

REPUBLIC OF KENYA

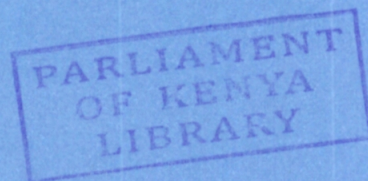


*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**



**ON**

**ELBURGON SECONDARY SCHOOL**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

**NAKURU COUNTY**

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 25 JUN 2025	DAY: WEDNESDAY
TABLED BY:	MAJORITY LEADER
CLERK-AT THE-TABLE:	FINLAY



---

*ELBURGON SECONDARY SCHOOL*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> June 2021**

---

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

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

---

Table of Contents	Page
<b>I. KEY SCHOOL INFORMATION AND MANAGEMENT</b> .....	2
<b>II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL</b> .....	6
<b>III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY</b> .....	10
<b>IV. REPORT OF THE INDEPENDENT AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS OF SCHOOL OF THE YEAR ENDING 30<sup>TH</sup> JUNE 2021</b> .....	11
<b>V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30<sup>TH</sup> JUNE 2021</b> .....	12
<b>VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30<sup>TH</sup> JUNE 2021</b> .....	13
<b>VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2021</b> .....	15
<b>VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021</b> .....	16
<b>IX. SIGNIFICANT ACCOUNTING POLICIES</b> .....	21
<b>X. NOTES TO THE FINANCIAL STATEMENTS</b> .....	23

## I. KEY SCHOOL INFORMATION AND MANAGEMENT

*[Customise the details in this section to suit your School]*

### (a) Background information

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

The school was registered in 23/1/2015 under registration number 32s30000012 and is currently categorized as a Extra County (*National, Extra County, county and Sub County*) public school established, owned or operated by the Government.

The school is a day/boarding school and had 642 number of students as at 30<sup>th</sup> June 2021. It has 3 streams and 30 teachers of which 9 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	Zipporah Ngugi	Chairperson	14th May 2019
2	Kariuki Chege	Secretary- Principal	14th May 2019
3	Eunice Opicha	Member	14th May 2019
4	Joseph Kamau	Member	14th May 2019
5	Miriam Wambui	Member	14th May 2019
6	Alice Nungari	Member	14th May 2019
7	Mary Gichuhi	Member	14th May 2019
8	Kariuki Joram	Member – Rep CEB	14th May 2019
9	Francis Muriuki	Member Rep Teachers	14th May 2019
10	David Bor	3 Members - Sponsor	14th May 2019
11	Dr. Kamuri Muya	Member	14th May 2019
12	Peter Mwangi	Member - Community	14th May 2019
13	Betty Chelangat	Member Special Needs	14th May 2019
14	Joseph Njehia	Member	14th May 2019
15	Lilian Machau	Member	14th May 2019
16	Pauline Achieng	Rep Students	14th May 2019

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

**The function of the School Board of Management include:**

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

**(c) Committees of the Board**

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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Zipporah Ngugi	Chairperson	2 meetings
		David Bor	Deputy Chair	
		Chege Kariuki	Secretary	
		Peter Mwangi	Member	
		Joseph Njehia	P.A. Chair	
		Kariuki Chege	Principal	
2	Audit Committee	Richardson kanyoro	Chairperson	
		Betty chelangat	Member	
		Chege kariuki	Member	
		Susan mwangi	Member	
		Kariuki Chege	Principal	
3	Finance, procurement and general purposes Committee	Mary Gichihi	Chairperson	1 meeting
		Kibira Muchai	Member	
		Joseph Gitau	Member	
		Betty Chelangat	Member	
		Zippoarah Ngugi	Member	
		Kariuki Chege	Principal	
4	Academic Committee	Francis Muriuki	Chairperson	

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

		David bor	Member	
		Cllr. Joseph Njihia	Member	
		Joseph Kamau	Member	
		Kariuki Chege	Principal	
5	Development Committee	Joram Kariuki	Chairperson	1 meeting
		Eunice Opicha	Member	
		Peter Mwangi	Member	
		Kibira Muchai	Member	
		Kariuki Chege	Principal	
6	Discipline and welfare Committee	Eunice Opicha	Chairperson	1 meeting
		Robinson Kanyoro	Member	
		Joram Kariuki	Member	
		Joseph Kamau	Member	
		Kariuki Chege	Principal	
7	Adhoc Committee (if any during the year)			

**(d) School operation Management**

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

<b>Ref:</b>	<b>Designation</b>	<b>Name</b>	<b>TSC Number</b>
1	Principal	Chege Kariuki	347290
2	Deputy Principal	Susan Moraa Moraa	334745
3	School Bursar	Zipporah Kamau	ID NO. 1154613

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

**(e) Schools contacts**

Post Office Box: 52-20102  
Telephone: 0793-900-235  
E-mail: elburgonsec@gmail.com  
Website: WWW.elbursec.com  
Facebook:  
Twitter:

**(f) School Bankers**

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

1. Name of Bank: Kenya Commercial Bank  
Branch: Njoro  
Account Number: 1101633581
2. Name of Bank: Kenya commercial Bank  
Branch: Njoro  
Account Number: 1101866829
3. Name of Bank: Kenya commercial Bank  
Branch: Njoro  
Account Number: 1101865911
4. Name of Bank: Kenya commercial Bank  
Branch: Njoro  
Account Number: 1271506637
5. Name of Bank : Equity Bank  
Branch: Molo  
Account Number: 0230277243961  
CDF Account

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

**(g) Independent Auditors**

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

## II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

### a) Financial performance:

#### Surplus/deficit for the year in comparison to the last three years

ACCOUNT	2021	2020	2019
	SURPLUS/ DEFICIT	SURPLUS/ DEFICIT	SURPLUS/ DEFICIT
Boarding Account	(719,063.00)	(4,836,376.30)	(4,135,475)
Tuition a/c	(89,126.00)	(124,189.00)	0.00
Operations a/c	(1,356,439.00)	(1,048,243.66)	(589,693.44)
Infrastructure	(118,500.00)		
<b>TOTAL</b>	<b>(2,283,128.00)</b>	<b>(6,008,808.96)</b>	<b>(4,725,168.44)</b>

#### -capitation grant from ministry of education for the last three years

ACCOUNT	2021	2020	2019
Tuition a/c	818,227.00	1,149,479.00	1,978,008
Operations a/c	5,833,777.00	4,491,600.00	8,393,604
Infrastructure	2,516,000.00	955,000.00	3,435,500
<b>TOTAL</b>	<b>9,168,004.00</b>	<b>6,596,079.00</b>	<b>13,807,112</b>

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

YEAR	2021	2020	2019
MOE	9,168,004.00	6,596,079.00	13,807,112
NO STUDENTS	654	667	661
<b>RATIO</b>	<b>1:14,018.00</b>	<b>1:9,889.00</b>	<b>1:20,888</b>

#### -Three-year overview of growth of other income(s) earned by the school.

YEAR	2021	2020	2019
SCHOOL FEES	13,817,084.00	16,891,458.00	27,352,376
HOUSE RENT	5,400.00	2,375.00	2,375
<b>TOTAL</b>	<b>13,822,484.00</b>	<b>16,893,833.00</b>	<b>27,354,751</b>

#### -three years' overview of growth in expenditure of the school

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

<b>YEAR</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
TUITION	907,353.00	1,025,290.00	3,370,085
OPERATION	5,799,216.00	4,398,356.00	7,803,910.56
INFRASTRUCTURE	3,907,000.00	506,992.00	0.00
LUNCH PROGRAMME	14,541,547.00	12,057,457.00	23,216,905
<b>TOTAL</b>	<b>25,155,116.00</b>	<b>17,988,095</b>	<b>34,390,900.56</b>

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

<b>YEAR</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
DEBTORS	6,097,441.00	4,530,752.00	5,368,748
CREDITORS	7,099.00	847,895.00	-

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

<b>YEAR</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
BANK	1,605,912.00	2,333,220.00	4,464,317.60
CASH	663.00	4,529.00	3000
<b>TOTAL</b>	<b>1,606,575.00</b>	<b>2,337,749.00</b>	<b>4,1467,317.60</b>

a) **Teacher Student ratio:**

*Include the teacher to student ratio, number of teachers recruited and posted to the school within the year, number of teachers that were transferred/ retired during the period as well as number of teachers employed by TSC, and number employed by BOM. One may also include how many teachers the school has for each subject in order to indicate shortage/ allocation of resources.*

*Teachers to student ration - 1: 33*

*1 teacher transferred*

*20 teachers are employed by TSC*

*10 B.O.M teachers*

<b>TEACHING SUBJECTS</b>	
Kiswahili/C.R.E	1
Kiswahili/Geography	2
Business Studies	1
English/Literature	3

**ELBURGON SECONDARY SCHOOL**  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

Chemistry/Biology	2
Mathematics/Physics	1
Agriculture / Biology	1
History/C.R.E	1
Mathematics/Business Studies	2
Kiswahili/C.R.E	1
C.R.E/Geography	1
Computer/Mathematics	1
Biology/Chemistry	1

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

ENTRY	YEAR	MEAN	GRADE
144	2019	8.333	B-
145	2020	7.786	C+
160	2021	6.844	C+

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

**KCSE SUMMARY 2019-2021**

YEAR	ENTRY
2019	144
2020	145
2021	160

**d) Capacity of the school:**

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

SCHOOL ENROLMENT 2021

FORM	BOYS	GIRLS	TOTAL
1 NORTH	36	22	58
1 SOUTH	34	23	57
1 EAST	36	22	58
2 NORTH	37	23	60
2 SOUTH	36	20	56
2 EAST	35	23	58
3 NORTH	31	23	54
3 SOUTH	35	18	53
3 EAST	32	23	55
4 NORTH	32	17	49
4 SOUTH	33	16	49
4 EAST	30	17	47
<b>TOTAL</b>	<b>407</b>	<b>247</b>	<b>654</b>

*Dormitories not enough to accommodate all students*

*Dining hall is needed for all students.*

*The school also needs a bigger and modern laboratory for all students.*

*Toilets also not enough for both boys and girls.*

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

*Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format*

PROJECT	SOURCE OF FUNDS	STATUS	INITIAL COST	AMOUNT SPENT	EXPECTED COMPLETION TIME
GIRLS DORMITORY	MOE	ONGOING	23 MILION	8,028,000	2024

Sign   
 School Principal



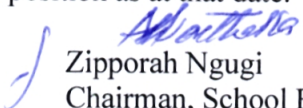
### III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY


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

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

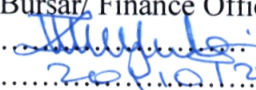
The Board of Management of *Elburgon secondary school* accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

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

Name:  Zipporah Ngugi  
Designation: Chairman, School Board of Management  
Sign: .....  
Date: ..20/10/2021.....

Name: Chege Kariuki  
Designation: School Principal & Secretary to Board of Management  
Sign:  .....  
Date: ..20/10/2021.....

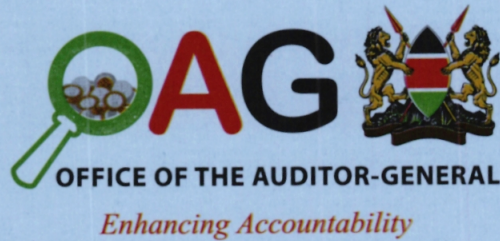


Name: Zipporah Kamau  
Designation: Bursar/ Finance Officer  
Sign:  .....  
Date: ..20/10/2021.....

BURSAR  
ELBURGON SEC. SCH.  
P. O. Box 52 ELBURGON  
Date.....

# 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 ELBURGON SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 – NAKURU 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 the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of Elburgon Secondary School – Nakuru County set out on pages 12 to 31, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, the statement of receipts and

---

*Report of the Auditor-General on Elburgon Secondary School for the six (6) Months' period ended 30 June, 2021 - Nakuru County*

payments, statement of cash flows and the statement of budgeted versus actual amounts for the six (6) months' period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

## **Basis for Qualified Opinion**

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

The statement of receipts and payments reflects school fund income-parents contributions amount of Kshs.2,404,934 which differs from Kshs.2,318,654 recorded in the supporting general ledger. Further, the statement reflects other receipts-fee on boarding equipment and stores amount of Kshs.6,875,981 which differs from the general ledger amount of Kshs.4,673,223. The variances have not been reconciled.

In the circumstances, the accuracy and completeness of the school fund income-parents contributions and other receipts-fee on boarding equipment and stores amounts could not be confirmed.

### **2. Inaccuracies of Cash and Cash Equivalents**

The statement of financial assets and financial liabilities reflects bank balance of Kshs.1,606,912 as disclosed in Note 8 to the financial statements, which did not include a balance in the infrastructure account of Kshs.1,251,387. The variance has not been reconciled. In addition, the balance was not supported by the bank statement and monthly bank reconciliation statements.

In the circumstances, the accuracy and completeness of the statement of financial assets and financial liabilities and the bank amounts could not be confirmed.

### **3. Unsupported Opening Balances**

A review of the financial statements revealed that the figures for the prior period of January, 2020 to December, 2020 have been included. However, the prior year figures were not subject to audit and not supported by the relevant ledgers. Therefore, the comparative figures could not be confirmed if they were consistent and reliable.

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

payments, statement of cash flows and the statement of budgeted versus actual amounts for the six (6) months' period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

## **Basis for Qualified Opinion**

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

The statement of receipts and payments reflects school fund income-parents contributions amount of Kshs.2,404,934 which differs from Kshs.2,318,654 recorded in the supporting general ledger. Further, the statement reflects other receipts-fee on boarding equipment and stores amount of Kshs.6,875,981 which differs from the general ledger amount of Kshs.4,673,223. The variances have not been reconciled.

In the circumstances, the accuracy and completeness of the school fund income-parents contributions and other receipts-fee on boarding equipment and stores amounts could not be confirmed.

### **2. Inaccuracies of Cash and Cash Equivalents**

The statement of financial assets and financial liabilities reflects bank balance of Kshs.1,606,912 as disclosed in Note 8 to the financial statements, which did not include a balance in the infrastructure account of Kshs.1,251,387. The variance has not been reconciled. In addition, the balance was not supported by the bank statement and monthly bank reconciliation statements.

In the circumstances, the accuracy and completeness of the statement of financial assets and financial liabilities and the bank amounts could not be confirmed.

### **3. Unsupported Opening Balances**

A review of the financial statements revealed that the figures for the prior period of January, 2020 to December, 2020 have been included. However, the prior year figures were not subject to audit and not supported by the relevant ledgers. Therefore, the comparative figures could not be confirmed if they were consistent and reliable.

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

#### **4. Unsupported Payments**

The statement of receipts and payments reflects operations and infrastructure amount of Kshs.14,541,547 as disclosed in Note 7 to the financial statements. However, examination of payment vouchers amounting to Kshs.1,716,385 revealed that Management made payments without proper support documents such as requisitions, local purchase orders, delivery notes, inspection reports, goods received notes, certificate of payments.

In the circumstances, the regularity, accuracy and completeness of the operations and infrastructure amounting to Kshs.1,716,385 could not be confirmed.

#### **5. Long Outstanding Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.12,342,338 in respect of fees arrears as disclosed in Note 11 to the financial statements. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.12,342,338 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Elburgon Secondary School Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Key Audit Matters**

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

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

#### **Conclusion**

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

## **Basis for Conclusion**

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

During the year under review, Management submitted the financial statements to the Auditor-General on 17 February, 2023 instead of the statutory deadline of 30 September, 2021. This was contrary to the Ministry of Education circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be ready by 30 September, 2021 in compliance which Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

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

The statement of receipts and payments reflects operations expenditure amount of Kshs.9,706,216 as disclosed in Note 6 to the financial statements. Included in the expenditure is an amount of Kshs.70,000 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.70,000 could not be confirmed.

### **3. Irregularities in Procurement Practices**

Note 6 to the financial statements reflects an amount of Kshs.9,706,216 in respect to payments for operations. Included in the payments is an amount of Kshs.3,907,000 that was used for infrastructure project for construction of school dormitory.

An analysis of the expenditure records provided, revealed that Management did not and does not invite bids to suppliers of goods, services and works for prequalification. In addition, there were no appointment letters to both the tender opening and tender evaluation committees, no evidence of professional opinion and lack of notification of awards and regret letters.

In the circumstances the value for money amounting to Kshs.3,907,000 incurred on the construction of the dormitory could not be ascertained.

### **4. Unconfirmed Students Enrolment Data**

The statement of receipts and payments reflects capitation grants for tuition, capitation grants for operations totalling Kshs.9,168,004. Comparison of data from National Education Management and Information System (NEMIS) with records from the County Director of Education revealed that during the financial period 2020/2021, NEMIS

reflected six hundred and twenty nine (629) students while records from the County Director of Education had six hundred and fifty four (654) students. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

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

### **5. Inaccurate Computation and Late Remittance of Statutory Deductions**

Examination of manual payroll maintained by the School, revealed that one employee qualified for payee deductions. However, the amount deducted and remitted to Kenya Revenue Authority was erroneously calculated and remitted thus creating an under payment of Pay As You Earn (PAYE) to KRA of Kshs.31,484.

Further, review of records availed for audit on payment voucher number 015 revealed that School paid an amount of Kshs.54,243 to KRA as penalty for non-remittance of PAYE statutory deductions. As a result, the School lost funds due to non-remittance of the deductions on time as required by the law.

In the circumstances, the School did not use public resources in an effective way and risks paying more penalties for the under remittances.

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Lack of Internal Audit Function and Audit Committee**

During the year under review, the Board of Management had not established Audit Committee of the Board as provided for in Section 61(d) of the Basic Education Act, 2013, which requires that the Board of Management of an institution of basic education may

establish such committees as the Board may consider appropriate to perform such functions.

In the circumstances, the financial oversight and advisory function for which the Committee is meant to perform was lacking.

## **2. Lack of Ownership Documents**

Annex 2 to the financial statements reflects summary of fixed assets register nil balance in respect of fixed assets which includes various assets. However, land ownership documents and motor vehicle logbooks were not provided for audit.

In the circumstances, the ownership and safe custody of the fixed assets could not be confirmed.

## **3. Lack of Information Technology Internal Controls**

Review of the School's operations revealed that key functions such as finance and academics were automated whereby transactions and information was processed and stored through an Information Technology (IT) system. In addition, the School had IT equipment comprising of computers, printers and other IT accessories. However, Management was yet to establish an IT Strategic Committee or formulate key policies such as IT Security Policy, Disaster Recovery Plan to regulate and guide access to IT environments.

In the circumstances, the existence and effectiveness of controls on transactions processed and stored in the IT systems could not be confirmed.

## **4. Risk Management Policy**

During the year under review, the School did not have an approved Risk Management Policy in place to guide Management in identification, mitigation and response to risks that may arise. This policy also is key in providing the achievement of School's objectives.

In the circumstances, in the event of a disruptive event occurring, the smooth operations of the school may take long to be restored back.

## **5. Lack of Fixed Asset register**

Review of records at the School revealed that the School owned several assets including land, buildings, motor vehicles, furniture, fittings, computers, tools and biological assets among others. However, Management did not maintain an asset register for the assets which did not reflect the cost of the assets, date of acquisition, asset serial numbers, location and condition of the assets. In addition, the assets were not tagged for ease of identification.

In the circumstances, the existence of an effective internal controls mechanism to safeguard assets could not be confirmed.

## **Responsibilities of Management and the Board of Management**

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

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**28 October, 2024**

ELBURGON SECONDARY SCHOOL  
 Annual Report and Financial Statements  
 For the year ended 30<sup>th</sup> June 2021

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

DESCRIPTION OF VOTE HEAD	Note	2021-2021 Kshs	2019-2020 Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	818,227	1,149,479
Capitation grants for operations	2	8,349,777	8,182,494
School Fund Income- Parents' Contributions	3	2,404,934	3,987,611
School Fund Income- Other receipts	4	11,417,550	1,515,5863
Proceeds from borrowings		00	00
<b>TOTAL RECEIPTS</b>		<b>22,990,880</b>	<b>28,475,447</b>
<b>PAYMENTS</b>			
Payments for Tuition	5	907,353	1,124,235
Payments for operations	6	9706216	10,418,847
Boarding and school fund payments	7	14,541,547	20,265,,260
<b>TOTAL PAYMENTS</b>		<b>25,155,116</b>	<b>31,808,342</b>
<b>SURPLUS/DEFICIT</b>		<b>(2,164,628)</b>	<b>(3,332,895)</b>

The school financial statements were approved on 20/10/2021 2021 and signed by:

Sign:

Name ZIPPORAH HIGUGI

Chair BOM

Date 20/10/2021

Sign

Name CHEGE KARIUK

School Principal/  
Secretary to BOM

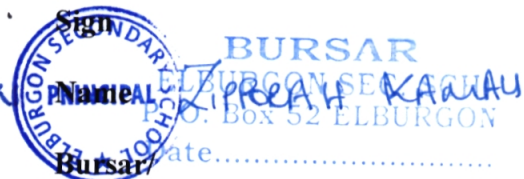
Date 20/10/2021

Sign

Name ZIPPORAH HIGUGI

Finance Officer

Date 20/10/2021



ELBURGON SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021

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

	Note	2021-2021 Kshs	2019-2020 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8	1,605,912.00	1,131,098.00
Cash Balances	9	663.00	4,529.00
Short term Investment	10		
<b>Total Cash and cash equivalent</b>		<b><u>1,606,575.00</u></b>	<b><u>1,135,627.00</u></b>
Account's receivables	10	12,342,338.00	
<b>TOTAL FINANCIAL ASSETS</b>		<b>13,948,913.00</b>	<b>1,135,627.00</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	11		
<b>NET FINANCIAL ASSETS</b>		<b>13,948,913.00</b>	<b>1,135,627.00</b>
<b>REPRESENTED BY</b>			
Accumulated Fund b/fwd	12	16,113,541.00	4,468,521.00
Surplus/Deficit for the year		2,164,628.00	3,332,895.00
<b>NET FINANCIAL POSITION</b>		<b>13,948,914.00</b>	<b>1,135,626.00</b>

The School's financial statements were approved on 20/10/2021 and signed by:

Name: ZIPPORAH NENGI  
Chairman, BoM  
Sign: [Signature]  
Date: 20/10/2021  
Name: CHEGE KARIUKI  
School  
Principal/Secretary to  
BoM

Sign: [Signature]  
Date: 20/10/2021  
Name: \_\_\_\_\_  
Bursar/Finance



Sign: [Signature]  
Date: 20/10/2021

**BURSAR**  
ELBURGON SEC. SCH.  
P. O. Box 52 ELBURGON  
Date.....

ELBURGON SECONDARY SCHOOL  
**Annual Report and Financial Statements**  
For the year ended 30<sup>th</sup> June 2021

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

		2021-2021	2019-2020
		Kshs	Kshs
<b>Receipts for operating income</b>			
Capitation grants for tuition	1	818,227	1,149,479
Capitation grants for operations	2	8,349,777	8,182,494
School fund income- Parents contributions/ fees	3	2,404,934	3,987,611
School fund income- other receipts	4	11,417,550	15,155,863
<b>Total receipts</b>		<b>22,990,488</b>	<b>28,475,447</b>
<b>Payments</b>			
Payments for Tuition		907,353	1,124,235
Payments for operations		9,706,216	10,418,847
Boarding and school fund payments		14,541,547	20,265,260
<b>Total payments</b>		<b>25,155,116</b>	<b>31,808,342</b>
<b>Net cash flow from operating activities</b>		<b>(2,164,628)</b>	<b>(3,332,895)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets			
Acquisition of Assets			
Proceeds from investments			
Purchase of investments			
<b>Net cash flows from Investing Activities</b>			
<b>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>(2,164,628)</b>	<b>(3,332,895)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>3,771,547</b>	<b>4,467,263</b>
<b>Cash and cash equivalent at END of the year</b>		<b>1,606,575</b>	<b>1,135,627</b>

ELBURGON SECONDARY SCHOOL  
 Annual Report and Financial Statements  
 For the year ended 30<sup>th</sup> June 2021

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

Receipt/Expense Item	Original Budget		Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
<b>(1) CAPITATION GRANT ON TUITION</b>						
Tuition	0.00		0.00	0.00	0.00	#DIV/0!
Exercise books	517,000.00		517,000.00	128,227.25	388,772.75	24.80%
Laboratory equipments and apparatus	127,560.00		127,560.00	190,000.00	-62,440.00	148.95%
Teaching/learning materials	305,822.50		305,822.50	500,000.00	-194,177.50	163.49%
Library materials	0.00		0.00	0.00	0.00	#DIV/0!
Internal exams	248,000.00		248,000.00	0.00	248,000.00	0.00%
Reference books	0.00		0.00	0.00	0.00	#DIV/0!
#REF!	0.00		0.00		0.00	#DIV/0!
#REF!	0.00		0.00	0.00	0.00	#DIV/0!
<b>Sub totals</b>	<b>1,198,382.50</b>		<b>1,198,382.50</b>	<b>818,227.25</b>	<b>380,155.25</b>	<b>68.28%</b>
<b>(2) CAPITATION GRANT ON OPERATIONS</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>	<b>#DIV/0!</b>
EWC	490,500.00		490,500.00	569,988.00	-79,488.00	116.21%
LT @T	490,500.00		490,500.00	495,560.00	-5,060.00	101.03%
MAIN ACCOUNT	0.00		0.00	139,310.00	-139,310.00	#DIV/0!
Personal emolument	981,000.00		981,000.00	1,623,601.90	-642,601.90	165.50%
Admin cost	457,800.00		457,800.00	402,741.05	55,058.95	87.97%
Activity	490,500.00		490,500.00	0.00	490,500.00	0.00%

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

Medical and insurance	654,000.00		654,000.00		654,000.00	0.00%
Infrastructure Grant				0.00	0.00	#DIV/0!
SMASSE	65,400.00		65,400.00			0.00%
RMI	490,500.00		490,500.00	0.00	490,500.00	0.00%
	0.00		0.00		0.00	#DIV/0!
<b>Sub totals</b>	<b>4,120,200.00</b>		<b>4,120,200.00</b>	<b>3,231,200.95</b>	<b>888,999.05</b>	<b>78.42%</b>
<b>(3)FDSE FOR INFRASTRUCTURE</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>	<b>#DIV/0!</b>
Maintenance and Improvement	1,635,000.00		1,635,000.00	2,516,000.00	-881,000.00	153.88%
Transition infrastructure Grants	0.00		0.00	0.00	0.00	#DIV/0!
Administration block	0.00		0.00	0.00	0.00	#DIV/0!
Economic stimulus grants	0.00		0.00	0.00	0.00	#DIV/0!
Others(NGCDF,County government)	0.00		0.00	0.00	0.00	#DIV/0!
<b>Sub total</b>	<b>1,635,000.00</b>		<b>1,635,000.00</b>	<b>2,516,000.00</b>	<b>-881,000.00</b>	<b>153.88%</b>
<b>(4)FEES CHARGED ON PARENTS</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>	<b>#DIV/0!</b>
Boarding/Lunch	7,515,742.50		7,515,742.50	6,875,981.00	639,761.50	91.49%
INSURANCE	143,055.00		143,055.00	43,587.00	99,468.00	30.47%
#REF!	0.00		0.00	0.00	0.00	#DIV/0!
Repairs and Maintenance	336,600.00		336,600.00	195,152.00	141,448.00	57.98%
Personal Emoluments	2,151,897.00		2,151,897.00	1,691,118.00	460,779.00	78.59%
LTT	227,205.00		227,205.00	49,641.00	177,564.00	21.85%
Activity	161,025.00		161,025.00	84,215.00	76,810.00	52.30%
EWC	883,855.50		883,855.50	298,528.00	585,327.50	33.78%
Admin costs	472,005.00		472,005.00		472,005.00	0.00%
Rent income	0.00		0.00		0.00	#DIV/0!
Sub total	11,891,385.00			9,238,222.00		#DIV/0!
<b>(5) MISCELLANEOUS INCOME</b>			<b>0.00</b>		<b>0.00</b>	<b>#DIV/0!</b>
<b>Rent income</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>#DIV/0!</b>
<b>Income from farming activities</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>#DIV/0!</b>
<b>Insurance compensation</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>#DIV/0!</b>

## Annual Report and Financial Statements

For the year ended 30<sup>th</sup> June 2021

ID			0.00	0.00	0.00	#DIV/0!
Income from bus hire			0.00	0.00	0.00	#DIV/0!
Fee for hire of ground and equipment			0.00	0.00	0.00	#DIV/0!
Porcket money			0.00	0.00	0.00	#DIV/0!
University forms			0.00		0.00	#DIV/0!
Loans/Borrowings			0.00		0.00	#DIV/0!
<b>SUB TOTAL</b>	<b>0.00</b>		0.00		0.00	#DIV/0!
<b>GRAND TOTAL INCOME</b>	<b>18,844,967.50</b>		18,844,967.50	<b>15,803,650.20</b>	3,041,317.30	83.86%
<b>(1) EXPENDITURE FOR TUITION</b>	0.00		0.00		0.00	#DIV/0!
Tuition	0.00		0.00	0.00	0.00	#DIV/0!
Exercise books	517,000.00		517,000.00	320,000.00	197,000.00	61.90%
Laboratory equipments and apparatus	127,560.00		127,560.00	212,142.00	-84,582.00	166.31%
Teaching/learning materials	305,822.50		305,822.50	280,200.00	25,622.50	91.62%
chalks	0.00		0.00	0.00	0.00	#DIV/0!
Internal exams	248,000.00		248,000.00	0.00	248,000.00	0.00%
#REF!	0.00		0.00	0.00	0.00	#DIV/0!
Bank charges			0.00	1,116.00	-1,116.00	#DIV/0!
#REF!			0.00	0.00	0.00	#DIV/0!
			0.00	0.00	0.00	#DIV/0!
sub totals	1,198,382.50		1,198,382.50	813,458.00	384,924.50	67.88%
<b>PAYMENTS FOR OPERATIONS</b>	0.00		0.00		0.00	#DIV/0!
EWC	490,500.00		490,500.00	286,660.00	203,840.00	58.44%
LT @T	490,500.00		490,500.00	0.00	490,500.00	0.00%
RMI	490,500.00		490,500.00	68,000.00	422,500.00	13.86%
Personal emolument	981,000.00		981,000.00	2,069,109.00	-1,088,109.00	210.92%
Admin cost	457,800.00		457,800.00	391,500.00	66,300.00	85.52%
PAYEE	81,519.00		81,519.00	81,519.00	0.00	100.00%
Cosmopolitan Sacco	0.00		0.00	59,800.00	-59,800.00	#DIV/0!

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

Construction of laboratory	0.00		0.00	0.00	0.00	#DIV/0!
construction of dormitory	0.00		0.00	0.00	0.00	#DIV/0!
Purchase of furniture	0.00		0.00	0.00	0.00	#DIV/0!
Bank charges	0.00		0.00	0.00	0.00	#DIV/0!
Purchase of apparatus	0.00		0.00	0.00	0.00	#DIV/0!
<b>SUBTOTALS</b>	<b>2,991,819.00</b>		<b>2,991,819.00</b>	<b>2,956,588.00</b>	<b>35,231.00</b>	<b>98.82%</b>
<b>INFRASTRUCTURE PAYMENTS</b>	<b>0.00</b>		<b>0.00</b>		<b>0.00</b>	<b>#DIV/0!</b>
Construction of classrooms	0.00		0.00	0.00	0.00	#DIV/0!
Construction of laboratory	0.00		0.00	0.00	0.00	#DIV/0!
construction of dormitory	3,270,000.00		3,270,000.00	3,907,000.00	-637,000.00	119.48%
Purchase of furniture			0.00	0.00	0.00	#DIV/0!
Purchase of equipment			0.00	0.00	0.00	#DIV/0!
Purchase of apparatus			0.00	0.00	0.00	#DIV/0!
Bank charges			0.00	378.00	-378.00	#DIV/0!
<b>SUBTOTALS</b>	<b>3,270,000.00</b>		<b>3,270,000.00</b>	<b>3,907,378.00</b>	<b>-637,378.00</b>	<b>119.49%</b>
<b>BOARDING AND SCHOOL FUND PAYMENTS</b>			<b>0.00</b>		<b>0.00</b>	<b>#DIV/0!</b>
Activity			0.00	0.00	0.00	#DIV/0!
<b>PAYMENTS FOR INFRASTRUCTURE</b>			<b>0.00</b>	<b>4,000.00</b>	<b>-4,000.00</b>	<b>#DIV/0!</b>
COVID 19			0.00	39,185.00	-39,185.00	#DIV/0!
Farm expenses			0.00	0.00	0.00	#DIV/0!
Bursary			0.00	561,885.00	-561,885.00	#DIV/0!
Personnel emoluments			0.00	1,350,270.00	-1,350,270.00	#DIV/0!
			0.00	0.00	0.00	#DIV/0!
Local transport / travelling			0.00		0.00	#DIV/0!
Repairs and maintenance & Improvements	336,600.00		336,600.00	182,725.00	153,875.00	54.29%
Local transport / travelling	227,205.00		227,205.00	477,315.00	-250,110.00	210.08%
Electricity and water	883,855.00		883,855.00	678,590.00	205,265.00	76.78%

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

Insurance	297,330.00		297,330.00	239,071.00	58,259.00	80.41%
Administration costs			0.00	0.00	0.00	#DIV/0!
Bank charges			0.00	0.00	0.00	#DIV/0!
Insurance			0.00	0.00	0.00	#DIV/0!
Administration costs	944,010.00		944,010.00	2,551,795.00	-1,607,785.00	270.31%
Fee on Boarding Equipment and Stores	5,236,941.00		5,236,941.00	4,673,223.00	563,718.00	89.24%
TOTAL			0.00	0.00	0.00	#DIV/0!
0			0.00	0.00	0.00	#DIV/0!
Expenses on income generating activities** should include all costs relating to the school earnings on other receipts as recorded in note 4. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others.			0.00	0.00	0.00	#DIV/0!
0			0.00	0.00	0.00	#DIV/0!
BANK ACCOUNTS			0.00	0.00	0.00	#DIV/0!
0			0.00	0.00	0.00	#DIV/0!
SUBTOTALS	7,925,941.00		7,925,941.00	10,758,059.00	-2,832,118.00	135.73%
<b>TOTAL</b>	26,770,908.50		26,770,908.50	<b>38,912,356.20</b>	-	145.35%
					<b>12,141,447.70</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 2021.

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

**X. NOTES TO THE FINANCIAL STATEMENTS**

**1 CAPITATION GRANT FOR TUITION**

	2021-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials		
Exercise books	128,227.25	
Laboratory equipment	190,000	
Internal exams		
Teaching / learning materials	500,000	1,149,479
Chalks		
Exams and assessment		
Teachers guides		
<b>Total</b>	<b>818,227.25</b>	<b>1,149,479</b>

**2 CAPITATION GRANT FOR OPERATIONS**

	2021-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	1,816,527.9	2,462,326
Repairs and maintenance	2,397,500	2,794,500
INFRASTRUCTURE	2,516,000	
Local transport / travelling	495,560	164,825
Electricity and water	569,988	1,150,225
Medical		543,375
HOUSE RENT	12,150	21,650
Administration costs	402,741.05	355,250
Main account	139,310	217,743
Activity		248,400
advance		224,200
<b>Total</b>	<b>8,349,776.95</b>	<b>8,182,494</b>

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

	2021-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	1,691,118	1,555,098
Repairs and maintenance	195,152	517,524
Local transport / travelling	49,641	255,155
Electricity and water	298,528	857,343
nssf	20,000	
nhif	21,400	
paye	12,080	
Cosmopolitan sacco	27,800	
Tower sacco	5,000	
Medical		

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

	2021-2021	2019-2020
	Kshs	Kshs
Administration costs		669,250
Activity	84,215	133,241
<b>Total</b>	<b>2,404,934</b>	<b>3,987,611</b>

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

**4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT**

	2021-2021	2019-2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores	6,875,981	10,343,538
Rent income	5,400	2,375
Tuition account	376,983	0
Insurance/medical	65,119	174,971
advance	11,100	13,100
Income from Bus Hire	0	0
Operation a/c	2,112,990	510,000
bursary	714,500	306,700
Prepayment		1,744,504
Pocket money	94,780	
Debtors	1,148,705	2,052,275
Bank charges	2,950	8,400
Motivation	9,042	
<b>Total</b>	<b>11,417,550</b>	<b>15,155,863</b>

**5 PAYMENTS FOR TUITION**

	2021-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	0	4,200
Exercise books	320,000	68,000
Laboratory equipment	212,142	105,350
Internal exams		
Teaching / learning materials	280,200	186,621
Chalks		
Exams and assessment		
creditor	93,895	758,060
Administration Costs		
Bank Charges	1,116	2,004
<b>Total</b>	<b>907,353</b>	<b>1,124,235</b>

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

**6 PAYMENTS FOR OPERATIONS**

	2021-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	2,303,626	5,707,527
Main account	230,000	0
Administration Cost	391,500	108,300
Repairs and maintenance & improvements	68,000	85,800
Local transport / travelling	0	7,500
Electricity and water	286,660	906,922
Medical/insurance	0	89,742
Advance		5,000
Activity		192,580
Infrastructure project	3,907,000	2,719,000
Bank Charges	3,430	6,114
infrastructure	2516000	0
Bank Charges		
Acquisition of Assets		
<b>TOTAL</b>	<b>9,706,216</b>	<b>10,418,847</b>

**7 BOARDING AND SCHOOL FUND PAYMENTS**

	2021-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	1,471,746	1,840,099
BES	4,673,223	3,240,669
Repairs and maintenance & Improvements	182,725	841,551
Local transport / travelling	477,315	713,685
Electricity and water	678,597	151,040
Medical/INSURANCE	278,256	3,200
Administration costs	2551795	4,316,109
Advance	51,500	179,000
CREDITORS	754,000	6,541,259
BURSARY	561,885	515,344
Activity	0	61,975
Rent Expenses		
tuition	376,983	
OPERATION	2,237,990	60,000
INFRASTRUCTURE	4,000	
COMPUTER	15,700	
POCKET MONEY	160,585	
SCHOOL BUS	36,400	17,600
CAUTION MONEY	6,375	10,200
BANK CHARGES	22,472	29,025

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

PREPAYMENT		1744504
<b>TOTAL</b>	<b>14,541,547</b>	<b>20,265,260</b>

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

**8 BANK ACCOUNTS**

Name of Bank, Account No. & currency	Bank Account Number	2021-2021	2019-2020
		Kshs	Kshs
Tuition Account		11,249.35	100,375.10
Operations Account		37,162.45	2,225.5
School Fund Account/Boarding		306,111	1,028,497.30
Savings Account			
Parent Association Development Account			
Income generating activities Account			
Infrastructural Account		1,251,387	
<b>Total</b>		<b>1,605,911.80</b>	<b>1,131,097.90</b>

**9 CASH IN HAND**

Description	2021-2021	2019-2020
	Kshs	Kshs
Tuition Account	0	0
Operation Account	0	0
School Fund account	663	4529
<b>Total</b>	<b>663</b>	<b>4529</b>

**10 SHORT TERM INVESTMENTS**

Description	2021-2021	2019-2020
	Kshs	Kshs
Cooperative shares	0	0
Treasury Bills	0	0
Fixed deposit	0	0
Equity stock	0	0
Other investments	0	0
<b>Total</b>	<b>00</b>	<b>00</b>

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

**11 ACCOUNTS RECEIVABLE**

Description	2021-2021	2019-2020
	Kshs	Kshs
Fees arrears	12,342,338	
Other non-fees receivables		
Salary advances		
Imprest		
<b>Total</b>	<b>12,342,338</b>	

Description	2021-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year		
Fees arrears for the previous year		
Fees arrears for prior periods (over two years)		
<b>Total</b>		

**12 ACCOUNTS PAYABLE**

Description	2021-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)		7099
Prepaid fees		
Retention monies		
<b>Total</b>		<b>7099</b>

Description	2021-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year		
Trade creditors for the previous year		
Trade creditors for prior periods (over two years)		
<b>Total</b>		

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

**13 FUND BALANCE BROUGHT FORWARD**

Description	2021-2021	2019-2020
	Kshs	Kshs
Bank balances	3,771,547.4	4,467,263.4
Cash balances	6,754	1,258
Short Term Investments		
Receivables	12,342,339	
Payables	7099	
<b>Total</b>	<b>16,113,541.4</b>	<b>4,468,521.4</b>

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

**Other important disclosure notes**

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

**14 Non-current Liabilities Summary**

Description	2021-2021	2019-2020
	Kshs	Kshs
Bank loan(s)	0	0
Outstanding Leases	0	0
Hire purchase	0	0
Gratuity and leave provision	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**15 Biological assets**

Description	Numbers	2021-2021	2019-2020
		Kshs	Kshs
Cattle		0	0
Goats		0	0
Trees		0	0
Coffee or tea plantation		0	0
Poultry		0	0
<b>Total</b>		<b>0</b>	<b>0</b>

**16 Borrowings**

Description	2020-2021	2019-2020
	KShs	KShs
<b>a) Borrowings</b>		
Borrowing at beginning of the year	0	0
Borrowings during the year	0	0
Repayments of during the year	0	0
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>

**Other important disclosure notes**

**17 Stock/ Inventory**

Description	2020-2021	2019-2020
	KShs	KShs
<b>b) Borrowings</b>		
Stock/ inventory at beginning of the year	0	0
Stock/ inventory purchased during the year	0	0
Stock/ inventory issued during the year	0	0
<b>Balance at end of the year</b>	<b>0</b>	<b>0</b>

*ELBURGON SECONDARY SCHOOL*  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

---

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

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

<b>Ref No.</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status:</b>	<b>Timeframe:</b>

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

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

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

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 <sup>st</sup> July 2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 <sup>th</sup> June 2021
Land 1						
Land 2						
Buildings and structures						
Motor vehicles						
Office equipment, furniture and fittings						
ICT Equipment, and Other ICT Assets						
Tools and apparatus						
Textbooks						
Other Machinery and Equipment						
Heritage and cultural assets						
Intangible assets- soft ware						
<b>Total</b>						

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