

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

BISHOP EDWARD DONOVAN SECONDARY SCHOOL

FOR THE YEAR ENDED

30 JUNE, 2022

NAKURU COUNTY

| | |
|--------------------------------------|---|
| THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: | 05 MAR 2025 Wednesday |
| TABLED BY: | Hon. Naomi Waga, MP Deputy Majority Party Whip |
| CLERK-AT-THE-TABLE: | Ashburto |



Revised 30 June 2022



**BISHOP EDWARD DONOVAN
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30 June 2022

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

**BISHOP EDWARD DONOVAN
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30 June 2022**

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BISHOP EDWARD DONOVAN SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOLS
Reports and Financial Statements
For the year ended 30 June 2022

I. KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

Bishop Edward Donovan Secondary School is domiciled in Kenya and its operations are governed under the Basic Education Act, 2013. It is located in NAKURU County, NAKURU NORTH Sub-County

The school was registered in 27/7/2021 under registration number 32S30000251 and is currently categorized as a SUB COUNTY public school established, and operated by the Government.

The school is a day school and had 353 numbers of students as at 30 June 2022. It has 2 streams and 14 teachers of which 4 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. STEPHEN KIMANI | Chairman | 13/05/2019 |
| 2 | MRS. MARY MORO | Secretary - Principal | 13/05/2019 |
| 3 | MRS. REBECCA MUSANDA | Member Rep Teachers | 13/05/2019 |
| 4 | MR. ROSE W. KARAGITA | MemberSpecial Needs | 13/05/2019 |
| 5 | MRS. CATHERINE MAINA | Member - Community | 13/05/2019 |
| 6 | MR. HARON THUO | Member – Rep CEB | 13/05/2019 |
| 7 | MR. WYCLIFFE NYARAMBA | 3 Members - Sponsor | 13/05/2019 |
| 8 | MS. SUSAN ENOCK | 3 Members - Sponsor | 13/05/2019 |
| 9 | MS. JOYCE WANJIRU | 3 Members - Sponsor | 13/05/2019 |
| 10 | MR. ISAAC NDUNGU | Member - Community | 13/05/2019 |
| 11 | MR. BRAMWEL MWANGI | Member - Community | 13/05/2019 |
| 12 | MR. RONALD ONYIMBO | Co-opted Member | 13/05/2019 |
| 13 | MR. COLLIN ODUOR | Co-opted Member | 13/05/2019 |
| 14 | MRS. ESTHER NJOROGE | Co-opted Member | 13/05/2019 |
| 15 | IMMANUEL MATHIAS | Rep Students | 25/07/2022 |
| 16 | MR. DAVID NGUGI | P.A Chairperson | 13/05/2019 |
| | | | |

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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.

6. Committees of the Board

| Ref: | Name of Committee | Names of Members | Designation | Number of meetings attended during the year |
|------|---|---|--|---|
| 1 | Executive Committee | STEPHEN KIMANI MARY. A. MORO ROSE W. KARAGITA HARON THUO BRAMWEL MWANGI | CHAIRMAN SECRETARY MEMBER REPRESENTATIVE Member – Rep CEB MEMBER | 1/2 |
| 2 | Audit Committee | LUCY NJIHIA MARY. A. MORO STEPHEN KIMANI GEOFFREY NYANDIRI | CHAIRPERSON SECRETARY MEMBER MEMBER | 1 |
| 3 | Finance, Procurement & General Purpose Committee | MR. STEPHEN KIMANI MRS. MARY MORO MR. HARON THUO MS. SUSAN ENOCK MR. ISAAC NDUNGU | CHAIRPERSON SECRETARY MEMBER MEMBER | 1/2 |

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| | | | | |
|---|---|---|---|------|
| | | | MEMBER | |
| 4 | Academic Committee | STEPHEN KIMANI CATHERINE MAINA RONALD ONYIMBO COLLIN ODUOR | CHAIRPERSON MEMBER MEMBER MEMBER | 2/3 |
| 5 | Development Committee | STEPHEN KIMANI MARY MORO JOYCE WANJIRU DAVID NGUGI CATHERINE MAINA WYCLIFFE NYARAMBA | CHAIRPERSON MEMBER MEMBER MEMBER MEMBER | 1/2 |
| 6 | Discipline and welfare Committee | MR. STEPHEN KIMANI MRS. MARY MORO JOYCE WANJIRU ESTHER NJOROGE | CHAIRPERSON MEMBERS MEMBER MEMBER | 4/12 |
| 7 | Adhoc Committee (if any during the year) | STEPHEN KIMANI MARY MORO REBECCA MUSANDA ROSE W. KARAGITA DAVID NGUGI | CHAIRPERSON MEMBER MEMBER MEMBER MEMBER | 1/2 |

(d) School operation Management

For the financial year ended *30 June 2022* the School day-to-day management was under the following persons:

| Ref: | Designation | Name | TSC Number |
|-------------|--------------------|-----------------|-------------------|
| 1 | Principal | MARY A. MORO | TSC 335061 |
| 2 | Deputy Principal | REBECCA MUSANDA | TSC 273267 |
| 3 | School Bursar | HARRISON KAMAU | ID. 28231519 |

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|--|--|--|--|
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|--|--|--|--|

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For the year ended 30 June 2022**

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 17614-20100
Telephone: 0719416888
E-mail: bishopedwarddonovan@yahoo.com
Website: N/A
Facebook: N/A
Twitter: N/A

(f) School Bankers

The following school operated 7 numbers of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

OPERATION ACCOUNT

- Name of Bank: NATIONAL BANK
Branch: NAKURU
Account Number: **01025021664900**

TUITION ACCOUNT

- Name of Bank: NATIONAL BANK
Branch: NAKURU
Account Number: **01025021665100**

RMI/INFRASTRUCTURE ACCOUNT

- Name of Bank: NATIONAL BANK
Branch: NAKURU
Account Number: **01022223376800**

SCHOOL FUND ACCOUNT

- Name of Bank: EQUITY
Branch: NAKURU GATE HOUSE
Account Number: **0130262292029**

SCHOOL FUND ACCOUNT - PA

- Name of Bank: NATIONAL BANK
Branch: NAKURU
Account Number: **01025022291800**

CDF ACCOUNT

- Name of Bank: EQUITY BANK
Branch: GATE HOUSE
Account Number: **0130279889141**

SAVINGS ACCOUNT

- Name of Bank: NATIONAL BANK
Branch: NAKURU
Account Number: **01248021665500**

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(g) Independent Auditors

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

**BISHOP EDWARD DONOVAN
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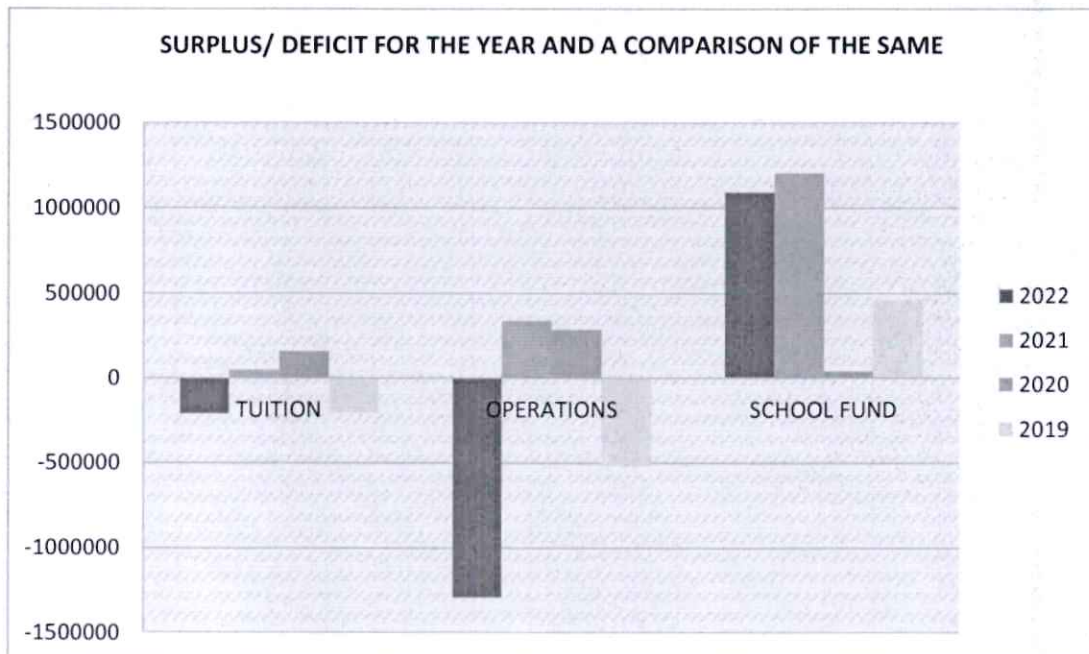
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance:**

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

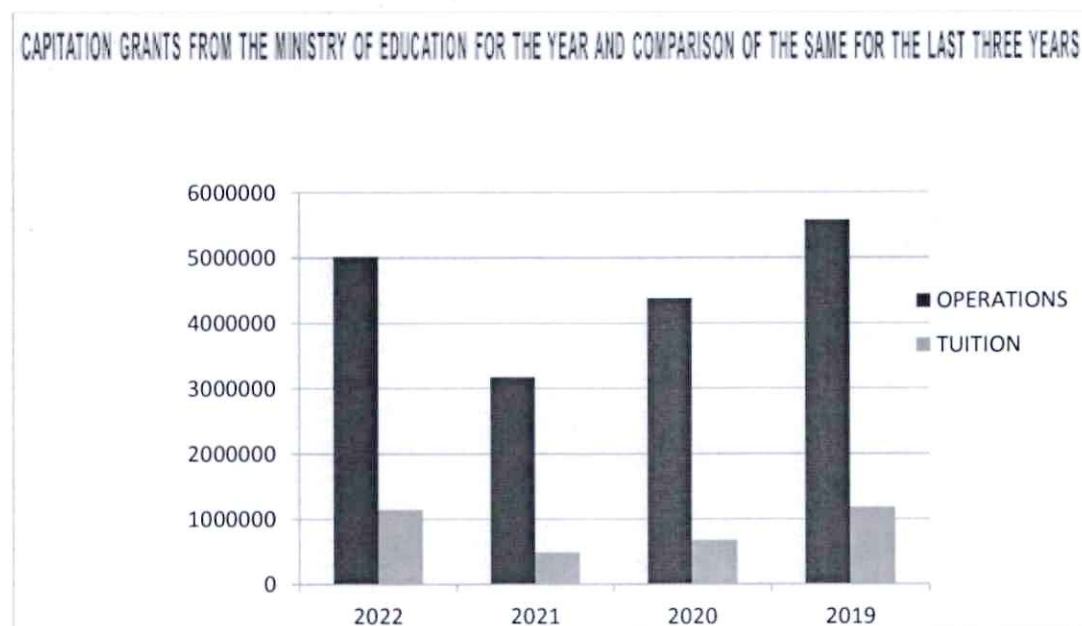
| YEAR | 2022 | 2021 | 2020 | 2019 |
|-------------|---------------|--------------|------------|-------------|
| TUITION | -210,625.20 | 49,374.25 | 160,385.43 | -207,198.98 |
| OPERATIONS | -1,292,063.30 | 271,272.45 | 286,576.00 | -522,290.00 |
| SCHOOL FUND | 1,093,803.00 | 1,274,046.00 | 42,367.00 | 459,124.00 |
| TOTAL | -408,885.50 | 1,594,692.70 | 489,328.43 | -270,364.98 |



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ii) Capitation grants for the year and comparison of the same for the last three years

| CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE YEAR AND COMPARISON OF THE SAME FOR THE LAST THREE YEARS | | | | | |
|--|--|---------------------|--------------------|---------------------|---------------------|
| SNO | ACCOUNTS | 2022 | 2021 | 2020 | 2019 |
| | | KSHS | KSHS | KSHS | KSHS |
| 1 | Operations Account | 5,025,969.70 | 3,181,947.45 | 4,387,175.00 | 5,587,524.30 |
| 2 | Tuition Account | 1,156,638.80 | 493,029.25 | 680,179.00 | 1,181,582.45 |
| | Total | 6,182,608.50 | 3,674,976.7 | 5,067,354.00 | 6,769,106.75 |
| | No of Students | 353 | 379 | 379 | 363 |
| | Ratio of Capitation per student | 1: 17,514.47 | 1:9,699.50 | 1: 13,370.33 | 1: 18,647.68 |



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

A THREE-YEAR OVERVIEW OF GROWTH OF OTHER INCOME(S) EARNED BY THE SCHOOL.

| SNO | ACCOUNTS | 2022 | 2021 | 2020 |
|-----|---------------------|--------------|--------------|--------------|
| | | KSHS | KSHS | KSHS |
| 1 | School Fund Account | 4,368,410.00 | 3,119,963.00 | 1,487,062.00 |

iv) A three-year overview of growth in expenditure

| A THREE - YEAR OVERVIEW OF GROWTH IN EXPENDITURE | | | | | |
|---|------------------------|----------------------|---------------------|---------------------|----------------------|
| SNO | ACCOUNTS | 2022 | 2021 | 2020 | 2019 |
| | | KSHS | KSHS | KSHS | KSHS |
| 1 | School Fund Account | 3,274,607.00 | 1,908,417.00 | 1,444,695.00 | 3,309,897.00 |
| 2 | Operations Account | 4,125,408.00 | 1,521,425.00 | 2,393,095.00 | 6,109,814.30 |
| 3 | Tuition Account | 1,367,264.00 | 443,655.00 | 519,793.57 | 1,388,781.43 |
| 4 | Infrastructure Account | 2,192,625.00 | 1,320,250.00 | 1,706,712.00 | - |
| | Total | 10,959,904.00 | 5,193,747.00 | 6,064,295.57 | 10,808,492.73 |

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

| MOVEMENT OF DEBTORS AND CREDITORS OF THE SCHOOL | | | | |
|--|-----------|--------------|--------------|--------------|
| SNO | ACCOUNTS | 2022 | 2021 | 2020 |
| | | KSHS | KSHS | KSHS |
| a | Debtors | 2,671,222.42 | 2,530,175.42 | 2,171,742.42 |
| b | Creditors | 1,026,216.00 | 28,300.00 | 461,000.00 |

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vi) Movement of cash and bank balances over the last three years

| MOVEMENT OF CASH AND BANK BALANCES | | | | |
|---|------------------------|---------------------|-------------------|------------------|
| SNO | ACCOUNTS | 2021/2022 | 2020/2021 | 2020 |
| | | KSHS | KSHS | KSHS |
| 1 | School Fund Account | 609,965.00 | 508,694.00 | -11,219.00 |
| 2 | Operations Account | 343,905.90 | 263,214.20 | 17,997.75 |
| 3 | Tuition Account | 297,272.95 | 25,602.15 | -17,652.10 |
| 4 | Infrastructure Account | 5,448.00 | 9,038.00 | 2,788.00 |
| 5 | Savings Account | 0 | 0 | - |
| | Total | 1,256,591.85 | 806,548.35 | -8,085.35 |

b) Teacher Student ratio:

| TSC TEACHERS | BOM TEACHERS | TRANSFERRED TEACHERS | POSTED TEACHERS | TOTAL NO OF TEACHERS | NO OF STUDENTS |
|--------------|--------------|----------------------|-----------------|----------------------|----------------|
| 11 | 4 | 1 | 2 | 17 | 353 |

The ratio is 1:21

| <u>SUBJECT</u> | <u>NO.OF TEACHERS</u> | <u>SHORTAGE</u> |
|----------------|-----------------------|-----------------|
| CRE | 2 | 2 |
| BUSINESS | 2 | 2 |
| ENGLISH | 2 | 2 |
| HIST/CRE | 2 | 2 |
| MATHS/PHYS | 2 | 2 |
| CHEM | 1 | 3 |
| KISWA | 2 | 2 |
| AGRIC/BIO | 1 | 3 |
| GEOGRAPHY | 1 | 3 |

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c) Mean score in the 2021 KCSE:

| YEAR | MEAN | MEAN GRADE TARGET | +/- DEVIATION | REMARKS |
|------|------|-------------------------|------------------|---|
| 2021 | 2.02 | 4.0 | -0.68 | |
| 2020 | 2.70 | 4.0 | +0.02 | Added lessons recovery sessions & Introduced Continuous Assessment Tests (CATs) |
| 2019 | 2.68 | 4.0 | +0.15 | Introduced remedial lessons. |
| 2018 | 2.53 | | | |

Students who transitioned to higher institutions of learning

| YEAR | NO. OF STUDENTS | TRANSITIONED TO: |
|------|--------------------|---------------------|
| 2021 | 4 | Colleges |
| 2020 | 5 | Colleges |
| 2019 | 4 | Colleges |
| 2018 | 2 | Colleges |

d) Number of Candidates in the 2021,2020 & 2019 KCSE:

| YEAR | BOYS | GIRLS | TOTAL |
|------|------|-------|-------|
| 2019 | 22 | 40 | 62 |
| 2020 | 29 | 24 | 53 |
| 2021 | 38 | 51 | 89 |

e) Capacity of the school:

| AMENITIES | AVAILABLE | SHORTAGE | REMARKS |
|--------------------|-----------|----------|--------------------------------------|
| Number of Students | 353 | - | |
| Laboratories | 1 | 2 | With a capacity of 50 students each. |
| Toilets | 24 | 12 | Additional twelve toilets required |

**BISHOP EDWARD DONOVAN
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| | | | |
|-----------------------|-----|---|--|
| Classrooms | 12 | - | Enough |
| Computer Lab | 1 | 2 | With a capacity of 50 students each |
| Kitchen | 1 | | Enough |
| Library | Nil | 1 | with a capacity of 80 students |
| Dining Hall | Nil | 2 | 2 with a capacity of 150 students each |
| Playing Ground | Nil | 1 | Shares the playing ground with the primary school nearby |
| Board Room | Nil | 1 | No hall to hold meetings |
| Security Staff Office | Nil | 1 | For shelter of security staff |
| Store | Nil | 1 | |

f) Development projects carried out by the school:

| PROJECT | SOURCE OF FUNDS | YEAR | STATUS |
|-------------------------|-----------------|-----------|--|
| Laboratory construction | M.O.E | 2021-2022 | - At the plastering level and finishing by 30 June 2022 |
| Desks & Lockers repair | M.O.E | 2021-2022 | - Repaired broken lockers & chairs for the students by 30 June 2022 (This was done to prepare for the students joining form one |

Sign



School Principal

**BISHOP EDWARD DONOVAN
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30 June 2022**


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.

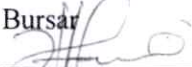
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

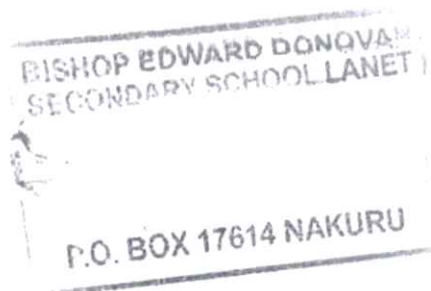
The Board of Management of BISHOP EDWARD DONOVAN SECONDARY SCHOOL accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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 June, 2022, and of the school's financial position as at that date.

Name: Stephen Kimani
Designation: Chairman, School Board of Management
Sign: 
Date: 25/7/24

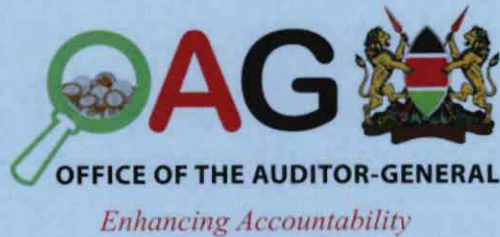
Name: Mary A. Moro
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 25/07/2024

Name: Harrison Kamau
Designation: Bursar
Sign: 
Date: 25/7/24



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 BISHOP EDWARD DONOVAN SECONDARY SCHOOL FOR THE FOR THE YEAR ENDED 30 JUNE, 2022 - NAKURU COUNTY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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 overall governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bishop Edward Donovan Secondary School - Nakuru County set out on pages 16 to 23, which comprise the

statement of financial assets and financial liabilities as at 30 June, 2022 and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the 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 Bishop Edward Donovan Secondary School as at 30 June, 2022, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1.0 Unsupported School Fund Income - Other Receipts

The statement of receipts and payments reflects school fund income-other receipts of Kshs.4,368,410 as disclosed in Note 4 to the financial statements. However, support documentation including supporting schedules and ledgers for the receipts were not provided for audit.

In the circumstances, the accuracy and completeness of receipts amounting to Kshs.4,368,410 could not be confirmed.

2.0 Accounts Receivables

2.1 Unsupported Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.2,671,222 indicated as disclosed in Note 11 to the financial statements. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy of the accounts receivables balance of Kshs.2,671,222 could not be confirmed.

2.2 Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.2,671,222 in respect of fees arrears as disclosed in Note 11 to the financial statements. Included in the balance are receivables amounting to Kshs.1,588,549 which had been outstanding for more than two (2) years. However, there

was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.2,671,222 could not be confirmed.

3.0 Unsupported Accounts Payables

The statement of financial assets and financial abilities reflects accounts payables balance of Kshs.1,026,216 as disclosed in Note 12 to the financial statements. Included in this balance is Kshs.885,071 in respect of trade creditors. However, support documentation including payment vouchers, purchase orders, local service orders /local purchase orders, good receive notes were not provided for review. Further, Management has not provided explanation as to why the bills have not been settled as they are due.

In the circumstances, the accuracy and completeness of the account's payables balance of Kshs.1,026,216 could not be confirmed.

4.0 Unsupported Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.1,256,591 as disclosed in Notes 8 and 9 to the financial statements. However, the bank balances were not supported by bank reconciliation statements.

Further review of bank records revealed that the School operated a savings account at a local bank. However, the savings account was dormant and had been reflecting a nil balance for the last two (2) years.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.1,256,591 could not be confirmed.

5.0 Unsupported Payments for Tuition

The statement of receipts and payments reflects tuition payments of Kshs.1,367,264 as disclosed in Note 5 to the financial statements. Included in this amount is Kshs.566,401 in respect of exercise books and laboratory equipment. However, examination of payment vouchers amounting to Kshs.566,401 revealed that Management made payments without proper support documents such as local purchase orders/local service orders, Kenya Revenue Authority electronic tax registers, distribution lists, goods received notes and invoices.

In the circumstances, the occurrence, accuracy and completeness of the tuition payments amounting to Kshs.566,401 could not be confirmed.

6.0 Unsupported Payments for Day School Fund Payments

The statement of receipts and payments reflects day school fund payments of Kshs.3,274,607 as disclosed in Note 7 to the financial statements. Included in this amount is Kshs.893,420 in respect of food items. However, examination of payment vouchers amounting to Kshs.893,420 revealed that Management made payments without proper support documents such as local purchase order/local service order, distribution list, goods received note invoices.

In the circumstances, the regularity, accuracy and completeness of the school fund payments amounting to Kshs.893,420 could not be confirmed.

7.0 Inaccuracies in the Statement of Budgeted Versus Actual Amounts

The statement of budgeted versus actual amounts was incomplete and therefore no analysis on final receipts budget and actual on a comparable basis could be done to determine the under/over collection of receipts. Similarly, the amount spent against an approved budget was also incomplete and therefore under or over expenditure could not be determined. Further, the audit could not determine whether the budget was balanced.

In the circumstances, the accuracy and completeness of statement of budgeted versus actual amounts could not be confirmed.

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2022.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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

1.0 Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects day school fund payments of Kshs.3,274,607 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.836,400 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.836,400 could not be confirmed

2.0 Over Funding of Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations amounts of Kshs.1,156,639 and Kshs 5,025,970 respectively as disclosed in Notes 1 and 2 to the financial statements. During the period, NEMIS reported a total number of 353 students while the enrolment records provided by the School indicated a total number of 275 students, resulting to an unexplained variance of 78 students. As a result of the variances, the School was over-funded by an amount of Kshs.1,366,092.

In the circumstances, the accuracy and completeness of capitation grants for tuition and capitation grants for operations amounting to Kshs.1,156,639 and Kshs.5,025,970 respectively could not be confirmed.

3.0 Unsupported Fixed Assets Balance

Review of the financial statements revealed that the summary of fixed assets register was not presented in Annex 2 to the financial statements as required by the Public Sector Accounting Standards Board template. Further, the School did not maintain a fixed assets register indicating dates of assets acquisition, types of assets, suppliers' names, values, custodians and locations in respect of the assets it owns. This was contrary to Regulation 143(1)(2) of the Public Finance Management (National Government) Regulations, 2015 which states 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. The register of land and buildings shall record each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of

acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details.

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

4.0 Weaknesses in Human Resource Management

The statement of receipts and payments reflects payments for operations of Kshs.6,318,033 as disclosed in Note 6 to the financial statements. Included in this amount personnel emoluments of Kshs.1,269,219 paid to the School's Board of Management teachers and non-teaching staff. However, Management did not provide for audit the approved staff establishment and terms and conditions of service to confirm the recruitment needs. This was contrary to Section 13 of the Fourth Schedule of the Basic Education Act, 2015, which requires the Board of Management to employ its staff, upon such terms and conditions of service as the County Education Board may determine. Further, the prescribed minimum wages as per wages order has not been observed as reflected in The Regulation of Wages (General) (Amendment) Order,2022 in conformity with the Labour Institutions Act, No.12 of 2007.

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

5.0 Lack of Procurement Plan

The statement of receipts and payments reflects an amount of Kshs.10,551,018 and Kshs.10,959,904 in respect of total receipts and payments respectively. However, during the year Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

In the circumstances, Management was in breach of the law

6.0 Non-Compliance with the Public Sector Accounting Standards Board (PSASB) Requirements

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

- i. Preamble information pages are not in roman numbers;
- ii. The table of contents is not aligned as per the page numbering;
- iii. The statement of budgeted versus actual amounts for the year ended 30 June, 2022 reflects unsupported adjustments amounts; and

- iv. The amounts and balances in the financial statements and notes are not rounded off to the nearest shilling.
- v. The page number for statement of cash flows is indicated as page 25 instead of page 18 while the subsequent pages are indicated to run from page 11 to page 26 instead of pages 19 to 34.

In the circumstances, Management was in breach of the Public Sector Accounting Standards Board (PSASB) guidelines. Further, lack of relevant information may affect users' reliance on the financial statements for decision making.

7.0 Late Submission of Annual Report and Financial Statements

During the year under review, Management submitted the financial statements to the Auditor-General on 26 April, 2024 instead of statutory date of 30 September, 2022. 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 which Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.'

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matter 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 Adequate Facilities in the School

The School lacked facilities such a library and outdoor playing facilities for the students, contrary to Regulation 64 of Basic Education Regulations, 2015 which states that 'every institution of basic education and training shall have provisions for outdoor playing

facilities and equipment, both for outdoors and indoors with provisions for persons with disabilities’.

In the circumstances, the learning environment at the School is not conducive to students as envisaged.

2. 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 requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the school’s ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the school or to cease operations.

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

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

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

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

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 September, 2024


Report of the Auditor-General on Bishop Edward Donovan Secondary School for the year ended 30 June, 2022 - Nakuru County

**BISHOP EDWARD DONOVAN
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V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30 JUNE 2022


| DESCRIPTION OF VOTE HEAD | Note | 2021-2022 Kshs | 2020-2021 Kshs |
|--|------|----------------------|---------------------|
| RECEIPTS | | | |
| Capitation grants for tuition | 1 | 1,156,638.80 | 493,029.25 |
| Capitation grants for operations | 2 | 5,025,969.70 | 3,181,947.45 |
| School Fund Income- Parents' Contributions | 3 | 0 | 0 |
| School Fund Income- Other receipts | 4 | 4,368,410.00 | 3,119,963.00 |
| Proceeds from borrowings | | 0 | 0 |
| TOTAL RECEIPTS | | 10,551,018.50 | 6,794,939.70 |
| PAYMENTS | | | |
| Payments for Tuition | 5 | 1,367,264.00 | 443,655.00 |
| Payments for operations | 6 | 6,318,033.00 | 2,841,675.00 |
| Day school fund payments | 7 | 3,274,607.00 | 1,908,417.00 |
| TOTAL PAYMENTS | | 10,959,904.00 | 5,193,747.00 |
| SURPLUS/DEFICIT | | (408,885.50) | 1,601,192.70 |

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

Sign: 
Name: David Nproge

Chair BOM

Date: 25/7/24

Sign: 
Name: MORO-A. MARY

School Principal/
Secretary to BOM

Date: 25/07/2024

Sign: 
Name: Harrison Kamau

Bursar/
Finance Officer

Date: 24/7/24

BISHOP EDWARD DONOVAN
SECONDARY SCHOOL, LANET

P.O. BOX 17614 NAKURU

**BISHOP EDWARD DONOVAN
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**VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT
30 JUNE 2022**

| | Note | 2021-2022 Kshs | 2020-2021 Kshs |
|---------------------------------------|------|----------------------------|--------------------------|
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances | 8 | 1,196,770.85 | 836,651.35 |
| Cash Balances | 9 | 59,821.00 | (30,103.00) |
| Short term Investment | 10 | 0 | - |
| Total Cash and cash equivalent | | <u>1,256,591.85</u> | <u>806,548.35</u> |
| Account's receivables | 11 | 2,671,222.42 | 2,530,175.42 |
| TOTAL FINANCIAL ASSETS | | 3,927,814.27 | 3,336,723.77 |
| FINANCIAL LIABILITIES | | | |
| Accounts Payables | 12 | 1,026,216.00 | 28,300.00 |
| NET FINANCIAL ASSETS | | 2,901,598.27 | 3,308,423.77 |
| REPRESENTED BY | | | |
| Accumulated Fund b/fwd | 13 | 3,310,483.77 | 1,713,731.07 |
| Surplus/Deficit for the year | | (408,885.50) | 1,594,692.70 |
| NET FINANCIAL POSITION | | 2,901,598.27 | 3,308,423.77 |

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

Name: David Njoroge
Chairman, BoM

Sign: [Signature]
Date: 25/7/24

Name: MORO-A MARY
School Principal/Secretary
to BoM

Sign: [Signature]
Date: 25/07/2024
Name: _____

Hansen Kamau
Bursar/Finance
Sign: [Signature]
Date: 25/7/24

BISHOP EDWARD DONOVAN
SECONDARY SCHOOL LANET

P.O. BOX 17614 NAKURU

**BISHOP EDWARD DONOVAN
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VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2022

| | | 2021-2022 | 2020-2021 |
|--|---|-----------------------|-----------------------|
| | | Kshs | Kshs |
| Receipts for operating income | | | |
| Capitation grants for tuition | 1 | 1,156,638.80 | 493,029.25 |
| Capitation grants for operations | 2 | 5,025,969.70 | 3,181,947.45 |
| School fund income- Parents contributions/ fees | 3 | 0 | 0 |
| School fund income- other receipts | 4 | 4,362,008.00 | 3,113,463.00 |
| Adjustment increase in receivables | | 0 | (358,433.00) |
| Total receipts | | 10,544,616.50 | 6,430,006.70 |
| Payments | | | |
| Payments for Tuition | | 885,028.00 | 443,655.00 |
| Payments for operations | | 3,941,608.00 | 1,521,425.00 |
| Boarding and school fund payments | | 3,296,407.00 | 1,908,417.00 |
| Adjustment decrease in payables | | 0 | 432,700.00 |
| Total payments | | 8,123,043.00 | 4,306,197 |
| Net cash flow from operating activities | | 2,421,573.50 | 2,123,809.70 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | | | |
| Acquisition of Assets | | (1,973,590.00) | (1,320,250.00) |
| Proceeds from investments | | | - |
| Purchase of investments | | | - |
| Net cash flows from Investing Activities | | (1,973,590.00) | (1,320,250.00) |
| 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 | | 447,983.50 | 803,559.70 |
| Cash and cash equivalent at BEGINNING of the year | | 808,608.35 | 2,988.65 |
| Cash and cash equivalent at END of the year | | 1,256,591.85 | 806,548.35 |

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

BISHOP EDWARD DONOVAN SECONDARY SCHOOL
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Reports and Financial Statements
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VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

| Receipt/Expense Item | Original Budget | Adjustments | Final Budget | Actual On Comparable Basis | % Of Utilization |
|---|-----------------|-------------|--------------|----------------------------|------------------|
| | a | b | c=a+b | d | e=d/c % |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Receipts | | | | | |
| | | | | | |
| (1) Capitation Grant on Tuition | | | | | |
| Textbooks and reference materials | 150,363.05 | | 120,800.00 | 29,563 | 80.34% |
| Exercise books | 555,186.62 | | 205,128.00 | 350,059 | 36.95% |
| Laboratory equipment | 273,495.82 | | 193,425.00 | 80,071 | 70.72% |
| Internal exams | 186,747.91 | | 165,132.00 | 21,616 | 88.43% |
| Teaching / learning materials | 184,097.49 | | 170,783.00 | 13,314 | 92.77% |
| Chalks | | | - | - | |
| Exams and assessment | 86,747.91 | | 39,442.34 | 47,306 | 45.47% |
| (2) Capitation Grant on Operations | 0 | | | | |
| Personnel emoluments | 1,110,028.18 | | 1,269,219.00 | (159,191) | 114.34% |
| Repairs and maintenance | 152,798.49 | | 9,000.00 | 143,798 | 5.89% |
| Local transport / travelling | 397,276.06 | | 87,300.00 | 309,976 | 21.97% |
| Electricity and water | 183,358.18 | | 118,232.00 | 65,126 | 64.48% |
| Medical | | | - | - | |
| Administration costs | 733,432.73 | | 457,140.00 | 276,293 | 62.33% |
| Activity | | | - | - | |
| Gratuity | | | - | - | |
| SMASSE | 37,900.00 | | | 37,900 | 0.00% |
| (3) Fees Charged on Parents | 0 | | | | |
| Lunch Program | 4,199,490.00 | | 4,078,927.00 | 120,563 | 97.13% |

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| Receipt/Expense s Item | Original Budget | Adjustment s | Final Budget | Actual On Comparabl e Basis | % Of Utilizatio n |
|---|---------------------|-----------------|------------------|-----------------------------------|-------------------------|
| | a | b | c=a+b | d | e=d/c % |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| | | | 0 | | |
| TOTAL INCOME | 8,250,922.44 | | 6,914,528 | 1,336,394 | 83.80% |
| (4) Total Expenditure | | | | | |
| Personnel emoluments | 1,570,000.00 | | 1,269,219.0 0 | 300,781 | 80.84% |
| Repairs, maintenance and improvements | 15,000.00 | | 9,000.00 | 6,000 | 60.00% |
| Local transport / travelling | 120,000.00 | | 87,300.00 | 32,700 | 72.75% |
| Electricity, water and conservancy | 224,500.00 | | 118,232.00 | 106,268 | 52.66% |
| Medical Expenses | 227,500.00 | | 77,366.00 | 150,134 | 34.01% |
| Administration costs | 525,000.00 | | 457,140.00 | 67,860 | 87.07% |
| Tuition | 1,367,264.00 | | 885,028.00 | 482,236 | 64.73% |
| Lunch programme | 3,274,607.00 | | 4,078,927.00 | (804,320) | 124.56% |
| Bank Charges | 20,000.00 | | 18,870 | 1,130 | 94.35% |
| | | | | | |
| TOTAL | 7,343,871.00 | | 7,001,082 | 342,789 | 95.33% |

IX. Commentary on significant underutilization (below 90% of utilization) and any overutilization above 100%]

-For exercise books, there was underutilisation because the number of students budgeted for were more than the actual students. (Form ones admitted were less than expected)

-The laboratory materials were underutilised; there were fewer breakages than expected as the lab technician was strict on controlling the students during practical lessons.

-Local transport and travelling was over utilised as there were several workshops that came within the financial year than expected e.g Bursar's Workshop

-Infrastructure was over utilised due to the construction of Laboratory and repairing student's desks in preparation for Form ones admission.

-Administration costs were over utilised as there were more inks, toners and photocopying machine services costs throughout the year than budgeted for.

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* 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, imprest 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 June 2022.

**BISHOP EDWARD DONOVAN
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30 June 2022**

XI. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

| | 2021-2022 | 2020-2021 |
|-----------------------------------|---------------------|-------------------|
| | Kshs | Kshs |
| Textbooks and reference materials | 150,363.05 | 69,024.10 |
| Exercise books | 555,186.62 | 241,584.33 |
| Laboratory equipment | 173,495.82 | 69,024.10 |
| Internal exams | 86,747.91 | 39,442.34 |
| Teaching / learning materials | 104,097.49 | 34,512.04 |
| Chalks | 0 | 0 |
| Exams and assessment | 86,747.91 | 39,442.34 |
| Teachers guides | 0 | 0 |
| Total | 1,156,638.80 | 493,029.25 |

2 CAPITATION GRANT FOR OPERATIONS

| | 2021-2022 | 2020-2021 |
|------------------------------|---------------------|---------------------|
| | Kshs | Kshs |
| Personnel emoluments | 1,110,028.18 | 494,325.29 |
| Repairs and maintenance | 152,798.49 | 247,161.00 |
| Local transport / travelling | 595,914.09 | 335,435.02 |
| Electricity and water | 183,358.18 | 70,619.90 |
| To Infrastructure AC | 1,970,000.00 | 1,326,500.00 |
| Administration Cost | 932,070.76 | 247,162.64 |
| Medical | 81,800.00 | 0 |
| Other Vote heads | 0 | 370,743.60 |
| Total | 5,025,969.70 | 3,091,947.45 |

3 PARENTS CONTRIBUTION/FEEES - SCHOOL FUND ACCOUNT

| | 2021-2022 | 2020-2021 |
|-----------------------|-----------|-----------|
| | Kshs | Kshs |
| School ID | 0 | 0 |
| Electricity and water | 0 | 0 |
| Lunch | 0 | 0 |
| Administration costs | 0 | 0 |
| SMASSE | 0 | 0 |
| Total | 0 | 0 |

**BISHOP EDWARD DONOVAN
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For the year ended 30 June 2022**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

| | 2021-2022 | 2020-2021 |
|--------------------------------------|---------------------|---------------------|
| | Kshs | Kshs |
| Lunch Programme | 4,368,410.00 | 3,092,463.00 |
| Fee on Boarding Equipment and Stores | - | - |
| Rent income | - | - |
| Income from farming activities | - | - |
| Insurance compensation | - | - |
| Income from Posho mill | - | - |
| Income from Bus Hire | - | - |
| Fee for hire of ground and equipment | - | - |
| Income from grants and donations | - | - |
| Interest income | - | - |
| Dividends income | - | - |
| Total | 4,368,410.00 | 3,092,463.00 |

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

5 PAYMENTS FOR TUITION

| | 2021-2022 | 2020-2021 |
|-----------------------------------|---------------------|-------------------|
| | Kshs | Kshs |
| Textbooks and reference materials | 120,800.00 | 98,170.00 |
| Exercise books | 482,684.00 | 40,000.00 |
| Laboratory equipment | 398,105.00 | 78,290.00 |
| Internal exams | 165,132.00 | 4,000.00 |
| Teaching / learning materials | 170,783.00 | 165,055.00 |
| Chalks | 0 | 0 |
| Administration Costs | 27,950.00 | 37,900.00 |
| Teachers guides | 0 | 20,000.00 |
| Bank Charges | 1,810.00 | 240.00 |
| Total | 1,367,264.00 | 443,655.00 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

| | 2021-2022 | 2020-2021 |
|--|---------------------|---------------------|
| | Kshs | Kshs |
| Medical | 73,776.00 | 36,966.00 |
| Personnel emoluments | 1,269,219.00 | 563,636.00 |
| Administration Cost | 1,332,031.00 | 716,838.00 |
| Repairs and maintenance & improvements | 9,000.00 | 31,500.00 |
| Local transport / travelling | 830,390.50 | 91,420.00 |
| Electricity and water | 118,232.00 | 33,825.00 |
| Insurance Cost | 182,000.00 | 26,000.00 |
| Activity Expenses | 300,300.00 | 0 |
| Bank Charges | 10,460.00 | 240.00 |
| Infrastructure | 2,192,625.00 | 1,320,250.00 |
| TOTAL | 6,318,033.00 | 2,820,675.00 |

7 DAY SCHOOL FUND PAYMENTS

| | 2021-2022 | 2020-2021 |
|--|---------------------|---------------------|
| | Kshs | Kshs |
| Personnel emoluments | 198,096.00 | 0 |
| Service Gratuity | 0 | 0 |
| Repairs and maintenance & Improvements | 40,000.00 | 0 |
| Local transport / travelling | 0 | 0 |
| Electricity and water | 0 | 0 |
| Medical Expenses | 2,800.00 | 0 |
| Administration costs | 0 | 0 |
| Lunch Programme | 3,027,111.00 | 1,813,307.00 |
| Bank Charges | 6,600.00 | 5,110.00 |
| Expenses on Income Generating Activities | 0 | 0 |
| Fee on Boarding Equipment and Stores | 0 | 0 |
| Funds transfer to operations | 0 | 0 |
| Insurance Cost (Life Property) | 0 | 0 |
| Loan Principal repayment | 0 | 0 |
| Loan Interest repayment | 0 | 0 |
| Acquisition of Assets | 0 | 0 |
| TOTAL | 3,274,607.00 | 1,818,417.00 |

*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.*

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

| Name of Bank, Account No. & currency | Bank Account Number | 2021-2022 | 2020-2021 |
|--------------------------------------|---------------------|---------------------|-------------------|
| | | Kshs | Kshs |
| Tuition Account | 1025021665100 | 297,272.95 | 25,602.15 |
| Operations Account | 1025021664900 | 340,579.90 | 263,852.20 |
| School Fund Account | 0130262292029 | 511,588.00 | 538,159.00 |
| Savings Account | 1248021665500 | 0 | 0 |
| School Fund Account | 1025022291800 | 41,882.00 | 0 |
| Infrastructural Account | 1022223376800 | 5,448.00 | 9,038.00 |
| Total | | 1,196,770.85 | 836,651.35 |

9 CASH IN HAND

| Description | 2021-2022 | 2020-2021 |
|---------------------|------------------|--------------------|
| | Kshs | Kshs |
| Tuition Account | - | 0 |
| Operation Account | 3,326.00 | (638.00) |
| School Fund account | 56,495.00 | (29,465.00) |
| Total | 59,821.00 | (30,103.00) |

10 SHORT TERM INVESTMENTS

| Description | 2021-2022 | 2020-2021 |
|--------------------|-------------|-------------|
| | Kshs | Kshs |
| Cooperative shares | - | - |
| Treasury Bills | - | - |
| Fixed deposit | - | - |
| Equity stock | - | - |
| Other investments | - | - |
| Total | 0.00 | 0.00 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

| Description | 2021-2022 | 2020-2021 |
|----------------------------|---------------------|---------------------|
| | Kshs | Kshs |
| Fees arrears | 2,671,222.42 | 2,530,175.42 |
| Other non-fees receivables | - | - |
| Salary advances | - | - |
| Imprest | - | - |
| Total | 2,671,222.42 | 2,530,175.42 |

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

| Description | 2021-2022 | 2020-2021 |
|---|---------------------|---------------------|
| | Kshs | Kshs |
| Fees arrears for current year | 555,320.00 | 386,353.00 |
| Fees arrears for the previous year | 527,353.00 | 555,273.00 |
| Fees arrears for prior periods (over two years) | 1,588,549.42 | 1,588,549.42 |
| Total | 2,671,222.42 | 2,530,175.42 |

12 ACCOUNTS PAYABLE

| Description | 2021-2022 | 2020-2021 |
|---|---------------------|------------------|
| | Kshs | Kshs |
| Trade creditors (See ageing below and appendix 1) | 885,071.00 | 21,800.00 |
| Prepaid fees | 114,445.00 | 0 |
| School IDs | 26,700.00 | 6,500.00 |
| Total | 1,026,216.00 | 28,300.00 |

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

| Description | 2021-2022 | 2020-2021 |
|--|-------------------|-----------|
| | Kshs | Kshs |
| Trade creditors for current year | 885,071.00 | 0 |
| Trade creditors for the previous year | 0 | - |
| Trade creditors for the previous year -paid | 0 | - |
| Trade creditors for prior periods (over two years) | 0 | - |
| Total | 885,071.00 | 0 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

| Description | 2021-2022 | 2020-2021 |
|------------------------|---------------------|---------------------|
| | Kshs | Kshs |
| Bank balances | 836,711.35 | 2,284.65 |
| Cash balances | (28,103.00) | 704.00 |
| Short Term Investments | 0 | |
| Receivables | 2,530,175.42 | 2,171,742.42 |
| Payables | 28,300.00 | 461,000.00 |
| Total | 3,310,483.77 | 1,713,731.07 |

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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 | 2021-2022 | 2020-2021 |
|------------------------------|-----------|-----------|
| | Kshs | Kshs |
| Bank loan(s) | | |
| Outstanding Leases | | |
| Hire purchase | | |
| Gratuity and leave provision | | |
| Total | | |

15 Biological assets

| Description | Numbers | 2021-2022 | 2020-2021 |
|--------------------------|---------|-----------|-----------|
| | | Kshs | Kshs |
| Cattle | 0 | | |
| Goats | 0 | | |
| Trees | 44 | -15 | 59 |
| Coffee or tea plantation | 0 | | |
| Poultry | 0 | | |
| Total | | | |

16 Borrowings

| Description | 2021-2022 | 2020-2021 |
|------------------------------------|-----------|-----------|
| | KShs | KShs |
| a) Borrowings | | |
| Borrowing at beginning of the year | 0 | |
| Borrowings during the year | 0 | |
| Repayments of during the year | 0 | |
| Balance at End of the year | | |

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Other important disclosure notes

17 Stock/ Inventory

| Description | 2021-2022 | 2020-2021 |
|--|------------------|------------------|
| | KShs | KShs |
| b) Inventory | | |
| Stock/ inventory at beginning of the year | 106,600.00 | |
| Stock/ inventory purchased during the year | 456,600.00 | |
| Stock/ inventory issued during the year | 509,200.00 | |
| Balance at end of the year | 54,000.00 | |

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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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| | | | | |

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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 2022 | Comments |
|----------------------------------|-----------------|-----------------|---------------------|--------------------------|------------------|
| | a | b | c | D=a-c | |
| | Kshs | Kshs | Kshs | Kshs | |
| Construction of buildings | | | | | |
| 1. Malwa Hardware | | | | 114,035.00 | Paid Termly |
| 2. | | | | | |
| 3. | | | | | |
| Sub-Total | | | | 114,035.00 | |
| Supply of goods | | | | | |
| 4. Solokar Two Investment | | | | 131,800.00 | |
| 5. Ereto Bookshop LTD | | | | 277,556.00 | |
| 6. Danwa Chemequip Lab Supplies | | | | 204,680.00 | |
| Sub-Total | | | | 614,036.00 | |
| Supply of services | | | | | |
| 7. Danwa Chemequip Lab Supplies | | | | 5,000.00 | Good condition |
| 8. Pacis Insurance Cover | | | | 52,000.00 | Paid Annually |
| 9. Compassionate Traders LTD | | | | 100,000.00 | Paid on contract |
| Sub-Total | | | | 157,000.00 | |
| Grand Total | | | | 885,071.00 | |

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

| Asset class | Location | Historical Cost b/f (Kshs) 1st July 2021 | Additions during the year (Kshs) | Disposals during the year (Kshs) | Historical Cost c/f (Kshs) 30 June 2022 |
|--|------------------|--|---|---|--|
| Land 1 | Lanet Umoja 2 | 2 Acres | NIL | NIL | |
| Land 2 | - | - | - | - | - |
| Buildings and structures | Lanet Umoja 2 | Classrooms 12 Laboratory -1 Kitchen – 1 Administration – 1 Computer room -1 Store – 1 Staff toilets – 3 Students Toilets - 24 | 1 lab | - | |
| Motor Vehicles | | None | | | |
| Office equipment, furniture and fittings | Lanet Umoja 2 | Office desks – 14 Coffee tables – 7 Office chairs - 43 Students Desks & Chairs – 360 Classroom tables – 5 Classroom Podiums - 8 | | - | |
| ICT Equipment, and Other ICT Assets | Lanet Umoja 2 | Computers – 14 Laptop – 1 Projector – 1 Scanner – 1 Photo printer – 1 Mobile smartphone – 1 | 7 | - | 25 |
| Tools and apparatus | Lanet Umoja 2 | 3,635 | 437 | 199 | 3,873 |
| Textbooks | Lanet Umoja 2 | 11,850 | 426 | - | 12,276 |
| Other Machinery and Equipment | Lanet Umoja 2 | 37 | 6 | | 43 |
| Heritage and Cultural assets | - | - | - | - | - |
| Intangible assets-soft ware | Lanet Umoja 2 | 1 – Accounting System | 2 – Microsoft window | - | 3 |

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| TRIAL BALANCE AS AT 30 JUNE 2022 | | | |
|---|--|----------------------|----------------------|
| | | DR | CR |
| Cash and Cash equivalents | | | |
| | Bank Balances | 1,196,770.85 | |
| | Cash Balances | 59,821.00 | |
| | Short term investments | - | |
| | Receivables | 2,671,222.42 | |
| Payments | | | |
| | Payments for Tuition | 1,367,264.00 | |
| | Payments for operations | 6,318,033.00 | |
| | Boarding and school fund payments | 3,274,607.00 | |
| | | | |
| | | | |
| Receipts | | | |
| | Capitation grants for tuition | | 1,156,638.80 |
| | Capitation grants for operations | | 5,025,969.70 |
| | School Fund Income- Parents' Contributions | | - |
| | School Fund Income- Other receipts | | 4,368,410.00 |
| | Proceeds from borrowings | | - |
| | Payables | | 1,026,216.00 |
| Prior Year Adjustment | | | |
| Fund Balance b/f | | | 3,310,483.77 |
| | | | |
| TOTAL | | 14,887,718.27 | 14,887,718.27 |