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TABLED BY:	Hon. Naomi Waco
CLERK-AT THE TABLE:	Deputy Majority Whip Imzah Mwarab

REPORT

OF

THE AUDITOR-GENERAL

ON

MOLO HIGHWAY SECONDARY SCHOOL

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

NAKURU COUNTY



MOLO HIGHWAY SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2021

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

MOLO HIGHWAY SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2021

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MOLO HIGHWAY SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

I. KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

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

The school was registered in 7/2018 under registration number 32S3000081 and is currently categorized as a Molo subcounty public school established, owned or operated by the Government.

The school is a day/boarding school and had 334 number of students as at 30th June 2021. It has 2 streams and 14 teachers of which 8 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:

1	Paul King'ori	Chairman CEB REP	4/2019
2	Alice W. Thiga	Secretary - Principal	4/2019
3	Pascal Ndula	Parents Association	4/2019
4	Beatrice Ggichai	Parents Association	4/2019
5	Ann Waithera	Sponsor	4/2019
6	Phylis Wanjiru	Parents Association	4/2019
7	John Murage	Special group	4/2019
8	Gideon Orwenyo	Sponsor	4/2019
9	Angela Koske	Member Rep Teachers	4/2019
10	Stanley Waweru	Sponsor	4/2019
11	Daniel Oyaro	Member - Community	4/2019
12	Teresia Mumbi	Member Special Needs	4/2019
13	Teresia Muthoni	Rep Students	4/2019
14	Paul Ngaruiya	Parents Association	4/2019
15	Phillip Mbae	Parents Association	4/2019
16	John Wainaina	Parents Association	4/2019
17	Stanley Mutonga	Parents Association	4/2019
18	Agnes Chepngetich	Member community	4/2019

MOLO HIGHWAY SECONDARY SCHOOL

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

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The functions of the School Board of Management include:

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

MOLO HIGHWAY SECONDARY SCHOOL

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

(c) Committees of the Board

Ref	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Paul gitonga Teresia mumbi Pascal saya stanleymutonga		
2	Audit Committee			
3	Finance,procurement and general purposes Committee	Paul gitonga Alice thiga Phillip mbae John wainaina		4 out of 6 4 out of 6 4 out of 6 4 out of 6 4 out of 6
4	Academic Committee	Paul gitonga Alice thiga Kidd orwenyo Phyllis wanjiru James murage		5 out of 6 5 out of 6 5 out of 6 5 out of 6 5 out of 6
5	Development Committee	Paul gitonga Alice thiga Phillip mbae Stanley waweru		4 out of 6 4 out of 6 4 out of 6 4 out of 6
6	Discipline and welfare Committee	Stephen ikenye Stanley mutonga John wainaina		5 out of 6 5 out of 6 5 out of 6

MOLO HIGHWAY SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2021****(d) School operation Management**

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

Ref :	Designation	Name	TSC Number
1	Principal	ALICE W THIGA	287039
2	Deputy Principal	STEPHEN UNO IKENYE	274418
3	School Bursar	GORRETY RUTTO	

MOLO HIGHWAY SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2021

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 736-20106
Telephone: 0721484653
E-mail: molohighwaysec@gmail.com
:

(f) School Bankers

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

1. Name of Bank: Cooperative bank (School fund account)
Branch: Molo
Account Number: 01139720052600
2. Name of Bank: Cooperative bank(Tuition account)
Branch: Molo
Account Number: 01139720052601
3. Name of bank: Cooperative bank (Operations account)
Branch: Molo
Account number: 01139720052602
4. Name of bank: Cooperative bank(Infrastructure account)
Branch: Molo
Account number: 01139720052603

(g) Independent Auditors

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

MOLO HIGHWAY SECONDARY SCHOOL

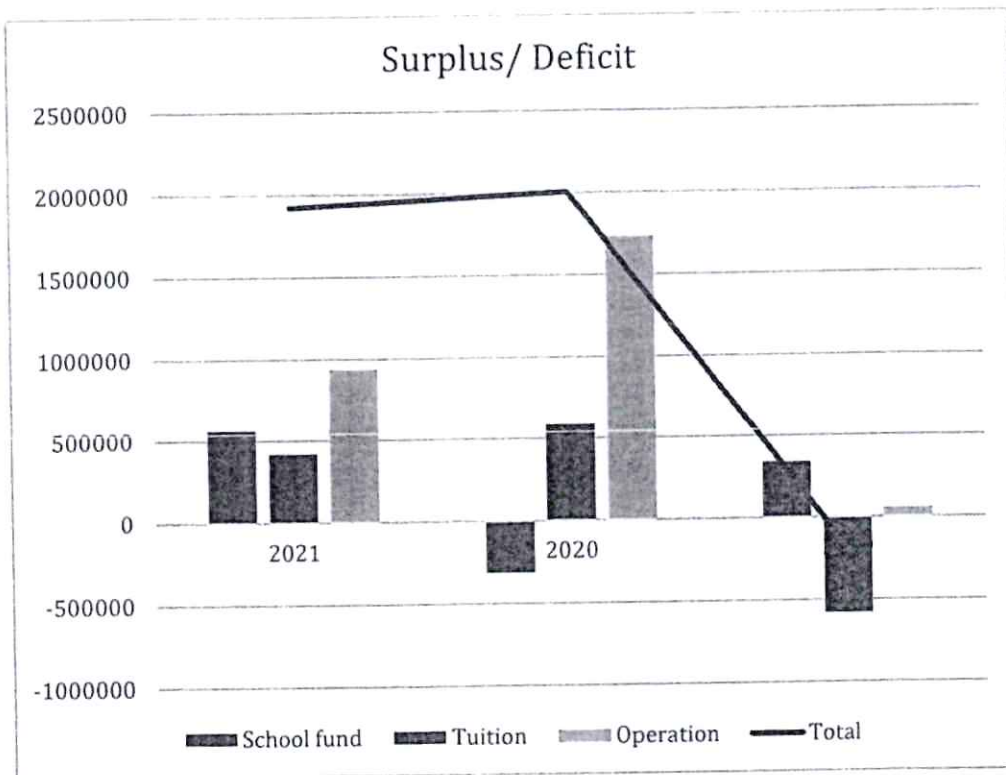
Annual Report and Financial Statements For the year ended 30th June 2021

II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance:**

<i>Account</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
<i>School fund</i>	563500	-312940	338768
<i>Tuition</i>	420032.75	587180	-582084
<i>Operation</i>	937938.65	1730205	53697.95
<i>Total</i>	1921471.4	2004445	-189618

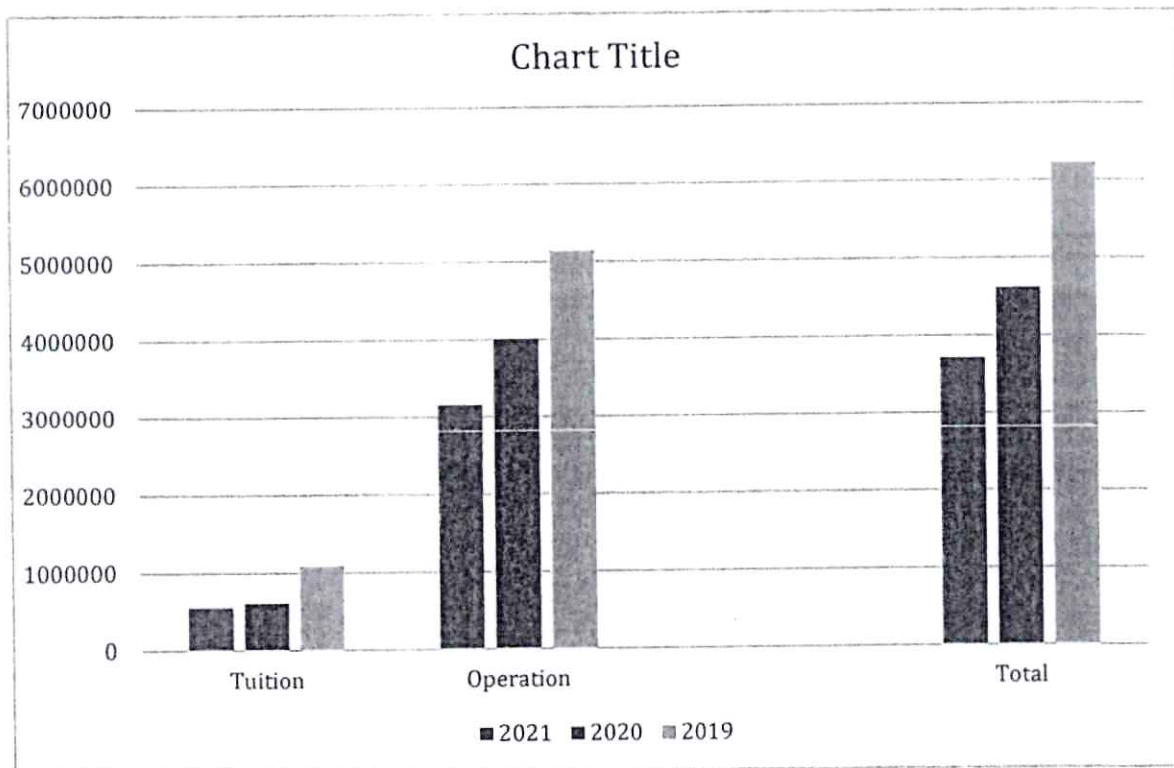


MOLO HIGHWAY SECONDARY SCHOOL

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

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

<i>Account</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
<i>Tuition</i>	555697.75	609694	1086862.3
<i>Operation</i>	3156014	4007200	5139904.95
<i>Total</i>	3711711.8	4616894	6226767.25

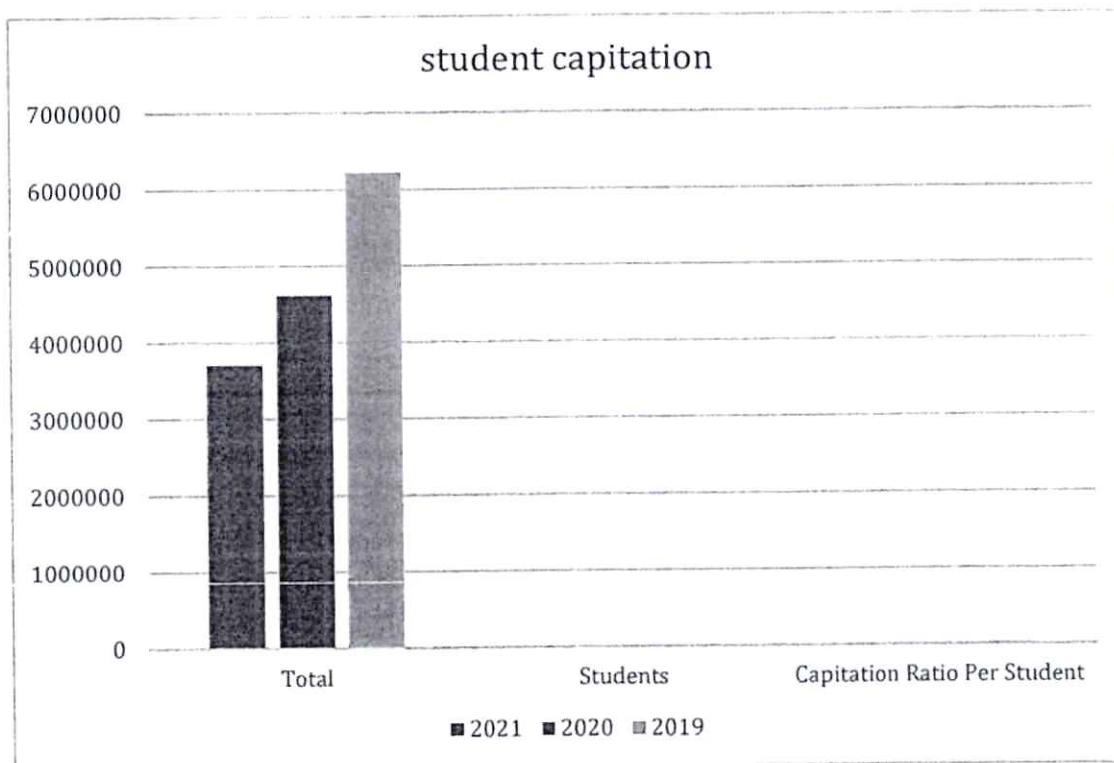


MOLO HIGHWAY SECONDARY SCHOOL

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

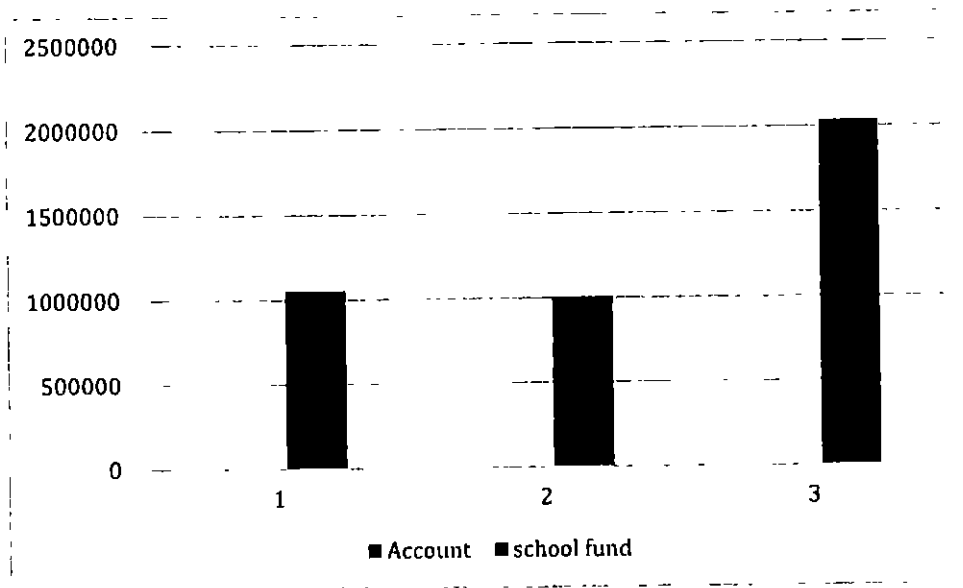
Ratio of capitation grant per student over the last three years

<i>Year</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
<i>Total</i>	<i>3711711.8</i>	<i>4616894</i>	<i>6226767.25</i>
<i>Students</i>	<i>400</i>	<i>370</i>	<i>352</i>
<i>Capitation Ratio Per Student</i>	<i>9279.28</i>	<i>12478.09</i>	<i>17689.68</i>



MOLO HIGHWAY SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2021

<i>Account</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
<i>school fund</i>	<i>1050310</i>	<i>1004360</i>	<i>2034516</i>

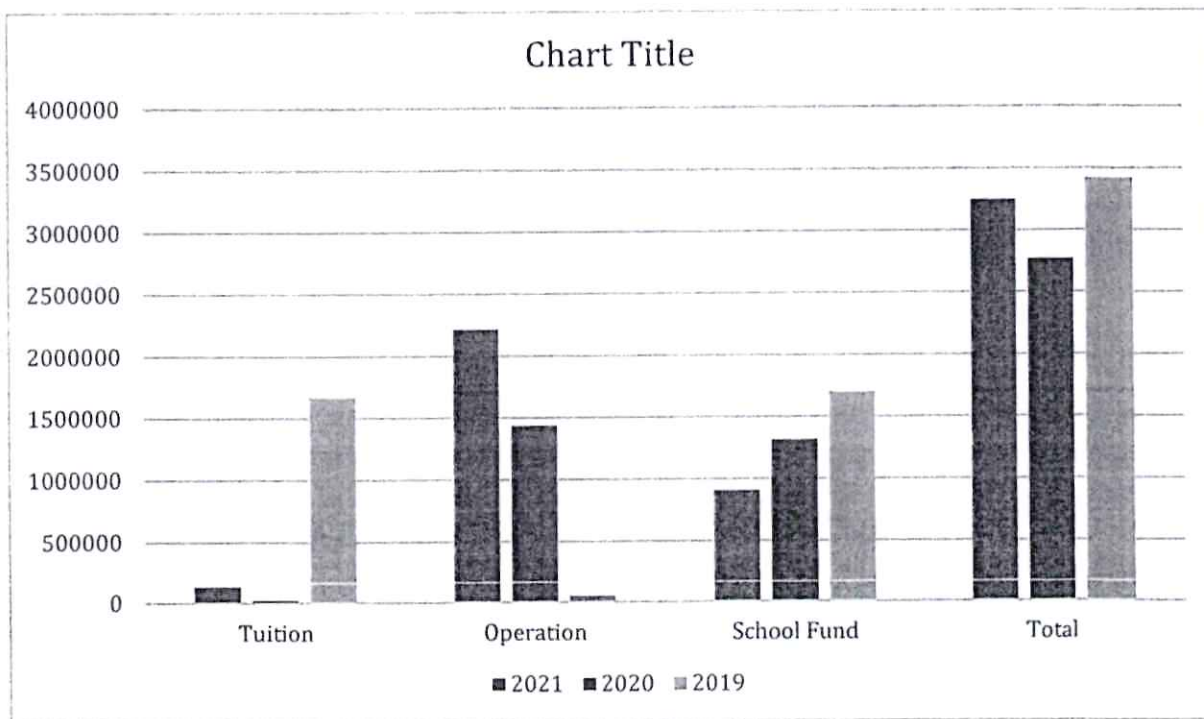


MOLO HIGHWAY SECONDARY SCHOOL

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

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

<i>Account/Year</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
<i>Tuition</i>	<i>131725</i>	<i>22120</i>	<i>1669012</i>
<i>Operation</i>	<i>2218075</i>	<i>1433995</i>	<i>53679.95</i>
<i>School Fund</i>	<i>901510</i>	<i>1317300</i>	<i>1695748</i>
<i>Total</i>	<i>3251310</i>	<i>2773415</i>	<i>3418439.9</i>

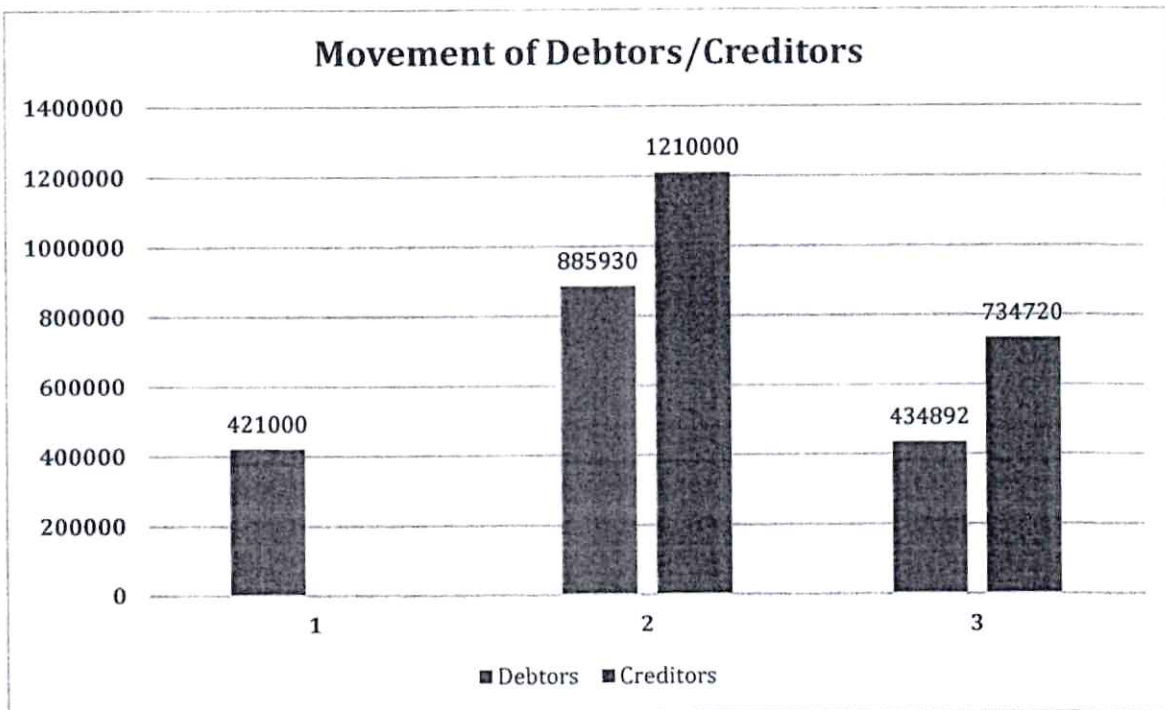


MOLO HIGHWAY SECONDARY SCHOOL

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

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

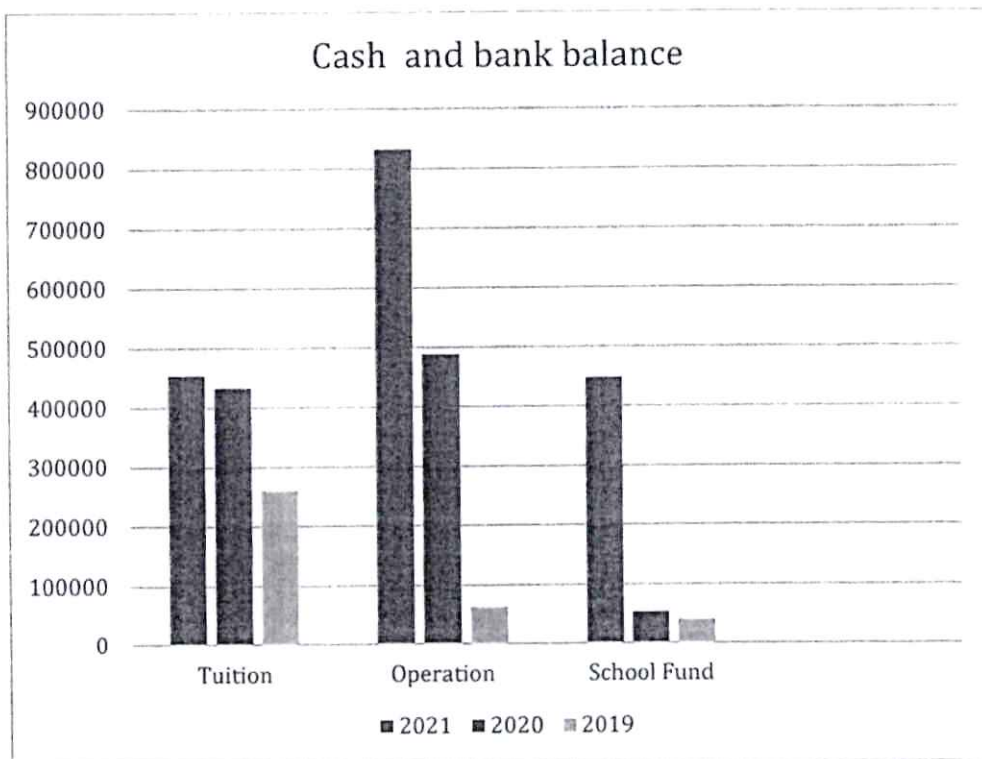
	2021	2020	2019
<i>Debtors</i>	421000	885930	434892
<i>Creditors</i>		1210000	734720



MOLO HIGHWAY SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2021

Movement of cash and bank balances over the last three years

<i>Account</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
<i>Tuition</i>	453784.3	432783.35	259442.55
<i>Operation</i>	832339.1	488272.45	61767.45
<i>School Fund</i>	448387.45	53357.45	39307.45



MOLO HIGHWAY SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2021****b) Teacher Student ratio:****Student to teacher ratio is 1:30**

c) Retired teachers	Teachers transferred	Recruited/posted by tsc	Employed by tsc	Intern	Employed by BOM
nil	nil	nil	3	1	11

Subject	No of teachers
Eng	3
Kisw	3
Math	3
Chem	3
Bio	3
Phy	2
Geo	2
Hist	2
Agri	2
Cre	2
B/st	2

MOLO HIGHWAY SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2021****d) Mean score in the 2021KCSE:**

e) Grades	Entry	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E	X
No of students		0	0	0	1	0	0	1	3	5	9	23	8	1
Total	51	0	0	0	1	0	0	1	3	5	9	23	8	1

2020

Grades	Entry	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E
No of students		0	0	0	0	0	1	2	10	7	11	23	10
Total	64	0	0	0	0	0	1	2	10	7	11	23	10

2021

Grades	Entry	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E
No of students		0	0	0	1	0	3	3	0	3	28	51	26
Total	115	0	0	0	1	0	3	3	0	3	28	51	26

f) Number of Candidates in the 2021 KCSE:

Year	2019	2020	2021
No of candidates	51	64	115
Mean score	2.62	2.906	2.365

g) Capacity of the school:

Classrooms	Toilets	Dining hall	Laboratories	Dormitories
8	22	Nil	1	Nil

MOLO HIGHWAY SECONDARY SCHOOL

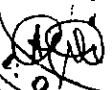
Annual Report and Financial Statements For the year ended 30th June 2021

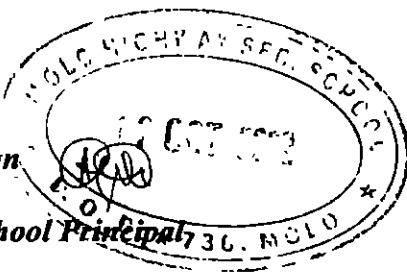
h) Development projects carried out by the school:

Construction of storey building classrooms funded by CDF and RMI funds ongoing project

i) 2021 project

project	Funded by	Current situation
Storey building	R.M.I	Ongoing

Sign 
School Principal



MOLO HIGHWAY SECONDARY SCHOOL

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

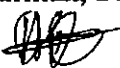
III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

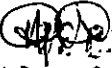
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant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

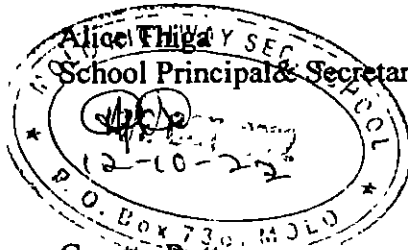
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

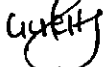
The Board of Management of *Molo highway secondary school* accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards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

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

Name: Paul Gitonga
Designation: Chairman, School Board of Management
Sign: 
Date: 12-10-22

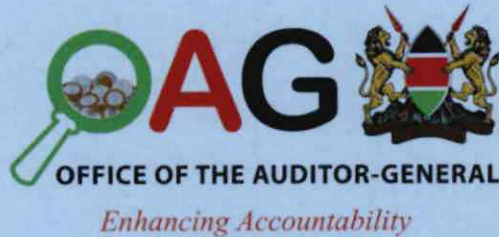
Name: Alice Thiga
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 12-10-22



Name: Goretti Rutto
Designation: Bursar/ Finance Officer
Sign: 
Date: 12-10-22

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MOLO HIGHWAY SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - NAKURU COUNTY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Molo Highway Secondary School - Nakuru County set out on pages 19 to 24, which comprise the statement of financial assets and financial liabilities as at 30 June, 2021, and the statement of receipts

Report of the Auditor-General on Molo Highway Secondary School for the six (6) months' period ended 30 June, 2021 - Nakuru County

and payments, statement of cash flows and statement of budgeted versus actual amounts for the six (6) month's period 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 Molo Highway Secondary School as at 30 June, 2021, and of its financial performance and its cash flows for the period 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

1. Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs. 2,477,839 in respect of fees arrears as disclosed in Note 11 to the financial statements. However, included in the balance are receivables amounting to Kshs.890,819 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, completeness and recoverability of the accounts receivable balance of Kshs.2,477,839 could not be confirmed.

2. Unsupported Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.1,734,510 as disclosed in Notes 8 and 9 to the financial statements. Included in this balance are tuition account, operation account, school fund account and Infrastructural account balances of Kshs.452,724, Kshs.377,250, Kshs.448,220 and Kshs.454,690 respectively. However, the bank balances were not supported by bank reconciliation statements.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.1,734,510 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.5,550,000 and Kshs.4,747,021 respectively, resulting to an under-budgeting of Kshs. 802,979 or 14% of the budget. However, the School spent a balance of Kshs.3,532,200 against actual receipts of Kshs.4,747,021 resulting to an under-utilization of Kshs.1,214,821 or 25% of actual receipts.

The under collection and under-budgeting affected implementation of the planned activities and may have impacted negatively in-service delivery to the public.

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 matter described in the Basis for Conclusion on Lawfulness and Electiveness 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 Molo District School Heads Association

The statement of receipts and payments reflects payments for operations of Kshs.2,390,555 as disclosed in Note 6 to the financial statements. Included in the expenditure is an amount of Kshs.145,620 transferred to Molo District School Heads Association. However, Molo District School Heads Association 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 the Association amounting to Kshs.145,620 could not be confirmed.

2. 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. Page 1 under the table of contents, roman numbers I, III, IV, V, VI, IX and X contains information that reads – 'error bookmark not defined' which was not corrected;

- ii. Page 4 under committee of the Board, designations of the Board Members and the number of meetings attended during the period have been omitted;
- iii. The statement of cash flows under receipts from operating activities reflects adjustments in changes in receivables and changes in payables of negative Kshs.1,262,653 and Kshs.907,810 respectively which are not in the format prescribed in the template;
- iv. The statement of budgeted versus actual amounts heading is omitted on page 13 and 14; and
- v. Total income under original and final budget are omitted.
- vi. The financial statements refer to the year ended 30 June, 2021 instead of the six months' period ended 30 June, 2021.

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.

3. Late Submission of Financial Statements for Audit

During the period under review, Management submitted the financial statements to the Auditor-General on 17 February, 2023 instead of the statutory deadline of 30 September 2021. 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, 2021 in compliance with 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.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 governance were not effective.

Basis for Conclusion

1.0 Lack of Audit Committee and Internal Audit Function

During the period under review, the School did not constitute an audit committee and an internal audit unit as required by 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 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.

2.0 Lack of Ownership Documents

Annex 2 to the financial statements on summary of fixed assets register reflects fixed assets as at 30 June, 2021 which include land and other assets. However, the assets register maintained by the School lacked key information such as assets' unique identifier codes, asset names, descriptions, dates of purchase, capitalization and purchase costs. Further, the 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 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 the School Board of Management

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

In preparing the financial statements, Management is responsible for assessing the School's ability to continue to sustain 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.

The School Board of Management is 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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk Management and 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 control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 September, 2024

MOLO HIGHWAY SECONDARY SCHOOL

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

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

DESCRIPTION OF VOTE HEAD	Note	2020 - 2021 Kshs	2019 - 2020 Kshs
RECEIPTS			
Capitation grants for tuition	1	555,697	-
Capitation grants for operations	2	3,156,014	-
School Fund Income- Parents' Contributions	3	-	-
School Fund Income- Other receipts	4	2,062,650	-
Proceeds from borrowings			
TOTAL RECEIPTS		5,774,361	-
PAYMENTS			
Payments for Tuition	5	135,662	-
Payments for operations	6	2,390,555	-
Boarding and school fund payments	7	907,810	-
TOTAL PAYMENTS		3,434,027	-
SURPLUS/DEFICIT		2,340,334	-

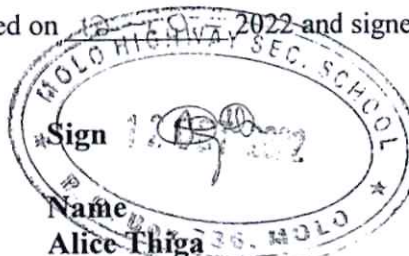
The school financial statements were approved on 12-10-2022 and signed by:

Sign:



Name
Paul Gitonga
Chair BOM

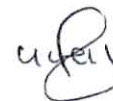
Date 10-12-22



Name
Alice Thiga
School Principal/
Secretary to BOM

Date 12-10-22

Sign



Name
Goretty Rutto
Bursar/
Finance Officer

Date 12-10-22

MOLO HIGHWAY SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

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

II. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES			
	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	1,732,884.00	-
Cash Balances	9	1,626.00	-
Short term Investment	10	-	-
Total Cash and Cash Equivalents		1,734,510.00	-
Account's receivables	11	2,477,839.00	-
TOTAL FINANCIAL ASSETS		4,212,349.00	-
FINANCIAL LIABILITIES			
Accounts Payable	12	-	-
NET FINANCIAL ASSETS		4,212,349.00	-
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	1,872,015.00	-
Surplus/Deficit for the year		2,340,334.00	-
NET FINANCIAL POSITION		4,212,349.00	-

Name: Paul Gitonga

Chairman, BoM

Date: 12-10-22

Sign: 

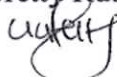
Name: Alice Thiga

School Principal/Secretary

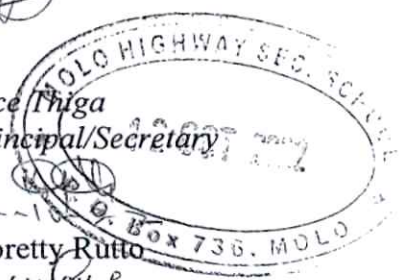
to BoM

Date: 12-10-22

Name: Goretty Rutto

Bursar 

Date: 12-10-22



MOLO HIGHWAY SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2021

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

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Capitation grants for tuition	1	555,697	-
Capitation grants for operations	2	3,156,014	-
School fund income- Parents contributions/ fees	3	-	-
School fund income- other receipts	4	2,062,650	-
Adjstments in changes in receivables& payables		(1,262,653)	
Total receipts		4,511,708	
Payments			
Payments for Tuition		135,662	-
Payments for operations		2,390,555	-
Boarding and school fund payments		907,810	
		3,434,027	-
Net cash flow from operating activities		1,077,681	-
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			-
Acquisition of Assets		-	-
Proceeds from investments		-	-
Net cash flows from Investing Activities		-	-
NET CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		1,077,681	-
Cash and cash equivalent at BEGINNING of the year		656,829	
Cash and cash equivalent at END of the year		1,734,510	-

MOLO HIGHWAY SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2021

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

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Textbooks and reference materials	0		0			
Exercise books	130,000		130,000	120,000	10,000	108.3%
Laboratory equipment	170,000		170,000	150,000	20,000	88.2%
Internal exams	120,000		120,000	150,000	(30,000)	125%
Teaching / learning materials	100,000		100,000	105,698	(5,698)	105.7%
Chalks	20,000		20,000	15,000	5000	75%
Exams and assessment						
Teachers guides						
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments						
Repairs and maintenance	1,500,000		1,500,000	1,487,000	13,000	99.1%
Activity						
Other voteheads	1,800,000		1,800,000	1,669,014	130,986	92.7%
SMASSE						
(3) FEES CHARGED ON PARENTS						
Lunch programme	1710000		1710000	1050310	659690	61.4%
Personnel emoluments						
Medical						
Administration costs						
Activity						
SMASSE						

MOLO HIGHWAY SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2021

Fee on Boarding Equipment and Stores						
OTHER INCOME						
Rent income						
Income from farming activities						
Insurance compensation						
Income from Posho mill						
Income from Bus Hire						
Fee for hire of ground and equipment						
Interest income						
Income from any other investment						
TOTAL INCOME			5,550,000	4,747,021	(4,747,021)	
(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials						
Exercise books	130,000		130,000	97,920	32,080	75%
Laboratory equipment	170,000		100,000	70,000	30,000	70%
Internal exams	120,000		120,000		120,000	100%
Teaching / learning materials	100,000		100,000	55,975	44,025	56%
Chalks	20,000		12,000	6000	6,000	50%
Exams and assessment						
Teachers guides						
Administration costs						
Bank Charges	3940		3940			100%
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	834,507		834,507	693,500	141,007	83%
Repairs, maintenance & improvements	1,800,000		1,800,000	1,284,815	515,185	71%
Local transport / travelling	60,000		60,000	49,700	10,300	83%
Electricity, water and conservancy	60,000		15,000	12,000	3,000	80%
School fund	172,000		172,000	172,000		100%

MOLO HIGHWAY SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2021

Administration costs	180,000		180,000	176,620	3,380	98%
Activity Expenses						
Gratuity						
Bank Charges	1920		1,920			100%
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments						
Repairs, maintenance and improvements						
Local transport / travelling						
Electricity, water and messervancy						
Medical Expenses						
Administration costs						
Activity						
Gratuity						
Lunch programme	1,025,000		1,000,000	901,510	98,490	90%
Boarding Equipment and Stores						
Expenditure for Income Generating Activity						
Insurance costs						
Other expenses on investments						
Rent Expenses						
Bank Charges			6,300	6,300		100%
Loan Interest Repayment						
Loan Principal Repayment						
Acquisition of Assets						
TOTALS	4,677,367		4,533,747	3,532,200	1,001,547	77.9%

MOLO HIGHWAY SECONDARY SCHOOL

Reports and Financial Statements For the year ended 30th June 2021

IX. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

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

MOLO HIGHWAY SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2021**X. NOTES TO THE FINANCIAL STATEMENTS****1 CAPITATION GRANT FOR TUITION**

		2020-2021	2019-2020
		Kshs	Kshs
Textbooks and reference materials		555,697.00	
Exercise books			
Laboratory equipment			
Internal exams			
Teaching / learning materials			
Chalks			
Exams and assessment			
Teachers guides			
Reference/Library			
Total		555,697.00	

2 CAPITATION GRANT FOR OPERATIONS

		2020-2021	2019-2020
		Kshs	Kshs
Personnel emoluments		417,254.00	
Repairs and maintenance		1,487,000.00	
Local transport / travelling		417,254.00	
Electricity ,water& Conservancy		417,254.00	
Medical			
Administration costs		417,252.00	
Infrastructure			
transer from school fund			
Total		3,156,014.00	

MOLO HIGHWAY SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2021

6 PAYMENTS FOR OPERATIONS

Personal Emoluments		693,500	
Service Gratuity			
Administration Cost		176,620	
Repairs and maintenance & improvements			
Local transport / travelling		49,700	
Electricity and water		12,000	
Medical & Insurance			
Activity Expenses			
SMASSE			
Insurance Cost			
Infrastructure		1,284,815	
Bank Charges		1,920	
Acquisition of Assets			
Transfer to School fund		172,000	
TOTAL		2,390,555.00	

7 BOARDING AND SCHOOL FUND PAYMENTS

		2020-2021	2019-2020
		Kshs	Kshs
Excess fees			
Administration costs			
Activity			
Lunch Programme		901,510.00	
Bank Charges		6,300.00	

MOLO HIGHWAY SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2021

transfer to operation account			
Acquisition of Assets			
TOTAL		907,810.00	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account		452,724.00	
Operations Account		377,250.00	
School Fund Account/Boarding		448,220.00	
Savings Account			
ICT account			
Income generating activities Account			
CDF			
Infrastructural Account		454,690.00	
Farm Account			
Total		1,732,884.00	-

9 CASH IN HAND

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition Account	1,060.00	-
Operation Account	399.00	
School Fund account	167.00	
Total	1,626.00	-

MOLO HIGHWAY SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 ACCOUNTS RECEIVABLE

Description		2020-2021	2019-2020
		Kshs	Kshs
Fees arrears		2,477,839.00	1,776,749.00
Other non-fees receivables			
Salary advances			
Imprest			-
Total		2,477,839.00	1776749.00

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

Description		2020-2021	2019-2020
		Kshs	Kshs
Fees arrears for current year		840,340.00	885,930.00
Fees arrears for the previous year		885,930.00	434,892.00
Fees arrears received during the year		(139,250.00)	(291,800.00)
Fees arrears for prior periods (over two years)		890,819.00	747,727.00
Total		2,477,839.00	1776749.00



MOLO HIGHWAY SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2021**11 ACCOUNTS PAYABLE**

Description		2020-2021	2019-2020
		Kshs	Kshs
Trade creditors (See ageing below and appendix 1)		-	561,563.00
Prepaid fees			
Retention monies		-	-
Total		-	561,563.00

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

Description		2020-2021	2019-2020
		Kshs	Kshs
Trade creditors for current year			561,563.00
Trade creditors for the previous year		561,563.00	
Trade creditors for prior periods (over two years)			
Trade creditors paid for the year		(561,563.00)	
Total		-	561,563.00

MOLO HIGHWAY SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2021**NOTES TO THE FINANCIAL STATEMENTS (Continued)****12 FUND BALANCE BROUGHT FORWARD**

Description		2020-2021	2019-2020
		Kshs	Kshs
Bank balances		648,576.00	
Cash balances		8,253.00	
Short Term Investments			
Receivables		1,776,749.00	
Payables		(561,563.00)	
Total		1,872,015.00	-

13 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle	2		
Goats			
Trees			
Coffee or tea plantation			
Poultry			
Total	2		

MOLO HIGHWAY SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2021

14 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)

MOLO HIGHWAY SECONDARY SCHOOL

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

XI. ANNEXES

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX-1	Comments
	a	b	c	d-a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings	NIL					
1.						
2.						
3.						
Sub-Total						
Supply of goods	NIL					
4.						
5.						
6.						
Sub-Total						
Supply of services	NIL					
7.						
8.						
9.						
Sub-Total						
Grand Total						

MOLO HIGHWAY SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2021

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Number	Location	Historical Cost b/f (Kshs) 1 st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2021
Land 1	1					
Land 2						
Buildings and structures	6					
Motor vehicles	NIL					
Office equipment, furniture and fittings	450					
ICT Equipment, and Other ICT Assets	3					
Tools and apparatus	4000					
Textbooks	3000					
Other Machinery and Equipment	NIL					
Heritage and cultural assets						
Intangible assets- soft ware	NIL					
Total	7953					

(The School should ensure that a detailed fixed assets register is maintained

MOLO HIGHWAY SECONDARY SCHOOL
Reports and Financial Statements For the year ended 30th June 2021

