

REPUBLIC OF KENYA



Enhancing Accountability



PARLIAMENT
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REPORT

**THE NATIONAL ASSEMBLY
PAPERS LAID**

DATE: 04 MAR 2025 DAY: Tuesday

TABLED BY: Deputy Chief Whip
Hon. Naomi Jillo

CLERK-AT THE-TABLE: Benson Inzofu

THE AUDITOR-GENERAL

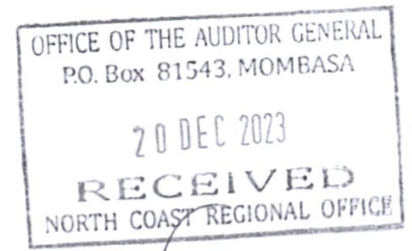
ON

**NGALA MEMORIAL SECONDARY
SCHOOL**

**FOR THE YEAR ENDED
30 JUNE, 2023**

KILIFI COUNTY

Revised 30th June 2023.



NGALA MEMORIAL SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

| Table of Contents | Page |
|--|-------------|
| 1. Acronyms and Glossary of Terms..... | ii |
| 2. Key School Information and Management | iii |
| 3. Summary Report of Performance of The School | vii |
| 4. Statement of School Management Responsibility | xvi |
| 5. Report Of The Independent Auditors (<i>To be attached</i>)..... | xvii |
| 6. Statement Of Receipts and Payments For the Year Ended 30 th June 2023 | 1 |
| 7. Statement of Assets and Liabilities As At 30 th June 2023..... | 2 |
| 8. Statement of Cash Flows for the Year Ended 30 th June 2023..... | 3 |
| 9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 th June 2023 | 5 |
| 10. Significant Accounting Policies..... | 10 |
| 11. Notes To The Financial Statements | 12 |
| 12. Annexes | 23 |

1. Acronyms and Glossary of Terms

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

| | |
|-------|--|
| BOM | Board of Management |
| CEB | County Education Board |
| IPSAS | International Public Sector Accounting Standards |
| KCSE | Kenya Certificate of Secondary Education |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| FY | Financial Year |
| FDSE | |

2. Key School Information and Management

[Customise the details in this section to suit your School]

(a) Background information

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

The school was registered in 03/2011 under registration number PU/S/2/5412/11 and is currently categorized as a COUNTY (*National, Extra County, County and Sub County*) public school established, owned or operated by the Government.

The school is a day/boarding school and had 999 number of students as at 30th June 2023. It has 4 streams and 34 teachers of which 20 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 | ESTHER LUGANJE | Chairperson | July 2022 |
| 2 | PETER MANTHI | Secretary- Principal | July 2022 |
| 3 | AMOS JACKSON | Member | July 2022 |
| 4 | BENARD MWANGULU | Member | July 2022 |
| 5 | FRANCISCAR KIIIO | Member | July 2022 |
| 6 | GLADYS SAHA | Member | July 2022 |
| 7 | MISHI NGALA | Member | July 2022 |
| 8 | HAMMERTON ZOKA | Member – Rep CEB | July 2022 |
| 9 | KENNETH MANGI | Member Rep Teachers | July 2022 |
| 10 | MARY MASHINIKO | 3 Members – Sponsor | July 2022 |
| 11 | WILLIAM NGALA | Member – Community | July 2022 |
| 12 | DENNIS KAKUNDE | Member Special Needs | July 2022 |
| 13 | NELLY TSAKA | | July 2022 |
| 14 | BENARD KAZUNGU BAYA | | July 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, 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

(Provide the names of the various committees of the Board established by the Board and the names of the committee members):

| Ref: | Name of Committee | Names of Members | Designation | Number of meetings attended during the year |
|------|---|--|---|---|
| 1 | Executive Committee | Esther Lujanje Peter Manthi Amos Mwakoto William Ngala Gladys Saha | BOM CHAIR PRINCIPAL PA CHAIR BOM VICE CHAIR Member | 3 |
| 2 | Audit Committee | Mary Mashiniko Benard Mwangulu Gladys Saha Esther Lujanje Dennis Kakunde | CHAIRPERSON | NIL |
| 3 | Finance, procurement and general purposes Committee | Mishi Ngala Dennis Kakunde Esther Lujanje | CHAIRPERSON | 2 |

| | | | | |
|---|---|---|-------------|-----|
| | | Amos Jackson Patience Saha | | |
| 4 | Academic Committee | Gladys Saha Hammerton Zoka Kenneth Mangi Amos Jackson Nelly Tsaka | CHAIRPERSON | 1 |
| 5 | Development Committee | | | |
| 6 | Discipline and welfare Committee | Franciscar Kiio William Ngala Nelly Tsaka Hammerton Zoka | CHAIRPERSON | 1 |
| 7 | Human Rights and Students Welfare Committee | Benard Mwangulu Benard Baya William Ngala Hammerton Zoka Mary Mashiniko | CHAIRPERSON | NIL |

(d) School operation Management

For the financial year ended 30th June 2023 the School day-to-day management was under the following persons:

| Ref: | Designation | Name | Identification |
|------|------------------|------------------|-----------------|
| 1 | Principal | Peter Manthi | TSC No.359629 |
| 2 | Deputy Principal | Jillani Mwagambo | TSC No.420010 |
| 3 | School Bursar | Patience Saha | ID NO, 21832579 |
| 4 | Other (specify) | | |

(e) Schools contacts

Post Office Box: 565-80113
Telephone: 0745337198
E-mail: ngamesco@gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

Provide details of the school bankers.

Name of Bank: KENYA COMMERCIAL BANK
Branch: MARIAKANI
Postal Address. P.O BOX 464-80113

(g) Independent Auditors

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

3. Summary Report of Performance of The School

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

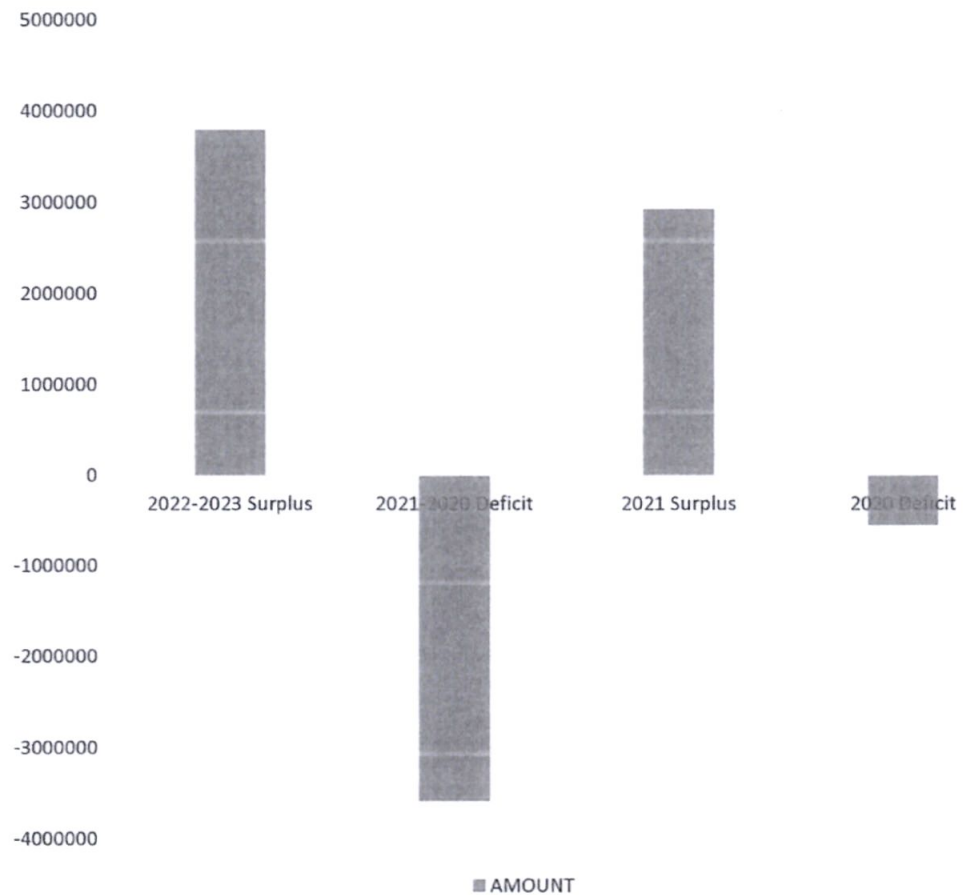
a) Financial performance:

(Under this section, the following information should be given:

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

| YEAR | DESCRIPTION | AMOUNT | PAGE REFERENCE |
|-----------|-------------|--------------|----------------|
| 2022-2023 | Surplus | 3,792,755.30 | |
| 2021-2022 | Deficit | 2,545,278.00 | |
| 2021 | Surplus | 2,919,713.00 | |
| 2020 | Deficit | 549,977.00 | |

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

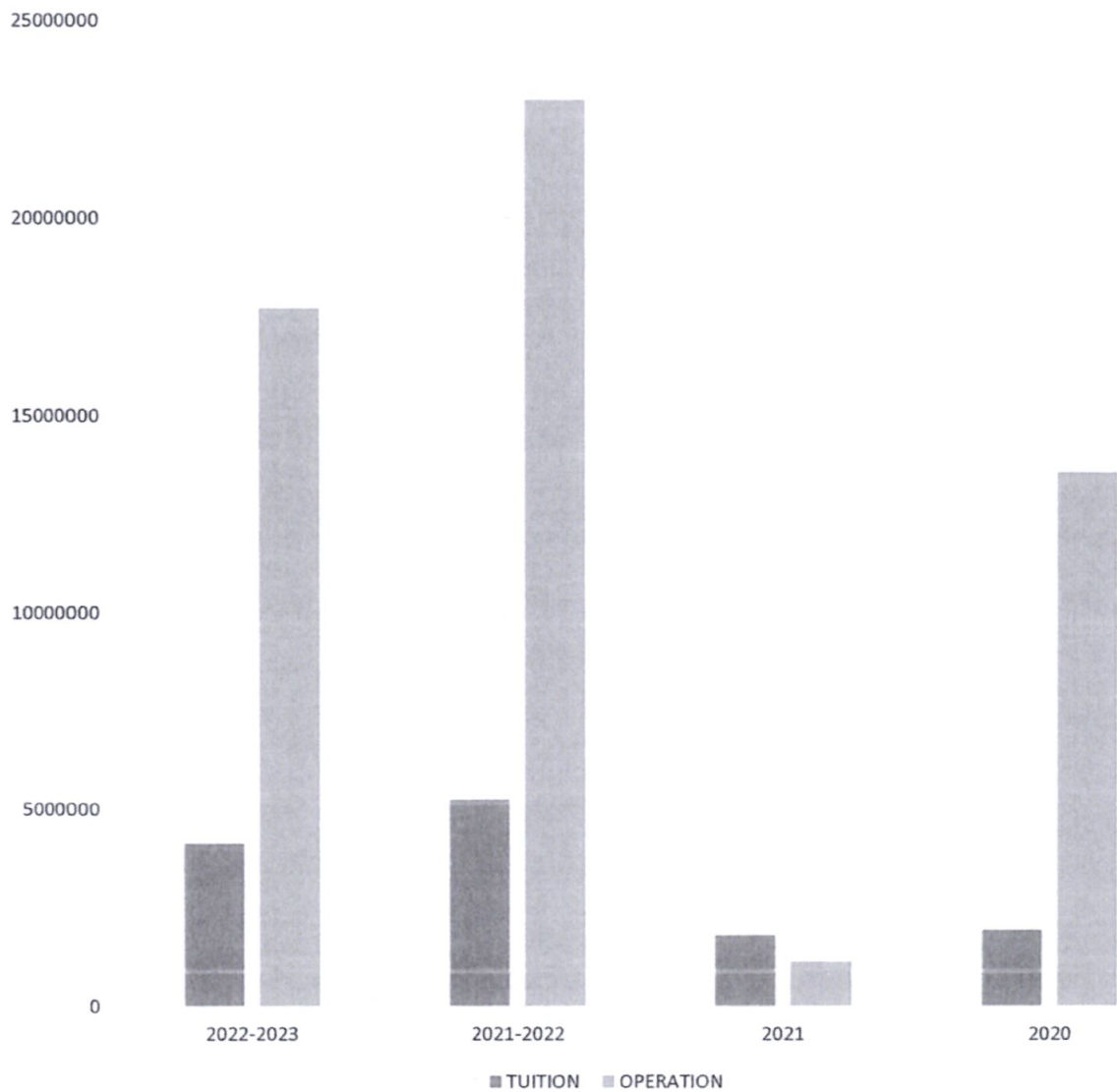


- *Capitation grants from the Ministry of Education for the last three years*

| ACCOUNT | 2022-2023 | 2021-2022 | 2021 | 2020 |
|-----------|---------------|---------------|--------------|---------------|
| TUITION | 4,131,392.75 | 5,250,997.40 | 1,802,222.25 | 1,930,852.00 |
| OPERATION | 17,709,538.40 | 22,984,515.20 | 1,130,687.40 | 13,535,725.00 |

Grant received in the financial year 2021/2022 is more than grant received in the financial 2022/2023 because the number of students reduced from 1045 in the year 2022 to 999 in the year 2023. Also non full disbursement of FDSE funds from the ministry of education hence decrease in the amount of capitation.

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

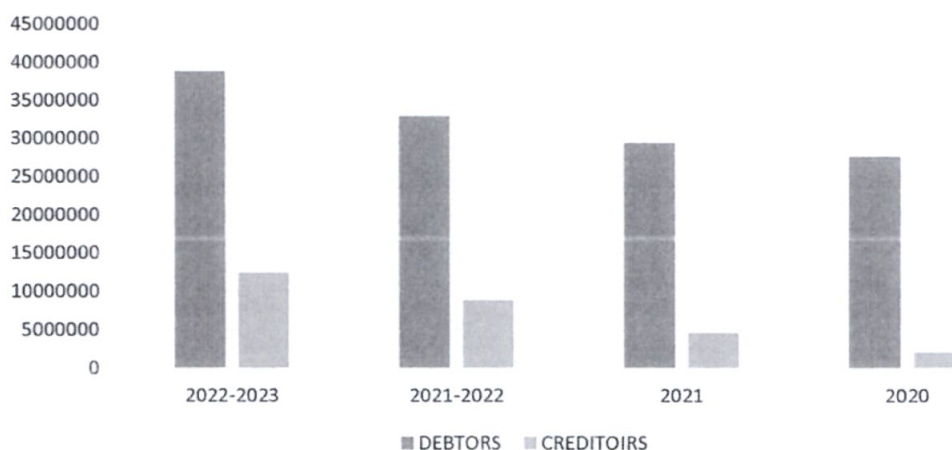


- A three-year overview of growth of other income(s) earned by the school.

| ACCOUNT | 2022-2023 | 2021-2022 | 2021 | 2020 |
|-------------|---------------|---------------|---------------|---------------|
| SCHOOL FUND | 48,821,329.35 | 41,423,651.00 | 19,863,453.00 | 19,229,638.00 |

| DESCRIPTION | 2022-2023 | 2021-2022 | 2021 | 2020 |
|-------------|---------------|---------------|---------------|---------------|
| DEBTORS | 38,701,723.00 | 32,855,169.00 | 29,387,240.90 | 27,605,091.00 |
| CREDITORS | 12,324,268.15 | 8,797,529.00 | 4,529,571.00 | 2,000,947.00 |

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



Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends unless the school is new).

b) Teacher Student ratio:

| S/NO | DESCRIPTION | |
|------|--|------|
| 1 | Teacher per student ratio | 1:29 |
| 2 | Number of teachers recruited within the year | Nil |
| 3 | Teachers transferred / retired within the year | 2 |
| 4 | TSC teachers employed | 14 |
| 5 | BOM teachers employed | 20 |
| 6 | Teachers per subject ratio | 1:3 |

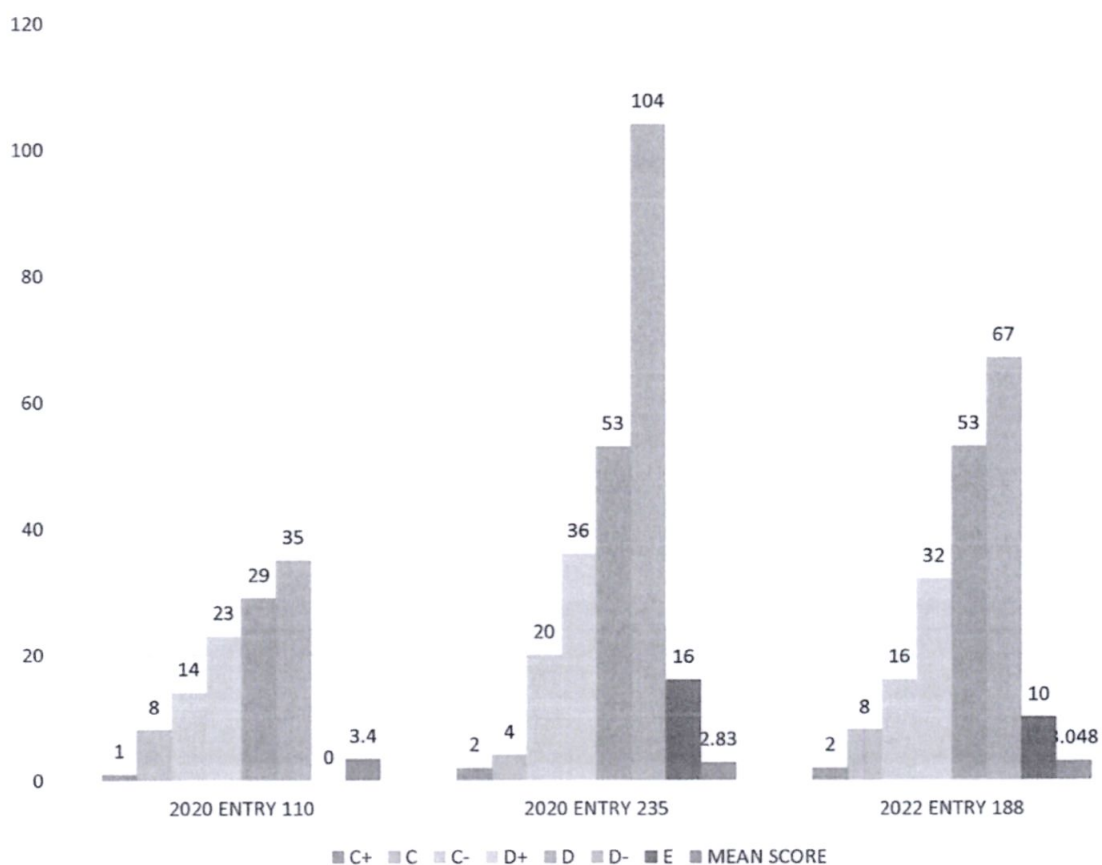
(Include the teacher to student ratio, number of teachers recruited and posted to the school within the year, number of teachers that were transferred/ retired during the period as well as number of teachers employed by TSC, and number employed by BOM. One may also include how many teachers the school has for each subject in order to indicate shortage/ allocation of resources).

SHORTAGE:

- 1. KISWAHILI / CRE 1 teacher.
- 2. PHYSICS / MATHS 1 TEACHER.

c) Mean score in the KCSE performance:

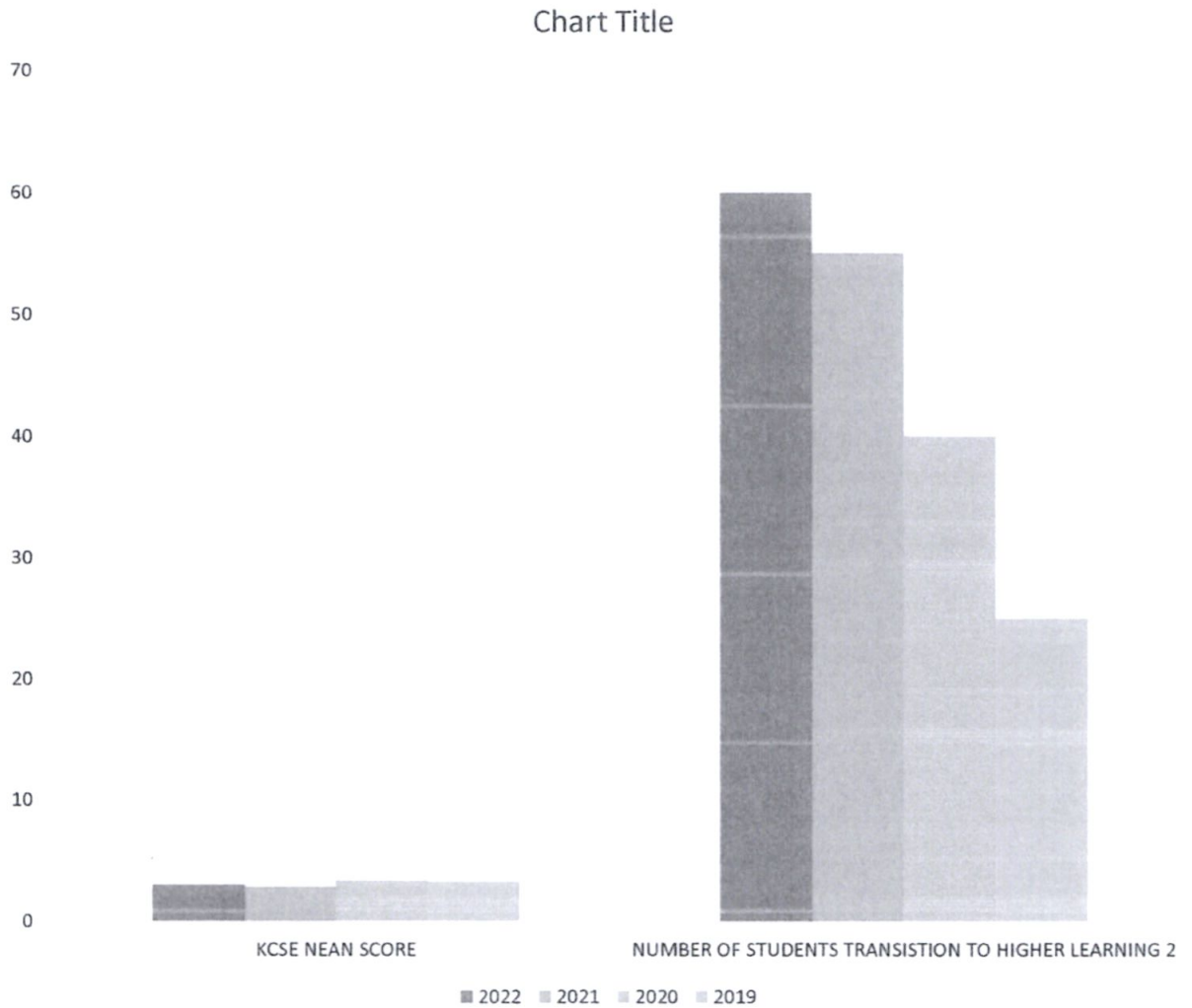
| C+ | C | C- | D+ | D | D- | E | MS | YEAR | ENTRY |
|----|---|----|----|----|-----|----|-------|------|-------|
| 1 | 8 | 14 | 23 | 29 | 35 | 0 | 3.4 | 2020 | 110 |
| 2 | 4 | 20 | 36 | 53 | 104 | 16 | 2.83 | 2021 | 235 |
| 2 | 8 | 16 | 32 | 53 | 67 | 10 | 3.048 | 2022 | 188 |



C

| DESCRIPTION | 2022 | 2021 | 2020 | 2019 |
|-----------------|---------|--------|-------|---------|
| KCSE Mean Score | 3.048 D | 2.83 D | 3.4 D | 3.294 D |

| | | | | |
|---|----|----|----|----|
| Number of students transitioned to institute of higher learning | 60 | 55 | 40 | 25 |
|---|----|----|----|----|



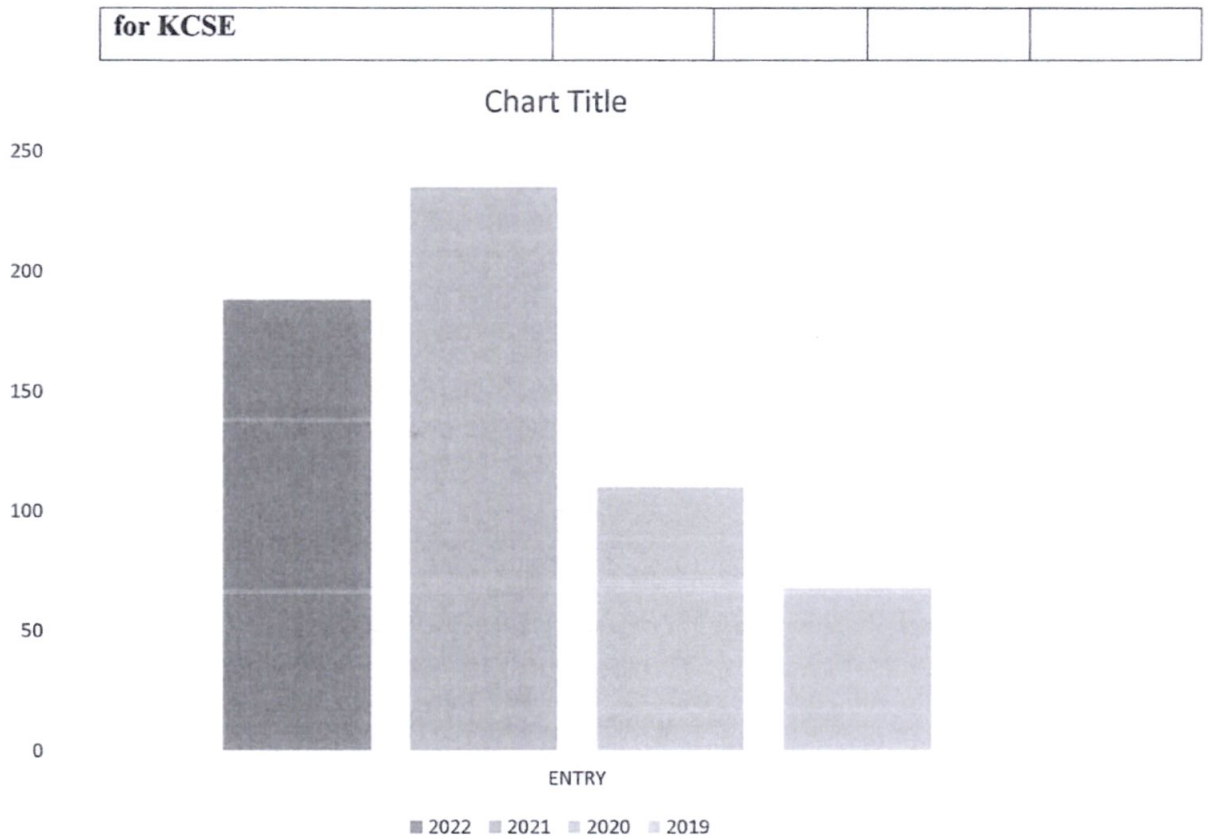
COMMENTS

(i) The school has had an average mean score of 3.0 for the last three years.

Give performance of the school for each over the last three years. Include the number of students that have since transitioned to institutions of higher learning. Include the mean score and comment on improvement or otherwise as compared to the school's set score.

d) Number of Candidates in the 2022 KCSE:

| DESCRIPTION | 2022 | 2021 | 2020 | 2019 |
|--------------------------------------|------|------|------|------|
| 4. Number of students sitting | 188 | 235 | 110 | 68 |



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

e) Capacity of the school:

(Indicate the number of students in the school vis a vie the facilities like the dormitories, the dining hall, the laboratories, toilets and other amenities. This information will provide useful details for the Ministry of Education).

| DESCRIPTION | 2022 | 2021 | 2020 | 2019 |
|-----------------------------|-------|-------|-------|-------|
| Students / Laboratory ratio | 315:1 | 332:1 | 267:1 | 233:1 |
| Students / Toilet ratio | 39:1 | 39:1 | 39:1 | 39:1 |
| Students / Dormitory ratio | 53:1 | 63:1 | 68:1 | 68:1 |

f) Development projects carried out by the school:

(Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format).

| Projects | Source of funds | Status | Initial Cost (Kshs) | Amount Spent (Kshs) | Expected completion time |
|--------------|-----------------|---------------|---------------------|---------------------|--------------------------|
| Science Lab | World Bank | Not completed | | | |
| 3 Classrooms | World Bank | Not completed | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |


.....
School Principal



5. 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 *Ngala Memorial 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).

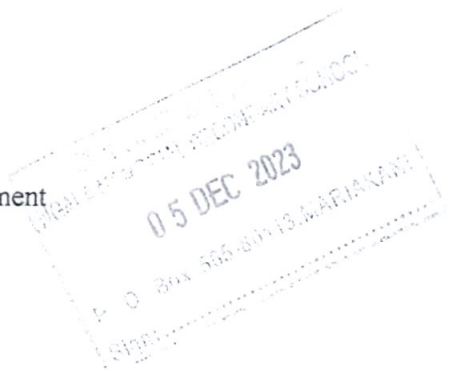
The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2023, and of the school's financial position as at that date.



.....
Name: ESTHER D. LUCIANO
Designation: Chairman, School Board of Management
Date: 5.12.23



.....
Name: PETER MUTHI
Designation: School Principal & Secretary to Board of Management
Date:





.....
Name: PATIENCE JAHA
Designation: Bursar/ Finance Officer
Date: 5.12.23

REPUBLIC OF KENYA

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



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

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON NGALA MEMORIAL SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 – 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 that the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution of Kenya 2010, 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 Ngala Memorial Secondary School – Kilifi County set out on pages 1 to 22, which comprise of the statement of

Report of the Auditor-General on Ngala Memorial Secondary School for the year ended 30 June, 2023 – Kilifi County

financial assets and financial liabilities as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows and the 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 2010 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Ngala Memorial Secondary School as at 30 June, 2023, 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 Basic Education Act 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Accounts Receivables

1.1. Unsupported Accounts Receivable

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.38,701,723 as disclosed in Note 13 to the financial statements. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review.

1.2. Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.38,701,723 in respect of fees arrears as disclosed in Note 13 to the financial statements. Included in the balance are receivables amounting to Kshs.25,206,459 which had been outstanding for more than two (2) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.38,701,723 could not be confirmed.

2. Unsupported Payments

The statement of receipts and payments reflects total payments amounting to Kshs.66,869,505. However, examination of sampled payment vouchers amounting to Kshs.26,903,641 revealed that Management made payments without proper support documents such as requisitions, local purchase orders, delivery notes, inspection reports, goods received notes, certificate of payments.

In the circumstances, the regularity, accuracy and completeness of the total payments amounting to Kshs.66,869,505.20 could not be confirmed.

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2023.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution of Kenya 2010, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.44,873,051.70 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs. 816,900 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.816,900 could not be confirmed.

2. Unconfirmed Students Enrolment Data

The statement of receipts and payments reflects capitation grants for tuition and operations totalling Kshs.21,840,931. Comparison of data from National Education Management and information System (NEMIS) with records from the County Director of Education revealed that during the financial year 2022/2023, NEMIS reflected one thousand, one hundred and fifty-seven (1,157) students while records from the County Director of Education had one thousand one hundred and eight (1,158) students, resulting to an underfunding of the school by an amount of Kshs.23,897. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, underfunding of the school may have affected service delivery to the students.

3. Excess Supply of Books

During the year under review, the Ministry of Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD). Examination of records revealed that the Institute distributed four thousand one hundred and thirty-six (4,136) books to the school while only one thousand eight hundred and three (1,803) books were issued to the students, resulting to an unexplained excess text books of two thousand, three hundred and thirty three (2,333) books in the school store.

In the circumstances, value for money on the excess text books could not be confirmed.

4. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.17,709,538 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.8,500,500 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the school's facilities. However, only Kshs.2,703,000 was transferred to infrastructure account, leaving a balance of Kshs.5,797,500 as at 30 June, 2023 contrary to The Ministry of Education Circular Ref. No: MOE.HQS/3/10/18(112) dated 16 June 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

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

5. Unapproved Fees on Parents Association Support Programme

The statement of receipts and payments reflects school fund income - parents' contributions amount of Kshs.48,317,209 as disclosed in Note 4 and 4 to the financial statements which includes BOM Teachers' salaries amount of Kshs.2,161,696. Examination of the records revealed that the school charged an amount of Kshs.4,800

per student to support the programme which had not been approved by the Ministry of Education through the County Education Board contrary to Government Circular No. MOE.HQS/3/13/3 dated 16 June, 2021 on guidelines on implementation of Free Day and Secondary Education programme which stipulates that parents will only pay for school uniforms, boarding related costs as reflected in the boarding fees structure and lunch for the day scholars.

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

6. Lack of Procurement Plan

The statement of receipts and payments reflects an amount of Kshs. 70,662,260.50 and Kshs.66,869,505.20 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process 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.

7. Use of Cash to Procure Goods, Works and Services

The Statement of receipts and payments reflects total payments amounting to Kshs. 66,869,505. However, the audit revealed that expenditure amounting to Kshs.249,620 was made in cash contrary to section 108 of Public Procurement and Disposal Act(PPDA) and Regulations 93(1)(2)(3)of the Public Procurement and Disposal Regulations 2020 which caps cash procurement.

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

8. Late Submission of the Financial Statements for Audit

During the year under review, Management submitted financial statements for audit on 20 December 2023. This was contrary to the Ministry of Education circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be ready by 30 September, 2023 in compliance which Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

9. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows:

- i. Some items amounts were not disclosed but left indicated as xxx as per the template.

- ii. The financial statements did not have headers in some instances.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack of relevant information may affect users' reliance on the financial statements for decision making.

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 Internal Audit Function and Audit Committee

During the year under review, the school had not constituted an audit committee and an internal audit unit contrary to Regulation 166 (1) and (2) of the Public Finance Management (National Government) Regulations, 2015 which states that, the internal audit unit of a National Government entity is to assess effectiveness of the School through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

In the circumstances, the school did not benefit from the oversight role and advice from the audit committee and the internal audit function.

2. Dormant Bank Accounts

The Statement of financial assets and financial liabilities reflects bank balances of Kshs.3,181,708. Included in this balance is an amount of Kshs. 6,462 relating to dormant accounts.

No justification was provided for continued maintenance of the dormant accounts.

3. Lack of Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.7,681,000 in respect to fixed assets which includes land with a balance of Kshs nil

and motor vehicles with a balance of Kshs. 5,700,000. However, land ownership documents were not provided for audit.

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

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

Responsibility 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, 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 judgment 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 Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty

- exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the school to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

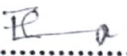
Nairobi

31 December, 2024

7. Statement Of Receipts and Payments For the Year Ended 30th June 2023

| Description Of Vote Head | Note | 2022-2023 | 2021-2022 |
|--|------|----------------------|-----------------------|
| | | Kshs | Kshs |
| Receipts | | | |
| Government grants for tuition | 1 | 4,131,392.75 | 5,250,997.40 |
| Government grants for operations | 2 | 17,709,538.40 | 22,984,515.25 |
| Government Grants for infrastructure | 3 | | 5,400,000.00 |
| School fund income- parents' contributions | 4 | 48,317,209.00 | 46,255,613.00 |
| Miscellaneous incomes | 5 | 504,120.35 | |
| Total Receipts | | 70,662,260.50 | 79,891,126.00 |
| Payments | | | |
| Tuition | 6 | 3,943,394.80 | 5,167,571.00 |
| Operations | 7 | 17,846,554.70 | 24,254,924.00 |
| Infrastructure | 8 | 206,504.00 | 4,903,030.00 |
| Boarding and school fund | 9 | 44,873,051.70 | 48,110,879.00 |
| Total Payments | | 66,869,505.20 | 82,436,404.00 |
| Surplus/Deficit | | 3,792,755.30 | (2,545,278.00) |

The school financial statements were approved on _____ 2023 and signed by:


.....

Name: ESTHER R. W. LUANGA
Chair BOM

Date: 5.12.23


.....

Name: PETER MWANJAMA
School Principal/ Secretary to BOM

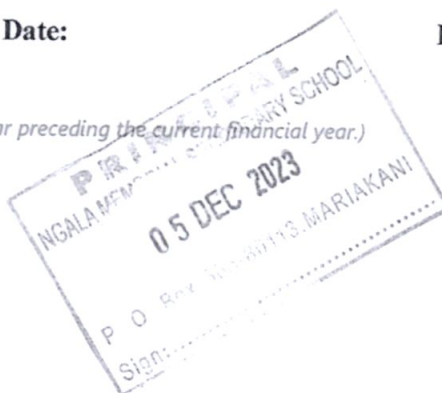
Date:


.....

Name: PATIENCE SAHA
Bursar/ Finance Officer

Date: 5.12.23


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





8. Statement of Assets and Liabilities As At 30th June 2023

| Description | Note | 2022-2023 Kshs | 2021-2022 Kshs |
|---------------------------------------|------|----------------------|----------------------|
| Financial Assets | | | |
| Cash and cash equivalents | | | |
| Bank balances | 10 | 3,181,707.70 | 1,679,940.00 |
| Cash balances | 11 | 1,159.65 | 30,436.00 |
| Short term investments | 12 | - | - |
| Total cash and cash equivalent | | 3,182,867.35 | 1,709,926.00 |
| Account's receivables | 13 | 38,701,723.00 | 32,855,169.00 |
| Total financial assets | | 41,884,590.35 | 34,565,095.00 |
| Financial liabilities | | | |
| Accounts payables | 14 | 12,324,268.15 | 8,797,529.00 |
| Net financial assets | | 29,560,322.20 | 25,767,566.00 |
| Represented by | | | |
| Accumulated fund b/fwd | 15 | 25,767,566.90 | 28,312,844.00 |
| Surplus/deficit for the year | | 3,792,755.30 | (2,545,278.00) |
| Net financial position | | 29,560,322.20 | 25,767,566.00 |

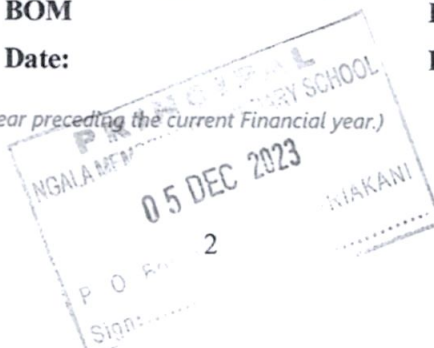
The school's financial statements were approved on _____ 2023 and signed by:


.....
Name: ESTHER B. LUGANGE
Chair BOM
Date: 5.12.23


.....
Name: PETER MAITAI
School Principal/ Secretary to
BOM
Date:


.....
Name: PATIENCE SAHA
Bursar/ Finance Officer
Date: 5.12.23

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



9. Statement of Cash Flows for the Year Ended 30th June 2023

| Description | Note | 2022-2023 | 2021-2022 |
|---|------|------------------------|------------------------|
| | | Kshs | Kshs |
| Cash from Operating Activities | | | |
| Receipts | | | |
| Government grants for tuition | | 4,131,392.75 | 5,250,997.40 |
| Government grants for operations | | 17,753,309.40 | 22,984,515.25 |
| Government grants for infrastructure | | 2,703,000.00 | 5,400,000.00 |
| School fund income- parents contributions/ fees | | 43,045,812.00 | 46,255,61.00 |
| Other income | | 504,120.35 | |
| Total receipts | | 68,137,634.50 | 79,891,126.00 |
| Payments | | | |
| Cash outflows for tuition | | 4,193,484.80 | 5,167,571.00 |
| Cash outflows for operations | | 17,991,629.70 | 24,254,924.00 |
| Cash out flows Boarding/lunch and school fund payments | | 41,627,251.70 | 48,110,879.00 |
| Total payments | | (63,812,366.20) | (77,533,374.00) |
| Net cash inflow/outflow from operating activities | | 4,325,268.30 | 2,357,752.00 |
| Cash flow from investing activities | | | |
| Acquisition of assets | | (206,504.00) | (4,103,000.00) |
| Proceeds from sale of Assets | | xxx | - |
| Proceeds from investments | | xxx | - |
| Purchase of investments | | (xxx) | - |
| Net cash inflow/outflows from investing activities | | (206,504.00) | (4,103,000.00) |
| Cash flow from Financing activities | | | |
| Proceeds from borrowings/ loans | 18 | - | - |
| Repayment of principal borrowings | | - | - |
| Net cash inflow/outflow from financing activities | | - | - |
| Net increase/decrease in cash and cash equivalents | | 4,118,764.30 | (1,745,248.00) |
| Cash and cash equivalent at beginning of the year2022/2023 | | (935,896.95) | 3,455,174.00 |
| Cash and cash equivalent at end of the year2022/2023 | | 3,182,867.35 | 1,709,926.00 |

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

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

The school's financial statements were approved on _____ 2023 and signed by:

| | | |
|--|--|---|
| Name: ESTHER S. LUCIANGE Chair BOM Date: 5.12.23 | Name: PETER MATHI School Principal/ Secretary to BOM Date: | Name: PATIENCE SAHA Bursar/ Finance Officer Date: 5.12.23 |
|--|--|---|

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

PRINCIPAL
NGALA MEMORIAL SECONDARY SCHOOL
05 DEC 2023
P O Box 365-80113 MARIAKANI
Sign:

**(NGALA MEMORIAL SECONDARY SCHOOL)
Annual Report and Financial Statements for the year ended 30th June 20XX**

10. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2023

| Receipt/Expenses Item | Original Budget | | Adjustments | Final Budget | | Actual On Comparable Basis | | % Of Utilization | | | |
|---|-----------------|------|-------------|--------------|--------------|----------------------------|--------------|------------------|---|------|---------|
| | a | Kshs | | b | Kshs | c=a+b | Kshs | | d | Kshs | e=d/c % |
| Receipts | | | | | | | | | | | |
| (1) Capitation Grant on Tuition | | | | | | | | | | | |
| Reference Materials | - | | - | | | | | | | | |
| Exercise Books | 1,016,540.00 | | - | | 1,016,540.00 | | 2,174,248.50 | | | | 213.89% |
| Laboratory Equipment | 405,980.00 | | - | | 405,980.00 | | 868,339.05 | | | | 213.89% |
| Internal Exams | | | | | | | | | | | |
| Teaching / Learning Materials | 308,460.00 | | - | | 308,460.00 | | 660,851.10 | | | | 214.24% |
| Exams And Assessment | 152,520.00 | | - | | 152,520.00 | | 321,942.95 | | | | 213.89% |
| Chalk | 49,820.00 | | | | 49,820.00 | | 106,011.15 | | | | 212.79% |
| (2) Capitation Grant on Operations | | | | | | | | | | | |
| Personnel Emoluments | 4,653,400.00 | | - | | 4,653,400.00 | | 4,984,184.55 | | | | 107.11% |
| Repairs And Maintenance | 6,360,000.00 | | | | 6,360,000.00 | | 5,907,000.00 | | | | 92.88% |
| Local Transport / Travelling | 1,484,000.00 | | - | | 1,484,000.00 | | 1,588,787.60 | | | | 107.06% |
| Electricity And Water | 2,544,000.00 | | - | | 2,544,000.00 | | 2,723,635.85 | | | | 107.06% |
| Medical | 1,178,720.00 | | - | | 1,178,720.00 | | 318,700.00 | | | | 27.04% |
| Administration Costs | 1,272,000.00 | | - | | 1,272,000.00 | | 1,361,817.90 | | | | 107.06% |
| Activity | 1,007,000.00 | | - | | 1,007,000.00 | | 825,412.50 | | | | 81.97% |
| Gratuity | - | | - | | - | | - | | | | - |
| | xxx | | xxx | | xxx | | xxx | | | | x |

(NGALA MEMORIAL SECONDARY SCHOOL)

Annual Report and Financial Statements For the year ended 30th June 20XX

| 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 |
| 3) FDSE for infrastructure | | | | | |
| Maintenance & Improvement MoE | xxx | xxx | xxx | xxx | x |
| M&I parents' contribution | xxx | xxx | xxx | xxx | x |
| Economic Stimulus Programs | xxx | xxx | xxx | xxx | x |
| Transition Infrastructure Grants | xxx | xxx | xxx | xxx | x |
| Administration Block | xxx | xxx | xxx | xxx | x |
| (4) Fees Charged on Parents | | | | | |
| Personnel Emoluments | 2,932,500.00 | | 2,932,500.00 | 1,312,514.00 | 44.76% |
| Repairs And Maintenance | 1,700,000.00 | | 1,700,000.00 | 2,188,231.00 | 128.72% |
| Local Transport / Travelling | 697,000.00 | | 697,000.00 | 311,667.00 | 44.72% |
| Electricity And Water | 4,590,000.00 | | 4,590,000.00 | 2,037,899.00 | 44.40% |
| Medical | - | - | - | | |
| Administration Costs | 1,700,000.00 | | 1,700,000.00 | 10,271,926.00 | 604.23% |
| Activity | 425,000.00 | | 425,000.00 | 377,668.00 | 88.86% |
| SMASSE | | | | | |
| Fee On Boarding Equipment and Stores | 20,983,600.00 | - | 20,983,600.00 | 29,655,608.00 | 141.33% |
| 5) Miscellenous Income | | | | | |
| BOM Teachers' salaries | 5,088,000.00 | | 5,088,000.00 | 2,161,696.00 | 42.49% |
| Rent income (Canteen rent) | | | | 10,500.00 | |
| Utility | | | | 128,940.00 | |
| ATC Kenya | | | | 217,350.00 | |
| SAFARICOM LTD | | | | 144,730.35 | |

(NGALA MEMORIAL SECONDARY SCHOOL)

Annual Report and Financial Statements For the year ended 30th June 20XX

| 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 |
| Damages | | | | 2,100.00 | |
| Interview | | | | 500.00 | |
| Interest Income | xxx | xxx | xxx | xxx | x |
| Income From Any Other Investment | xxx | xxx | xxx | xxx | x |
| Total Income | 58,548,540.00 | | 58,548,540.00 | 71,039,928.50 | 121.36% |
| (6) Expenditure For Tuition | | | | | |
| Textbooks | 3,148,000.00 | - | 3,148,000.00 | 1,528,904.80 | 48.57% |
| Reference Materials | | | | | |
| Exercise Books | 1,016,540.00 | | 1,016,540.00 | 626,720.00 | 61.65% |
| Laboratory Equipment | 405,980.00 | | 405,980.00 | 700,344.00 | 172.51% |
| Internal Exams | | | | | |
| Teaching / Learning Materials | 308,460.00 | | 308,460.00 | 599,810.00 | 194.45% |
| Chalks | 49,800.00 | | 49,800.00 | 123,480.00 | 247.95% |
| Exams And Assessment | 150,520.00 | | 150,520.00 | 362,900.00 | 241.10% |
| Teachers Guides | | | | | |
| Administration Costs | | | | | |
| Bank Charges | | | | 1,236.00 | |
| | | | | | |
| (7) Expenditure For Operations | | | | | |
| Personnel Emoluments | 4,653,400.00 | | 4,653,400.00 | 638,391.00 | 13.72% |
| Repairs, Maintenance & Improvements | 6,360,000.00 | - | 6,360,000.00 | 4,210,900.00 | 66.21% |
| Local Transport / Travelling | 1,484,000.00 | - | 1,484,000.00 | 1,006,900.00 | 67.85% |

(NGALA MEMORIAL SECONDARY SCHOOL)

Annual Report and Financial Statements For the year ended 30th June 20XX

| Receipt/Expenses Item | Original Budget | Adjustments | Final Budget | Actual On Comparable Basis | % Of Utilization |
|---|-----------------|-------------|--------------|----------------------------|------------------|
| | a | b | c=a+b | d | e=d/c % |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Electricity, Water and Conservancy | 2,544,000.00 | - | 2,544,000.00 | 3,738,048.00 | 146.94% |
| Medical | 1,178,720.00 | - | 1,178,720.00 | 23,862.70 | 2.02% |
| Administration Costs | 1,272,000.00 | - | 1,272,000.00 | 3,949,801.00 | 310.50% |
| Activity Expenses | 1,007,000.00 | - | 1,007,000.00 | 1,200,060.00 | 119.17% |
| BOM Teachers' salaries | - | - | - | 367,850.00 | |
| SMASSE | - | | | | |
| | | | | | |
| (8) Expenditure For infrastructure | | | | | |
| Construction of classrooms | xxx | xxx | xxx | xxx | x |
| Construction of LAB | xxx | xxx | xxx | xxx | x |
| Construction of DORMS | xxx | xxx | xxx | xxx | x |
| Purchase of furniture | xxx | xxx | xxx | xxx | x |
| Purchase of equipment | xxx | xxx | xxx | xxx | x |
| Purchase of machinery | xxx | xxx | xxx | xxx | x |
| | | | | | |
| (9) Expenditure For school fund/lunch/boarding | | | | | |
| Personnel Emoluments | 2,932,500.00 | - | 2,932,500.00 | 4,211,210.00 | 143.60% |
| Repairs, Maintenance and Improvements | 1,700,000.00 | - | 1,700,000.00 | 2,194,056.00 | 129.06% |
| Local Transport / Travelling | 697,000.00 | - | 697,000.00 | 1,578,000.00 | 226.40% |
| Electricity, Water and Conservancy | 4,590,000.00 | - | 4,590,000.00 | 4,188,761.00 | 91.26% |
| Medical Expenses | | - | | 66,697.70 | |

(NGALA MEMORIAL SECONDARY SCHOOL)

Annual Report and Financial Statements For the year ended 30th June 20XX

| 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 |
| Administration Costs | 1,700,000.00 | - | 1,700,000.00 | 3,408,620.00 | 200.51% |
| Activity | 425,000.00 | - | 425,000.00 | 1,459,940.00 | 343.52% |
| Gratuity | - | - | - | - | |
| Lunch Programme | - | - | - | - | |
| Boarding Equipment and Stores | 20,983,600.00 | - | 20,983,600.00 | 23,257,542.00 | 110.84% |
| Expenditure For Income Generating Activity | - | - | - | - | - |
| Insurance Costs | - | - | - | - | - |
| Other Expenses On Investments | - | - | - | - | - |
| Rent Expenses | | | | | |
| Bank Charges | | | | 43,912.00 | |
| Loan Interest Repayment | | | | | |
| Loan Principal Repayment | | | | | |
| Acquisition Of Assets | | | | | |
| Totals | 56,606,520.00 | xxx | 56,606,520.00 | 59,487,946.20 | 105.09% |

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

- i. Difference in the number of students budgeted and the actual number of students.
- ii. Over utilization of expenditure is caused by inflation of prices of commodities.

11. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2023.

12. Notes To The Financial Statements**1 Government Grants for Tuition**

| Description | 2022-2023 | 2021-2022 |
|-------------------------------|---------------------|---------------------|
| | Kshs | Kshs |
| Reference Materials | | |
| Exercise Books | 2,174,248.50 | 2,763,834.55 |
| Laboratory Equipment | 868,339.05 | 1,103,804.45 |
| Internal Exams | | |
| Teaching / Learning Materials | 660,851.10 | 838,660.95 |
| Chalks | 106,011.15 | 135,453.85 |
| Exams & Assessment | 321,942.95 | 409,243.50 |
| Total | 4,131,392.75 | 5,250,997.40 |

**Include others as per MOE circulars*

2 Government Grants for Operations

| Description | 2022-2023 | 2021-2022 |
|------------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Personnel Emoluments | 4,984,184.55 | 6,878,313.85 |
| Repairs And Maintenance | 5,907,000.00 | 8,394,000.00 |
| Local Transport / Travelling | 1,588,787.60 | 1,749,870.55 |
| Electricity And Water | 2,723,635.85 | 3,760,353.80 |
| Medical | 318,700.00 | 321,000.00 |
| Administration Costs | 1,361,817.90 | 1,880,177.00 |
| Activity | 825,412.50 | |
| Other Vote Heads (specify)* | | |
| Total | 17,709,538.40 | 22,984,515.25 |

**Include others as per MOE circulars*

3 Government Grants for infrastructure

| Description | Insert Current FY | Insert Comparative FY |
|---|-------------------|-----------------------|
| | Kshs | Kshs |
| Maintenance & Improvement | xxx | xxx |
| Transition infrastructure grants | xxx | xxx |
| Administration Block | xxx | xxx |
| Economic stimulus grants | xxx | xxx |
| Other (specify) (NGCDF and County govt. | xxx | xxx |

| Description | Insert Current FY | Insert Comparative FY |
|--------------|-------------------|-----------------------|
| | Kshs | Kshs |
| Total | xxx | xxx |

4 School Fund Income -Parents Contribution/Fees

| Description | 2022-2023 | 2021-2022 |
|--------------------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Personnel emoluments | 1,312,514.00 | 2,857,823.00 |
| Repairs and maintenance | 2,188,231.00 | 1,582,604.00 |
| Local transport / travelling | 311,667.00 | 594,916.00 |
| Electricity and water | 2,037,899.00 | 4,343,359.00 |
| Medical | - | 3,490.00 |
| Administration costs | 10,271,926.00 | 1,508,673.00 |
| Activity | 377,668.00 | 346,686.00 |
| Fee on Boarding Equipment and stores | 29,655,608.00 | 20,616,078.00 |
| BOM Teachers' Salaries | 2,161,696.00 | 3,971,565.00 |
| Fees Arrears | | 4,817,708.00 |
| Fees Prepayment | | |
| | | |
| Total | 48,317,209.00 | 40,642,902.00 |

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

5 Miscellaneous Incomes

| Description | 2022-2023 | 2021-2022 |
|-----------------|-------------------|---------------------|
| | Kshs | Kshs |
| Canteen Rent | 10,500.00 | 14,650.00 |
| Damages | 2,100.00 | 3,547,428.00 |
| Utility fee | 128,940.00 | |
| ATC Kenya | 217,350.00 | 324,375.00 |
| SAFARICOM Ltd | 144,730.35 | 153,153.00 |
| Interview | 500.00 | 10,500.00 |
| Fees Prepayment | | 407,037.00 |
| Bus Fund | | 1,155,568.00 |
| | | |
| | | |
| Total | 504,120.35 | 5,612,711.00 |

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

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

**Indicate what other income relates to including income arising from write backs if any.*

Notes to the Financial Statements (continued)

6 Tuition

| Description | 2022-2023 | 2021-2022 |
|-------------------------------|---------------------|---------------------|
| | Kshs | Kshs |
| Exercise Books | 626,720.00 | 393,000.00 |
| Textbooks | 1,528,904.80 | 1,700,550.00 |
| Reference materials | | |
| Laboratory Equipment | 700,344.00 | 916,522.00 |
| Teaching / Learning Materials | 599,810.00 | 1,185,775.00 |
| Exams And Assessment | 362,900.00 | 311,450.00 |
| Teachers Guides | | |
| Bank Charges | 1,236.00 | 2,674.00 |
| Chalks | 123,480.00 | 138,100.00 |
| Creditors | | 519,500.00 |
| Total | 3,943,394.80 | 5,167,571.00 |

7 Operations

| Description | 2022-2023 | 2021-2022 |
|--|----------------------|----------------------|
| | Kshs | Kshs |
| Personnel Emoluments | 638,391.00 | 1,156,933.00 |
| Service Gratuity | | |
| Administration Cost | 3,949,801.00 | 4,489,240.00 |
| Repairs And Maintenance & Improvements | 4,210,900.00 | 5,683,690.00 |
| Local Transport / Travelling | 1,006,900.00 | 684,460.00 |
| Electricity And Water | 3,738,048.00 | 4,693,346.00 |
| Medical | 23,862.70 | 193,260.00 |
| Activity Expenses | 1,200,060.00 | 308,644.00 |
| BOM Teachers' Salaries | 367,850.00 | 955,750.00 |
| Transfer to Infrastructure Account | 2,703,000.00 | 5,400,000.00 |
| Bank Charges | 7,742.00 | 4,844.00 |
| Creditors | | 684,757.00 |
| Total | 17,846,554.70 | 24,254,924.00 |

Notes to the Financial Statements (continued)

8 Infrastructure

| Description | 2022-2023 | 2021-2022 |
|----------------------------|-------------------|---------------------|
| | Kshs | Kshs |
| Construction of classrooms | 206,000.00 | 4,103,000.00 |
| Construction of laboratory | xxx | xxx |
| Construction of dormitory | xxx | xxx |
| Purchase of furniture | xxx | xxx |
| Purchase of equipment | xxx | xxx |
| Purchase of apparatus | xxx | xxx |
| Drilling of boreholes | xxx | xxx |
| Bank Charges | 504.00 | xxx |
| Total | 206,504.00 | 4,103,000.00 |

9 Boarding And School Fund

| Description | 2022-2023 | 2021-2022 |
|--|----------------------|----------------------|
| | Kshs | Kshs |
| Personnel Emoluments | 4,211,210.00 | 3,585,280.00 |
| Service Gratuity | | |
| Repairs And Maintenance & Improvements | 2,194,056.00 | 5,957,914.00 |
| Local Transport / Travelling | 1,578,000.00 | 1,843,050.00 |
| Electricity And Water | 4,188,761.00 | 2,960,894.00 |
| Medical Expenses | 66,697.70 | 73,460.00 |
| Administration Costs | 3,408,620.00 | 6,703,715.00 |
| Lunch Programme | | |
| Bank Charges | 43,912.00 | 26,484.00 |
| Activity | 1,459,940.00 | 163,400.00 |
| Fee On Boarding Equipment and Stores | 23,257,542.00 | 20,311,598.00 |
| Teaching & Learning Material | 11,120.00 | 14,760.00 |
| Exams & Assessment | 30,250.00 | 70,050.00 |
| Bus Fund | 616,165.00 | 573,397.00 |
| BOM Teachers' Salaries | 3,806,778.00 | 3,011,152.00 |
| Damages | | 2,094,030.00 |
| Reference material | | 26,200.00 |
| Creditors | - | 695,495.00 |
| Total | 44,873,051.70 | 48,110,879.00 |

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

Notes to the Financial Statements (continued)

10 Bank Accounts

| Account Name & Currency | Status | Bank Account Number | 2022-2023 | 2021-2022 |
|--|----------------|---------------------|---------------------|---------------------|
| | Active/Dormant | | Kshs | Kshs |
| Tuition Account | Active | 1107820715 | 22,439.30 | 84,531.35 |
| Operations Account | Active | 1107820871 | 1,384.85 | 238,202.30 |
| School Fund Account/Boarding | Active | 1107819954 | 150,794.05 | 846,164.05 |
| Exam & Caution money Savings Account | Dormant | 1105987620 | 2,516.90 | 2,516.90 |
| Parent Association Development Account | Dormant | 1105987507 | 1,897.6 | 1,897.60 |
| Gratuity Saving Account | Dormant | 1152366955 | 2,047.2 | 2,047.20 |
| Infrastructural Account | Active | 1254149856 | 3,000,627.80 | 504,131.80 |
| Total | | | 3,181,707.70 | 1,679,491.20 |

11 Cash In Hand

| Description | 2022-2023 | 2021-2022 |
|-----------------|-----------------|------------------|
| | Kshs | Kshs |
| Notes and Coins | 1,159.65 | 30,435.70 |
| Total | 1,159.65 | 30,435.70 |

12 Short Term Investments

| Description | Insert Current FY | Insert Comparative FY |
|------------------------|-------------------|-----------------------|
| | Kshs | Kshs |
| Cooperative Shares | xxx | xxx |
| Treasury Bills | xxx | xxx |
| Fixed Deposit accounts | xxx | xxx |
| Other Investments | xxx | xxx |
| Total | xxx | xxx |

Notes to the Financial Statements (continued)

13 Accounts Receivable

| Description | 2022-2023 | 2021-2022 |
|--|----------------------|----------------------|
| | Kshs | Kshs |
| Fees Arrears | 38,701,723.00 | 32,855,169.00 |
| Other Non-Fees Receivables | | |
| Salary Advances (list/schedule attached) | - | - |
| Imprest (list/schedule attached) | - | - |
| Rent arrears(list/schedule attached) | - | - |
| Total | 38,701,723.00 | 32,855,169.00 |

13 b Ageing Analysis of Accounts Receivable

| Description | 2022-2023 | | 2021-2022 | |
|--|----------------------|----------------|----------------------|----------------|
| | Kshs | | Kshs | |
| | 2022-2023 | % of the total | 2021-2022 | % of the total |
| Less than 1 year | 13,495,264.00 | % | 2,867,724.00 | % |
| Between 1- 2 years | | % | 2,382,354.00 | % |
| Between 2-3 years | | % | 3,573,299.00 | % |
| Over 3 years | 25,206,459.00 | % | 24,031,792.00 | % |
| Total (should tie to note 13 a) | 38,701,723.00 | % | 32,855,169.00 | % |

14 Accounts Payable

| Description | 2022-2023 | 2021-2022 |
|---|----------------------|---------------------|
| | Kshs | Kshs |
| Trade Creditors (See Ageing Below and Appendix 1) | 11,342,074.15 | 8,390,492.00 |
| Prepaid Fees | 982,194.00 | 407,037.00 |
| Retention Monies | | |
| Unpaid salaries and statutory deductions | | |
| Caution money | | |
| Other payables (specify) | | |
| Total | 12,324,268.15 | 8,797,529.00 |

Notes to the Financial Statements (continued)

14a. Ageing Analysis of Accounts Payable

| Description | 2022-2023 | | 2021-2022 | |
|--------------------------------------|----------------------|----------------|---------------------|----------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparative FY | % of the total |
| Less than 1 year | 11,209,475.00 | % | 7,687,079.00 | % |
| Between 1- 2 years | 75,423.00 | % | 703,413.00 | % |
| Between 2-3 years | 57,176.15 | % | - | % |
| Over 3 years | Nil | % | - | % |
| Total (should tie to note 14) | 11,342,074.15 | % | 8,390,492.00 | % |

15 Fund Balance Brought Forward

| Description | 2022-2023 | | 2021-2022 | |
|------------------------|----------------------|--|----------------------|--|
| | Kshs | | Kshs | |
| Bank Balances | 1,679,491.20 | | 3,449,966.00 | |
| Cash Balances | 30,435.70 | | 5,208.00 | |
| Short Term Investments | - | | - | |
| Receivables | 32,855,169.00 | | 29,387,240.90 | |
| Payables | (8,797,529.00) | | (4,529,571.00) | |
| Total | 25,767,566.90 | | 28,312,843.50 | |

Other important disclosure notes

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

16 Non-current Liabilities Summary

| Description | Insert Current FY | Insert Comparative FY |
|------------------------------|-------------------|-----------------------|
| | Kshs | Kshs |
| Bank Loans | xxx | xxx |
| Outstanding Leases | xxx | xxx |
| Hire Purchase | xxx | xxx |
| Gratuity And Leave Provision | xxx | xxx |
| Others (specify) | xxx | xxx |
| Total | xxx | xxx |

17 Biological assets

| Description | Numbers | Insert Current FY | Insert Comparative FY |
|--------------------------|---------|-------------------|-----------------------|
| | | Kshs | Kshs |
| Cattle | | xxx | xxx |
| Goats | | xxx | xxx |
| Trees | | xxx | xxx |
| Coffee Or Tea Plantation | | xxx | xxx |
| Poultry | | xxx | xxx |
| Others (specify) | | xxx | xxx |
| Total | | xxx | xxx |

18 Borrowings

| Description | Kshs | Kshs |
|---------------------------------------|------------|------------|
| Borrowings at beginning of the year | xxx | xxx |
| Borrowings during the year | xxx | xxx |
| Repayments during the year | (xxx) | (xxx) |
| Balance at the end of the year | xxx | xxx |

Other important disclosure notes

19 Stock/ Inventory

| Description | 2022-2023 | 2021-2022 |
|------------------------|------------------|-------------------|
| | Kshs | Kshs |
| Food stuffs | 50,378.00 | 87,350.00 |
| Lab consumables | 43,890.00 | 38,980.00 |
| Farm produce | - | - |
| Medication | - | - |
| Construction Materials | - | - |
| Others (specify) | - | - |
| | 94,268.00 | 126,330.00 |

(Stock to be measured at lower of cost and net realisable value. Net realisable value is the difference between selling costs less costs to sell)

20 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

13. Annexes

Annex I - Analysis of Pending Accounts Payable

| Supplier Of Goods Or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance Current 2023 | Outstanding Balance 2022 | Comments |
|--|-----------------|-----------------|---------------------|----------------------------------|--------------------------|----------|
| | A | b | C | d=a-c | | |
| | Kshs | Kshs | Kshs | Kshs | Kshs | |
| Construction Of Buildings | | | | | | |
| 1. Boolerz Ltd | 844,455.00 | | | 844,455.00 | | |
| 2. Shaban Kalume Omar | | | | 296,362.00 | 619,900.00 | |
| 3. | | | | | | |
| Sub-Total | | | | 1,140,817.00 | | |
| Supply Of Goods | | | | | | |
| 4. Boolerz Ltd | | | | 33,600.00 | | |
| 5. Burney Ltd | | | | 1,813,696.00 | 2,099,297.00 | |
| 6. Coast Tailoring Store | | | | 36,400.00 | | |
| 7. Dura Discoveries Enterprises | | | | 107,840.00 | 84,000.00 | |
| 8. Fochem Enterprises | | | | 292,400.00 | 256,950.00 | |
| 9. Franzomwa Food Staff Fruits & Vegetables Supplies | | | | 74,100.00 | | |
| 10. Gendaxy Supplys Ltd | | | | 983,420.00 | | |
| 11. Gladson Enterprises | | | | 86,500.00 | | |
| 12. Gladys C Saha | | | | 37,800.00 | | |
| 13. Grandlab Digital Fixers Ltd | | | | 467,419.00 | 1,179,508.00 | |

| Supplier Of Goods Or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance Current 2023 | Outstanding Balance 2022 | Comments |
|--|-----------------|-----------------|---------------------|----------------------------------|--------------------------|----------|
| 14. Issa Khalifa Issa | | | | 240,000.00 | 128,000.00 | |
| 15. Jemwag Enterprises | | | | 410,320.00 | 161,800.00 | |
| 16. Pekele Stationery Enterprises | | | | 67,620.00 | 892,358.00 | |
| 17. Pekele Uniform Solution | | | | 253,800.00 | 265,200.00 | |
| 18. Mikiriani General Contractors | | | | 54,000.00 | | |
| 19. Samset Enterprises | | | | 568,760.00 | 133,125.00 | |
| 20. Tambaliza Millers | | | | 861,000.00 | 614,000.00 | |
| 21. The County Luxury Comfort Hotels Ltd | | | | 722,675.00 | 344,030.00 | |
| 22. ZALU Enterprises | | | | 2,454,400.00 | 678,200.00 | |
| Sub-Total | | | | 9,565,730.00 | | |
| Supply Of Services | | | | | | |
| 23. All Pest Kenya Ltd | | | | 46,771.00 | 34,664.00 | |
| 24. Boolerz Ltd | | | | 164,000.00 | | |
| 25. Dura Discoveries Enterprises | | | | 24,000.00 | | |
| 26. Grandlab Digital Fixers Ltd | | | | 250,000.00 | 675,000.00 | |
| 27. Infotech Printers | | | | 81,700.00 | | |
| 28. KPLC | | | | 57,056.15 | | |
| 29. Salcom Investment | | | | 12000.00 | | |
| Sub-Total | | | | 635,527.15 | | |
| Grand Total | | | | 11,342,074.15 | | |

Annex 2 – Summary of Fixed Assets Register

(NGAIA MEMORIAL SECONDARY SCHOOL)
Annual Report and Financial Statements For the year ended 30th June 20XX

| Asset Class | Historical Cost b/f (Kshs) 1 st July 2022 | Additions during the year (Kshs) | Disposals during the year (Kshs) | Historical Cost c/f (Kshs) 30 th June 2023 |
|--|--|--|--|---|
| Land | | | | |
| Buildings And Structures | | | | |
| Motor Vehicles | 5,700,000.00 | - | - | 5,700,000.00 |
| Office Equipment, Furniture And Fittings | 560,000.00 | - | - | 560,000.00 |
| Textbooks | | | | |
| ICT Equipment | | | | |
| Tools And Apparatus | | | | |
| Other Machinery And Equipment | 1,421,000.00 | - | - | 1,421,000.00 |
| Heritage And Cultural Assets | | | | |
| Intangible Assets- Soft Ware | | | | |
| Total | 7,681,000.00 | | | 7,681,000.00 |

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