

REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF


THE AUDITOR-GENERAL

ON

KAKAMEGA SCHOOL

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

KAKAMEGA COUNTY

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2025	DAY: Tuesday
TABLED BY: Deputy Speaker	Hon. Owen Bwayo, MP
CLERK-AT-THE-TABLE: Getrude Chebet	Member of the House of Representatives



KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th June 2021

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

Table of Contents

I. KEY SCHOOL INFORMATION AND MANAGEMENT	2
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL.....	5
III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY	14
IV. REPORT OF THE INDEPENDENT AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS OF KAKAMEGA SCHOOL OF THE YEAR ENDING 30TH JUNE 2021.....	15
V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2021	16
VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2021	17
VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021.....	18
VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021.....	19
IX. SIGNIFICANT ACCOUNTING POLICIES.....	23
X. NOTES TO THE FINANCIAL STATEMENTS.....	25

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 Kakamega County, Kakamega Central Sub-County.

The school was registered in **11/2019** under registration number 37S30000757 and is currently categorized as a National public school established, owned or operated by the Government.

The school is a boarding school and had 2236 number of students as at **30th June 2021**. It has 11 streams and 62 teachers of which 26 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. Egara Kabaji	Chairman	April 2019
2	Mr. Gerald Orina	Secretary - Principal	April 2019
3	Tom Onyango	Member	April 2019
4	Rose Mmbasu	Member	April 2019
5	Charles Nyabero	Member	April 2019
6	Alfred Ambundo	Member	April 2019
7	Mary Rague	Member	April 2019
8	Brown Makotsi	Member – Rep CEB	April 2019
9	Pamela Nambande	Member Rep Teachers	April 2019
10	Prof. Igara Kabaji Mrs. Susan Rauto Dr. Samuel Waweru	3 Members - Sponsor	April 2019
11	William Ojonjo	Member - Community	April 2019
12	Benson Makotsi	Member Special Needs	April 2019
13	Simon Sichenje	Rep Students	April 2019

KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

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.

(a) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Prof. Egara Kabaji	Chair	2 out of 2
		Gerald Orina	Secretary	2 out of 2
		Dr. Alfred Ambundo	P.A Chairman	2 out of 2
		Rose Mmbasu	Member	1 out of 2
2	Audit Committee	William Ojonyo	Chair	1 out of 1
		Kennedy Khalisia		1 out of 1
		Brown Makotis		1 out of 1
3	Finance, Procurement and general purposes Committee	Rose Mmbasu	Chair	1 out of 1
		Gerald Orina	Secretary	1 out of 1
		Alfred Ambundo	Member	1 out of 1
		Tom Onyango	Member	1 out of 1
4	Academic Committee	Charles Nyabero	Chair	1 out of 1
		Gerald Orina	Secretary	1 out of 1
		Samwel Waweru	Member	1 out of 1
5	Development Committee	Tom Onyango	Chair	3 out of 3
		Gerald Orina	Secretary	3 out of 3
		Egara Kabaji	Member	3 out of 3
		Alfred Ambundo	Member	3 out of 3
6	Discipline and welfare Committee	Aggrey Shitsama	Chair	1 out of 2
		Gerald Orina	Secretary	2 out of 2
		Phanice Orina	Member	1 out of 2
		Susan Rauto	Member	2 out of 2

KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

(b) School operation Management

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

Ref:	Designation	Name	TSC Number
1	Chief Principal	Gerald Orina	353059
2	Deputy Principal(Administration)	Wycliffe Nandwa	387511
3	Deputy Principal (Academic)	David Sikulu	374706
4	School Bursar	Festus Olang'	11041765

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(c) Schools contacts

Post Office Box: 90 - 50100
 Telephone: 0707014500
 E-mail: kakamegasch@gmail.com

(f) School Bankers

The following school operated 15 number of bank accounts in the following banks:

Name of Bank	Branch	Account Number
1. Co-operative	Kakamega	011 290 3366 5600
2. National	Kakamega	012 4207 053 6500
3. Barclays	Kakamega	202 567 7377
4. Equity	Kakamega	0500 291 359 965
5. KCB	Kakamega	116 346 9289
6. School fund current	Kakamega	110 175 3595
7. KCB	Kakamega	110 349 3191
8. KCB	Kakamega	110 218 1927
9. KCB	Kakamega	110 349 3027
10. KCB	Kakamega	110 240 1951
11. KCB	Kakamega	110 1771 844
12. KCB	Kakamega	110 350 0996
13. KCB	Kakamega	110 175 6950
14. National	Kakamega	0102 507 053 6500
15. National	Kakamega	0102 221 198 8900

MPESA Pay Bill No. 522123, Account 50190K attached to KCB bank account

(g) Independent Auditors

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

KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

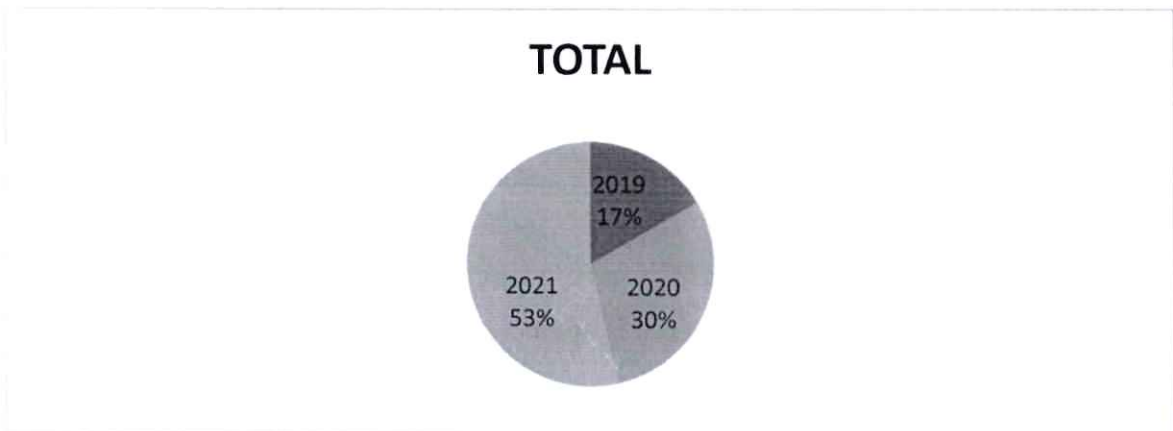
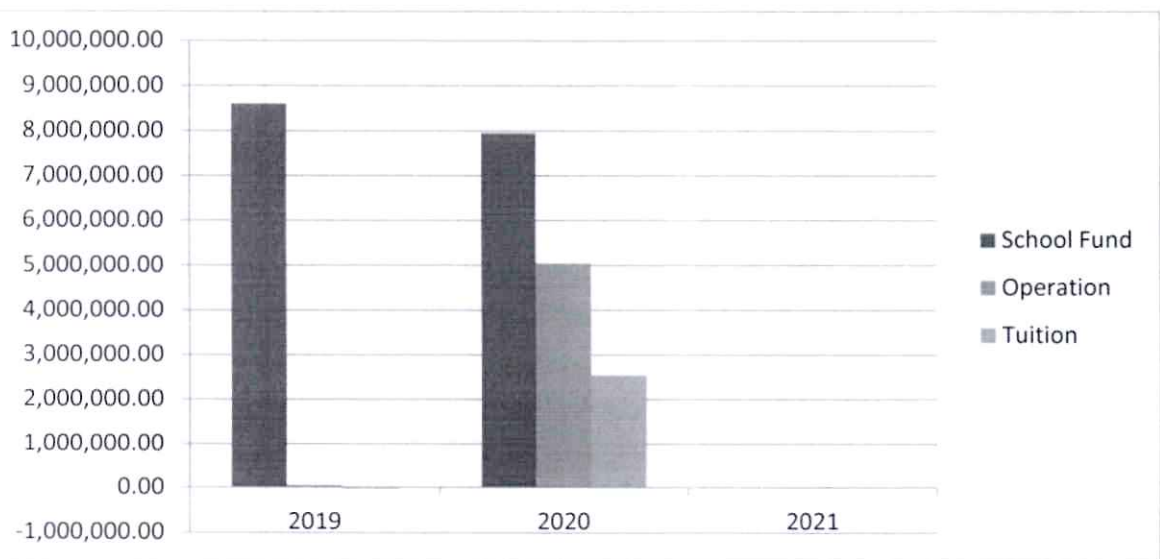
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance:**

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

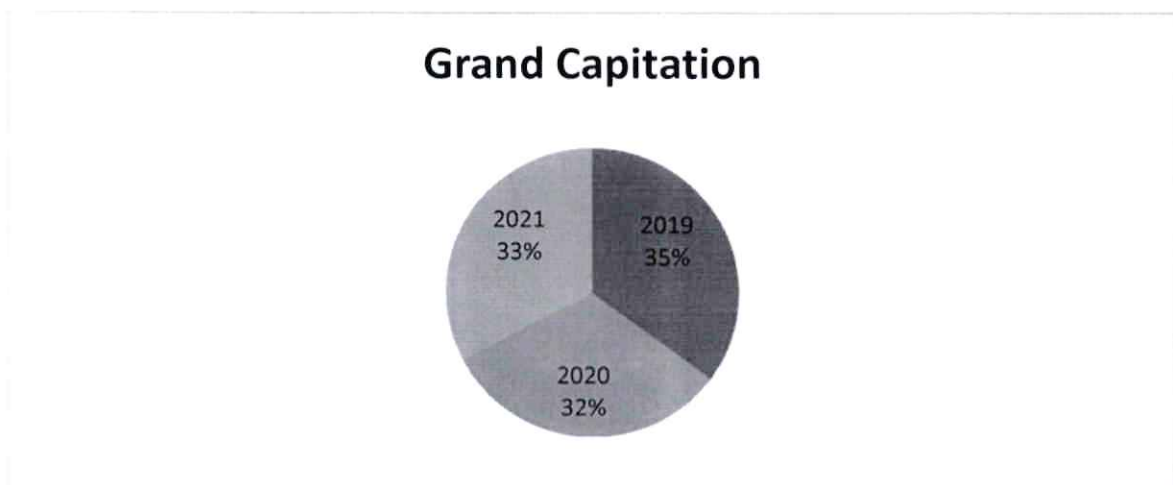
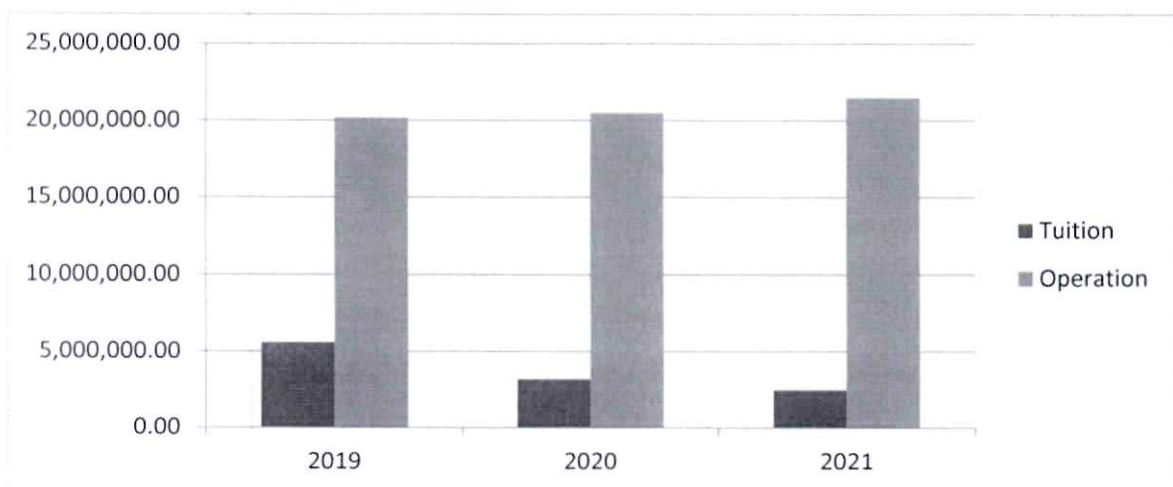
Year	School Fund	Operation	Tuition	Total
2019	8,609,680.65	52,335.20	(29,282.70)	8,632,733.15
2020	7,948,813.96	5,041,563.80	2,543,523.89	15,533,901.65
2021				27,862,753



KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

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

No of Students	Year	Tuition	Operation	Grand Capitation
1513	2019	5,604,300.30	20,179,448.20	25,783,748.50
1833	2020	3,201,533.00	20,493,109.00	23,694,642.00
1853	2021	2,490,452.00	21,509,711.00	24,000,163.00



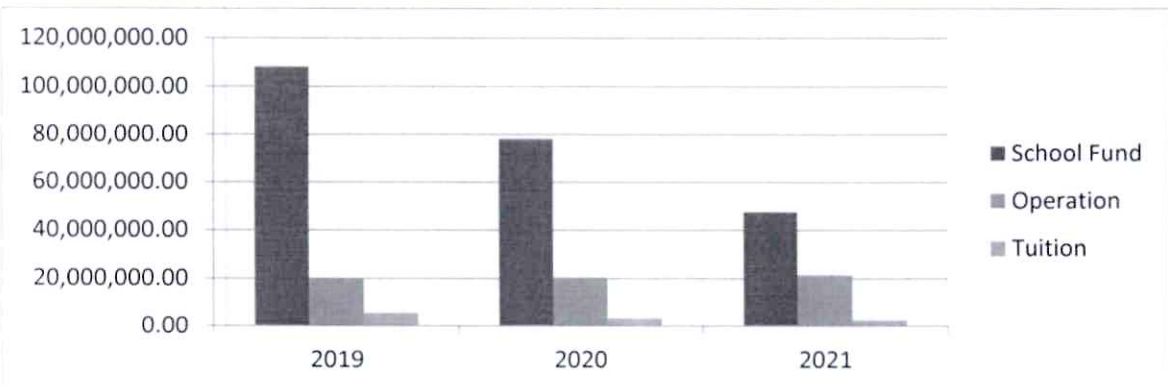
KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

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

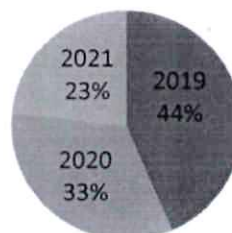
Year	Ration Grand Capitation per student
2019	1:17,041.40
2020	1:12,926.70
2021	1:11,609.39

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

Year	School Fund	Operation	Tuition
2019	108,162,665.00	20,179,448.20	5,604,300.30
2020	78,210,590.20	20,493,109.00	3,201,533.00
2021	47,609,237.00	21,509,711.00	2,490,452.00



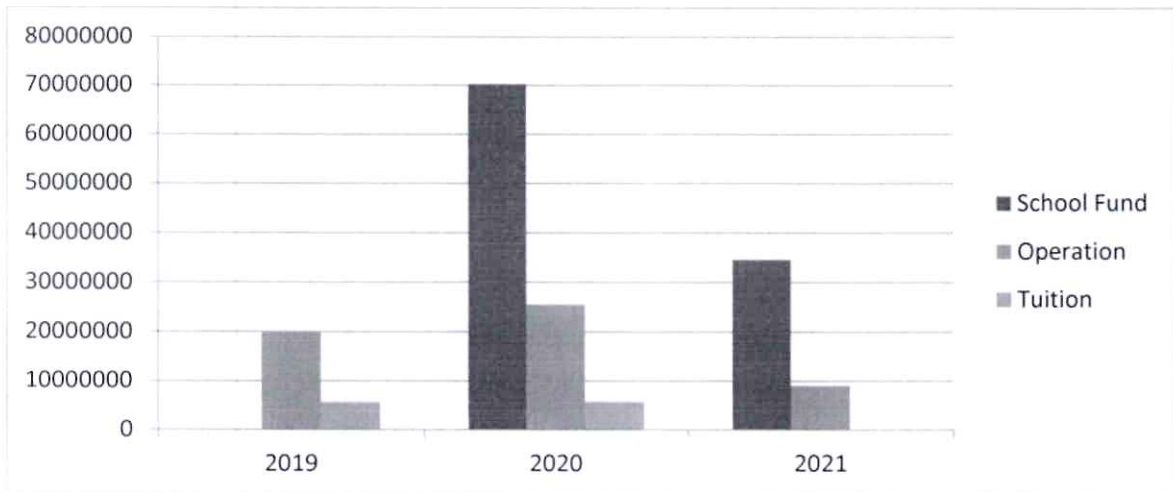
A three-year overview of growth of other income(s) earned by the school



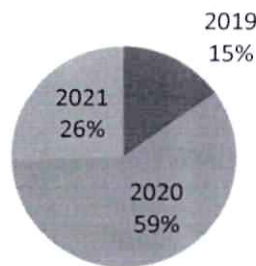
KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

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

Year	School Fund	Operation	Tuition
2019	99,552,984.35	20,127,113.00	5,633,583.00
2020	70,261,782.34	25,534,672.80	5,745,056.80
2021	34,680,537.00	9,065,045.00	1,065.00



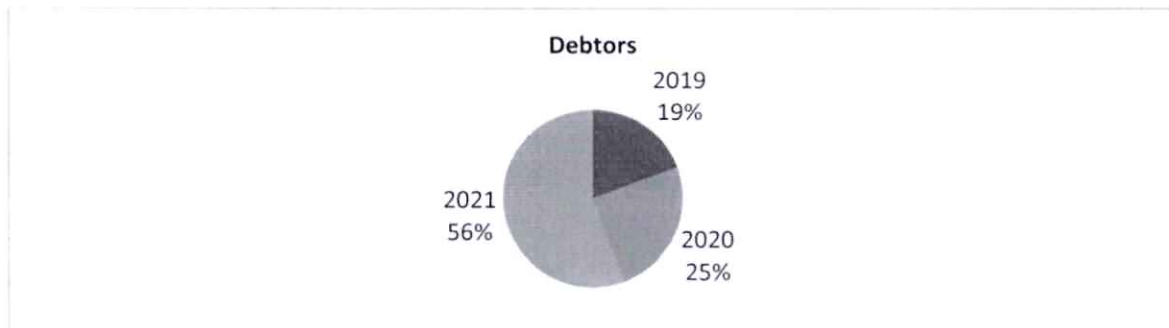
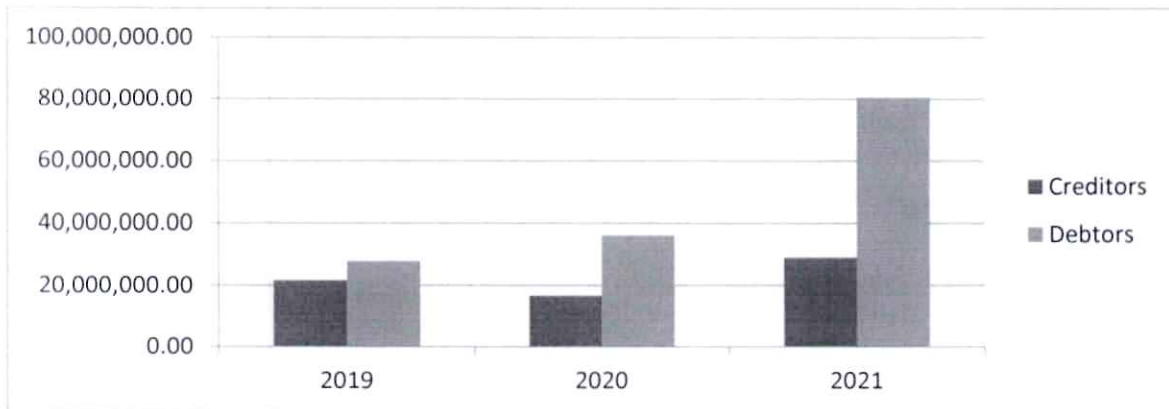
A three-year overview of growth in expenditure of the school



KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

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

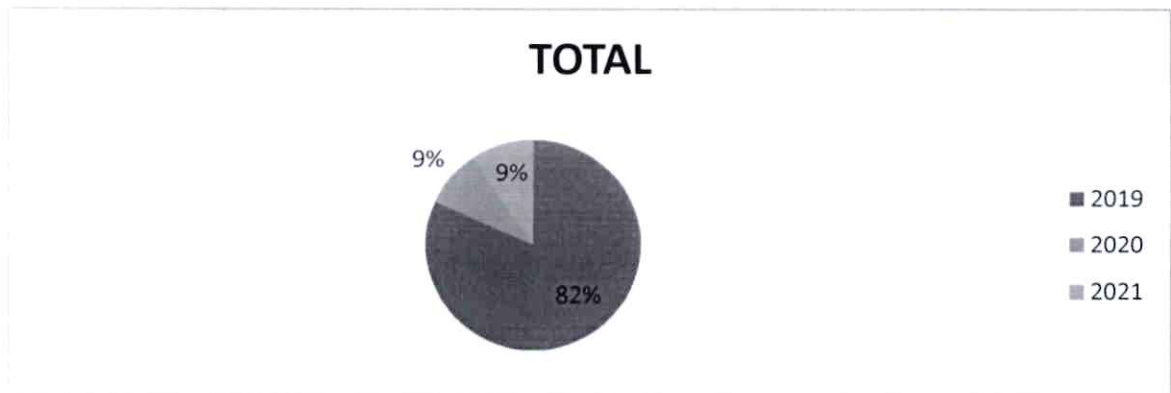
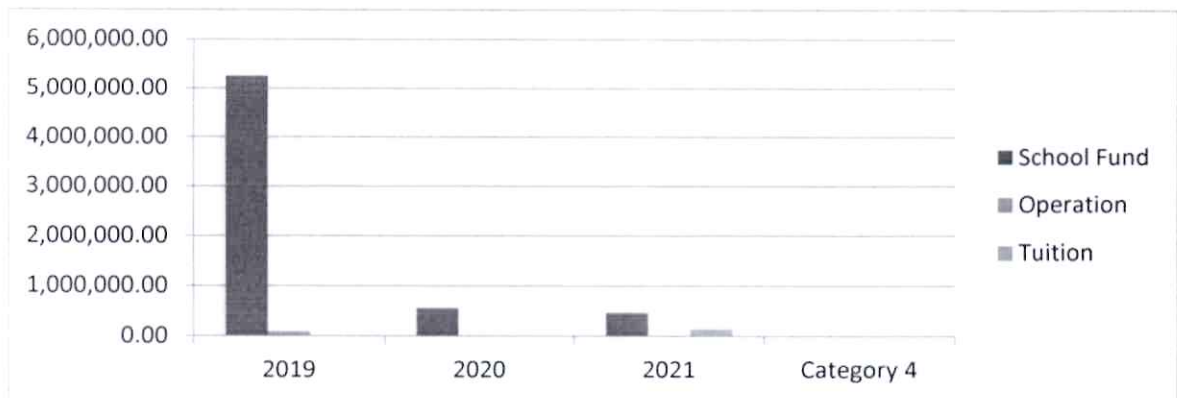
Year	Creditors	Debtors
2019	21,700,434.55	27,905,713.19
2020	16,668,265.00	36,171,406.19
2021	29,013,756	80,567,715



KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

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

Year	School Fund	Operation	Tuition
2019	5,257,656.96	87,817.40	2,042.62
2020	562454.64	254.40	1,945.82
2021	477,396.64	1071.40	144,350.07



b) **Teacher Student ratio:**

Ration of teachers to students 1: 24

No of teachers recruited and posted, transferred and retired.

No	Name	TSC No	
1	Tobias Sifuna	826530	Recruited
2	Rosemary Were Wambetsa	402951	Transferred
3	Catherine Wanyama Rebah	497421	Transferred
4	Odhiambo Ngome George	557612	Transferred
5	Eric Aganyanya	536567	Transferred
6	Harrison Simwaka	494912	Transferred
7	Jenipher Ashene	335364	Transferred
8	Larry Mamai	3/5/2021	Recruited
9	Hesborne Nyarotso	466126	Transferred

Number teachers employed by TSC - 62

Number of Teachers employed by BOM - 26

Shortage in teachers

No	Subject	Shortage
1	Electricity	1
2	Power Mechanics	1
3	Computer / Mathematics	2
4	Geography/ Mathematics	4
5	Biology / Chemistry	6
6	Chemistry / Mathematics	4
7	Physics / Chemistry	2
8	Kiswahili / Geography	4
9	French	1
10	Mathematics / Physics	2
11	English / Literature	1
12	Kiswahili / C.R.E	2
13	Mathematics / Business Studies	2
	Total	32

c) Mean score in the 2021 KCSE

Performance of the school for over the last three years

	ENTRY	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	MEAN	DEV
2021	478	8	50	97	78	74	69	50	30	15	4	3	0	8.20	-0.28
2020	387	4	41	82	90	57	52	36	18	5	1	1	0	8.48	+0.9
2019	396	3	25	63	66	60	62	41	37	20	11	8	0	7.6	+0.72

Transitioned to institutions of higher learning for over the last three years

YEAR	C + & ABOVE	PERCENTAGE
2021	376	78.66
2020	327	84.75
2019	279	70.45

Comment: Positive improvement.

d) Number of Candidates in the 2021 KCSE:

Tabulate the number of candidates sitting for KCSE over the last three years.

Year	2019	2020	2021
No. of candidates	396	387	478

e) Capacity of the school:

Year	2019	2020	2021
No. of students	1814	1979	2236

KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

No of student in the school vis a vie the facilities

Facility		No	Capacity	Expected	Shortfall
Dormitory		17	2561	2400	+161
Toilets		74	74	92	18
Bathrooms		87	87	92	5
Computer lab		2	30	40	10
Dining Hall		1	1000	2400	1400
Science Lab	Chemistry	2	56	65	9
	Biology	2	48	65	17
	Physics	2	42	65	23
Art Room		1	10	60	50
Staffroom		1	100	100	00
Workshop	Electricity	1	10	81	71
	P/Mechanics	1	10	31	21
	Aviation	1	10	27	17
Classes		34	2400	2400	0
Library		1	84	2000	1916
Kitchen		1	1500	2400	900
Administration Block		1	36	38	+2

d) Development projects carried out by the school:

Projects	Source of Funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected Completion
Perimeter Wall Retention	Transition Improvement Grant	Complete	750,000.00	750,000.00	
Renovation of Old Dormitories	RMI	Complete	1,500,000.00	1,500,000.00	
Renovation of Assembly Hall	RMI	Complete	1,600,000.00	1,600,000.00	

Sign

School Chief Principal




III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

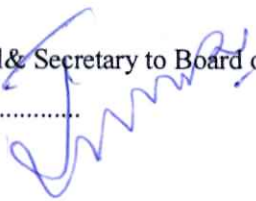
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant 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 (*Name of 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, 2021, and of the school's financial position as at that date.

Name: Prof. Egara Kabaji
Designation: Chairman, School Board of Management
Sign: 
Date: 30th June, 2021

Name: Gerald Orina
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 30th June, 2021

Name: Festus Olang'
Designation: Bursar/ Finance Officer
Sign: 
Date: 30th June, 2021



REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KAKAMEGA SCHOOL FOR THE YEAR ENDED 30 JUNE, 2021 - KAKAMEGA 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, gazetted 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.

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 Kakamega School – Kakamega County set out on pages 16 to 30, which comprise the statement of financial

assets and financial liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and 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 the Kakamega School as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the 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

1.1 Understatement of Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.632,550 while computation of the corresponding Note 11 to the financial statements amounted to Kshs.81,200,265 resulting to an unreconciled variance of Kshs.80,567,715.

1.2 Understatement of Accounts Payables

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.4,567,247 while computation of the corresponding Note 12 to the financial statements amounted to Kshs.33,561,003 resulting to an unreconciled variance of Kshs.29,013,756.

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

2. Failure to Maintain Cash Books and Prepare Bank Reconciliation Statements

The statement of financial assets and financial liabilities reflects total cash and cash equivalents balance of Kshs.33,578,300 as disclosed in Notes 8 and 9 to the financial statements. However, cash books, bank statements, certificate of bank balances and bank reconciliation statements for eleven (11) bank accounts with an accumulated net balance of Kshs.29,627,171 were not provided for audit review.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.33,578,300 could not be confirmed.

3. Long Outstanding Receivables

Note 11 to the financial statements reflects fees arrears amounting to Kshs.80,567,715 out of which Kshs.23,026,403 had been outstanding for more than two (2) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding fees arrears balance of Kshs.80,567,715 could not be confirmed.

4. Long Outstanding Payables

Note 12 to the financial statements reflects accounts payables amounting to Kshs.29,013,756 in respect to trade creditors out of which Kshs.15,234,365 had been outstanding for more than one (1) year. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates.

In the circumstances, accuracy, completeness and validity of trade payables amounting to Kshs.29,572,185 could not be confirmed and the School risks being exposed to penalties, fines, interests and unquantified litigation costs due to late payments.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budgeted versus actual amounts reflects final receipts budget and actual receipts on a comparable basis amount of Kshs.136,160,837 and Kshs.76,609,400 respectively resulting in revenue underfunding of Kshs.59,551,437 or 44% of the budget. However, the Authority expended Kshs.34,680,537 against expenditure budget of Kshs.149,291,907 resulting to under expenditure of kshs.114,611,370 or 77%.

The under collection of revenue affected the planned activities and has impacted negatively on service delivery to the students.

My report is not modified in respect of this matter.

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 effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of Financial Statements to the Auditor-General

The School Management did not submit the financial statements to the Auditor-General by the statutory date of 30 September, 2021. This is contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements should 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 Transfer Infrastructure Funds from Operations Account

The statement of receipts and payments reflects capitations grants for operations amount of Kshs.21,509,711 from the Ministry of Education credited in the operations bank account as disclosed in Note 2 to the financial statements. Included in the amount is Kshs.463,500 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, no funds were transferred to infrastructure account contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

3. Irregularities in the Engagement of Casual Workers

During the year under review, the School engaged casual workers on contractual basis. However, evidence of renewal of the casual workers' contracts were not provided for audit review. Further, the School failed to deduct and remit PAYE for staff with a gross salary of Kshs.24,000 and above monthly.

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

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

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.34,680,537 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.179,800 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.179,800 could not be confirmed.

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 THE 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 overall governance were not effective.

Basis for Conclusion

1. Lack of Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.393,032,148 in respect of fixed assets which includes land, buildings and structures and motor vehicles. However, land ownership documents and motor vehicle log books not provided for audit.

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

2. Loss of Text books

Audit revealed that during the year under review, five hundred and fifty-three (553) text books were not surrendered back by students to the school's library.

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

3. Ineffective Board Committees

During the year under review, the School had constituted Board of Management and its Committees as required by law. However, the Board committees failed to hold quarterly meetings contrary to Section 6 (1) of the fourth schedule of the Basic Education Act, 2013 which states that a Board of Management shall meet at least once every four months.

In the circumstances, the School did not benefit from the governance and oversight role of the board committees.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the School's ability to as 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 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 overall 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 for 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

23 October, 2024

KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2021

DESCRIPTION OF VOTE HEAD	Note	2020-2021	2019-2020
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	2,490,452	-
Capitation grants for operations	2	21,509,711	-
School Fund Income- Parents' Contributions	3	44,187,119	-
School Fund Income- Other receipts	4	3,422,118	-
Proceeds from borrowings			
TOTAL RECEIPTS		71,609,400	-
PAYMENTS			
Payments for Tuition	5	1,065	
Payments for operations	6	9,065,045	-
Boarding and school fund payments	7	34,680,537	-
TOTAL PAYMENTS		43,746,647	-
SURPLUS/DEFICIT		27,862,753	-

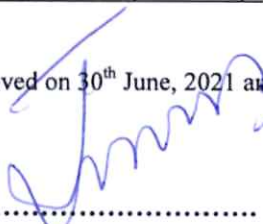
The school financial statements were approved on 30th June, 2021 and signed by:



Name: Prof. Egara Kabaji

Chair BOM

Date: 30th June, 2021



Name: Gerald Orina
 School Principal/ Secretary to
 BOM

Date: 30th June, 2021



Name: Mr. Festus Olang

Bursar/ Finance Officer

Date: 30th June, 2021

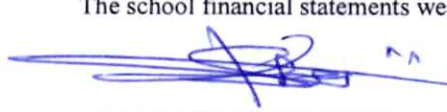


KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2021

	Note	2020-2021 Kshs	2019-2020 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	33,570,239	6,410,605
Cash Balances	9	8,061	227,181
Short term Investment	10	-	-
Total Cash and cash equivalent		33,578,300	6,637,786
Account's receivables	11	632,550	845,786
TOTAL FINANCIAL ASSETS		34,210,850	7,483,572
FINANCIAL LIABILITIES			
Accounts Payables			
NET FINANCIAL ASSETS	12	4,567,247	5,702,723
		29,643,603	1,780,849
REPRESENTED BY			
Accumulated Fund b/fwd			
Surplus/Deficit for the year	13	1,780,849	1,780,849
		27,862,753	-
NET FINANCIAL POSSITION		29,643,602	1,780,849
		(0)	-

The school financial statements were approved on 30th June, 2021 and signed by:



Name: Prof. Egara Kabaji

Chair BOM

Date: 30th June, 2021



Name: Gerald Orina
 School Principal/ Secretary to
 BOM

Date: 30th June, 2021



Name: Mr. Festus Olang'

Bursar/ Finance Officer

Date: 30th June, 2021

KAKAMEGA SCHOOL
SECRETARY B.O.M/P.A
 17
 11 JUL 2024
 SIGN:.....
 P. O. Box 90 – 50100, KAKAMEGA (K)
 TEL: 0707 014500

KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021

		2020-2021	2019-2020
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	2,490,452	-
Capitation grants for operations	2	21,509,711	-
School fund income- Parents contributions/ fees	3	44,187,119	-
School fund income- other receipts	4	3,422,118	-
Total receipts		71,609,400	-
Payments			
Payments for Tuition		1,065	-
Payments for operations		9,065,045	-
Boarding and school fund payments		34,680,537	-
Total payments		43,746,647	-
Net cash flow from operating activities		27,862,753	-
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash flows from Investing Activities			
CASHFLOW FROM BORROWING ACTIVITIES		27,862,753	
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		27,862,753	-
Cash and cash equivalent at BEGINNING of the year	10	6,637,786	6,637,786
Cash and cash equivalent at END of the year		34,500,539	6,637,786

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.

VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

Receipt/expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials						
Exercise books						
Laboratory equipment						
Internal exams						
Teaching / learning materials	4,522,377		4,522,377	2,490,452	2,031,925	55%
Chalks						
Exams and assessment						
Teachers guides						
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments						
Repairs and maintenance	13,784,160		13,784,160	8,155,211	5,628,949	59%
Other voteheads	7,332,000		7,332,000	6,909,000	423,000	94%
Electricity and water						
Medical						
Administration costs						
Activity						

KAKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL

Annual Report and Financial Statements
For the year ended 30th June 2021

Receipt/expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b Kshs	Actual on Comparable Basis d Kshs	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
Gratuity						
SMASSE						
Infrastructure	7,195,500.00		7,195,500.00	6,445,500.00	750,000.00	90%
(3) FEES CHARGED ON PARENTS						
Personnel emoluments						
Repairs and maintenance	4,440,000.00		4,440,000.00	554,479.00	3,885,521.00	13%
Other Voteheads	38,188,440.00		38,188,440.00	2,806,173.00	35,382,267.00	7%
Electricity and water						
Medical						
Administration costs						
Activity	1,771,560.00		1,771,560.00	66,352.00	1,705,208.00	4%
SMASSE						
Fee on Boarding Equipment and Stores	55,500,000.00		55,500,000.00	40,760,115.00	14,739,885.00	73%
OTHER INCOME						
Rent income				933,286.00	(933,286.00)	0.0%
Uniform	3,426,800.00		3,426,800.00	697,799.00	2,729,001.00	20%
GASK Bakery				1,669,868.00	-	0.0%
Pocket money				81,995.00	(81,995.00)	0.0%
Interest income				39,170.00		0.0%

KAKAMEGA SCHOOL
 PUBLIC SECONDARY SCHOOL
 Annual Report and Financial Statements
 For the year ended 30th June 2021

Receipts/expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
Uniform						
TOTAL INCOME	136,160,837.00		136,160,837.00	71,609,400	66,260,474.60	51%
(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials						
Exercise books						
Laboratory equipment						
Internal exams						
Teaching / learning materials	4,522,377.00		4,522,377.00	1,065.00	4,521,312.00	0.0%
Chalks						
Exams and assessment						
Teachers guides						
Administration costs						
Bank Charges						
(2) EXPENDITURE FOR OPERATIONS						
Other voteheads	13,784,160.00		13,784,160.00	5,213,845.00	8,570,315.00	38%
Maintenance and Improvement	7,332,000.00		7,332,000.00	-	7,332,000.00	0.0%
Infrastructure					3,344,300.00	54%

KIKAMEGA SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

Receipt/Expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c % Kshs
	7,195,500.00		7,195,500.00	3,851,200.00		
(3) EXPENDITURE FOR SCHOOL FUND						
Maintenance & Improvement	4,440,000.00		4,440,000.00	167,000.00	4,273,000.00	4%
Other voteheads	38,188,440.00		38,188,440.00	11,774,261.00	26,414,179.00	31%
Activity	1,771,560.00		1,771,560.00	-	1,771,560.00	0.0%
Expenditure on Boarding Equipment and Stores	55,500,000.00		55,500,000.00	19,187,048.00	36,312,952.00	35%
Income from income generating activities	16,557,870.00		16,557,870.00	3,547,411.00	13,010,459.00	21%
Bank Charges	-		-	4,817.00	(4,817.00)	0.0%
TOTALS	136,160,837.00		136,160,837.00	34,680,537.00	105,545,260.00	78%

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

- i. *There is underutilization because by end of the Financial year on June 30th the academic year is only but half way thus there is need to harmonize the Financial year and academic year.*

IX. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprest, salary advances and other receivables and b) payables that include deposits and retentions and payables from operations.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *school* and all values are rounded to the nearest Kenya Shilling (Kshs). The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of receipts and payments

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

3. In-kind contributions

In-kind contributions are donations that are made to the *school* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *school* includes such value in the statement of receipts and payments both as a receipt and as a payment in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as expenditure when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and agencies. Other liabilities including pending bills are disclosed in the financial statements. Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years.

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION			
		2020-2021	2019-2020
		Kshs	Kshs
Teaching / learning materials		2,490,452.00	-
Total		2,490,452.00	-
2 CAPITATION GRANT FOR OPERATIONS			
		2020-2021	2019-2020
		Kshs	Kshs
Maintenance and Improvement		6,909,000.00	0
Others Voteheads		8,155,211.00	0
Infrastructure		6,445,500.00	
Total		21,509,711.00	0
3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT			
		2020-2021	2019-2020
		Kshs	Kshs
Other voteheads		2,806,173.00	-
Fee on Boarding Equipment and Stores		40,760,115.00	-
Maintenance and Improvement		554,479.00	-
Activity		66,352.00	-
Total		44,187,119.00	-
4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT			
		2020-2021	2019-2020
		Kshs	Kshs
Rent income		933,286.00	0
GASK Bakery		1,669,868.00	0
Uniform		697,799.00	0
Pocket money		81,995.00	0
Bank interest		39,170.00	0
Total		3,422,118.00	0
5 PAYMENTS FOR TUITION			
		2020-2021	2019-2020
		Kshs	Kshs
Bank Charges		1,065.00	-
Total		1,065.00	-

KAKAMEGA SCHOOL
 PUBLIC SECONDARY SCHOOL
 Annual Report and Financial Statements
 For the year ended 30th June 2021

6 PAYMENTS FOR OPERATIONS			
		2020-2021	2019-2020
		Kshs	Kshs
Others		5,206,504.00	0
Infrastructure		3,851,200.00	
Bank Charges		7,341.00	0
TOTAL		9,065,045.00	0
7 BOARDING AND SCHOOL FUND PAYMENTS			
		2020-2021	2019-2020
		Kshs	Kshs
Other voteheads		11,774,261.00	0
Service Gratuity		-	0
Maintenance & Improvements		167,000.00	0
Expenses on Income Generating Activities		3,547,411.00	0
Expenses on Boarding Equipment and Stores		19,187,048.00	0
Bank charges		4,817.00	
TOTAL		34,680,537.00	0
8 BANK ACCOUNTS			
Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account		144,350.07	1,945.82
Operations Account		1,071.40	254.40
School Fund Account/Boarding		477,396.64	5,682,454.64
Savings Equity ...965		4,766,184.39	
Savings KCB289		10,591,705.87	
Savings NBK ...6500		6,424,188.97	
Savings Reserve ...1927		1,083,796.00	-
Savings Coop ...5600		489,729.00	-
Savings Farm ...027		9,292.00	-
Savings Caution ...93191		12,789.45	

KAKAMEGA SCHOOL
 PUBLIC SECONDARY SCHOOL
 Annual Report and Financial Statements
 For the year ended 30th June 2021

	Savings Barclays ...		2,425.70	
	Savings KCB...3151		(1,716,450.00)	
	Infrastructural Account		3,320,250.00	725,950.00
	Savings NBK..8900		6,445,500.00	
	Savings operation...0996		1,518,009.15	
	Total		33,570,238.64	6,410,604.86
9	CASH IN HAND			
	Description		2020-2021	2019-2020
			Kshs	Kshs
	Tuition Account		-	-
	Operation Account		-	-
	School Fund account		8,061.23	227,181.23
	TOTAL		8,061.23	227,181.23
10	SHORT TERM INVESTMENTS			
	Description		2020-2021	2019-2020
			Kshs	Kshs
	Cooperative shares		-	-
	Treasury Bills		-	-
	Fixed deposit		-	-
	Equity stock		-	-
	Other investments		-	-
	Total		-	-
11	ACCOUNTS RECEIVABLE			
	Description		2020-2021	2019-2020
			Kshs	Kshs
	Fees arrears			845,786.00
	Rent Arrears		632,550.00	-
	P.A.Y.E		-	-
	N.S.S.F		-	-
	Salary advances		-	-
	Imprest		-	-
	Total		632,550.00	845,786.00
	[Include an ageing of the fees / non fees arrears below]			
	Description		2020-2021	2019-2020
			Kshs	Kshs
	Fees arrears for current year		45,242,095.23	-

KAKAMEGA SCHOOL
 PUBLIC SECONDARY SCHOOL
 Annual Report and Financial Statements
 For the year ended 30th June 2021

	Fees arrears for the previous year	12,299,217.00	13,145,003.00
	Fees arrears for prior periods (over two years)	23,026,403.19	23,026,403.19
	Total	80,567,715.42	36,171,406.19
12	ACCOUNTS PAYABLE		
	Description	2020-2021	2019-2020
		Kshs	Kshs
	Trade creditors (See ageing below and appendix 1)	-	5,702,723.00
	Prepaid fees	4,567,247.00	-
	TOTAL	4,567,247.00	5,702,723.00
	[Include an ageing of the creditor's arrears below]		
	Description	2020-2021	2019-2020
		Kshs	Kshs
	Trade creditors for current year	13,779,391.00	-
	Trade creditors for the previous year	15,234,365.00	16,668,265.00
	Trade creditors for prior periods (over two years)	-	-
	Total	29,013,756.00	16,668,265.00
13	FUND BALANCE BROUGHT FORWARD		
	Description	2020-2021	2019-2020
		Kshs	Kshs
	Bank balances	6,410,604.86	6,410,604.86
	Cash balances	227,181.23	227,181.23
	Short Term Investments	-	-
	Receivables	845,786.00	845,786.00
	Payables	(5,702,723.00)	(5,702,723.00)
	TOTAL	1,780,849.09	1,780,849.09
	Other important disclosure notes		
14	NON-CURRENT LIABILITIES SUMMARY		
	Description	2020-2021	2019-2020
		Kshs	Kshs
	Bank loan(s)	-	-
	Outstanding Leases	-	-
	Hire purchase	-	-
	Gratuity and leave provision	-	-
	Total	-	-

KAKAMEGA SCHOOL
 PUBLIC SECONDARY SCHOOL
 Annual Report and Financial Statements
 For the year ended 30th June 2021

15 BIOLOGICAL ASSETS			
Description	Numbers	2020-2021 Kshs	2019-2020 Kshs
Cattle	8	560,000.00	560,000.00
Goats			
Trees	1500	12,000,000.00	7,500,000.00
Coffee or tea plantation		-	-
Poultry		-	-
Total		-	-
16 BORROWINGS			
Description		2020-2021 KShs	2019-2020 KShs
a) Borrowings			
Borrowing at beginning of the year		-	-
Borrowings during the year		-	-
Repayments of during the year		-	-
Balance at end of the year		-	-
17 STOCK/INVENTORY			
Description		2020-2021 KShs	2019-2020 KShs
Stock/Inventory		6,540,500.00	320,261,210.00
Stock/ inventory at beginning of the year		365,011,410.00	313,720,710.00
Stock/ inventory purchased during the year		365,908,410.00	307,180,210.00
Stock/ inventory issued during the year		5,643,500.00	6,540,500.00
Balance at end of the year		6,540,500.00	320,261,210.00

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)

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	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1.						
2.						
3.						
Supply of goods						
Allan Imbali	8,000.00	01-02-21	-	8,000.00		
Chapman Self Group	14,900.00	12-01-21	-	14,900.00		
Caleb Isaya	16,000.00	13-03-21	-	16,000.00		
Edwin Nyongesa	24,900.00	01-02-21	-	24,900.00		
Gask Bakery	3,511,925.00	02-06-20	-	3,511,925.00		
Joyce Nasambu	16,500.00	13-01-21	-	16,500.00		
Mowaa Engineering	2,915,500.00	01-06-21	-	2,915,500.00		
Peak-Lab Ltd	1,102,731.00	01-02-21	403,975.00	698,756.00		
Peter Boswell	8,000.00	15-06-21	-	8,000.00		
Stokelys	3,300.00	03-05-21	-	3,300.00		
Marstar Systems	126,000.00	12-01-20	-	126,000.00		
Danvah Ltd	613,200.00	02-11-20	-	613,200.00		
Kairali Enterprises	6,772,540.00	17-01-21	1,884,105.00	4,888,435.00		
Parkhill Enterprise	32,500.00	04-05-21	-	32,500.00		
Dittomax Agencies	43,000.00	24-06-21	-	43,000.00		
Masai Glassmart	297,320.00	05-02-21	136,050.00	161,270.00		
Amanda Pharmacy	63,685.00	05-02-21	-	63,685.00		
Kensoft Computers	530,850.00	10-03-21	423,850.00	107,000.00		
Kisumu Modern	40,000.00	21-06-21	-			

KAKAMEGA SCHOOL

PUBLIC SECONDARY SCHOOL

Annual Report and Financial Statements

For the year ended 30th June 2021

				40,000.00		
Kwemula Enterprise	590,820.00	26-02-21	233,800.00	357,020.00		
Simon Chesebe	69,500.00	04-03-21	-	69,500.00		
TOTAL				13,779,391.00		

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2021
Land 1			198,000,000.00			198,000,000.00
Land 2						
Buildings and structures			203,950,000.00	120,000,000.00		323,950,000.00
Motor vehicles			10,650,000.00			10,650,000.00
Office equipment, furniture and fittings			41,284,025.50			41,284,025.50
ICT Equipment, and Other ICT Assets			3,236,000.00			3,236,000.00
Tools and apparatus			9,341,783.00			9,341,783.00
Textbooks			918,250.00			2,830,760.00
Other Machinery and Equipment			1,739,580.00			1,739,580.00
Heritage and cultural assets						
Intangible assets- soft ware						
Total			271,119,638.50	120,000,000.00		393,032,148.50

