REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

FINCHARO MIXED SECONDARY SCHOOL

FOR THE YEAR ENDED 30 JUNE, 2022

MANDERA COUNTY

FINCHARO MIXED SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIALYEAR ENDED
30th June 2022

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

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I. Acronyms and Definition of Key Terms

A. Acronyms.

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

B. Definition of Key Terms

Comparative Year- Means the prior period.

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 MANDERA County, MANDERA SOUTH Sub-County

The school was registered in 2nd JUNE 2021 under registration number 9S30000050 and is currently categorized as SUB- County public school established, owned or operated by the Government.

The school is a DAY school and had 170 numbers of students as at 30th June 2022. It has ONE stream and 5 teachers of which 3 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	MR IBRAHIM MAHMUD	Chairman	18th JAN 2022
2	MR. ABDIRAHMAN HASSAN	Secretary- Principal	18th JAN 2022
3	MR. ISSAK BABU BARO	Member	18th JAN 2022
4	MR. MOHAMED ALIOW	Member	18th JAN 2022
5	MR. ABDULLAHI BORE	Member	18th JAN 2022
6	MR ADAN ABDULLAHI JIRAW	Member	18th JAN 2022
7	MR. ALIOW ALOW HASSAN	Member	18th JAN 2022
8	MR ABDULLAHI HASSAN IBRAHI	Member – Rep CEB	18th JAN 2022
9	MRS HABIBA HASSAN	Member Rep parent	18th JAN 2022
10	MR. HASSAN NUR AHMED	Member	18th JAN 2022
11	MRS ABDIA ADAN ABDULLA	Member	18th JAN 2022
12	MR. ZAKARI GABABA	Member	18th JAN 2022
13	MR. IBRAHIM MUKTAR OSMAN	Member	18th JAN 2022
14	MR. EDIN ALIOW	Member	18th JAN 2022

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management includes:

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Mr. Ibrahim Mahmud Mr. Habiba Hassan Mr. Iabdirahman Hassan	Bom Chair member Bom Secretary	**1 of 3**
2	Audit Committee	Mr. Abdirahman Hassan	Secretary	2 of 3
3	Finance,procurement and general purposes Committee	Mr. Adan Abdullahi Jiraw Mr. Abdullahi Bore		2 of 3
4	Academic Committee	Mr Adan Jiraw		
5	Development Committee	Mr. Ibrahim Mahmud Mr. Abdirahman Hassan	Bom Secretary	3 of 3
6	Discipline and welfare Committee	Mr Abdullahi Hassan Ibrahim Mrs Halima Issakow		0
7	Adhoc Committee (if any during the year)			0

(d) School operation Management

For the financial year ended 30TH JUNE 2022 the school day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	MRS ABDIRAHMAN HASSAN	442565
2	Deputy Principal	MR. ADAN ABDULLAHI JIRAW	621689
3	School Bursar		

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 30-70301
ELWAK
Telephone: (+254)714866466
E-mail:
Website:
Facebook:
Twitter:

(f) School Bankers

The following school operated 4 numbers of bank accounts in the following banks:

1. Name of Bank: Operation Account - EQUITY MANDERA BRANCH
   Account Number: 1000279551174
2. Name of Bank: Tuition Account - EQUITY MANDERA BRANCH
   Account Number: 1000279551141
3. Name of Bank Boarding Account - EQUITY MANDERA BRANCH
   Account Number 1000279551163
4. Name of Bank Infrastructure Account - EQUITY MANDERA BRANCH
   Account Number 1000280453872

(g) Independent Auditors

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

II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance:**

S/no	Particulars	2021/2022	2021/2020	2019/2018
(1)	Surplus/Deficit	(9,042)	(2,905)	
(2)	Capitation Grants from MOE	891,300.60	366,244.85	
(3)	Ratio of capitation Per Student	12,732	5,232	
(4)	Growth of other income		72,000	
(5)	Growth of Expenditure	900,340.10	441,150	
(6)	Movement of Cash and Bank Balances	3,722	12,764	

b) **Teacher Student ratio:**

Teachers Students Ratio	1:25
Number of Teachers Recruited	0
Number of Teachers Posted to the school within a Year	1
Number of teachers Transferred	0
Number of teachers Retired	0
Number of Teachers Employed by the TSC	2
Number of Teachers Employed by the BOM	2

Number of Teachers Per Subject	Number of Teachers Per Subject
English	1
Kiswahili	1
Mathematics	1
Chemistry	0
Biology	1
History	1
Christian Religion Education	1
Geography	0
Home Science	0
Computer	0

Agriculture	0
Business Studies	0
Music	0
French	0

c) **Mean score in the *2022*KCSE:**

Years	Transitioned to higher learning	Mean score	School Set Score	Remarks
2020	0	0	0	0
2021	0	0	0	0
2022	0	0	0	0

d) **Number of Candidates in the 2022 KCSE:**

Years	Enrol kcse	Mean score	A	A-	B+	B	B-	C+	Student Transition to Tertiary Institution
2020	0	00	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0

e) **Capacity of the school**

Students in the School and Facilities(Amenities)

Number of Students in the school		70
Number of Dormitories		0
Number of Laboratories		1
Dining Hall		0
Library		0
Number of Beds double Decker		0
Lockers		70
Number of Classrooms		4
	Classrooms	**Tuition Area**
Number of Toilets	2	2

III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

Section 81 (1) of the Public Finance Management Act, 2012requires 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 FINCHARO MIXED 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: MR.IBRAHIM MAHMUD
Designation: Chairman, School Board of Management
Sign: ……………………………
Date: ……30-6-2022

Name: Mr. Abdirahman Hassan
Designation: Principal& Secretary to Board of Management
Sign: ……………………………
Date: ……………30-6-2022

FINCHARO MIXED SECONDARY SCHOOL
P. O. Box 30 - 70301,
ELWAK

Name: Mr Mohamed Hassan
Designation: Bursar
Sign: ……………………………
Date: ……30-6-2022

REPUBLIC OF KENYA

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

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON FINCHARO MIXED SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – MANDERA COUNTY

PREAMBLE

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

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Fincharo Mixed Secondary School set out on pages 1 to 10, which comprise of the statement of assets and liabilities as at 30 June, 2022 and 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 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Fincharo Mixed Secondary School as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.3,722 as disclosed in Note 7 to the financial statements. However, bank reconciliation statements for Infrastructure Account were not provided for audit as required. Further, cash books were not checked and approved by an officer different from the one who updates it resulting in lack of segregation of duties.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.3,722 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects total receipts budget and actual on a comparable basis of Kshs.980,000 and Kshs.891,300 respectively, resulting in an under-funding of Kshs.88,700 or 9% of the budget. However, the School spent Kshs.900,340 against actual receipts of Kshs.891,300 resulting in an over-expenditure of Kshs.9,040 or 3% of actual receipts.

The under-funding affected the planned activities and may have impacted negatively on the operations of the School.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements

The financial statements were submitted to the Auditor-General on 2 March, 2026 instead of the statutory deadline of 30 September, 2022. This was contrary to Section 81 of Public Finance Management Act, 2012 which requires financial statements to be submitted to the Auditor-General within three (3) months after the end of each financial year.

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

2. Lack of Approved Budget

The budget amounts presented in the statement of budgeted versus actual amounts were not supported by an approved budget. This was contrary to Section 68(2)(h) of the Public Finance Management Act, 2012 which provides that an accounting officer shall prepare estimates of expenditure and revenues of the entity in conformity with the strategic plan of the entity.

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

3. Failure to Prepare a Balanced Budget

The statement of budgeted versus actual amounts reflects a final income budget of Kshs.980,000 and final expenditure budget of Kshs.992,400 resulting in a difference of Kshs.12,400. This was contrary to Regulation 33(a) and (c) of the Public Finance Management (National Government) Regulations, 2015 which provides that all revenue and expenditure shall be entered into the National Government budget estimates and that the budget shall be balanced.

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

4. Non-Compliance with Capitation Funds Accountability Requirements

Audit review established that the Principal did not submit to the County Director of Education the fund allocation acknowledgement forms duly signed by individual students to confirm receipt of capitation grants. In addition, the School did not display the capitation receipts and the accompanying circular on the School noticeboard, as required to enhance transparency and accountability. This was contrary to the Ministry of Education Circular No. MOE.HQS/3/13/3 dated 16 June, 2021 which mandates that public schools adhere to strict financial guidelines, including displaying capitation receipts and circulars on noticeboards for transparency.

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

5. Non-Distribution of Textbooks by Ministry of Education

During the year under review, the School did not receive textbooks from the Ministry of Education. Although the School had an enrolment of one hundred and twenty-eight (128) students across all streams, interview with Management revealed that the School operated without a single textbook across all streams and that students relied on borrowed textbooks from nearby schools. This was contrary to the Ministry of Education's National Curriculum Policy (December 2018), which, under Policy Statement 4.3, underscores the Government's commitment to attaining a 1:1 textbook-to-learner ratio across all levels of basic education in the medium term.

In the circumstances, the Ministry of Education was in breach of the guideline.

6. Lack of a Functional Procurement Unit

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

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Board of Management

The audit established that the Board of Management that is supposed to direct the School in achieving its strategic objectives was not constituted.

In the circumstances, the effectiveness of governance systems at the School could not be confirmed.

2. Failure to Maintain a Fixed Assets Register

Review of records revealed that the Management did not maintain a fixed asset register for buildings, motor vehicles, office equipment, furniture and fittings and other assets. This was contrary to Regulation 143(1) of Public Finance Management (National Government) Regulations, 2015, which provides that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the effectiveness of the Schools' internal control system on fixed assets management could not be confirmed.

3. Lack of Internal Audit Function and Audit Committee

During the year under review, the School did not have an Audit Committee and an Internal Audit Unit. This was contrary to Regulation 174(1) of the Public Finance Management (National Government) Regulations, 2015, which requires each National Government entity to establish an Audit Committee and Section 73(1)(a) of the Public Finance Management Act, 2012, which provides that every National Government entity shall ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

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

2. Lack of Risk Management Policy and IT policy

During the year under review, the School did not have a Risk Management Policy in place. This was contrary to Regulation 165(1) (a-b) of the Public Finance Management (National Governments) Regulations, 2015 which requires the accounting officer to ensure that all the National Government entity develops risk management strategies. In addition, the School did not have approved information Technology policy for governance and management of its ICT resources

In the circumstance, the effectiveness of risk management systems at the School 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 the 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 governance.

In preparing the financial statements, Management is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply 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 financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 April, 2026

V. Statement Of Receipts and Payments for the Year Ended 30th June 2022

DESCRIPTION OF VOTE HEAD	Note	2021-2022 Kshs	2020-2021 Kshs
RECEIPTS			
Capitation grants for tuition	1	165,220.20	39,985
Capitation grants for operations	2	726,080.40	326,260
School Fund Income- Parents' Contributions	3	-	72,000
School Fund Income- Other receipts			-
			-
TOTAL RECEIPTS		**891,300.60**	**438,245**
PAYMENTS			
Payments for Tuition	4	176,340.10	28,480
Payments for operations	5	724,000.00	333,920
Boarding and school fund payments	6		78,750
TOTAL PAYMENTS		**900,340**	**441,150**
			-
SURPLUS/DEFICIT		**(9,042)**	**(2,905)**

The school financial statements were approved on 30/6/2022 and signed by:

Sign: .... Sign: .... Sign: ....

Name: Ibrahim Mohamed Name: Abdirahman Hassan Name: Mohamed Hassan

Chair BOM **Principal** **Bursar/Finance Officer**

Date: 30-6-2022 Date: 30/6/2022 Date: 30-6-2022

FINCHARO MIXED SECONDARY SCHOOL
P. O. Box 30 - 70301,
ELWAK

VI. Statement of Assets and Liabilities As At 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7	3,722	12,764
Cash Balances			-
Short term Investment			-
Total Cash and cash equivalent		**3,722**	**12,764**
Accounts receivables		-	-
TOTAL FINANCIAL ASSETS		**3,722**	**12,764**
FINANCIAL LIABILITIES			
Accounts Payables		-	-
NET FINANCIAL ASSETS		**3,722**	**12,764**
REPRESENTED BY			
Accumulated Fund b/fwd	8	**12,764**	15,699
Surplus/Deficit for the year		9,042	(2,905)
NET FINANCIAL POSSITION		**3,722**	**12,764**

The School's financial statements were approved on _30th June_ 2022 and signed by:

Name: MR.ABDIRAHMANHASSAN
Principal/Secretary to BoM
Sign: ……

FINCHARO MIXED SECONDARY SCHOOL
P. O. Box 30 - 70301,
ELWAK

Name: MR.IBRAHIMMAHMUD

Chairman, BoM

Sign: ……………………

VIII. Statement of Cash Flows for the Year Ended 30th June 2022

		2021-2022 Kshs	2020-2021 Kshs
Receipts for operating income			
Capitation grants for tuition	1	165,207.20	39,985
Capitation grants for operations	2	726,080.40	326,200
School fund income- Parents contributions/ fees	3		72,000
School fund income- other receipts			
Total receipts		**891,300.60**	**438,245**
Payments			
Payments for Tuition	4	176,340.10	28,480
Payments for operations	5	724,000.00	333,920
Boarding and school fund payments	6		78,750
Total payments		**900,340.10**	**441,150**
Net cash flow from operating activities		**(9,042)**	**(2,905)**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		-	
Acquisition of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash flows from Investing Activities		-	-
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(9,042)**	(2,905)
Cash and cash equivalent at BEGINNING of the year	8	**12,764**	15,669
Cash and cash equivalent at END of the year		**3,722**	**12,764**

IX. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
(1) CAPITATION GRANT ON TUITION						
Teaching / learning materials-Tuition	180,000	-	180,000	165,220	14,780	92%
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	450,000	-	450,000	398,300	51,700	89%
Repairs and maintenance	170,000	-	170,000	162,660	7,340	95%
Local transport / travelling	35,000	-	35,000	30,000	5,000	85%
Electricity and water	45,000	-	45,000	40,500	4,500	90%
Administration costs/Other Vote heads	80,000	-	80,000	76,700	3,300	95%
Activity	20,000	-	20,000	17,920	2,080	89%
TOTAL INCOME	**980,000**		**980,000**	**891,300**	**88,700**	**90%**
(1) EXPENDITURE FOR TUITION						
Laboratory equipment	55,000	-	55,000	50,000	5,000	91%
Teaching / learning materials	130,000	-	130,000	124,000	6,000	95%
Bank Charges	2,400	-	2,400	2,340	60	98%
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	450,000	-	450,000	398,300	51,700	88%
Administration Cost/Other Vote heads	80,000	-	80,000	76,700	3,300	95%
Repairs and maintenance & improvements	165,000	-	165,000	158,500	6,500	96%

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
Local transport / travelling	40,000	-	40,000	30,000	10,000	75%
Electricity and water	45,000	-	45,000	40,500	4,500	90%
Activity Expenses	25,000	-	25,000.00	20,000	5,000	80%
TOTALS	**992,400**	**-**	**992,400**	**900,340**	**92,060**	**91%**

The underutilization is as a result of under disbursement of capitation and under collection from parents

X. 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 n*n 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 yearare 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 2022.

I. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	FY2021-2022	2020-2021
	Kshs	Kshs
Teaching / learning materials	165,220.20	39,985
Total	**165,220.20**	**39,985**

2 CAPITATION GRANT FOR OPERATIONS

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	398,300	250,000
Repairs and maintenance	162,660	26,260
Local transport / travelling	30,000	50,000
Electricity and water	40,500	-
Administration costs/Other Vote heads	76,700	-
Activity	17,920	-
Total	**726,080**	**326,260**

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2021-2022	2020-2021
	Kshs	Kshs
Boarding Equipment and Store	-	72,000
Total	-	**72,000**

4 PAYMENTS FOR TUITION

	2021-2022	2020-2021
	Kshs	Kshs
Laboratory equipment	50,000	28,480
Teaching / learning materials	124,000	
Bank Charges	2,340.10	
Total	**176,340.10**	**28,480**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 PAYMENTS FOR OPERATIONS

	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	398,300	260,000
Administration Cost/Other Vote heads	76,700	
Repairs and maintenance & improvements	158,500	55,000
Local transport / travelling	30,000	18,920
Electricity and water	40500	
Activity Expenses	20,000	
Bank Charges	-	
TOTAL	**724,000**	**333,920**

6 BOARDING AND SCHOOL FUND PAYMENTS

	2021/2022	2020-2021
	Kshs	Kshs
Fee on Boarding Equipment and Stores		78,750
TOTAL		**78,750**

7 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2021-2022	2020-2021
		Kshs	Kshs
Tuition Account	1000279551141	2,230	11,505
Operations Account	1000279551174	372	219,.85
School Fund Account/Boarding	1000279551163	340	520
Infrastructural Account	1000280453872	780	520
Total		**3,722**	**12,764-**

8 FUND BALANCE BROUGHT FORWARD

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank balances	12,764	15,669
Total	**12,764**	**15,669**

18. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1st July 20xx	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 20xx
Land 1	**12 har**					
Land 2						
Buildings and structures	**9**					
Motor vehicles						
Office equipment, furniture and fittings						
ICT Equipment, and Other ICT Assets						
Tools and apparatus						
Textbooks						
Other Machinery and Equipment						
Heritage and cultural assets						
Intangible assets- soft ware						
Total						

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