REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

BARANI SECONDARY SCHOOL

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

KILIFI COUNTY

Revised 30th June 2021.

BARANI SECONDARY 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 (IPSAS)

(Leave this it Blank)

Table of Contents Page

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 KILIFI County, MALINDI Sub-County

The school was registered in 1986 under registration number GP/A/3541/2005 and is currently categorized as a SUB-COUNTY public school established, owned or operated by the Government.

The school is a day school and had 2454 Number of students as at *30th June 2021*. It has 12 streams and 98 teachers of which 44 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	DR. MJAHID OTHMAN	Chairman	4.7.2019
2	EMMANUEL S. KITSAO	Secretary - Principal	4.7.2019
3	MOHAMED SALIM	Member	4.7.2019
4	JOSHUA MALINGI MKAMI	Member	4.7.2019
5	HELLEN GUNGA KASICHANA	Member	4.7.2019
6	MARY KIFUE MWADIME	Member	4.7.2019
7	REV. PAUL MUTUNGA KATITHI	Member	4.7.2019
8	DR. MJAHID OTHMAN	Member – Rep CEB	4.7.2019
9	EDDAH SAUTI WANYIKA	Member Rep Teachers	4.7.2019
10	REV. NELLY MLONGO NYAWA	3 Members - Sponsor	4.7.2019
11	GABRIEL TIMOTHEO MWITA	Member – sponsor	4.7.2019
12	TONIA MWENDE MUTUA	Member – sponsor	4.7.2019
13	CHARLES LEWA	Member - Community	4.7.2019
14	JAMAL HASHIM ABDULKADIR	Member Special Needs	4.7.2019
15	YASSIR MOHAMMED	Rep Students	4.7.2019

Key School Information and Management (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

Ref.	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Mr. Mujahid Othman Mr. Emmanuel S. Kitsao Rev. Paul Mutunga Rev. Nelly Mlongo Mr. Gabriel Mwita	Chairman Secretary Member Member Member	**1/3** **1/3** **1/3** **1/3** **1/3**
2	Audit Committee	Hellen Gunga, Mary Mwadime, Kahindi Masha, Gabriel Mwita	Member	2/3
3	Finance,procurement and general purposes Committee	Gabriel Mwita, Kahindi Masha, Rev. Paul Mutunga, Mohamed Salim	Member	2/3
4	Academic Committee	Eddah Sauti, Charles Lewa, Hellen Gunga, Rev. Nelly Mlongo	Member	2/3
5	Development Committee	Mohamed Salim, Rev. Paul Mutunga, Hellen Gunga	Member	2/3
6	Discipline and welfare Committee	Rev Paul Mutunga, Eddah Sauti, Mohamed Salim, Jushua Malingi	Member	14/14
7	Adhoc Committee (if any during the year)	Boaz Imbukwa, Gladys Otieno, Benjamin Nyambu, Isaac Alande, Jaliwa Nickson, Linet Khamati, Eddah Sauti, Fredrick Mikwaya	Member	

(d) School operation Management

For the financial year ended *30th June 2022* the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	MR .EMMANUEL S. KITSAO	313180
2	Deputy Principal	MD. GLADYS AYIETAH OTIENO	351167
3	School Bursar	MR .BENJAMIN NYAMBU	10226153

- **Schools contacts**

Post Office Box: 5054-80200
Telephone: 0729125972
E-mail: baranisec@yahoo.com / thebaranisec2018@gmail.com
Website: NA
Facebook: NA
Twitter: NA

(e) School Bankers

The following school operated 8 Number of bank accounts in the following banks:

1. Name of Bank: Kenya commercial bank
   Branch: Malindi
   Account Number: 1104164426
2. Name of Bank: Kenya commercial bank
   Branch: Malindi
   Account Number: 1104158337
3. Name of Bank: Kenya commercial bank
   Branch: Malindi
   Account Number: 1110404654
4. Name of Bank: Kenya commercial bank
   Branch: Malindi
   Account Number: 1268175145
5. Name of Bank: Kenya commercial bank
   Branch: Malindi

Account Number: 1103065785

6. Name of Bank: Kenya commercial bank

Branch: Malindi
Account Number: 1103064053

7. Name of Bank: Equity bank

Branch: Malindi
Account Number: 0450277581712

8. Name of Bank: Cooperative bank

Branch: Malindi
Account Number: 01139261139000

9. **Independent Auditors**

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

II. Summary Report Of Performance Of The School

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

a) **Financial performance**:

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

	2018	2019	2020	2021
Surplus /deficit	-1,406,197.90	-901,723.42	7,115,027.65	1,521,399.80

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

	2018	2019	2020	2021
Capitation moest	29,473,545.60	33,321,956.58	9,848,544.00	24,196,592.20

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

	2018	2019	2020	2021
Capitation per student	22,246.57	19,635.74	15,548.00	13,296.35

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

	2018	2019	2020	2021
Other income	25,403,652.00	31,990,702.30	25,095,173.00	18,690,073.00

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

-	2018	2019	2020	2021
Expenditure	56,281,124.50	68,093,731.40	47,528,013.35	41,213,369.60

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

	2018	2019	2020	2021
Debtors	1232206.00	1200000.00	5611311.00	3128941.00

	2018	2019	2020	2021
Creditors	2,771,197.00	2,217,628.00	2,976,987.00	3309597.00

Movement of cash and bank balances over the last three years

	2018	2019	2020	2021
Bank balance	4,468,114.38	158,433.98	3,763,883.20	3,248,853.99
Cash balance	8,103.46	7863.46	1,421.31	8,271.61

b) **Teacher Student ratio**:

	c) Teachers	Student
98		2454

Teachers recruited TSC	*1*
Teachers recruited BOM	*5*
Teachers transferred	*2*

Form	***girls***	***Boys***
One	257	424
Two	416	278
Three	381	243
Four	279	176
Total	**954**	**1500**

TSC teachers	54
BOM teachers	44
Total	98

Subject	***NO of teachers***
English	16
Kiswahili	19
Mathematics	30
Biology	17
Chemistry	21
Physics	12
Geography	13
History	19
CRE	16
IRE	6
B/studies	5
Agriculture	4
Computer	3
French	1
Arabic	1

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

e)	***2018***	***2019***	***2020***
Transition to higher education	**29**	*78*	*73*

YEAR	*MEAN SCORE*	*TARGET MEAN*	*IMPROVEMENT*
2018	*4.6056*	*5.5*	*-0.8944*
2019	*5.1073*	*5.5*	*-0.3927*
2020	*5.0613*	*6.0*	*-0.9387*

f) Number of Candidates in the 2021 KCSE:

	2018	**2019**	**2020**	**2021**
No of student sitting KSCE	284	317	360	452

g) **Capacity of the school:**

	NO AVAILABLE	*NO OF STUDENT*
Dining hall	*1*	*2454*
Laboratories	*5*	*2454*
Toilet	*59*	*2454*
Classroom	*42*	*2454*
Temporary Kitchen	*1*	*2454*
makeshift classroom	*12*	*2454*

h) Development projects carried out by the school:

PROJECT UNDERTAKEN	***AMOUNT***	***SOURCE***	***STATUS***
6 classroom story building	*12.3million*	*GOKMOE*	*On-going*

.....

School Principal

BARANI SECONDARY SCHOOL
PRINCIPAL
15 AUG 2022
baranisec@yahoo.com
P.O. Box 5054 - 80200, MALINDI

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 (PSASB) of Kenya from time to time.

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

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

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

.....

Name: **Dr. Mjahid Othman**
Designation: Chairman, School Board of Management
Date: 15/8/2022

.....

Name: **Emmanuel S. Kitsao**
Designation: School Principal& Secretary to Board of Management
Date: 15/08/2022

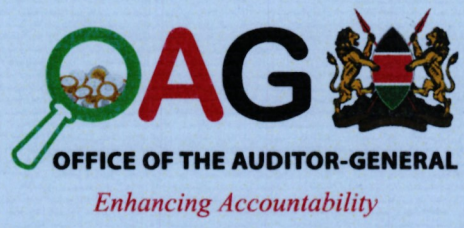
BARANI SECONDARY SCHOOL
PRINCIPAL
15 AUG 2022
baranisec@yahoo.com
P.O. Box 5054 - 80200, MALINDI

.....

Name: **Benjamin Nyambu**
Designation: Bursar/ Finance Officer
Date: 15/08/2022

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 BARANI SECONDARY SCHOOL FOR THE SIX (6) MONTHS PERIOD ENDED 30 JUNE, 2021 - KILIFI COUNTY

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Barani Secondary School - Kilifi County set out on pages 1 to 16, which comprise of the statement of receipts and payments as at 30 June, 2021, statement of financial assets and financial liabilities, statement of cash flows and the statement of budgeted verses actual amounts for the

year then ended, and a summary of significant accounting policies and other explanatory notes 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Barani Secondary School - Kilifi county as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

Unsupported Cash and Cash Equivalents Balance

The statement of financial assets and liabilities reflect cash and cash equivalent balance of Kshs.20,856,844 comprising of bank and cash balances of Kshs.20,848,572 and Kshs.8,272 respectively as disclosed in Notes 8 and 9 to financial statements. The balances are drawn from eight (8) bank accounts maintained by the school. However, two bank accounts were not supported with cash books and bank statements.

In the circumstances, the completeness and accuracy of cash and cash equivalent balance of Kshs.20,848,572 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Non-Compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements

The Public Sector Accounting Standards Board (PSASB) Guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Secondary Schools in Kenya of 20 August , 2021 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. Further, a disclosure note ought to have been included in the financial statements that the reason for preparing for longer period is due to the adoption of IPSAS for school and the change from calendar year to government fiscal year. In addition, a disclosure note should be made in the financial statements that the comparative information may not be comparable due to the longer period covered by the current financial period.

However, Management presented the annual report and financial statements covering six months from January to June 2021 with comparative balances for the year 2020. Therefore, the financial statements have not been prepared for eighteen (18) months as prescribed 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 government fiscal year or on the lack of comparability due to longer period covered by the current financial period.

In the circumstances, Management was in breach of the Public Sector Accounting Standards Board reporting guidelines.

2.0 Lack of Approved Procurement Plan

The school did not have an approved annual procurement plan contrary to Public Procurement and Asset Disposal Regulations 40. (1) A procuring entity shall prepare a procurement plan for each financial year as part of the annual budget preparation process. A head of user department shall submit an annual departmental procurement plan to the accounting officer prior to the commencement of the financial year and shall be implemented in accordance with the timelines set out therein.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of an Approved Risk Management Policy

The school management did not have in place approved risk management policy. Further, there is no evidence that the school has documented, identified and assessed risks and consequently developed controls to respond to risks identified as required.

In the circumstances the effectiveness of measures instituted by management to address risks could not be confirmed.

2. Lack of an Updated Fixed Asset Register

The School provided fixed asset register which was not updated and lacked details such as dates of purchase, the historical costs and the book values of the assets. Further, none of the assets was depreciated. In addition, the asset register reflects land 1 with historical cost of Kshs.80,000,000 which measure 5.03 acres and donated to the school for educational development. However at the time of the audit the management had not obtained the title deed.

In the circumstances, the effectiveness of internal controls over asset management could not be confirmed.

3. Inadequacies of the Board of Management

Review of the Board of Management records for the period under review, revealed that the meetings held by the Board were not as per the set limits of Section 6(1) of fourth schedule of the Basic Education Act, 2013. Further, the sub committees of the Board were not functioning as required by the Basic Education Act. In addition, the school lacked qualified Board members as stipulated in Section 6 of the Basic Education Regulations, 2015.

In the circumstances, the effectiveness of the Board of management in performing the oversight role could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and 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.

4. Failure to Recover Long Outstanding Student Accounts Receivables

The statement of financial assets and financial liabilities and as disclosed in Note 10 to the financial statements reflects a balance of Kshs.11,132,561 on accounts receivable. The balance includes Kshs.7,825,800 on fees arrears which have been outstanding for over two years. However, Management has not demonstrated any efforts in recovering the long outstanding students' fees arrears .Further, the balance has been referenced to Note 10 instead of Note 11 to the financial statements.

In the circumstances, the recoverability of long outstanding accounts receivables balance could not be confirmed.

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 (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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

CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 October, 2023

V. Statement Of Receipts And Payments Period To 30th June 2021

Description Of Vote Head	Note	2021-6 MONTHS Kshs	2020- Kshs
Receipts			
Capitation grants for tuition	1	2,810,692.00	3,295,144.00
Capitation grants for operations	2	26,728,561.00	43,022,472.00
School fund income- parents' contributions	3	15,796,295.0	24,309,981.00
School fund income- other receipts	4	2,893,778.00	785,192.00
Proceeds from borrowings		00.00	00.00
Total Receipts		**48,229,326.20**	**71,412,789.00**
Payments			
Payments for tuition	5	2,757,909.00	3,362,068.00
Payments for operations	6	25,621,466.60	25,350,589.60
Boarding and school fund payments	7	18,328,550.65	20,021,828.75
Total Payments		**46,707,926.40**	**48,734,486.35**
Surplus/Deficit			
		1,521,399.80	**22,678,302.65**

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

.....	.....	.....
Name: Dr. Mjahid Othman	**Name: Emmanuel S. Kitsao**	**Name: Benjamin Nyambu**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 15/8/2022	**Date:** 15/08/2022	**Date:** 15/08/2022

BARANI SECONDARY SCHOOL
PRINCIPAL
15 AUG 2022
baranisec@yahoo.com
P.O. Box 5054 - 80200, MALINDI

VI. Statement Of Financial Assets And Financial Liabilities As At 30th June 2021

Description	Note	2021-6 MONTHS Kshs	2020- Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	8	20,848,572.28	18,880,228.78
Cash balances	9	8,271.61	1,421.31
Short term investment	10	00.00	00.00
Total cash and cash equivalent		**20,856,843.89**	**18,881,650.09**
Account's receivables	10	11,132,561.74	11,253,745.74
Total financial assets		**31,989,405.63**	**30,582,325.25**
Financial liabilities			
Accounts payables	11	(3,309,597.00)	(2,976,987.00)
Net financial assets		28,679,808.63	**27,158,409.05**
Represented by			
Accumulated fund b/fwd	12	**27,158,409.05**	4,927,036.60
Surplus/deficit for the year		1,521,399.80	22,678,302.65
Net financial position		**28,679,808.63**	**27,158,409.05**
			-

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

.....	.....	.....
Name: Dr. Mjahid Othman	**Name: Emmanuel S. Kitsao**	**Name: Benjamin Nyambu**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 15/8/2022	**Date:** 15/08/2022	**Date:** 15/08/2022

BARANI SECONDARY SCHOOL
PRINCIPAL
15 AUG 2022
baranisec@yahoo.com
P.O. Box 5054 - 80200, MALINDI

VII. Statement of Cash Flows for The Period Ended 30th June 2021

Description	Notes	2021-6 MONTHS Kshs	2020- Kshs
Operating activities			
Receipts			
Capitation grants for tuition	1	2,810,692.00	3,295,144.00
Capitation grants for operations	2	26,728,561.00	43,022,472.00
School fund income- parents contributions/ fees	3	17,558,486.00	20,347,082.00
School fund income- other receipts	4	371,867.00	785,192.0
Total receipts		**48,342,806.20**	**67,449,890.00**
Payments			
Payments for tuition	5	2,757,909.00	3,362,068.00
Payments for operations	6	21,022,009.95	24,144,116.60
Boarding and school fund payments	7	17,093,136.65	20,021,828.75
Total payments		40,873,055.60	47,528,013.35
Net cash flow from operating activities		**7,469,750.60**	**19,921,876.65**
Cashflow from investing activities			
Proceeds from sale of assets		00.00	00.00
Acquisition of assets		(5,494,556.80)	(1,206,473.00)
Proceeds from investments		00.00	00.00
Purchase of investments		00.00	00.00
Net cash flows from investing activities		**-5,494,556.80**	**-1,206,473.00**
Cashflow from borrowing activities			
Proceeds from borrowings/ loans		00.00	00.00
Repayment of principal borrowings		00.00	00.00
Net cash flow from financing activities		**00.00**	**00.00**
Net increase in cash and cash equivalents		**1,975,193.20**	**18,715,403.65**
Cash and cash equivalent at beginning of the year		**18,881,650.09**	**166,246.44**
Cash and cash equivalent at end of the year		**20,856,843.89**	**18,881,650.09**

(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).

VIII. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Receipts						
(1) Capitation Grant on Tuition						
Teaching / Learning Materials	3,527,050.00	460,050.00	3,987,100.00	2,810,692.00	1,176,408.00	70.5%
(2) Capitation Grant on Operations						
p/emolument	4,161,850.00	900,000.00	5,061,850.00	3,872,742.00	1,189,108.00	76.5%
Administration cost	1,391,500.00	181,500.00	1,663,750.00	1,951,996.20	288,246.20	82.7%
Activity	1,725,000.00	225,000.00	1,950,000.00	00.00	1,950,000.00	100%
Local travel and transport	1,715,800.0	223,800.00	1,939,600.00	1,839,343.00	100,257.00	94.8%
EWC	2386250.00	311250.00	2697500.00	1858330.00	839,170.00	6991%
Infrastructure	6,900,000.00	900,000.00	7,800,000.00	8,071,750.00	271,750.00	96.5%
(3) Fees Charged on Parents						
Personnel Emoluments	15,735,300.00	00.00	15,735,300.00	6,082,320.00	9,652,980.00	38.7%
Lunch program	10,714,700.00	00.00	10,714,700.00	4,750,250.00	5,964,450.00	44.33%
Total Income	**48,257,450.00**	**3,201,600.00**	**51,549,800.00**	**31,237,423.20**	**21,432,369.2**	
(1) Expenditure For Tuition						
Teaching / Learning Materials	3,527,050.00	460,050.00	3,987,100.00	2,757,909.00	1,229,191.00	70.2%

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
(2) Expenditure For Operations						
p/emolument	4,161,850.00	900,000.00	5,061,850.00	3,833,978.00	1,227,872.00	75.7%
Administration cost	1,391,500.00	181,500.00	1,663,750.00	4,593,735.05	2,929,985.05	276%
Activity	1,725,000.00	225,000.00	1,950,000.00	110,730.00	1,839,270.00	4.7%
Local travel and transport	1,715,800.0	223,800.00	1,939,600.00	1,367,640.00	571,960.00	61.5%
EWC	2,386,250.00	311,250.00	2,697,500.00	2,674,010.90	23,489.10	99.1%
Infrastructure	6,900,000.00	900,000.00	7,800,000.00	7,546,816.00	253,184.00 F	**96.8%**
(3) Expenditure For School Fund						
Lunch program	15,735,300.00	00.00	15,735,300.00	8,451,740.40	7,283,559.60	53.8%
BOM teachers	10,714,700.00	00.00	10,714,700.00	7,353,339.25	3,361,360.75	68.6%
Totals	**48,257,450.00**	**3,201,600.00**	**51,549,800.00**	**38,689,899.00**	**18466688.00**	x

1. Teaching and learning – we only received 2nd and 3rd term fees, this was due to covid 19
2. Activity programs were suspended due to covid 19
3. Lunch program. Fees collection was affected by covid 19
4. Board of management teachers. Fees collection was affected by covid 19

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. **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.

4. **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.

5. **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.

6. **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.

7. **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.

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

9. **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

Description	2021-6 MONTHS Kshs	2020- Kshs
Teaching / Learning Materials	2,810,692.00	3,295,144.00
Total	**2,810,692.00**	**3,295,144.00**

2 Capitation Grant for Operations

Description	2021-6 MONTHS Kshs	2020- Kshs
Personnel Emoluments	3,872,742.00	7,313,124.00
Repairs And Maintenance	8,071,750.00	7,120,000.00
Local Transport / Travelling	1,839,343.00	2,000,000.00
Electricity And Water	1,858,330.00	1,800,000.00
Medical	00.00	00.00
Administration Costs	1,951,996.20	3,000,000.00
Activity	00.00	712,000.00
Acquisition of asset(infrastructure account)	7,531,000.00	16,769,748.00
COVID 19	00.00	1,072,000.00
BOM teachers	00.00	1,865,200.00
Total	**26,728,561.20**	**43,022,472.00**

3 Parents Contribution/Fees - School Fund Account

Description	2021-6 MONTHS Kshs	2020- Kshs
Personnel emoluments/BOM teachers	7,035,711.00	8,737,134.00
Lunch program	8,760,584.00	14,963,437.00
Total	**15,796,295.00**	**23,700,571.00**

4 Other Receipts – School Fund Account

Description	2021-6 MONTHS Kshs	2020- Kshs
Ground hire	354,867.00	658,192.00
Tender sale	17,000.00	73,000.00
Bus hire	00.00	54,000.00
Refund	2,521,911.00	609,410.00
Total	**2,893,778.00**	**1,394,602.00**

5 Payments For Tuition

Description	2021-6 MONTHS	2020-
	Kshs	Kshs
Teaching and learning material	2,696,885.00	1,083,891.00
Exercise books	00.00	808,450.00
Lab equipment	00.00	452,090.00
Internal examination	00.00	970,883.00
Bank charges	1,948.00	1,374.00
Reference and text books	59,076.00	45,380.00
Total	**2,757,909.00**	**3,362,068.00**

6 Payments For Operations

Description	2021-6 MONTHS	2020-
	Kshs	Kshs
Personnel Emoluments	3,833,978.00	6,493,423.00
Service Gratuity	00.00	65,100.00
Administration Cost	4,593,735.05	2,918,641
Repairs And Maintenance & Improvements	7,546,816.0	8,639,620.60
Local Transport / Travelling	1,367,640.00	754,440.00
Electricity And Water	2,674,010.90	1,565,093.00
Medical	6,190.00	320,354.00
Activity Expenses	30,000.00	465,290.00
Acquisition Of Assets	5,494,556.80	1,206,473.00
BOM teachers	00.00	181,600.00
COVID19	74,540.00	1,103,555.00
Total	**25,125,161.20**	**41,652,072.00**

Notes To The Financial Statements (Continued)

7 Boarding And School Fund Payments

Description	2021-6 MONTHS Kshs	2020- Kshs
Lunch program	8,451,740.40	11,861,246.55
BOM teachers	7,353,339.25	7,946,563.20
Ground hire	1,560.00	34,745.00
Bus hire	00.00	6,500.00
Gratuity	00.00	70,000.00
Refund	2,521,911.00	102,774.00
Total	**18,328,550.65**	**20,021,828.75**

Notes To The Financial Statements (Continued)

8 Bank Accounts

Name Of Bank, Account No. & Currency	Bank Account Number	2021-6 MONTHS Kshs	2020- Kshs
Tuition Account	1104164426	67,124.85	14,341.85
Operations Account	1104158337	1,088,419.20	2,046,517.25
School Fund Account/Boarding	1110404654	996,460.53	429,590.18
Savings Account			
Parent Association Development Account	1103065785	16,181.00	376,181.00
P/E	1103064053	111,210.80	111,210.80
Infrastructural Account	1268175145	17,599,718.20	15,563,275.00
Equity Bank	0450277581712	189,713.00	86,230.00
Cooperative Bank	01139261139000	779,795.00	252,933.70
Total		**20,846,523.28**	**18,880,279.78**

9 Cash In Hand

Description	2021-6 MONTHS Kshs	2020- Kshs
Tuition Account	00.00	00.00
Operation Account	7,550.90	701.60
School Fund account	720.71	719.71
Total	**8,271.61**	**1,421.31**

10 Short Term Investments

Description	2021-6 MONTHS Kshs	2020- Kshs
Cooperative Shares	00.00	00.00
Treasury Bills	00.00	00.00
Fixed Deposit	00.00	00.00
Equity Stock	00.00	00.00
Other Investments	00.00	00.00
Total	00.00	00.00

Notes To The Financial Statements (Continued)

11 Accounts Receivable

Description	2021-6 MONTHS Kshs	2020- Kshs
Fees Arrears	10,954,741.74	11,253,745.74
Other Non-Fees Receivables	00.00	00.00
Salary Advances	73,220.00	00.00
Imprest	104,600.00	00.00
Total	**11,132,561.74**	**11,253,745.74**

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

Description	2021-6 MONTHS Kshs	2020- Kshs
Fees Arrears For Current Year	3,128,941.00	5,611,311.00
Fees Arrears For The Previous Year	6,265,618.74	1,200,000.00
Fees Arrears For Prior Periods (Over Two Years)	1,560,182.00	4,442,434.74
Total	**10,954,741.74**	**11,253,745.74**

12 Accounts Payable

Description	2021-6 MONTHS Kshs	2020- Kshs
Trade Creditors (See Ageing Below and Appendix 1)	00.00	00.00
Prepaid Fees	3,309,597.00	2,976,987.00
Retention Monies	00.00	00.000
Total	**3,309,597.00**	**2,976,987.00**

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

Description	2021-6 MONTHS Kshs	2020- Kshs
Trade Creditors for Current Year	00.00	00.00
Trade Creditors for The Previous Year	00.00	00.00
Trade Creditors for Prior Periods (Over Two Years)	00.00	00.00
Total	00.00	00.00

Notes To The Financial Statements (Continued)

13 Fund Balance Brought Forward

Description	2021-6 MONTHS Kshs	2020- Kshs
Bank Balances	18,880,228.78	18,880,228.78
Cash Balances	1,421.31	1,421.31
Short Term Investments	00.00	00.00
Receivables	11,253,745.74	11,253,745.74
Payables	(2,976,987.00)	(2,976,987.00)
Total	**27,158,408.83**	**27,158,408.83**

Other important disclosure notes

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

14 Non-current Liabilities Summary

Description	2021-6 MONTHS Kshs	2020- Kshs
Bank Loan(S)	00.00	00.00
Outstanding Leases	00.00	00.00
Hire Purchase	00.00	00.00
Gratuity And Leave Provision	00.00	00.00
Total	00.00	00.00

15 Biological assets

Description	Numbers	2021-6 MONTHS Kshs	2020- Kshs
Cattle		00.00	00.00
Goats		00.00	00.00
Trees		00.00	00.00
Coffee Or Tea Plantation		00.00	00.00
Poultry		00.00	00.00
Total		00.00	00.00

16 Borrowings

Description	2021-6 MONTHS	2020-

	Kshs	Kshs
a) Borrowings		
Borrowing at beginning of the year	00.00	00.00
Borrowings during the year	00.00	00.00
Repayments of during the year	00.00	00.00
Balance at end of the year	00.00	00.00

Other important disclosure notes

17 Stock/ Inventory

Description	2021-6 MONTHS	2020-
	Kshs	Kshs
b) Inventory		
Stock/ inventory at beginning of the year	00.00	00.00
Stock/ inventory purchased during the year	00.00	00.00
Stock/ inventory issued during the year	00.00	00.00
Balance at end of the year	00.00	00.00

18 Progress On Follow Up Of Auditor Recommendations

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

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

Sign and Date
Principal

BARANI SECONDARY SCHOOL
PRINCIPAL
15 AUG 2022
baranisdc@yahoo.com
P.O. Box 5054 - 80200, MALINDI

Annex 1 - Analysis Of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX-1	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1. NA	00.00	00.00	00.00	00.00	00.00	
Sub-Total	00.00	00.00	00.00	00.00	00.00	
Supply Of Goods						
2. NA	00.00	00.00	00.00	00.00	00.00	
Sub-Total	00.00	00.00	00.00	00.00	00.00	
Supply Of Services						
3. NA	00.00	00.00	00.00	00.00	00.00	
Sub-Total	00.00	00.00	00.00	00.00	00.00	
Grand Total	00.00	00.00	00.00	00.00	00.00	

Annex 2 – Summary Of Fixed Assets Register

Asset Class	Date purchased	Location	Historical Cost b/f (Kshs) 1st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2022
Land 1	1986/01/01	BARANI	80,000,000.00	00.00	00.00	80,000,000.00
Buildings And Structures	2021/01/01	BARANI	75,000,000.00	00.00	00.00	755,000,00.00
Motor Vehicles	2021/01/01	BARANI	1700,000.00	00.00	00.00	1700,000.00
Office Equipment, Furniture And Fittings	2021/01/01	BARANI	13,204,915.00	00.00	00.00	13,204,915.00
ICT Equipment, And Other ICT Assets	2021/01/01	BARANI	3,611,000.00	00.00	00.00	3,611,000.00
Tools And Apparatus	2021/01/01	BARANI	6,141,849.00	00.00	00.00	6,141,849.00
Textbooks	2021/01/01	BARANI	24,889,373.00	00.00	00.00	24,889,373.00
Other Machinery And Equipment	2021/01/01	BARANI	3,047,670.00	00.00	00.00	3,047,670.00
Heritage And Cultural Assets	2021/01/01	BARANI	600,000.00	00.00	00.00	600,000.00
Intangible Assets- Soft Ware			208,194,807.00	00.00	00.00	208,194,807.00
Total						