

REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 16 JUN 2026	DAY: Tuesday
TABLED BY:	Hon. Naomi Wanjiku CB, MP (Deputy Majority Party Leader)
CLERK-AT THE-TABLE:	Female

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**KARATI
SECONDARY SCHOOL**

**FOR THE YEAR ENDED
30 JUNE, 2024**

NYANDARUA COUNTY



KARATI SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024

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

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1. Acronyms and Definition of Key Terms

A. Acronyms.

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day Secondary Education
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary Education

B. Definition of Key Terms

Comparative Year- Means the prior period.

2. Key School Information and Management

(a) Background information

The school is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is in **NYANDARUA** County, **KINANGOP** Sub-County.

The school was registered in **26/07/2021** under registration number **18-S-0030-0951** and is currently categorized as a **County** public school established, owned or operated by the Government.

The school is a mixed day/boarding school and had 366 number of students as at *30th June 2024*. It has 2 streams and 18 teachers of which 1 teacher is 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	Mr. Solomon Wanyeki	Chairman	12/05/2022
2	Ms.Keziah W.Mwangi	Secretary - Principal	12/05/2022
3	Mr.David Njoroge	Member	12/05/2022
4	Mrs.Mary Wangui	Member	12/05/2022
5	Mrs.Hannah Wangari	Member	12/05/2022
6	Mr.John Maina	Member	12/05/2022
7	Mrs.Teresiah Wanjiru Mwangi	Member	12/05/2022
8	Mr.Ngwata Francis	Member – Rep CEB	12/05/2022
9	Mr.Onkoba Hamphery	Member Rep Teachers	12/05/2022
10	Mr.John Muhia Mrs.Florence Njoki Njoroge Rev.Stanely Njenga	3 Members - Sponsor	12/05/2022
11	Mr.Moses Kamonye	Member - Community	12/05/2022
12	Mr.Philip Mundia	Member Special Needs	12/05/2022
13	Mary Wangari	Rep Students	12/05/2022

The functions of the School Board of Management are to:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1. Mr.Solomon Wanyeki 2. Ms.Keziah W.Mwangi 3. Mr.Harrison Gichoya 4. Mrs.Florence Njoki	Bom Chair Principal Pa Chair Bom Member	3 out of 3
2	Audit Committee	1. Mr.Solomon Wanyeki 2. Ms.Keziah W.Mwangi 3. Mr.Moses Kamonye 4. Mr.John Muhia 5. Mr.John Maina 6. Rev.Thomas Muchiri 7. Mrs.Pauline Mwihaki 8. Mr.Wachira Migwi	Bom Chair Secretary Bom Member Bom Member Bom Member Bom Member Bom Member Bom Bursar	3 out of 3
3	Finance,procurement and general purposes Committee	1. Mr.Solomon Wanyeki 2. Ms.Keziah W.Mwangi 3. Mr.Moses Kamonye 4. Mr.John Muhia 5. Mr.John Maina 6. Rev.Thomas Muiruri 7. Mrs.Pauline Mwihaki 8. Mr.Wachira Migwi	Bom Chair Secretary Bom Member Bom Member Bom Member Bom Member Bom Member Bom Bursar	2 TIMES

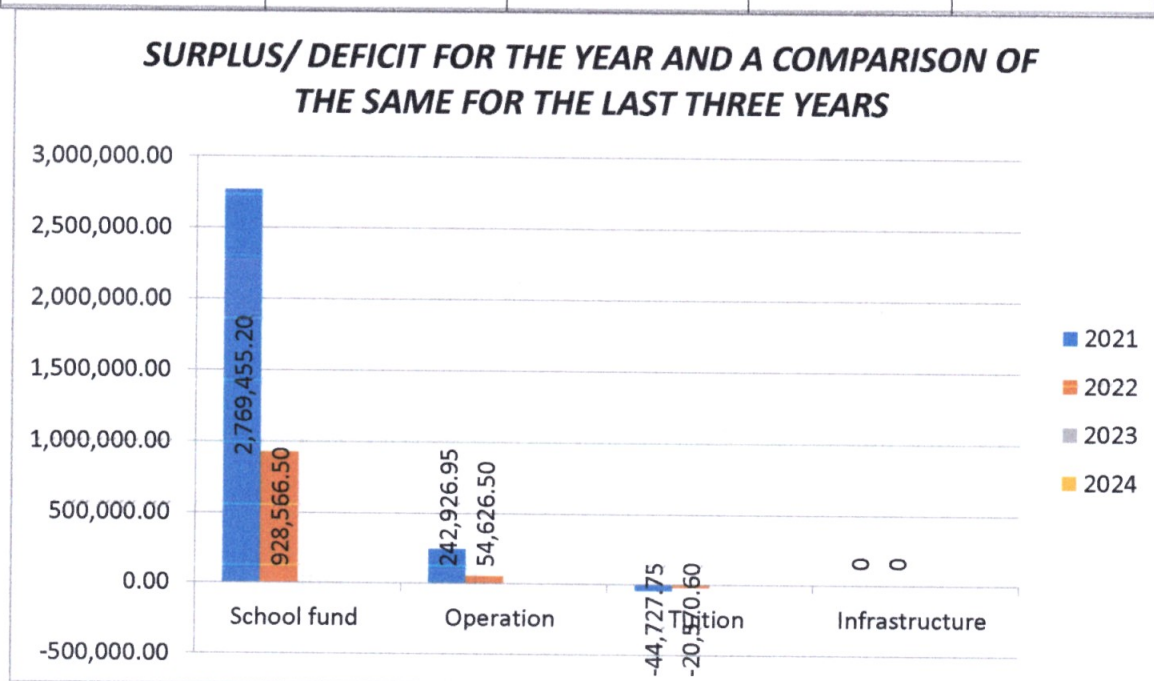
3. Summary Report of Performance of The School

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

a) Financial performance:

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

Accounts	2021	2022	2023	2024
School fund	2,769,455	928,566	-	-
Operation	242,927	54,626	-	-
Tuition	(44,728)	(20,571)	-	-
Infrastructure	-	-	-	-
Total	2,967,654	962,316	(2,353,710)	1,129,315
Increase/decrease	2,389,947	2,036,824	(1,391,393)	1,224,394



In the year 2024 the surplus increases for a deficit of Ksh.(2,353,709) to a surplus of Ksh.1,129,315 due to the fact that no infrastructure project was done during the financial year.

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

(d) School operation Management

For the financial year ended 30th June, 2024 the School's day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	Ms.Keziah.W.Mwangi	TSC No. 424365
2	Deputy Principal	Mr.Boniface Mwagi	TSC No. 420002
3	School Bursar		ICPAK No.
4	School Bursar	Mr.Migwi Wachira	Id No: 22151903

(e) Schools contacts

Post Office Box: 334-20319
Telephone: 0721251226
E-mail: karatisec2019@gmail.com

(f) School Bankers

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

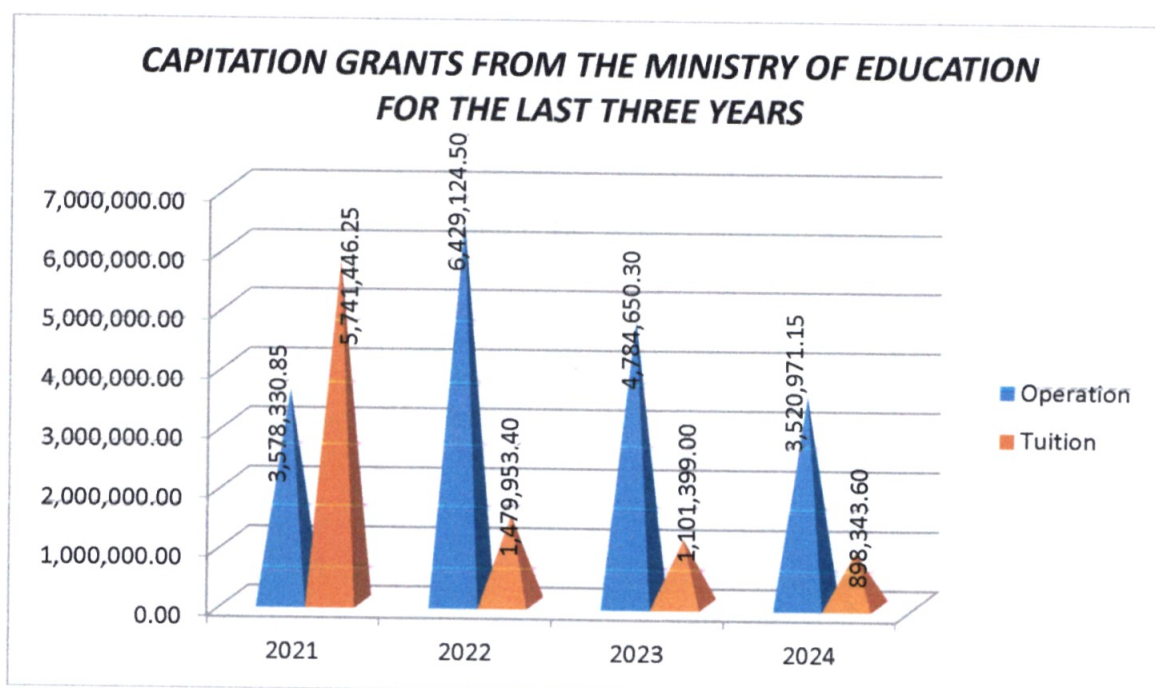
1. Name of Bank: Kenya Commercial Bank
Branch: Njabini
Account Number: 1104316722
2. Name of Bank: Kenya Commercial Bank
Branch: Njabini
Account Number: 1104316153
3. Name of Bank: Kenya Commercial Bank
Branch: Njabini
Account Number: 1104307103
4. Name of Bank: Kenya Commercial Bank
Branch: Njabini
Account Number: 1260731537
5. Name of Bank: Equity Bank
Branch: Njabini
Account Number: 0200197637458

(g) Independent Auditors

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

4	Academic Committee	1. Mr.Solomon Wanyeki 2. Ms.Keziah W.Mwangi 3. Mr.Ngwata Francis 4. Mrs.Teresiah Wanjiru Mwangi 5. Mr.Philip Mundia 6. Rev.Stanely Njenga 7. Mrs.Hannah Wangari	Chair Bom Bom Secretary Member Bom Member Bom Member Bom Member Bom Member Bom	2 TIMES
5	Development Committee	1. Mr.Solomon Wanyeki 2. Ms.Keziah W.Mwangi 3. Mr.Harrison Gichoya 4. Mr.David Njoroge 5. Ms.Mary Wangui	Bom Chair Secretary Bom Member Bom Member Bom Member Bom	3 TIMES
6	Discipline and welfare Committee	1. Mr.Mwangi 2. Ms.Ngandu 3. Mr.Odanga 4. Ms.Nduba 5. Ms.Lydia 6. Mr.Njoroge 7. Md.Wainaina 8. Md.Ng'etich 9. Ms.Sharon 10. Mr.Solomon Wanyeki 11. Mr.David Thiog'o	D/Principal Member Member Member Member Member Member Member Member Member Member	3TIMES
7	Adhoc Committee (if any during the year)			

Accounts	2021	2022	2023	2024
Operation	3,578,330	6,429,124	4,784,650	3,520,971
Tuition	571,446	1,479,953	1,101,399	898,343
Total	4,150,771	7,909,078	5,886,049	4,419,315
Increase/decrease	224,887	3,758,307	(2,023,028)	(1,466,734)
No.of students	442	459	374	366
Ration of capitation per student	1:18,153	1:17,231	1:15,738	1:12,075



In the year 2021, the total capitation was Ksh.4,150,771 with an increase of Ksh.224,887 from 2020. This is due to increase in the number of students compared to year 2020.

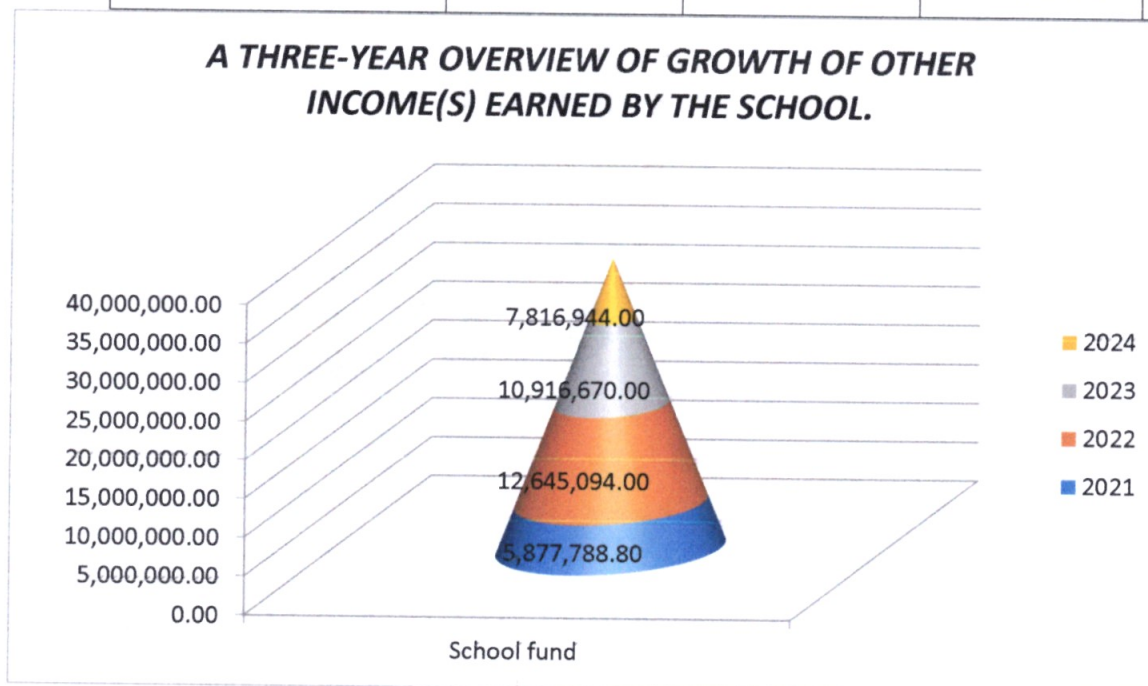
In the year 2022, the capitation grant rose from Ksh.4,150,771 to Ksh.7,909,078 due to the fact that 2021 represented 6 months while 2022 represented 12 months.

In the year 2023, the capitation grant fell by Ksh.1,466,734 due to decrease in the number of students plus government failure to release all the monies.

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

Accounts	2021	2022	2023	2024
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<i>School fund</i>	5,877,788	12,645,094	10,916,670	7,816,944
<i>Total</i>	5,877,788	12,645,094	10,916,670	7,816,944
<i>Increase/decrease</i>		6,767,305	1,728,424	3,099,726



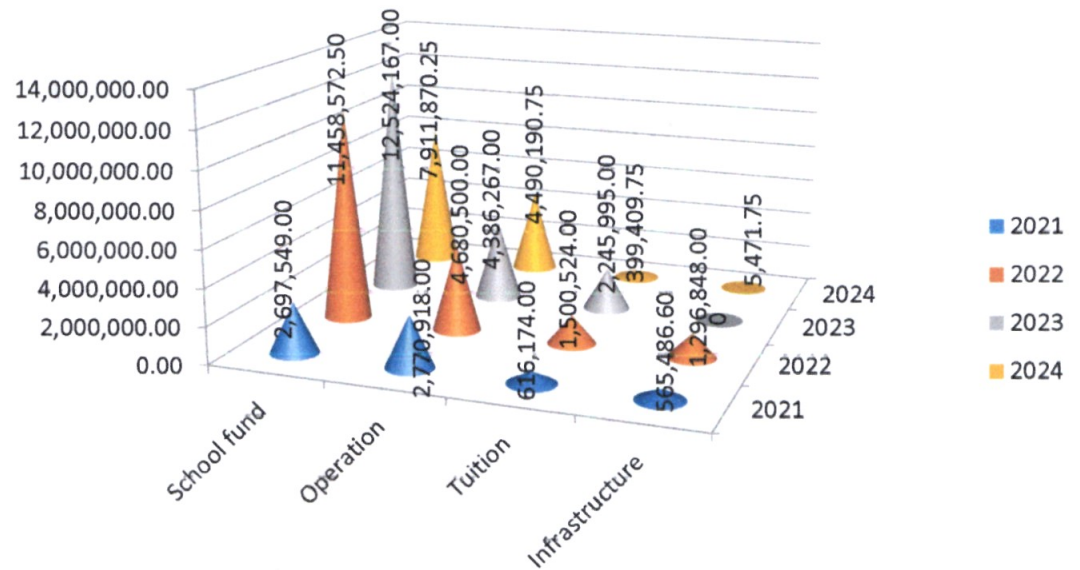
In year 2022, the income increased from Ksh.5, 877,789 to Ksh12, 645,094 due to the fact that 2021 represented 6 months while year 2022 represented 12 months.

In year 2023 and year 2024, the income has been decreasing due to drop in the number of students in the school. The population of the school has been dropping.

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

<i>Accounts</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
<i>School fund</i>	2,697,549	11,458,572	12,524,167	7,911,870
<i>Operation</i>	2,770,918	4,680,500	4,386,267	4,490,190
<i>Tuition</i>	616,174	1,500,524	2,245,995	399,409
<i>Infrastructure</i>	565,486	1,296,848	0	5,471
<i>Total</i>	6,650,127	19,046,444	19,156,429	12,806,942
<i>Increase/decrease</i>	(2,502,800)	12,396,316	109,984	6,349,486

A THREE-YEAR OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL



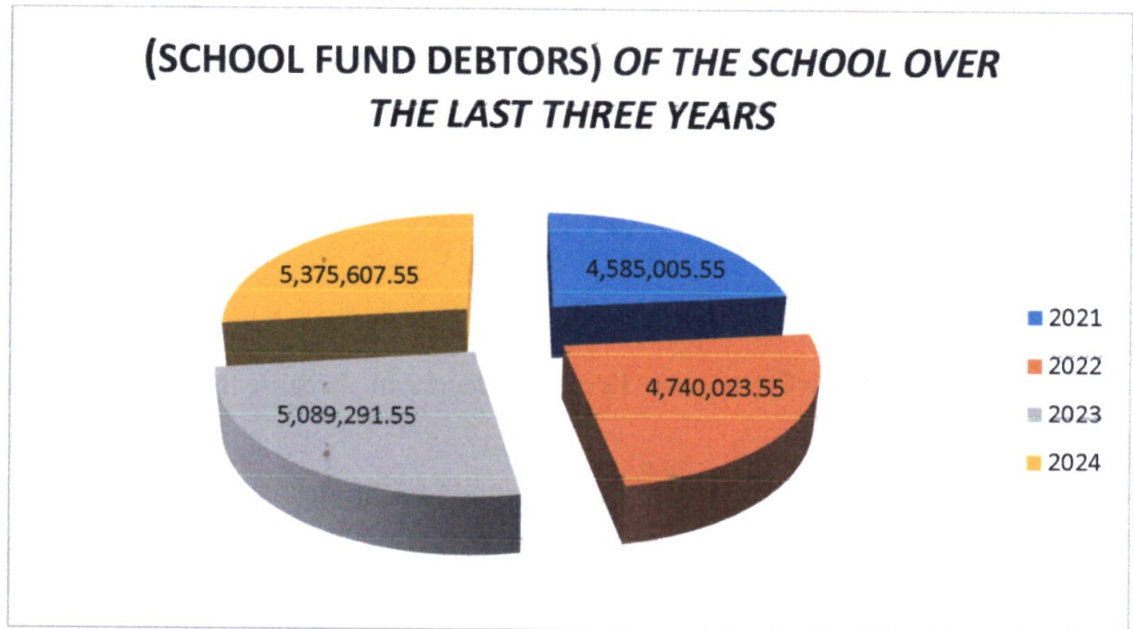
In 2022, the expenditure increased from Ksh.6,650,127 to Ksh.19,046,444 due to the fact that 2021 represented 6 months while 2022 represented 12 months.

In 2023, the expenditure as compared to year 2022 was almost the same with a difference of only Ksh.109, 984

The expenditure in 2024 dropped from Ksh.19,156,429 to Ksh.12,806,942 due to the fact that there was no any infrastructural project done during the year.

MOVEMENT OF DEBTORS OF THE SCHOOL OVER THE LAST THREE YEARS

<i>Accounts</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
<i>(Debtors) School fund</i>	4,585,006	4,740,024	5,089,292	5,375,608
<i>Total</i>	4,585,006	4,740,024	5,089,292	5,375,608



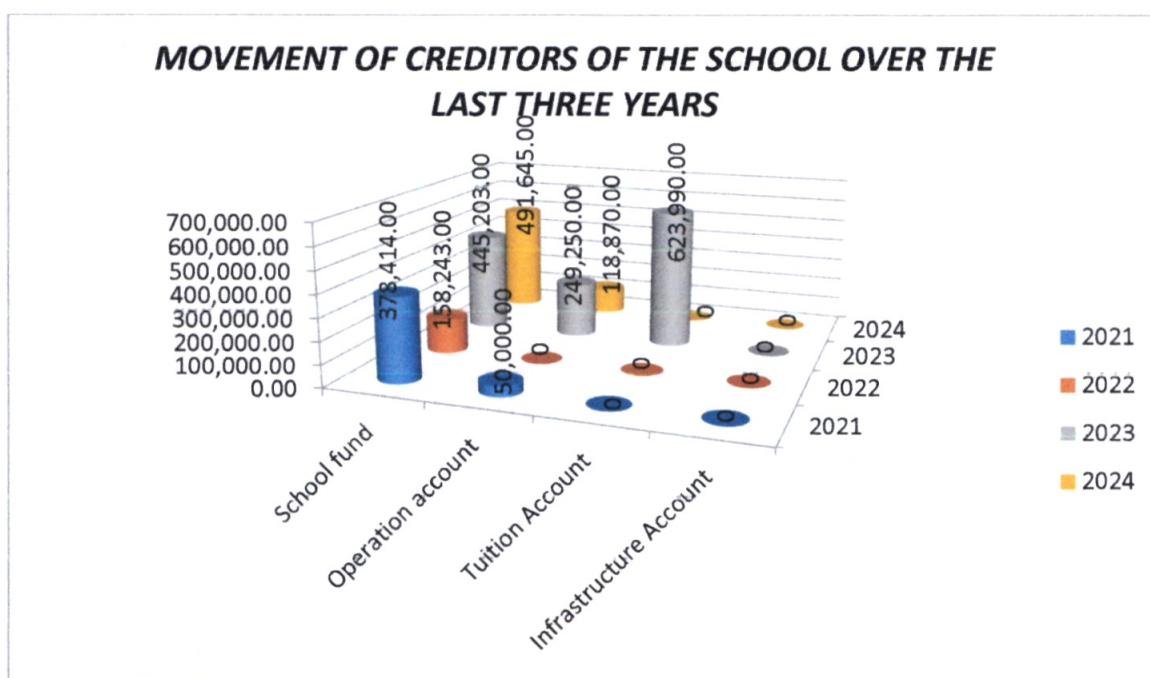
In the year 2022, the debtors increased from Ksh.571, 015 to Ksh.600, 064 due to the fact that the debt for 2021 represented 6 months while 2022 represented 12 months.

In 2023 the debtors were Ksh.584, 948 from Ksh.600, 064 in 2022. There was a slight drop due to much follow up on the students who had balances in the year 2023.

In 2024, the debtors were Ksh.428, 916 down from the previous debt of Ksh.584,948 as the school has been closely been following up the students with much balances.

Movement of creditors of the school over the last three years

<i>Accounts</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
<i>School fund</i>	378,414	158,243	445,203	491,645
<i>Operation account</i>	50,000	0	249,250	118,870
<i>Tuition Account</i>	0	0	623,990	0
<i>Infrastructure Account</i>	0	0	0	0
<i>Total</i>	428,414	158,243	1,318,443	603,515
<i>Increase/decrease</i>		(270,171)	1,160,200	(714,928)



The trend of creditors for the years has been decreasing because the school has been paying the creditors in time.

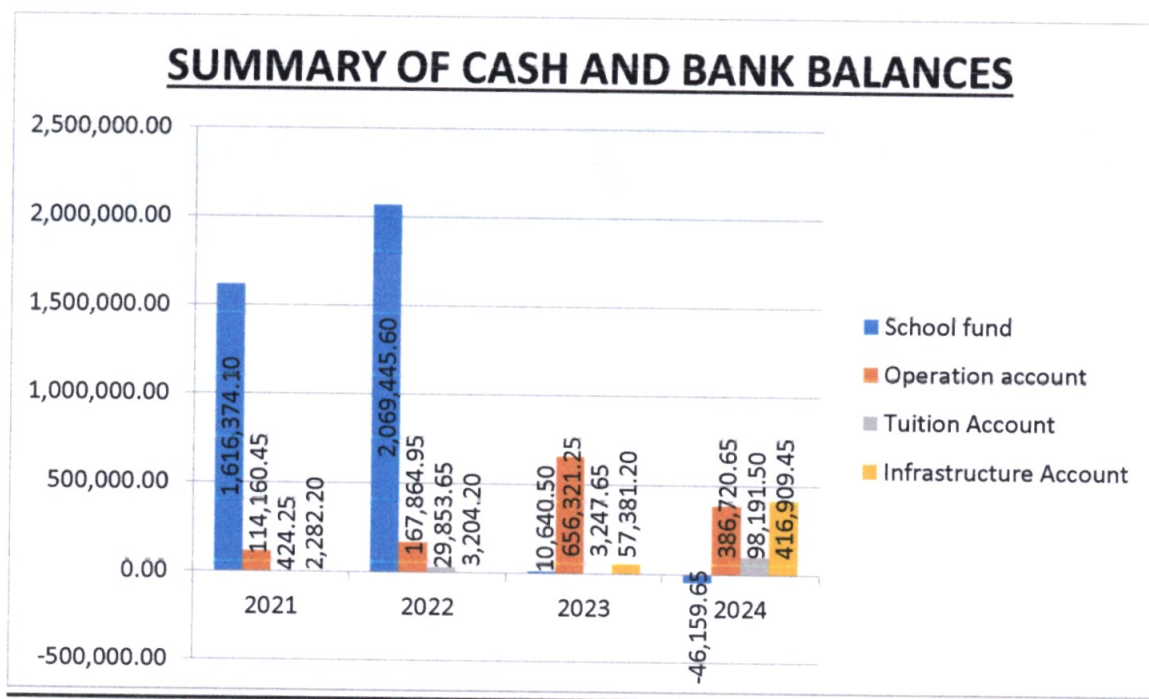
In 2022 the school had paid all the creditors thus no debts.

In 2023 there were creditors amounting KSh.1,318,444 these were caused by the government failure to send all the capitation grant.

In 2024 the creditors amount decreased with KSh.714,928 because the school followed closely on the fees and the school was able to pay up some debts which were owed during the previous year.

SUMMARY OF CASH AND BANK BALANCES

<i>Accounts</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
<i>School fund</i>	1,616,374	2,069,445	10,640	(46,159)
<i>Operation account</i>	114,161	167,865	656,321	386,721
<i>Tuition Account</i>	424	29,854	3,248	98,192
<i>Infrastructure Account</i>	2,282	3,204	57,381	416,909
<i>Total</i>	1,733,241	2,270,368	727,590	855,663
<i>Increase/decrease</i>	1,674,159	537,127	(2,197,777)	128,073



b) Teacher Student ratio:

There 17 teachers posted by Teachers Service Commission and 1 recruited by the board of Management. There was no retiree in January 2024. Although the teacher student ratio lies at 1:23. We have a shortage of 8 teachers from the given CBE. This is due to increased number of student compared to previous years.

c) Number of Candidates in the 2021,2022,2023 KCSE:

<i>YEAR</i>	<i>ENROLMENT</i>
2023	84
2022	113
2021	114

The capacity of the school:

<i>No.of Students</i>	<i>No.of Classroom</i>	<i>No.f labs</i>	<i>No.of Toilets</i>	<i>Dh.</i>	<i>No.of Domitories</i>	<i>Kitchen</i>
393	12	2	26	1	2	1 <i>permanent</i>

d) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time

REZIAH MWANGI

School Principal

4. Statement of School Management Responsibility

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

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

The Board of Management of *Karati 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, 2024, and of the school's financial position as at that date.

..........

Name: Solomon Wanjau

Designation: Chairman, School Board of Management

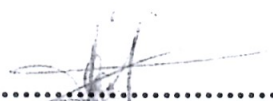
Date: 31/3/2024

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Name: Keziah Mwangi

Designation: School Principal & Secretary to Board of Management

Date: 31/3/2024

..........

Name: Muthika D. Njiru

Designation: Bursar/ Finance Officer

Date: 31/03/2024

REPUBLIC OF KENYA

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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 KARATI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2024- NYANDARUA 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; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Karati Secondary School set out on pages 1 to 15, which comprise the statement of assets and liabilities as at

30 June, 2024 and, the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Karati Secondary School as at 30 June, 2024 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 Accounts Receivables

The statement of assets and liabilities reflects accounts receivable balance of Kshs.5,375,608 as disclosed in Note 12 to the financial statements. However, a debtor's schedule indicating the particulars of the debtors was not provided for audit.

In the circumstances, the accuracy and completeness of the accounts receivable balance of Kshs.5,375,608 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Karati 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 judgment, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section of my report, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Management is responsible for the Other Information set out on pages iii to xv which comprise of Key School Information and Management, Summary Report of Performance of the School and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on Karati Secondary School financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Prepare School Improvement Plan

During the year under review, the School did not have an approved School Improvement plan, contrary to Section 2.2 of the Ministry of Education Operation Manual for Utilization of Learner Capitation Grant and Other School Funds, which requires schools to identify in every three-year school improvement planning cycle, one priority area in each of the four key areas which include curriculum implementation, foundational literacy and numeracy outcomes, an enabling environment for learning and parental involvement and community engagement for implementation.

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

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

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.7,911,870. Included in the expenditure is an amount of Kshs.1,160,320 transferred to Kenya Secondary Schools Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from school principals only. The organization is not defined in Government funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.1,160,320 could not be confirmed.

3. Failure to Transfer Infrastructure Funds from the Operations Bank Account

During the year under review, the School received Government grants for operations of Kshs.3,520,971 from the Ministry of Education credited to the School operations bank account. Included in the amount is Kshs.486,800 in respect of infrastructure grants which was to be transferred to infrastructure bank account for maintenance and improvement of the school's facilities. However, no funds were transferred to the school infrastructure bank account. This was contrary to the Ministry of Education Circular No: MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account within fifteen (15) days upon receipt of the funds in the operations account

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

4. Lack of an Annual Procurement Plan

During the period under review, Management did not prepare a procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

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

5. Lack of a Functional Procurement Unit

The School did not have an established procurement function managed by qualified procurement professional as required under Section 47(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 33 of the Public Procurement and Asset Disposal Regulations, 2020. Procurement activities were undertaken by individuals lacking the requisite qualifications.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance on whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for

Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of an Internal Audit Review

During the year under review, the School had not complied with the requirement of Regulation 166(1) and (2) of the Public Finance Management Act, 2012 which requires the internal audit of a national government entity to assess its own effectiveness through an internal performance appraisal and shall carry out annual review of the performance of the internal audit activity commenting on its effectiveness in the annual report to The National Treasury.

In the circumstances, the existence of an effective oversight mechanisms could not be confirmed.

2. Long Outstanding Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.5,375,608. Included in the balance is Kshs.4,514,343 which has been outstanding for more than two year and also attributable to students who had already completed their studies at the time of reporting. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on full recoverability of the accounts receivables balance.

In the circumstances, the existence of effective mechanisms for debt management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 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, the Management is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 May, 2026

6. Statement Of Receipts and Payments for the Year Ended 30th June 2024

Description Of Vote Head	Note	2023-2024	2022-2023
		Kshs	Kshs
Receipts			
Government grants for tuition	1	898,344	1,101,399
Government grants for operations	2	3,520,971	4,000,650
Government grants for infrastructure	3	850,000	784,000
School fund income- parents' contributions	4	7,776,944	10,752,415
School fund income- other receipts	5	40,000	164,255
Miscellaneous incomes			
Total Receipts		13,086,259	16,802,719
Payments			
Tuition	6	399,410	2,245,995
Operations	7	3,640,192	4,386,267
Infrastructure	8	5,472	
Boarding and school fund	9	7,911,870	12,524,167
Total Payments		11,956,944	19,156,429
Surplus/Deficit		1,129,315	(2,353,710)

The school financial statements were approved on _____ 2024 and signed by:

.....
Name:
 Solomon WANJUKI
 Chair BOM

Date: 31/3/2026

.....
Name: KEZIAH MWANGI
 School Principal/ Secretary to
 BOM

Date: 31/3/2026

.....
Name: MICHAEL N. MUGWI
 Bursar/ Finance Officer

Date: 31/03/2026

7. Statement of Assets and Liabilities As At 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	900,846	726,941
Cash balances	11	1,796	650
Short term investments		-	-
Total cash and cash equivalent		902,642	727,591
Account's receivables	12	5,375,608	5,089,292
Total financial assets (a)		6,278,250	5,816,883
Financial liabilities			
Overdrawn account	10	46,979	
Accounts payables	13	603,515	1,318,443
Total Financial Liabilities (b)			
Net financial assets (a-b)		5,627,755	4,498,440
Represented by			
Accumulated fund b/fwd		4,498,440	6,852,149
Surplus/deficit for the year		1,129,315	(2,353,709)
Net Assets		5,627,755	4,498,440

The school's financial statements were approved on _____ 2024 and signed by:

.....
Name:
 SOLOMON WATUKI
 Chair BOM
Date: 31/3/2026

.....
Name: REZIAH MWANGI
 School Principal/ Secretary to
 BOM
Date: 31/3/2026

.....
Name: MICHAEL W. MUGWI
 Bursar/ Finance Officer
Date: 31/3/2026

8. Statement of Cash Flows for the Year Ended 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	898,344	1,101,399
Government grants for operations	2	3,520,971	4,000,650
Government grants for infrastructure	3	850,000	784,000
School fund income- parents contributions/ fees	4	7,380,855	10,244,904
School fund income- other receipts	5	40,000	164,255
Total receipts		12,690,170	16,295,209
Payments			
Cash outflows for tuition	6	1,023,400	1,622,00
Cash outflows for operations	7	3,777,572	3,439,009
Cash outflows for infrastructure	8	5,472	
Cash outflows Boarding/lunch and school fund payments	9	7,755,655	12,078,964
Total payments		12,562,099	17,139,978
Net cash inflow/outflow from operating activities		128,071	(844,769)
Cash flow from investing activities			-
Acquisition of assets			(698,008)
Proceeds from sale of Assets			
Proceeds from investments			
Purchase of investments			
Net cash inflow/outflows from investing activities			(698,008)
Cash flow from Financing activities			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash inflow/outflow from financing activities			
Net increase/decrease in cash and cash equivalents		128,071	(1,542,777)
Cash and cash equivalent at beginning of the FY	10	727,591	2,270,368
Cash and cash equivalent at end of the FY		855,662	727,591

The school's financial statements were approved on _____ 2024 and signed by:





Name: **SOLOMON WANJEKI**
Chair BOM
Date: **31/3/2026**

Name: **KEZIAH MWANGI**
School Principal/ Secretary to
BOM
Date: **31/3/2026**

Name: **MICHAEL W. MUGWI**
Bursar/ Finance Officer
Date: **31/03/2026**

KARATI SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2024

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					
<i>(1) Capitation Grant on Tuition</i>					
Teaching / Learning Materials	900,000		900,000	898,343	100%
Exams And Assessment					
	900,000		900,000	898,343	100%
<i>(2) Capitation Grant on Operations</i>					
Repairs And Maintenance	1,250,000		1,250,000	1,424,100	114%
Other Vohteheads	2,350,540		2,350,540	2,345,540	100%
Medical	500,000		500,000	309,735	62%
Administration Costs					
Activity	375,000		375,000	291,596	78%
	4,475,540		4,475,540	4,370,971	98%
<i>(4) Fees Charged on Parents</i>					
Lunch programee	4,800,000		4,800,000	5,107,331	106%
Other Voteheads	2,550,000		2,550,000	2,273,524	90%
Total Income	12,725,540		12,725,540	12,690,170	100%
<i>Expenditure For Tuition</i>					
Teaching / Learning Materials	900,000		900,000	1,023,400	114%
<i>(7) Expenditure For Operations</i>					

KARATI SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2024

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
Personnel Emoluments					
Repairs, Maintenance & Improvements	850,000		850,000	5,472	5%
Activity Expenses	150,000		150,000	124,250	83%
Other voteheads	3,750,000		3,750,000	3,647,850	94%
<i>(9) Expenditure For school fund/lunch/boarding</i>					
Lunch Programme	4,800,000		4,800,000	5,164,170	108%
Boarding Equipment and Stores	1,550,000		1,550,000	1,714,192	106%
Other voteheads	900,000		900,000	877,293	97%
Totals	12,900,000		12,900,000	12,562,099	97%

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 various sources when the event occurs, and the related cash has been received by the *school*. In addition, the *school* recognises all expenses when the event occurs, and the related cash has 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 an 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 the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditures incurred for the purchase of goods, works and services that have been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2024.

KARATI SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2024

11. Notes To the Financial Statements

1 Government Grants for Tuition

Description	2023-2024	2022-2023
	Kshs	Kshs
Exercise Books		
Teaching / Learning Materials	898,344	1,101,399
Total	898,344	1,101,399

2 Government Grants for Operations

Description	2023-2024	2022-2023
	Kshs	Kshs
Repairs And Maintenance	574,100	1,571,000
Medical	309,735	41,800
Activity	291,596	141,612
Other Vote Heads (specify)*	2,345,540	3,030,238
Total	3,520,971	4,784,650

3 Government Grants for infrastructure

Description	2023-2024	2022-2023
	Kshs	Kshs
Maintenance & Improvement	850,000	784,000
Total	850,000	784,000

4 School Fund Income - Parents Contribution/Fees

Description	2023-2024	2022-2023
	Kshs	Kshs
Lunch programme	5,107,331	7,067,413
Repairs and maintenance	88,100	-
Activity	25,850	10,371
Fee on Boarding Equipment and stores	1,714,448	1,913,745
PA Levies*	277,760	792,276
Other voteheads	563,455	968,610
Total	7,776,944	10,752,415

KARATI SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2024

5 School Fund Income-Other Receipts

Description	2023-2024	2022-2023
	Kshs	Kshs
Rent Income		
Income From Farming Activities	40,000	164,255
Total	40,000	164,255

6 Tuition

Description	2023-2024	2022-2023
	Kshs	Kshs
Laboratory Equipment	155,690	226,000
Teaching / Learning Materials	237,013	1,446,670
Bank Charges	6,707	3,175
Total	399,410	2,245,955

7 Operations

Description	2023-2024	2022-2023
	Kshs	Kshs
Transfer to infrastructure		698,008
Activity Expenses	124,250	152,080
Others voteheads	3,515,942	3,536,179
Total	3,640,192	4,386,267

8 Infrastructure

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Construction of classrooms		698,008
Bank charges	5,472	
Total	5,472	698,008

9 Boarding And School Fund

Description	2023-2024	2022-2023
	Kshs	Kshs
Development	-	1,277,773
Repairs And Maintenance & Improvements	115,530	120,505
Lunch Programme	5,204,855	7,416,537
Fee On Boarding Equipment and Stores	1,714,192	1,949,740
School farm	151,100	137,345
Activity	96,850	35,180
Other vote heads	629,343	1,587,087
Total	7,911,870	12,524,167

10 Bank Accounts

Account Name & Currency	Status	Bank Account Number	2023-2024	2022-2023
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	1104316722	97,873	2,930
Operations Account	Active	1104316153	386,063	656,091
School Fund Account/Boarding	Active	1104307103	-	10,539
Infrastructural Account	Active	1260731537	416,909	57,381
Total			900,846	726,941
Overdrawn account School fund	Active	1104307103	(46,979)	

11 Cash In Hand

Description	2023-2024	2022-2023
	Kshs	Kshs
Tuition Account	318	318
Operations Account	658	230
School Fund Account/Boarding	819	102
Total	1,796	650

12 Accounts Receivable

Description	2023-2024	2022-2023
	Kshs	Kshs
Fees Arrears	5,375,608	5,089,292
Total Fees Arrears	5,375,608	5,089,292
Fees arrears for the current year	428,916	584,948
Fees arrears for the previous year	442,348	364,384
Fees arrears for prior periods	4,504,344	4,139,960
Total	5,375,608	5,089,292

12 b) Ageing Analysis of Accounts Receivable

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	428,916	7%	584,948	11%
Between 1- 2 years	442,348	8%	364,384	7%
Between 2-3 years	364,384	6%	125,969	2%
Over 3 years	4,139,960	79%	4,013,991	80%
Total (should tie to note 13 a)	5,375,608	100%	5,089,292	100%

13 Accounts Payable

Description	2023-2024	2022-2023
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	532,195	1,058,670
Prepaid Fees	71,320	259,773
Total	603,515	1,318,443
Trade creditors for the current year	532,195	1,058,670
Trade creditors for the previous year		
Trade creditors for the prior periods (over two years)		
Total	532,195	1,058,670

13a. Ageing Analysis of Accounts Payable

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total

KARATI SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2024**

Less than 1 year	603,575.00	100%	1,318,443.00	100%
Between 1- 2 years				
Between 2-3 years				
Over 3 years				
Total (should tie to note 14)	603,575.00	100%	1,318,443.00	100%

14 Fund Balance Brought Forward

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank Balances	853,866	726,941
Cash Balances	1,796	650
Receivables	5,375,608	5,089,292
Payables	603,515	1,318,443
Total	5,627,755	4,498,440

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.

15 Biological assets

Description	Numbers	2023-2024	2022-2023
		Kshs	Kshs
Cattle	3	350,000	480,000
Goats			
Trees	500	800,000	504,000
Coffee Or Tea Plantation			
Poultry			
Others (specify)			
Total	503	1,150,000	984,000

Other important disclosure notes

KARATI SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2024

16 Stock/ Inventory

Description	2023-2024	2022-2023
	Kshs	Kshs
Food stuffs	60,000.00	110,403.00
Lab consumables	80,516.00	50,515.00
Farm produce		
Medication		
Construction Materials		
Others (specify)		
	140,516.00	160,916.00

KARATI SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2024

17 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

KARATI SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2024

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Supply of Goods						
1. Sysmel Technologies	128,500	30/4/2024		128,500		
2. Majestic Fire Engineers	54,735	25/5/2024		54,735		
3. Stephen Manyara	348,960	15/6/2024		348,960		
Grand Total	532,195			532,195		

Annex 2 – Summary of Fixed Assets Register

*KARATI SECONDARY SCHOOL***Annual Report and Financial Statements For the year ended 30th June 2024**

Asset Class	Historical Cost b/f (Kshs) 1st July 2023	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2023
Land	15,000,000	-	-	15,000,000.00
Buildings And Structures	13,561,100	-	-	13,561,100.00
Office Equipment, Furniture and Fittings	3,570,600	-	-	3,570,600.00
Textbooks	5,091,850	-	-	5,091,850.00
ICT Equipment	305,000	-	-	305,000.00
Tools And Apparatus	3,169,179	35,400	-	3,204,579.00
Intangible Assets- Soft Ware	60,000	-	-	60,000.00
Total	40,757,729	35,400	-	40,793,129.00

