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*Enhancing Accountability*

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**THE AUDITOR-GENERAL**

**ON**

**KISAU GIRLS SECONDARY SCHOOL**

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

**MAKUENI COUNTY**

**Kisau Girls Secondary School  
Report and Financial Statements  
For Six Months of the year ended 30<sup>th</sup> June 2021**

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THE AUDITOR GENERAL  
P.O. BOX 84 - 00100, NAIROBI  
REGISTRY  
11 DEC 2024  
**RECEIVED**



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**KISAU GIRLS SECONDARY SCHOOL**

**SIX MONTHS REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**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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*Kisau Girls Secondary School*  
**Report and Financial Statements**  
**For Six Months of the year ended 30<sup>th</sup> June 2021**

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**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 Makueni County, Mbooni East Sub-County

The school was registered in 6/8/ 2019 under registration number **17s30000073** and is currently categorized as a (Extra County) public school established, owned, or operated by the Government.

The school is a boarding school and had 1,250 students as at 30<sup>th</sup> of June 2021. It has SIX streams and 47 teachers of which 17 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:

<b>Ref:</b>	<b>Name of Board Member</b>	<b>Designation</b>	<b>Date of appointment</b>
1	MAXWEL KIMEU	Chairman	3/June /2019
2	LINZ MONICA	Secretary - Principal	3/June /2019
3	JAMES MUOLA	Member	3/June /2019
4	EARNEST MUENDO	Member	3/June /2019
5	URBANUS KIOKO	Member	3/June /2019
6	DANIEL MUTIA	Member	3/June /2019
7	JACINTA WAMBUA	Member	3/June /2019
8	STEPHEN MBITHI	Member	3/June /2019
9	MESHACK MUTULA	Member	3/June /2019
10	THOMUS KILEE	Member – Rep CEB	3/June /2019
11	JAPHETH MUTINDA	Member Rep Teachers	3/June /2019
12	MARGRET MUSYOKA	Member - Sponsor	3/June /2019
13	JAMES MUOLA	Member - Sponsor	3/June /2019
14	MAXWEL KIMEU	Member - Sponsor	3/June /2019
15	BENSON MUTUKU	Member - Community	3/June /2019
16	PAULINE LUMBI	Member Special Needs	3/June /2019
17	FAITH MWENDE	Rep Students	3/June /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 pupil's discipline and make reports to the CEB
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB
- Administer and manage the resources of the school
- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule para 21 and 23 of the Basic Education Act, 2013.

**(c) Committees of the Board**

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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	LINZ MONICA M	BOM SECRETARY	3 out of 3
		MAXWEL KIMEU	CHAIRPERSON	3 out of 3
		JAMES MUOLA	VICE PERSON	3 out of 3
		THOMUS KILEE	MEMBER	3 out of 3
		PAULINE LUMBI	MEMBER	3 out of 3
2	Audit Committee	MESHACK MUTULA	CHAIR PERSON	0 out of 3
		MICHAEL IRUNGU	MEMBER	0 out of 3
		DANIEL MUTIA	MEMBER	0 out of 3
3	Finance, procurement and general purposes Committee	ARBUNUS KOKO	CHAIRPERSON	2 out of 3
		MAXWEL KIMEU	MEMBER	2 out of 3
		PAULINE LUMBI	MEMBER	2 out of 3

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Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
4	Academic Committee	PROFESSOR JAMES MUOLA	CHAIRPERSON	3 out of 3
		MARGARET MUSYOKA	MEMBER	3 out of 3
		JAPTHETH MUTINDA	MEMBER	3 out of 3
5	Development Committee	URBANUS KIOKO	CHAIRPERSON	3 out of 3
		MAXWEL KIMEU	MEMBER	3 out of 3
		PAULINE LUMBI	MEMBER	3 out of 3
		EARNEST MUENDO	MEMBER	3 out of 3
		LINZ MONICA	BOM SECRETARY	3 out of 3
6	Discipline and welfare Committee	BENSON MUTUKU	CHAIRPERSON	1 out of 3
		EARNEST MUENDO	MEMBER	1 out of 3
		NANCY MWANTHI	MEMBER	1 out of 3

**(d) 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/ID NO.
1	Principal	LINZ MONICA	335904
2	Deputy Principal	JANE MWIKALI	357034
3	School Bursar	ABEDNEGO MULE	23783207

**KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**

**(e) Schools contacts**

Post Office Box: 5-90127-MBUMBUNI -MBOONI EAST  
Telephone: 0713943902  
E-mail: kisaugirls@yahoo.com  
Website: N/A  
Facebook: N/A  
Twitter: N/A

**(f) 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: MACHAKOS  
Account Number: 1106388895
2. Name of Bank: KCB  
Branch: MACHAKOS  
Account Number: 1106376226
3. Name of Bank: KCB  
Branch: MACHAKOS  
Account Number: 1107155932
4. Name of Bank: KCB  
Branch: MACHAKOS  
Account Number: 1283009889

5. MPESA Pay Bill No. 35801K attached to 1106388895 bank account

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

**(g) Independent Auditors**

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

*Kisau Girls Secondary School*  
**Report and Financial Statements**  
**For Six Months of the year ended 30<sup>th</sup> June 2021**

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**II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL**

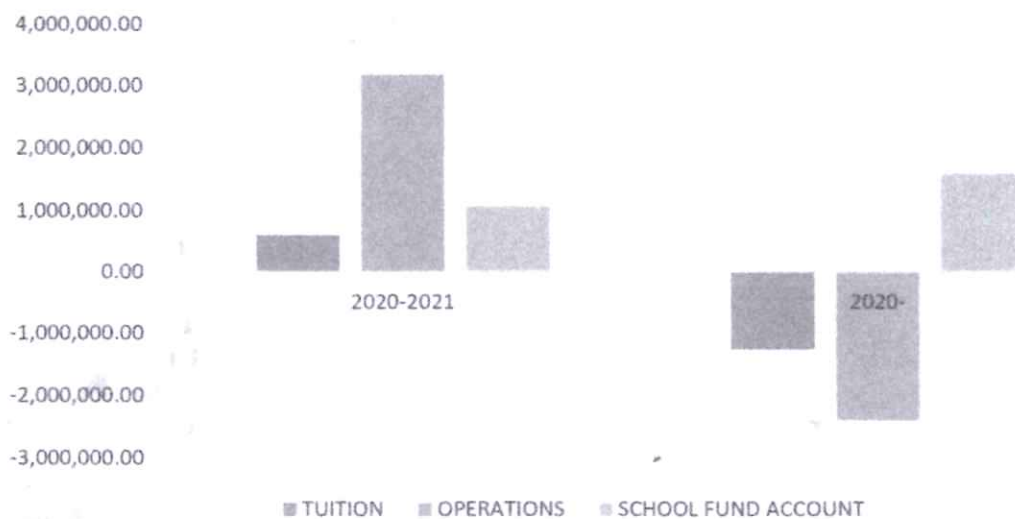
The following is a summary report of the performance of the school against the set performance evaluation criteria:

**a) Financial performance**

**- Surplus/ deficit for the year and a comparison of the same for the last three years**

S/NO	ACCOUNT	Jan-June 2021	2020
	TUITION	596,340	(1,268,123)
	OPERATION	3,171,300	(2,390,957)
	SCHOOL FUND	1,063,189	1,589,677
	<b>TOTAL</b>	<b>4,830,829</b>	<b>(2,069,403)</b>

**SURPLUS/DEFICIT FOR THE YEAR & COMPARISON OF THE SAME FOR THE LAST 3 YERAS**

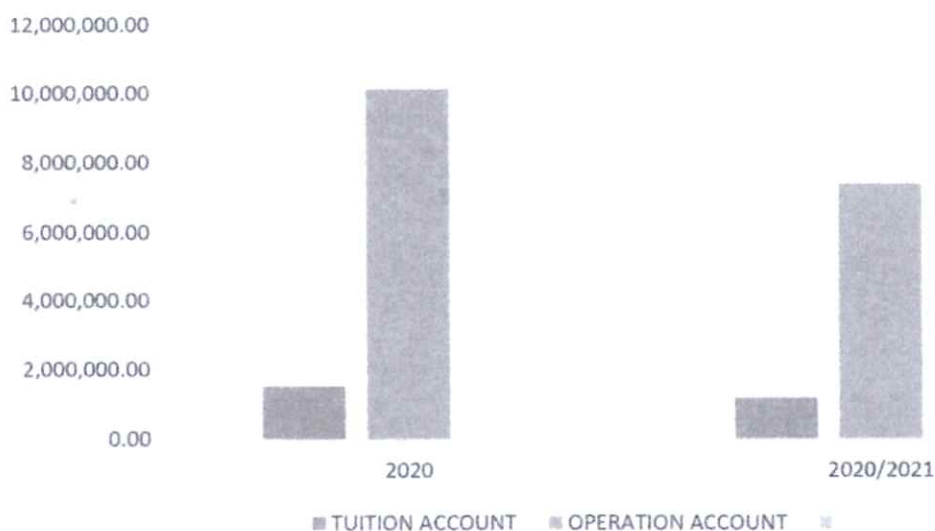


**Kisau Girls Secondary School**  
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**- Capitation grants from the Ministry of Education for the last three years**

S/NO	ACCOUNT	Jan-June 2021	2020
	TUITION	1,167,599	1,508,633
	OPERATION	7,388,755	10,121,000
	TOTAL	8,556,354	11,629,633

**CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE LAST THREE YEARS**



**Kisau Girls Secondary School**  
**Report and Financial Statements**  
**For Six Months of the year ended 30<sup>th</sup> June 2021**

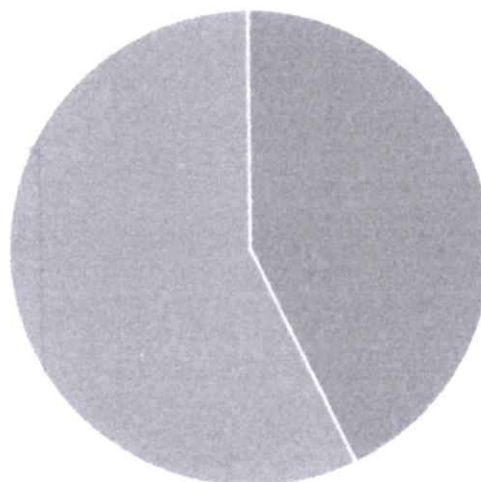
**- Ratio of capitation grant per student over the last three years**

S/NO	ACCOUNT	Jan-June 2021	2020
	TOTAL CAPITATION	8,556,354	11,629,633
	PER STUDENT	9,112	12,879
	NO. OF STUDENTS	939	903
		1:9,112	1:12,879

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

S/NO	ACCOUNT	Jan-June 2021	2020
	SCH. FUND	20,940,543	27,874,801

AMOUNT



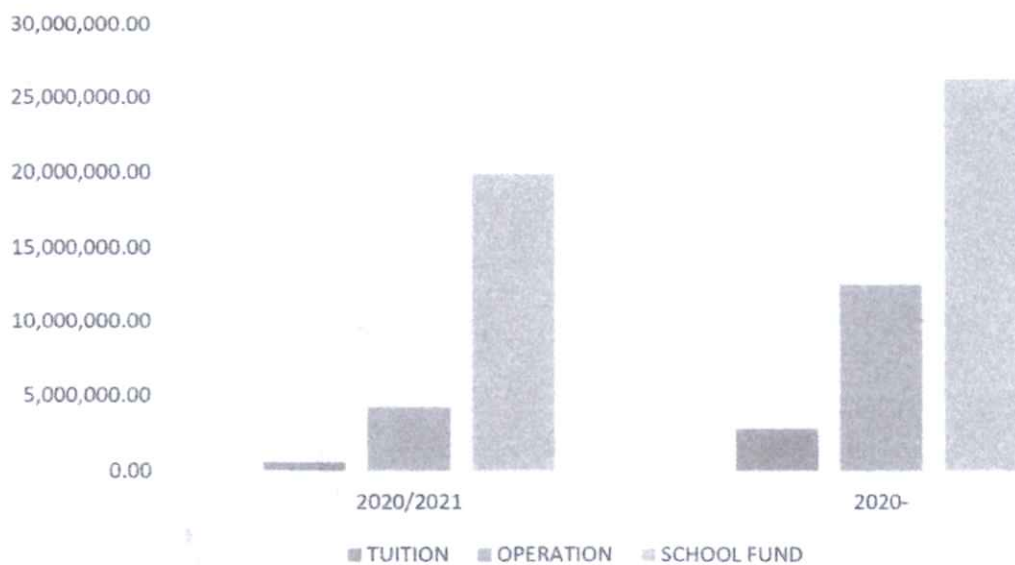
■ 2020/2021 ■ 2020 ■

**Kisau Girls Secondary School  
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**- A three-year overview of growth in expenditure of the school**

S/NO	ACCOUNT	Jan-June 2021	2020
	TUITION	571,259	2,776,756
	OPERATION	4,217,455	12,511,957
	SCHOOL FUND	19,877,354	26,285,124
	<b>TOTAL</b>	<b>24,666,068</b>	<b>41,573,837</b>

Three- Year Overview of growth in expenditure

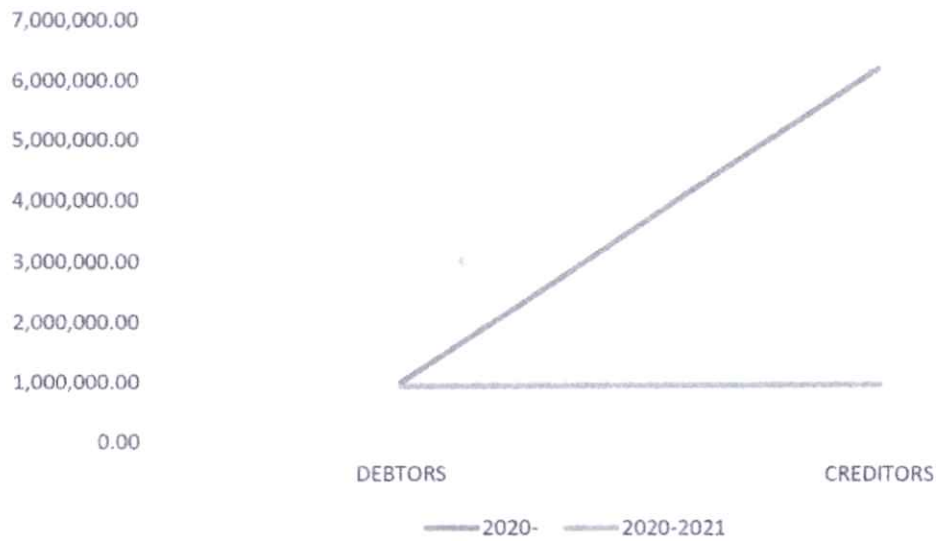


**Kisau Girls Secondary School**  
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**Movement of debtors and creditors of the school over the last three years**

S/NO	ACCOUNT	Jan-June 2021	2020
	DEBTORS	934,926	1,003,281
	CREDITORS	941,889	6,215,482

MOVEMENT OF DEBTORS & CREDITORS OF THE SCHOOL OVER THE LAST 3 YEARS

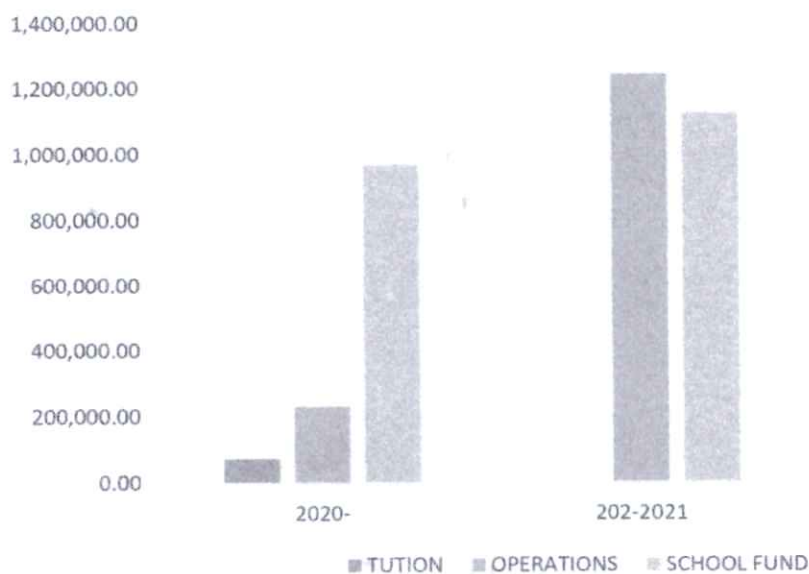


**Kisau Girls Secondary School**  
**Report and Financial Statements**  
**For Six Months of the year ended 30<sup>th</sup> June 2021**

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

S/NO	ACCOUNT	Jan-June 2021		2020	
		CASH	BANK	CASH	BANK
1	TUITION	-	2,288	-	72,979
2	OPERATION	645	1,241,835	645	228,811
3	SCHOOL FUND	168,482	1,123,026	1,927	967,633
	TOTAL	169,127	2,367,149	2,572	1,269,423

MOVEMENT OF CASH AND BANK BALANCES OVER THE LAST 3 YEARS



**Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends.**

**Kisau Girls Secondary School**  
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**For Six Months of the year ended 30<sup>th</sup> June 2021**

b) **Teacher Student ratio:**

<b>Number of students</b>	<b>1250</b>
<b>Number of teachers</b>	<b>79</b>
<b>TSC Teachers</b>	<b>51</b>
<b>TSC Transferred</b>	<b>0</b>
<b>BOM Teachers</b>	<b>28</b>
<b>Ratio</b>	<b>125/79 = 15.8</b>

Teachers per subject

	TSC	BOM
<b>ENGLISH</b>	<b>7</b>	<b>3</b>
<b>MATHEMATICS</b>	<b>8</b>	<b>7</b>
<b>CHEMISTRY</b>	<b>4</b>	<b>3</b>
<b>KISWAHILI</b>	<b>4</b>	<b>4</b>
<b>BIOLOGY</b>	<b>4</b>	<b>3</b>
<b>CRE</b>	<b>7</b>	<b>3</b>
<b>AGRICULTURE</b>	<b>1</b>	<b>0</b>
<b>B/STUDIES</b>	<b>3</b>	<b>1</b>
<b>PHYSICS</b>	<b>5</b>	<b>1</b>
<b>HISTORY</b>	<b>3</b>	<b>3</b>
<b>GEOGRAPHY</b>	<b>3</b>	<b>0</b>
<b>HOMESCIENCE</b>	<b>1</b>	<b>0</b>
<b>COMPUTER STUDIES</b>	<b>1</b>	<b>0</b>
<b>FRENCH</b>	<b>0</b>	<b>0</b>

**Kisau Girls Secondary School**  
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**c) Mean score in the 2021 KCSE:**

YEAR	MEANSORE	DEVIATION	COMMENT	STUDENTS JOINING UNIVERSITY
2018	7.678 B-	+0.512	IMPROVEMENT	106
2019	7.781 B-	+ 0.103	IMPROVEMENT	117
2020	8.409 B-	0.628	IMPROVEMENT	151
2021	7.376 C+	- 1.03	DROP	151

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

YEAR	NO. OF CANDIDATES
2018	146
2019	160
2020	159
2020/2021	199

**e) Capacity of the school:**

NUMBER OF STUDENTS	NO. OF DORMS	NO. OF DINING HALLS	LABORATORIES & LIBRARY	TOILETS	BATHROOMS
1250	7	1	3 SCIENCES 1 HOMECSIENCE 1 COMPUTER 1 LIBRARY	68	120

**Kisau Girls Secondary School  
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For Six Months of the year ended 30<sup>th</sup> June 2021**

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

**CLASS BLOCK CONSTRUCTION**

DATE	NAME OF CONTACTOR	KSHS	CTS
25.10.2021	M/S WISE & KEEN MJ CONTACTORS	240,636	Contractor
3.02.2022	MARYCAILLY LTD	488,630	Materials
14.2.2022	MARYCAILLY LTD	470,000	Materials
14.2.2022	TARAGHEE ENGINEERING WORKS LTD	106,725	Contractor
17.2.2022	MARYCAILLY LTD	573,700	Materials
26.2.2022	MARYCAILLY LTD	351,300	Materials
26.2.2022	TARAGHEE ENGINEERING WORKS LTD	358,528	Contractor
03.03.2022	MARYCAILLY LTD	800,000	Materials
29.04.2022	TARAGHEE ENGINEERING WORKS LTD	300,000	Contractor
	TOTAL	3,689,519	

**Source of funds infrastructure account.**

Sign *[Signature]*

School Principal

**ST. ALPHONSA KISAU GIRLS SEC.  
SCHOOL**

P. O. Box 5 - 90127,  
MBUMBUNI

Date: 10/12/2021


### III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

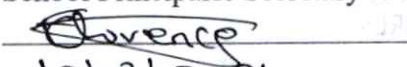
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant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

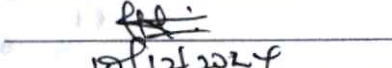
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to keep all proper books and records of accounts of the income, expenditure, and assets of the institution.

The Board of Management of **Kisau Girls 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 of that date.

**Name:** MONICA KILONZO  
**Designation:** Chairman, School Board of Management  
**Sign:**   
**Date:** 10/12/2024

**Name:** FLORENCE KIMEU  
**Designation:** School Principal & Secretary to Board of Management  
**Sign:**   
**Date:** 10/12/2024

**Name:** ABEDNEGO M MULE  
**Designation:** Bursar/ Finance Officer  
**Sign:**   
**Date:** 10/12/2024

**ST. ALPHONSA KISAU GIRLS SEC.**  
**SCHOOL**  
P. O. Box 5 - 90127,  
MBUMBUNI  
**Date:** 10/12/2024

# REPUBLIC OF KENYA

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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
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NAIROBI

*Enhancing Accountability*

## **REPORT OF THE AUDITOR-GENERAL ON KISAU GIRLS SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - MAKUENI COUNTY**

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### 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.

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 Kisau Girls Secondary School – Makueni County set out on pages 12 to 28, which comprise of the statement of financial

assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of Financial Assets and liabilities statement of cash flows and statement of budgeted versus actual amounts for the six months' period then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Kisau Girls Secondary School – Makueni County as at 30 June, 2021 and of its financial performance and its cash flows for the six (6) months' period then ended, in accordance with [International Financial Reporting Standards/International Public Sector Accounting Standards Cash Basis and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies of the Financial Statements**

Review of the financial statements revealed the following errors and omissions as detailed below:

- i. The statement of receipts and payments reflects School Fund Income-other receipts of Kshs.16,356,201 and Kshs.20,000,164 for the current and previous year (January to December, 2020) as disclosed in Note 4 to the financial statements which differs from Kshs.16,348,774 and Kshs.19,115,965 respectively in the statement of cash flows resulting unexplained variances of Kshs.7,427 and Kshs.884,199 respectively.
- ii. The statement of receipts and payments reflects Boarding and School Fund payments of Kshs.26,285,124 for the previous year (January to December, 2020) as disclosed in Note 7 to the financial statements which differs from Kshs.285,124 in Note 7 to the financial statements resulting unexplained variance of Kshs.26,000,000.
- iii. The statement of financial assets and liabilities reflects accumulated fund brought forward of Kshs.(3,780,866) which differs from Kshs.(3,773,439) in Note 13 to the financial statements resulting unexplained variance of Kshs.(7,427).

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

#### **2. Inaccuracies in Capitation Grants**

The statement of receipts and payments reflects capitation grants for tuition and operations amount of Kshs.1,167,599 and Kshs.7,388,735. as disclosed in Notes 1 and 2 to the financial statements. Review of the National Education Management Information

System (NEMIS) capitation disbursements made to the School against the amount received by the School revealed an amount of Kshs.10,061,989 whereas the school NEMIS capitation reflects an amount of Kshs.8,493,052, resulting to an unexplained variance of Kshs.1,568,937. Further comparison of banks statements and the financial statements reflects an amount of Kshs.8,493,052 and Kshs.8,556,354 resulting to an unexplained variance of Kshs.63,302.

In the circumstances, the accuracy and completeness of capitation grants for tuition and operation of Kshs.1,167,599 and Kshs.7,388,755 could not be confirmed.

### **3. Accounts Receivables**

#### **3.1 Unsupported Accounts Receivables**

The statement of financial assets and liabilities reflects accounts receivables of Kshs.934,926 as disclosed in Note 11 to the financial statements. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy of the accounts receivables balance of Kshs.934,926 could not be confirmed.

#### **3.2 Long Outstanding Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.934,926 in respect of fees arrears as disclosed in Note 11 to the financial statements. The receivables amount of Kshs.934,926 which had been outstanding from the previous years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.934,926 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of budgeted and actual amounts reflects final receipts budget and actual receipts on comparable basis of Kshs.43,891,042 and Kshs.29,496,897 respectively

resulting into an under-funding of Kshs.14,394,145 or 33% of the budget. However, the School spent Kshs.24,666,068 against actual receipts of Kshs.29,496,897 resulting to an under-utilization of Kshs.4,830,829 or 14% of actual receipts.

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

My opinion is not modified in respect of this matter.

### **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. There are no other key audit matters to report in the year under review.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Late submission of the Financial Statements for Audit**

During the year under review, Management submitted the financial statements to the Auditor-General on 22 June, 2023 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 which 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. Unconfirmed Students Enrolment Data**

The statement of receipts and payments reflects capitation grants for tuition, and capitation grants for operations totalling Kshs.8,556,354. 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 2020/2021, NEMIS reflected eight hundred and ninety six (896) students while records from the School register had nine hundred and seventy seven (977) students, resulting to an underfunding of the School by an amount of Kshs.624,514. This was contrary to the Ministry of Education Circular No: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.

Further, a review of class register revealed that the School had 44 Student who had attained 18 years but were not registered in NEMIS system.

In the circumstances, underfunding of the School may have affected service delivery to the students.

### **3. Failure Transfer of Infrastructure Funds from Operations Bank Account**

The statement of receipts and payments reflects operations grants amount of Kshs.7,388,755 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.1,731,500 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, the balance was not transferred by 30 June, 2021. This is contrary to the Ministry of Education Circular which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the School infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

### **4. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements**

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows;

- i. Management presented the annual report and financial statements covering six months from January, 2021 to June, 2021 with comparative balances for financial year 2020. Therefore, the financial statements have not been prepared for eighteen-months (18) as prescribed by the Public Sector Accounting Standards Board (PSASB).

- ii. Note 17 to the financial statements on stock inventory has not been populated with stock inventory amounts at the beginning of the year, the purchases and issued inventory for the year and the balances as at the end of the year.
- iii. Annex 2 to the financial statements which is the summary of fixed assets register has not provided the historical costs of the assets at the beginning and end of the financial year, additions or disposals and dates of assets purchase.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack relevant information may affect users' reliance on the financial statements for decision making.

#### **5. Stalled Classrooms Block**

During the year under review, physical verification of the school infrastructure carried out in the month of June, revealed that the School had constructed two class block which had stalled at second floor slab. However, supporting documents were not provided on the construction such as the budget for the construction, approval for the construction, procurement of the contractor, certification of the works done and the payments. Further, there was no budget that had been allocated for the completion of the building which Management attributed to lack of adequate financial resources. Additionally, there were no records provided on the planned completion dates of the project.

In the circumstances, value for money for the construction of the two class blocks could not be confirmed.

#### **6. Failure to Prepare School Improvement Plan**

During the year/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

The audit was conducted in accordance with 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

During the year under review, the School had not constituted 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 School did not benefit from the assurance and oversight role of the internal audit function.

#### 2. Lack of Adequate Facilities

During the year under review, physical verifications and scrutiny of records revealed the following;

- i. A review of the class attendance registers and the School enrolment for the year revealed that school had an average class capacity of 53 learners against 45 provided in Regulations 64 of the Basic Education Regulations, 2015.
- ii. The School dining hall which is adjacent to the school kitchen was used to house students. As a result, students have their meals at the assembly ground which was dusty and unpaved.
- iii. The School kitchen did not have adequate space to accommodate cooking and had poor drainage which exposes the staff to health and accident risks.

- iv. The School library had been converted to a classroom. A books store which is a small room adjacent to former library had been filled with textbooks stored on top of the shelves and on the floor. Additionally, the working space for the librarian was too small to allow proper classification of incoming books which were lumped up on a small table at the entrance.

In the circumstances, the adequacy of School infrastructure to ensure quality education and enhance student welfare could not be confirmed.

### **3. Inadequate Asset Management**

Annex 2 to the financial statements on Summary of Fixed Asset Register reflects a list of ten (10) assets owned by the school but has not indicated the values of the asset's historical conditions and the closing value. Additionally, the assets register provided was not updated with pertinent details including clear description, date of acquisition, cost, location and unique identification numbers of the assets as per the approved assets register template. Further, furniture computers and other movable assets were not tagged with unique identification numbers to help keep track of its assets. Also, the value of text books held by the School were not disclosed.

In the circumstances, the effectiveness of the internal controls in the assets management could not be confirmed

### **4. Lack of a Procurement Professional in the School**

During the year under review, it was established that the School did not have an establishment of a procurement professional and the School had not recruitment a procurement professional and had no establishment of a procurement function. Lack of an approved establishment of a procurement professional in the School negatively affected the efficiencies and responsibilities in the procurement coordination. This is contrary to Section 47. (1) of the Public Procurement and asset disposal Act, 2015 which states that a procurement function shall be handled by procurement professionals whose qualifications are recognized in Kenya.

In the circumstances, the adequacy of controls put in place to ensure compliance of the school procurements to the Public Procurement and Disposal Act and Regulations could not be confirmed.

### **5. Lack of an Effective Information Communication Technology Infrastructure**

Review of the ICT infrastructure and data and records maintained at the School revealed that the school was operating manual records and data management, despite the growing learner's population. The human resource capacity and the library resources including

access to electronic databases and resources, had not been developed. The school had not established a fully functional school website and there was no system for e-results and e-admission to enhance communication with stakeholders. Additionally, the school has not adopted use of e-learning resources which would improve the quality of teaching and learning through Provision of up-to-date instructional materials.

Further, review of the School fees collection tools revealed that the School had an ICT based system of collecting fees, However, there were no documented procedures on the operationalization of the system and the computer used as server was also used to process data and documents at the office. There was no server room and the system hardware were not secured.

In the circumstances, the adequacy of IT infrastructure for the integration of Information, Communication Technology in education, management, and curriculum delivery could not be confirmed.

## **6. Inadequate Management of Text Books**

During the year under review, physical Inspection in the month of June, 2024 revealed the following;

- i. A total of 17,150 text books had been issued to students including 1491 Text books held by current form fours and previous students not been returned.
- ii. Additionally, during the year, under review, the School received 3,507 set books, and had in stock a total of 15,659 textbooks whose value was not disclosed. Physical verification showed that textbook storage facilities were inadequate resulting to the school storing the remaining textbooks in unsafe conditions such as on top of the available book shelves and the excess textbooks were lying on the floor that exposed the textbooks to risks of termites attack and/or water spillage.
- iii. The School received from six suppliers three thousand five hundred and seven (3,507) set books against a requirement of two thousand five hundred and thirteen (2,513) as per the School enrolment resulting to excess of 994.

In the circumstances the effectiveness of custody and security of the instructional and learning materials and value for money for the excess textbooks at the School could not be confirmed.

## **7. Inadequate oversight by the Board of Management**

During the year under review, scrutiny of the governance structure at the school revealed the following;

- i. The Board had constituted seven (7) standing committees. However, the Board of management did not have an approved work plan that clearly outlined the activities it was to undertake for the year.
- ii. Additionally, review of the committee operations and membership revealed that the audit committee and the discipline and welfare committee were not operational during the period under review.
- iii. The Audit committee had no member with financial expertise to assist the committee in facilitating the School to achieve the strategic objectives especially in matters requiring financial knowledge in finance and accounting.

In the circumstances the effectiveness of the Board oversight on the activities and decisions made by the School could not be confirmed.

#### **8. Lack of Human Resource Policies and Procedures**

During the year under review, there were no supporting documents provided to show that the School had Human resource policies and procedures to guide the conduct, training and retention, recruitment of BOM teachers and non-teaching staff. This carries the risk of hiring underqualified personnel that can lead to poor performance of the School.

In the circumstances, lack of documented human resources policies could lead to reduced productivity of the teaching and non-teaching staff at the School.

#### **9. Lack of Risk Management Policy and Disaster Recovery plan**

During the year under review, the School had not put in place a Risk Management Policy, strategies, and Risk Register to mitigate against risk. It was, therefore, not clear how the risk exposures were managed. This was in contravention of Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism; and the entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of the internal controls, risk management and overall governance could not be established.

#### **10. Lack of School Instructional Materials Selection Committee**

During the year under review the Board did not have in place an appointed School Instructional Materials Selection Committee (SIMSC) to be responsible for Making a list of the textbooks, teachers' guides and other instructional materials that are already in

the school; Doing annual needs assessment of the text books urgently needed by the school; Calling an SIMSC meeting and documenting in the minute book what SIMSC has decided which text books are urgently needed in the School and; keeping SIMSC Minute Book to be signed by the secretary and the chairperson of the SIMSC.

In the circumstances the adequacy of the instructional need assessment could not be confirmed.

### **11. Shortfall in Number of Textbooks Compared to Enrolment**

A comparative analysis of the textbooks available and the school enrollment revealed that 16 subjects in all class subject had an average text book to student ratio deficit of 60% with six subject text books having a ratio of less than 50%. Additionally, Agriculture textbooks for form one and three and physics for form three had book student ratio of less than 30%. These ratios were short of the required student to textbook ratio of 1:1.

Further; comparative review of the class registers and the subject text books available for each class revealed that the French subject had 421 text books. However, the subject was not taught at the School.

In the circumstances the School lacked adequate resources which may adversely affects quality of learning at the School.

### **12. Lack of an Approved Guideline on Remuneration of Members of the Board**

During the year under review, scrutiny of expenditure revealed that the board expenses were not supported by an approval of the allowances payable to the members of the board of management. This was attributed to lack of Regulations on Board of Management allowances. This is contrary to Section 63 the Basic Education Act, 2013 which states that the members of the Board of Management shall be paid such allowances as the Cabinet Secretary may provide by Regulations upon the advice of the Salaries and Remuneration Commission.

In the circumstances, lack of a clear guideline on the remuneration of board members increases the risk of inflated expenditures by the Board.

### **13. Deficit in Teaching Staff**

During the year under review, the School had an enrolment of 1250 students, with 51 teachers posted by TSC against the curriculum-based establishment (CBE) of teachers, resulting in deficit of 28 or 43% of the required teachers. Although the board had employed 28 teachers, the School had notable under staffing of between one (1) and

seven (7) teachers in the 9 subject that are taught at the School including mathematics and languages.

In the circumstances, the effectiveness of curriculum delivery and the effectiveness of the 100% transition policy for class eight leavers 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 going concern and using the going concern basis of accounting 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**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of 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 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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**


**13 December, 2024**

**Kisau Girls Secondary School  
Report and Financial Statements  
For Six Months of the year ended 30<sup>th</sup> June 2021**

**V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30<sup>TH</sup> JUNE 2021**

Description of Vote Head	Note	Jan-June 2021	2020
		Kshs	Kshs
<b>Receipts</b>			
Capitation grants for tuition	1	1,167,599	1,508,633
Capitation grants for operations & infrastructure	2	7,388,755	10,121,000
School Fund Income- Parents' Contributions	3	4,584,342	7,874,637
School Fund Income- Other receipts	4	16,356,201	20,000,164
Proceeds from borrowings			
<b>Total Receipts</b>		<b>29,496,897</b>	<b>39,504,434</b>
<b>Payments</b>			
Payments for Tuition	5	571,259	2,776,756
Payments for operations and infrastructure	6	4,217,455	12,511,957
Boarding and school fund payments	7	19,877,354	26,285,124
<b>Total Payments</b>		<b>24,666,068</b>	<b>41,573,837</b>
<b>Surplus/Deficit</b>		<b>4,830,829</b>	<b>(2,069,403)</b>

The school financial statements were approved on 10/12/2021 and signed by:



Name: Monica Kilonzo  
Chair BOM

Date: 10/12/21

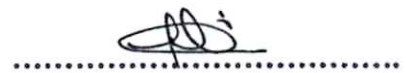


Name: Florence Kimeu  
School Principal/ Secretary to BOM

Date: 10/12/2021

ST. ALPHONSA KISAU GIRLS SEC.  
SCHOOL  
P. O. Box 5 - 90127,  
MBUMBUNI

Date: .....



Name: Abednego Mule  
Bursar/ Finance Officer

Date: 10/12/2021

*Kisau Girls Secondary School*  
**Report and Financial Statements**  
**For Six Months of the year ended 30<sup>th</sup> June 2021**

**VI. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS OF 30<sup>TH</sup> JUNE 2021**

Description	Note	Jan-June 2021	2020
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and Cash Equivalents</b>			
Bank balances	8	2,533,916	1,436,190
Cash balances	9	169,127	2,572
Short term Investment	10	-	-
<b>Total cash and cash equivalents</b>		<b>2,703,043</b>	<b>1,438,762</b>
Account's receivables	11	934,926	1,003,281
<b>Total financial assets</b>		<b>3,637,969</b>	<b>2,442,043</b>
<b>Financial liabilities</b>			
Accounts Payable	12	941,889	6,215,482
Prepayment		1,646,117	7,427
<b>Total Financial liabilities</b>		<b>2,588,006</b>	<b>6,222,909</b>
<b>Net financial assets</b>		<b>1,049,963</b>	<b>(3,780,866)</b>
<b>Represented by</b>			
Accumulated fund b/fwd	13	(3,780,866)	(1,711,463)
Surplus/Deficit for the year		4,830,829	(2,069,403)
<b>Net financial position</b>		<b>1,049,963</b>	<b>(3,780,866)</b>

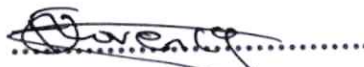
The school financial statements were approved on 10/12/2024 and signed by:



Name: Monica Kilonzo

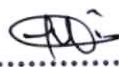
Chair BOM

Date: 10/12/24



Name: Florence Kimeu  
 School Principal/ Secretary to  
 BOM

Date: 10/12/2024



Name: Abednego Mule

Bursar/ Finance Officer

Date: 10/12/2024

**ST. ALPHONSA KISAU GIRLS SEC.**  
**SCHOOL**  
 P. O. Box 5 - 90127,  
 MBUMBUNI

Date: .....

**Kisau Girls Secondary School  
Report and Financial Statements  
For Six Months of the year ended 30<sup>th</sup> June 2021**

**VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2021**

Description	Notes	Jan-June 2021	2020
		Kshs	Kshs
<b>Operating activities</b>			
<b>Receipts</b>			
Capitation grants for tuition	1	1,167,599	1,508,633
Capitation grants for operations	2	7,388,755	10,121,000
School fund income- Parents contributions/ fees	3	4,584,342	7,874,637
School fund income- other receipts	4	16,348,774	19,115,965
Prepaid fees	18	1,653,544	7,427
Fees arrears collected		68,355	
<b>Total receipts</b>		<b>31,211,369</b>	<b>38,627,662</b>
<b>Payments</b>			
Payments for Tuition	5	571,259	2,776,756
Payments for operations	6	4,217,455	12,511,957
Boarding and school fund payments	7	19,877,354	26,285,124
Prepaid fees - refunded	18	7,427	
Creditor payments		5,273,593	-
<b>Total Payments</b>		<b>29,947,088</b>	<b>41,573,837</b>
<b>Net cash flow from operating activities</b>		<b>1,264,281</b>	<b>(2,946,175)</b>
<b>Cash flow from investing activities</b>			
<b>Net cash flows from Investing Activities</b>			-
<b>Net cash flows from financing Activities</b>			-
<b>Net increase in cash and cash equivalents</b>		<b>1,264,281</b>	<b>(2,946,175)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>1,438,762</b>	<b>4,384,937</b>
<b>Cash and cash equivalents at end of the year</b>		<b>2,703,043</b>	<b>1,438,762</b>

The school financial statements were approved on 10/12/2024 and signed by:



Name: Monica Kilonzo


Chair BOM

Date: 10/12/24



Name: Florence Kimeu  
School Principal/ Secretary to  
BOM

Date: 10/12/2024



Name: Abednego Mule

Bursar/ Finance Officer

Date: 10/12/2024

**ST. ALPHONSA KISAU GIRLS SEC.  
SCHOOL  
P. O. Box 5 - 90127,  
MBUMBUNI**

Date: .....

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
<b>Receipts</b>						
<b>(1) Capitation Grant on Tuition</b>						
Teaching/learning materials	2,670,300		2,670,300	1,167,599	1,502,701	44%
<b>Total Capitation Grant on Tuition</b>	2,670,300	-	2,670,300	1,167,599	1,502,701	44%
<b>(2) Capitation Grant on Operations</b>						
Personal Emoluments				-	962,246	0%
Repairs and maintenance				-	-	0%
Other Vote heads	6,555,000		6,555,000	5,592,755	962,245	85%
Maintenance & Improvement	3,450,000		3,450,000	1,796,000	1,654,000	52%
<b>Total Capitation Grants on Tuition</b>	<b>10,005,000</b>		<b>10,005,000</b>	<b>7,388,755</b>	<b>3,578,491</b>	
<b>(3) Fees Charged on Parents</b>						
Personnel emoluments	1,150,753		1,150,753	1,150,753	-	0%
Repairs and maintenance	898,359		898,359	898,359	-	100%
Local transport / travelling	20,050		20,050	20,050	-	100%
Electricity and water	1,783,139		1,783,139	1,783,139	-	100%

**Kisau Girls Secondary School**  
**Report and Financial Statements**  
**For Six Months of the year ended 30<sup>th</sup> June 2021**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
Administration cost	727,391		727,391	727,391	-	100%
Activity	4,650		4,650	4,650		100%
<b>Total fees charged on parents</b>	<b>4,584,342</b>	<b>-</b>	<b>4,584,342</b>	<b>4,584,342</b>	<b>-</b>	<b>100%</b>
<b>Other Income</b>						
Fee on Boarding Equipment and Stores				12,438,997		
Rent income				348,900		
Uniform	16,768,150		16,768,150	-	16,768,150	0%
University application fees	9,394,350		9,394,350	22,000	9,372,350	
Tender	348,900		348,900	-	348,900	0%
Income from Bus Hire	120,000		120,000	68,000	52,000	57%
Teachers Motivation	-		-	3,455,825		0%
Bank Charges	-		-	9,834	(9,834)	0%
KCSE	-		-	6,100		0%
Lost textbooks	-		-	6,545		0%
<b>Total Other income</b>	<b>26,631,400</b>	<b>-</b>	<b>26,631,400</b>	<b>16,356,201</b>	<b>26,531,566</b>	
<b>Total Receipts</b>	<b>43,891,042</b>		<b>43,891,042</b>	<b>29,496,897</b>	<b>31,612,758</b>	<b>67%</b>
<b>(1) Expenditure For Tuition</b>						
Teaching/learning materials	2,670,300		2,670,300	569,065	2,101,235	21%
Bank Charges	-		-	2,194	(2,194)	-100%
<b>Total Expenditure for Tuition</b>	<b>2,670,300</b>		<b>2,670,300</b>	<b>571,259</b>	<b>2,099,041</b>	<b>367%</b>

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<b>Receipt/Expense Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilisation Difference</b>	<b>% of Utilisation</b>
<b><i>(2) Expenditure For Operations</i></b>						
Personal Emoluments	4,542,500		4,542,500	-	4,542,500	0%
Administration Costs	3,450,000		3,450,000	-	3,450,000	0%
Repairs and Maintenance & Improvements	-		-	223,300	(223,300)	0%
Activity Expenses	862,500		862,500	248,200	614,300	29%
Other Vote heads	-		-	3,745,955	-	0%
Infrastructure	-		-	-	-	0%
<b>Total Expenditure for Operations</b>	<b>8,855,000</b>		<b>8,855,000</b>	<b>4,217,455</b>	<b>8,383,500</b>	
<b><i>(3) Expenditure For School Fund</i></b>				-		
Personnel emoluments	1,372,810		1,372,810	1,372,810	-	100%
University Application	79,710		79,710	79,710	-	100%
Repairs and maintenance & Improvements	261,890		261,890	261,890	-	100%
Local transport / travelling	1,003,612		1,003,612	1,003,612	-	100%
Electricity and water	326,489		326,489	326,489	-	100%
Activity	322,450		322,450	322,450	-	100%
Administration costs	1,417,111		1,417,111	1,417,111	-	100%
Tender expenses	-		-	-	-	0%
Uniform	625		625	625	-	100%
Bus Expenses	460,350		460,350	460,350	-	100%

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<b>Receipt/Expense Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilisation Difference</b>	<b>% of Utilisation</b>
Fee on Boarding Equipment and stores	10,886,437		10,886,437	10,886,437	-	100%
Special Programme	3,677,550		3,677,550	3,677,550	-	100%
Medical	60,000		60,000	60,000	-	100%
Maintenance & Improvement	-		-	-	-	0%
Lost Text books	6,520		6,520	6,520	-	100%
Rent expenses	1,800		1,800	1,800	-	100%
<b>Total Expenditure for School Fund</b>	<b>19,877,354</b>		<b>19,877,354</b>	<b>19,877,354</b>	-	
<b>TOTAL</b>	<b>31,402,654</b>		<b>31,402,654</b>	<b>24,666,068</b>	<b>10,482,541</b>	<b>79%</b>

## **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 six months ended 30<sup>th</sup> June 2021.

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**X. NOTES TO THE FINANCIAL STATEMENTS**

**1 CAPITATION GRANT FOR TUITION**

	<b>Jan-June 2021</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Teaching/learning materials	1,167,599	1,508,633
Teachers guides	-	-
<b>Total</b>	<b>1,167,599</b>	<b>1,508,633</b>

**2 CAPITATION GRANT FOR OPERATIONS**

	<b>Jan-June 2021</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Personal Emoluments	-	361,000
Repairs and maintenance	-	3,701,500
Other Vote heads	5,592,755	5,557,500
Maintenance & Improvement	1,796,000	12,000
Medical	-	163,000
Activity	-	326,000
<b>Total</b>	<b>7,388,755</b>	<b>10,121,000</b>

**3 PARENTS' CONTRIBUTION/FEEES - SCHOOL FUND ACCOUNT**

	<b>Jan-June 2021</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel emoluments	1,150,753	2,064,410
Repairs and maintenance	898,359	1,320,730
Local transport / travelling	20,050	598,778
Electricity and water	1,783,139	2,613,303
Administration cost	727,391	1,139,416
Activity	4,650	138,000
<b>Total</b>	<b>4,584,342</b>	<b>7,874,637</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT**

	<b>Jan-June 2021</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Fee on Boarding Equipment and Stores	12,438,997	16,095,473
Rent income	348,900	101,850
Uniform	-	73,350
University application fees	22,000	138,500
Tender	-	74,000
Income from Bus Hire	68,000	85,000
Teachers Motivation	3,455,825	3,431,991
Bank Charges	9,834	-
KCSE	6,100	-
Lost textbooks	6,545	-
<b>Total</b>	<b>16,356,201</b>	<b>20,000,164</b>

The school funds are only received from ministry of Education in Tuition account and Operations account while Boarding Equipment and stores funds are received from parents.

**5 PAYMENTS FOR TUITION**

	<b>Jan-June 2021</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Teaching/learning materials	569,065	2,776,390
Bank Charges	2,194	366
<b>Total</b>	<b>571,259</b>	<b>2,776,756</b>

**6 PAYMENTS FOR OPERATIONS**

	<b>Jan-June 2021</b>	<b>2,020</b>
	<b>Kshs</b>	<b>Kshs</b>
Personal Emoluments	-	3,365,875
Administration Costs	-	1,700,470
Repairs and Maintenance & Improvements	223,300	1,971,286
Local transport/ travelling	-	252,550
Electricity and Water	-	1,062,910
Medical	-	217,104
Activity Expenses	248,200	742,866
Other Vote heads	3,745,955	268,760
Infrastructure	-	2,930,136
<b>TOTAL</b>	<b>4,217,455</b>	<b>12,511,957</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7 BOARDING AND SCHOOL FUND PAYMENTS**

	<b>Jan-June 2021</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel emoluments	1,372,810	2,983,031
University Application	79,710	1,500
Repairs and maintenance & Improvements	261,890	1,126,317
Local transport / travelling	1,003,612	822,830
Electricity and water	326,489	330,533
Activity	322,450	84,850
Administration costs	1,417,111	901,407
Tender expenses	-	55,580
Uniform	625	16,800
Bus Expenses	460,350	847,331
Fee on Boarding Equipment and stores	10,886,437	14,567,401
Special Programme	3,677,550	3,056,902
Medical	60,000	-
Maintenance & Improvement	-	1,490,642
Lost Text books	6,520	-
Rent expenses	1,800	-
<b>TOTAL</b>	<b>19,877,354</b>	<b>,285,124</b>

**8 BANK ACCOUNTS**

<b>Name of Bank, Account No. &amp; currency</b>	<b>Jan-June 2021</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Tuition Account	2,288	72,979
Operations Account	1,241,835	228,811
School Fund Account/Boarding	1,123,026	967,633
Savings Account	68,527	68,527
Parents Association Development Account	98,240	98,240
Income generating activities Account	-	-
Infrastructural Account	-	-
<b>Total</b>	<b>2,533,916</b>	<b>1,436,190</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9 CASH IN HAND**

<b>Description</b>	<b>Jan-June 2021</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Tuition Account	-	-
Operation Account	645	645
School Fund account	168,482	1,927
<b>Total</b>	<b>169,127</b>	<b>2,572</b>

**10 SHORT TERM INVESTMENTS**

<b>Description</b>	<b>Jan-June 2021</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Cooperative shares	-	-
Treasury Bills	-	-
Fixed deposit	-	-
Equity stock	-	-
Other investments	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**11 ACCOUNTS RECEIVABLE**

<b>Description</b>	<b>Jan-June 2021</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Fees arrears	934,926	1,003,281
Other non-fees receivables	-	-
Salary advances	-	-
Imprest	-	-
<b>Total</b>	<b>934,926</b>	<b>1,003,281</b>

Aging analysis for Account Receivables

<b>Description</b>	<b>Jan-June 2021</b>	<b>2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Fees arrears for current year	-	884,199
Fees arrears for the previous year	934,926	119,082
Fees arrears for prior periods (over two years)	-	-
<b>Total</b>	<b>934,926</b>	<b>1,003,281</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12 ACCOUNTS PAYABLE**

	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	941,889	6,215,482
<b>Total</b>	<b>941,889</b>	<b>6,215,482</b>

Ageing analysis for Accounts Payable

Description	Jan-June 2021	2020
	Kshs	Kshs
Trade creditors for current year	-	4,504,019
Trade creditors for the previous year	941,889	1,711,463
Trade creditors for prior periods (over two years)	-	
<b>Total</b>	<b>941,889</b>	<b>6,215,482</b>

**13 FUND BALANCE BROUGHT FORWARD**

Description	Jan-June 2021	2020
	Kshs	Kshs
Bank balances	1,436,190	
Cash balances	2,572	
Short Term Investments	-	-
Receivables	1,003,281	-
Payables	(6,215,482)	(1,711,463)
<b>Total</b>	<b>(3,773,439)</b>	<b>(1,711,463)</b>

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**Other important disclosure notes**

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

**14 Non-current Liabilities Summary**

Description	Jan-June 2021	2020
	Kshs	Kshs
Bank loan(s)	-	-
Outstanding Leases	-	-
Hire purchase	-	-
Gratuity and leave provision	-	-
<b>Total</b>	-	-

**15 Biological assets**

Description	Numbers	Jan-June 2021	2020
		Kshs	Kshs
Cattle		-	-
Goats		-	-
Trees		-	-
Coffee or tea plantation		-	-
Poultry		-	-
<b>Total</b>		-	-

**16 Borrowings**

Description	Jan-June 2021	2020
	KShs	KShs
<b>a) Borrowings</b>		
Borrowing at beginning of the year	-	-
Borrowings during the year	-	-
Repayments of during the year	-	-
<b>Balance at end of the year</b>	-	-

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**Other important disclosure notes**

**17 Stock/ Inventory**

<b>Description</b>	<b>Jan-June 2021</b>	<b>2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>b) Borrowings</b>		
Stock/ inventory at beginning of the year	-	-
Stock/ inventory purchased during the year	-	-
Stock/ inventory issued during the year	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>

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**18 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

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

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**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 2020-2021	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction of buildings</b>						
1. M/S Wise and contactors	329,636	25.10.21	240,636	89,000.00	89,000	
2. Jospapa Enterprises	83,000	15.5.21	50,000	33,000.00	33,000	
3.						
<b>Sub-Total</b>	<b>412,636</b>		<b>290,636</b>	<b>122,000.00</b>	<b>122,000</b>	
<b>Supply of goods</b>						
4. Richest Farm	152,199	7.4.21	149,730	2,469	2,469	
5. Mbooni water and sanitation company	69,100	8.3.21	62,000	7,100	7,100	
6. Beta Bakers	238,490	28.2.21	235,420	3,070	3,070	
7. Top-grade predictor	230,000	10.2.21	-	230,000	230,000	
8. Gram media	565,460	28.5.21	100,000	465,460	465,460	
9. Bookfleyer	361,790	12.3.20	50,000	111,790	111,790	
<b>Sub-Total</b>	<b>1,417,039</b>		<b>597,150</b>	<b>819,889.</b>	<b>819,889</b>	
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Grand Total</b>	<b>1,829,675</b>		<b>887,786</b>	<b>941,889</b>	<b>941,889</b>	

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**ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 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 2021
Land 1						
Land 2						
Buildings and structures						
Motor vehicles						
Office equipment, furniture, and fittings						
ICT Equipment, and Other ICT Assets						
Tools and apparatus						
Textbooks						
Other Machinery and Equipment						
Heritage and cultural assets						
Intangible assets- software						
<b>Total</b>						

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