

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY PAPERS LAID	
OF DATE: 05 MAR 2025	DAY: Wednesday
TABLED BY:	Hon Naom Waga MP Deputy Majority Party Whip Ar Shituko

**THE AUDITOR-GENERAL**

**ON**

**WERU SECONDARY SCHOOL**

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

**NYANDARUA COUNTY**

11



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Revised 30<sup>th</sup> June 2021.



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**WERU SECONDARY SCHOOL**

**PUBLIC SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>th</sup> June 2021**

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

WERU SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
ANNUAL REPORT AND FINANCIAL YEAR  
For the year ended 30<sup>th</sup> June 2021

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**1. Acronyms And Glossary Of Terms**

Provide a list of all applicable acronyms and glossary of terms e.g.

BOM: Board of Management

CEB : County Education Board

IPSAS : International Public Sector Accounting Standards

FY: Financial Year

FDSE :Free Day Secondary Education

## 2. Key School Information And Management

### WERU SECONDARY SCHOOLSCHOOL

#### (a) Background information

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

The school was registered in May 1987 under registration number H/A889/87 and is currently categorized as a Sub County school established, owned or operated by the Government.

The school is a Mixed Day school and had 948 and 198 (exclusive of 2020 candidates who had done KCSE) number of students as at 30<sup>th</sup> April 2021 and 30<sup>th</sup> June 2021 respectively.

It has 5 streams and 27 TSC teachers, 1 intern teacher, and 11 teachers employed by the School Board of Management. A total of 39 teachers

#### (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	Mr. Kariuki Njung'e	Chairman-Rep Parents local community	14/03/2019
2	Mr. Francis G. Kamau	Secretary - Principal	14/03/2019
3	Mrs. Jane Kathure Mureithi	Teacher	14/03/2019
4	Mr. Charles Njenga	Member – Rep Parents/Local community	14/03/2019
5	Mrs. Josephine T.Nditrangu	Member – Rep Parents/Local community	14/03/2019
6	Mr. Simon Gachigua	Member – Rep Parents/Local community	14/03/2019
7	Mrs. Serah Waithanji	Member – Rep Parents/Local community	14/03/2019
8	Mr. Titus Karoki	Member – Rep Parents/Local community	14/03/2019
9	Mrs. Ann Wangari M.	Member – Rep persons with special needs	14/03/2019
10	Mrs. Margaret M. Mungai	Member – Rep CEB	14/03/2019
11	Mr. Blacius Mwangi	Member – Rep Sponsor	14/03/2019
12	Mrs. Rose Gachogu	Member – Rep Sponsor	14/03/2019
13	Dr. John Kandiri	Member – Rep Sponsor	14/03/2019
14	MR. Peter Kariuki King'ai	Member – Rep Special Interest group	14/03/2019
15	Mr. Peter N. Gicheru	Member - Co-opted	14/03/2019

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16	Mr. Esther W. Wambugu	Member - Co-opted	14/03/2019
17	Ms. Peris W. Mwaniki	Member – Co-Opted	14/03/2019

**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 students’ 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 paragraph 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	Mr. Kariuki Njung’e Mr. Francis G. Kamau Mr. Peter Kariuki Mr. Simon Gachigua Mr. Blasius Mwangi	Chairman Secretary/Principal Member Member Member	O OUT OF 6

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2	Finance, procurement and general-purpose Committee	Mr. Francis Maina D/P Mr. J. Kimani Bursar Ms. Esther Wabhui Mr. Paul Njuguna Mrs. Lucy Wangui Mr. Jackson Macharia	Chairman Bursar Store H.O.D Games Master H.O.D Humanities H.O.D Sciences	0 OUT OF 6
3	Development Committee	Mr. Simon Gachigua Mr. Francis G. Kamau Mr. Kariuki Njung'e Mr. Charles Njenga Mr. Peter kariuki Mr. Karoki Wachira Mrs. Josphine Ndirangu	Chairman Sec./Principal BOM Chairman Member Member Member Member	1 OUT OF 6
4	Academic Committee	Mr. Kariuki Njung'e Mr. Francis G. Kamau Mrs. Jane Kathure Dr. John Kandiri Mr. Blasius Mwangi Mrs. Rose Gachogu Mrs. Damaris Mwai Mr. Francis Maina Mr. Peterson Kariuki Mrs Peninnah Waigwa Mr. Sammy Kiragu	Chairman Secretary Member Member Member Member Member Member Member Member Member	0 OUT OF 6
5	Discipline and Human Rights	Mr. Kariuki Njung'e Mr. Francis G. Kamau Mr. Francis Maina Mr. Blasius Mwangi Mrs. Margaret Mungai Ms. Srah Waithanji	Chairman Secretary D/Principal Member Member Member	3 OUT OF 6

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		Mr. Peter Ng'ang'a	Member	
		Mr. Francis Maina	Member	
		Mrs. Damaris Mwai	Member	
		Mr. Jackson Macharia	Member	

**(d) School operation Management**

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

Ref:	Designation	Name	TSC Number
1	Chief Principal	Francis G. Kamau	254522
2	Deputy Principal-Administration	Francis Maina	361216
3	Deputy Principal-Academics	Damaris Mwai	347249
4	School Finance Officer	J. K. Kimani	

**(e) Schools contacts**

Post Office Box: 262 Ol-joro- orok

Mobile Number: 0759600040

E-mail: [Werusecondaryschool@gmail.com](mailto:Werusecondaryschool@gmail.com)

**(f) School Bankers**

The school operated 5 number of bank accounts and 1 pay bill number as follows.

1. Name of Bank: KCB  
 Branch: OL KALOU  
 Account: 1102149098

2. Name of Bank: Equity  
 Branch: Nyahururu  
 Account: 0160299069324

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3 Name of Bank KCB  
Branch OL KALOU  
Account 1254709886

4. Name of Bank KCB  
Branch OL KALOU  
Account 1204995060

5. Name of Bank KCB  
Branch OLKALOU  
Account 1102152056

6 Mpesa Pay Bill No.  
Business Number 522123  
Account Number 28633K  
Attached to bank account  
1102149098

**(g) Independent Auditor**  
Office of the Auditor General  
Anniverary Towers, University Way  
P.O Box 30084  
GPO 00100  
Nairobi, Kenya

### 3. 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:

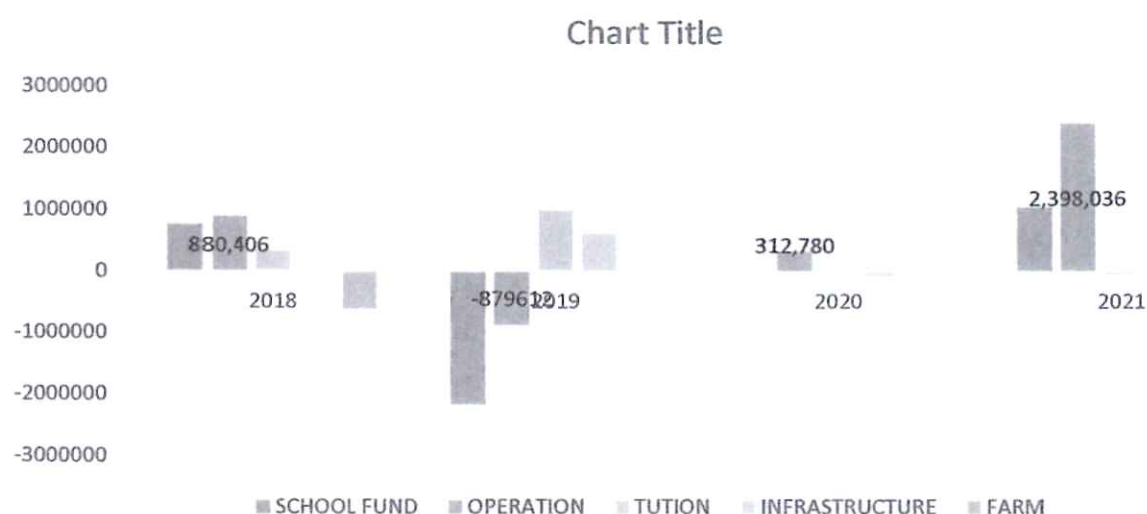
#### a) Financial performance:

Under this section, it reflects the actual financial performance trend for the last three years period between 1<sup>st</sup> January 2018 to 31<sup>st</sup> December 2020 which covers a period of 12 months while

30<sup>th</sup> June 2021 covers a period of 6 months and is summarised as follows:

SURPLUS/DEFICIT FOR THE YEAR AND A COMPARISON OF THE SAME FOR THE LAST FOUR YEARS					
SNO	ACCOUNTS	2021	2020	2019	2018
		Kshs	Kshs	Kshs	Kshs
1	School Fund Account	1,038,5333	(18,755)	(2,172,706)	752,472
2	Operations Account	2,398,036	312,780	(879,612)	880406
3	Tuition Account	(43,099)	(40,493)	989,041	332,803
4	Infrastructure Account	-	(77,817)	607,440	-
5	Farm Account	-	-	-	(626,750)
	<b>TOTAL</b>	<b>3,393,471</b>	<b>175,715</b>	<b>(1,455,837)</b>	<b>1,338,931</b>

#### Trend Over the Last Three Year

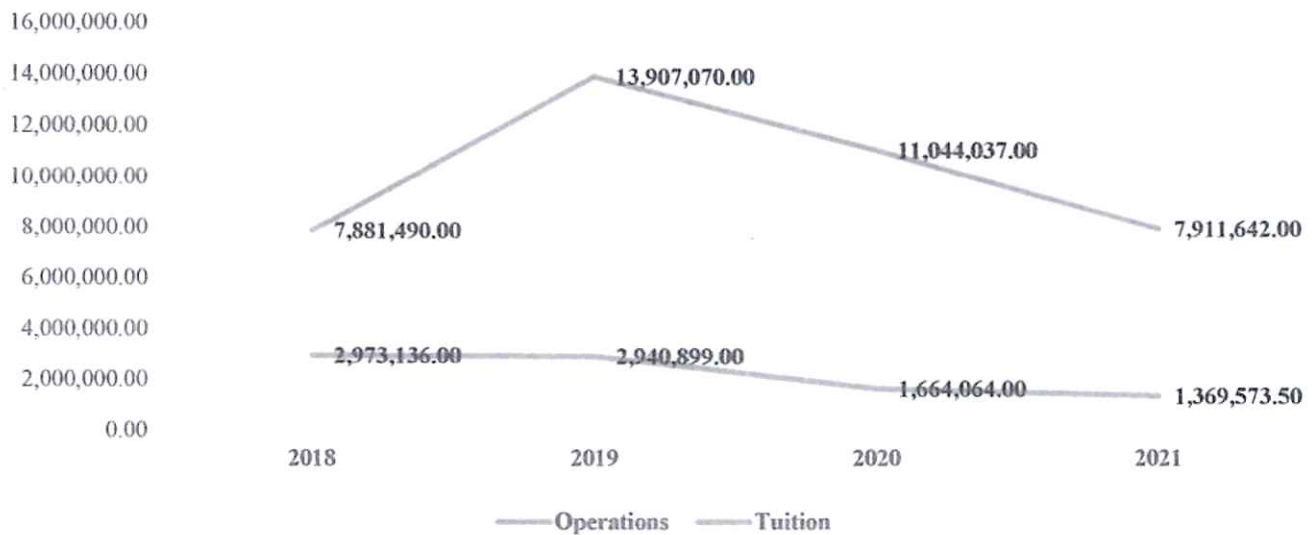


The surplus for the year 2020 decreased by Kshs175,715 from a deficit of Kshs 1,455,837 in the year 2019 due to prolonged closure after abrupt shutting of the schools due to Covid-19.

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<b>CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE LAST THREE YEARS</b>					
<b>SNO</b>	<b>ACCOUNTS</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
		<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>
1	Operations Account	7,911,642	11,044,037	13,907,070	7,881,490
2	Tuition Account	1,369,574	1,664,064	2,940,899	2,973,136
	<b>Total</b>	<b>9,281,216</b>	<b>12,708,101</b>	<b>16,847,969</b>	<b>10,854,626</b>
	<b>Increase/Decrease</b>	<b>(3,426,886)</b>	<b>(4,139,868)</b>	<b>5,993,342</b>	
	No of Students	948	921	829	834
	<b>Ratio of Capitation per student</b>	<b>1:9790</b>	<b>1:13797</b>	<b>1:20323</b>	<b>1:13015</b>

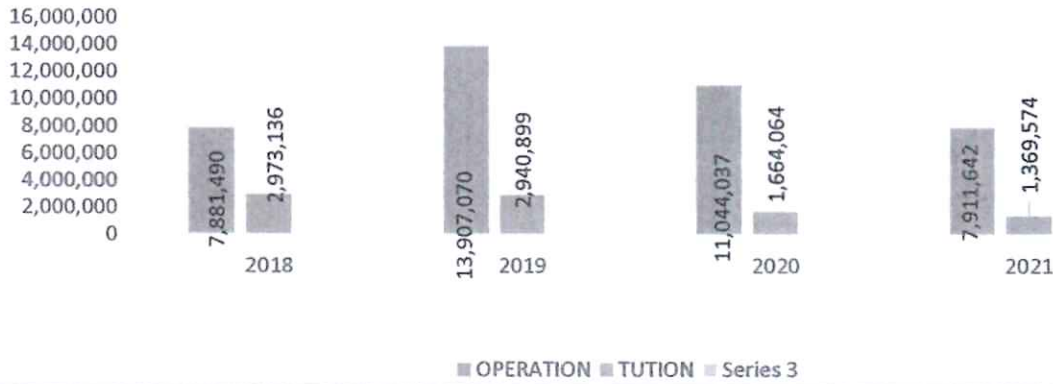
**Trend Over the Last Three Year**



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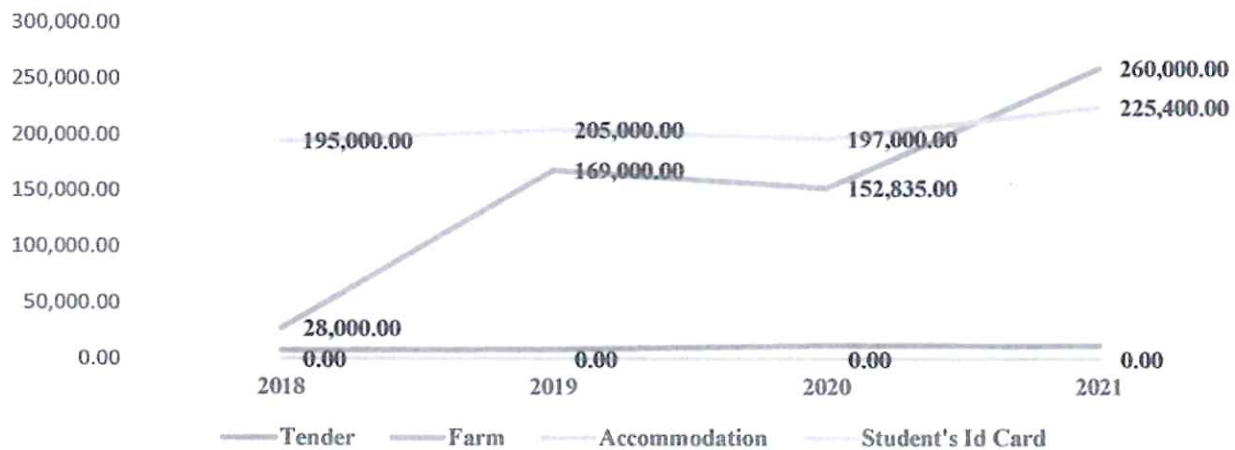
The total capitation grants for Financial year 2021 was 9,281,215.50 as compared to 12,708,101 in 2020 representing a decrease of 3,426,885.50. This decrease is attributed by Covid -19 pandemic

Chart Title

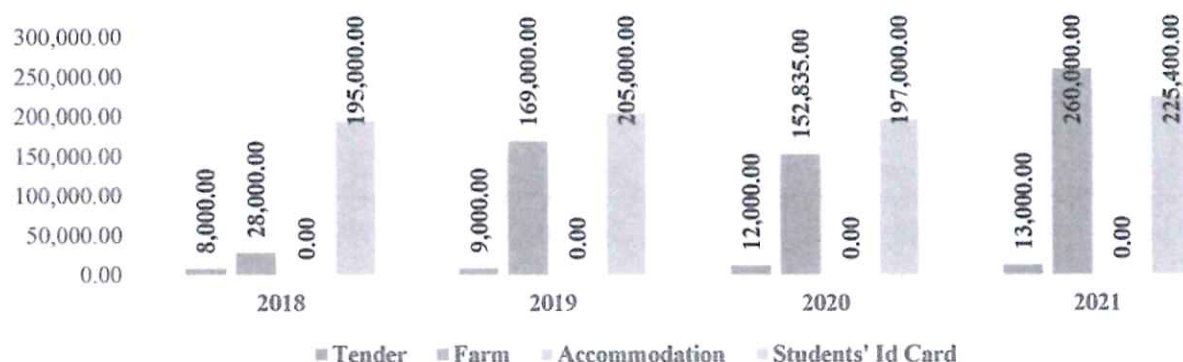


OVERVIEW OF NET GROWTH OF OTHER INCOME(S)					
SNO	ACCOUNTS	2021	2020	2019	2018
		KSHS	KSHS	KSHS	KSHS
1	Tender	12,000	13,000	9,000	8,000
2	Farm	260,000	152,835	169,000	28,000
3	Accommodation	-	-	-	-
4	Students' Id card	225,400	197,000	205,000	195,000
	<b>Total</b>	<b>497,400</b>	<b>362,835</b>	<b>383,000</b>	<b>231,000</b>
	<b>Increase/Decrease</b>	<b>134,565</b>	<b>(20,165)</b>	<b>152,000</b>	<b>35,260</b>

Trend Over the Last Three Years



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The net growth of other income generating activities for the financial year 2021 was Kshs497,400.00 as compared to Kshs362,835.00 in the financial year 2020 which represent an increase of Kshs134,565.00.

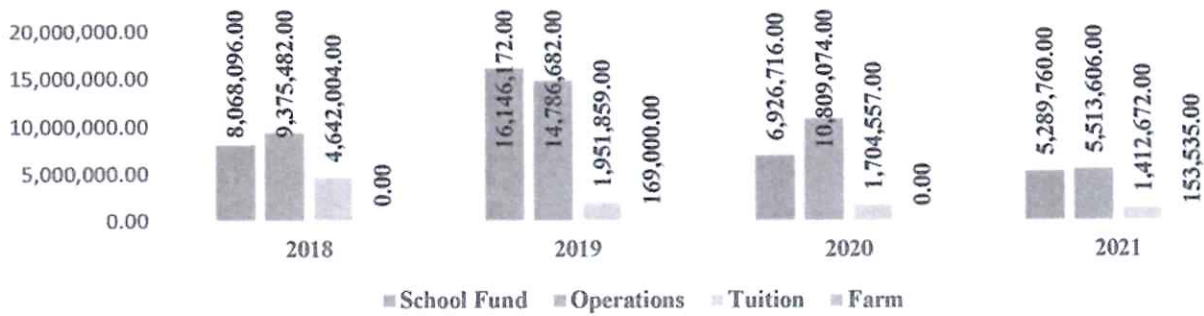
The net growth of other income generating activities for the financial year 2020 was Kshs362,835.00 as compared to Kshs383,000.00 in the financial year 2019 which represent a decrease of Kshs20,165.00.

Both financial years 2021 and 2020 were affected by the Covid-19 pandemic.

OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL					
SNO	ACCOUNTS	2021	2020	2019	2018
		Kshs	Kshs	Kshs	Kshs
1	School Fund Account	5,289,760	6,926,716	16,146,172	8,068,096
2	Operations Account	5,513,606	10,809,074	14,786,682	9,375,482
3	Tuition Account	1,412,672.00	1,704,557	1,951,859	4,642,004
4	Farm Account	153,535	-	169,000	-
	<b>Total</b>	<b>12,369,573</b>	<b>19,440,347</b>	<b>37,820,273</b>	<b>22,085,582</b>
	<b>Increase/Decrease</b>	<b>(7,070,774)</b>	<b>(18,379,926)</b>	<b>15,734,691)</b>	

Trend Over the Last Three Years

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**Trend Over the Last Three Years**

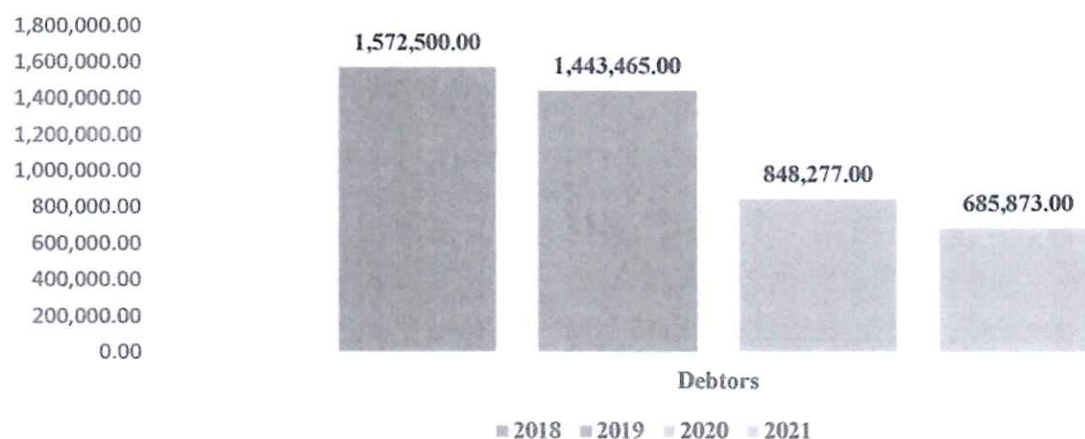


In the financial year 2021 shows a decrease of growth in expenditure which has resulted from the current year covering a period of 6 months, even though the financial year 2020 covers a period of 12 months a decrease has resulted from prolonged abrupt closure of the school due to Covid-19.

MOVEMENT OF DEBTORS OF THE SCHOOL					
SNO	ACCOUNTS	2021	2020	2019	2018
1	<b>School Fund</b>				
	<b>Account</b>				
A	Debtors	685,873	848,277	1,443,465	1,572,500
	<b>Total</b>	<b>685,873</b>	<b>848,277</b>	<b>1,443,465</b>	<b>1,572,500</b>
	<b>Increase/Decrease</b>	<b>(162,404)</b>	<b>(595,188)</b>	<b>(129,035)</b>	<b>97,948</b>

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**Trend Over the Last Three Years**



Total debtors as at 30<sup>th</sup> June 2021 decreased by 123.7% to Kshs685,873.00 compared to

Kshs848,277 as at the end of the financial year 2020. The main contributors to the decrease in total debtors is the students' having less fees balances.

<b>MOVEMENT OF CREDITORS OF THE SCHOOL</b>					
SNO	ACCOUNTS	2021	2020	2019	2018
<b>1</b>	<b>School Fund</b>				
	<b>Account</b>				
A	Creditors	149,200	536,860	78,995	340,880
	<b>Total</b>	<b>149,200</b>	<b>536,860</b>	<b>78,995</b>	<b>340,880</b>
	<b>Increase/Decrease</b>	<b>(387,660)</b>	<b>457,865</b>	<b>(261,885)</b>	<b>240,240</b>

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**Trend Over the Last Three Years**



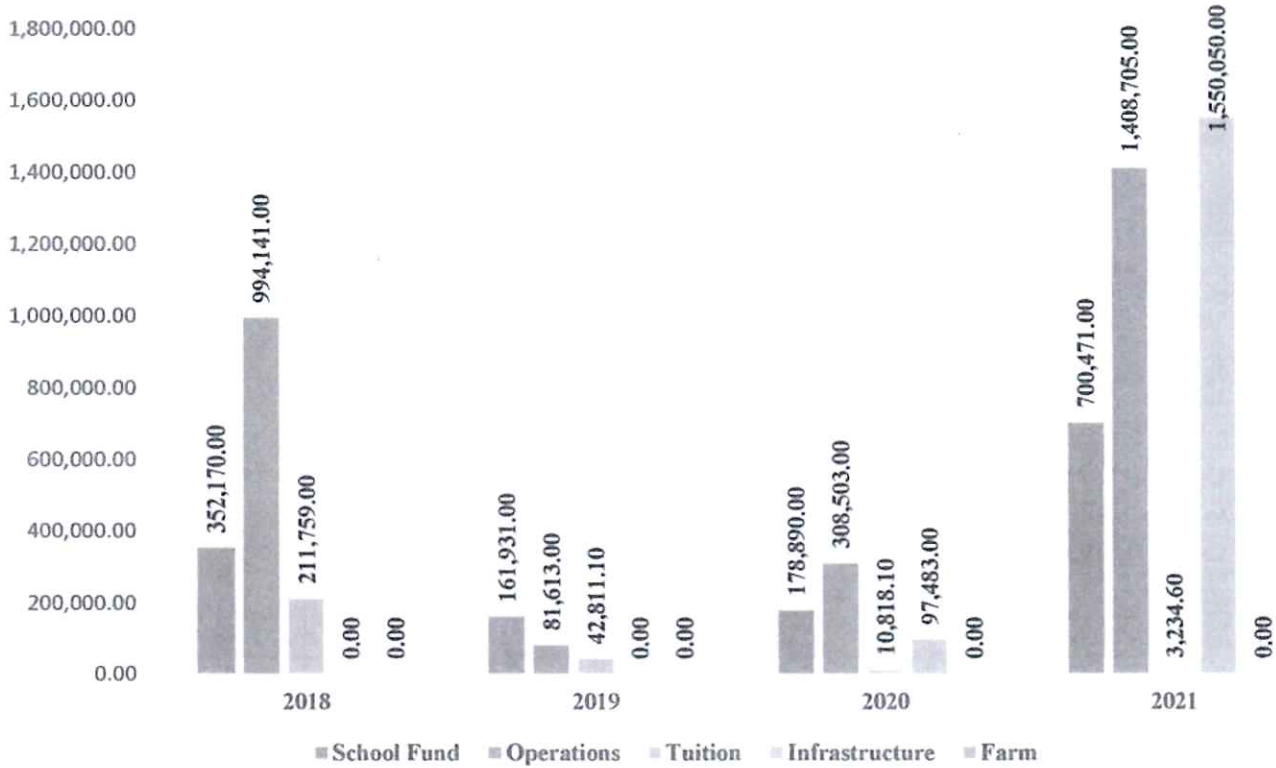
Total creditors as at 30<sup>th</sup> June 2021 decreased by Kshs378,660.00 compared to

Kshs536,860.00 as at the end of the financial year 2020. The main contributor to the decrease in total creditors was due to Covid 19 pandemic.

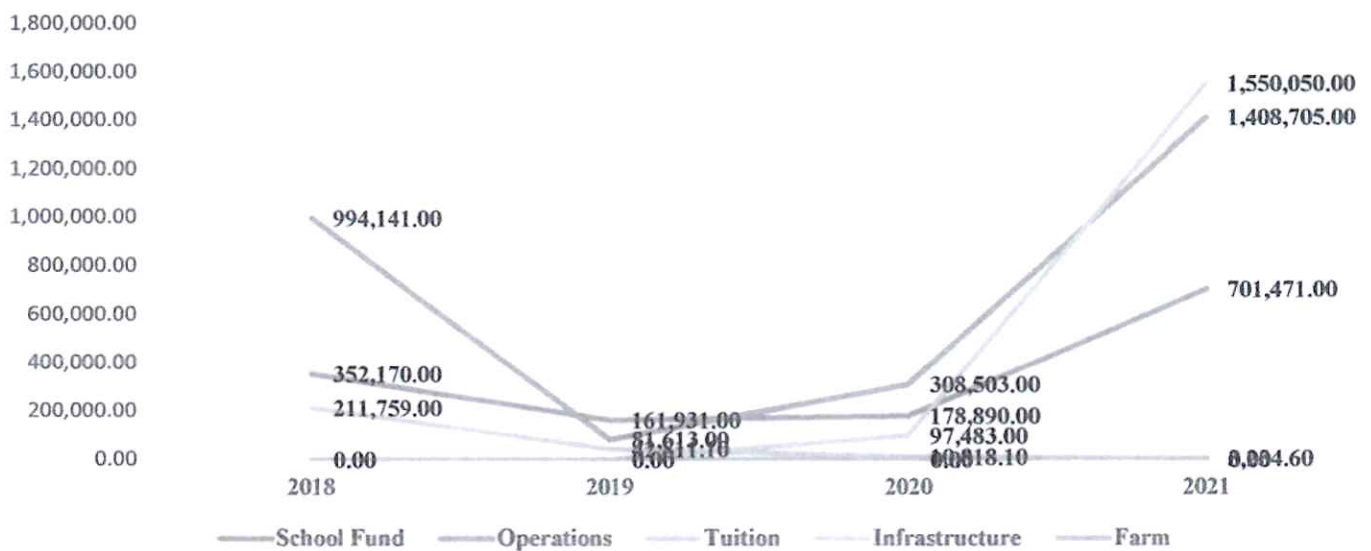
<b>MOVEMENT OF CASH AND BANK BALANCES</b>					
<b>SNO</b>	<b>ACCOUNTS</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
		<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>	<b>KSHS</b>
1	School Fund Account	700,471	178,890	161,931	352,170
2	Operations Account	1,408,705	308,503	81,613	994,141
3	Tuition Account	3,234.60	10,818.10	42,811.10	211,759
4	Infrastructure Account	1,550,050	97,483	-	-
5	Farm Account	-	-	-	-
	<b>Total</b>	<b>3,662,460.60</b>	<b>595,694.10</b>	<b>286,355.10</b>	<b>1,558,070</b>
	<b>Increase/Decrease</b>	<b>3,066,766.50</b>	<b>309,339</b>	<b>(1,271,715)</b>	

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**Trend Over the Last Three Year**



**Trend Over the Last Three Years**



**b) Teacher Student ratio:**

Between the month of January 2021 and June 2021, the status of the teaching staff is as follows:

There are 27 teachers posted by the Teachers Service Commission, 1 intern teacher and 11 recruited by the Board of Management. . We have a shortage of 19 teachers from the given CBE.

**c) Mean score in the year 2018, 2019 and 2020 KCSE:**

YEAR	ENROLMENT	MEAN	TRANSITION	TRANSITION (%)	SCHOOL TARGET	COMMENTS
2021	198	4.1161	213	108%	5.1	
2020	207	4.71498	210	101%	5.2272	
2019	195	4.7783	192	99%	5.6663	

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

Sno.	Project	Year	Status	Amount	Fund Source
1	I. Classroom units II. Boys/Girls toilets III. Roof painting and classrooms renovation IV. Teachers sanitation	2019-2020	COMPLETE	5,198,000	Maintenance/improvement . G.O.K
2	Science laboratory and classrooms renovations.	2020	COMPLETE	3,600,000	Maintenance/improvement. G.O.K
3	Laboratory water/gas system	2020-2021	COMPLETE	1,868,000	Maintenance/improvement. G.O.K
4	Library construction	2021-2022	NOT COMPLETE	3,500,000	Maintenance/improvement. G.O.K

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F. Njung'e

**Kariuki Njung'e**  
**Chair,**  
**Board of Management**

**Date:** 9/7/2024



Francis G. Kamau

**Francis G. Kamau**  
**Secretary,**  
**Board of Management**  
**/Principal**

**Date:** 9.7.2024



J.K. Kimani

**J.K. Kimani**  
**Finance Officer**

**Date:** 9<sup>th</sup> JULY, 2024.

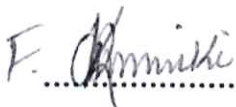
#### 4. Statement Of School Management Responsibility

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

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

The Board of Management of **Weru 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).

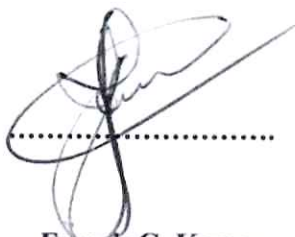
The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school transactions during the financial year ended 30<sup>th</sup> June, 2021, and of the school's financial position as at that date.



**Kariuki Njung'e**

**Chair,  
Board of Management**

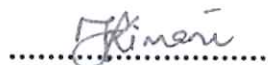
**Date:** 9/7/2024.



**Francis G. Kamau**

**Secretary,  
Board of Management  
/Principal**

**Date:** 9.7.2024.



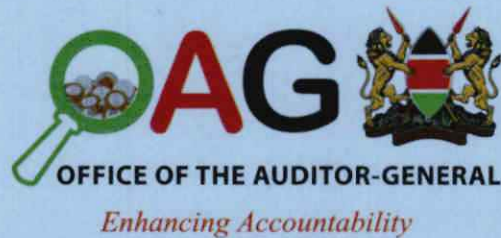
**J. Kimani**

**Finance Officer**

**Date:** 9<sup>th</sup> JULY, 2024.

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON WERU SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2021 - NYANDARUA COUNTY

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### 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 the Government achieves value for money and that such funds are applied for intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Weru Secondary School - Nyandarua County set out on pages 1 to 26, which comprise of the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement

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*Report of the Auditor-General on Weru Secondary School for the year ended 30 June, 2021 - Nyandarua County*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Weru Secondary School - Nyandarua County 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**

- (i) The statement of budgeted versus actual amounts reflects an amount of Kshs.24,452,250 and Kshs.13,048,135 in respect to total expenditure final budget and actual on comparable basis respectively. However, a recalculation of the statement revealed respective amounts of Kshs.28,725,652 and Kshs.16,685,687 resulting to an unreconciled and unexplained variance of Kshs.4,273,402 and Kshs.3,637,552 respectively. In addition, the actual amounts in the statement in respect to total income of Kshs.17,815,148 and total expenditure of Kshs.16,685,687 were at variance with the corresponding balances reflected in the statement of receipts and payments of Kshs.17,099,956 and 13,965,020 respectively, resulting to an unreconciled and unexplained variance of Kshs.715,192 and Kshs.2,720,667 respectively.
- (ii) The statement of receipts and payments reflects capitation grants for tuition of Kshs.1,369,573 and capitation grants for operations of Kshs.6,043,642 whereas the ledger reflected amounts of Kshs.1,219,593 and Kshs.4,511,491 on comparable basis resulting to an unexplained variance of Kshs.149,981 and Kshs.1,532,151 respectively.
- (iii) The statement of assets and liabilities reflects accounts payables balance of Kshs.1,922,563 which as disclosed in Note 14 to the financial statements includes trade creditors balance of Kshs.1,081,098. However, review of Annex 1 to the financial statement reflects pending accounts payables of Kshs. 780,681 resulting to an unreconciled variance of Kshs.300,417.

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

### **2. Unsupported Cash and Cash Equivalents Balance**

The statement of asset and liabilities reflects total cash and cash equivalents balance of Kshs.3,637,563 which includes bank balances of Kshs.3,636,203 and cash in hand

*Report of the Auditor-General on Weru Secondary School for the year ended 30 June, 2021 - Nyandarua County*

balance of Kshs.1,360 respectively. However, the balances were not supported by respective bank reconciliation statements and Board of Survey report.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.3,896,097 could not be confirmed.

### **3. Unsupported Accounts Receivables balance**

The statement of asset and liabilities reflects account's receivables balance of Kshs.6,413,930 which as disclosed in Note 13 to the financial statements represents fee arrears. However, aging analysis and ledger details were not provided to support the balance.

In the circumstances, the accuracy and recoverability of the long outstanding accounts receivables – student debtors balance of Kshs.6,413,930 could not be confirmed.

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

### **Key Audit Matters**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

During the year under review, Management submitted the financial statements to the Auditor General on 26 September, 2023, twenty-four months (24) after the statutory deadline of 30 September, 2021. This was 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. Non-Compliance with the Public Sector Accounting Standards Board Requirements**

The annual report and financial statements cover a period of six (6) months from January, 2021 to June, 2021 with comparative balances for financial year 2020. Therefore, the financial statements have not been prepared for eighteen-months (18) as prescribed by the Public Sector Accounting Standards Board (PSASB). Further, no disclosure was made on the change in the preparation of financial statements from calendar year to the Government fiscal year or on the lack of comparability due to longer period covered by the current financial period. This is contrary to PSASB guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Secondary Schools in Kenya of 20 August, 2021 which requires the first financial statements after adoption of IPSAS to be presented for eighteen (18) months from 1 January, 2020 to 30 June, 2021 with comparatives being for twelve (12) months from 1 January, 2019 to 30 December, 2019.

In the circumstances, Management was in breach of the Ministerial guidelines.

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

During the year under review, Management transferred co-curricular funds totalling Kshs.217,000 to Kenya Secondary School Heads Association (KESSHA) a private entity that is not subject to Public Finance Management Act, 2012 or any other public finance regulations. This is contrary to Regulation 23(2)c of the Public Finance Management (National Government) Regulations, 2015 which requires that an Accounting Officer shall, before transferring any funds to an entity within or outside Government, ensure that there is a written assurance from the entity that it shall implement effective, efficient and transparent financial management and internal control systems, or, if such written assurance is not or cannot be given, render the transfer of the funds subject to conditions and remedial measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems.

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

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

During the year under review, the School received an amount of Kshs.3,525,250 in the operations account that was supposed to be transferred to the school infrastructure bank account for maintenance and improvement of the school facilities. However, Management transferred an amount of Kshs.3,368,00 to the infrastructure bank account, resulting to a deficit of Kshs.157,250. This was contrary to Ministry of Education Circular dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds 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 Ministry's guidelines.

## **5. Shortage in Supply of Textbooks Records**

Review of records revealed that the School expected to receive 4032 text books. However, 3318 text books were received, resulting to a variance of 714 set books that had not been explained. This is contrary to Regulation 139.(1) of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer of a National Government entity to take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse and that movement and conditions of assets can be tracked and stock levels are at an optimum and economical level.

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

The audit was conducted in accordance with the 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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON THE 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 matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Weaknesses in Information Technology Controls**

Review of the School Information Technology (IT) Systems revealed that the School did not have an approved IT Policy for governance and management of its ICT resources. Further, there was no ICT Steering Committee in place to assist in the development of ICT Policy framework to enable the School to realize long-term ICT strategic goals.

In the circumstances, the School may be exposed to financial losses or falsification of records in the absence of information and communication Technology policy.

The audit was conducted in accordance with the 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 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 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 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 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


25 September, 2024

WERU SECONDARY SCHOOL  
 PUBLIC SECONDARY SCHOOL  
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6. Statement Of Receipts and Payments For the Year Ended 30<sup>th</sup> June 2021

Description Of Vote Head	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>Receipts</b>			
Government grants for tuition	1	1,369,574	1,664,064
Government grants for operations	2	6,043,642	11,044,037
Government Grants for infrastructure	3	3,368,000	4,232,300
School fund income- parents' contributions	4	6,228,020	6,907,961
Miscellaneous incomes	5	90,720	-
<b>Total Receipts</b>		<b>17,099,956</b>	<b>23,848,362</b>
<b>Payments</b>			
Tuition	6	1,412,672	1,704,577
Operations	7	5,098,247	10,809,074
Infrastructure	8	1,915,359	4,134,817
Boarding and school fund	9	5,538,742	6,926,716
<b>Total Payments</b>		<b>13,965,020</b>	<b>23,575,184</b>
<b>Surplus/Deficit</b>		<b>3,134,936</b>	<b>273,178</b>

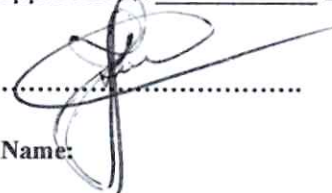
The school financial statements were approved on \_\_\_\_\_ 2021 and signed by:

  
 .....

Name:

Chair BOM

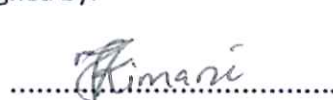
Date: 27/2024  
 .....

  
 .....

Name:

School Principal/ Secretary to BOM

Date: 9.7.2024  
 .....

  
 .....

Name:

Bursar/ Finance Officer

Date: 7<sup>th</sup> JULY, 2024  
 .....

(Comparative FY refers to the financial year preceding the current financial year.)

WERU SECONDARY SCHOOL  
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7. Statement of Assets and Liabilities As At 30<sup>th</sup> June 2021

Description	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and cash equivalents</b>			
Bank balances	10	3,636,203	595,494
Cash balances	11	1,360	605
Short term investments	12	-	-
<b>Total cash and cash equivalent</b>		<b><u>3,637,563</u></b>	<b><u>596,099</u></b>
Account's receivables	13	6,413,930	5,890,515
<b>Total financial assets</b>		<b>10,051,493</b>	<b>6,486,614</b>
<b>Financial liabilities</b>			
Accounts payables	14	(1,922,563)	(1,492,620)
<b>Net financial assets</b>		<b>8,128,930</b>	<b>4,993,994</b>
<b>Represented by</b>			
Accumulated fund b/fwd	15	4,993,994	4,720,816
Surplus/deficit for the year		3,134,936	273,178
<b>Net financial position</b>		<b>8,128,930</b>	<b>4,993,994</b>


The school's financial statements were approved on \_\_\_\_\_ 2021 and signed by:

  
.....

Name:  
Chair BOM  
Date:

  
.....

Name:  
School Principal/ Secretary to BOM  
Date:

  
.....

Name:  
Bursar/ Finance Officer  
Date:

(Comparative FY refers to the financial year preceding the current Financial year.)

WERU SECONDARY SCHOOL  
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**8. Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2021**

Description	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>Cash from Operating Activities</b>			
<b>Receipts</b>			
Government grants for tuition	1	1,369,574	1,664,064
Government grants for operations	2	6,043,642	11,044,037
Government grants for infrastructure	3	3,368,000	4,232,300
School fund income- parents contributions/ fees	4	6,228,020	6,907,961
Other income	5	90,720	-
<b>Total receipts</b>		<b>17,099,956</b>	<b>23,848,362</b>
<b>Payments</b>			
Cash outflows for tuition	6	1,412,672	1,704,577
Cash outflows for operations	7	5,098,247	10,801,074
Cash outflows Boarding/lunch and school fund payments	9	5,538,742	6,926,716
Infrastructure	8	1,915,359	4,134,817
<b>Total payments</b>		<b>13,965,020</b>	<b>23,575,184</b>
<b>Net cash inflow/outflow from operating activities</b>		<b>3,134,936</b>	<b>273,178</b>
<b>Cash flow from investing activities</b>			
Acquisition of assets		-	-
Proceeds from sale of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
<b>Net cash inflow/outflows from investing activities</b>		<b>-</b>	<b>-</b>
		-	-
<b>Cash flow from Financing activities</b>		<b>-</b>	<b>-</b>


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Proceeds from borrowings/ loans	<b>18</b>	-	-
Repayment of principal borrowings		-	-
<b>Net cash inflow/outflow from financing activities</b>		<b>3,134,936</b>	<b>273,178</b>
<b>Net increase/decrease in cash and cash equivalents</b>			
Cash and cash equivalent at beginning of the FY		502,627	322,921
<b>Cash and cash equivalent at end of the FY</b>		<b>3,637,563</b>	<b>596,099</b>

Note: Cash and Cash Equivalent is the summation of Note 10, 11 and 12.

(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 cashflow as recommended by PSASB).

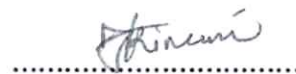
The school's financial statements were approved on \_\_\_\_\_ 2021 and signed by:

  
 .....

Name:  
 Chair BOM  
 Date:

  
 .....

Name:  
 School Principal/ Secretary to BOM  
 Date:

  
 .....

Name:  
 Bursar/ Finance Officer  
 Date:

(Comparative FY refers to the financial year preceding the current Financial year.)

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**9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30<sup>th</sup> June 2021**

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
<b>(1) Capitation Grant on Tuition</b>					
Reference Materials	2,346,000	-	2,346,000	2,261,360	96%
Exercise Books	617,000	-	617,000	138,600	25%
Laboratory Equipment	545,000	-	545,000	568,210	104%
Internal Exams	345,000	-	345,000	339,550	98%
Teaching / Learning Materials	419,480	-	419,480	365,347	87%
Exams And Assessment	-	-	-	-	
<b>SUB-TOTAL</b>	<b>4,272,480</b>	<b>-</b>	<b>4,272,480</b>	<b>3,673,067</b>	<b>86%</b>
<b>(2) Capitation Grant on Operations</b>					
Personnel Emoluments	4,650,600		4,650,600	3,028,244	65%
Repairs And Maintenance	5,597,280		5,597,280	612,380	11%
Local Transport / Travelling	954,960		954,960	629,540	66%

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Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Electricity And Water	874,920		874,920	528,600	60%
Medical	1,840,000		1,840,000	63,842	4%
Administration Costs	894,240		894,240	566,346	63%
Activity	1,380,000		1,380,000	424,700	31%
Gratuity	-		-	-	
<b>SUB-TOTAL</b>	<b>16,192,000</b>		<b>16,192,000</b>	<b>5,853,652</b>	<b>36%</b>
<b>3) FDSE for infrastructure</b>					
Maintenance &Improvement MoE	3,368,000	-	3,368,000	1,915,359	57%
M&I parents' contribution	-	-	-		
Economic Stimulus Programs	-	-	-		
Transition Infrastructure Grants	-	-	-		
<b>SUB-TOTAL</b>	<b>3,368,000</b>	<b>-</b>	<b>3,368,000</b>	<b>1,915,359</b>	<b>57%</b>
<b>(4) Fees Charged on Parents</b>					
Personnel Emoluments	-		-	-	-
Repairs And Maintenance	-		-	-	-

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Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Local Transport / Travelling	-		-	-	-
Electricity And Water	-		-	-	-
Medical	-		-	-	-
Administration Costs	-		-	-	-
Activity	-		-	-	-
SMASSE	-		-	-	-
Fee On Boarding Equipment and Stores	<b>6,392,250</b>	-	<b>6,392,250</b>	<b>6,228,020</b>	<b>97%</b>
<b>5) Misclenous Income</b>					
Loans / Borrowing					
Farm income	130,000		130,000	145,050	116%
Income From Farming Activities					
Insurance Compensation					
Income From Posho Mill					
Income From Bus Hire					

WERO SECONDARY SCHOOL  
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Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Fee For Hire of Ground and Equipment					
Interest Income					
Income From Any Other Investment					
<b>Total Income</b>	<b>30,354,730</b>	<b>-</b>	<b>30,354,730</b>	<b>17,815,148</b>	<b>57%</b>
<i>(6) Expenditure For Tuition</i>					
Reference Materials	2,346,000	-	2,346,000	2,261,360	96%
Exercise Books	617,000	-	617,000	138,600	22%
Laboratory Equipment	545,000	-	545,000	568,210	104%
Internal Exams	345,000	-	345,000	339,550	98%
Teaching / Learning Materials	419,480	-	419,480	329,832	77%
Chalks	-	-	-	-	-
Exams And Assessment	-	-	-	-	-
Teachers Guides	-	-	-	-	-
Administration Costs	-	-	-	-	-
Bank Charges	-	-	-	-	-

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Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>SUB-TOTAL</b>	<b>4,272,480</b>		<b>4,272,480</b>	<b>3,637,552</b>	<b>81%</b>
<b><i>(7) Expenditure For Operations</i></b>					
Personnel Emoluments	4,650,600		4,650,600	1,941,430	42%
Repairs, Maintenance & Improvements	5,597,280		5,597,280	3,368,000	60%
Local Transport / Travelling	954,960		954,960	118,600	12%
Electricity, Water and Conservancy	874,920		874,920	249,100	28%
Medical	1,840,000		1,840,000	9,800	1%
Administration Costs	894,240		894,240	117,119	13%
Activity Expenses	1,380,000		1,380,000	326,795	24%
Gratuity	-	-	-	-	-
SMASSE	-	-	-	-	-
<b>SUB-TOTAL</b>	<b>16,192,000</b>	<b>-</b>	<b>16,192,000</b>	<b>6,130,844</b>	<b>38%</b>
<b><i>(8) Expenditure For infrastructure</i></b>					
Construction of classrooms	1,330,000	-	1,330,000	1,330,000	100%
Construction of LAB	538,000	-	538,000	538,000	100%

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Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of DORMS	-	-	-	-	-
Purchase of furniture	-	-	-	-	-
Bank charges	-	-	922	922	-
<b>SUB-TOTAL</b>	<b>1,868,000</b>	<b>-</b>	<b>1,868,922</b>	<b>1,868,922</b>	<b>100%</b>
<i>(9) Expenditure For school fund/lunch/boarding</i>	-	-	-	-	-
Personnel Emoluments	-	-	-	-	-
Repairs, Maintenance and Improvements	-	-	-	-	-
Local Transport / Travelling	-	-	-	-	-
Electricity, Water and Conservancy	-	-	-	-	-
Medical Expenses	-	-	-	-	-
Administration Costs	-	-	-	-	-

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Activity	-	-	-	-	-
Gratuity	-	-	-	-	-
Lunch Programme	-	-	-	-	-
Boarding Equipment and Stores	6,392,250	-	6,392,250	5,048,369	79%
Expenditure For Income Generating Activity	-	-	-	-	-
Insurance Costs	-	-	-	-	-
Other Expenses On Investments	-	-	-	-	-
Rent Expenses	-	-	-	-	-
Loan Interest Repayment	-	-	-	-	-
Acquisition Of Assets	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>24,452,250</b>	<b>-</b>	<b>24,452,250</b>	<b>13,048,135</b>	<b>53%</b>

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

- i. The school had only received 60% of the expected revenue from 4<sup>th</sup> January 2021 to 30<sup>th</sup> June 2021.
- ii. The school had only utilized 53% of the fees collected from 4<sup>th</sup> January 2021 to 30<sup>th</sup> June 2021.

## 10. Significant Accounting Policies

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

### 1. Statement of compliance and basis of preparation

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

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

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

### 2. Recognition of receipts and payments

The *school* recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the *school*. In addition, the *school* recognises all expenses when the event occurs, and the related cash has actually been paid out by the *school*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

### 3. In-kind contributions

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

### 4. Cash and cash equivalents

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

**5. Accounts Receivable**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. Accounts receivables also include school fees billed to parents for services rendered but not paid. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**6. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

**7. Non-current assets**

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

**8. Budget**

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

**9. Comparative figures**

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

**10. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 20XX.

## 11. Notes To The Financial Statements

### 1 Government Grants for Tuition

Description	2020-2021	2019-2020
	Kshs	Kshs
Reference Materials	-	-
Exercise Books	-	-
Laboratory Equipment	150,000	-
Internal Exams	-	-
Teaching / Learning Materials	1,219,574	1,664,064
Others (specify)*	-	-
<b>Total</b>	<b>1,369,574</b>	<b>1,664,064</b>

*\*Include others as per MOE circulars*

### 2 Government Grants for Operations

Description	2020-2021	2019-2020
	Kshs	Kshs
Personnel Emoluments	3,028,244	3,609,864
Repairs And Maintenance	612,380	4,057,000
Local Transport / Travelling	629,540	633,800
Electricity And Water	528,600	638,059
Medical	63,832	179,800
Administration Costs	756,346	629,800
Activity	424,700	359,600
Other Vote Heads (specify)*	-	936,114
<b>Total</b>	<b>6,043,642</b>	<b>11,044,037</b>

*\*Include others as per MOE circulars*

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**3 Government Grants for infrastructure**

Description	2020-2021	2019-2020
	Kshs	Kshs
Maintenance & Improvement	3,368,000	4,232,300
Transition infrastructure grants		-
Administration Block	-	-
Economic stimulus grants	-	-
Other (specify)(NGCDF and County govt.	-	-
<b>Total</b>	<b>3,368,000</b>	<b>4,232,300</b>

**4 School Fund Income - Parents Contribution/Fees**

Description	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	-	-
Repairs and maintenance	-	-
Local transport / travelling	-	-
Electricity and water	-	-
Medical	-	-
Administration costs	-	12,165
Activity	-	-
Fee on Boarding Equipment and stores	6,228,020	6,895,796
PA Levies*	-	-
Others (specify)	-	-
<b>Total</b>	<b>6,228,020</b>	<b>6,907,961</b>

\*Includes all levies charged by the school outside the fees structure but by mutual agreement with the parents.

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**5 Miscellaneous Incomes**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Rent Income	xxx	-
Income From Farming Activities	90,720	-
Insurance Compensation	-	-
Income From Posho Mill	-	-
Income From Bus Hire	-	-
Fee For Hire of Ground and Equipment	-	-
Income From Grants and Donations*	-	-
Interest Income	-	-
Dividends Income	-	-
Loans/Borrowings*	-	-
Other Income (specify)*	-	-
<b>Total</b>	<b>90,720</b>	<b>-</b>

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

\*Ensure proper authorization from MOE before obtaining loans/borrowings.

\*Indicate what other income relates to including income arising from writebacks if any.

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6 Tuition

Description	2020-2021	2019-2020
	Kshs	Kshs
Exercise Books	138,600	228,306
Textbooks	-	-
Reference materials	-	-
Laboratory Equipment	568,210	353,625
Teaching / Learning Materials	365,347	674,526
Exams And Assessment	339,550	448,100
Teachers Guides	-	-
Bank Charges	965	-
Others ( <i>specify</i> )	-	-
<b>Total</b>	<b>1,412,672</b>	<b>1,704,577</b>

7 Operations

Description	2020-2021	2019-2021
	Kshs	Kshs
Personnel Emoluments	2,468,760	3,608,646
Service Gratuity	-	-
Administration Cost	211,814	241,182
Repairs And Maintenance & Improvements	1,713,378	4,345,035
Local Transport / Travelling	118,600	392,650
Electricity And Water	249,100	449,314
Medical	9,800	15,820

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Activity Expenses	326,795	865,165
Others (specify)	-	813,445
<b>Total</b>	<b>5,098,247</b>	<b>10,809,074</b>

Notes to the Financial Statements (continued)

**8 Infrastructure**

Description	2020-2021	2019-2020
	Kshs	Kshs
Construction of classrooms	1,330,000	
laboratory	538,000	2,841,039
Electricity installation	-	92,308
Purchase of furniture	5,230	-
Purchase of equipment(Water tanks)	-	334,000
Construction of boys toilets	-	174,570
Classrooms Repairs	-	602,900
Administration cost	42,129	90,000
<b>Total</b>	<b>1,915,359</b>	<b>4,134,817</b>

**9 Boarding And School Fund**

Description	2020-2021	2019-2020
	Kshs	Kshs
Personnel Emoluments	565,050	774,403
Service Gratuity	-	-
Repairs And Maintenance & Improvements	237,637	-
Local Transport / Travelling	410,061	-
Electricity And Water	-	-
Medical Expenses	-	-

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Administration Costs	711,823	384,601
Lunch Programme	2,699,130	5,767,712
Bank Charges	-	-
Expenses On Income Generating Activities**	-	-
School farm	153,535	-
	-	-
Insurance Cost (Life Property)	-	-
Loan Principal Repayment	-	-
Loan Interest Repayment	-	-
Acquisition Of Assets	-	-
PA expenses	761,506	-
Others (specify)	-	-
<b>Total</b>	<b>5,538,742</b>	<b>6,926,716</b>

*(Expenses on income generating activities\*\* should include all costs relating to the school earnings on miscellaneous receipts as recorded in note 5. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others).*

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**10 Bank Accounts**

Account Name & Currency	Status	Bank Account Number	2020-2021	2019-2020
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	1102152056	3,234	10,818
Operations Account	Active	1102152366	1,408,705	308,303
School Fund Account/Boarding	Active	1102149098/016 0299069324	655,895	178,890
Savings Account	Active	1204995060	18,340	-
Parent Association Development Account	-	-	-	-
Income Generating Activities Account	-	-	-	-
Infrastructural Account	Active	1254709886	1,550,029	97,483
<b>Total</b>	-	-	<b>3,636,203</b>	<b>595,494</b>

**11 Cash In Hand**

Description	2020-2021	2019-2020
	Kshs	Kshs
Notes and Coins	1,360	605
<b>Total</b>		

**12 Short Term Investments**

Description	2020-2021	2019-2020
	Kshs	Kshs
Fixed Deposit accounts	-	-

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Other Investments	-	-
<b>Total</b>	-	-

Notes to the Financial Statements (continued)

13 Accounts Receivable

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees Arrears	6,413,930	5,890,515
<b>Other Non-Fees Receivables</b>		
Salary Advances (list/schedule attached)	-	-
Imprest (list/schedule attached)	-	-
Rent arrears (list/schedule attached)	-	-
<b>Total</b>	<b>6,413,930</b>	<b>5,890,515</b>

13 b Ageing Analysis of Accounts Receivable

Description	2020-2021		2019-2020	
	Kshs		Kshs	
	Current 2021	% of the total	Comparative 2020	% of the total
Less than 1 year	685,873	11%	848,277	14%
Between 1- 2 years	848,277	13%	1,443,465	25%
Between 2-3 years	4,879,820	76%	3,598,773	61%
<b>Total (should tie to note 13 a)</b>	<b>6,413,930</b>	<b>92%</b>	<b>5,890,515</b>	<b>87%</b>

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**14 Accounts Payable**

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	1,081,098	1,145,940
Prepaid Fees	841,465	346,680
Retention Monies	-	-
Unpaid salaries and statutory deductions	-	-
Caution money	-	-
Other payables ( <i>specify</i> )	-	-
<b>Total</b>	<b>1,922,563</b>	<b>1,492,620</b>

Notes to the Financial Statements (continued)

**14a. Ageing Analysis of Accounts Payable**

Description	2020-2021		2019-2020	
	Kshs		Kshs	
	Current 2021	% of the total	Comparative 2020	% of the total
Less than 1 year	780,681	72%	1,101,800	96%
Between 1- 2 years	300,417	28%	44,140	4%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
<b>Total (should tie to note 14)</b>	<b>1,081,098</b>	<b>106%</b>	<b>1,145,940</b>	<b>98%</b>

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**15 Fund Balance Brought Forward**

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank Balances	3,636,203	595,494
Cash Balances	1,360	605
Short Term Investments	-	-
Receivables	6,413,930	5,890,515
Payables	(1,922,563)	(1,492,620)
<b>Total</b>	<b>8,128,930</b>	<b>4,993,994</b>

**Other important disclosure notes**

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

**16 Non-current Liabilities Summary**

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank Loans	-	-
Outstanding Leases	-	-
Hire Purchase	-	-
Gratuity And Leave Provision	-	-
Others (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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**17 Biological assets**

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle	10	340,000	300,000
Goats	-	-	-
Trees	200	545,000	600,000
Coffee Or Tea Plantation	-	-	-
Poultry	-	-	-
Others (specify)	-	-	-
<b>Total</b>	<b>210</b>	<b>885,000</b>	<b>900,000</b>

**18 Borrowings**

Description	Kshs	Kshs
Borrowings at beginning of the year	-	-
Borrowings during the year	-	-
Repayments during the year	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

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Other important disclosure notes

19 Stock/ Inventory

Description	2020-2021	2019-2020
	Kshs	Kshs
Food stuffs	4,236,408	3,462,408
Lab consumables	362,408	360,224
Farm produce	586,350	436,567
Medication	85,000	71,250
Construction Materials	660,540	587,304
Others (specify)	-	-
	<b>5,875,546</b>	<b>4,917,753</b>

**20. Progress On Follow Up Of Auditor Recommendation**

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: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>

Sign and Date

Principal

## 21. Annexes

### Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current 2021	Outstanding Balance Comparative 2020	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
<b>Construction Of Buildings</b>			-	-	-	
1.	-	-	-			
2.	-	-	-	--	--	
3.	-	-	-		-	
<b>Sub-Total</b>	-	-	-	-	-	
<b>Supply Of Goods</b>						
4. Mwangi Commercial	35,515	30/06/2021	-	35,515	-	
5. Soko butchery	24,000	30/06/2021-	-	24,000	-	
6. Duncan gen stores	95,000	30/06/2021		95,000	-	
7. Trikan agrovet	9,536	30/06/2021		9,536	-	
8. Charma stores	180,380	30/06/2021		180,380		
<b>Sub-Total</b>	<b>344,431</b>	<b>30/06/2021</b>	-	<b>344,431</b>	-	
<b>Supply Of Services</b>						
9. Bom salaries	420,000	30/06/2021	-	420,000	-	
10. Siku njema welders	16,250	30/06/2021	-	16,250	-	

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Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current 2021	Outstanding Balance Comparative 2020	Comments
Sub-Total	436,250	-	-	436,250	--	
Grand Total	780,681			780,681		

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Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1 <sup>st</sup> July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 <sup>th</sup> June 2021
Land	52,000,000	-	-	52,000,000
Buildings And Structures	26,000,000	-	-	26,000,000
Motor Vehicles	6,800,000	-	-	6,800,000
Office Equipment, Furniture And Fittings	1,374,850	-	-	1,374,850
Textbooks	5,486,780	-	-	5,486,780
ICT Equipment	1,418,000	-	-	1,418,000
Tools And Apparatus	1,200,000	-	-	1,200,000
Other Machinery And Equipment	200,000	-	-	200,000
Heritage And Cultural Assets	-	-	-	-
Intangible Assets- Soft Ware	500,000	-	-	500,000
<b>Total</b>	<b>94,979,630</b>	<b>-</b>	<b>-</b>	<b>94,979,630</b>

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