

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF




THE AUDITOR-GENERAL

ON

MARAFI BOYS SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2022**

KILIFI COUNTY

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 12 MAR 2025	DAY: WEDNESDAY
TABLED BY:	DEPUTY MAJORITY WHIP (HON. NACMI WAGO. MP)
CLERK-AT THE-TABLE:	J. LEMERELLE

OFFICE OF THE AUDITOR GENERAL
P.O. P. 01543, MOMBASA
26 JUL 2024
780/KRO
RECEIVED
KILIFI REGIONAL OFFICE



MARAFI BOYS SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th June 2022

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

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MARAFI SECONDARY SCHOOL
Reports and Financial Statements
For the year ended 30th June 2022

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 **Kilifi County, Magarini Sub-County**

The school was registered in **07/2015** under registration number **0353000/0039** and is currently categorized as a **County** public school established, owned or operated by the Government.

The school is a day/boarding school and had **454** number of students as at **30th June 2022**. It has **11** streams and **25** teachers of which **6** teachers are employed by the School Board of Management.

(b) School Board of Management - Board Members

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

Ref:	Name of Board Member	Designation	Date of Appointment
1	Paul Mwambire	Chairman	4th July 2019
2	Warra Mangi	Secretary - Principal	4th July 2019
3	Joseph Katana Charo	Member	4th July 2019
4	Franklin Karema	Member	4th July 2019
5	Daniel Kahindi Wanje	Member	4th July 2019
6	Hamisi Thethe	Member	4th July 2019
7	Lillian Jumwa	Member	4th July 2019
8	Paul Mwambire	Member-Rep CEB	4th July 2019
9	John Muturi Nyaga	Member Rep Teachers	4th July 2019
10	Wilberforce Mwakiru Ngetso Patrick Kadenge Zamda Omar	3 Members - Sponsor	4th July 2019
11	Gabriel Murithi	Member - Community	4th July 2019
12	Mercyline Kibamba	MemberSpecial Needs	4th July 2019
13	Furaha Peter	Rep Students	4th July 2019

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1. Paul Mwambire 2. Warra Mangi 3. Daniel Wanje 4. Zamda Omar 5. Gabriel Mureithi	BOM Chairman Secretary Member Member Member	6
2	Audit Committee	1. Wilberforce Mwakiru 2. Mercyline Kibamba 3. Daniel Kahundi Wanje 4. Gabriel Mureithi	Chairman	3
3	Finance, procurement and general purposes Committee	1. Gabriel Mureithi 2. Frankline Karema 3. Joseph Charo 4. Lillian Jumwa	Chairman Secretary	N/A
4	Academic Committee	1. Mercyline Kibamba 2. John Muturi Nyaga 3. Gabriel Mureithi	Chairperson Secretary	3
5	Development Committee	1. Warra Mangi 2. Wilberforce Mwakiru 3. Gabriel Mureithi 4. Mercyline Kibamba		3
6	Discipline and welfare Committee	1. Daniel Wanje 2. Mercyline Kibamba 3. Gedion Badiva Gumundi	Chairman	

7	Adhoc Committee (if any during the year)			n/a
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(d) School operation Management

For the financial year ended *30th June 2022* the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Warra Mangi	358246
2	Deputy Principal	Lewa Stanslus	302695
3	School Bursar	Thomas Ombere	11344419(ID NO)

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 4 – 80207, Madina-Malindi
Telephone: 0717 614 123
E-mail: marafasecondary@ymail.com
Website:
Facebook:
Twitter:

(f) School Bankers

The following school operated 6 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. **School fund account**
Name of Bank: KCB
Branch: Malindi
Account Number: 1107991234
2. **Tuition Account**
Name of Bank: KCB
Branch: Malindi
Account Number: 1104229056
3. **Operation Account**
Name of Bank: KCB
Branch: Malindi
Account number: 1104238497
4. **School Bus Account**
Name of Bank: KCB
Branch: Malindi
Account number: 1124139826
5. **Service Gratuity Account**
Name of Bank: KCB
Branch: Malindi
Account number: 1121903304
6. **Infrastructure Account**
Name of Bank: KCB
Branch: Malindi
Account number: 1109797052

3. MPESA Pay Bill No. **522123** attached to **60011K (1107991234)** 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

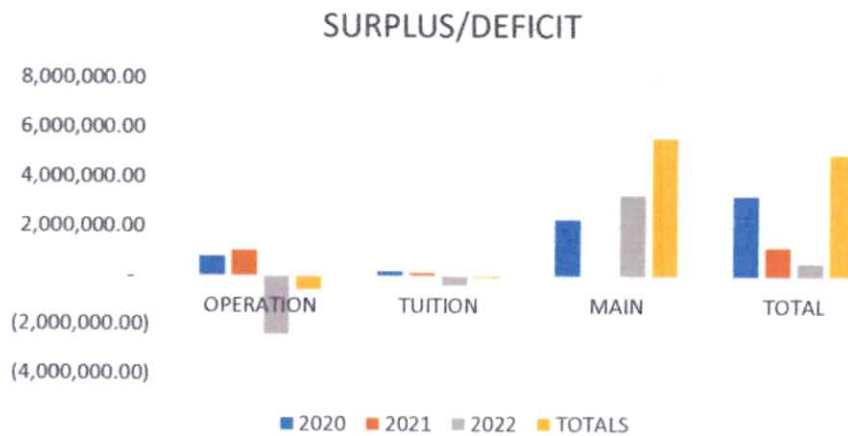
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) Financial performance:

1. SURPLUS/DEFICIT

YEAR	OPERATION	TUITION	MAIN A/C	TOTALS
2020	790,968.64	185,552.00	2,300,862.00	3,277,382.64
2021	1,025,051.95	119,722.00	24,435.47.00	1,169,209.42
2022	(2,381,060.00)	(389,762.80)	3,298,847.00	528,024.20
TOTALS	(565,039.41)	(84,488.80)	5,624,144.47	4,974,616.26



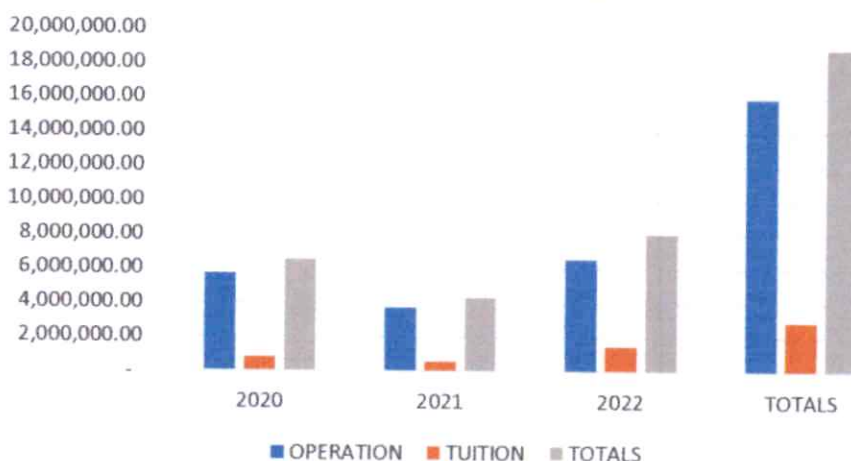
Surplus in 2020 was 3,277,382.64. It decreased to 1,169,209.42 in 2021. In 2022 it fell further to 528,024.20. This was due to increase in expenditure.

2. CAPITATION GRANTS

YEAR	OPERATION	TUITION	TOTALS
2020	5,698,650.00	825,536.00	6,524,186.00
2021	3,731,856.95	588,534.00	4,320,390.95
2022	6,539,415.00	1,505,581.20	8,044,996.20
TOTALS	15,969,921.95	2,919,651.20	18,889,573.15

SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL (continued)

CAPITATION GRANTS



Capitation grants for financial year 2020 was kshs 6,524,186.00. It decreased to kshs 4,295,890.95 in 2021 representing a drop in Income of 34.15%. However in 2022 capitation grant increased from 4,295,890.95 to 8,044,996.20. This is attributed to increase in government funding and increase in schools enrollment.

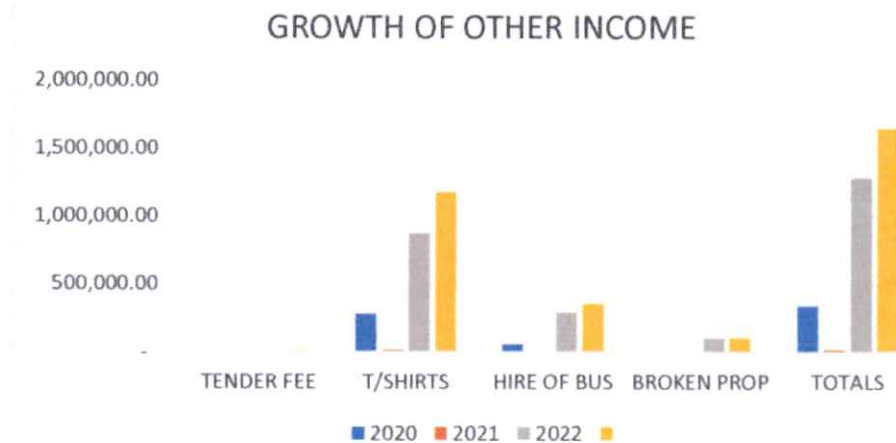
3. RATIO OF CAPITATION GRANT PER STUDENTS

YEAR	OPERATION	TUITION
2020	1:13,600	1:1,970
2021	1:8,349	1:1,325
2022	1:14,372	1:3,308

4. GROWTH OF OTHER INCOMES

YEAR	TENDER	T/SHIRT	HIRE OF BUS	BROKEN PROPERTIES	TOTALS
2020		285,126.00	59,000.00		344,126.00
2021	1,000.00	18,750.00	0.00	0.00	19,750.00
2022	11,000.00	874,750.00	296,000.00	103,338.00	1,285,088.00
TOTALS	12,000.00	1,178,626.00	355,000.00	103,338.00	1,648,964.00

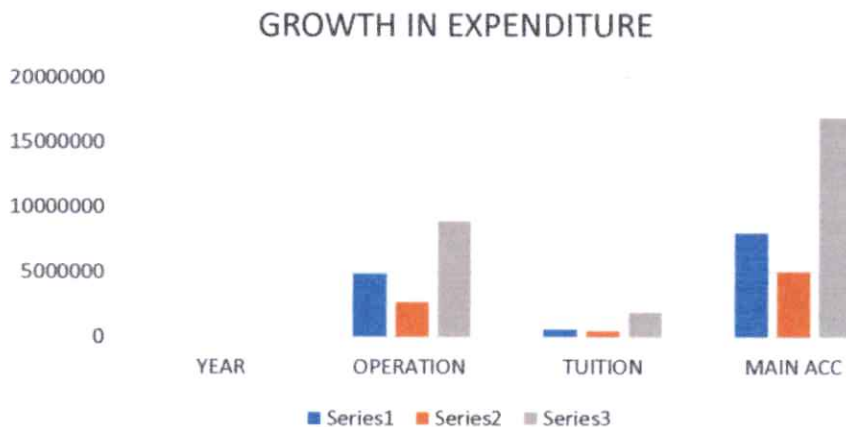
SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL (continued)



There was substantial increase in other incomes due to school hiring out its facilities and sale of T/shirts and games kit to students.

5. GROWTH IN EXPENDITURE OF SCHOOL FOR THE LAST 3 YEARS

YEAR	OPERATION ACCOUNT	TUITION ACCOUNT	MAIN ACCOUNT
2020	4,907,681.36	639,984.00	8,055,590.00
2021	2,682,305.00	468,812.00	5,081,291.53
2022	8,920,475.00	1,895,344.00	16,906,531.00

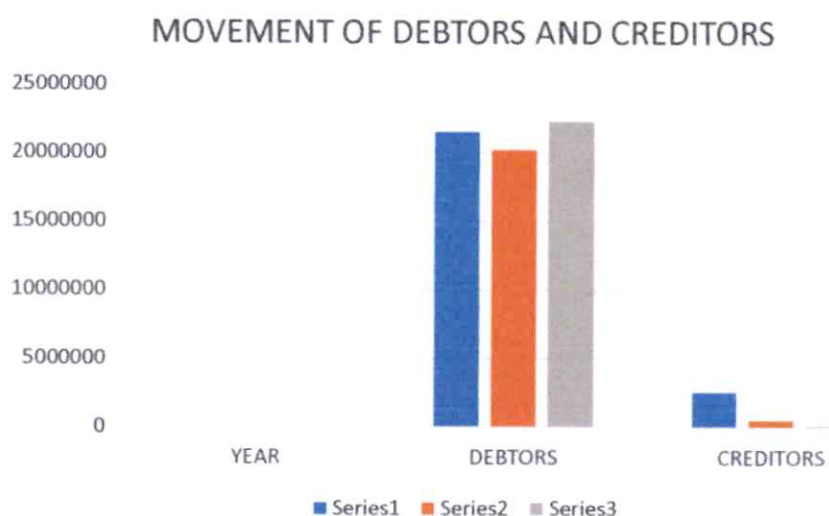


Expenditure for operation increased from kshs 2,682,305.00 in 2021 to kshs 8,920,475.00 in 2022. Expenditure for Tuition increased from kshs 468,812.00 in 2021 to kshs 1,895,344.00 in 2022. Expenditure for school fund account increased from kshs 5,081,291.53 in 2021 to kshs 16,906,531.00 in 2022. The increase in expenditure is attributed to increase in funding from the government due to improvement in enrolment and fee collection.

SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL (continued)

6. MOVEMENT OF DEBTORS AND CREDITORS

YEAR	DEBTORS	CREDITORS
2020	21,542,458.30	2,592,604.00
2021	20,237,185.30	517,845.00
2022	22,333,315.30	154,985.00

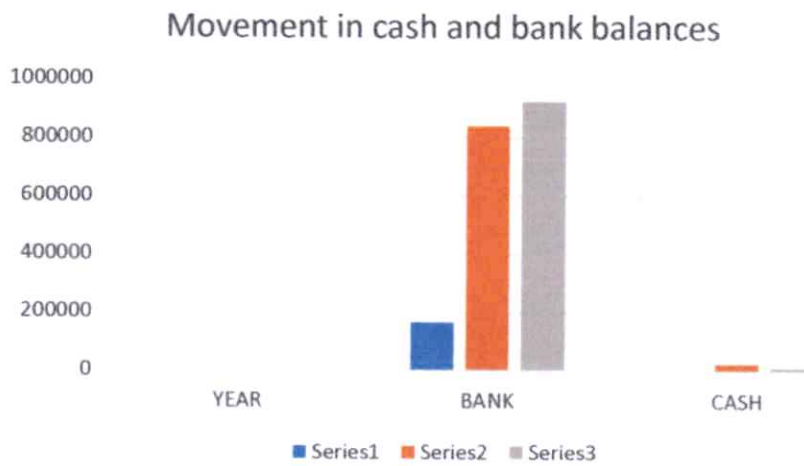


Debtors as at 30th June 2022 stood at kshs 22,333,315.30 compared to kshs 20,237,185.30 in 2021. The increase is attributed to increase in fees arrears for 2022 of kshs 2,611,000.00. There were no trade creditors as at 30th June 2022 save for prepaid fees of kshs 154,985.00

SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL (continued)

7. MOVEMENT OF CASH AND BANK BALANCES

YEAR	BANK	CASH
2020	166,748.72	310.00
2021	841,115.64	26,666.00
2022	927,489.47	12,573.00



b) **Teacher Student ratio:**

School Enrolment in 2021	Number of Teachers	Number of Streams	TSC Teachers Posted in 2021	TSC Teachers Transferred in 2021	BOM Teachers Recruited in 2021	TSC Interns Posted in 2021
454	19	11	3	1	1	1

C.B.E FOR THE YEAR 2022

Number of streams: FORM 1-4, FORM 2-2, FORM 3-3, FORM 4-3

SUBJECT	FORM 1	FORM 2	FORM 3	FORM 4	TOTAL PERIODS	T.R
ENGLISH	18	12	24	24	78	2.888
KISWAHILI	15	10	18	18	61	2.259
MATHEMATICS	18	12	21	21	72	2.666
BIOLOGY	12	8	15	10	45	1.666
PHYSICS	12	8	10	10	40	1.481
CHEMISTRY	12	8	15	15	50	1.851
HISTORY	9	6	12	12	39	1.444
GEOGRAPHY	9	6	5	5	25	0.925
C R E	9	6	10	10	35	1.296
AGRICULTURE	9	3	4	4	20	0.740
COMPUTER	6	3	4	4	17	0.629
BUSINESS	3	3	4	8	18	0.666
					500	18.511

SHORT FALL

PRINCIPAL (27-6) = **21**PERIODS

DEPUTY PRINCIPAL (27-12) = **15** PERIODS

H.O.D JOB GROUP L (27-18)9 = **81** PERIODS

TOTAL SHORTFALL **117** PERIODS.

T.R FROM SHORTFALL = $117/27 = 4.333$

TOTAL T. R= 18.511 + 4.333 = 22.844

NUMBER OF TEACHERS IN THE SCHOOL = **19**

SHORT FALL = 4

c) Mean score in the 2019,2020 & 2021 KCSE:

YEAR	ENROL MENT	MEAN	TRANSI TION	TRANSITION (%)	SCHOOL TARGET	COMMENTS
2021	108	3.5	46	42.59	4.5	<i>Negative deviation of 0.8086. All subjects registered negative deviations in the mean. However at the transition of D+ and above, 46 students qualified to join tertiary institutions.</i>
2020	81	4.3086	55	67.90	4.5	<i>Positive deviation of 0.1268. Transition rate at D+ and above. All students qualified for courses in tertiary institutions.</i>
2019	55	4.1818	36	65.45	4.5	<i>Positive deviation of 1.0818. Transition rate in the popular grades of D+. All 36 qualified for middle level colleges and universities.</i>

d) Number of Candidates in 2018, 2019, 2020 & 2021 KCSE:

S/N	YEAR	ENTRY
1	2021	106
2	2020	81
3	2019	55
4	2018	67

e) Capacity of the School:

Basic School Infrastructure

Enrolment			No. of Classrooms		Toilets/Pit Latrines		No. of Other Facilities					ICT Learning	
Boarders	Day scholars	Total	Permanent	Temporary	Staff	Boys	Labs	Workshops	Libraries	Kitchen	Dormitory	No. of Computer/ Tablets	Internet (Yes/No)
264	190	454	14	0	2	30	1	0	1	1	3	6	Yes

f) Development projects carried out by the school:

S/NO	PROJECTS	COST	SOURCE OF FUNDS
1	Construction of 2 Classrooms	1,900,000	Ministry of Education
2	Repairs of Dining Hall	700,000	Parents
3	Services/Repair of School Bus	300,000	Parents

Sign



School Principal

III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2022, and of the school's financial position as at that date.

Name: Paul Mwambire
Designation: Chairman, School Board of Management

Sign: 

Date: 18th July 2024

Name: Seif Juma Dzilla
Designation: School Principal & Secretary to Board of Management

Sign: 

Date: 18th July 2024

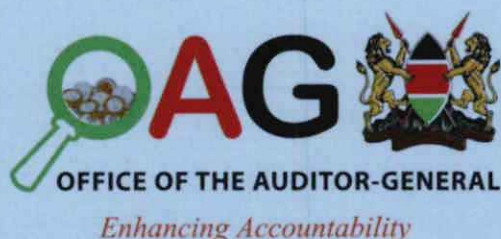
Name: Thomas Ombere
Designation: Bursar/ Finance Officer

Sign: 

Date: 18th July 2024

REPUBLIC OF KENYA

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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 MARAFA BOYS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – KILIFI COUNTY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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 Marafa Boys Secondary –Kilifi County set out on pages 17 to 25 which comprise of the statement of financial assets and

financial liabilities as at 30 June, 2022 and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the year ended 30 June, 2022, 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 Marafa Boys Secondary – Kilifi County as at 30 June, 2022, 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. Inaccuracies in Capitation Grants

The statement of receipts and payments reflects total capitation grants amounting to Kshs.8,044,996 made up of capitation grants for tuition and operations amount of Kshs.1,505,581 and Kshs.6,539,415 respectively, 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.7,295,055 whereas the School records reflects an amount of Kshs.8,044,996, resulting in an unexplained variance of Kshs.749,941.

In the circumstances, the accuracy and completeness of capitation grants for tuition and operations of Kshs.1,505,581.20 and Kshs.6,539,415 respectively could not be confirmed.

2. Accounting for Other Receipts

The statement of receipts and payments reflects Kshs.1,285,088 in respect of other receipts, as disclosed in Note 4 to the financial statements. However, Management did not provide a supporting schedule for the receipts. In addition, the School did not have a separate bank account for own generated revenue.

In the circumstances, the accuracy of other receipts collected totalling Ksh.1,285,088 could not be ascertained.

3. Unsupported Payments

The statement of receipts and payments reflects total payments in relation to tuition, operations, boarding and School fund amounting to Kshs.27,722,350 as detailed in Note 5, 6, and 7 to the financial statements. However, examination of payment vouchers amounting to Kshs.3,505,270 revealed that Management made payments without proper

support documents such as requisitions, local purchase orders, delivery notes, inspection reports, goods received notes and certificate of payments.

In the circumstances, the regularity, accuracy and completeness of the tuition, operations, boarding and school fund amounting to Kshs.27,722,350 could not be confirmed.

4. Unsupported Cash and Cash Equivalent

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs. 940,062 as disclosed in Note 8 and 9 to the financial statements. However, the bank balances were not supported by bank certificates and bank reconciliation statements. Further, board of survey report to support the cash at hand was not provided for audit.

In the circumstances, the accuracy and completeness of the Kshs.940,062 in respect of cash and cash equivalents could not be confirmed.

5. Accounts Receivables

5.1 Unsupported Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.22,333,315 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. Further, significant accounting policies on accounts receivables as disclosed in Note 11 is silent on the treatment of the students' fees balances which is the major source of income for the School.

5.2 Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.22,333,315 which includes fees arrears amounting to Kshs.22,323,315 as disclosed in Note 11 to the financial statements. However, included in the balance of fees arrears are receivables amounting to Kshs.18,940,113 which had been outstanding for more than two (2) 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, completeness and recoverability of the receivables balance of Kshs.22,333,315 could not be confirmed.

6. Unsupported Accounts Payables

The statement of financial assets and financial liabilities reflects accounts payables of Kshs.4,809,746 as disclosed in Note 12 of the Financial Statement. However, the School did provide any aging analysis and supporting schedules to support accounts payables balance of Kshs.4,809,746 for audit.

In the circumstance, the existence and validity of the Accounts payable balance of Kshs.4,809,746 could not be confirmed

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June,2022.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution of Kenya, 2010, and 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 year under review, Management submitted the financial statements to the Auditor-General on 17 May, 2024 instead of the statutory deadline of 30 September, 2022. 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, 2022 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. Use of Cash to Procure Goods, Works and Services

The statement of receipts and payments reflects total payments amounting to Kshs.27,722,350 as detailed in Note 5,6, and 7. The audit revealed that the School used cash totalling Kshs.374,960 to purchase goods and services instead of procuring using other suitable methods contrary to the procedure for low value procurement provided under schedule 2 of the Public Procurement Regulations, 2020.

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

3. Failure to Transfer Infrastructure Funds from the Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.6,539,415 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.2,275,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, only Kshs 1,388,000 was transferred to infrastructure account, leaving a balance of Kshs 887,000 as at 30 June, 2022.

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

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

The statement of receipts and payments reflects boarding and School fund payments amount of Kshs.16,906,531 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.24,000 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by Schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.24,000 could not be confirmed.

5. Lack of Approved Budget and Procurement Plan

The statement of receipts and payments reflects an amount of Kshs.28,250,374 and Kshs.27,722,350 in respect of total receipts and total payments respectively. However, during the year, Management did not prepare an annual procurement plan as part of the annual budget preparation process This was contrary to Regulations 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process

In the circumstances, Management was in breach of the law

6. Non-Adherence to Procurement Laws

The statement of receipts and payments reflects boarding and School fund payments amount of Kshs.16,906,531 as disclosed in Note 7 to the financial statements. The audit revealed that the School made procurements worth Kshs.3,505,270 without proper requisitions as per Regulations 71 of the Public Procurement and Asset Disposal Regulations, 2020 which states that the head of the user department shall initiate the procurement process through a requisition.

Further, during the financial year ended 30 June, 2022, Marafa Boys Secondary carried out 4 infrastructure projects. The projects included construction of two (2) classrooms, 6 door toilets, 150 lockers and guttering. The audit however revealed that the projects commenced without corresponding budget, an approved procurement plan as per section 40(1) of the Public Procurement and Asset Disposal Act 2015 which requires an accounting officer to prepare an annual procurement plan which shall be based on indicative or approved budgets.

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

7. 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).

- (i) The statement of cashflows did not have notes to the financial statements as provided for in the template. Further,
- (ii) The statement of budgeted versus actual amounts had inaccurate total amounts.
- (iii) The financial statements had inconsistent pagination.

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.

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 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 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 a Functional Audit Committee

During the year under review, Marafa Boys did not have an audit committee. The School did not comply as required by Regulations 166 (1) and (2) of the Public Finance Management (National Government) Regulations, 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 audit could not confirm whether the School benefited from the oversight role and advice from the audit committee and the internal audit function.

2. Lack of Fixed Asset Register and Asset Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register with a balance of Kshs.86,844,500. This includes land and motor vehicle. However, land ownership documents and motor vehicle logbooks were not provided for audit.

In the circumstance, the ownership and safe custody of fixed assets owned by the School 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 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.

Responsibility 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue to sustain 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 the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness

of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal 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 judgement and maintain professional skepticism throughout the audit. I also:

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

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to 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 Corporation 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 Gatungu, SBS
AUDITOR-GENERAL

Nairobi

19 September, 2024

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2022

DESCRIPTION OF VOTE HEAD	Note	2021-2022 Kshs	2020-2021 Kshs
RECEIPTS			
Capitation grants for tuition	1	1,505,581.20	588,534.00
Capitation grants for operations	2	6,539,415.00	3,707,356.95
School Fund Income- Parents' Contributions	3	18,920,290.00	5,057,237.00
School fund income-other receipts	4	1,285,088.00	48,490.00
Proceeds from borrowings		nil	nil
TOTAL RECEIPTS		28,250,374.20	9,401,617.95
PAYMENTS			
Payments for Tuition	5	1,895,344.00	468,812.00
Payments for operations	6	8,920,475.00	2,682,305.00
Boarding and school fund payments	7	16,906,531.00	5,081,291.53
TOTAL PAYMENTS		27,722,350.00	8,232,408.53
SURPLUS/DEFICIT		528,024.20	1,169,209.42

The school financial statements were approved on 18/07/2024 and signed by:

Sign: 

Name: Paul M. Mwambire

Chair BOM

Date: 18th July 2024

Sign: 

Name: Seif Juma Dzilla

School Principal/
Secretary to BOM

Date: 18th July 2024

Sign: 

Name: Thomas Ombere

Bursar/
Finance Officer

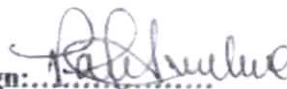
Date: 18th July 2024

VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	927,489.47	2,844,362.27
Cash Balances	9	12,573.00	26,666.00
Short term Investment	10	nil	nil
Total Cash and cash equivalent		<u>940,062.47</u>	<u>2,871,028.27</u>
Account's receivables	11	22,333,315.30	20,237,185.30
TOTAL FINANCIAL ASSETS		23,273,377.77	23,108,213.57
FINANCIAL LIABILITIES			
Accounts Payables	12	4,809,745.76	5,172,605.76
NET FINANCIAL ASSETS		18,463,632.01	17,935,607.81
REPRESENTED BY			
Accumulated Fund b/fwd	13	17,935,607.81	16,766,398.39
Surplus/Deficit for the year		528,024.20	1,169,209.42
NET FINANCIAL POSSITION		18,463,632.01	17,935,607.81


The School's financial statements were approved on 18/07/2024 and signed by:

Name: Paul Mwambire
Chairman, BoM

Sign: 

Date: 18th July, 2024

Name: Seif Juma Dzilla
*School Principal/
Secretary to BoM*

Sign: 

Date: 18th July, 2024

Name: Thomas Ombere
Bursar/Finance

Sign: 

Date: 18th July, 2024

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2022

	2021-2022	2020-2021
	Kshs	Kshs
Receipts for operating income		
Capitation grants for tuition	1,804,581.20	588,534.00
Capitation grants for operations	7,362,076.00	3,937,707.95
School fund income- Parents contributions/ fees	20,127,534.00	5,861,948.00
School fund income- other receipts	1,285,088.00	2,559,930.00
Total receipts	30,579,279.20	12,948,118.95
Payments		
Payments for Tuition	1,895,344.00	587,314.00
Payments for operations	6,085,275.00	2,438,315.00
Boarding and school fund payments	20,625,386.00	8,462,096.53
Total payments	28,606,005.00	11,487,725.53
Net cash flow from operating activities	1,973,274.20	1,460,394.42
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets	nil	Xxx
Acquisition of Assets- M & I Infrastructure	(3,904,240.00)	(761,670.00)
Proceeds from investments	Nil	xxx
Purchase of investments	Nil	(xxx)
Net cash flows from Investing Activities	(3,904,240.00)	(761,670.00)
CASHFLOW FROM BORROWING ACTIVITIES		
Proceeds from borrowings/ loans	nil	nil
Repayment of principal borrowings	nil	nil
Net cash flow from financing activities	nil	nil
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,930,965.80)	698,723.42
Cash and cash equivalent at BEGINNING of the year	2,871,028.27	2,172,304.85
Cash and cash equivalent at END of the year	940,062.47	2,871,028.27

MARAFA SECONDARY SCHOOL
Reports and Financial Statements
For the year ended 30th June 2022

VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

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
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials	0.00	00	0.00	00	xxx	X
Exercise books	434,224.00	xxx	434,224.00	130,000.00	304,224.00	29.93
Laboratory equipment	575,866.00	xxx	575,866.00	143,000.00	432,866.00	24.83
Internal exams	234,489.00	xxx	234,489.00	0.00		
Teaching / learning materials	524,600.00	xxx	524,600.00	1,232,581.2	(707,981.20)	234.50
Chalks	67,809.00	xxx	67,809.00	0.00	0.00	0.00
Exams and assessment	00.00	xxx	00	0.00	0.00	0.00
Teachers guides	00.00	xxx	00	0.00	0.00	0.00
	1,836,988.00		1,836,988.00	1,505,581.20		
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	3,000,600.00	xxx	3,000,600.00	1,448,779.00	1,551,821.00.00	48.28
Repairs and maintenance	2,215,000.00	xxx	2,215,000.00	2,422,500.00	(207,500.00)	109.36
Local transport / travelling	524,600.00	xxx	524,600.00	837,273.40	(312,673.00)	159.60
Electricity and water	524,200.00	xxx	524,200.00	815,231.00	(291,031.00)	155.51
Medical	1,048,811.00	xxx	1,048,811.00	90,400.00	958,411.00	8.61
Administration costs	732,857.00	xxx	732,857.00	925,231.60	(192,374.00)	126.24
Activity	0.00	xxx	0.00	0.00	0.00	X
Gratuity	00.00	xxx	0.00	0.00	0.00	X

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on	Budget Utilization	% of Utilization
	a Kshs	b Kshs	c=a+b	d Basis	e=c-d Kshs	f=d/c % Kshs
SMAASSE	00.00	xxx	0.00	0.00	0.00	X
TOTALS	8,704,675.00		8,704,675.00	6,539,415.00		
(3) FEES CHARGED ON PARENTS						
Personel emoluments	1,851,840.00	xxx	1,851,840.00	1,533,830.00	318,010.00	82.82
Repairs and maintenance	685,800.00	xxx	685,800.00	696,048.00	(10,248.00)	101.49
Local transport / travelling	291,600.00	xxx	291,600.00	255,655.00	35,945.00	87.67
Electricity and water	922,050.00	xxx	922,050.00	868,437.00	53,613.00	94.18
Income for lunch program	1,743,300.00	xxx	1,743,300.00	1,597,985.00	145,315.00	91.66
Administration costs	629,973.00	xxx	629,973.00	871,870.00	241,897.00	138.39
Activity	178,425.00	xxx	178,425.00	186,405.00	(7,980.00)	104.47
B.o.m teachers' salaries	2291670.00	xxx	2,291,670.00	2,327,109.00	(35,439.00)	101.54
Fee on Boarding Equipment and Stores	6,622,011.00	xxx	6,622,011.00	6,509,559.00	112,452.00	98.30
OTHER INCOME						
Income for infrastructure project	908,000.00	xxx	908,000.00	955,347.00	47,347.00	105.21
Income from sale of tender			11,000.00	11,000.00	nil	
Income from hire of facilities			40,000.00	40,000.00	Nil	
Charges on damaged property			103,338.00	103,338.00	Nil	
Income from Bus Hire			256,000.00	256,000.00	nil	
sale of games kit/t-shirts				874,750.00		
Fees arrears 2022				2,611,000.00		
Prepaid fees 2021 b/d				506,955.00		
TOTALS	15,988,811		15,988,811.00	20,205,378.00		
TOTAL INCOME				28,250,374.20		91.82

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
(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials	0.00	xxx	0.00	xxx		X
Exercise books	434,224.00	xxx	434,224.00	295,050.00	139,000.00	67.98
Laboratory equipment	575,866.00	xxx	575,866.00	879,522.00	(303,656.00)	152.73
Internal exams	234,489.00	xxx	234,489.00	51,000.00	183,489.00	21.74
Teaching / learning materials	524,600.00	xxx	524,600.00	654,532.00	(129,932.00)	124.76
Chalks	67,809.00	xxx	67,809.00	14,400.00	53,409.00	2.23
Teachers guides	0.00	xxx	0.00	0.00	0.00	0.00
Administration costs	0.00	xxx	0.00	0.00	0.00	0.00
Bank Charges	0.00	xxx	0.00	840.00	0.00	0.00
	1,836,988.00		1,836,988.00	1,895,344.00		
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	3,000,600.00	xxx	3,000,600.00	2,649,540.00	351,060.00	88.30
Repairs, maintenance & improvements	2,215,000.00	xxx	2,215,000.00	3,904,240.00	(1,689,240.00)	176.26
Local transport / travelling	524,600.00	xxx	524,600.00	176,342.00	348,258.00	33.61
Electricity, water and conservancy	524,200.00	xxx	524,200.00	474,643.00	49,557.00	90.54
Medical	0.00	xxx	0.00	0.00	0.00	0.00
Administration costs	732,857.00	xxx	732,857.00	1,715,710	(982,853.00)	234.11
Activity Expenses	0.00	xxx	0.00	0.00	0.00	0.00
Gratuity	0.00	xxx	0.00	0.00	0.00	0.00
SMASSE	0.00	xxx	0.00	0.00	0.00	0.00
TOTALS	8,704,675.00		8,704,675.00	8,920,475.00		

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
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	1,851,840.00	xxx	1,851,840.00	2,400,503.00	(548,663.00)	129.62
Repairs, maintenance and improvements	685,800.00	xxx	685,800.00	1,032,400.00	(346,600.00)	150.53
Local transport / travelling	291,600.00	xxx	291,600.00	404,331.00	(112,731.00)	138.65
Electricity, water and conservancy	922,050.00	xxx	922,050.00	1,232,224.00	(310,174.00)	133.63
B.o.m Teachers' salaries	2,291,670.00	xxx	2,291,670.00	654,080.00	1,637,590.00	28.54
Administration costs	629,973.00	xxx	629,973.00	2,792,525.00	(2,162,552.00)	443.27
Activity	178,425.00	xxx	178,425.00	149,950.00	28,475.00	84.04
Gratuity	0.00	xxx	0.00	0.00	0.00	0.00
Lunch program	1,743,300.00	xxx	1,743,300.00	1,166,965.00	576,335.00	66.93
Boarding Equipment and Stores	6,622,011.00	xxx	6,622,011.00	4,378,899.00	2243112	66.12
Expenditure on infrastructure		xxx		1,376,145.00	Nil	
Hire of facilities		xxx		40,000.00	Nil	
Expenditure on school bus		xxx		282,609.00	nil	
Purchase of games kit				995,900.00		
TOTALS				16,906,531.00		
TOTAL EXPENDITURE			25,281,523.00	27,722,350.00	(976,116.00)	103.86

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

- i. Utilization was above 100% due to Maintenance and improvement funds which had not been utilized in the previous financial year

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 30th June 2022.

MARAFI SECONDARY SCHOOL

MAIN ACCOUNT TRIAL BALANCE AS AT 30th JUNE, 2022

VOTEHEADS&ACCOUNTS	L/F	BUDGET	DEBIT	CREDIT	COMMIT	BALANCE
OPENING BAL 1.7.21						
CASH				1,491.00		
BANK				21,859.06		
BUS A/C 1124139826				24,692.83		
EXPENDITURE						
FEES ARREARS	1	772,142.00				772,142.00
BOM TEACHERS SALARY	2	2,291,670.00	654,080.00			1,637,590.00
BOARDING EQUIP. & STORES	3	6,622,011.00	4,378,899.00			2,243,112.00
REPAIR MAINTENANCE & IMPROV	4	685,800.00	1,032,400.00			(346,600.00)
LOCAL TRANSPORT & TRAVELLING	5	291,600.00	404,331.00			(112,731.00)
ADMINISTRATION COSTS	6	629,973.00	2,792,525.00			(2,162,552.00)
ELECTRICITY WATER AND CONSERV.	7	922,050.00	1,232,224.00			(310,174.00)
ACTIVITIES	8	178,425.00	149,950.00			28,475.00
PERSONAL EMOLUMENTS	9	1,851,840.00	2,400,503.00			(548,663.00)
LUNCH PROGRAME	10	1,743,300.00	1,166,965.00			576,335.00
		15,988,811.00				
INCOME						
FEES ARREARS	1	772,142.00		522,699.00		249,443.00
BOM TEACHERS SALARY	2	2,291,670.00		2,327,109.00		(35,439.00)
BOARDING EQUIP. & STORES	3	6,622,011.00		6,509,559.00		112,452.00
REPAIR MAINTENANCE & IMPROV	4	685,800.00		696,048.00		(10,248.00)
LOCAL TRANSPORT & TRAVELLING	5	291,600.00		255,655.00		35,945.00
ADMINISTRATION COSTS	6	629,973.00		871,870.00		(241,897.00)
ELECTRICITY WATER AND CONSERV.	7	922,050.00		868,437.00		53,613.00
ACTIVITIES	8	178,425.00		186,405.00		(7,980.00)
PERSONAL EMOLUMENTS	9	1,851,840.00		1,533,830.00		318,010.00
LUNCH PROGRAME	10	1,743,300.00		1,597,985.00		145,315.00
		15,988,811.00				
OTHERS						
PREPAYMENT	11			154,985.00		
COUNTY BURSARY	12		1,432,100.00	1,432,100.00		
GAMES KIT	13		995,900.00	874,750.00		
SALARY ADVANCE	14		23,000.00	23,000.00		
SACCO SHARES	15		125,400.00	125,400.00		
NSSF	16		273,910.00	237,060.00		
NHIF	17		102,600.00	78,200.00		
PAYE	19		7,200.00	7,200.00		
INFRASTRUCTURE PROJECT 2021	21		1,376,145.00	955,347.00		
TENDER FEE	22			11,000.00		
CONSTITUENCY BURSARY	23		728,000.00	728,000.00		
LOCAL BURSARY	24		687,645.00	687,645.00		
RETURNED CHEQUE	25		39,000.00	29,000.00		
OPERATION ACCOUNT	26		300,000.00	300,000.00		
DAMAGES	27			103,338.00		
BUS HIRE	28		282,609.00	256,000.00		
HIRE OF FACILITIES	29		40,000.00	40,000.00		
SAVINGS/DEPOSIT ACCOUNTS						
BUS A/C 1124139826			24,692.83			
CLOSING BALANCES						
CASH			12,090.00			
BANK			798,496.06			
			21,460,664.89	21,460,664.89		

MARAFA SECONDARY SCHOOL

OPERATION ACCOUNT TRIAL BALANCE AS AT 30TH JUNE, 2022

VOTEHEADS&ACCOUNTS	L/F	BUDGET	DEBIT	CREDIT	COMMIT	BALANCE
OPENING BAL 1.7.21						
CASH				25,175.00		
BANK				717,613.58		
SERVICE GRATUITY ACCOUNT				5,649.30		
INFRASTRUCTURE ACCOUNT				1,972,904.00		
EXPENDITURE						
PERSONAL EMOLUMENTS	1	3,000,600.00	2,649,540.00			351,060.00
ELECTRICITY WATER AND CONSERV.	2	524,200.00	474,643.00			49,557.00
ADMINISTRATION COSTS	3	732,857.00	1,715,710.00			-982,853.00
LOCAL TRANSPORT AND TRAVEL.	4	524,600.00	176,342.00			348,258.00
MAINTENANCE & IMPROVEMENT	5	2,215,000.00	3,904,240.00			-1,689,240.00
ACTIVITIES	6	658,607.00				658,607.00
MEDICAL & INSURANCE	7	1,048,811.00				1,048,811.00
		8,704,675.00				
INCOME						
PERSONAL EMOLUMENTS	1	3,000,600.00		1,448,779.00		1,551,821.00
ELECTRICITY WATER AND CONSERV.	2	524,200.00		815,231.00		815,231.00
ADMINISTRATION COSTS	3	732,857.00		925,231.60		925,231.60
LOCAL TRANSPORT AND TRAVEL.	4	524,600.00		837,273.40		837,273.40
MAINTENANCE & IMPROVEMENT	5	2,215,000.00		2,422,500.00		2,422,500.00
ACTIVITIES	6	658,607.00		0.00		658,607.00
MEDICAL & INSURANCE	7	1,048,811.00		90,400.00		1,048,811.00
		8,704,675.00				
OTHERS						
SACCO	8		127,050.00	127,050.00		
CREDITORS	9					
NSSF	10		251,340.00	284,430.00		
NHIF	11		82,650.00	99,950.00		
UNION DUES	12					
INCOME TAX (PAYE)	13		6,000.00	8,231.00		
SALARY ADVANCE	15		3,000.00	3,000.00		
TUITION ACCOUNT	16		299,000.00			
MAIN ACCOUNT	17		300,000.00	300,000.00		
SAVING/DEPOSITACCOUNT						
INFRASTRUCTURE ACCOUNT	14		3,715,904.00	3,715,000.00		
GRATUITY ACC.1121903304			5,649.30			
CLOSING BALANCES						
CASH			483.00			
BANK			86,866.58			
			13,798,417.88	13,798,417.88		

MARAFI SECONDARY SCHOOL
TUITION ACCOUNT TRIAL BALANCE AS AT 30th JUNE, 2022

VOTEHEAD & ACCOUNTS	L/F	BUDGET	DEBIT	CREDIT	COMM	BALANCE
OPENING BAL 1.7.21						
CASH				NIL		
BANK				101,643.50		
EXPENDITURE						
EXERCISE BOOKS	1	434,224.00	295,050.00			139,174.00
TEACHING AND LEARNING MATER.	2	524,600.00	654,532.00			(129,932.00)
LABORATORY EQUIPMENT	3	575,866.00	879,522.00			(303,656.00)
CHALK AND DUSTERS	4	67,809.00	14,400.00			53,409.00
EXAMINATION AND ASSESSMENT	5	234,489.00	51,000.00			183,489.00
		1,836,988.00				
INCOME						
EXERCISE BOOKS	1	434,224.00		130,000.00		304,224.00
TEACHING AND LEARNING MATER.	2	524,600.00		1,232,581.20		(707,981.20)
LABORATORY EQUIPMENT	3	575,866.00		143,000.00		432,866.00
CHALK AND DUSTERS	4	67,809.00				67,809.00
EXAMINATION AND ASSESSMENT	5	234,489.00				234,489.00
		1,836,988.00				
OTHERS						
BANK CHARGES	6		840.00			
CREDITORS	7					
OPERATIONS ACCOUNT	8			299,000.00		
CLOSING BALANCES						
BANK			10,880.70			
			1,906,224.70	1,906,224.70		

SCHEDULE OF PAYMENT FOR YEAR 2022 (STATEMENT OF RECEIPTS AND PAYMENTS)**Management letter note 4.1.2**

S/NO	1. PAYMENTS FOR BOARDING AND SCHOOL FUND-NOTE 7	AMOUNT
1	Board of management teachers salary	654,080
2	Boarding equipment and stores	4,378,899
3	Repair maintenance and improvement	1,032,400
4	Local transport and travelling	404,331
5	Administration costs	2,792,525
6	Electricity water and conservancy	1,232,224
7	Activity	149,950
8	Personal emoluments	2,400,503
9	Lunch programe	1,166,965
10	Infrastructure fund	1,376,145
11	Hire of school bus/facilities	322,609
12	Purchase of games kit/t/shirts	995,900
	Totals	16,906,531

NO 2.SCHOOL FUND INCOME- NOTE 3

1	Board of management teachers salary	2,327,169
2	Boarding equipment and stores	6,509,559
3	Repair maintenance and improvement	696,048
4	Local transport and travelling	255,655
5	Administration costs	871,870
6	Electricity water and conservancy	868,437
7	Activity	186,405
8	Personal emoluments	1,533,830
9	Lunch programe	1,597,985
10	Infrastructure fund	955,347
11	Fees Arrears -2022	2,611,000
12	Prepaid fees-2021	506,985
	Totals	18,920,290

3.SCHOOL FUND INCOME- OTHERS RECEIPTS NOTE 4

1	Income from sale of tender documents	11,000
2	Income from sale of games kit and t/shirts	874,750
3	Income from hire of school bus and other facilities	296,000
4	Income from students- for broken property	103,338
	Totals	1,285,088

4. CAPITATION GRANTS FOR OPERATIONS RECEIPTS-2022

1	Personal emoluments	1,448,779.00
2	Electricity water and conservancy	815,231.00
3	Administration costs	925,231.60
4	Local transport and travelling	837,273.40
5	Repair maintenance and improvement	2,422,500.00
6	Medical and insurance	90,400.00
	Totals	6,539,415.00

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2021-2022	2020-2021
	Kshs	Kshs
Textbooks and reference materials		
Exercise books	130,000.00	34,124.00
Laboratory equipment	143,000.00	230,325.00
Internal exams	0.00	27,838.00
Teaching / learning materials	1,232,581.20	291,757.00
Chalks	0.00	4,490.00
Exams and assessment	0.00	0
Teachers guides	0.00	0
Total	1,505,581.20	588,534.00

2 CAPITATION GRANT FOR OPERATIONS

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	1,448,779.00	1,755,694.00
Repairs and maintenance	2,422,500.00	898,000.00
Local transport / travelling	837,273.40	416,996.00
Electricity and water	815,231.00	296,469.95
Medical	90,400.00	0
Administration costs	925,231.60	340,197.00
Activity	0.00	0
Total	6,539,415.00	3,707,356.95

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	2,037,075.00	810,327.00
Repairs and maintenance	804,183.00	54,100.00
Local transport / travelling	295,340.00	138,025.00
Electricity and water	1,138,292.00	241,784.00
Medical	0.00	0
Administration costs	1,050,040.00	216,765.00
Activity	277,280.00	25,950.00
Fee on Boarding Equipment and Stores	7,486,554.00	2,051,500.00
Board of management teachers' salaries	2,560,978.00	742,300.00
Lunch programe	1,885,833.00	776,486.00
Receipts for Infrastructure projects	1,384,715.00	0.00
Total	18,920,290.00	5,057,237.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2021-2022	2020-2021
	Kshs	Kshs
Income from sale of Tender documents	11,000.00	1,000.00
Income from dining Hall project	nil	28,740.00
Income from sale of games kit and t/shirts	874,750.00	18,750.00
Fee for hire of school bus and other facilities	296,000.00	0
Income from broken school properties	103,338.00	0
Interest income	0.00	0
Dividends income	0.00	0
Total	1,285,088.00	48,490.00

5. PAYMENTS FOR TUITION

	2021-2022	2020-2021
	Kshs	Kshs
Textbooks and reference materials	0.00	0.00
Exercise books	295,050.00	112,200.00
Laboratory equipment	879,522.00	151,832.00
Teaching / learning materials	654,532.00	204,300.00
Chalks	14,400.00	0.00
Exams and assessment	51,000.00	0.00
Bank Charges	840.00	480.00
Total	1,895,344.00	468,812.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PAYMENTS FOR OPERATIONS

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	2,649,540.00	1,086,860.00
Service Gratuity	0.00	0.00
Administration Cost	1,715,710.00	552,191.00
Repairs and maintenance & improvements	3,904,240.00	761,670.00
Local transport / travelling	176,342.00	132,700.00
Electricity and water	474,643.00	148,884.00
Medical	0.00	0.00
Activity Expenses	0.00	0.00
SMASSE	0.00	0.00
Insurance Cost	0.00	0.00
Bank Charges	0.00	0.00
Acquisition of Assets	0.00	0.00
Board of management teacher's salary	0.00	0.00
TOTAL	8,920,475.00	2,682,305.00

7. BOARDING AND SCHOOL FUND PAYMENTS

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	2,400,503.00	1,270,970.00
Activities	149,950.00	11,720.00
Repairs and maintenance & Improvements	1,032,400.00	200,265.00
Local transport / travelling	404,331.00	184,350.00
Electricity and water	1,232,224.00	353,385.00
Administration costs	2,792,525.00	394,644.53
Lunch Programme	1,166,965.00	764,097.00
Bank Charges	0.00	0.00
Fee on Boarding Equipment and Stores	4,378,899.00	1,367,700.00
Board of management teachers' salaries	654,080.00	482,160.00
Expenses on dining hall project	0.00	52,000.00
Payment for infrastructures	1,376,145.00	0.00
Expenses on hire of school bus and other facilities	322,609.00	0.00
Expenses on purchase of games kit and school t/shirt	995,900.00	0.00
TOTAL	16,906,531.00	5,081,291.53

*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)

8. BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account	1104229056	10,880.70	101,643.50
Operations Account	1104238497	86,866.58	717,613.58
School Fund Account/Boarding	1107991234	798,496.06	21,859.06
Savings Account- School bus	1124139826	24,692.83	24,692.83
Service gratuity Account	1121903304	5,649.30	5,649.30
Infrastructural Account	1109797052	904.00	1,972,904.00
Total		927,489.47	2,844,362.77

9. CASH IN HAND

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Account	Nil	Nil
Operation Account	483.00	25,175.00
School Fund account	12,090.00	1,491.00
Total	12,573.00	26,666.00

10. SHORT TERM INVESTMENTS

Description	2021-2022	2020-2021
	Kshs	Kshs
Cooperative shares	0.00	0.00
Treasury Bills	0.00	0.00
Fixed deposit	0.00	0.00
Equity stock	0.00	0.00
Other investments	0.00	0.00
Total	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. ACCOUNTS RECEIVABLE

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears	22,323,315.30	20,234,954.30
Other non-fees receivables- R/D Cheques	10,000.00	nil
-Paye	nil	2,231.00
Total	22,333,315.30	20,237,185.30

Returned cheque of kshs 10,000.00. The attachment is provided.

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees arrears for current year	2,611,000.00	772,142.00
Fees arrears for the previous year	772,142.00	3,648,999.00
Fees arrears for prior periods (over two years)	18,940,173.30	15,813,813.30
Total	22,323,315.30	20,234,954.30

12. ACCOUNTS PAYABLE

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors	0.00	0.00
Prepaid fees	154,985.00	506,985.00
Nssf	Nil	3,760.00
Nhif	Nil	7,100.00
Funded Accounts	4,654,760.76	4,654,760.76
Total	4,809,745.76	5,172,605.76

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade creditors for current year	00	0.00
Trade creditors for the previous year	00	0.00
Trade creditors for prior periods (over two years)	00	0.00
Total	00	0.00

There were no trade creditors for the year under review.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. FUND BALANCE BROUGHT FORWARD

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank balances	927,489.47	2,844,362.27
Cash balances	12,573.00	26,666.00
Short Term Investments	0.00	00
Receivables	22,333,315.30	20,237,185.30
Payables	(4,809,745.76)	(5,172,605.76)
Total	18,463,632.01	17,935,607.81

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.

4. Non-current Liabilities Summary

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank loan(s)	nil	nil
Outstanding Leases	nil	nil
Hire purchase	nil	nil
Gratuity and leave provision	nil	nil
Total	nil	nil

5. Biological assets

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Cattle	4	800,000.00	800,000.00
Total		800,000.00	800,000.00

6. Borrowings

Description	2021-2022	2020-2021
	KShs	KShs
a) Borrowings		
Borrowing at beginning of the year	nil	nil
Borrowings during the year	nil	nil
Repayments of during the year	(nil)	(nil)
Balance at end of the year	nil	nil

Other important disclosure notes

7. Stock/ Inventory

Description	2021-2022	2020-2021
	KShs	KShs
b) Borrowings		
Stock/ inventory at beginning of the year	100,087.00	61,100.00
Stock/ inventory purchased during the year	7,440,368.00	3,300,087.00
Stock/ inventory issued during the year	7,400,105.00	3,261,100.00
Balance at end of the year	140,350.00	100,087.00

8. .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)

MARAFI SECONDARY SCHOOL
Reports and Financial Statements
For the year ended 30th June 2022

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX-1	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Supply of goods						
4.						
5.						
6.						
Sub-Total						
Supply of services						
7.						
8.						
9.						
Sub-Total						
Grand Total						

There were no trade creditors for the period under review.

MARAFI SECONDARY SCHOOL
Reports and Financial Statements
For the year ended 30th June 2022

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Cost at the end of year Kshsh	Cost at the beginning of year (Kshs)
Land 1	Bal b/d	Marafa	7,500,000.00	7,500,000.00
Buildings and structures	Bal b/d	Marafa	64,287,000.00	61,646,000.00
Motor vehicles	Bal b/d	Marafa	5,000,000.00	5,000,000.00
Office equipment, furniture and fittings	Bal b/d	Marafa	292,000.00	292,000.00
ICT Equipment, and Other ICT Assets	Bal b/d	Marafa	932,000.00	932,000.00
Tools and apparatus	Bal b/d	Marafa	50,000.00	50,000.00
Textbooks	Bal b/d	Marafa	7,223,500.00	7,223,500.00
Other Machinery and Equipment	Bal b/d	Marafa	1,350,000.00	1,350,000.00
Intangible assets- soft ware	Bal b/d	Marafa	210,000.00	210,000.00
Total			86,844,500.00	84,203,500.00