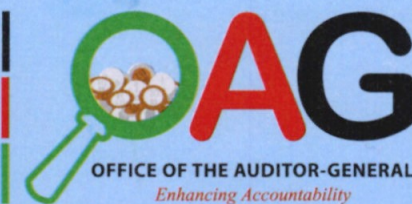


REPUBLIC OF KENYA



**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 30 JUN 2026

DAY.

Tuesday

FILED  
BY:

The Deputy  
Majority Whip

CLERK-AT  
THE-TABLE:

Getrude Chebet

**THE AUDITOR-GENERAL**

**ON**

PARLIAMENT  
OF KENYA  
LIBRARY

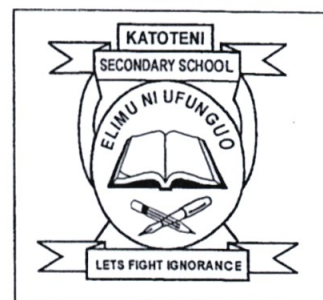
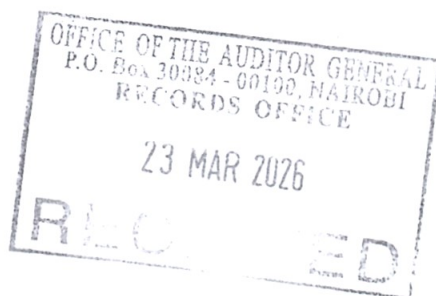
**KATOTENI SECONDARY SCHOOL**

**FOR THE YEAR ENDED  
30 JUNE, 2023**

**KITUI COUNTY**



Revised 30<sup>th</sup> June 2023.



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*KATOTENI SECONDARY SCHOOL*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> June 2023**

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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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## **1. Acronyms and Glossary of Terms**

### **A. Acronyms.**

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

### **B. Definition of Key Terms**

Comparative Year – Means the prior period

MOE – Ministry of Education

**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 Kitui County, Migwani Sub-County

The school was registered in JUNE 2006 under registration number GP/A/3806/2006 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 317 number of students as at 30<sup>th</sup> June 2023. It has 2 streams and 17 teachers of which 5 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   | NICHOLAS N KIMANZI       | Chairman              | 4th May 2022        |
| 2   | MRS. JOSEPHINE M KILONZI | Secretary - Principal | 4th May 2022        |
| 3   | PAUL MUTUNGA             | Vice chairman         | 4th May 2022        |
| 4   | ANNA MUNUVE              | Member                | 4th May 2022        |
| 5   | FRANCIS KILANGO          | Member                | 4th May 2022        |
| 6   | JANE NGULA               | Member                | 4th May 2022        |
| 7   | ONESMUS KIIYA            | Member                | 4th May 2022        |
| 8   | COSMAS KAKULI            | Member – Rep CEB      | 4th May 2022        |
| 9   | CHRISTINE N KIMITU       | Member Rep Teachers   | 4th May 2022        |
| 10  | CYRUS MUATHA             | 3 Members - Sponsor   | 4th May 2022        |
| 11  | PENINAH MUSANGI MWANY'A  | Member                | 4th May 2022        |
| 12  | FRANCISCA MUNYOKI        | Member                | 4th May 2022        |
| 13  | PENINAH MULEWA           | Member                | 4th May 2022        |
| 14  | NORAH KAMBUA             | Member - Community    | 4th May 2022        |
| 15  | ERASTUS KANYOLO          | MemberSpecial Needs   | 4th May 2022        |
| 16  | MARTIN NDIGIRIGI         | Rep Students          | 4th May 2022        |

**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                                 |                     |               | 3                                           |
|      |                                                     | NICHOLAS KIMANZI    | CHAIRMAN      |                                             |
|      |                                                     | PAUL MUTUNGA        | VICE CHAIRMAN |                                             |
|      |                                                     | FRANCIS KILANGO     | MEMBER        |                                             |
|      |                                                     | JANE NGULA          | MEMBER        |                                             |
|      |                                                     | JOSEPHINE M KILONZI | SECRETARY     |                                             |
| 2    | Audit Committee                                     |                     |               |                                             |
| 3    | Finance, procurement and general purposes Committee |                     |               |                                             |
|      |                                                     | NICHOLAS KIMANZI    | CHAIRMAN      |                                             |
|      |                                                     | JOSEPHINE M KILONZI | SECRETARY     |                                             |
|      |                                                     | NORAH KAMBUA        | MEMBER        |                                             |
|      |                                                     | PAUL MUTUNGA        | MEMBER        |                                             |
|      |                                                     | COSMAS KAKULI       | MEMBER        |                                             |
|      |                                                     | FRANCIS KILANGO     | MEMBER        |                                             |
|      |                                                     | FRANCISCA MUNYOKI   | MEMBER        |                                             |
| 4    | Academic Committee                                  |                     |               |                                             |
|      |                                                     | NICHOLAS KIMANZI    | CHAIRMAN      |                                             |
|      |                                                     | CONSOLATA NTHIGA    | SECRETARY     |                                             |



|   |                                          |                     |           |   |
|---|------------------------------------------|---------------------|-----------|---|
|   |                                          | JOSEPHINE M KILONZI | MEMBER    |   |
|   |                                          | FRANCIS KILANGO     | MEMBER    |   |
|   |                                          | COSMAS KAKULI       | MEMBER    |   |
|   |                                          | JANE NGULA          | MEMBER    |   |
| 5 | Development Committee (SIC)              |                     |           | 1 |
|   |                                          | PAUL MUTUNGA        | CHAIRMAN  |   |
|   |                                          | JACOB MUNYAO        | SECRETARY |   |
|   |                                          | JOSEPHINE M KILONZI | MEMBER    |   |
|   |                                          | NICHOLAS KIMANZI    | MEMBER    |   |
|   |                                          | FRANCIS KILANGO     | MEMBER    |   |
|   |                                          | NORAH KAMBUA        | MEMBER    |   |
|   |                                          | SCDE – ( MIGWANI)   | MEMBER    |   |
| 6 | Discipline and welfare Committee         |                     |           |   |
|   |                                          | NICHOLAS KIMANZI    | CHAIRMAN  |   |
|   |                                          | JOSEPHINE M KILONZI | SECRETARY |   |
|   |                                          | PAUL MUTUNGA        | MEMBER    |   |
|   |                                          | CYRUS MUATHA        | MEMBER    |   |
|   |                                          | ANNA MUNUVE         | MEMBER    |   |
|   |                                          | PENINAH MWANIA      | MEMBER    |   |
|   |                                          | ERASTUS MBILO       | MEMBER    |   |
| 7 | Adhoc Committee (if any during the year) |                     |           |   |

The meeting were conducted by the outgoing sub-committees.

**(d) School operation Management**

For the financial year ended 30<sup>th</sup> June 2023 the School day-to-day management was under the following persons:

| Ref: | Designation      | Name                    | TSC Number |
|------|------------------|-------------------------|------------|
| 1    | Principal        | MRS JOSEPHINE M KILONZI | 233933     |
| 2    | Deputy Principal | JACOB M MUNYAO          | 409817     |
| 3    | School Bursar    | MARY MUTHUI             | N/A        |
|      |                  |                         |            |

**(e) Schools contacts**

Post Office Box: 574 – 90400, MWINGI  
 Telephone: 0114767258  
 E-mail: katotenisec@gmail.com  
 Website: XXXXXXXXX  
 Facebook:  
 Twitter:

**(f) School Bankers**

The following school operated 5 numbers of bank accounts in the following banks:

- Name of Bank: KENYA COMMERCIAL  
 Branch: MWINGI  
 Account Number: 1102979783 – BOARDING A/C
- Name of Bank: KENYA COMMERCIAL  
 Branch: MWINGI  
 Account Number: 1107758327 – FUND A/C
- Name of Bank: KENYA COMMERCIAL  
 Branch: MWINGI  
 Account Number: 1102978981 – TUITION A/C
- Name of Bank: KENYA COMMERCIAL  
 Branch: MWINGI  
 Account Number: 1216701520 – INFRASTRUCTURE A/C
- Name of Bank: KENYA COMMERCIAL  
 Branch: MWINGI  
 Account Number: 1225709873 – BUS FUND A/C
- MPESA Pay Bill No. 522123 attached to Boarding bank account

**(g) Independent Auditors**

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



## II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

### a) Financial performance:

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

| YEAR | SURPLUS      | DEFICIT    |
|------|--------------|------------|
| 2023 | 0            | 534,834.00 |
| 2022 | 2,228,876.00 | 0          |
| 2021 | 1,331,980.00 | 0          |

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

| YEAR | TUITION A/C  | OPERATIONS A/C | TOTALS       |
|------|--------------|----------------|--------------|
| 2023 | 868,219.75   | 3,822,488.72   | 4,690,708.47 |
| 2022 | 1,091,944.00 | 4,777,520.80   | 5,869,464.80 |
| 2021 | 404,366.75   | 2,524,146.30   | 2,928,513.05 |

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

| YEAR | RATIO    |
|------|----------|
| 2023 | 1:11,725 |
| 2022 | 1:18,934 |
| 2021 | 1:9,477  |

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

### BOARDING ACCOUNT

| YEAR | INCOME EARNED |
|------|---------------|
| 2023 | 10,249,807.00 |
| 2022 | 12,944,907.00 |
| 2021 | 5,555,258.00  |

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

| YEAR | TUITION A/C  | OPERATIONS A/C | BOARDING A/C  |
|------|--------------|----------------|---------------|
| 2023 | 872,279.00   | 4,149,810.00   | 11,353,287.00 |
| 2022 | 1,090,416.00 | 4,925,905.00   | 12,559,336.00 |
| 2021 | 404,014.00   | 3,006,213.00   | 4,860,821.00  |

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

| YEAR | CREDITORS    | DEBTORS      |
|------|--------------|--------------|
| 2023 | 2,466,992.00 | 4,224,613.00 |
| 2022 | 157,730.00   | 2,652,429.00 |
| 2021 | 185,750.00   | 0            |

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

| YEAR | CASH      | BANK         |
|------|-----------|--------------|
| 2023 | 5,691.00  | 340,341.65   |
| 2022 | 30,001.00 | 1,783,417.20 |
| 2021 | 33,586.00 | 2,090,915.40 |

- b) **Teacher Student ratio: 1:18**

12 TSC Teachers and 4 BOM teachers.

| SUBJECT          | NO OF TEACHERS | TSC/BOM      |
|------------------|----------------|--------------|
| ENGLISH/LIT      | 3              | TSC 2, BOM 1 |
| KISWAHILI        | 4              | TSC 3, BOM 1 |
| MATHEMATICS      | 4              | TSC 3, BOM 1 |
| BIOLOGY          | 4              | TSC 3, BOM 1 |
| PHYSICS          | 3              | TSC 2, BOM 1 |
| CHEMISTRY        | 2              | TSC 2        |
| HISTORY          | 2              | TSC 2        |
| GEOGRAPHY        | 1              | BOM 1        |
| CRE              | 2              | TSC 2,       |
| AGRICULTURE      | 2              | TSC 1, BOM 1 |
| BUSINESS STUDIES | 2              | TSC 2        |

## c) Mean score in the 2022 KCSE:

| KCSE YEAR | MEAN SCORE | UNIVERSITY ENTRIES | DEV   |
|-----------|------------|--------------------|-------|
| 2022      | 6.015      | 18                 | 0.17  |
| 2021      | 5.845      | 19                 | 0.04  |
| 2020      | 5.805      | 29                 | 0.238 |

## d) Number of Candidates in the 2022 KCSE:

## 2022 KCSE RESULTS FOR 66 STUDENTS

| ENTRY | A | A- | B+ | B | B- | C+ | C  | C- | D+ | D | D- | TT  | M/S   | DEV  |
|-------|---|----|----|---|----|----|----|----|----|---|----|-----|-------|------|
| 66    | 0 | 0  | 1  | 2 | 5  | 10 | 23 | 21 | 4  | 0 | 0  | 397 | 6.015 | 0.17 |

No of candidates sitting for KCSE over the last three years

| KCSE YEAR | NO. CANDIDATES |
|-----------|----------------|
| 2023      | 66             |
| 2021      | 71             |
| 2020      | 82             |

## e) Capacity of the school:

## SCHOOL ENROLMENT: 152 Boys and 158 Girls

| AMENITY            | NUMBER |
|--------------------|--------|
| Dormitories        | 2      |
| Dining Hall        | 1      |
| Science Laboratory | 1      |
| Boys Latrines      | 13     |
| Girls latrines     | 6      |
| Classrooms         | 11     |

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

| PROJECT                                           | SOURCE OF FUNDS    |
|---------------------------------------------------|--------------------|
| Purchase of lab stools,<br>students lockers/seats | RMI – MOEST Grants |

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

The Board of Management of *KATOTENI 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, 2023, and of the school's financial position as at that date.

Name: MOSES M. MUTUA  
 Designation: Chairman, School Board of Management  
 Sign: Mha  
 Date: 14/3/2026

Name: OLIVE KOLI THYAKA  
 Designation: School Principal & Secretary to Board of Management  
 Sign: [Signature]  
 Date: 14/03/2026



Name: MARY MUTHI  
 Designation: Bursar/ Finance Officer  
 Sign: [Signature]  
 Date: 14/03/2026



# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
Email: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON KATOTENI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023-KITUI 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.

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Katoteni Secondary School set out on pages 1 to 17, which comprise the statement of financial assets and financial liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows, and statement of budgeted versus actual amounts for the year then ended

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*Report of the Auditor-General on Katoteni Secondary School for the year ended 30 June, 2023-Kitui County*



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 that, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Katoteni Secondary School as at 30 June, 2023, and of its financial performance and its cash flows for the year 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 the Financial Statements**

The statement of receipts and payments reflects total receipts and payments of Kshs.19,396,618 and Kshs.19,931,452, which differ from the amounts of Kshs.11,926,313 for receipts and Kshs.15,448,419 for payments reflected in the statement of budgeted versus actual amounts, resulting in unexplained variances of Kshs.7,470,305 and Kshs.4,483,033 respectively.

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

#### **2. Long Outstanding Accounts Receivables**

The statement of financial assets and liabilities reflects accounts receivables balance of Kshs.10,241,630 in respect of fees arrears and salary advance. As disclosed in Note 11 to the financial statements, the balance includes an amount of Kshs.4,442,125 which have been outstanding for more than two (2) years. However, the School had no policy in place for the impairment of long outstanding fees arrears, casting doubt on the fair statement of the accounts receivable balance.

In the circumstances, the accuracy and completeness of the outstanding receivables balance of Kshs.4,442,125 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Katoteni 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 versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.14,412,860 and Kshs.11,926,313, respectively, resulting in an under-funding of Kshs.2,486,547 or 17% of the budget. However, the School spent an amount of Kshs.15,448,419 against actual receipts amounting to



Kshs.11,926,313, resulting in an over-utilization of Kshs.3,522,106 or 30% of actual receipts.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Information**

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

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

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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.

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

The financial statements for the year under review were submitted for audit on 11 February, 2025, which was past the statutory deadline of 30 September, 2023. This was contrary to Section 81(4) of the Public Finance Management Act, 2012, which states that not later than three (3) months after the end of each financial year, the accounting officer shall submit the entity's financial statements to the Auditor-General with a copy to the Controller of Budget and The National Treasury.



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, operations and infrastructure grants totalling Kshs.4,748,844 during the financial year under review. School records indicated a total enrolment of 417 students during the financial year. However, the National Education Management Information System (NEMIS) enrolment records were not provided for audit review. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021, which requires all learners to be accurately registered in the NEMIS.

In the circumstances, the uncertainty in the capitation funding of the School may have affected service delivery to the public.

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

The statement of receipts and payments reflects operations grants from the Ministry of Education amounting to Kshs.2,603,124 credited into the operations bank account as disclosed in Note 2 to the financial statements. Included in the amount is Kshs.642,000 in respect of infrastructure grants, which was to be transferred to the infrastructure bank account for maintenance and improvement of the School's facilities. However, an amount of Kshs.326,000 credited to the School's account on 9 June, 2023 was not transferred to the infrastructure account. Further, an amount of Kshs.316,000 was transferred to the infrastructure account on 16 March 2023, or approximately 44 days after receipt of the funds. This was contrary to the Ministry of Education Circular Ref No: MOE.HQS/3/13/3 dated 16 June 2021, which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the School infrastructure account within fifteen (15) days upon receipt of the funds in the operations account.

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

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

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

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

## Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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. Internal Control Deficiencies in Assets Management

Annex 2 to the financial statements reflects summary of fixed assets register, including buildings, furniture and fittings, computers, among other classes of assets. However, it was noted that the asset register did not have key details such as dates of acquisition, historical costs, current values, manufacturer's warranty period where applicable, maintenance history, remaining useful life, disposals during the year and salvage value where applicable. Further, several assets at the School were not tagged.

In the circumstances, the effectiveness of mechanisms for the management of assets could not be confirmed.

### 2. Lack of an Audit Committee

During the year under review, the School had not constituted an Audit Committee as required by Regulation 166(2) of the Public Finance Management (National Government), 2015, which states that each year the Audit Committee shall carry out an annual review of the independence, performance and competency of the internal audit unit and comment on their effectiveness in the annual report. Further, Section 61(2)(d) of the Basic Education Act, 14 of 2013 requires the Board of Management to establish an Audit Committee among other Board committees.

In the circumstances, the existence of effective oversight mechanisms 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 Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards

(Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 its 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.



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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

28 April, 2026

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30<sup>TH</sup> JUNE 2023

| DESCRIPTION OF VOTE HEAD                   | Note | 2022 - 2023<br>Kshs  | 2021 - 2022<br>Kshs  |
|--------------------------------------------|------|----------------------|----------------------|
| <b>RECEIPTS</b>                            |      |                      |                      |
| Capitation grants for tuition              | 1    | 869,720.00           | 1,091,944.00         |
| Capitation grants for operations           | 2    | 2,603,124.00         | 4,777,521.00         |
| Government grants for Infrastructure       | 3    | 1,276,000.00         | 1,724,500.00         |
| School Fund Income- Parents' Contributions | 4    | 14,647,774.00        | 15,035,146.00        |
| <b>TOTAL RECEIPTS</b>                      |      | <b>19,396,618.00</b> | <b>20,904,611.00</b> |
| <b>PAYMENTS</b>                            |      |                      |                      |
| Payments for Tuition                       | 5    | 1,496,883.00         | 904,666.00           |
| Payments for operations                    | 6    | 4,309,224.00         | 4,902,543.00         |
| Infrastructure                             | 7    | 1,068,814.00         |                      |
| Boarding and school fund payments          | 8    | 13,056,531.00        | 12,868,526.00        |
| <b>TOTAL PAYMENTS</b>                      |      | <b>19,931,452.00</b> | <b>18,675,735.00</b> |
| <b>SURPLUS/DEFICIT</b>                     |      | <b>(534,834.00)</b>  | <b>2,228,876.00</b>  |

The school financial statements were approved on 14<sup>th</sup> March 2026 and signed by:

Sign: mke

Sign: [Signature]

Sign: [Signature]

Name: MOSES M. MUTHA

Name: OLIVE K. THAKA

Name: MARY MUTHU

Chair BOM

School Principal/  
Secretary to BOM

Bursar/  
Finance Officer

Date: 14/03/2026

Date: 14/03/2026

Date: 14/03/2026



# VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30<sup>TH</sup> JUNE 2023

|                                       | Note | 2022 - 2023<br>Kshs  | 2021 - 2022<br>Kshs |
|---------------------------------------|------|----------------------|---------------------|
| <b>FINANCIAL ASSETS</b>               |      |                      |                     |
| <b>Cash and Cash Equivalents</b>      |      |                      |                     |
| Bank Balances                         | 9    | 340,342.00           | 1,783,417.00        |
| Cash Balances                         | 10   | 5,691.00             | 30,001.00           |
| <b>Total Cash and cash equivalent</b> |      | <b>346,033.00</b>    | <b>1,813,418.00</b> |
| Account's receivables                 | 11   | 10,241,630.00        | 7,094,544.00        |
| <b>TOTAL FINANCIAL ASSETS</b>         |      | <b>10,587,663.00</b> | <b>8,907,962.00</b> |
| <b>FINANCIAL LIABILITIES</b>          |      |                      |                     |
| Accounts Payables                     | 12   | 2,501,125.00         | 286,600.00          |
| <b>NET FINANCIAL ASSETS</b>           |      | <b>8,086,538.00</b>  | <b>8,621,372.00</b> |
| <b>REPRESENTED BY</b>                 |      |                      |                     |
| Accumulated Fund b/fwd                | 13   | 8,621,372.00         | 6,392,496.00        |
| Surplus/Deficit for the year          |      | (534,834.00)         | 2,228,876.00        |
| <b>NET FINANCIAL POSSITION</b>        |      | <b>8,086,538.00</b>  | <b>8,621,373.00</b> |

The School's financial statements were approved on 14<sup>th</sup> March 2026 and signed by:

Name: MOSES M. MUTUA  
Chairman, BoM

Sign: mke

Date: 14/03/2026

Name: OLIVE K. THYAKA  
School Principal/Secretary to BoM

Sign: [Signature]

Date: 14/03/2026

Name: NIRRY MUTHURI  
Bursar/Finance

Sign: [Signature]

Date: 14/03/2026





**VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2023**

|                                                          |   | 2022 - 2023           | 2021 - 2022          |
|----------------------------------------------------------|---|-----------------------|----------------------|
| <b>Receipts for operating income</b>                     |   |                       |                      |
| Capitation grants for tuition                            | 1 | 868,220.00            | 1,091,944.00         |
| Capitation grants for operations                         | 2 | 2,584,039.00          | 4,805,521.00         |
| Government grants for infrastructure                     | 3 | 1,276,000.00          | -                    |
| School fund income- Parents contributions/ fees          | 4 | 10,584,807.00         | 12,520,207.00        |
| <b>Total receipts</b>                                    |   | <b>15,313,066.00</b>  | <b>18,417,672.00</b> |
| <b>Payments</b>                                          |   |                       |                      |
| Payments for Tuition                                     | 5 | 873,863.00            | 1,090,416.00         |
| Payments for operations                                  | 6 | 3,113,600.00          | 3,296,868.00         |
| Boarding and school fund payments                        | 7 | 11,724,174.00         | 12,710,796.00        |
| <b>Total payments</b>                                    |   | <b>15,711,637.00</b>  | <b>17,098,080.00</b> |
| <b>Net cash flow from operating activities</b>           |   | <b>(398,571.00)</b>   | <b>1,319,592.00</b>  |
| <b>CASHFLOW FROM INVESTING ACTIVITIES</b>                |   |                       |                      |
| Proceeds from Sale of Assets                             |   |                       |                      |
| Acquisition of Assets – seats/lockers & lab stools       |   | (1068,814.00)         | (1,630,675.00)       |
| Proceeds from investments                                |   |                       |                      |
| Purchase of investments                                  |   |                       |                      |
| <b>Net cash flows from Investing Activities</b>          |   |                       |                      |
| <b>CASHFLOW FROM BORROWING ACTIVITIES</b>                |   |                       |                      |
| Proceeds from borrowings/ loans                          |   |                       |                      |
| Repayment of principal borrowings                        |   |                       |                      |
| <b>Net cash flow from financing activities</b>           |   |                       |                      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>         |   | <b>(1,467,385.00)</b> | <b>(311,083.00)</b>  |
| <b>Cash and cash equivalent at BEGINNING of the year</b> |   | <b>1,813,418.00</b>   | <b>2,124,501.00</b>  |
| <b>Cash and cash equivalent at END of the year</b>       |   | <b>346,033.00</b>     | <b>1,813,418.00</b>  |

VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023

| Receipt/expenses Item                     | Original Budget<br>a<br>Kshs | Adjustments<br>b<br>Kshs | Final Budget<br>c=a+b<br>Kshs | Actual on<br>Comparable<br>Basis<br>d<br>Kshs | Budget Utilization<br>Difference<br>e=c-d<br>Kshs | % of Utilization<br>f=d/c %<br>Kshs |
|-------------------------------------------|------------------------------|--------------------------|-------------------------------|-----------------------------------------------|---------------------------------------------------|-------------------------------------|
| <b>RECEIPTS</b>                           |                              |                          |                               |                                               |                                                   |                                     |
| <b>(1) CAPITATION GRANT ON TUITION</b>    |                              |                          |                               |                                               |                                                   |                                     |
| Textbooks and reference materials         |                              |                          |                               |                                               |                                                   |                                     |
| Exercise books                            |                              |                          |                               |                                               |                                                   |                                     |
| Laboratory equipment                      |                              |                          |                               |                                               |                                                   |                                     |
| Tuition                                   | 1,346,760.00                 | -                        | 1,346,760.00                  | 868,218.00                                    | 478,542.00                                        | 64.5%                               |
| Teaching / learning materials             |                              |                          |                               |                                               |                                                   |                                     |
| Chalks                                    |                              |                          |                               |                                               |                                                   |                                     |
| Exams and assessment                      |                              |                          |                               |                                               |                                                   |                                     |
| Teachers guides                           |                              |                          |                               |                                               |                                                   |                                     |
| <b>(2) CAPITATION GRANT ON OPERATIONS</b> |                              |                          |                               |                                               |                                                   |                                     |
| Personnel emoluments                      |                              |                          |                               |                                               |                                                   |                                     |
| Repairs and maintenance                   |                              |                          |                               |                                               |                                                   |                                     |
| Local transport / travelling              |                              |                          |                               |                                               |                                                   |                                     |
| Electricity and water                     |                              |                          |                               |                                               |                                                   |                                     |
| Other vote heads                          | 2,914,000.00                 | -                        | 2,914,000.00                  | 2,303,614.00                                  | 610,386.00                                        | 79.1%                               |
| Medical                                   |                              |                          |                               |                                               |                                                   |                                     |
| Administration costs                      |                              |                          |                               |                                               |                                                   |                                     |
| Co-curricular Activities                  | 465,000.00                   | -                        | 465,000.00                    | 179,575.00                                    | 285,425.00                                        | 38.6%                               |
| <b>(3) FDSE for Infrastructure</b>        |                              |                          |                               |                                               |                                                   |                                     |

| Receipt/expenses Item                | Original Budget<br>a | Adjustments<br>b | Final Budget<br>c = a+b | Actual on<br>Comparable<br>Basis<br>d | Budget Utilization<br>Difference<br>e = d-d | % of Utilization<br>f = d/c % |
|--------------------------------------|----------------------|------------------|-------------------------|---------------------------------------|---------------------------------------------|-------------------------------|
|                                      | Kshs                 | Kshs             |                         |                                       | Kshs                                        | Kshs                          |
| Maintenance & Improvement MOE        | 1,550,000.00         | -                | 1,550,000.00            | 1,276,000.00                          | 274,000.00                                  | 82.3%                         |
| <b>(4) FEES CHARGED ON PARENTS</b>   |                      |                  |                         |                                       |                                             |                               |
| Personnel emoluments                 |                      |                  |                         |                                       |                                             |                               |
| Repairs and maintenance              | 433,500.00           | -                | 433,500.00              | 403,500.00                            | 30,000.00                                   | 93.1%                         |
| Local transport / travelling         |                      |                  |                         |                                       |                                             |                               |
| Electricity and water                |                      |                  |                         |                                       |                                             |                               |
| Medical                              |                      |                  |                         |                                       |                                             |                               |
| Administration costs                 | 105,000.00           | -                | 105,000.00              | 326,700.00                            | (221,700.00)                                |                               |
| Activity                             |                      |                  |                         |                                       |                                             |                               |
| SMASSE                               |                      |                  |                         |                                       |                                             |                               |
| Fee on Boarding Equipment and Stores | 7,298,600.00         | -                | 7,298,600.00            | 6,212,707.00                          | 1,085,893.00                                | 85.1%                         |
| Income from Bus Hire                 | 300,000.00           | -                | 300,000.00              | 356,000.00                            | (56,000)                                    | 118.7%                        |
| Fee for hire of ground and equipment |                      |                  |                         |                                       |                                             |                               |
| Interest income                      |                      |                  |                         |                                       |                                             |                               |
| Income from any other investment     |                      |                  |                         |                                       |                                             |                               |
| <b>TOTAL INCOME</b>                  | <b>14,412,860.00</b> |                  | <b>14,412,860.00</b>    | <b>11,926,313.00</b>                  | <b>2,486,547.00</b>                         | <b>82.7%</b>                  |
| <b>(5) EXPENDITURE FOR TUITION</b>   |                      |                  |                         |                                       |                                             |                               |
| Textbooks and reference materials    |                      |                  |                         |                                       |                                             |                               |
| Exercise books                       |                      |                  |                         |                                       |                                             |                               |
| Laboratory equipment                 |                      |                  |                         |                                       |                                             |                               |
| Internal exams                       |                      |                  |                         |                                       |                                             |                               |
| Teaching / learning materials        | 1,284,640.00         | -                | 1,284,640.00            | 872,279.00                            | 412,361.00                                  | 67.9%                         |



**KATOTENI SECONDARY SCHOOL**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

| Receipt/expenses Item                     | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|-------------------------------------------|-----------------|-------------|--------------|----------------------------|-------------------------------|------------------|
|                                           | Kshs            | Kshs        |              |                            | Kshs                          | 1 - d/c %        |
| Chalks                                    |                 |             |              |                            |                               |                  |
| Exams and assessment                      |                 |             |              |                            |                               |                  |
| Teachers guides                           |                 |             |              |                            |                               |                  |
| Administration costs                      |                 |             | -            | 1,584.00                   | (1,584.00)                    |                  |
| Bank Charges                              |                 |             |              |                            |                               |                  |
| <b>(6) EXPENDITURE FOR OPERATIONS</b>     |                 |             |              |                            |                               |                  |
| Personnel emoluments                      | 1,830,398.00    | -           | 1,830,398.00 | 1,472,565.00               | 357,833.00                    | 80.5%            |
| Repairs, maintenance & improvements       |                 |             |              |                            |                               |                  |
| Local transport / travelling              |                 |             |              |                            |                               |                  |
| Electricity, water and conservancy        |                 |             |              |                            |                               |                  |
| Medical                                   |                 |             | 821,154.00   | 407,569.00                 | 413,585.00                    | 49.6%            |
| Administration costs                      | 821,154.00      | -           |              |                            |                               |                  |
| Activity Expenses                         |                 |             |              |                            |                               |                  |
| SMASSE                                    |                 |             |              |                            |                               |                  |
| <b>(6) EXPENDITURE FOR Infrastructure</b> |                 |             |              |                            |                               |                  |
| Construction of classrooms                |                 |             |              |                            |                               |                  |
| Construction of Lab                       |                 |             | 1,550,000.00 | 1,088,814.00               | 461,186.00                    | 70.2%            |
| Purchase of furniture                     | 1,550,000.00    | -           |              |                            |                               |                  |
| <b>(7) EXPENDITURE FOR SCHOOL FUND</b>    |                 |             |              |                            |                               |                  |
| Personnel emoluments                      | 1,020,000.00    | -           | 1,020,000.00 | 1,073,022.00               | (53,022.00)                   | 105.2%           |
| Repairs, maintenance and improvements     |                 |             |              |                            |                               |                  |
| Local transport / travelling              | 350,000.00      | -           | 350,000.00   | 874,000.0                  |                               |                  |

| Receipt/expenses Item              | Original Budget<br>a | Adjustments<br>b | Final Budget<br>c = a + b | Actual on<br>Comparable<br>Basis<br>d | Budget Utilization<br>Difference<br>e = c - d | % of Utilization<br>f = d/c % |
|------------------------------------|----------------------|------------------|---------------------------|---------------------------------------|-----------------------------------------------|-------------------------------|
|                                    | Kshs                 | Kshs             |                           |                                       | Kshs                                          | Kshs                          |
| Electricity, water and conservancy | 1,245,400.00         | -                | 1,245,400.00              | 949,185.00                            | 296,215.00                                    | 76.2%                         |
| Medical Expenses                   |                      |                  |                           |                                       |                                               |                               |
| Administration costs               | 545,000.00           | -                | 545,000.00                | 1,435,857.00                          |                                               |                               |
| Activity                           |                      |                  |                           |                                       |                                               |                               |
| Gratuity                           |                      |                  |                           |                                       |                                               |                               |
| Bus fund account                   | 300,314.00           | -                | 300,314.00                | 403,269.00                            |                                               | 134.3%                        |
| Boarding Equipment and Stores      | 6,820,600.00         | -                | 6,820,600.00              | 5,534,833.00                          | 1,285,767.00                                  | 81.1%                         |
| <b>TOTALS</b>                      | <b>16,182,506.00</b> | <b>-</b>         | <b>16,182,506.00</b>      | <b>15,448,419.00</b>                  | <b>734,087.00</b>                             | <b>95.5%</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 the year ended 30<sup>th</sup> June 2023.

**X. NOTES TO THE FINANCIAL STATEMENTS****1 CAPITATION GRANT FOR TUITION**

|                               | 2022 – 2023       | 2021 – 2022         |
|-------------------------------|-------------------|---------------------|
|                               | Kshs              | Kshs                |
| Tuition                       |                   | 286,275.00          |
| Exercise books                |                   |                     |
| Laboratory equipment          |                   |                     |
| Internal exams                |                   |                     |
| Teaching / learning materials | 868,220.00        | 805,669.00          |
| Operations account            | 1500.00           |                     |
| Teachers guides               |                   |                     |
| <b>Total</b>                  | <b>989,720.00</b> | <b>1,091,944.00</b> |

**2 CAPITATION GRANT FOR OPERATIONS**

|                              | 2022 – 2023         | 2021 – 2022         |
|------------------------------|---------------------|---------------------|
|                              | Kshs                | Kshs                |
| Personnel emoluments         |                     |                     |
| Repairs and maintenance      |                     | 1,724,500.00        |
| Local transport / travelling |                     |                     |
| Other vote Heads             | 2,303,614.00        | 2,986,021.00        |
| NSSF                         | 14,000.00           | -                   |
| NHIF                         | 23,550.00           | -                   |
| Medical                      | 63,300.00           | 67,000.00           |
| Transfer from BES            | 19,085.00           |                     |
| Co-curricular activities     | 179,575.00          | -                   |
| <b>Total</b>                 | <b>2,603,124.00</b> | <b>4,777,521.00</b> |

3

**3 GOVERNMENT GRANTS FOR INFRASTRUCTURE**

|                                  | 2022 – 2023         | 2021 – 2022         |
|----------------------------------|---------------------|---------------------|
| Maintenance & Improvement        | 1,276,000.00        | 1,724,500.00        |
| Transition infrastructure grants | -                   | -                   |
| Administration Block             | -                   | -                   |
| Economic stimulus grants         | -                   | -                   |
| <b>Total</b>                     | <b>1,276,000.00</b> | <b>1,724,500.00</b> |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 4 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

|                              | 2022 – 2023          | 2021 – 2022          |
|------------------------------|----------------------|----------------------|
|                              | Kshs                 | Kshs                 |
| Personnel emoluments         | -                    | 162,900.00           |
| BES                          | 9,101,060.00         | 9,265,346.00         |
| Repairs and maintenance      | 584,400.00           | 701,000.00           |
| Local transport / travelling | -                    | 28,750.00            |
| Electricity and water        | -                    | 242,100.00           |
| Administration costs         | -                    | 91,750.00            |
| Activity                     | 57,500.00            | 226,250.00           |
| Infrastructure account       | 650,000.00           | -                    |
| KCSE exams                   | 24,700.00            | 69,600.00            |
| Pta Devt' funds              | -                    | 807,850.00           |
| Bus Hire                     | 356,000.00           | 191,000.00           |
| Tender fees                  | 27,000.00            | 48,000.00            |
| Other vote-heads             | 3,675,960.00         | 3,115,650.00         |
| Farm Accounts                | -                    | 84,950.00            |
| Operations account           | 171,154.00           | -                    |
| <b>Total</b>                 | <b>14,647,774.00</b> | <b>15,035,146.00</b> |

## 5 PAYMENTS FOR TUITION

|                               | 2022 – 2023         | 2021 – 2022       |
|-------------------------------|---------------------|-------------------|
|                               | Kshs                | Kshs              |
| Tuition                       |                     | 214,280.00        |
| Exercise books                | -                   |                   |
| Laboratory equipment          | -                   |                   |
| Internal exams                | -                   |                   |
| Teaching / learning materials | 1,495,299.00        | 688,280.00        |
| Chalks                        |                     |                   |
| Exams and assessment          |                     |                   |
| Teachers guides               |                     |                   |
| Administration Costs          |                     |                   |
| Bank Charges                  | 1,584.00            | 2,106.00          |
| <b>Total</b>                  | <b>1,496,883.00</b> | <b>904,666.00</b> |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 6 PAYMENTS FOR OPERATIONS

|                                        | 2022 – 2023         | 2021 – 2022         |
|----------------------------------------|---------------------|---------------------|
|                                        | KShs                | KShs                |
| Personnel emoluments                   | 1,472,565.00        | 1,587,329.00        |
| Administration Cost                    | 707,569.00          | 1,018,301.00        |
| Repairs and maintenance & improvements | 20,000.00           | -                   |
| Local transport / travelling           | 292,200.00          | 285,500.00          |
| Electricity and water                  | 520,780.00          | 379,100.00          |
| NSSF                                   | 12,000.00           | -                   |
| SHIF                                   | 20,100.00           | -                   |
| Tuition                                | 1,500.00            | -                   |
| Activity Expenses                      | 440,852.00          | -                   |
| Boarding Account                       | 821,154.00          | -                   |
| Insurance Cost                         |                     |                     |
| Bank Charges                           | 504.00              | 1,638.00            |
| Acquisition of Assets                  |                     |                     |
| <b>TOTAL</b>                           | <b>4,309,224.00</b> | <b>4,902,543.00</b> |

## 7 PAYMENTS FOR INFRASTRUCTURE

|                                                                        | 2022 – 2023         | 2021 – 2022         |
|------------------------------------------------------------------------|---------------------|---------------------|
|                                                                        | KShs                | KShs                |
| Classroom construction                                                 |                     |                     |
| Infrastructure grants – lockers, seats, lab stools and general repairs | 1,068,814.00        | 1,630,675.00        |
| <b>TOTAL</b>                                                           | <b>1,068,814.00</b> | <b>1,630,675.00</b> |

## 8 BOARDING AND SCHOOL FUND PAYMENTS

|                                        | 2022 – 2023          | 2021 – 2022          |
|----------------------------------------|----------------------|----------------------|
|                                        | KShs                 | KShs                 |
| Personnel emoluments                   | 1,073,022.00         | 1,322,712.00         |
| Activity                               | 326,700.00           | 8,500.00             |
| Repairs and maintenance & Improvements | 998,620.00           | 241,180.00           |
| Local transport / travelling           | 874,000.00           | 267,890.00           |
| Electricity and water                  | 949,185.00           | 785,340.00           |
| Pta Devt funds                         | -                    | 1,421,330.00         |
| Administration costs                   | 1,487,107.00         | 1,838,153.00         |
| Operations account                     | 19,085.00            | -                    |
| Bus maintenance/expenditure            | 403,269.00           | 296,014.00           |
| School farm                            | -                    | 101,950.00           |
| Bank Charges                           | 618.00               | 1,260.00             |
| Fees refund                            | -                    | 2,500.00             |
| Fee on Boarding Equipment and Stores   | 6,891,425.00         | 6,480,197.00         |
| KCSE                                   | 24,500.00            | 89,500.00            |
| Tender fees                            | 9,000.00             | 12,000.00            |
| <b>TOTAL</b>                           | <b>13,056,531.00</b> | <b>12,868,526.00</b> |

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 9 BANK ACCOUNTS

| Name of Bank, Account No. & currency | Bank Account Number | 2022 – 2023<br>Kshs | 2021 – 2022<br>Kshs |
|--------------------------------------|---------------------|---------------------|---------------------|
| Tuition Account                      | KCB –<br>1102978981 | 48.00               | 4,191.00            |
| Operations Account                   | KCB –<br>1107758327 | 5,825.00            | 45,451.00           |
| School Fund Account/Boarding         | KCB –<br>1102979783 | 39,108.00           | 329,278.00          |
| Bus fund account                     | KCB –<br>1225709873 | 9,793.00            | 32,611.00           |
| Infrastructural Account              | KCB –<br>1216701520 | 285,568.00          | 1,371,886.00        |
| <b>Total</b>                         |                     | <b>340,342.00</b>   | <b>1,783,417.00</b> |

## 10 CASH IN HAND

| Description         | 2022 – 2023<br>Kshs | 2021 – 2022<br>Kshs |
|---------------------|---------------------|---------------------|
| Tuition Account     | -                   | -                   |
| Operation Account   | -                   | -                   |
| School Fund account | -                   | 30,001.00           |
| Bus fund account    | 5,691.00            | -                   |
| <b>Total</b>        | <b>5,691.00</b>     | <b>30,001.00</b>    |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 11 ACCOUNTS RECEIVABLE

| Description                | 2022 – 2023          | 2021 – 2022         |
|----------------------------|----------------------|---------------------|
|                            | Kshs                 | Kshs                |
| Fees arrears               | 10,241,630.00        | 7,094,554.00        |
| Other non-fees receivables |                      |                     |
| Salary advances            |                      |                     |
| Imprest                    |                      |                     |
| <b>Total</b>               | <b>10,241,630.00</b> | <b>7,094,554.00</b> |

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

| Description                                     | 2022 – 2023          | 2021 – 2022         |
|-------------------------------------------------|----------------------|---------------------|
|                                                 | Kshs                 | Kshs                |
| Fees arrears for current year 2023              | 4,224,613.00         | 2,652,429.00        |
| Fees arrears for the previous year 2022         | 1,574,892.00         | -                   |
| Fees arrears for prior periods (over two years) | 4,442,125.00         | 4,442,125.00        |
| <b>Total</b>                                    | <b>10,241,630.00</b> | <b>7,094,554.00</b> |

## 12 ACCOUNTS PAYABLE

| Description                                       | 2022 – 2023         | 2021 – 2022       |
|---------------------------------------------------|---------------------|-------------------|
|                                                   | Kshs                | Kshs              |
| Trade creditors (See ageing below and appendix 1) | 2,466,992.00        | 157,730.00        |
| Prepaid fees                                      | 34,133.00           | 128,870.00        |
| Retention monies                                  | -                   |                   |
| <b>Total</b>                                      | <b>2,501,125.00</b> | <b>286,600.00</b> |

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

| Description                                        | 2022 – 2023         | 2021 – 2022       |
|----------------------------------------------------|---------------------|-------------------|
|                                                    | Kshs                | Kshs              |
| Trade creditors for current year 2023              | 2,466,992.00        | -                 |
| Trade creditors for the previous year - 2022       |                     | 157,730.00        |
| Trade creditors for prior periods (over two years) |                     | -                 |
| <b>Total</b>                                       | <b>2,466,992.00</b> | <b>157,730.00</b> |



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 13 FUND BALANCE BROUGHT FORWARD

| Description   | 2022 - 2023         | 2021 - 2022         |
|---------------|---------------------|---------------------|
|               | Kshs                | Kshs                |
| Bank balances | 340,342.00          | 1,783,417.00        |
| Cash balances | 5,691.00            | 30,001.00           |
| Receivables   | 10,241,630.00       | 7,094,554.00        |
| Payables      | (2,501,125.00)      | (286,600.00)        |
| <b>Total</b>  | <b>8,086,538.00</b> | <b>8,621,372.00</b> |

**Other important disclosure notes**

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

**14 Biological assets**

| Description              | Numbers       | 2022 - 2023 | 2021-2022 |
|--------------------------|---------------|-------------|-----------|
|                          |               | KShs        | KShs      |
| Cattle                   | 0             | -           | -         |
| Goats                    | 0             | -           | -         |
| Trees                    | APROX.<br>100 | -           | -         |
| Coffee or tea plantation | 0             | -           | -         |
| Poultry                  | 0             | -           | -         |
| <b>Total</b>             |               | -           | -         |

**15 Stock/ Inventory**

| Description                                | 2022 - 2023       | 2021-2022           |
|--------------------------------------------|-------------------|---------------------|
|                                            | KShs              | KShs                |
| <b>a) Borrowings</b>                       |                   |                     |
| Stock/ inventory at beginning of the year  | 1,807,866.00      | 482,745.00          |
| Stock/ inventory purchased during the year | 12,403,549.00     | 6,470,529.00        |
| Stock/ inventory issued during the year    | 13,369,282.00     | 5,145,407.00        |
| <b>Balance at end of the year</b>          | <b>842,033.00</b> | <b>1,807,866.00</b> |

**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 (If a date when you expect the issue to be resolved) |
|---------|-----------------------------------|---------------------|---------------------------------|----------------------------------------------------------------|
|         |                                   |                     |                                 |                                                                |
|         |                                   |                     |                                 |                                                                |
|         |                                   |                     |                                 |                                                                |
|         |                                   |                     |                                 |                                                                |
|         |                                   |                     |                                 |                                                                |
|         |                                   |                     |                                 |                                                                |
|         |                                   |                     |                                 |                                                                |



**KATOTENI SECONDARY SCHOOL**  
**Annual Report and Financial Statements For the year ended 30<sup>th</sup> June 2023**

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

| Supplier of Goods or Services     | Original Amount | Date Contracted | Amount Paid To Date | Outstanding Balance 2023 | Outstanding Balance 2022 | Comments                |
|-----------------------------------|-----------------|-----------------|---------------------|--------------------------|--------------------------|-------------------------|
|                                   | A<br>Kshs       | B<br>Kshs       | C<br>Kshs           | D<br>Kshs                | E<br>Kshs                |                         |
| <b>Construction of buildings</b>  |                 |                 |                     | 63,160.00                |                          | BUILDING MATERIALS      |
| 1. IKOO LTD                       |                 |                 |                     | 63,160.00                |                          |                         |
| <b>Sub-Total</b>                  |                 |                 |                     |                          |                          |                         |
| <b>Supply of goods</b>            |                 |                 |                     | 39,672.00                |                          | LOAVES                  |
| 2. DPL FESTIVE LTD                |                 |                 |                     | 848,600.00               |                          | FOOD STUFFS/CEREALS     |
| 3. JOSNIC AGENCEIS                |                 |                 |                     | 150,510.00               |                          | MEAT                    |
| 4. PENINAH MWENDE MUUSYA          |                 |                 |                     | 102,440.00               |                          | FRUITS/VEGETABLES       |
| 5. JENDUTECH SOLUTIONS            |                 |                 |                     | 51,250.00                |                          | SECRETARIES UNIFORM     |
| 6. ADVA TEXTILE GROUP             |                 |                 |                     | 140,000.00               |                          | FIREWOOD                |
| 7. DENIS KASAANI WELU             |                 |                 |                     | 11,100.00                |                          | FRUITS/ONIONS           |
| 8. CYNDRA ENTERPRISES             |                 |                 |                     | 72,970.00                |                          | ELECTRICAL MATERIALS    |
| 9. KABATI ELECTRONICS             |                 |                 |                     | 270,000.00               |                          | MASTERS, INK, TONNERS   |
| 10. MOSHENI TECHNOLOGIES          |                 |                 |                     | 30,000.00                |                          | CAREER WHEEL            |
| 11. BOLD WALK CONCEPTS            |                 |                 |                     | 50,400.00                |                          | OFFICE STATIONERIES     |
| 12. MWAVIFA BOOKSHOP & STATIONERS |                 |                 |                     | 572,620.00               |                          | REVISION BOOKS, EX. BKS |
| 13. SHILOH OFFICE SOLUTIONS       |                 |                 |                     | 2,339,562.00             |                          |                         |
| <b>Sub-Total</b>                  |                 |                 |                     |                          |                          |                         |
| <b>Supply of services</b>         |                 |                 |                     | 64,270.00                |                          | MILLING SERVICES        |
| 14. CIESTA MILLERS                |                 |                 |                     |                          |                          |                         |
| 15.                               |                 |                 |                     |                          |                          |                         |
| 16.                               |                 |                 |                     | 64,270.00                |                          |                         |
| <b>Sub-Total</b>                  |                 |                 |                     |                          |                          |                         |
| <b>Grand Total</b>                |                 |                 |                     | 2,466,992.00             |                          |                         |

## ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

| Asset class                              | Date purchased | Location                    | Historical Cost b/f (Kshs)<br>1 <sup>st</sup> July 2022 | Depreciation/appreciation during the year (Kshs) | Additions during the year (Kshs) | Disposals during the year (Kshs) | Net book value c/f (Kshs)<br>30 <sup>th</sup> June 2023 |
|------------------------------------------|----------------|-----------------------------|---------------------------------------------------------|--------------------------------------------------|----------------------------------|----------------------------------|---------------------------------------------------------|
| Land 1                                   | 1990           | Within the school           | 330,000.00                                              | 33,000.00                                        | 0                                |                                  | 363,000.00                                              |
| Land 2                                   | 0              |                             | 0                                                       | 0                                                | 0                                |                                  | 0                                                       |
| Buildings and structures                 | 1990 – 2021    | Within the school           | 18,629,000.00                                           | 3,725,800.00                                     | 0                                |                                  | 14,903,200.00                                           |
| Motor vehicles                           | 2013           | Within the school           | 4,360,000.00                                            | 872,000.00                                       | 0                                |                                  | 3,488,000.00                                            |
| Office equipment, furniture and fittings | 1990 – 2020    | Offices                     | 3,000,000.00                                            | 600,000.00                                       | 0                                |                                  | 2,400,000.00                                            |
| ICT Equipment, and Other ICT Assets      | 2009           | Offices                     | 2,000,000.00                                            | 400,000.00                                       | 0                                |                                  | 1,600,000.00                                            |
| Tools and apparatus                      | 2005 – 2007    | Lab                         | 2,400,000.00                                            | 480,000.00                                       | 0                                |                                  | 1,920,000.00                                            |
| Textbooks                                | 1995 – 2020    | Bookstore/with the students | 6,000,000.00                                            | 1,200,000.00                                     | 0                                |                                  | 4,800,000.00                                            |
| Other Machinery and Equipment            | 1995 – 2020    | Offices                     | 2,000,000.00                                            | 400,000.00                                       | 0                                |                                  | 1,600,000.00                                            |
| Heritage and cultural assets             | 1995 – 2020    | Offices                     | 1,000,000.00                                            | 0                                                | 0                                |                                  | 1,000,000.00                                            |
| Intangible assets-soft ware              | 1995 – 2020    | Offices                     | 500,000.00                                              | 0                                                | 0                                |                                  | 500,000                                                 |
| <b>Total</b>                             |                |                             | 40,219,000.00                                           | 7,710,800.00                                     |                                  |                                  | 32,574,200.00                                           |