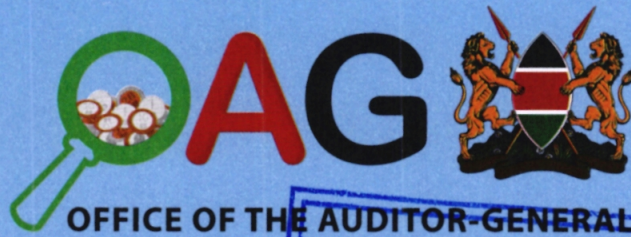


REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 25 JUN 2025

DAY.

WED

TABLED  
BY:

HON. KIMANI ICHUNGWA, MP

CLERK-AT  
THE-TABLE:

MAJORITY LEADER

MERCY CHUMBO

**REPORT**

**OF**

PARLIAMENT  
OF KENYA  
LIBRARY

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**BAGARIA SECONDARY SCHOOL**

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

**NAKURU COUNTY**

Revised 30<sup>th</sup> June 2021.



---

*BAGARIA SECONDARY SCHOOL*  
*P. O. BOX 120-20115*  
*EGERTON*  
**PUBLIC SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

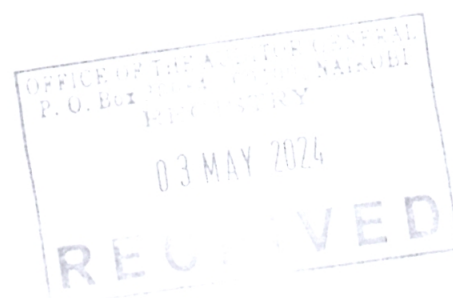
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>th</sup> June 2021**

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

11/11/22

*[Signature]*



*BAGARIA SECONDARY SCHOOL*  
**PUBLIC SECONDARY SCHOOL**  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

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**PUBLIC SECONDARY SCHOOLS – BAGARIA SECONDARY SCHOOL**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

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**I. 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 located in NAKURU County, NJORO Sub-County

The school was registered in 05/2005 under registration number GP/A/3275/2005 and is currently categorized as a Sub County public school established, owned or operated by the Government.

The school is a day/boarding school and had 195 number of students as at 30<sup>th</sup> June 2021. It has ONE streams and TEN teachers of which TWO 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	Peter Kinuthia	Chairman	14/05/2019
2	David Kimani	Secretary- Principal	14/05/2019
3	Rebecca Manene	Member	14/05/2019
4	Edward Nganga	Member	“
5	Martha Wangare	Member	“
6	Tabitha Wanjiku	Member	“
7	James Mwangi	Member	“
8	Moses Thiga	Member – Rep CEB	“
9	Samuel Kahutu	Member Rep Teachers	“
10	Rosemary Wangui	3 Members - Sponsor	“
11	Peter Kabue	Sponsor	“
12	Jeremiah Gitau	Sponsor	“
13	Paul Muriuki	Member - Community	“
14	Joseph Ndungu	Member Special Needs	“
		Rep Students	

**KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**

**The function of the School Board of Management include:**

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

**(c) Committees of the Board**

*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	Peter kinuthia Rebecca Manene James Mwangi Rosenary Wangui David Kimani	Chairman Vice chair person Member Member Secretary	1
2	Audit Committee	Peter Kinuthia rosemary Wangui Edward Nganga David Kimani Peter Kabue	Chairman Vice chair person Member Member Secretary	1
3	Finance,procurement and general purposes Committee	Antony kago Peter Kabue Jeneffer Maina Janeth koech Dominic Kirui	Chairman Vice chair person Member Member Secretary	1
4	Academic Committee	Samuel Karanja Moses Thiga Peter Kabue Tabitha Wanjiku Samue Kahutu David Kimani	Chairman Vice chair person Member Member Secretary	1
5	Development Committee	Peter Kabue Peter Kinuthia Antony Kago		1

**BAGARIA SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
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		Rebecca Manene David Kimani John Wangatho		
6	Discipline and welfare Committee	Edward Nganga Peter Kinuthia Rosemary Waceke Martha Ngure Josepd Ndungu		1
7	Adhoc Committee (if any during the year)			

**(d) School operation Management**

For the financial year ended 30<sup>th</sup> June 2021 the Schoolday-to-day management was under the following persons:

<b>Ref:</b>	<b>Designation</b>	<b>Name</b>	<b>TSC Number</b>
1	Principal	David Kimani	255726
2	Deputy Principal	Antony Kago	584338
3	School Bursar	Obwocha Nyamongo	001

**KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**

**(e) Schools contacts**

Post Office Box: 120-20115 EGERTON  
Telephone: 0721812214  
E-mail: bagariasecschool21@gmail.com  
Website: -  
Facebook: -  
Twitter: -

**(f) School Bankers**

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

1. Name of Bank: COMMERCIAL BANK OF KENYA  
Branch: NJORO  
Account Number: OPERATION -1264888740  
TUITION -1265302804  
INFRASTRUCTURE -1265302782  
CDF -1162947128
2. Name of Bank: EQUITY BANK  
Branch: KENYATTA AVENUE  
Account Number: LUNCH PROGRAM -0310299745698
3. MPESA PayBill No. NIL attached to - bank account

(Ensure all bank accounts operated by the school are disclosed and that all Pay Bill Numbers are also disclosed)

**(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**

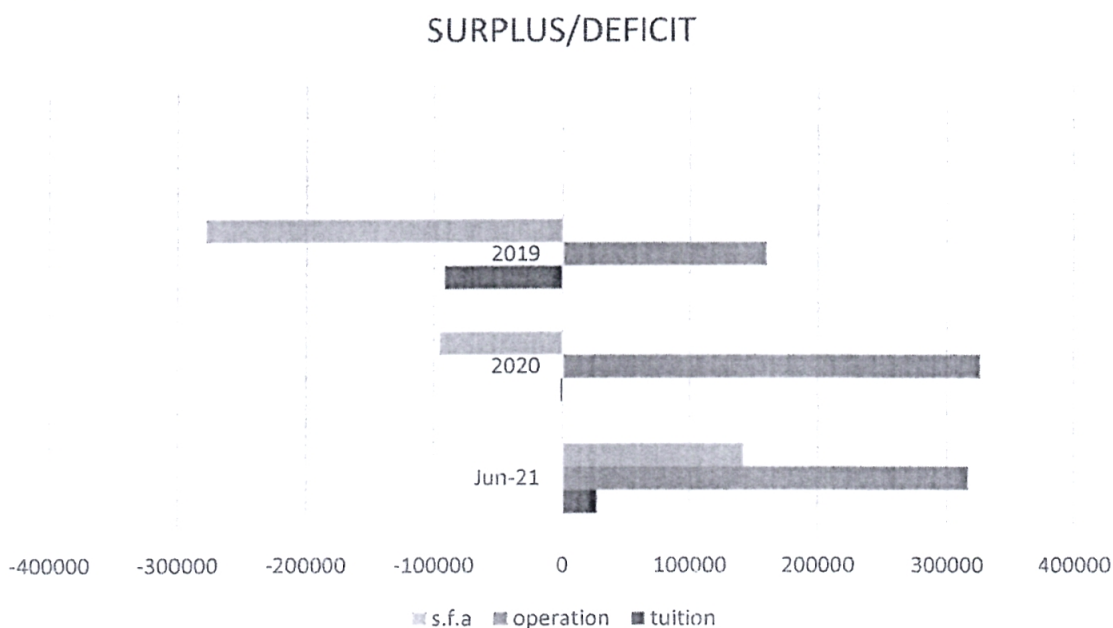
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) **Financial performance:**

*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*

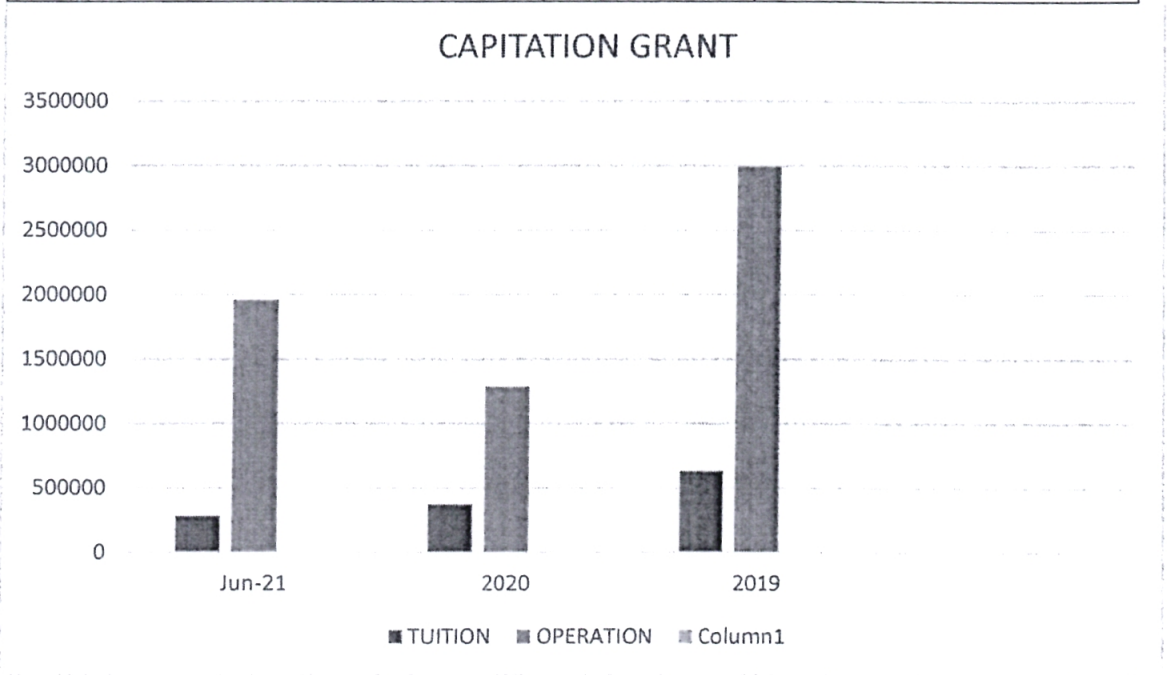
<i>Year</i>	<i>TUITION</i>	<i>OPERATION</i>	<i>SCHOOL FUND</i>	<i>INFRASTRUCTURE</i>
<i>June 2021</i>	<i>27,170.75</i>	<i>316,584.35</i>	<i>141,871.00</i>	<i>711,122.00</i>
<i>2020</i>	<i>(1,478.65)</i>	<i>325,842.00</i>	<i>(95,035.00)</i>	<i>-</i>
<i>2019</i>	<i>91,723.80</i>	<i>159,366.10</i>	<i>(278,002.00)</i>	<i>-</i>



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**PUBLIC SECONDARY SCHOOL**  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

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

YEAR	TUITION	OPERATION
JUNE 2021	282,747.75	1,961,899.35
2020	373,482.65	1,286,075.00
2019	633,223.00	2,994,419.10



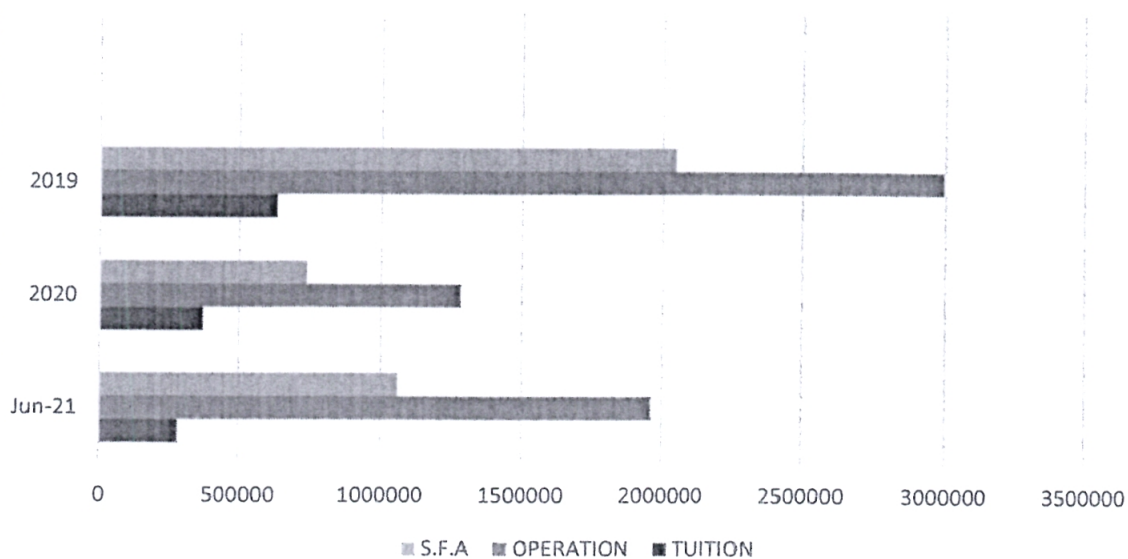
**BAGARIA SECONDARY SCHOOL**  
**PUBLIC SECONDARY SCHOOL**  
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**For the year ended 30<sup>th</sup> June 2021**

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

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

YEAR	TUITION	OPERATION	S.F.A
JUNE 2021	282,747.75	1,961,899.35	1,060,870.00
2020	373,482.65	1,286,075.00	738,470.00
2019	633,223.80	2,994,419.10	2,084,407.00

**GROWTH OF INCOME**

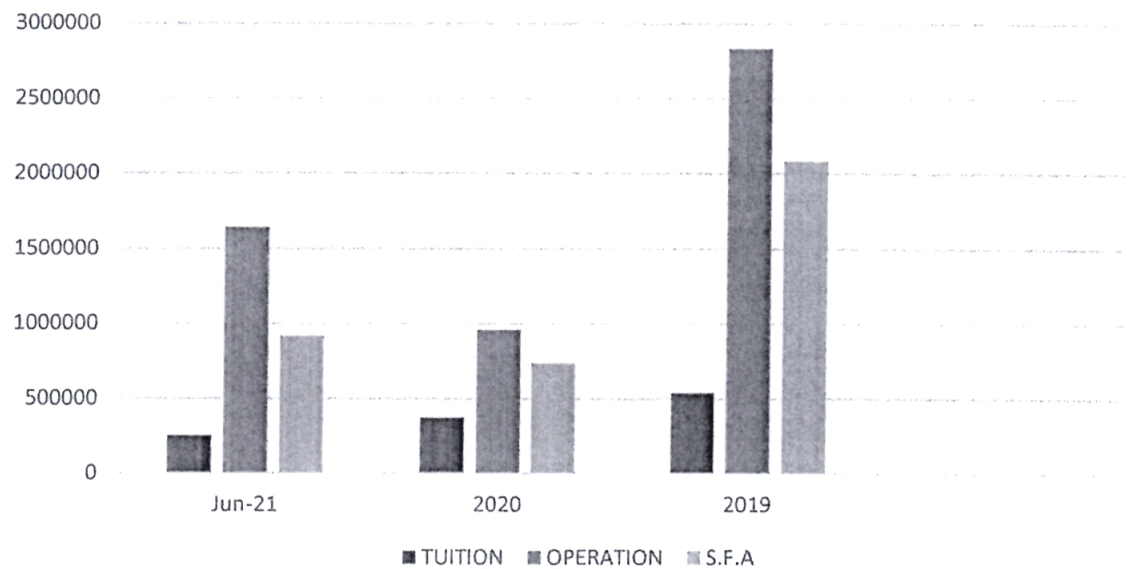


**BAGARIA SECONDARY SCHOOL**  
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**For the year ended 30<sup>th</sup> June 2021**

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

YEAR	TUITION	OPERATION	S.F.ACCOUNT
JUNE 2021	254,845.00	1,645,315.00	918,999.00
2020	373,482.65	960,233.00	738,470.00
2019	541,500.00	2,835,053.00	2,084,407.00

**GROWTH OF EXPENDITURE**



**BAGARIA SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
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For the year ended 30<sup>th</sup> June 2021**

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

YEAR	2021	2020	2019
SCHOOL FUND	82,600.00	99,063.25	229,157.00

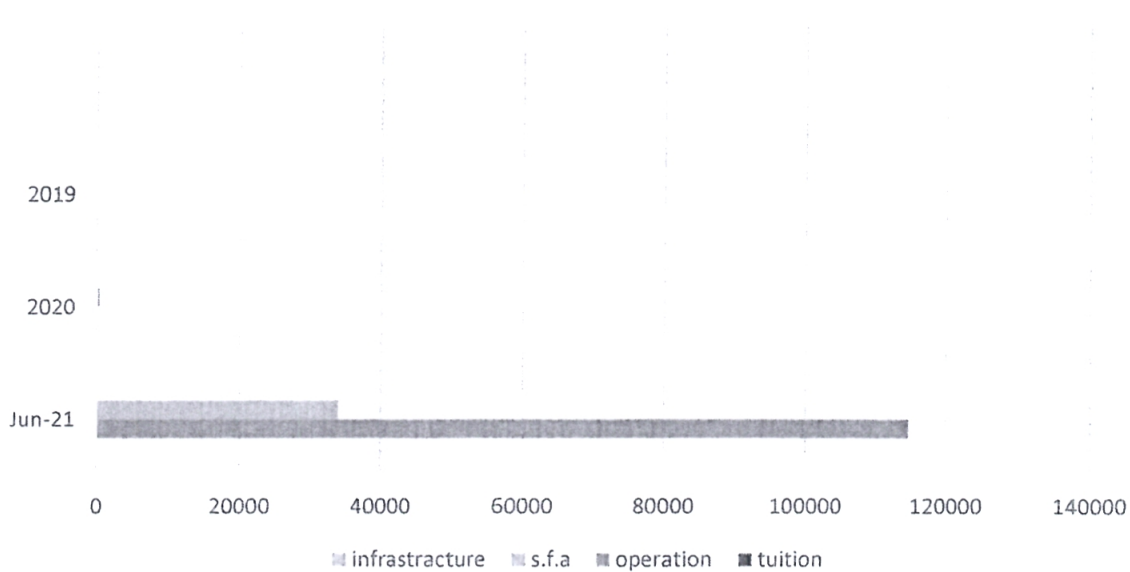
-*Movement of creditor of the school over the last three year*

YEAR	2021	2020	2019
SCHOOL FUND	0.00	0.00	1,417,194.98

- *Movement of cash balances over the last three years*

YEAR	TUITION	OPERATION	S.F.A	INFRASTRUCTURE
JUNE 2021	-	114,696.00	34,058.00	-
2020	-	28.00	308.00	1,668.00
2019	-	104.00	110.00	-

**MOVEMENT OF CASH**

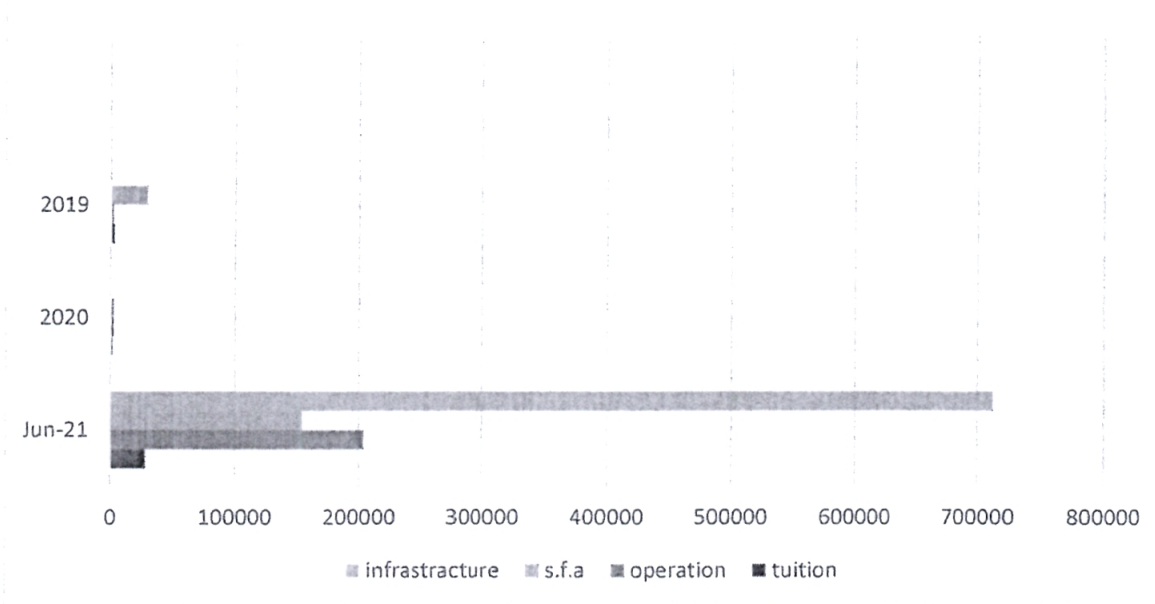


**BAGARIA SECONDARY SCHOOL**  
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**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

*Movement of bank balances over the last three years*

YEAR	TUITION	OPERATION	S.F.ACCOUNT	INFRASTRUCTURE
JUNE 2021	28,407.75	204,024.35	153,649.87	712,790.00
2020	1,237.00	2,108.00	1,948.87	-
2019	2,715.65	1,695.25	29,359.87	-

**MOVEMENT OF BANK**



*Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends.*

**b) Teacher Student ratio:**

*Include the teacher (TEN) to student(219) ratio 1:22, number of teachers recruited and posted to the school within the year (0), number of teachers that were transferred(0)/retired(0) 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.*

TEACHER	STUDENT RATIO
1	22

TEACHER	NUMBER
Transferred	0
T.S.C Employed	0
B.O.M Employed	2

Bagaria secondary school has---T.S.C Employed teachers and according to CBE for a – streamed school the school should have – teachers hence shortage of – teachers.

### SHORTAGE TEACHERS

1.ENGLISH/LIT

2.HISTORY/GEOGRAPHY

#### Mean score in the 2020KCSE:

*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 meanscore and comment on improvement or otherwise as compared to the school's set score.*

YEAR	ENTRY	MEAN SCORE
2018	37	2.595
2019	47	3.128
2020	47	2.344

#### c) Number of Candidates in the 2021 KCSE:

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

YEAR	CANDIDATES
2020	47
2019	47
2018	37

**BAGARIA SECONDARY SCHOOL  
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**d) 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.*

<i>FACILITY</i>	<i>STUDENTS</i>
<i>DINNING HALL 0</i>	<i>195</i>
<i>LABORATORIES 1</i>	<i>195</i>
<i>TOILETS 2 BLOCKS BOYS AND GIRLS</i>	<i>195</i>
<i>CLASSES 6</i>	<i>195</i>

**e) 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*

**DAVID KIMANI**

*Sign* 

*School Principal*




### 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.

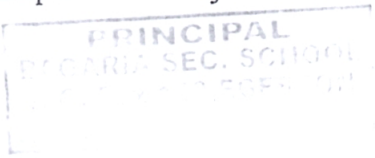
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

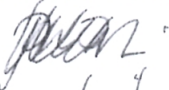
The Board of Management of BAGARIA SECONDARY SCHOOL accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

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 30<sup>th</sup> June, 2021, and of the school's financial position as at that date.

**Name:** Peter Kinuthia  
**Designation:** Chairman, School Board of Management  
**Sign:**   
**Date:** 11/11/2022

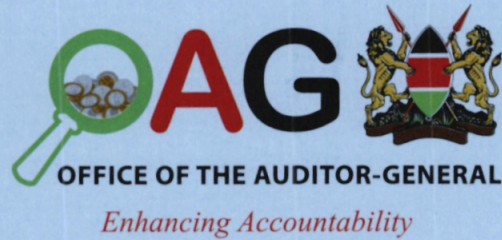
**Name:** David Kimani  
**Designation:** School Principal & Secretary to Board of Management  
**Sign:**   
**Date:** 11-11-2022



**Name:** Obwocha Nyamongo  
**Designation:** Bursar/ Finance Officer  
**Sign:**   
**Date:** 4/11/2022

# 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 BAGARIA SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - NAKURU COUNTY**

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### **PREAMBLE**

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the period 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 Bagaria Secondary School - Nakuru County set out on pages 16 to 26, which comprise of the statement of receipts and payments, statement of assets and liabilities as at 30 June, 2021, statement of cash

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

flows, statement of budgeted versus actual amounts for the six (6) months' 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 Bagaria Secondary School - Nakuru County as at 30 June, 2021, and of its financial performance and its cash flows for the six (6) months' period then ended, in accordance with the 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. Unsupported Cash and Cash Equivalents Balance**

The statement of assets and liabilities reflects a balance of Kshs.1,247,626 in respect of cash and cash equivalents as disclosed in Note 8 and Note 9 to the financial statements. Included in this balance are bank and cash in hand balances of Kshs.1,098,872 and Kshs.148,754 respectively. However, the bank balances were not supported by bank reconciliation statements and board of survey report.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.1,247,626 could not be confirmed.

#### **2. Unsupported School Fund Income**

The statement of receipts and payments reflects an amount of Kshs.1,985,470 in respect of School fund income as disclosed in Note 4 to the financial statement. However, the supporting ledger and schedules were not availed for verification. Further, the School did not have fees collection system that could generate reports such as invoice per student, fees paid and outstanding balances.

In the circumstances, the accuracy and completeness of school fund income amount of Kshs.1,985,470 could not be confirmed.

#### **3. Unsupported Payments**

The statement of receipts and payments reflects an amount of Kshs.2,950,769 in respect of total payments which, as disclosed in Notes 5, 6 and 7 to the financial statements, includes payments for tuition, payments for operations and school fund payments. However, examination of payment vouchers revealed that Management made payments without proper support documents such as requisitions, local purchase orders, delivery notes, inspection reports, goods received notes and certificate of payments.

In the circumstances, the regularity, accuracy and completeness of payments amount of Kshs.2,950,769 could not be confirmed.

#### **4. Unsupported Accounts Receivables Balance**

The statement of assets and liabilities reflects a balance of Kshs.2,195,197 in respect of accounts receivables as disclosed in Note 11 to the financial statements. The supporting schedules, detailed aging analysis and issued invoices were not provided for audit. Included in the balance are receivables amounting to Kshs. 2,057,114 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 full recoverability of the accounts receivables balance of Kshs.2,195,197 could not be confirmed.

#### **5. Variance Between Reported Amounts in the Financial Statements and Ledger Balances**

The statement of receipts and payments reflects an amount of Kshs.2,950,760 in respect of total payments as disclosed Notes 5, 6 and 7 to the financial statements. Included in this amount are payments of Kshs.1,645,315 incurred under payments for operations and Kshs.1,049,877 incurred under boarding and school fund payments. However, these figures differ with the amounts reflected in the general ledgers of Kshs.1,756,484 and Kshs.1,022,361 in respect of payments for operations and payments for boarding and school fund respectively, resulting in unexplained total variance of Kshs.83,653.

In the circumstances, the accuracy and completeness of the total payments amount of Kshs. 2,950,769 could not be confirmed.

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

#### **Key Audit Matters**

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

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

## **Conclusion**

As required by Article 229(6) of the Constitution, based on the 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. Non-Compliance with the Public Sector Accounting Standards Board (PSASB) Reporting Requirements**

Review of the financial statements revealed that the values in the financial statements are not rounded to the nearest Kenya Shillings as provided under significant accounting policies on statements of compliance and basis for preparation of the financial statements.

In the circumstances, Management did not comply with the PSASB reporting template requirements.

### **2. Non-Adherence to Procurement Laws**

The statement of receipts and payments reflects an amount of Kshs.2,950,769 in respect of total payments which, as disclosed in Notes 5, 6 and 7 to the financial statements includes payments for tuition, payments for operations and school fund payments. However, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer to prepare an annual procurement plan which is realistic in a format set out in the Regulations as part of the annual budget preparation process. Further, Management did not prequalify any suppliers during the year. Thus, the audit could not establish the criteria used in issuing requests for quotation and awards. In addition, Management neither issued letters of award nor appointed ad hoc tender opening and tender evaluation committees. This was contrary to Section 46(1) and Section 78(1) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer to ensure that an ad hoc tender opening and tender evaluation committees are established.

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

### **3. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association**

The statement of receipts and payments reflects an amount of Kshs.1,049,877 in respect of boarding and school fund payments as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.159,800 transferred to Kenya Secondary Schools Heads Association (KESSHA). However, KESSHA is a welfare

organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control system to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.159,800 could not be confirmed.

#### **4. Failure to Transfer Infrastructure Funds from Operations Bank Account**

The statement of receipts and payments reflects an amount of Kshs.1,961,899 in respect of operations grants as disclosed in Note 2 to the financial statements. Included in the amount is Kshs.970,500 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, an amount of Kshs.277,500 was transferred to infrastructure account, leaving a balance of Kshs.693,000 as at 30 June, 2021. This was contrary to the Ministry of Education Circular Ref: MOE.HQS/3/13/3 of 08 January, 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. Under Funding of Capitation Grants**

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations amount of Kshs.282,748 and Kshs.1,961,899 respectively as disclosed in Note 1 and Note 2 to the financial statements. During the financial year, NEMIS reported a total number of two hundred and seventeen (217) students while the enrolment records provided by the School indicated a total number of two hundred and sixty-six (266) students, resulting in an unexplained variance of forty nine (49) students. As a result of the variances, the School was under funded by an amount of Kshs.969,089.

In the circumstances, under-funding of the School may have affected service delivery to the students.

#### **6. Non-Compliance with Laws on Management of Imprest Transactions**

The statement of receipts and payments reflects an amount of Kshs.1,645,315 in respect of payments for operations which, as disclosed in Note 6 to the financial statements, includes expenditure of Kshs.71,250 in respect of local travel/transport. However, Management did not issue imprest warrants while advancing cash to its staff for operating expenses such as transport and subsistence allowance. This was contrary to Regulation 91(1) of the Public Finance Management (National Government) Regulations, 2015 which requires an officer authorized to hold and operate imprest to make formal application for the imprest through an imprest warrant. In addition, Management did not maintain an imprest register and had no imprest management system in place.

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

## **7. Failure to Prepare School Improvement Plan**

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

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

## **8. Non-Compliance with Laws on Management and Distribution of Inventory**

Review of text books records provided for audit by the School revealed that the School had received textbooks from Kenya Institute of Curriculum Development. However, the records were not up to date with closing balances for each period and the number of textbooks returned to the store were not recorded. Further, the School could not establish number of books lost by the students and those not returned. In addition, stock take reports were also not provided for audit. This was contrary to Regulation 168 (a) and (b) of the Public Procurement and Disposal Regulations, 2020 which requires that an Accounting Officer of a procuring entity shall ensure proper management and distribution of inventory, stores and assets by ensuring that: (a) they are received and taken on charge; (b) they are consumed in the course of public business and a record of the same is maintained.

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

## **9. Late Submission of Financial Statements for Audit**

During the year 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.

## **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**

During the year under review, the School had not constituted an internal audit unit as required by Regulation 166(1) and (2) of the Public Finance Management (National Government) Regulations, 2015 which requires the internal audit unit of a National Government entity to assess effectiveness of the 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 internal audit function.

### **2. Lack of Policy Documents**

During the financial year under review, the School did not have a risk management strategy in place and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. Consequently, Management did not perform formal risk assessments on all key financial risk areas such as cash, revenue and expenditure. Further, it was noted that the Management lacked a disaster recovery plan/business continuity plan and therefore crucial information may never be recovered in the event of a disaster. In addition, the School was operating without an approved finance management policy to guide on key financial matters. Therefore, the School lacked sufficient safeguards and controls for managing its finances.

In the circumstances, the effectiveness of the internal controls of the School could not be confirmed.

### **3. Lack of Ownership Documents**

Annex 2 to the financial statements reflects summary of fixed assets register which includes land of undetermined value. However, land ownership documents were not provided for audit.

In the circumstances, the ownership and safe custody of land of undetermined value 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 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.

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal 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 control, 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.

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

## **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

**18 September, 2024**

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**V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30<sup>TH</sup> JUNE 2021**

DESCRIPTION OF VOTE HEAD	Note	2020-2021 Kshs	2019-2020 Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	282,748.00	0.00
Capitation grants for operations	2	1,961,899.00	0.00
School Fund Income- Parents' Contributions	3	-	0.00
School Fund Income- Other receipts	4	1,985,470.00	0.00
Proceeds from borrowings		-	0.00
<b>TOTAL RECEIPTS</b>		<b>4,230,117.00</b>	<b>0.00</b>
<b>PAYMENTS</b>			
Payments for Tuition	5	255,577.00	0.00
Payments for operations	6	1,645,315.00	0.00
Boarding and school fund payments	7	1,049,877.00	0.00
<b>TOTAL PAYMENTS</b>		<b>2,950,769.00</b>	<b>0.00</b>
<b>SURPLUS/DEFICIT</b>		<b>1,279,348.00</b>	<b>0.00</b>

The school financial statements were approved on \_\_\_\_\_ 2022 and signed by:

Sign: 

Name Peter Kinuthia

Chair BOM

Date 11/11/2022

Sign 

Name David Kimani  
School Principal/  
Secretary to BOM

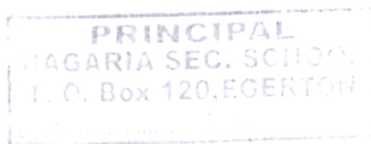
Date 11-11-2022

Sign 

Name Obwocha Nyamongo

Bursar/finance officer

Date 6/11/22



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**VI. STATEMENT OFFINANCIALASSETS AND FINANCIAL LIABILITIES AS AT  
30<sup>TH</sup> JUNE 2021**

	Note	2020-2021 Kshs	2019-2020 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8	1,098,872.00	0.00
Cash Balances	9	148,754.00	0.00
Short term Investment	10	-	0.00
<b>Total Cash and cash equivalent</b>		<b><u>1,247,626.00</u></b>	<b><u>0.00</u></b>
Account's receivables	11	2,195,197.00	0.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>3,442,823.00</b>	<b>0.00</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	12	1,417,195.00	0.00
<b>NET FINANCIAL ASSETS</b>		<b>2,025,628.00</b>	<b>0.00</b>
<b>REPRESENTED BY</b>			
Accumulated Fund b/fwd	13	746,280.00	0.00
Surplus/Deficit for the year		1,279,348.00	0.00
<b>NET FINANCIAL POSSITION</b>		<b>2,025,628.00</b>	<b>0.00</b>

The School's financial statements were approved on \_\_\_\_\_ 2021 and signed by:

**Name:** Peter Kinuthia  
Chairman, BoM

**Sign:** 

**Date:** 11/11/2022

**Name:** David Kimani  
School Principal/Secretary  
to BoM

**Sign:** 

**Date:** 11-11-2022

**Name:** Obwocha Nyamongo  
Bursar/Finance

**Sign:** 

**Date:** 11/11/22



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**VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2021**

		2020-2021	2019-2020
		Kshs	Kshs
<b>Receipts for operating income</b>			
Capitation grants for tuition	1	282,748.00	0.00
Capitation grants for operations	2	1,961,899.00	0.00
School fund income- Parents contributions/ fees	3	-	0.00
School fund income- other receipts	4	1,985,470.00	0.00
Adjustments-increase/Decrease in receivables		(39,020)	
<b>Total receipts</b>		<b>4,191,097.00</b>	<b>0.00</b>
<b>Payments</b>			
Payments for Tuition		255,577.00	0.00
Payments for operations		1,645,315.00	0.00
Boarding and school fund payments		1,049,877.00	0.00
<b>Total payments</b>		<b>2,950,769.00</b>	<b>0.00</b>
<b>Net cashflow from operating activities</b>		<b>1,240,328.00</b>	<b>0.00</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets		0.00	0.00
Acquisition of Assets		0.00	0.00
Proceeds from investments		0.00	0.00
Purchase of investments		0.00	0.00
<b>Net cash flows from Investing Activities</b>		<b>0.00</b>	<b>0.00</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from borrowings/ loans		0.00	0.00
Repayment of principal borrowings		0.00	0.00
<b>Net cash flow from financing activities</b>		<b>0.00</b>	<b>0.00</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,240,328.00</b>	<b>0.00</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>7,298.00</b>	<b>0.00</b>
<b>Cash and cash equivalent at END of the year</b>		<b>1,247,626.00</b>	<b>0.00</b>

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

VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 20XX

Receipt/expenses Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d Kshs	% of Utilization f=d/c-% Kshs
<b>RECEIPTS</b>						
<b>(1) CAPITATION GRANT ON TUITION</b>						
Textbooks and reference materials	75,900.00	0.00	75,900.00	74,865.00	1,035.00	98.63%
Exercise books	0.00	0.00	0.00	0.00	0.00	0.00%
Laboratory equipment	0.00	0.00	0.00	0.00	0.00	0.00%
Internal exams	0.00	0.00	0.00	0.00	0.00	0.00%
Teaching / learning materials	210,000.00	0.00	210,000.00	207,882.75	2,117.25	98.99%
Chalks	0.00	0.00	0.00	0.00	0.00	0.00%
Exams and assessment	0.00	0.00	0.00	0.00	0.00	0.00%
Teachers guides	0.00	0.00	0.00	0.00	0.00	0.00%
Total	285,900.00	0.00	285,900.00	282,747.75	3,152.25	98.89%
<b>(2) CAPITATION GRANT ON OPERATIONS</b>						
Personnel emoluments	270,000.00	0.00	270,000.00	265,038.35	4,961.65	98.16%
Repairs and maintenance	950,000.00	0.00	950,000.00	901,750.00	48,250.00	94.92%
Local transport / travelling	270,000.00	0.00	270,000.00	265,037.00	4,963.00	98.16%
Electricity and water	270,000.00	0.00	270,000.00	265,037.00	4,963.00	98.16%
Medical	0.00	0.00	0.00	0.00	0.00	0.00%
Administration costs	270,000.00	0.00	270,000.00	265,037.00	4,963.00	98.16%
Activity	0.00	0.00	0.00	0.00	0.00	0.00%
Gratuity	0.00	0.00	0.00	0.00	0.00	0.00%
SMASSE	0.00	0.00	0.00	0.00	0.00	0.00%

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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
<b>(3) FEES CHARGED ON PARENTS</b>						
Personnel emoluments	0.00	0.00	0.00	0.00	0.00	X
Repairs and maintenance	0.00	0.00	0.00	0.00	0.00	X
Local transport / travelling	0.00	0.00	0.00	0.00	0.00	X
Electricity and water	0.00	0.00	0.00	0.00	0.00	X
Medical	0.00	0.00	0.00	0.00	0.00	X
Administration costs	0.00	0.00	0.00	0.00	0.00	X
Activity	0.00	0.00	0.00	0.00	0.00	X
SMASSE	0.00	0.00	0.00	0.00	0.00	X
Fee on Boarding Equipment and Stores	0.00	0.00	0.00	0.00	0.00	X
<b>OTHER INCOME</b>						
Lunch programme	1,200,000.00	0.00	1,200,000.00	1,060,870.00	139,130.00	88.41%
ARREARS	0.00	0.00	0.00	82,600.00	(82,600)	0.00%
Insurance compensation	0.00	0.00	0.00	0.00	0.00	0.00%
Income from Posho mill	0.00	0.00	0.00	0.00	0.00	0.00%
Income from grants and donation	0.00	0.00	0.00	711,500.00	(711,500)	0.00%
Fee for hire of ground and equipment	0.00	0.00	0.00	0.00	0.00	0.00%
Bursary fund	0.00	0.00	0.00	130,500.00	0.00	0.00%
Income from any other investment	0.00	0.00	0.00	0.00	0.00	0.00%
<b>TOTAL INCOME</b>	<b>3,515,900.00</b>	<b>0.00</b>	<b>3,515,900.00</b>	<b>4,230,117.10</b>	<b>(714,217.10)</b>	<b>120.31%</b>
<b>(1) EXPENDITURE FOR TUITION</b>						

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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
Textbooks and reference materials	75,900.00	0.00	75,900.00	0.00	0.00	0.00%
Exercise books	0.00	0.00	0.00	50,760.00	(50,760)	0.00%
Laboratory equipment	0.00	0.00	0.00	45,085.00	(45,085)	0.00%
Internal exams	0.00	0.00	0.00	0.00	0.00	0.00%
Teaching / learning materials	210,000.00	0.00	210,000.00	159,000.00	51,000.00	75.71%
Chalks	0.00	0.00	0.00	0.00	0.00	0.00%
Exams and assessment	0.00	0.00	0.00	0.00	0.00	0.00%
Teachers guides	0.00	0.00	0.00	0.00	0.00	0.00%
Administration costs	0.00	0.00	0.00	0.00	0.00	0.00%
Bank Charges	0.00	0.00	0.00	732	(732)	0.00%
<b>(2) EXPENDITURE FOR OPERATIONS</b>						
Personnel emoluments	270,000.00	0.00	270,000.00	374,300.00	(104,300)	138.52%
Repairs, maintenance & improvements	950,000.00	0.00	950,000.00	797,500.00	152,500.00	83.95%
Local transport / travelling	270,000.00	0.00	270,000.00	71,250.00	198,750.00	26.39%
Electricity, water and conservancy	270,000.00	0.00	270,000.00	48,741.00	221,259.00	18.05%
Medical	0.00	0.00	0.00	0.00	0.00	0.00%
Administration costs	270,000.00	0.00	270,000.00	353,524.00	(83,524)	130.93%
Activity Expenses	0.00	0.00	0.00	0.00	0.00	0.00%
Gratuity	0.00	0.00	0.00	0.00	0.00	0.00%
SMASSE	0.00	0.00	0.00	0.00	0.00	0.00%
<b>(3) EXPENDITURE FOR SCHOOL FUND</b>						

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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
Personnel emoluments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Repairs, maintenance and improvements	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Local transport / travelling	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Electricity, water and conservancy	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Medical Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Administration costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Activity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gratuity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Lunch programme	1,200,000.00	0.00%	1,200,000.00	918,700.00	281,300.00	76.55%
Boarding Equipment and Stores	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expenditure for Income Generating Activity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Insurance costs	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other expenses on investments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rent Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Bank Charges	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loan Interest Repayment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loan Principal Repayment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Acquisition of Assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>TOTALS</b>	<b>3,515,900.00</b>	<b>0.00</b>	<b>3,515,900.00</b>	<b>2,819,592.00</b>	<b>696,308.00</b>	<b>80.19%</b>

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

- i.
- ii.



## **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 30<sup>th</sup> June 2021.

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**X. NOTES TO THE FINANCIAL STATEMENTS**

**1 CAPITATION GRANT FOR TUITION**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Textbooks and reference materials	74,865.00	0.00
Exercise books	0.00	0.00
Laboratory equipment	0.00	0.00
Internal exams	0.00	0.00
Teaching / learning materials	207,882.75	0.00
Chalks	0.00	0.00
Exams and assessment	0.00	0.00
Teachers guides	0.00	0.00
<b>Total</b>	<b>282,747.75</b>	<b>0.00</b>

**2 CAPITATION GRANT FOR OPERATIONS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel emoluments	265,038.35	0.00
Repairs and maintenance	901,750.00	0.00
Local transport / travelling	265,037.00	0.00
Electricity and water	265,037.00	0.00
Medical	0.00	0.00
Administration costs	265,037.00	0.00
Activity	0.00	0.00
<b>Total</b>	<b>1,961,899.35</b>	<b>0.00</b>

**3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Personnel emoluments	0.00	0.00
Repairs and maintenance	0.00	0.00
Local transport / travelling	0.00	0.00
Electricity and water	0.00	0.00
Medical	0.00	0.00
Administration costs	0.00	0.00
Activity	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT**

	2020-2021	2019-2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores	1,060,870.00	0.00
ARREAS	82,600.00	0.00
Income from farming activities	0.00	0.00
Insurance compensation	0.00	0.00
Income from Posho mill	0.00	0.00
Income from Bus Hire	0.00	0.00
Fee for hire of ground and equipment	0.00	0.00
Income from grants and donations*	711,500.00	0.00
BURSARY FUND	130,500.00	0.00
Dividends income	0.00	0.00
<b>Total</b>	<b>1,985,470.00</b>	<b>0.00</b>

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

**5 PAYMENTS FOR TUITION**

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	0.00	0.00
Exercise books	50,760.00	0.00
Laboratory equipment	45,085.00	0.00
Internal exams	0.00	0.00
Teaching / learning materials	159,000.00	0.00
Chalks	0.00	0.00
Exams and assessment	0.00	0.00
Teachers guides	0.00	0.00
Administration Costs	0.00	0.00
Bank Charges	732.00	0.00
<b>Total</b>	<b>255,577.00</b>	<b>0.00</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6 PAYMENTS FOR OPERATIONS**

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	374,300.00	0.00
Service Gratuity	0.00	0.00
Administration Cost	353,524.00	0.00
Repairs and maintenance & improvements	797,500.00	0.00
Local transport / travelling	71,250.00	0.00
Electricity and water	48,741.00	0.00
Medical	0.00	0.00
Activity Expenses	0.00	0.00
SMASSE	0.00	0.00
Insurance Cost	0.00	0.00
Bank Charges	0.00	0.00
Acquisition of Assets	0.00	0.00
<b>TOTAL</b>	<b>1,645,315.00</b>	<b>0.00</b>

**7 BOARDING AND SCHOOL FUND PAYMENTS**

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	0.00	0.00
Service Gratuity	0.00	0.00
Repairs and maintenance & Improvements	0.00	0.00
Local transport / travelling	0.00	0.00
Electricity and water	0.00	0.00
Medical Expenses	0.00	0.00
Administration costs	0.00	0.00
Lunch Programme	918,700.00	0.00
Bank Charges	677.00	0.00
Expenses on Income Generating Activities	0.00	0.00
Fee on Boarding Equipment and Stores	0.00	0.00
Rent Expenses	0.00	0.00
Insurance Cost (Life Property)	0.00	0.00
Loan Principal repayment	0.00	0.00
BURSARY FUND	130,500.00	0.00
Acquisition of Assets	0.00	0.00
<b>TOTAL</b>	<b>1,049,877.00</b>	<b>0.00</b>

*Expenses on income generating activities\*\* should include all costs relating to the school earnings on other receipts as recorded in note 4. 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)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021 Kshs	2019-2020 Kshs
Tuition Account		28,407.75	0.00
Operations Account		204,024.35	0.00
School Fund Account/Boarding		153,649.87	0.00
Savings Account		0.00	0.00
Parent Association Development Account		0.00	0.00
Income generating activities Account		0.00	0.00
Infrastructural Account		712,790.00	
<b>Total</b>		<b>1,098,871.97</b>	<b>0.00</b>

9 CASH IN HAND

Description	2020-2021 Kshs	2019-2020 Kshs
Tuition Account	0.00	0.00
Operation Account	114,696.00	0.00
School Fund account	34,058.00	0.00
<b>Total</b>	<b>148,754.00</b>	<b>0.00</b>

10 SHORT TERM INVESTMENTS

Description	2020-2021 Kshs	2019-2020 Kshs
Cooperative shares	0.00	0.00
Treasury Bills	0.00	0.00
Fixed deposit	0.00	0.00
Equity stock	0.00	0.00
Other investments	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears	2,195,197.30	2,156,177.30
Other non-fees receivables	0.00	0.00
Salary advances	0.00	0.00
Imprest	0.00	0.00
<b>Total</b>	<b>2,195,197.30</b>	<b>2,156,197.30</b>

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year	82,600.00	99,063.25
FEES ARREAS RECOVERED	-43,580.00	0.00
Fees arrears for the previous year	99,063.25	229,157.00
Fees arrears for prior periods (over two years)	2,057,114.05	1,827,957.05
<b>Total</b>	<b>2,195,197.30</b>	<b>2,156,177.30</b>

12 ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	1,417,194.98	1,417,194.98
Prepaid fees	0.00	0.00
Retention monies	0.00	0.00
<b>Total</b>	<b>1,417,194.98</b>	<b>1,417,194.98</b>

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year	0.00	0.00
Trade creditors for the previous year	0.00	0.00
Trade creditors for prior periods (over two years)	1,417,194.98	1,417,194.98
<b>Total</b>	<b>1,417,194.98</b>	<b>1,417,194.98</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**13 FUND BALANCE BROUGHT FORWARD**

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	6,961.87	0.00
Cash balances	336.00	0.00
Short Term Investments	0.00	0.00
Receivables	2,156,177.30	0.00
Payables	1,417,194.98	0.00
<b>Total</b>	<b>746,280.19</b>	<b>0.00</b>

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**Other important disclosure notes**

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

**14 Non-current Liabilities Summary**

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank loan(s)	0.00	0.00
Outstanding Leases	0.00	0.00
Hire purchase	0.00	0.00
Gratuity and leave provision	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

**15 Biological assets**

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle		0.00	0.00
Goats		0.00	0.00
Trees	10	0.00	0.00
Coffee or tea plantation		0.00	0.00
Poultry		0.00	0.00
<b>Total</b>	<b>10</b>	<b>0.00</b>	<b>0.00</b>

**16 Borrowings**

Description	2020-2021	2019-2020
	KShs	KShs
<b>a) Borrowings</b>		
Borrowing at beginning of the year	0.00	0.00
Borrowings during the year	0.00	0.00
Repayments of during the year	0.00	0.00
<b>Balance at end of the year</b>	<b>0.00</b>	<b>0.00</b>

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**Other important disclosure notes**

**17 Stock/ Inventory**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
<b>b) Borrowings</b>		
Stock/ inventory at beginning of the year	0.00	0.00
Stock/ inventory purchased during the year	0.00	0.00
Stock/ inventory issued during the year	0.00	0.00
<b>Balance at end of the year</b>	<b>0.00</b>	<b>0.00</b>

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**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)

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**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	
<b>Construction of buildings</b>						
1. BAGARIA KIRATHIMO COMPANY & H/W					830,640.00	
2.						
3.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
4. SAMJAC OFFICE& SCHOOL SUPPLIES					325,856.98	
5. TIMTEC OFFICE SUPPLIES					260,968.00	
6.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Grand Total</b>					<b>1,417,194.98</b>	

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**ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER**

<b>Asset class</b>	<b>Date purchased</b>	<b>Location</b>	<b>Historical Cost b/f (Kshs) 1<sup>st</sup> July 20xx</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost c/f (Kshs) 30<sup>th</sup> June 20xx</b>
Land 1	4ACRES					
Land 2	-					
Buildings and structures	6CLASSROOMS,1ADMIN BLOCK,2BLOCKS STUDENTS EACH 16 DOORS,1 STORE,1 LAB,1 TANK,1 TEMPORAL KITCHEN,1 STAFFROOM					
Motor vehicles	-					
Office equipment, furniture and fittings	195 STUDENT LOCKERS AND CHAIRS,15 OFFICE TABLES,13OFFICE CHAIRS,30LAB STOOL					
ICT Equipment, and Other ICT Assets	1PHOCOPYING MACHINE,4 COMPUTERS,1 LAPTOP,					
Tools and apparatus	1413LAB APPARATUS					
Textbooks	4,800TEXTBOOKS					
Other Machinery and Equipment	-					

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Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 <sup>st</sup> July 20xx	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 <sup>th</sup> June 20xx
Heritage and cultural assets	-					
Intangible assets- soft ware	<b>EXAM SOFTWARE</b>					
<b>Total</b>						

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

Revised 30<sup>th</sup> June 2021.



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*P. O. BOX 120-20115*  
*EGERTON*  
**PUBLIC SECONDARY SCHOOL**

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

11/11/22

*[Signature]*

