

REPUBLIC OF KENYA



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REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 20 NOV 2024

DAY.

TABLED
BY:

Deputy Leader of
Majority Party

OF
CLERK-AT
THE-TABLE:

WILLS OBIENO

THE AUDITOR-GENERAL

ON

KARIMA MIXED SECONDARY SCHOOL

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

NAKURU COUNTY



KARIMA MIXED SECONDARY SCHOOL

SIX MONTHS REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL PERIOD ENDED
30 June, 2021**

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



KARIMA MIXED SECONDARY SCHOOL
Annual Report and Financial Statements
For the period ended 30 June, 2021

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I. KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

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

The school was registered in January 2019 under registration number 32S30000185 and is currently categorized as a Sub County public school established, owned or operated by the Government.

The school is a day school and had 643 number of students as at 30 June, 2021. It has 4 streams and 32 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	Elijah Kamiri Githee	Chairman	14/05/2019
2	Robert Ndirangu Kehiuhi	Secretary - Principal	14/05/2019
3	David Githenya	Member	14/05/2019
4	Esther Waceke	Member	14/05/2019
5	Milkah Wangari	Member	14/05/2019
6	Tabitha Njoki	Member	14/05/2019
7	Paul Muchuku	Member	14/05/2019
8	Juliah Kiiru	Member – Rep CEB	14/05/2019
9	Elijah Karara	Member Rep Teachers	14/05/2019
10	Elijah Githee, Dan Salaash, Esther Nyagaturi	3 Members - Sponsor	14/05/2019
11	Joseph Murigi	Member - Community	14/05/2019
12	John Kamanga	MemberSpecial Needs	14/05/2019
13	Leonard Muchiri	Rep Students	14/05/2019

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KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Elijah Githee Robert Ndirangu Pastor Joseph Muriigi Juliah Kiiru Tabitha Njoki	BOM Chair Principal/ BOM Secretary BOM Member BOM Member PTA Chair	3
2	Audit Committee			
3	Finance, procurement and general purposes Committee	Elijah Githee Robert Ndirangu David Githenya Esther Nyagaturi Pastor Joseph Muriigi	BOM Chair Principal/ BOM Secretary BOM Member BOM Member BOM Member	3
4	Academic Committee	Elijah Githee Robert Ndirangu Elijah Karara Milkah Wangari	BOM Chair Principal/ BOM Secretary BOM Member BOM Member	3
5	Development Committee	Elijah Githee Robert Ndirangu Dan Salaash Juliah Kiiru	BOM Chair Principal/ BOM Secretary BOM Member BOM Member	3
6	Discipline and welfare Committee	Elijah Githee Robert Ndirangu Susan Wanjiru Tabitha Njoki	BOM Chair Principal/ BOM Secretary BOM Member PTA Chair	3
7	Adhoc Committee (Tendering Committee)			

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(d) School operation Management

For the financial year ended 30 June, 2021 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Robert Ndirangu Kehiuhi	358680
2	Deputy Principal	Zipporah Wanjiru Ngugi	349548
3	School Bursar	Lilian Wangui Wagayu	N/A

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 453-20117 NAIVASHA
 Telephone: 0777274318
 E-mail: karimamixedsec@gmail.com
 Website: N/A
 Facebook: Karima Mixed Secondary
 Twitter: N/A

(f) School Bankers

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

1. Name of Bank: Equity Bank
 Branch: NAIVASHA
 Account Number: 0200291734847 - Karima Mixed Day Account
2. Name of Bank: Equity Bank
 Branch: NAIVASHA
 Account Number: 0200291734852 - Karima Operations Account
3. Name of Bank: Equity Bank
 Branch: NAIVASHA
 Account Number: 0200280532897 - Karima Infrastructure Account
4. Name of Bank: KCB
 Branch: NAIVASHA
 Account Number: 1104212668 - Karima Tuition Account
5. MPESA Pay Bill No. 407878 attached to 0200291734847 Equity bank account

(g) Independent Auditors

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

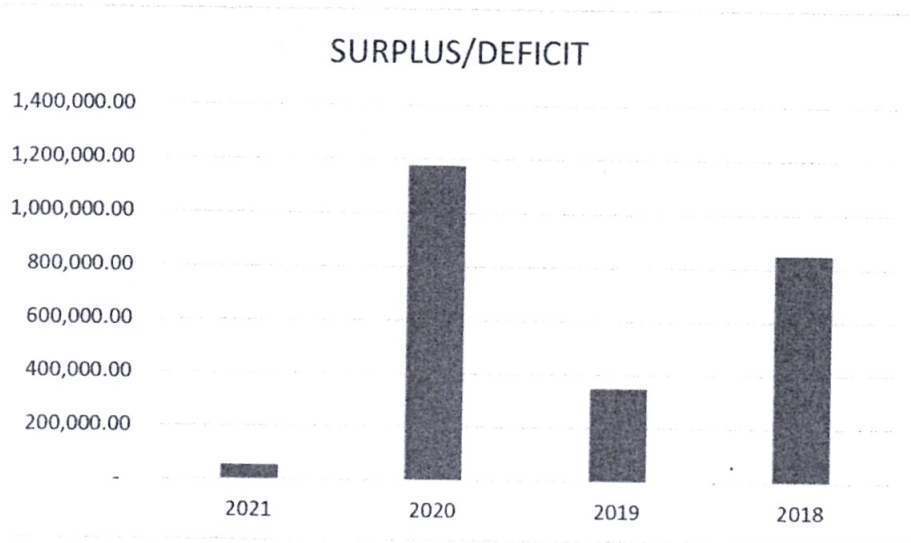
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance:**

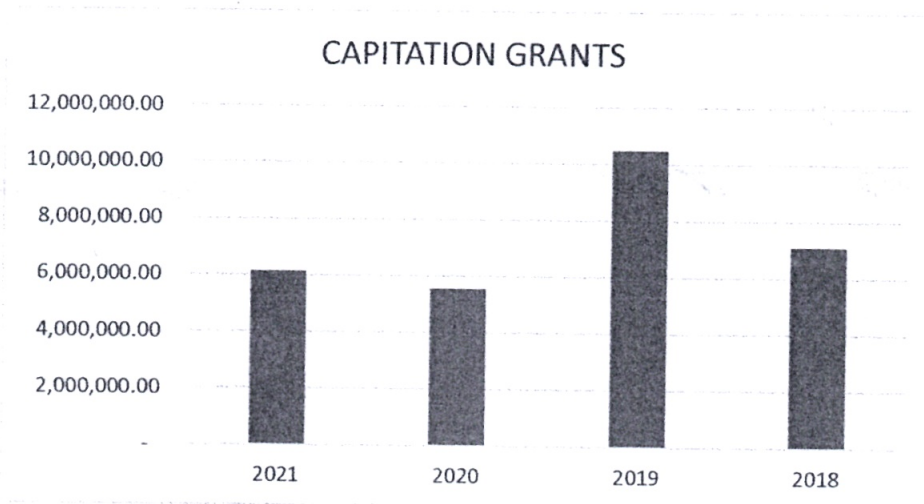
(i) **Surplus/Deficit for the year and a comparison of the same for the last three years**

S/NO		2021	2020	2019	2018
1	SURPLUS/DEFICIT	52,653.60	1,175,632.25	349,680.40	850,639.18



(ii) **Capitation grants from the Ministry of Education for the last three years**

S/NO		2021	2020	2019	2018
1	CAPITATION GRANTS	6,147,128.90	5,559,050.00	10,495,017.05	7,094,070.10

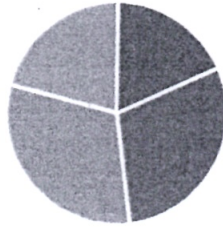


KARIMA MIXED SECONDARY SCHOOL
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(iii) **Ration of capitation grant per student over the last three years**

	2021	2020	2019	2018
FDSE	6,147,128.90	10,004,750.00	10,495,017.05	7,094,070.10
NO OF STUDENTS	653	643	584	480

FDSE

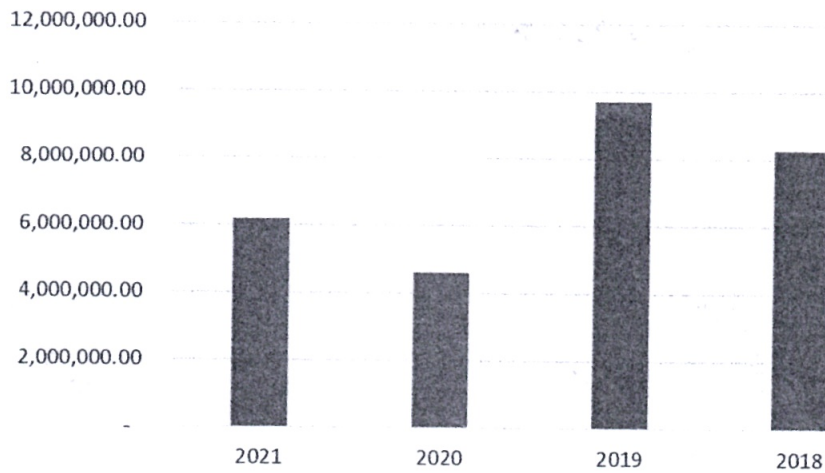


■ 2021 ■ 2020 ■ 2019 ■ 2018

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

	2021	2020	2019	2018
SCHOOL FUND	6,180,105.00	4,606,314.00	9,719,137.00	8,258,825.00

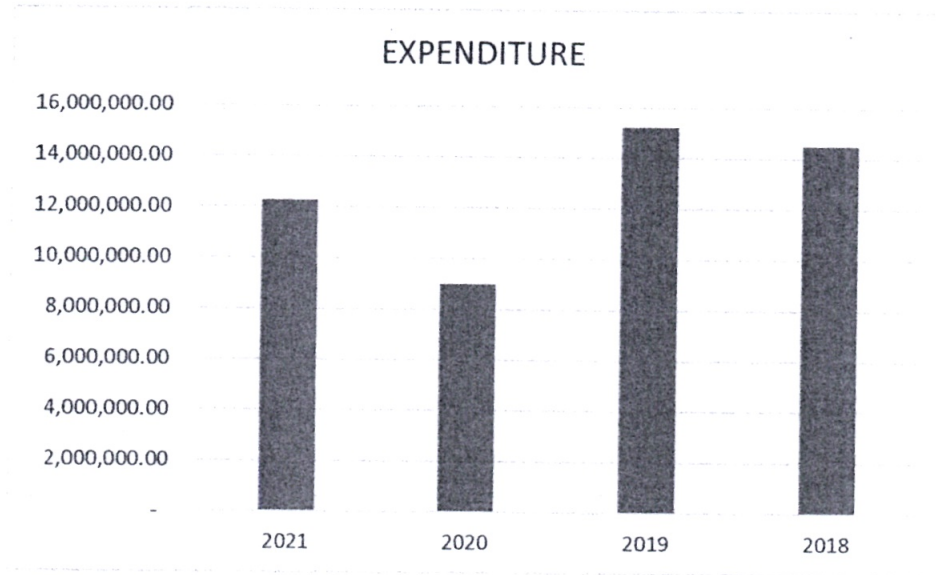
SCHOOL FUND



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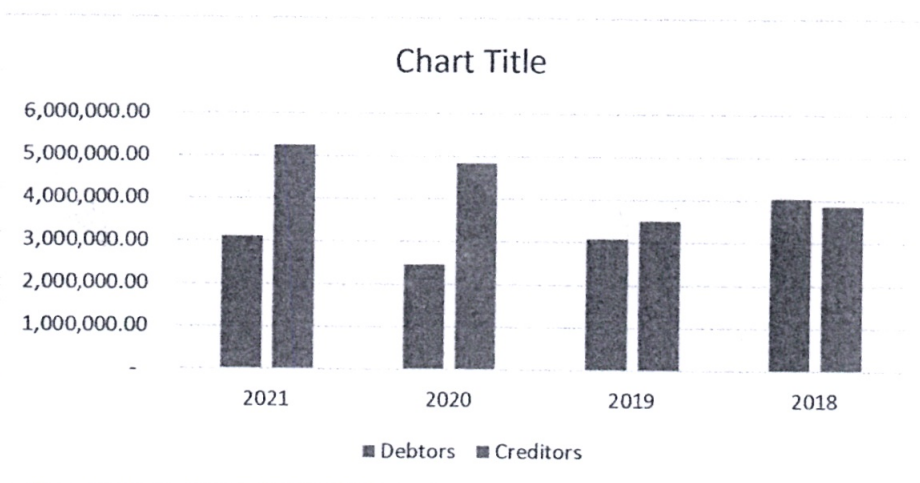
(v) A three year overview of growth in expenditure of the school

	2021	2020	2019	2018
EXPENDITURE	12,274,580.30	8,989,731.75	15,216,637.60	14,502,255.92



(vi) Movement of debtors and creditors of the school over the last three years

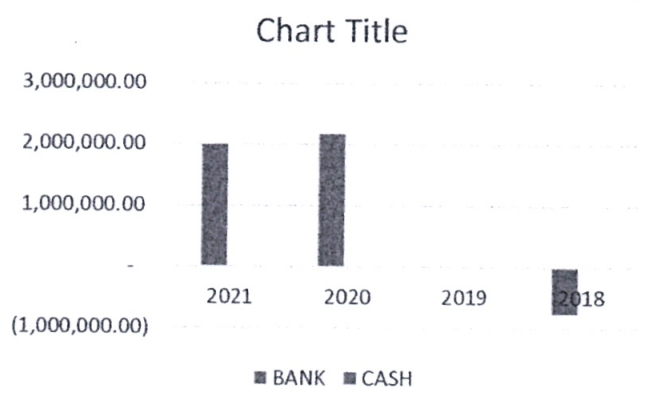
	2021	2020	2019	2018
Debtors	3,105,539.00	2,459,667.00	3,084,822.00	4,042,052.00
Creditors	5,252,944.00	4,844,734.00	3,509,936.00	3,873,304.00



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(vii) Movement of cash and cash balances over the last three years

	2021	2020	2019	2018
BANK	1,992,499.55	2,175,157.95	1,011.80	(762,707.60)
CASH	8,574.90	10,744.90	(15,643.10)	10,513.90



b) **Teacher Student ratio:**

Teacher Student Ratio	650/32	1:20
Teacher Recruited And Posted To School		4
Teachers Transferred		Nil
No. Of Teachers Retired		Nil
Teachers Employed By TSC		23
Teachers Employed By BOM		9

ALLOCATION OF TEACHERS PER SUBJECT

Maths	9
Eng/Lit	3
Kiswahili	6
Biology	3
Physics	4
Chemistry	2
CRE	3
History	3
Geography	3
Business Studies	4
Agriculture	2

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c) Mean score in the 2018-2020 KCSE:

2018

ENTRY																		MEAN 2018	MEAN 2017	DEV.
		A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	X	Y	P	U			
BOYS	32	0	0	0	1	1	1	2	7	3	9	7	0	0	0	0	0	3.875	3.846	+0.029
GIRLS	40	0	0	0	0	1	0	0	2	8	14	13	2	0	0	0	1	3.308	2.677	+0.631
CLASS	72	0	0	0	1	2	1	2	9	11	23	20	2	0	0	0	1	3.437	3.301	+0.136

2019

ENTRY		A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	X	MSS 2019	MSS 2018	DEV
BOYS	27	0	0	1	0	0	0	2	2	4	13	4	1	1	3.556	3.875	-0.319
GIRLS	30	0	0	0	0	0	1	3	2	8	8	8	0	2	3.567	3.308	+2.259
CLAS S	57	0	0	1	0	0	1	5	4	12	21	12	1	3	3.561 D+	3.437	+0.124

2020

ENTRY		A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	X	MSS 2020	MSS 2019	MSS 2018	DEV
BOYS	63	0	0	0	0	0	0	3	3	18	17	21	1	0	3.159	3.556	3.875	-0.397
GIRLS	46	0	0	0	0	1	2	3	3	8	7	21	0	1	3.333	3.567	3.308	-0.234
CLAS S	109	0	0	0	0	1	2	6	6	26	24	42	1	1	3.231D+	3.561 D+	3.437	-0.33

2018

NO	NAME	GRADE	UNIVERSITY	COURSE
1	Michael Ndirangu	B	Kimathi University	Telecommunications
2	Samuel Njoroge	B-	Kirinyaga University	Actuarial Science
3	Naomi Wangari	B-	Presbyterian University	Occupational Therapy
4	Solomon Kimani	C+	Chuka University	BA Economics & Sociology

2019

NO	NAME	GRADE	UNIVERSITY	COURSE
1	David Gitonga	B+	Egerton University	BED
2	Caren Waithera	C+	Kabianga University	BED

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NO	NAME	GRADE	UNIVERSITY	COURSE
1	Maria Wanjira Gathu	B-	Maasai Mara University	BED
2	Lucy Wanjiku Gitau	C+	Laikipia University	BED
3	Salome Wanjiku Mwangi	C+	South Eastern University	BED

d) Number of Candidates in the 2018-2020 KCSE:

ENTRY	2021	2020	2019	2018
BOYS	73	63	27	32
GIRLS	75	46	30	40
TOTAL	148	109	57	72

e) Capacity of the school:

		CLASSES	TOILETS	LABORATORY	DINING HALL	
BOYS	317	7	10	1	0	
GIRLS	306	7	36	1	0	
TOTAL	615	14				

f) 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

<i>Project</i>	<i>Amount</i>	<i>Status</i>	<i>Fund sources</i>
<i>Completion of girls ablution block</i>	<i>Kshs 1,200,000</i>	<i>Ongoing</i>	<i>(FDSE Funds)Ministry of Education</i>
<i>Staff toilets</i>	<i>Kshs 800,000</i>	<i>Ongoing</i>	<i>(TIG Grants)Ministry of Education</i>
<i>One classroom</i>	<i>Kshs 1,200,000</i>	<i>Ongoing</i>	<i>(TIG Grants)Ministry of Education</i>

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.

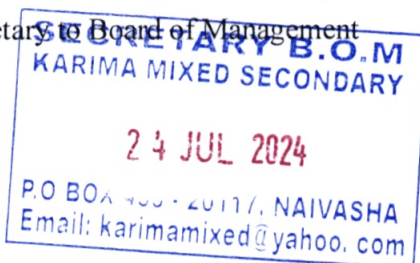
The Board of Management of *Karima Mixed Secondary School* accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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 June, 2021 and of the school's financial position as at that date.

Name: Douglas Gichangi
Designation: Chairman, School Board of Management
Sign: 
Date: 24/7/24

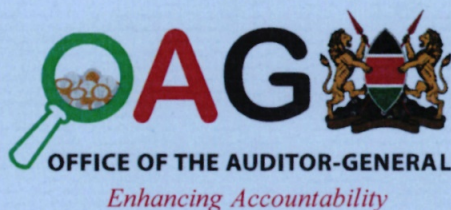
Name: John Ndungu Mwangi
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 24/7/24

Name: Lilian Wangui
Designation: Bursar/ Finance Officer
Sign: 
Date: 24/7/24



REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KARIMA MIXED 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 overall 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 Karima Mixed Secondary School - Nakuru County set out on pages 13 to 29, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, and the statement of receipts and

Report of the Auditor-General on Karima Mixed Secondary School for the six (6) months' period ended 30 June, 2021 - Nakuru County

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Karima Mixed 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 financial assets and financial liabilities reflects cash and cash equivalents balance at the end of the period of Kshs.2,001,074 which varies with the re-calculated balance of Kshs.146,302 by Kshs.1,854,772.

Further, the following variances were noted:

i. Capitation Grants on Operations - Budget Utilization Difference

Component	Reported Amount (Kshs)	Recalculated Amount (Kshs)	Variance (Kshs)
Personal Emoluments	625,713	2,185,713	(1,560,000)
Total Income -Final Budget	11,683,375	13,243,375	(1,560,000)
Total Income -Actual on Comparable Basis	12,327,234	8,900,282	3,426,952
Total Income – Budget Utilization Difference	(643,859)	2,484,095	(3,127,954)

ii. Expenditure for Boarding and School Fund - Budget Utilization Difference

Component	Reported Amount (Kshs)	Recalculated Amount (Kshs)	Variance (Kshs)
Lunch	255,970	(545,314)	801,284
Total Expenditure-Original Budget	13,338,250	13,328,250	10,000
Total Expenditure -Final Budget	13,338,250	13,328,250	10,000
Total Expenditure-Actual Comparable Basis	11,882,709	12,675,703	(792,994)
Total Expenditure- Budget Utilization	1,455,541	1,453,832	1,709

The variances were not explained or reconciled.

In addition, the statement of receipts and expenditure together with the disclosure Note 3 to the financial statements in respect to the school fund income-parents' contributions showed that Management adjusted the balance from Kshs.6,184,105 to Kshs.6,180,105 resulting to a variance of Kshs.4,000. However, the adjustment was not supported by a journal or ledger.

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

2. Inaccuracies in School Fund Income from Parents' Contributions

The statement of receipts and payments reflects school fund income-parents' contributions of Kshs.6,184,105 as disclosed in Note 3 to the financial statements. However, review of the documents provided revealed an amount of Kshs.5,818,745 reflected in the cashbook and an amount of Kshs.3,475,520 reflected in the fee register resulting to unexplained variances of Kshs.365,360 and Kshs.2,708,585 respectively.

In the circumstances, the accuracy and completeness of school fund income-parents' contributions of Kshs.6,184,105 could not be confirmed.

3. Inaccuracies in Boarding and School Fund Payments

The statement of receipts and payments reflects boarding and school fund payments of Kshs.4,374,758 as disclosed in Note 7 to the financial statements. However, review of the documents provided revealed an amount of Kshs.3,485,896 reflected in the cashbook resulting to an unexplained variance of Kshs.888,862.

In the circumstances, the accuracy and completeness of boarding and school fund payments of Kshs.4,374,758 could not be confirmed.

4. Unsupported Capitation Grant for Operations

The statement of receipts and payments reflects capitation grant for operations of Kshs.5,299,527 as disclosed in Note 2 to the financial statements. Included in the amount is an amount of Kshs.3,100,000 for repair, maintenance and improvement funds. However, review of documents provided for audit revealed that an amount of Kshs.2,914,000 was disbursed by the State Department for Basic Education in relation to repair, maintenance and improvements, resulted to an unexplained variance of Kshs.186,000.

In the circumstances, the accuracy and completeness of capitation grant for operations of Kshs.5,299,527 could not be confirmed.

5. Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and financial liabilities reflects a cash and cash equivalents balance of Kshs.2,001,074 as disclosed in Notes 8 and 9 to the financial statements. Included in the balance is cash in hand of Kshs.8,575. However, Management did not provide a board of survey report to confirm the cash in hand balance.

In the circumstances, the completeness and existence of the cash and cash equivalents balance of Kshs.2,001,074 reflected in the financial statements could not be confirmed.

7. Unsupported Payments for Operations

The statement of receipts and payments reflects payments for operations of Ksh.6,31,079 as disclosed in Note 6 to the financial statements. Included in the amount is Kshs.1,039,465, out of which Kshs.54,000 is in respect of Board Members sitting allowances which were paid without supporting board minutes.

In the circumstances, the occurrence of sitting allowances totalling Kshs.54,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Karima Mixed 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. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects payments for operations amount of Kshs.6,531,079 as disclosed in Note 6 to the financial statements. Included in the expenditure is an amount of Kshs.712,160 transferred to Kenya Secondary Schools 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.712,160 could not be confirmed.

2. Lack of Approved Budget

The budget amounts presented were not supported by approved budget as required by Regulation 31(1) of the Public Finance Management (National Government) Regulations, 2015 which states that 'the Accounting Officer shall ensure that the draft estimates relating to her or his department are prepared in conformity with the Constitution, the Act and these Regulations.(2) The Accounting Officer is responsible, in particular for ensuring that all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his national government entity during the financial year and the estimates are submitted to The National Treasury in the manner and format to be issued by the Cabinet Secretary'.

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

3. Unapproved Fees on Parents Association Support Programme

The statement of receipts and payments reflects an amount of Kshs.6,180,105 in relation to school fund income-parents contributions as disclosed in Note 3 to the financial statements. Examination of the fee structure for the year indicated an extra levy of Kshs.2,500 charged per student for the construction of a sanitation block. Although the levy was approved by the School's Board of Management, there was no documentation showing approval by the Cabinet Secretary as prescribed by Government Circular No. MOE.HQS/3/13/3 dated 16 June, 2021 on Guidelines on Implementation of Free Day Secondary Education Programme which stipulates that parents will only pay for school uniforms, boarding related costs as reflected in the boarding fees structure and lunch for the day scholars.

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

4. Over Funding of Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations amounts of Kshs.847,602 and Kshs.5,299,526, respectively as disclosed in Notes 1 and 2 to the financial statements. During the financial year, NEMIS reported a total of six hundred and fifty-four (654) students while the enrolment records provided by the School indicated a total of six hundred and fifteen (615) students, resulting to an unexplained variance of thirty-nine (39) students. As a result of the variance, the School was over funded by an amount of Kshs.136,787.

In the circumstances, the value for money for the amount outstanding of Kshs.136,787 could not be confirmed.

5. Irregularities in the Procurement of Goods and Services

The statement of receipts and payments reflects an amount of Kshs.4,374,758 in relation to boarding and school fund payments as disclosed in Note 7 to the financial statements.

The payments include an amount of Kshs.1,176,455 paid to four (4) suppliers for supply of foodstuffs. The records indicated that Management used open tender method of procurement to award the tenders. However, contrary to the provisions of the Public Procurement and Asset Disposal Act, 2015 and the Public Procurement and Asset Disposal Regulations, 2020, the following were noted;

- i) The procurements were not initiated by the user departments as there were no user requisitions for the goods and services, contrary to Regulation 7.
- ii) The Tender Evaluation Committee consisted of twelve (12) members, contrary to Section 46(4)(b) of the Act which provides for a membership of three (3) to five (5) members.
- iii) The Evaluation Report was not signed by any of the committee members, contrary to Section 80(7) of the Act.
- iv) After Tender Evaluation, no Professional Opinion on the procurement proceedings for these items had been issued to the Accounting Officer by the person designated to handle procurements in the institution, contrary to Section 80(4) of the Act.
- v) There were no written contracts between the institution and the suppliers.
- vi) No Inspection and Acceptance Committees were constituted to ensure the correct quantities of goods were received, contrary to Regulation 48(3).

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

6. Irregular Use of Direct Procurement

The statement of receipts and payments reflects an amount of Kshs.4,374,758 in relation to boarding and School fund payments. The payments include an amount of Kshs.530,930 paid to various suppliers. However, the institution used direct procurement method without satisfying the conditions set out in Section 103 (2) of the Public Procurement and Asset Disposal Act, 2015.

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

7. Lack of a Procurement Plan

The statement of receipts and payments reflects amounts of Kshs.12,327,234 and Kshs.12,274,580 in respect to total receipts and payments respectively. However, Management did not provide an annual procurement plan as part of the annual budget preparation process for audit. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which stipulates that a procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process.

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

8. Lack of School Instructional Material Committee

The School Management had not established a School Instructional Materials Selection Committee contrary to Part E of the General Information of the Orange Book Published in 2017 which states that, each School, is to set up a School Instructional Materials Selection Committee (SIMSC) and list the members of the committee be documented in the Minute Book.

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

9. Weaknesses in Management of Textbooks

Physical verification showed that that School had two hundred and sixty (260) textbooks titled 'The Pearl', two hundred and eighty two (282) textbooks titled 'Blossoms of the Savannah' and two hundred and eighty six (286) textbooks titled 'Chozi Lawere, all of which were stored on the floor, thus exposing them to risk of damage through flooding and misappropriation.

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

10. Unsupported Payments for Infrastructure

The statement of receipts and payments reflects payments for operations of Kshs.6,531,079 as disclosed in Note 6 to the financial statements. Included in the balance is an amount of Kshs.2,862,020 in respect of infrastructure expenses. Review of sampled payments totalling Kshs.2,567,630 revealed that the payment vouchers did not have standard procurement documentation contrary to Section 58(1) and (2) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the value for money may not have been achieved on Kshs.2,567,630 spent on infrastructure.

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 and 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 Assets Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register which includes land with a balance of Kshs.22,400,000. Review of the School Development Committee minutes dated 17 December, 2020 indicated that the School owns 14.1 acres of School land donated by Karima Primary School. However, land ownership documents were not provided for audit.

In the circumstances, the ownership of land occupied by the School could not be confirmed.

2. Failure to Hold Board and Committee Meetings and Lack of Audit Committee

Review of documents provided for audit in respect to Board of Management revealed that the full board or committees of the board did not hold any meeting during the year under review. This was contrary to Section 69(1) of the Fourth Schedule of the Basic Education Act, 2013 which states that a Board of Management will meet at least once every four months. In addition, the Board of Management did not have an annual work plan or written down schedule of activities for the year.

Further, during the year under review, School Management had not established audit committee. This was contrary to Section 61(2)(d) of the Basic Education Act, 2013 which states the Board of Management shall establish an audit committee.

In the circumstances, the oversight role of the Board of Management 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control 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 control.
- 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 control that are identified during the audit.

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

23 September, 2024

KARIMA MIXED SECONDARY SCHOOL
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V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30 JUNE, 2021

DESCRIPTION OF VOTE HEAD	No	2020-2021	2019-2020
		KShs	KShs
RECEIPTS			
Capitation grants for tuition	1	847,602.25	982,350.00
Capitation grants for operations	2	5,299,526.65	4,576,700.00
School Fund Income- Parents' Contributions	3	6,180,105.00	4,606,314.00
School Fund Income- Other receipts	4	-	-
Proceeds from borrowings		-	-
TOTAL RECEIPTS		12,327,233.90	10,165,364.00
PAYMENTS			
Payments for Tuition	5	1,368,743.00	447,382.00
Payments for operations	6	6,531,079.30	3,509,799.10
Boarding and school fund payments	7	4,374,758.00	5,233,154.75
TOTAL PAYMENTS		12,274,580.30	9,190,335.85
SURPLUS/DEFICIT		52,653.60	975,028.15

The school financial statements were approved on 12th January 2021 and signed by:

Sign: 

Name: Douglas Gichangi

Chair BOM

Date 24/7/24

Sign: 

Name: John Ndungu Mwangi

School Principal/
Secretary to BOM

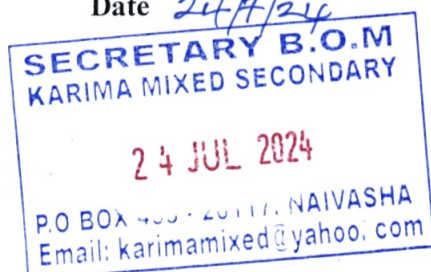
Date 24/7/24

Sign: 

Name: Lilian Wangui

Bursar/
Finance Officer

Date 24/7/24



KARIMA MIXED SECONDARY SCHOOL
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VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30 JUNE, 2021

	Note	2020-2021	2019-2020
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	1,992,499.55	2,175,157.95
Cash Balances	9	8,574.90	10,744.90
Short term Investment	10	-	-
Total Cash and cash equivalent		<u>2,001,074.45</u>	<u>2,185,902.85</u>
Account's receivables	11	3,105,359.00	2,459,667.00
TOTAL FINANCIAL ASSETS		5,106,433.45	4,645,569.85
FINANCIAL LIABILITIES			
Accounts Payables	12	5,252,944.00	4,910,649.00
NET FINANCIAL ASSETS		(146,510.55)	(265,079.15)
REPRESENTED BY			
Accumulated Fund b/fwd	13	(199,164.15)	(1,240,107.30)
Surplus/Deficit for the year		52,653.60	975,028.15
NET FINANCIAL POSITION		(146,510.55)	(265,079.15)

The School's financial statements were approved on _____ 20 and signed by:

Sign: 
Name: Douglas Gichangi

Chair BOM

Date 24/7/24

Sign: 
Name: John Ndungu Mwangi

School Principal/
Secretary to BOM

Date 24/7/24

Sign: 
Name: Lilian Wangui

Bursar/
Finance Officer

Date 24/7/24



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STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE, 2021

		2020-2021	2019-2020
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	847,602.25	982,350.00
Capitation grants for operations	2	5,299,526.65	4,576,700
School fund income- Parents contributions/ fees	3	6,180,105.00	4,606,314.00
School fund income- other receipts	4	-	-
Total receipts		12,327,233.90	10,165,364.00
Payments			
Payments for Tuition		1,368,743.00	447382.00
Payments for operations		6,531,079.30	3,509,799.10
Boarding and school fund payments		4,374,758.00	5,233,154.75
Total payments		12,274,580.30	9,190,335.85
Net cash flow from operating activities		52,653.60	975,028.15
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash flows from Investing Activities		-	-
CASH FLOW FROM BORROWING ACTIVITIES			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		52,653.60	975,028.15
Cash and cash equivalent at BEGINNING of the year		2,185,902.85	(1,240,107.30)
Cash and cash equivalent at END of the year		2,001,074.45	2,185,902.85

The above presentation of cash flow statement uses the direct method of cash flow presentation which is encouraged under IPSAS. Schools' should therefore adopt the direct method of cash flow as recommended by PSASB.

VII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2021

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Tuition	-	-	-	-	-	-
Exercise books	601,900.00	-	601,900.00	423,801.00	178,099.00	70.4%
Laboratory equipment	240,500.00	-	240,500.00	211,900.50	28,599.50	88.1%
Internal exams	89,700.00	-	89,700.00	79,463.00	10,237.00	88.6%
Teaching / learning materials	182,000.00	-	182,000.00	105,950.25	76,049.75	58.2%
Chalks	29,900.00	-	29,900.00	26,487.50	3,412.50	88.6%
Exams and assessment	59,800.00	-	59,800.00	-	59,800.00	0.0%
Teachers guides	-	-	-	-	-	-
	1,203,800.00	-	1,203,800.00	847,602.25	356,197.75	70%
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	1,560,000.00	-	3,120,000.00	934,287.00	625,713.00	29.9%
Repairs and maintenance	299,000.00	-	299,000.00	-	-	0%
Local transport / travelling	299,000.00	-	299,000.00	422,212.00	(123,212.30)	141.2%
Electricity and water	416,000.00	-	416,000.00	-	416,000.00	0%
Medical	130,000.00	-	130,000.00	-	130,000.00	0%
Administration costs	416,000.00	-	416,000.00	422,212.95	(6,212.95)	101.5%
Activity	416,000.00	-	416,000.00	89,862.40	326,137.60	21.6%
Gratuity	-	-	-	-	-	-
SMASSE	-	-	-	-	-	-

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
	-					
(3) FEES CHARGED ON PARENTS						
Lunch	3,900,000.00	-	3,900,000.00	4,209,946.00	(309,946.00)	107.9%
Transport	1,843,575.00	-	1,843,575	1,258,768.00	584,807.00	68.3%
Toilet project	1,200,000.00	-	1,200,000.00	715,391.00	484,609.00	59.6%
Electricity and water	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Administration costs	-	-	-	-	-	-
Activity	-	-	-	-	-	-
SMASSE	-	-	-	-	-	-
Fee on Boarding Equipment and Stores	-	-	-	-	-	-
OTHER INCOME						
Rent income	-	-	-	-	-	-
Income from farming activities	-	-	-	-	-	-
Insurance compensation	-	-	-	-	-	-
Income from Posho mill	-	-	-	-	-	-
Income from Bus Hire	-	-	-	-	-	-
Fee for hire of ground and equipment	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Income from any other investment	-	-	-	-	-	-
TOTAL INCOME	11,683,375.00	-	11,683,375.00	12,327,233.90	(643,858.90)	105.5%
(1) EXPENDITURE FOR TUITION						

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Textbooks and reference materials						
Exercise books	601,900.00	-	601,900.00	608,000.00	(6,100.00)	101.01%
Laboratory equipment	240,500.00	-	240,500.00	578,465.00	(337,965.00)	240.53%
Internal exams	89,700.00		89,700.00		89,700.00	0%
Teaching / learning materials	182,000.00		182,000.00	622,028.00	(440,028.00)	341.77%
Chalks	29,900.00		29,900.00		29,900.00	0%
Library and reference materials	59,800.00		59,800.00		59,800.00	0%
Teachers guides	-	-	-	-	-	-
Administration costs	-	-	-	-	-	-
Bank Charges	10,000.00		10,000.00	3,563.00	6,438.00	36%
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	1,560,000.00		1,560,000.00	1,488,240.00	71,760.00	95%
Repairs, maintenance & improvements	299,000.00		299,000.00	43,050.00	255,950.00	14.39%
Local transport / travelling	299,000.00		299,000.00	417,500.00	(118,500.00)	72%
Electricity, water and conservancy	416,000.00		416,000.00	-	416,000.00	0%
Medical	130,000.00		130,000.00		130,000.00	
Administration costs	416,000.00		416,000.00	1,159,219.30	(743,219.30)	279%
Activity Expenses	416,000.00		416,000.00	467,160.00	(51,160.00)	89%
BOM teachers	60,000.00		60,000.00	60,000.00	-	100%
Infrastructure	3,100,000		3,100,000.00	2,862,010.00	237,990.00	92.3%
(3) EXPENDITURE FOR SCHOOL FUND						

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c%
	Kshs	Kshs			Kshs	Kshs
Lunch	3,134,450.00		3,134,450.00	3,679,764.00	255,970.00	109%
Transport	1,084,000.00		1,084,000.00	421,554.00	662,446.00	38.9%
Toilet project	1,200,000.00		1,200,000.00	265,150.00	934,850.00	22.1%
Electricity, water and conservancy	-	-	-	-	-	-
Medical Expenses	-	-	-	-	-	-
Administration costs	-	-	-	-	-	-
Activity	-	-	-	-	-	-
Gratuity	-	-	-	-	-	-
Lunch programme	-	-	-	-	-	-
Boarding Equipment and Stores	-	-	-	-	-	-
Expenditure for Income Generating Activity	-	-	-	-	-	-
Insurance costs	-	-	-	-	-	-
Other expenses on investments	-	-	-	-	-	-
Rent Expenses	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-
Loan Interest Repayment	-	-	-	-	-	-
Loan Principal Repayment	-	-	-	-	-	-
Acquisition of Assets	-	-	-	-	-	-
TOTALS	13,338,250.0000		13,338,250.0000	11,882,709.30	1,455,540.70	73.7%

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

- i. The funds received in some voteheads were insufficient as compared to the budget thus underutilization*
- ii. In some voteheads the expenditure exceeded the budget thus overutilization*

VIII. 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 *Karima Mixed Secondary 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

Karima Mixed Secondary School recognises all receipts from the various sources when the event occurs and the related cash has actually been received by *Karima Mixed Secondary School*. In addition, *Karima Mixed Secondary School* recognises all expenses when the event occurs and the related cash has actually been paid out by *Karima Mixed Secondary School*.

3. In-kind contributions

In-kind contributions are donations that are made to *Karima Mixed Secondary 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, *Karima Mixed Secondary 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. *Karima Mixed Secondary School* 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 June, 2021.

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IX. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Tuition	-	982,350.00
Exercise books	423,801.00	-
Laboratory equipment	211,900.50	-
Internal exams	79,643.00	-
Teaching / learning materials	105,950.25	-
Chalks	26,487.50	-
Exams and assessment	-	-
Teachers guides	-	-
Total	847,602.25	982,350.00

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	934,287.00	4,258,100.00
Repairs and maintenance	-	-
Local transport / travelling	422,212.30	-
Electricity and water	-	-
Medical	-	106,200.00
Administration costs	422,212.95	-
Infrastructure	3,430,952.00	-
Activity	89,862.40	212,400.00
Total	5,299,526.65	4,576,700.00

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Lunch	4,205,946.00	3,469,282.00
Transport	1,258,768.00	1,060,021.00
Toilet project	715,391.00	77,011.00
Service gratuity	-	-
Medical	-	-
Administration costs	-	-
Activity	-	-
Total	6,180,105.00	4,606,314.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores	-	-
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	-	-
Total	-	-

(Include an explanation on the kind and source of grants/ donations received by the school.)

5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	-	-
Exercise books	608,000.00	268,685.00
Laboratory equipment	352,880.00	109,700.00
Internal exams	-	13,256.00
Teaching / learning materials	404,300.00	35,695.00
Chalks	-	1,256.00
Library and reference materials	-	18,790.00
Teachers guides	-	-
Administration Costs	-	-
Bank Charges	3,563.00	-
Total	1,368,743.00	447,382.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	1,488,240.00	1,788,228.00
Service Gratuity	-	-
Administration Cost	1,039,465.30	741,651.10
Repairs and maintenance & improvements	43,050.00	-
Local transport / travelling	417,500.00	418,800.00
Electricity and water	-	135,040.00
Medical	-	240,000.00
Activity Expenses	620,814.00	186,080.00
Infrastructure	2,862,020.00	-
Insurance Cost	-	-
BOM teachers	60,000.00	-
Acquisition of Assets	-	-
TOTAL	6,531,079.30	3,509,799.10

7 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Lunch	3,679,764.00	4,627,279.00
Transport	421,554.00	596,846.00
Toilet project	265,150.00	-
Bank charges	8,290.00	9,029.75
Electricity and water	-	-
Medical Expenses	-	-
Administration costs	-	-
Lunch Programme	-	-
Bank Charges	-	-
Expenses on Income Generating Activities	-	-
Fee on Boarding Equipment and Stores	-	-
Rent Expenses	-	-
Insurance Cost (Life Property)	-	-
Loan Principal repayment	-	-
Loan Interest repayment	-	-
Acquisition of Assets	-	-
TOTAL	4,374,758.00	5,233,154.75

*Expenses on income generating activities** should include all costs relating to the school earnings on other receipts as recorded in note 4. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others.*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account	1104212668	239,106.65	89,067.40
Operations Account	0200291734852	321,004.89	1,600,443.54
School Fund Account/Boarding	0200291734847	896,468.01	485,6470.1
Savings Account		-	-
Parent Association Development Account		-	-
Income generating activities Account		-	-
Infrastructural Account		535,920.00	
Total		1,992,499.55	2,175,157.95

9 CASH IN HAND

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition Account	-	-
Operation Account	3,686.00	10,586.00
School Fund account	4,888.90	158.90
Total	8,574.90	10,744.90

10 SHORT TERM INVESTMENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Cooperative shares	-	-
Treasury Bills	-	-
Fixed deposit	-	-
Equity stock	-	-
Other investments	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears	3,105,359.00	2,459,667.00
Other non-fees receivables	-	-
Salary advances	-	-
Imprest	-	-
Total	3,105,359.00	2,459,667.00

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year	1,591,090.00	1,534,020.00
Fees arrears for the previous year	1,514,269.00	925,647.00
Fees arrears for prior periods (over two years)	-	-
Total	3,105,359.00	2,459,667.00

12 ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	4,973,612.00	4,583,987.00
Prepaid fees	279,332.00	326,662.00
Retention monies	-	-
Total	5,252,944.00	4,910,649.00

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year	2,582,274.00	3,755,491.00
Trade creditors for the previous year	2,391,338.00	828,469.00
Trade creditors for prior periods (over two years)	-	-
Total	4,973,612.00	4,583,987.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	2,175,157.95	1,011.80
Cash balances	10,744.90	(15,643.10)
Short Term Investments	-	-
Receivables	2,459,667.00	3,084,922.00
Payables	4,844,734.00	4,310,398.00
Total	(199,164.15)	(1,240,107.30)

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	2020-2021	2019-2020
	Kshs	Kshs
Bank loan(s)	-	-
Outstanding Leases	-	-
Hire purchase	-	-
Gratuity and leave provision	-	-
Total	-	-

15 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle	-	-	-
Goats	-	-	-
Trees	600	-	-
Coffee or tea plantation	-	-	-
Poultry	20	-	-
Total		-	-

16 Borrowings

Description	2020-2021	2019-2020
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	KShs	KShs
a) Borrowings		
Borrowing at beginning of the year	-	-
Borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-

Other important disclosure notes

17 Stock/ Inventory

Description	Numbers	2020-2021	2019-2020
		KShs	KShs
b) Borrowings			
Stock/ inventory at beginning of the year	52		
Stock/ inventory purchased during the year	1028		
Stock/ inventory issued during the year	987		
Balance at end of the year	93		

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18 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021-1	Comments
	a	b	c	d=a-c		
	Kshs		Kshs	Kshs	Kshs	
Construction of buildings						CREDITOR NOT PAID IN 2021
1. KABITU HARDWARE	52,080.00	04/05/2021	-	52,080.00		CREDITOR NOT PAID IN 2021
2. KABITU HARDWARE	18,100.00	28/05/2021	-	18,100.00		CREDITOR NOT PAID IN 2021
3. KABITU HARDWARE	16,850.00	28/05/2021	-	16,850.00		CREDITOR NOT PAID IN 2021
4. KABITU HARDWARE	40,520.00	28/05/2021	-	40,520.00		CREDITOR NOT PAID IN 2021
5. KABITU HARDWARE	10,850.00	28/05/2021	-	10,850.00		CREDITOR NOT PAID IN 2021
6. KABITU HARDWARE	14,800.00	28/05/2021	-	14,800.00		CREDITOR NOT PAID IN 2021
7. KABITU HARDWARE	19,750.00	28/05/2021	-	19,750.00		CREDITOR NOT PAID IN 2021
8. KABITU HARDWARE	12,690.00	17/06/2021	-	12,690.00		CREDITOR NOT PAID IN 2021
9. KABITU HARDWARE	4,420.00	24/06/2021	-	4,420.00		CREDITOR NOT PAID IN 2021
10. KABITU HARDWARE	10,540.00	24/06/2021	-	10,540.00		CREDITOR NOT PAID IN 2021
11. PARO & SONS	89,280.00	24/06/2021	-	89,280.00		CREDITOR NOT PAID IN 2021
Sub-Total	289,880.00			289,880.00		
Supply of goods						
12. TREZAN SUPPLIES	346,150.00	02/02/2021	-	346,150.00		CREDITOR NOT PAID IN 2021
13. TREZAN SUPPLIES	62,504.00	02/02/2021	-	62,504.00		CREDITOR NOT PAID IN 2021
14. SUNCHAR AGENCIES	148,000.00	06/01/2021	-	148,000.00		CREDITOR NOT PAID IN 2021
15. SUNCHAR AGENCIES	125,400.00	12/01/2021	-	125,400.00		CREDITOR NOT PAID IN 2021
16. GEORGE NDUNGU NYORO	59,360.00	30/06/2021	-	59,360.00		CREDITOR NOT PAID IN 2021
17. DAVID MUREITHI RUGA	23,400.00	30/06/2021	-	23,400.00		CREDITOR NOT PAID IN 2021
18. SUMWA GENERAL SUPPLIES	45,000.00	16/06/2021	-	45,000.00		CREDITOR NOT PAID IN 2021
19. CAROLINE MUGATHI	100,440.00	30/06/2021	-	100,440.00		CREDITOR NOT PAID IN 2021
20. ELITE PRIME TECHNOLOGIES	444,000.00	07/01/2020	444,000.000	-		CREDITOR NOT PAID IN 2020
21. ELITE PRIME TECHNOLOGIES	608,000.00	27/05/2021	-	608,000.00		CREDITOR NOT PAID IN 2021
22. PIONEER LAB SUPPLIES	139,500.00	06/02/2020	139,500.00	-		CREDITOR NOT PAID IN 2020
23. PIONEER LAB SUPPLIES	383,550.00	06/02/2020	360,500.00	23,050.00		CREDITOR NOT PAID IN 2020

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021-1	Comments
24. PIONEER LAB SUPPLIES	208,445.00	06/02/2020	-	208,445.00		CREDITOR NOT PAID IN 2020
25. PIONEER LAB SUPPLIES	96,750.00	06/02/2020	-	96,750.00		CREDITOR NOT PAID IN 2020
26. PIONEER LAB SUPPLIES	138,350.00	06/02/2020	-	138,350.00		CREDITOR NOT PAID IN 2020
27. PIONEER LAB SUPPLIES	29,190.00	06/02/2020	-	29,190.00		CREDITOR NOT PAID IN 2020
28. PIONEER LAB SUPPLIES	308,350.00	06/02/2020	-	308,350.00		CREDITOR NOT PAID IN 2020
29. PIONEER LAB SUPPLIES	86,770.00	06/02/2020	-	86,770.00		CREDITOR NOT PAID IN 2020
30. PIONEER LAB SUPPLIES	6,480.00	18/03/2021	-	6,480.00		CREDITOR NOT PAID IN 2020
31. PIONEER LAB SUPPLIES	259,710.00	11/04/2021	-	259,710.00		CREDITOR NOT PAID IN 2020
32. BERINET ENTERPRISES	66,500.00	04/02/2020	-	66,500.00		CREDITOR NOT PAID IN 2020
33. FRAMAHA ENTERPRISES	28,000.00	21/02/2021	-	28,000.00		CREDITOR NOT PAID IN 2021
34. FRAMAHA ENTERPRISES	45,600.00	14/05/2021	-	45,600.00		CREDITOR NOT PAID IN 2021
35. TIDE ENTERPRISES	76,000.00	22/01/2020	-	76,000.00		CREDITOR NOT PAID IN 2020
36. CHARIS MASTER	675,000.00	19/01/2020	-	675,000.00		CREDITOR NOT PAID IN 2020
37. LEXIN SUPPLIES	96,000.00	17/12/2019	96,000.00	-		CREDITOR NOT PAID IN 2020
38. LEXIN SUPPLIES	77,000.00	24/01/2020	77,000.00	-		CREDITOR NOT PAID IN 2020
39. LEXIN SUPPLIES	139,500.00	26/02/2020	139,500.00	-		CREDITOR NOT PAID IN 2020
40. LEXIN SUPPLIES	2,300.00	13/05/2020	2,300.00	-		CREDITOR NOT PAID IN 2020
41. LEXIN SUPPLIES	44,000.00	23/09/2020	44,000.00	-		CREDITOR NOT PAID IN 2020
42. LEXIN SUPPLIES	34,000.00	23/09/2020	11,300.00	22,700.00		CREDITOR NOT PAID IN 2020
43. LEXIN SUPPLIES	11,800.00	12/10/2020	-	11,800.00		CREDITOR NOT PAID IN 2020
44. LEXIN SUPPLIES	2,000.00	12/10/2020	-	2,000.00		CREDITOR NOT PAID IN 2020
45. LEXIN SUPPLIES	3,500.00	22/10/2020	-	3,500.00		CREDITOR NOT PAID IN 2020
46. LEXIN SUPPLIES	32,000.00	15/02/2021	-	32,000.00		CREDITOR NOT PAID IN 2021
47. LEXIN SUPPLIES	11,000.00	15/02/2021	-	11,000.00		CREDITOR NOT PAID IN 2021
48. LEXIN SUPPLIES	49,000.00	04/03/2021	-	49,000.00		CREDITOR NOT PAID IN 2021
49. MIMOSA OFFICE & SCHOOL SUPPLIES	272,858.00	13/09/2019	272,858.00	-		CREDITOR NOT PAID IN 2020
50. MIMOSA OFFICE & SCHOOL SUPPLIES	18,670.00	09/03/2020	18,670.00	-		CREDITOR NOT PAID IN 2020
51. MIMOSA OFFICE & SCHOOL SUPPLIES	6,000.00	09/03/2020	6,000.00	-		CREDITOR NOT PAID IN 2020
52. MIMOSA OFFICE & SCHOOL SUPPLIES	33,700.00	18/12/2020	2,472.00	31,228.00		CREDITOR NOT PAID IN 2020

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2021-1	Comments
53. MIMOSA OFFICE & SCHOOL SUPPLIES	154,300.00	17/05/2021	-	154,300.00		CREDITOR NOT PAID IN 2021
54. MEDISCOPE	31,180.00	07/12/2020	-	31,180.00		CREDITOR NOT PAID IN 2020
55. LONG COLUMN	18,000.00	27/01/2020	-	18,000.00		CREDITOR NOT PAID IN 2020
56. JETLINK	28,000.00	10/02/2020	-	28,000.00		CREDITOR NOT PAID IN 2020
57. BARSALANG	38,360.00	05/01/2021	-	38,360.00		CREDITOR NOT PAID IN 2021
58. BARSALANG	36,000.00	13/05/2021	-	36,000.00		CREDITOR NOT PAID IN 2021
59. LAZO ENTERPRISES	324,225.00	11/10/2019	-	324,225.00		CREDITOR NOT PAID IN 2020
Sub-Total	5,973,842.00		1,614,100.00	4,359,742.00		
Supply of services						
60. DYNJES ANIMAL FEEDS AND GRASS HARVESTER	27,000.00	26/6/2021	-	27,000.00		CREDITOR NOT PAID IN 2021
Sub-Total	27,000.00		-	27,000.00		
Grand Total	6,290,722.00		1,614,100.00	4,676,622		

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Number	Date purchased	Location	Historical Cost b/f (Kshs) 1 st January 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2021
Land 1	1(10acres)			20,000,000.00			22,400,00.00
Land 2	-						
Buildings and structures	23			20,000,000.00	3,000,000.00		23,000,000.00
Motor vehicles	2			4,500,000.00			3,800,000.00
Office equipment, furniture and fittings	75			1,000,000.00			1,000,000.00
ICT Equipment, and Other ICT Assets	11			200,000.00			200,000.00
Tools and apparatus							
Textbooks	1010						
Other Machinery and Equipment	-						
Heritage and cultural assets	-						
Intangible assets- soft ware	2			150,000.00			200,000.00
Total							

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