523	
Operations Account	1116743922	901,423	
School Fund Account/Boarding	1114545228	885,906	
Savings Account		-	
Parent Association Development Account		-	
Income Generating Activities Account		-	
Infrastructural Account	1143535820	37,773	
<b>Total</b>		<b>1,928,625</b>	

8 Cash In Hand

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition Account	-	-
Operation Account	106.00	
School Fund account	704.68	
<b>Total</b>	<b>810.68</b>	

9 Short Term Investments

Description	2020-2021	2019-2020
	Kshs	Kshs
Cooperative Shares		
Treasury Bills		
Fixed Deposit		
Equity Stock		
Other Investments		
<b>Total</b>		

## Notes To The Financial Statements (Continued)

## 10 Accounts Receivable

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees Arrears	2,821,980	
Other Non-Fees Receivables	114,800	
Salary Advances	-	
Imprest	(114,800)	
<b>Total</b>	<b>2,821,980</b>	

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees Arrears For Current Year	340,155	
Fees Arrears For The Previous Year	-	
Fees Arrears For Prior Periods (Over Two Years)	2,481,825	
<b>Total</b>	<b>2,821,980</b>	

## 11 Accounts Payable

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	-	
Prepaid Fees	68,000	
Retention Monies	-	
<b>Total</b>	<b>68,000</b>	

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade Creditors for Current Year	(614,885)	
Trade Creditors for The Previous Year	614,885	
Trade Creditors for Prior Periods (Over Two Years)		
<b>Total</b>	<b>-</b>	

## Notes To The Financial Statements (Continued)

## 12 Fund Balance Brought Forward

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank Balances	1,928,625	
Cash Balances	811	
Short Term Investments	-	
Receivables	2,821,980	
Payables	(68,000)	
<b>Total</b>	<b>4,683,416</b>	

**Other important disclosure notes**

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

**Other important disclosure notes**

**13 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)

PRINCIPAL  
SERICHO SECONDARY SCHOOL  
P. O. KERICHO - 20102  
  
Date: \_\_\_\_\_

Sign and Date  
Principal

## Annex 1 - Analysis Of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021-1	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction Of Buildings</b>						
1.						
2.						
3.						
Sub-Total						
<b>Supply Of Goods</b>						
4.						
5.						
6.						
Sub-Total						
<b>Supply Of Services</b>						
7.						
8.						
9.						
Sub-Total						
<b>Grand Total</b>						

## Annex 2 – Summary Of Fixed Assets Register

Asset Class	Date purchased	Location	Historical Cost b/f ('000') 1 <sup>st</sup> July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 <sup>th</sup> June 2022
Land 1			5,000			5,000
Land 2						
Buildings And Structures			17,640			17,640
Motor Vehicles						
Office Equipment, Furniture And Fittings			2,353			2,353
ICT Equipment, And Other ICT Assets			105			105
Tools And Apparatus			188			188
Textbooks			819			819
Other Machinery And Equipment			80			80
Heritage And Cultural Assets						
Intangible Assets- Soft Ware						
<b>Total</b>			<b>25,185</b>			<b>26,185</b>

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

**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)

**PRINCIPAL**

SERICHO SECONDARY SCHOOL  
P. O. Box 19 - 70102 MODOSA SHE

Sign  Date.....

-----  
Sign and Date  
Principal  
|

## 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 2021	Outstanding Balance Comparative 2021	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction Of Buildings</b>						
1.						
2.						
3.						
Sub-Total						
<b>Supply Of Goods</b>						
4.						
5.						
Sub-Total						
<b>Supply Of Services</b>						
6.						
7.						
8.						
Sub-Total						
<b>Grand Total</b>						

## Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs'000*) 1 <sup>st</sup> July 2021	Additions during the year (Kshs'000*)	Disposals during the year (Kshs'000*)	Historical Cost c/f (Kshs) 30 <sup>th</sup> June 202
Land	5,000			5,000
Buildings And Structures	19,590			19,590
Motor Vehicles				
Office Equipment, Furniture And Fittings	3,403			3,403
Textbooks	1,049			1,049
ICT Equipment	105			105
Tools And Apparatus	188			188
Other Machinery And Equipment	80			80
Heritage And Cultural Assets				
Intangible Assets- Soft Ware				
<b>Total</b>	<b>29,155</b>			<b>29,155</b>

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