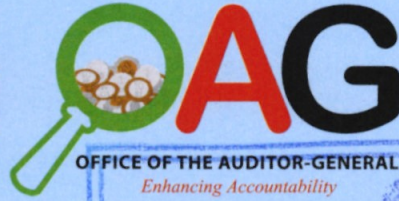


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 10 JUN 2026

DAY.

WEDNESDAY

TABLED
BY:

HON. OWEN BAYA, MP

DEPUTY MAJORITY LEADER

PRESENT AT
THE TABLE:

ESTHER NJENYO

REPORT

OF

THE AUDITOR-GENERAL

ON

PARLIAMENT
OF KENYA
LIBRARY

LUNGA-LUNGA SECONDARY SCHOOL

FOR THE YEAR ENDED
30 JUNE, 2023

KWALE COUNTY



LUNGALUNGA SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR

THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

LUNGALUNGA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

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LUNGALUNGA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

2. Acronyms and Glossary of Terms

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

LUNGALUNGA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

3. 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 in **Kwale County, Lunga-Lunga Sub-County**.

The school was registered in **15TH April 1988** under registration number **02S30000001** and re-registered on **27TH January 2017** under registration number **KWL/S/02/123/596** and is currently categorized as a **Sub-County public school** established, owned and operated by the Government.

The school is a **Boy's Day/Boarding school** and had **863** number of students as at **30th June 2023**. It has **5 (Five)** streams and **23** teachers of which **3** 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	Prof. Balozi Bekuta	Chairman	2.9.2022
2	Nixon Mbaga	Secretary - Principal	2.9.2022
3	Daniel Bazo	Member	2.9.2022
4	Salma Boga	Member	2.9.2022
5	Dorah Mwang'ombe	Member	2.9.2022
6	Sada Boga	Member	2.9.2022
7	Alice Rai	Member	2.9.2022
8	Grace Samuel	Member – Rep CEB	2.9.2022
9	Ali Azwaj	Member Rep Teachers	2.9.2022
10	Nicodemus Kioko	Sponsor	2.9.2022
11	George Lugogo	Member	2.9.2022
12	Mdzomba Tsuma	Member	2.9.2022
13	Tsingwa T. Ndurya	Member - Community	2.9.2022
14	Francis Timothy	Member Special Needs	2.9.2022
15	Michael Tsuma	Rep Students	2.9.2022

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****The functions of the School Board of Management are to:**

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

(c) Committees of the Board

Ref.	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1. Prof. Balozi Bekuta Kirongo 2. Salma A. Boga 3. Nixon Mbagha 4. Daniel Bazo John 5. Grace Nthenya Samuel	Chairman Vice Chair Secretary PA Chair Member	4 out of 4 2 out of 4 4 out of 4 4 out of 4 4 out of 4
2	Audit Committee	1. Nixon Mbagha 2. Daniel Bazo John 3. Dorah Chari Mwang'ombe 4. Abubakar Bosso Dzombo 5. Tsingwa T. Ndurya	Secretary Chair Member Member Member	0 out of 0 0 out of 0 0 out of 0 0 out of 0 0 out of 0
3	Finance, procurement and general purposes Committee	1. Nixon Mbagha 2. Daniel Bazo John 3. George Chombo Lugogo 4. Dorah Chari Mwang'ombe	Secretary PA Chair Member Member	1 out of 1 1 out of 1 1 out of 1 1 out of 1
4	Academic Committee	1. Nicodemus Kioko Musembi 2. Nixon Mbagha 3. Joseph Nyae Chiguzo 4. Grace Nthenya Samuel 5. Francis Mutunga Timothy 6. Riziki Ali Mwero	Chair Secretary Member Member Member	3 out of 3 3 out of 3 3 out of 3 3 out of 3 1 out of 3 0 out of 3

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023**

			Member	
5	Development Committee	1. Daniel Bazo John 2. Nixon Mbagha 3. Dorah Chari Mwang'ombe 4. George Chombo Lugogo 5. Abubakar Bosso Dzombo	Chair Secretary Member Member Member	2 out of 2 2 out of 2 2 out of 2 2 out of 2 2 out of 2
6	Discipline and welfare Committee	1. Nicodemus Kioko Musembi 2. Nixon Mbagha 3. Joseph Nyae Chiguzo 4. Grace Nthenya Samuel 5. Francis Mutunga Timothy 6. Riziki Ali Mwero	Chair Secretary Member Member Member Member	0 out of 0 0 out of 0 0 out of 0 0 out of 0 0 out of 0 0 out of 0

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

(d) School operation Management

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

Ref:	Designation	Name	Identification
1	Principal	Nixon Mbagha	TSC No. 336384
2	Deputy Principal	Fredrick Kithuku	TSC No. 358293
3	School Bursar	Simon Riko Wanje	ID. 13143892

(a) Schools contacts

Post Office Box: 9 – 80402, LUNGALUNGA.
Telephone: 0733151301
E-mail: lungalungasecondary@gmail.com
Website: NONE
Facebook: NONE
Twitter: NONE

(b) School Bankers

Name of Bank : Kenya Commercial Bank
Branch : Ukunda
Name of Account : LungaLunga Secondary School TUITION ACCOUNT
Account Number : 1108604862

Name of Bank : Kenya Commercial Bank
Branch : Ukunda
Name of Account : LungaLunga Secondary School OPERATIONAL ACCOUNT
Account Number : 1108603645

Name of Bank : Kenya Commercial Bank
Branch : Ukunda
Name of Account : LungaLunga Secondary School BOARDING ACCOUNT
Account Number : 1108605060

Name of Bank : Kenya Commercial Bank
Branch : Ukunda
Name of Account : LungaLunga Secondary School INFRASTRUCTURE ACCOUNT
Account Number : 1212770285

Name of Bank : Kenya Commercial Bank
Branch : Ukunda
Name of Account : LungaLunga Secondary School PTA FUND ACCOUNT
Account Number : 1109900562

LUNGALUNGA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

(c) Independent Auditors

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

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Summary Report of Performance of The School

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

a) Financial performance:

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

S/No	Year	Amount	Surplus / Deficit
1	2022 - 2023	710,006	Surplus
2	2021 - 2022	(2,328,290)	Deficit
3	2020 - 2021	569,611	Surplus

Capitation grants from the ministry of education for the last three years

Financial Year		2022-2023	2021-2022	2020-2021
S/No	Name Of Account	Amount	Amount	Amount
1	Tuition Account	2,441,888	2,739,064	967,354
2	Operational Account	7,667,524	14,023,680	6,542,329
3	Infrastructure Account	3,566,000	0	0
	TOTAL	13,675,412	16,762,744	7,509,683

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

Financial Year		2022-2023	2021-2022	2020-2021
S/No	Name Of Account	Amount	Amount	Amount
1	Parents Contribution - Fees	26,939,153	22,074,621	10,111,664
2	PTA Fund	0.00	0.00	0.00
3	Tender Fees	2,000.00	0.00	0.00
	TOTAL	26,939,153	22,074,621	10,111,664

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023**

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

S/No	Year	Debtors (Kshs)	Creditors (Kshs)
1	2022 - 2023	10,792,405	1,107,755
2	2021 - 2022	11,517,777	1,833,127
3	2020 - 2021	6,321,278	868,611

b) Teacher Student ratio:

• The teacher-to-student ratio,	=	1:22
• Number of teachers recruited and posted to the school within the year,	=	0
• Number of teachers that were transferred	=	0
• Number of teachers that retired during the period	=	0
• Number of teachers employed by TSC,	=	20
• Number employed by BOM.	=	3
• Number of teachers for each subject		
1. English	=	3
2. Kiswahili	=	5
3. Mathematics	=	8
4. Chemistry	=	3
5. Biology	=	3
6. CRE	=	2
7. IRE	=	1
8. History	=	2
9. Geography	=	3
10. Business Studies	=	2
11. Agriculture	=	2
12. Physics	=	2

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023**

c) The mean score in the 2023 KCSE:

KCSE YEAR	NO. OF CANDIDATES	MEAN SCORE	MEAN DEVIATION	TRANSITION TO HIGHER LEARNING
2023	150	3.3	0.1(+ve)	60
2022	160	3.200 (D)	- 0.112 (Negative)	59
2021	141	3.312	0.062 (+ve)	54

d) Number of Candidates in the 2023 KCSE:

KCSE YEAR	NO. OF CANDIDATES
2023	150
2022	160
2021	141

e) The capacity of the school:

- 81 Students : One Dormitory
- 863 Students : No Dining Hall
- 863 Students : No Kitchen
- 863 Students : Two Laboratories
- 863 Students : Seven Toilets (6 Way)
- 863 Students : Nineteen Classrooms
- 863 Students : One Administration Block

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023**

f) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
100 Lockers & 100 Chairs for Students	M&I Funds	Complete	550,000	550,000	Complete
Dormitory Re-Roofing	M&I Funds	Complete	1,173,364	1,173,364	Complete
Construction of a New Classroom	M&I Funds	Complete	1,244,368	1,244,368	Complete
Re – roofing of 6 Classroom Block	M&I Funds	Complete	1,156,853	1,156,853	Complete
Electrical Installation	M&I Funds	Complete	155,760	155,760	Complete
Construction of Water Tower	M&I Funds	Complete	365,112	365,112	Complete



16.03.2026

.....
School Principal

LUNGALUNGA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

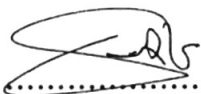
4. Statement of School Management Responsibility

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

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

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

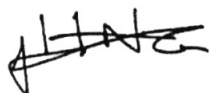
The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2023, and of the school's financial position as at that date.



Name: Prof. Baroti K. Beruta

Designation: Chairman, School Board of Management

Date: 16.03.2026



Name: Ntana K. R.

Designation: School Principal & Secretary to Board of Management

Date: 16/3/2026



Name: Simon Riko Lwajje

Designation: Bursar/ Finance Officer

Date: 26/03/2026

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 LUNGA-LUNGA SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 - KWALE COUNTY

PREAMBLE

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

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

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 Lunga-Lunga Secondary School set out on pages 1 to 20, which comprise of the statement of assets and liabilities as at 30 June, 2023 statement of receipts and payments, statement of cash flows and

statement of budgeted versus actual amounts for the year 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 Lunga-Lunga 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 Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances in Receipts and Unsupported Receipts and Payments

The statement of receipts and payments reflects total receipts of Kshs.40,614,565 and payments of Ksh.39,904,559. However, the receipt items were not supported with schedules indicating revenue stream, transaction date, amount/fees being paid, the school term being invoiced, among other details. In addition, the total payment were not supported by ledgers, indicating detailed individual breakdown of transactions. Further, the receipts include Government grants of Kshs.13,675,412 being the amount from National Education Management and Information System (NEMIS) data while the School records indicated an arrears of Kshs.12,058,629 resulting to unexplained variance of Kshs.1,616,783.

In the circumstances, the accuracy and completeness of the statement of receipts and payments could not be confirmed.

2. Unsupported Cash and Cash Equivalents Balance

The statement of assets and liabilities and as disclosed in Note 10 to the financial statements reflects cash and cash equivalents balance of Kshs.2,045,311. The balance includes Kshs.876,028 extracted from certificate of bank balances for two (2) accounts, which were not supported with cashbooks and bank reconciliation statements.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.2,045,311 could not be confirmed.

3. Unsupported Accounts Receivables

The statement of assets and liabilities and as disclosed in Note 13 to the financial statements reflects accounts receivables balance of Kshs.10,792,405. However, the balance was not supported by schedules detailing outstanding amount owed by the Government as well as the list of students, outstanding fees amounts, due dates and ageing analysis.

In the circumstances, the accuracy and completeness of the accounts receivables balance of Kshs.10,792,405 could not be confirmed.

4. Unsupported Accounts Payables

The statement of assets and liabilities and as disclosed in Note 14 to the financial statements reflects accounts payables balance of Kshs.1,107,755. However, the amount was not supported with a ledger, invoices, delivery notes, or payment vouchers to confirm that the goods were supplied or the services were rendered to the School.

In the circumstances, the accuracy and completeness of the accounts payables balance of Kshs.1,107,755 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lunga-Lunga 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 of Kshs.45,717,545 and actual on a comparable basis of Kshs.40,614,565 resulting to an under collection of Kshs.5,102,980 or 11%. Similarly, the School had a final expenditure of Kshs.22,158,271 against actual receipts of Kshs.40,614,565 resulting to under absorption of Kshs.18,456,294 or 45%.

The undercollection and under absorption may negatively impact the school's ability to effectively deliver services and meet its operational obligations.

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 section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on pages iii to xii. which comprise of Key School Information and Management, Summary Report of Performance of the School and Statement of 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 THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of the Financial Statements

The annual report and financial statements for the year under review were submitted on 16 March, 2025 instead of 30 September, 2023. This was contrary to Section 47(1) of the Public Audit Act, 2015, which states that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

2. Failure to Operate a Savings Account

The statement of receipts and payments reflects total receipts of Kshs.40,614,565. However, Management did not open a savings account for banking funds from boarding account that cannot be put to immediate use. This was contrary to the Ministry of Education Circular Ref. No. Circular Ref No. HQS/3/10/18/(112) on the Guidelines on Implementation of Free Day Secondary Education for 2023 dated November 2022, which requires schools to operate separate accounts for Income Generating Activities and savings to ensure proper management and accountability of funds.

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

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

The statement of receipts and payments reflects total payments of Kshs.39,904,559. The payment amount includes Kshs.328,260 transferred to Kenya Secondary School Heads Association (KESSHA) a welfare organization which is not defined in Government Funding system. This was contrary to Regulation 23(2)c of the Public Finance Management (National Government) Regulations, 2015 which requires that an

Accounting Officer shall, before transferring any funds to an entity within or outside the Government, ensure that there is a written assurance from the entity that it shall implement effective, efficient and transparent financial management and internal control systems.

In the circumstances, the legality and value for money transferred to KESSHA, amounting to Kshs.328,260 could not be confirmed.

4. Unbalanced Budget

The statement of budgeted versus actual amounts reflects total revenue budget of Kshs.45,717,545 and total expenditure budget of Kshs.49,790,545 resulting to an unbalanced budget of Kshs.4,073,000. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that the budget should be balanced.

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

5. Lack of Approved Procurement Plan

The statement of receipts and payments reflects total payment amount of Kshs.39,904,559. However, the school did not have an Approved procurement Plan. This was contrary to Regulation 71(1) of Public Procurement and asset disposal Regulations, 2020, which requires that Pursuant to Section 73 of the Act, the head of the user department shall initiate the procurement process through a requisition as per the approved procurement plan.

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

6. Failure to Submit Annual Governance Report

Review of the school's governance and reporting records established that Management did not prepare and submit an Annual Report for the year under review to the Director of Basic Education. This was contrary to Section 60 of the Basic Education Act, 2013. requires every public school or institution of basic education shall, on an annual basis, to submit a report to the Director of Basic Education.

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

7. Delayed Transfer of Infrastructure Funds

The statement of receipts and payments reflects total receipts of Kshs.40,614,565. However, review of the bank statements revealed that an amount of Kshs.907,000 earmarked for infrastructure development was received in the operations account on 03 October, 2022 and transferred to the infrastructure account on 21 October, 2022 resulting in a delay of eighteen (18) days. This was contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June 2021, which requires that infrastructure grants, as well as maintenance and improvement funds, be transferred to the school infrastructure account within fifteen (15) days of receipt in the operations account.

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

8. Stalled Projects

During the year under review, the Ministry of Education had initiated the construction of a laboratory within the school through the Secondary Education Equity and Quality Improvement Programme. However, interviews with Management revealed that they did not have key project documentation, including the signed contract agreement, bills of quantities, payment records, certificates of completed works, and details regarding the project commencement and expected completion dates.

Further, physical verification conducted on 12 March, 2026 revealed that the contractor was not on site with pending works of roofing, fitting of doors and windows, electrical works, painting, labelling, and equipping. In addition, there was no evidence of measures put in place by Management to facilitate the completion of the project.

In the circumstances, the value for money incurred on the project could not be confirmed

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, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Use of Manual Systems

The statement of receipts and payments reflects total revenue of Kshs.40,614,565. Review of the school's information and technology systems revealed that the school collects fees from parents in cash and issues manual receipts instead of utilizing an automated receipting system.

In the circumstances, the effectiveness in the use of the manual system for collecting fees could not be confirmed.

2. Lack of Imprest Register

Note 7 and Note 9 to the financial statements reflect expenditure on local travel, transport, and travelling amounting to Kshs.1,239,600. However, examination of expenditure

records revealed that Management did not maintain an imprest register to account for imprests issued and surrendered by individual staff members.

In the circumstances, the effectiveness of internal controls on the management of imprest could not be confirmed.

3. Weaknesses In the Management of Assets

Annex 2 to the financial statements reflects a summary of the fixed assets register historical cost balance of Kshs.111,645,458, which includes the school parcel of land, buildings and structures, motor vehicle, office equipment, furniture and fittings, ICT equipment, tools and apparatus, other machinery and equipment, and intangible assets. However, Management had not maintained a fixed assets register indicating the individual asset description, tag number, and specific asset location.

Further, the balance includes land valued at Kshs.10,000,000, for which the Management did not disclose the basis used in determining the valuation and the School did not have a title deed to prove ownership of the land.

In the circumstances, the effectiveness of internal controls on the management of the school assets could not be confirmed.

4. Delays in Release of School Capitation Funds

The statement of receipts and payments reflects total revenue of Kshs.40,614,565 out of an amount of Kshs.13,675,412 relates to Government grants. However, review of the bank statements, cashbook, and funds release letters revealed that capitation disbursements were received approximately one month after the official school opening dates.

In the circumstances, the delays in disbursement of school capitation funds may adversely affect the school activities and timely delivery of educational services.

5. Weakness in Textbook Management

Review of textbook issuance records for two (2) sampled streams revealed that the lost seventy-one (71) textbooks had not been recovered or replaced by the time of this audit in March 2026. Further, there was no formal recovery policy or documented management actions to enforce accountability for the loss of learning materials.

In the circumstances, the effectiveness of internal controls on textbook management could not be confirmed.

6. Weaknesses of Board of Management Committees

During the year under review, the Board of Management committees meeting minutes, agendas, notices, or attendance registers were not provided for audit. Further, it was noted that the terms of appointment for all Board members were set to lapse

simultaneously in September 2022, indicating the absence of staggered appointments and inadequate succession planning.

In the circumstances, the overall governance mechanisms could not be confirmed.

7. Lack of Risk Management Policy

During the year under review, Management had not developed Risk Management Policy, Risk Register and established Risk Management Framework. Further, Management had not undertaken any formal risk assessment.

In the circumstances, the effectiveness of risk management could not be confirmed.

8. Failure to Prepare School Improvement Plan

During the year under review, Management did not have an approved School Improvement Plan (SIP) which is a key strategic planning tool that guides academic performance targets, infrastructure development, resource allocation, and overall institutional growth.

In the circumstances, the effectiveness of overall governance and strategic direction of the school could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

11 May, 2026

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

6. Statement Of Receipts and Payments For the Year Ended 30th June 2023

DESCRIPTION OF VOTE HEAD	Note	2022-2023	2021-2022
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	2,441,888	2,739,064
Capitation grants for operations	2	7,667,524	14,023,680
Government Grants for Infrastructure	3	3,566,000	
School Fund Income- Parents' Contributions	4	26,939,153	22,074,621
Miscellaneous Income	5	-	-
Proceeds from borrowings			
TOTAL RECEIPTS		40,614,565	38,837,366
PAYMENTS			
Payments for Tuition	6	3,727,006	3,762,285
Payments for operations	7	10,838,226	18,492,194
Payments for Infrastructure	8	3,181,056	
Boarding and school fund payments	9	22,158,271	18,911,177
TOTAL PAYMENTS		39,904,559	41,165,656
SURPLUS/DEFICIT		710,006	(2,328,290)

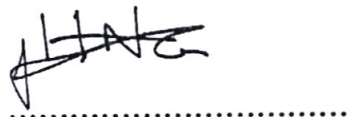
The school financial statements were approved on _____ 2026 and signed by:



Name: **PROF: BALZI K. BEKUTA**

Chair BOM

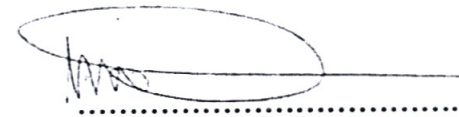
Date: **16.03.2026**



Name: **NGUNI K. D.**

School Principal/ Secretary to BOM

Date: **16/03/2026**



Name: **SIMON RIKO WANJIE**

Bursar/ Finance Officer

Date: **16/03/2026**

LUNGALUNGA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

7. Statement of Assets and Liabilities As At 30th June 2023

Description	Note	2022-2023	2021-2022
Financial Assets			
Cash and cash equivalents			
Bank balances	10	2,045,311	1,335,305
Cash balances	11	-	
Short term investments	12	-	-
Total cash and cash equivalent		2,045,311	1,335,305
Account's receivables	13	10,792,405	11,517,777
Total financial assets		12,837,716	12,853,082
Financial liabilities			
Accounts payables	14	1,107,755	1,833,127
Net financial assets		11,729,961	11,019,955
Represented by			
Accumulated fund b/fwd	15	11,019,955	13,348,246
Surplus/deficit for the year		710,006	(2,328,290)
Net financial position		11,729,961	11,019,956

The school's financial statements were approved on _____ 2026 and signed by:



Name: **Prof. Balzi K. Bekuta**

Chair BOM

Date: 16.03.2026



Name: **Nyanza K. R.**

School Principal/ Secretary to BOM

Date: 16/03/2026



Name: **Simon Riko Wanjie**

Bursar/ Finance Officer

Date: 16/03/2026

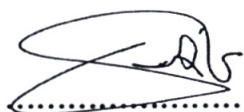
LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****8. Statement of Cash Flows for the Year Ended 30th June 2023**

STATEMENT OF CASH FLOW			
		2022-2023	2021-2022
		Kshs	Kshs
Receipts from operating activities			
Capitation grants for tuition	1	2,441,888	2,739,064
Capitation grants for operations	2	7,667,524	14,023,680
Government Grants for Infrastructure	3	3,566,000	
School fund income- Parents contributions/ fees	4	26,939,153	22,074,621
Miscellaneous Income	5	-	-
Total receipts		40,614,565	38,837,366
Payments			
Payments for Tuition	6	3,727,006	3,762,285
Payments for operations	7	10,838,226	18,492,194
Payments for Infrastructure	8	3,181,056	-
Boarding and school fund payments	9	22,158,271	18,911,177
		39,904,559	41,165,656
Net cash flow from operating activities		710,006	(2,328,290)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets			-
Proceeds from investments		-	-

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023**

Net cash flows from Investing Activities			-
NET CASHFLOW FROM BORROWING ACTIVITIES			-
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		710,006	(2,328,290)
Cash and cash equivalent at BEGINNING of the year		1,335,305	3,663,596
Cash and cash equivalent at END of the year	10	2,045,311	1,335,305

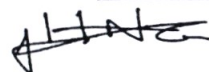
The school's financial statements were approved on _____ 2026 and signed by:



Name: **PROJ: BALOZI .IK. BEKETA**

Chair BOM

Date: **16.03.2026**



Name: **NGANA .IK. R.**

School Principal/ Secretary to BOM

Date: **16/03/2026**



Name: **SIMON RIKO WAPUJE**

Bursar/ Finance Officer

Date: **16/03/2026**

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
(1) Capitation Grant on Tuition					
Textbooks and reference materials			-		
Exercise books	1,694,280		1,694,280	1,188,013	70%
Laboratory equipment	896,280		896,280	593,219	66%
Internal exams	310,800		310,800	217,930	70%
Teaching / learning materials	495,600		495,600	304,991	62%
Chalks	84,000		84,000	137,735	164%
Exams and assessment			-		0%
Reference/Library			-		0%
Teachers guides			-		0%
Total	3,480,960	-	3,480,960	2,441,888	
(2) Capitation Grant on Operations			-		
Personnel emoluments	4,200,000		4,200,000	3,769,423	90%
Maintenance and Improvement					0%
Local transport / travelling	800,000		800,000	767,430	96%
Electricity and water	810,000		810,000	787,872	97%
Medical	1,680,000		1,680,000	181,500	11%

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Annual Report and Financial Statements For the year ended 30th June 2023

Administration costs	1,200,000		1,200,000	1,111,430	93%
OTHER VOTEHEADS	7,896,000		7,896,000	547,931	7%
INSURANCE & PROPERTY			-		0%
SMASSE	168,000		168,000		0%
Activity	1,260,000		1,260,000	501,938	40%
Total	<u>18,014,000</u>	<u>0</u>	<u>18,014,000</u>	<u>7,667,524</u>	
3) FDSE for infrastructure					
Maintenance & Improvement	3,780,000		3,780,000	3,566,000	94%
Transition infrastructure grants			-		0%
Administration Block			-		0%
Total	<u>3,780,000</u>	<u>-</u>	<u>3,780,000</u>	<u>3,566,000</u>	
(4) Fees Charged on Parents			-		
Personnel emoluments	4,138,100		4,138,100	4,890,025	118%
Boarding Equipment and Stores/Lunch	13,790,035		13,790,035	18,929,997	137%
Maintenance and Improvement	602,400		602,400	1,093,117	181%
Local transport / travelling	163,150		163,150	853,570	523%
Electricity and water	1,229,900		1,229,900	503,155	41%
Medical	17,000		17,000	16,000	0%
Administration costs	464,350		464,350	456,824	98%
Tender			-	2,000	0%
Activity	37,650		37,650	194,465	517%
Arrears			-		0%
Total	<u>20,442,585</u>	<u>-</u>	<u>20,442,585</u>	<u>26,939,153</u>	
5) Miscellaneous Income			-		0%

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Rent Income			-		0%
Income From Farming Activities			-		0%
Insurance Compensation			-		0%
Income From Posho Mill			-		0%
Income From Bus Hire			-		0%
Fee For Hire of Ground and Equipment			-		0%
Income From Grants and Donations*			-		0%
Interest Income			-		0%
Dividends Income					0%
Loans/Borrowings*			-		0%
Other Income (<i>specify</i>)*			-		0%
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Income	<u>45,717,545</u>	<u>0</u>	<u>45,717,545</u>	<u>40,614,565</u>	89%
(6) Expenditure For Tuition					
Textbooks and reference materials			-		
Exercise books	1694280		1,694,280	982,250	58%
Laboratory equipment	896280		896,280	817,590	91%
Internal exams	310800		310,800	144,100	46%
Teaching / learning materials	495,600		495,600	1,360,786	275%
Chalks	84000		84,000		0%
Exams and assessment			-		0%
Teachers guides			-		0%
Administration Costs			-		0%
Reference / Library	500,000		500,000	421,800	84%
Bank Charges				480	0%

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Total	<u>3,980,960</u>	<u> -</u>	<u>3,980,960</u>	<u>3,727,006</u>	
<i>(7) Expenditure For Operations</i>					
Personnel emoluments	4,200,000		4,200,000	3,513,994	84%
Service Gratuity					0%
Administration Cost	300,000		300,000	290,300	97%
Maintenance and Improvement	4,200,000		4,200,000	4,770,427	114%
Local transport / travelling	110,000		110,000	106,200	97%
Electricity and water	800,000		800,000	700,000	88%
Medical	1,680,000		1,680,000		0%
Activity Expenses	1,260,000		1,260,000	418,810	33%
OTHER VOTEHEADS	7,896,000		7,896,000	1,038,495	13%
Insurance Cost			-		0%
Bank Charges			-		0%
Grants			-		0%
SMASSE	168,000		168,000		0%
Total	<u>20,614,000</u>	<u>0</u>	<u>20,614,000</u>	<u>10,838,226</u>	
<i>(8) Expenditure For infrastructure</i>			-		
Maintenance & Improvements	4,100,000		4,100,000	3,180,684	78%
Construction of Classrooms			-	-	0%
Construction of Laboratories			-	-	0%
Construction of Dormitory			-	-	0%
Purchase of Furniture			-	-	0%
Purchase of Equipment			-	-	0%
Purchase of Apparatus			-	-	0%
Drilling of Boreholes			-	-	0%

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Others - Bank Charges			-	372	0%
Total	<u>4,100,000</u>	<u>-</u>	<u>4,100,000</u>	<u>3,181,056</u>	
<i>(9) Expenditure For school fund/lunch/boarding</i>			-		
Personnel emoluments	4,138,100		4,138,100	4,968,654	120%
Service Gratuity			-		0%
Maintenance & Improvements	602,400		602,400	2,529,340	420%
Local transport / travelling	163,150		163,150	1,133,400	695%
Electricity and water	1,229,900		1,229,900	220,213	18%
Administration costs	464,350		464,350	1,440,462	310%
Lunch Programme			-		0%
Bank Charges			-		0%
Expenses on Income Generating Activities			-		0%
Fee on Boarding Equipment and Stores	13,790,035		13,790,035	11,174,877	81%
Activity Expenses	637,650		637,650	629,535	99%
Pocket Money			-		0%
Medical Expenses	70,000		70,000	55,790	80%
Tender			-	6,000	0%
Loan Interest repayment			-		0%
Acquisition of Assets			-		0%
Total	<u>21,095,585</u>	<u>-</u>	<u>21,095,585</u>	<u>22,158,271</u>	
Totals	<u>49,790,545</u>	<u>0</u>	<u>49,790,545</u>	<u>39,904,559</u>	80%

LUNGALUNGA SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2023

10. 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 school fees from parents, 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*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

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

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

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. Accounts receivables also include school fees billed to parents for services rendered but not paid. 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. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

7. Non-current assets

Non-current assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the school fixed asset register a summary of which is provided as a memorandum to these financial statements.

8. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *school's* budget was approved by the School Board of Management. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

9. Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2023.

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

11. Notes To The Financial Statements

1 Government Grants for Tuition

	2022-2023	2021-2022
	Kshs	Kshs
Textbooks and reference materials		
Exercise books	1,188,013	1,332,296
Laboratory equipment	593,219	706,604
Internal exams	217,930	244,396
Teaching / learning materials	304,991	389,715
Chalks	137,735	66,053
Exams and assessment		
Reference/Library		
Teachers guides		
Total	2,441,887	2,739,064

2 Government Grants for Operations

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	3,769,423	4,420,946
Maintenance and Improvement		5,890,659
Local transport / travelling	767,430	887,640
Electricity and water	787,872	684,919
Medical	181,500	
Administration costs	1,111,430	892,640
OTHER VOTEHEADS	547,931	1,246,876
INSURANCE & PROPERTY		
SMASSE		
Activity	501,938	
Total	7,667,524	14,023,680

3 Government Grants for infrastructure

Description	2022-2023	2021-2022
	Kshs	Kshs
Maintenance & Improvement	3,566,000	-
Transition infrastructure grants		
Administration Block		
Total	3,566,000	-

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

4 School Fund Income - Parents Contribution/Fees

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	4,890,025	3,286,135
Boarding Equipment and Stores/Lunch	18,929,997	15,041,766
Maintenance and Improvement	1,093,117	687,460
Local transport / travelling	853,570	685,165
Electricity and water	503,155	1,668,080
Medical	16,000	
Administration costs	456,824	502,300
Tender	2,000	15,000
Activity	194,465	188,715
Arrears		
Total	26,939,153	22,074,621

5 Miscellaneous Incomes

Description	2022-2023	2021-2022
	Kshs	Kshs
Rent Income	-	-
Income From Farming Activities	-	-
Insurance Compensation	-	-
Income From Posho Mill	-	-
Income From Bus Hire	-	-
Fee For Hire of Ground and Equipment	-	-
Income From Grants and Donations*	-	-
Interest Income	-	-
Dividends Income	-	-
Loans/Borrowings*	-	-
Other Income (<i>specify</i>)*	-	-
Total	-	-

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

6 Tuition

	2022-2023	2021-2022
	Kshs	Kshs
Textbooks and reference materials		
Exercise books	982,250	433,680
Laboratory equipment	817,590	1,986,360
Internal exams	144,100	74,590
Teaching / learning materials	1,360,786	1,205,689
Chalks		59,070
Exams and assessment		
Teachers guides		
Administration Costs		
Reference / Library	421,800	
Bank Charges	480	2,896
Total	3,727,006	3,762,285

7 Operations

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	3,513,994	7,865,314
Service Gratuity		
Administration Cost	290,300	1,327,616
Maintenance and Improvement	4,770,427	5,960,119
Local transport / travelling	106,200	285,980
Electricity and water	700,000	1,769,495
Medical		1,500
Activity Expenses	418,810	1,282,170
Others	1,038,495	
Insurance Cost		
Bank Charges		
Grants		
SMASSE		
TOTAL	10,838,226	18,492,194

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

8 Infrastructure

	2022-2023	2021-2022
	Kshs	Kshs
Maintenance & Improvements	3,180,684	-
Construction of Classrooms	-	-
Construction of Laboratories	-	-
Construction of Dormitory	-	-
Purchase of Furniture	-	-
Purchase of Equipment	-	-
Purchase of Apparatus	-	-
Drilling of Boreholes	-	-
Others - Bank Charges	372	-
Total	3,181,056	-

9 Boarding And School Fund

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	4,968,654	2,042,333
Service Gratuity		
Maintenance & Improvements	2,529,340	722,596
Local transport / travelling	1,133,400	1,941,350
Electricity and water	220,213	762,149
Administration costs	1,440,462	2,405,424
Lunch Programme		
Bank Charges		
Expenses on Income Generating Activities		
Fee on Boarding Equipment and Stores	11,174,877	9,608,602
Activity Expenses	629,535	1363,088
Pocket Money		
Medical Expenses	55,790	65,635
Tender	6,000	
Loan Interest repayment		
Acquisition of Assets		
TOTAL	22,158,271	18,911,177

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

10 Bank Accounts

Name of Bank, Account No. & currency	Bank Account Number	2022-2023	2021-2022
		Kshs	Kshs
Tuition Account	1108604862	213,628	216,497
Operations Account	1108603645	395,239	227,293
School Fund Account/Boarding	1108605060	560,416	400,432
Savings Account			
Parent Association Development Account	1109900562	26,586	26,586
Income generating activities Account			
Infrastructural Account	1212770285	849,442	464,498
Total		2,045,311	1,335,305

11 Cash In Hand

CASH IN HAND			
Description		2022-2023	2021-2022
		Kshs	Kshs
Tuition Account		-	-
Operation Account		-	-
School Fund account		-	-
Total		-	-

12 Short Term Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
Cooperative Shares	-	-
Treasury Bills	-	-
Fixed Deposit accounts	-	-
Other Investments	-	-
Total	-	-

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

13 Accounts Receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees Arrears	10,792,405	11,517,777
Other Non-Fees Receivables		
Salary Advances (list/schedule attached)		
Imprest (list/schedule attached)		
Rent arrears (list/schedule attached)		
Total	10,792,405	11,517,777

13 b Ageing Analysis of Accounts Receivable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022 - 2023	% of the total	2021 - 2022	% of the total
Less than 1 year	1,250,376	12%	931,894	8%
Between 1- 2 years	5,241,500	49%	6,480,382	56%
Between 2-3 years	4,300,529	40%	4,105,501	36%
Over 3 years	0	0%	0	0%
Total	10,792,405	100%	11,517,777	100%

14 Accounts Payable

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	1,107,755	-
Prepaid Fees		1,833,127
Retention Monies		
Unpaid salaries and statutory deductions		
Caution money		
Other payables (<i>specify</i>)		
Total	1,107,755	1,833,127

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

14a. Ageing Analysis of Accounts Payable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	1,107,755	100%	1,833,127	100%
Between 1- 2 years	-			
Between 2-3 years	-			
Over 3 years	-			
Total	1,107,755	100%	1,833,127	100%

15. Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank balances	1,335,305	3,663,596
Cash balances	-	-
Short Term Investments	-	-
Receivables	10,792,405	11,517,777
Payables	1,107,755	1,833,127
Total	11,019,955	13,348,246

LUNGALUNGA SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2023

Other important disclosure notes

IPSAS Cash Standard 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.

16 Non-current Liabilities Summary

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Loans	0.00	0.00
Outstanding Leases	0.00	0.00
Hire Purchase	0.00	0.00
Gratuity And Leave Provision	0.00	0.00
Others (specify)	0.00	0.00
Total	0.00	0.00

17 Biological assets

Description	Numbers	2022-2023	2021-2022
		Kshs	Kshs
Cattle	NONE	0.00	0.00
Goats	NONE	0.00	0.00
Trees	NONE	0.00	0.00
Coffee Or Tea Plantation	NONE	0.00	0.00
Poultry	NONE	0.00	0.00
Others (specify)	NONE	0.00	0.00
Total	NONE	0.00	0.00

18 Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year	0.00	0.00
Borrowings during the year	0.00	0.00
Repayments during the year	0.00	0.00
Balance at the end of the year	0.00	0.00

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****Other important disclosure notes****19 Stock/ Inventory**

Description	2022-2023	2021-2022
	Kshs	Kshs
Food stuffs		
Lab consumables		
Farm produce		
Medication		
Construction Materials		
Others (specify)		

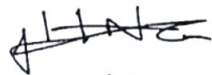
20 Progress On Follow Up Of Auditor Recommendations

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

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

Note

This is the first-time audit, hence there are no outstanding issues raised by the external auditor



W. Rocha

Sign and Date 16/03/2026
Principal

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****12. Annexes****Annex I - Analysis of Pending Accounts Payable**

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022-2023	Outstanding Balance Comparative 2021-2022	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1. Construction & Completion of Water Tower	0		0	0	0	
Sub-Total	0		0	0	0	
Supply Of Goods						
1. Electrical Materials for Installation	245,901		245,901	0	0	
Sub-Total	155,760		3,418,491	0	0	
Supply Of Services						
1. One Classroom Construction Labour	335,000		335,000	0	0	
2. Dormitory Block Re-roofing Labour	180,000		180,000	0	0	
3. Re – roofing of 6 Classroom Block Labour	346,854		346,854	0	0	
Sub-Total	861,854		861,854	0	0	
Grand Total	1,107,755					

LUNGALUNGA SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2023****Annex 2 – Summary of Fixed Assets Register**

Asset Class	Historical Cost b/f (Kshs) 1st July 2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2023
Land	10,000,000	-	0	10,000,000
Buildings And Structures	65,500,000	3,939,698	0	69,439,698
Motor Vehicles	0	-	0	-
Office Equipment, Furniture And Fittings	8,000,000	550,000	0	8,550,000
ICT Equipment	2,000,000	-	0	2,000,000
Tools And Apparatus	21,500,000	-	0	21,500,000
Other Machinery And Equipment	0.00	155,760	0	155,760
Heritage And Cultural Assets	0.00	-	0	-
Intangible Assets- Soft Ware	0.00	-	0	-
Total	107,000,000	4,645,458	0	111,645,458