

REPUBLIC OF KENYA




OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



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| TABLED BY: | HON. SILVAMES OSORO, MP MAJORITY PARTY WHIP |
| CLERK-AT THE-TABLE: | INZOFU MWALE |

REPORT

OF

THE AUDITOR-GENERAL

ON

RUNGIRI SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2022**

KIAMBU COUNTY



RUNGIRI SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2022

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

**RUNGIRI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

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1. 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 Kiambu County, Kabete Sub-County

The school was registered in 15/9/2017 under registration number 22S00300304 and is currently categorized as a sub county (*National, Extra County, county and Sub County*) public school established, owned or operated by the Government.

The school is a day/boarding school and had 1100 number of students as at 30th June 2022. It has 5 streams and 57 teachers of which 12 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 | PROF JAMES MUTHOMI | Chairman | May 2022 |
| 2 | MRS CATHRINE GATUGI | Secretary - Principal | May 2022 |
| 3 | MR JAMES NGATIA | PTA Chairman | May 2022 |
| 4 | MS JACINTA WACHIRA | Member | May 2022 |
| 5 | PROF P W KINYANJUI | Member | May 2022 |
| 6 | MRS ANN KINYORO | Member | May 2022 |
| 7 | MRS HANNAH KARIGO | Member | May 2022 |
| 8 | MR FRANCIS MATHENGE | Member | May 2022 |
| 9 | MR JOHNSON KIOKO | Member | May 2022 |
| 10 | BISHOP SILAS GITONGA | Member | May 2022 |
| 11 | MRS EVA WANJA | Member | May 2022 |
| 12 | MS JEAN WANJIKU | Member | May 2022 |
| 13 | MS MILKA GIKUIYU | Member | May 2022 |
| 14 | MR JOHN NDERITU | Member Rep Teachers | May 2022 |
| 15 | REV GIKAARA PCEA | 3 Members - Sponsor | May 2022 |
| 16 | MR HENRY WANYOIKE | MemberSpecial Needs | May 2022 |

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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 | 1.Prof muthomi | chair | 6 |
| | | 2.Mrs catherine gatugi | Principal/secretary | 6 |
| | | 3.Mrs ann kinyoro | Vice chair | 6 |
| | | 4.Bishop simon ngatia | Pta chair | 6 |
| 2 | Audit Committee | 1. Mr karanu | chair | |
| | | 2.Mrs jean wanjiku | Vice chair | |
| | | 3.Mr mathenge | | |
| | | 4. mrs cathrine gatugi | secretary | |
| | | 5.Bishop gitonga | member | |
| | | 6.mrs milka gikuiyu | member | |
| 3 | Finance,procurement and general purposes Committee | 1.Bishop ngatia | Chair | 3 |
| | | 2.Mrs milka gikuiyu | member | 3 |
| | | 3.Mr mathenge | member | 3 |
| | | 4.Mr karanu | member | 3 |

| | | | | |
|---|--|-----------------------|------------|---|
| | | 5.mrs cathrine gatugi | secretary | 3 |
| | | 1.prof kinyanjui | chair | 4 |
| | | 2.mrs cathrine gatugi | secretary | 4 |
| | | 3.Mr kioko | member | 4 |
| | | 4.Mrs ann kinyoro | vice chair | 4 |
| | | 5.Mr john nderitu | member | 4 |
| | | 6.Ms jacinta wachira | member | 4 |
| | | 7.Ms eva wangechi | member | 4 |
| 4 | Academic Committee | | | |
| 5 | Development Committee | | | |
| | | 1.bishop nagtia | chair | 2 |
| | | 2.mrs cathrine gatugi | secretary | 2 |
| | | 3.Ms jacinta wachira | vice chair | 2 |
| | | 4.Bishop gitonga | member | 2 |
| | | 5.Ms lorna | member | 2 |
| | | 6.Mrs hannah karigo | member | 2 |
| 6 | Discipline and welfare Committee | 7.Mr henry wanyoike | member | 2 |
| 7 | Adhoc Committee (if any during the year) | | | |

(d) School operation Management

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

| Ref: | Designation | Name | TSC Number |
|------|------------------|----------------------|------------|
| 1 | Principal | MRS CATHERINE GATUGI | 348306 |
| 2 | Deputy Principal | MR PAUL NGUGI | 311032 |
| 3 | Deputy Principal | MS MARGERET KINYUA | 291575 |
| 4 | School Bursar | ELIKANA P. M. KAMAU | |

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KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box: 438-00902
Telephone: 0725626266
E-mail: rungirisch@gmail.com
Website: XXXXXXXX
Facebook:
Twitter:

(f) School Bankers

The following school operated 5 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: KCB
Branch: kikuyu
Account Number: 1102931624
2. Name of Bank: KCB
Branch: kikuyu
Account Number: 1102995363
3. Name of Bank: EQUITY BANK
Branch: kikuyu
Account Number: 0570291736929
4. Name of Bank: EQUITY BANK
Branch: kikuyu
Account Number: 0570279525627

5. MPESA

6. 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

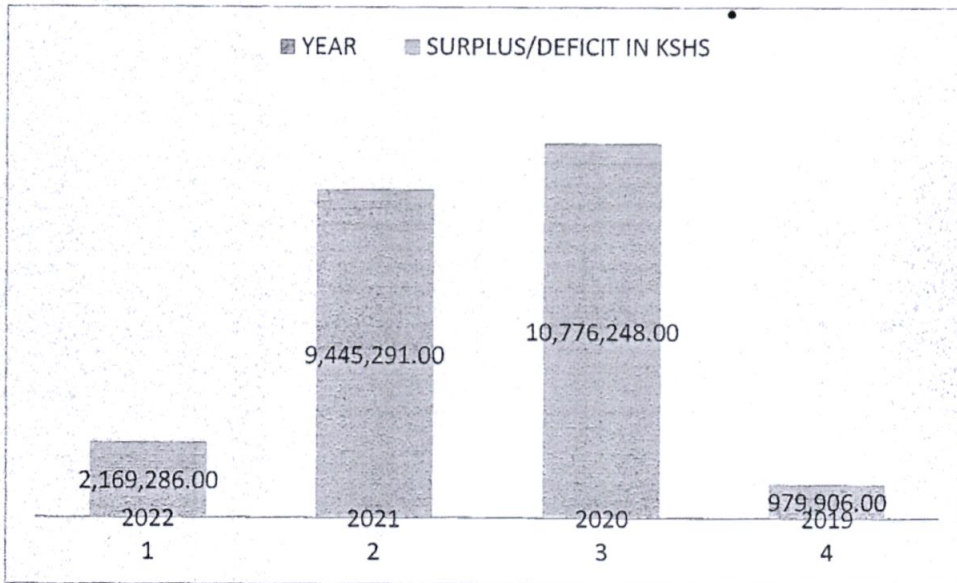
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) **Financial performance:**

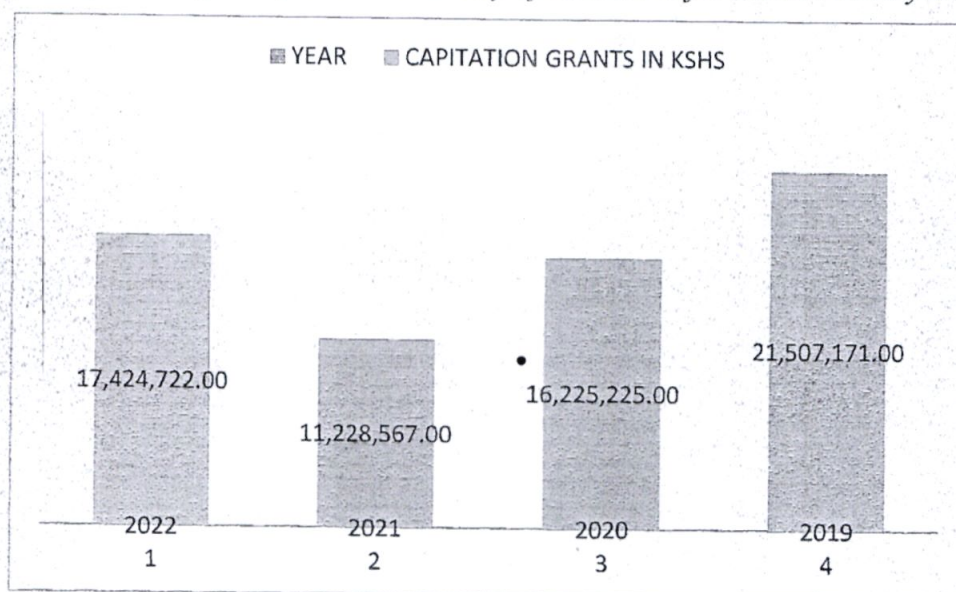
Under this section, the following information should be given:

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



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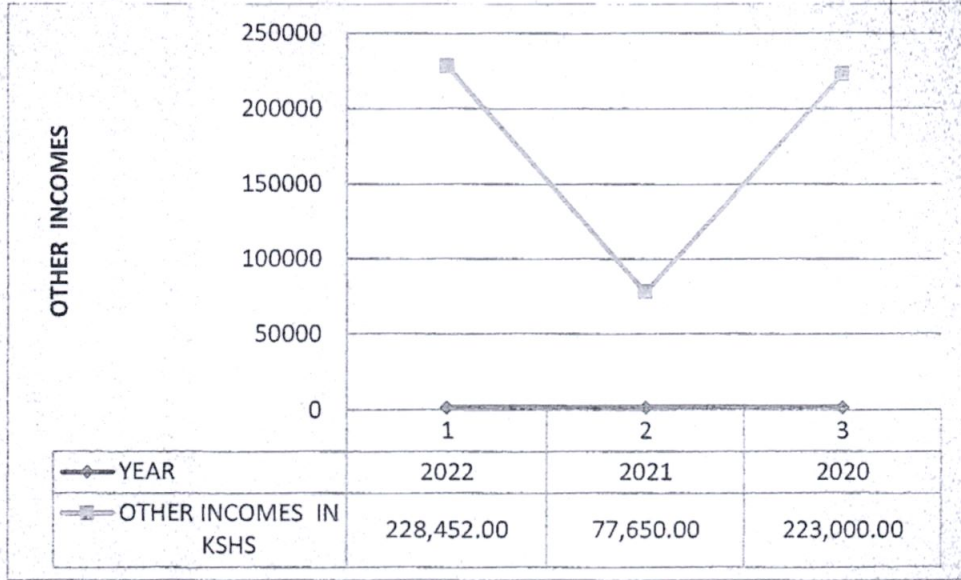
- *Capitation grants from the Ministry of Education for the last three years*



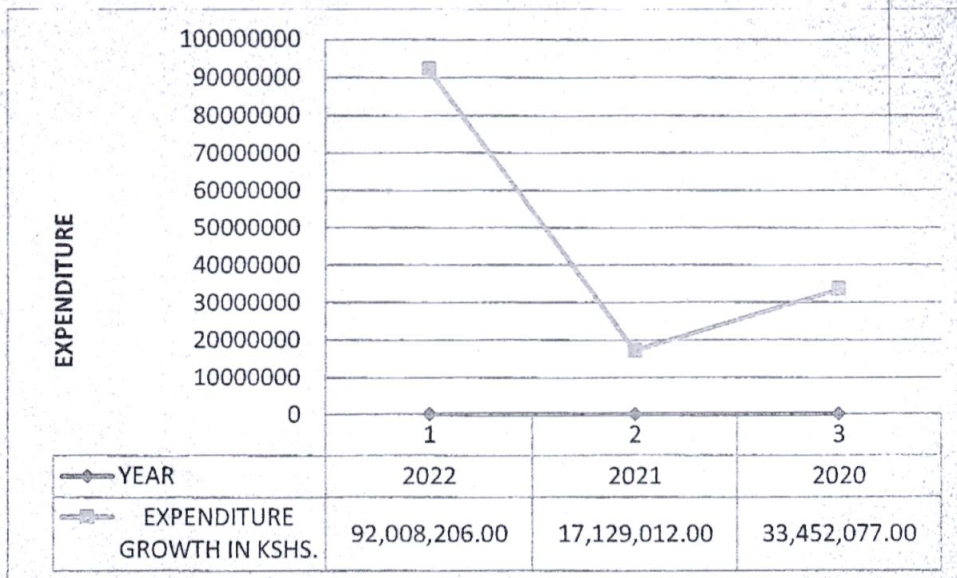
- *Ratio of capitation grant per student over the last three years*

| year | Student population | Grants received(kshs.) | Ratio-student:grant |
|------|--------------------|------------------------|---------------------|
| 2019 | 1150 | 21,507,171.00 | 1:18,700 |
| 2020 | 1050 | 16,225,225.00 | 1:15,452 |
| 2021 | 1100 | 11,228,567.00 | 1:10,207 |
| 2022 | 1100 | 17,424,722.00 | 1:15,840 |

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

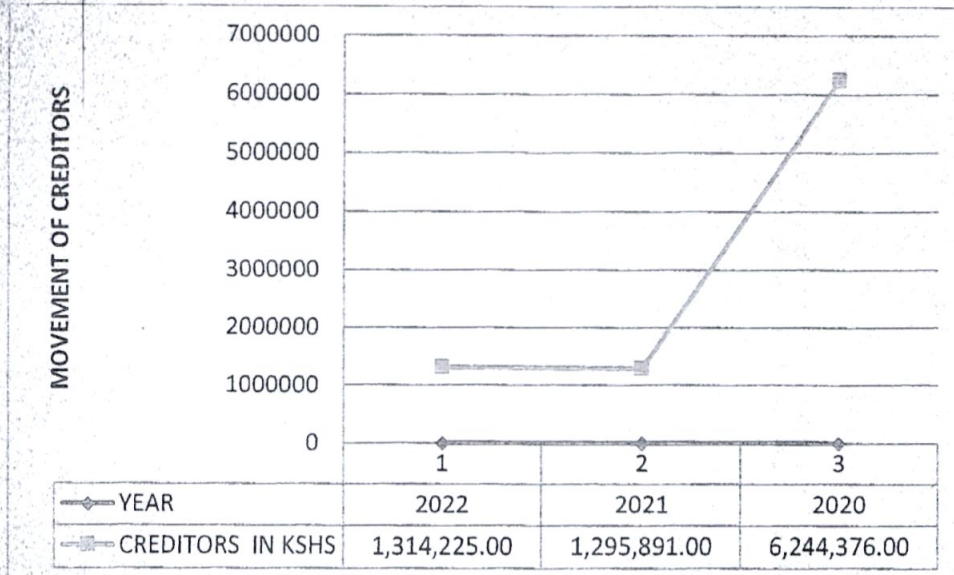
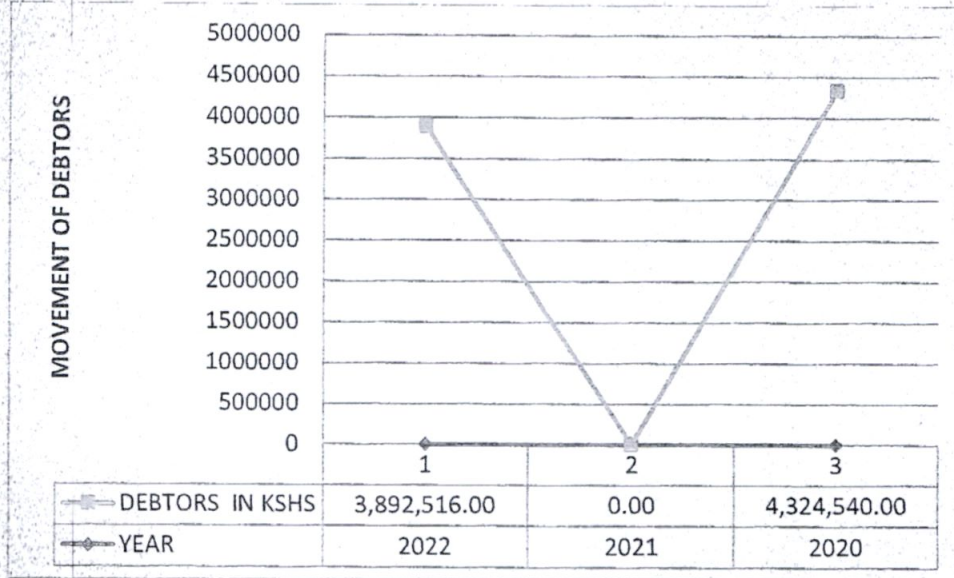


- A three-year overview of growth in expenditure of the school

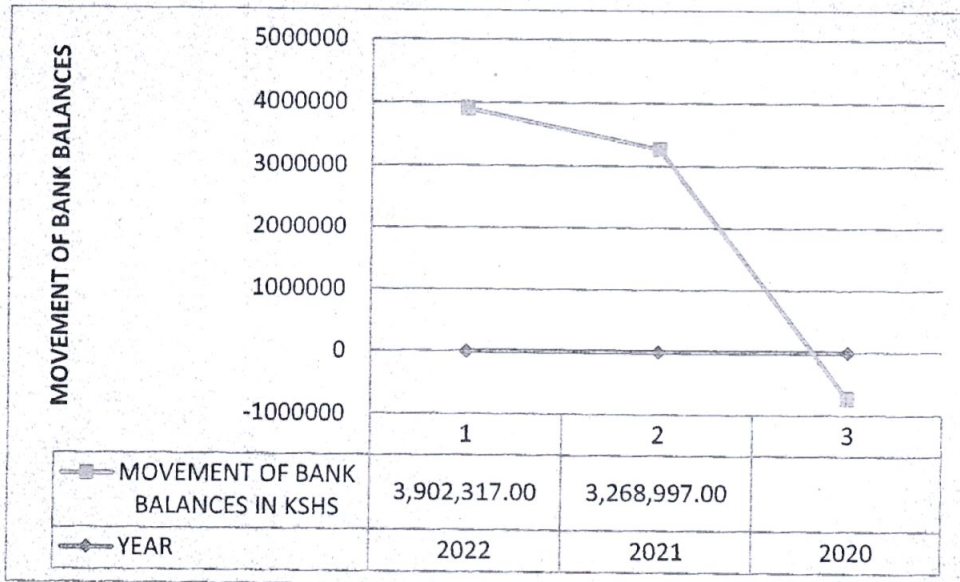
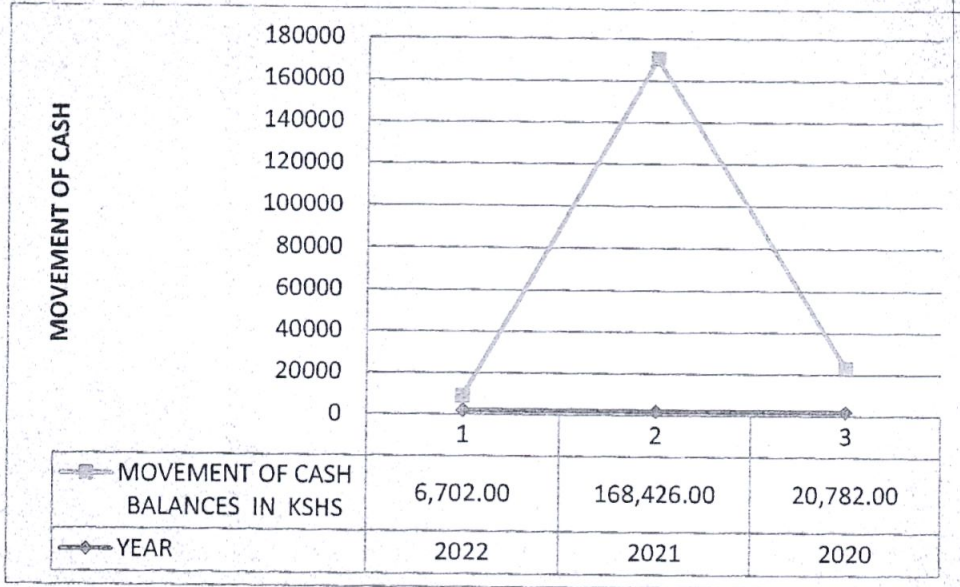


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- *Movement of debtors and creditors of the school over the last three years*



- Movement of cash and bank balances over the last three year



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

b) Teacher Student ratio:

The school has five streams in each form making a total of twenty classes. A total of 43 tsc employed teachers and 10 bom teachers to cover the shortage.

Subject allocation per week for teachers

| <i>subject</i> | <i>Form 1</i> | <i>Form 2</i> | <i>Form 3</i> | <i>Form 4</i> | <i>Total lessons</i> | <i>Teachers required</i> |
|-------------------------|---------------|---------------|---------------|---------------|----------------------|--------------------------|
| <i>English</i> | 30 | 40 | 40 | 40 | 150 | 7 |
| <i>Kiswahili</i> | 25 | 30 | 30 | 30 | 115 | 10 |
| <i>Mathematics</i> | 35 | 40 | 40 | 40 | 155 | 15 |
| <i>Physics</i> | 25 | 30 | 30 | 30 | 115 | 9 |
| <i>Biology</i> | 25 | 30 | 30 | 30 | 115 | 8 |
| <i>Chemistry</i> | 25 | 30 | 30 | 30 | 115 | 9 |
| <i>Geography</i> | 15 | 30 | 30 | 30 | 105 | 6 |
| <i>History</i> | 15 | 30 | 30 | 30 | 105 | 7 |
| <i>Cre</i> | 15 | 20 | 20 | 20 | 105 | 9 |
| <i>Agriculture</i> | 15 | 20 | 20 | 20 | 75 | 3 |
| <i>Business studies</i> | 15 | 20 | 20 | 20 | 75 | 4 |
| <i>Home science</i> | 15 | 20 | 20 | 20 | 75 | 2 |
| <i>Computer studies</i> | 15 | 20 | 20 | 20 | 75 | 1 |
| <i>Lifeskills</i> | 5 | 5 | 5 | 5 | 20 | 20 |
| <i>P E</i> | 5 | 5 | 5 | 5 | 20 | 20 |
| TOTAL | 280 | 370 | 370 | 370 | 1420 | |

No. of teachers 53

Students 1100

Ratio 1:20

Teachers required

| subject | Teachers required |
|--------------------|-------------------|
| Physics/chemistry | 2 |
| English literature | 2 |
| Computer studies | 2 |
| mathematics | 3 |
| History/geography | 1 |

c) Mean score in the 2022 KCSE:

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

| year | Mean score | No of students | |
|------|------------|----------------|---------------|
| 2022 | 5.309 | 60 | C+ and above |
| 2021 | 5.26 | 57 | C+ and above |
| 2020 | 5.66 | 83 | C+ and above |
| 2019 | 5.94 | 82 | C + and above |
| | | | |
| | | | |

d) Number of Candidates in the 2022 KCSE:

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

Yr candidates

2020 -289

2021 -253

2022 -289

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e) Capacity of the school:

The school has student population of 1100, below is a table showing facilities and the prevailing shortages.

| | <i>Facility name</i> | <i>number</i> | <i>capacity</i> | <i>shortage</i> | |
|--|------------------------------|---------------|-----------------|-----------------|--|
| | <i>classrooms</i> | <i>20</i> | <i>1100</i> | <i>0</i> | |
| | <i>Lecture hall</i> | <i>0</i> | <i>1100</i> | <i>1</i> | |
| | <i>Dining hall</i> | <i>1</i> | <i>1100</i> | <i>0</i> | |
| | <i>Science laboratories</i> | <i>4</i> | <i>1100</i> | <i>1</i> | |
| | <i>Computer laboratories</i> | <i>1</i> | <i>100</i> | <i>1</i> | |
| | <i>Boys toilets</i> | <i>20</i> | | | |
| | <i>Girls toilets</i> | <i>14</i> | | | |
| | <i>Playing fields</i> | <i>2</i> | <i>200</i> | <i>0</i> | |
| | <i>School bus</i> | <i>1</i> | <i>52</i> | <i>0</i> | |
| | <i>School van</i> | <i>0</i> | <i>14</i> | <i>1</i> | |
| | | | | | |
| | | | | | |

f) Development projects carried out by the school:

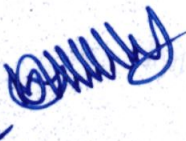
Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format

Project done in 2022

The maintenance funds received by ministry of education were utilized for the following.

| <i>project</i> | <i>area</i> | <i>cost</i> |
|---------------------------------------|--------------------------------|---------------------|
| <i>Vertical extension of sch. lab</i> | <i>Done on the science lab</i> | <i>3,050,000.00</i> |
| <i>Teacher office</i> | <i>Below laboratory</i> | <i>205,000.00</i> |
| <i>Painting of laboratory</i> | <i>Science laboratory</i> | <i>30,000.00</i> |
| <i>Jikos repairs</i> | <i>kitchen</i> | <i>237,000.00</i> |
| <i>Electrical wiring</i> | <i>Classrooms</i> | <i>173,053.00</i> |
| <i>Copy printer repair</i> | <i>Exam room</i> | <i>207,500.00</i> |
| <i>total</i> | | <i>3,902,553.00</i> |

Sign




School Principal MRS CATHERINE GATUGI

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 keep all proper books and records of accounts of the income, expenditure and assets of the institution.

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2022, and of the school's financial position as at that date.

Name: PROF JAMES MUTHOMI
Designation: Chairman, School Board of Management
Sign:
Date: dd/mm/yy.....
12/6/24

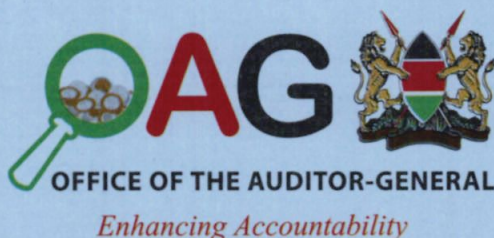
Name: MRS CATHERINE GATUGI
Designation: School Principal & Secretary to Board of Management
Sign:
Date: dd/mm/yy.....

Name: ELIKANAH P. M. KAMAU
Designation: Bursar/ Finance Officer
Sign:
Date: dd/mm/yy.....
12/6/24



REPUBLIC OF KENYA

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: 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 RUNGIRI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – KIAMBU 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Rungiri Secondary School - Kiambu County set out on pages 17 to 37, which comprise of 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 year then ended and a summary of significant accounting policies and other

Report of the Auditor-General on Rungiri Secondary School for the year ended 30 June, 2022 – Kiambu County

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 Rungiri Secondary School - Kiambu County as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standard (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Accounts Receivables

1.1. Unsupported Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.14,072,694 and as disclosed in Note 11 to the financial statements. However, the detailed schedules or ledgers in support of the balance were not provided for audit. Included in the balance are receivables amounting to Kshs.14,072,694 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 recoverability of accounts receivables balance of Kshs.14,072,694 could not be confirmed.

2. Inaccurate Bank Balance

The statement of financial assets and financial liabilities reflects bank balance of Kshs.3,909,020 as disclosed in Notes 8 and 9 to the financial statements. Included in the bank balance is Kshs.3,902,318 of tuition bank account with a negative cash book balance of Kshs.474,410, contrary to Section 28(4)(5) of the Public Finance Management Act, 2012. No reconciliation explaining the cash book negative balance was provided by Management.

In the circumstances, the accuracy and completeness of the bank balance of Kshs.3,909,020 could not be confirmed.

3. Inaccuracies in the Financial Statements

The statement of receipts and payments reflects total receipts of Kshs.53,993,829 and total payments of Kshs.51,824,544 whereas the statement of budgeted versus actual amounts reflects total receipts of Kshs.52,430,902 and total payments of Kshs.49,505,036 resulting to unreconciled variance of Kshs.1,562,927 and Kshs.2,319,508 respectively.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

4. Inaccurate Comparative Amounts

The financial statements reflect comparative amounts that differ with previous year amounts as detailed below.

| Item | Note | Financial Statement Amount (Kshs) | Prior year Financial Statement Amount (Kshs) | Variance (Kshs) |
|--------------------------|------|-----------------------------------|--|-----------------|
| Personnel Emolument | 2 | 364,343 | 2,376,819 | 2,012,476 |
| Local Transport & Travel | 2 | 1,524,145 | 1,111,669 | 412,476 |

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

5. Variances Between the Statement of Receipts and Payments Statement and Statement of Cash Flows

The statement of receipts and payments reflects amounts that differ with those reflected in the statement of cash flows and Notes to the financial statements as detailed below:

| Item | Statement of Receipts and Payments (Kshs) | Statements of Cash Flow (Kshs) | Variances (Kshs) |
|---|---|--------------------------------|-------------------|
| School Fund Income - Parents Contribution | 33,712,593 | 34,825,354 | (1,112,761) |
| Payments for Operations | 10,867,723 | 11,286,731 | (419,008) |
| Payment for Tuition | 3,081,166 | 4,722,609 | (1,641,443) |
| Boarding & School Fund Payments | 33,175,235 | 33,925,235 | (750,000) |
| Total | 85,537,137 | 89,460,349 | 84,820,987 |

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects final receipts budget and actual on comparable basis of Kshs.46,768,400 and Kshs.52,430,902 respectively resulting to an over-funding of Kshs.9,874,269 or 21% of the budget. Similarly, the School

spent Kshs.49,505,036 against actual receipts of Kshs.52,430,902 resulting to an under-utilization of Kshs.2,736,636 or 5%.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. 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 and 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. Failure to Prepare School Improvement Plan

During the year 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 Policy Guidelines.

2. Failure to Transfer of Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.10,350,859 as disclosed in Note 2 in the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.4,513,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the school's facilities. However, only Kshs.5,800,000 was transferred to infrastructure account, leaving a balance of Kshs.1,287,000 as at 30 June, 2022. Further, review of time taken to transfer Maintenance and Improvement funds from the school operations bank account to the infrastructure bank account revealed instances of delay in transfer of funds to infrastructure bank account. This is contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 that directs infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure

bank account fifteen (15) days upon receipt of the funds in the school operations bank account.

In the circumstances, the Management was in breach of the Policy Guidelines.

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

The statement of financial assets and financial liabilities reflects Note 10 instead of 11 and Note 11 instead of 12. The format of summary of fixed assets register in Annex 2 to the financial statements does not agree with the prescribed format in the template and has not been filled by Management.

In the circumstances, Management has not complied with the prescribed format by the Public Sector Accounting Standard Board.

4. Late Submission of Financial Statements to the Auditor-General

During the year under the review, Management submitted the financial statements for the year ended 30 June, 2022 on 14 March, 2023, instead of the statutory deadline 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 with Section 81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

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

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

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 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 Internal Audit Function and Audit Committee

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

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

2. Lack of Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.Nil in respect of fixed assets which includes land with a balance of Kshs.Nil However, land ownership documents was not provided for audit.

In the circumstances, the effectiveness of internal controls relating to ownership and safe custody of the fixed assets could not be confirmed.

3. Board of Management Lapsed Period

Records provided for audit revealed that the Chairman of the Board of Management has been in office since 2009. This is contrary to Section 3(1) of the Fourth Schedule of the Basic Education Act, 2013 which states that unless the appointment of the chairperson or a member of the Board of Management is earlier terminated under this Act, a person appointed as chairperson or as a member shall hold office for a term of three years from the date of appointment and shall be eligible for reappointment for one further term of a period not exceeding three (3) years.

In the circumstances, the School will not achieve its strategic objectives.

4. Incomplete and Inaccurate Asset Register

Review of the School's fixed asset register revealed that the School Management maintained asset register. However, the register lacked important details such as assets acquisition dates, cost of the assets, source of funding, location, depreciation and net book values of each asset. Further, it was noted that the assets have not been tagged for identification purposes.

In the circumstances, the Management may not safeguard, monitor and value assets without clear policy guidelines.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the School's ability to continue 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 is 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 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 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 noncompliance. 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of 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 control 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

21 January, 2025

PUBLIC SECONDARY SCHOOL
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For the year ended 30th June 2022

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2022

| DESCRIPTION OF VOTE HEAD | Note | 2021-2022 Kshs | JAN 2021- JUN 2021 Kshs |
|--|------|----------------------|-------------------------------|
| RECEIPTS | | | |
| Capitation grants for tuition | 1 | 3,401,925.00 | 1,970,594.00 |
| Capitation grants for operations | 2 | 10,350,859.00 | 9,802,063.00 |
| Infrastructure | | 6,300,000.00 | |
| School Fund Income- Parents' Contributions | 3 | 33,712,593.00 | 12,523,995.00 |
| School Fund Income- Other receipts | 4 | 228,452.00 | 77,650.00 |
| Proceeds from borrowings | | | |
| TOTAL RECEIPTS | | 53,993,829.00 | 24,374,302.00 |
| PAYMENTS | | | |
| Payments for Tuition | | | |
| Payments for operations | 5 | 3,081,166.00 | 528,379.00 |
| Infrastructure | 6 | 10,867,723.00 | 6,453,444.00 |
| Boarding and school fund payments | 7 | 4,700,420.00 | |
| | | 33,175,235.00 | 7,947,189.00 |
| TOTAL PAYMENTS | | 51,824,544.00 | 14,929,012.00 |
| SURPLUS/DEFICIT | | 2,169,285.00 | 9,445,291.00 |

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

Sign:

Name PROF JAMES MUTHOMI

Chairman, B O M

Date

12/6/24

Date

Sign

Name. Mrs Cathrine Gatugi

School Principal/
Secretary to BOM

Sign

Name

Bursar/
Finance Officer

Date

12/6/24

RUNGIRI SEC. SCHOOL

★ 12 JUN 2024 ★

Sign:.....

P. O. Box 438 - 00902, KIKUYU

**RUNGIRI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
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For the year ended 30th June 2022**

**VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT
30TH JUNE 2022**

| | Note | 2021-2022 Kshs | 2020-2021 Kshs |
|---------------------------------------|------|----------------------------|----------------------------|
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances | 8 | 3,902,318.00 | 3,268,998.00 |
| Cash Balances | 9 | 6,702.00 | 168,426.00 |
| Short term Investment | 10 | | |
| Total Cash and cash equivalent | | <u>3,909,020.00</u> | <u>3,437,424.00</u> |
| Account's receivables | 10 | 14,072,694.00 | 14,435,455.00 |
| TOTAL FINANCIAL ASSETS | | 17,981,714.00 | 17,872,879.00 |
| FINANCIAL LIABILITIES | | | |
| Accounts Payables | 11 | - | 2,060,451.00 |
| NET FINANCIAL ASSETS | | 17,981,714.00 | 15,812,428.00 |
| REPRESENTED BY | | | |
| Accumulated Fund b/fwd | 12 | 15,812,428.00 | 6,367,137.00 |
| Surplus/Deficit for the year | | 2,169,285.00 | 9,445,291.00 |
| NET FINANCIAL POSSITION | | 17,981,713.00 | 15,812,428.00 |

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

Name: PROF. JAMES MUTHOMI
Chairman, BoM

Sign:

Date: dd/mm/yy

12/16/24

Name: MRS CATHRINE GATUGI
School Principal/Secretary to BoM

Sign:

Date: dd/mm/yy



Name: Editha A. P. M.
Bursar/Finance

Sign:

Date: dd/mm/yy

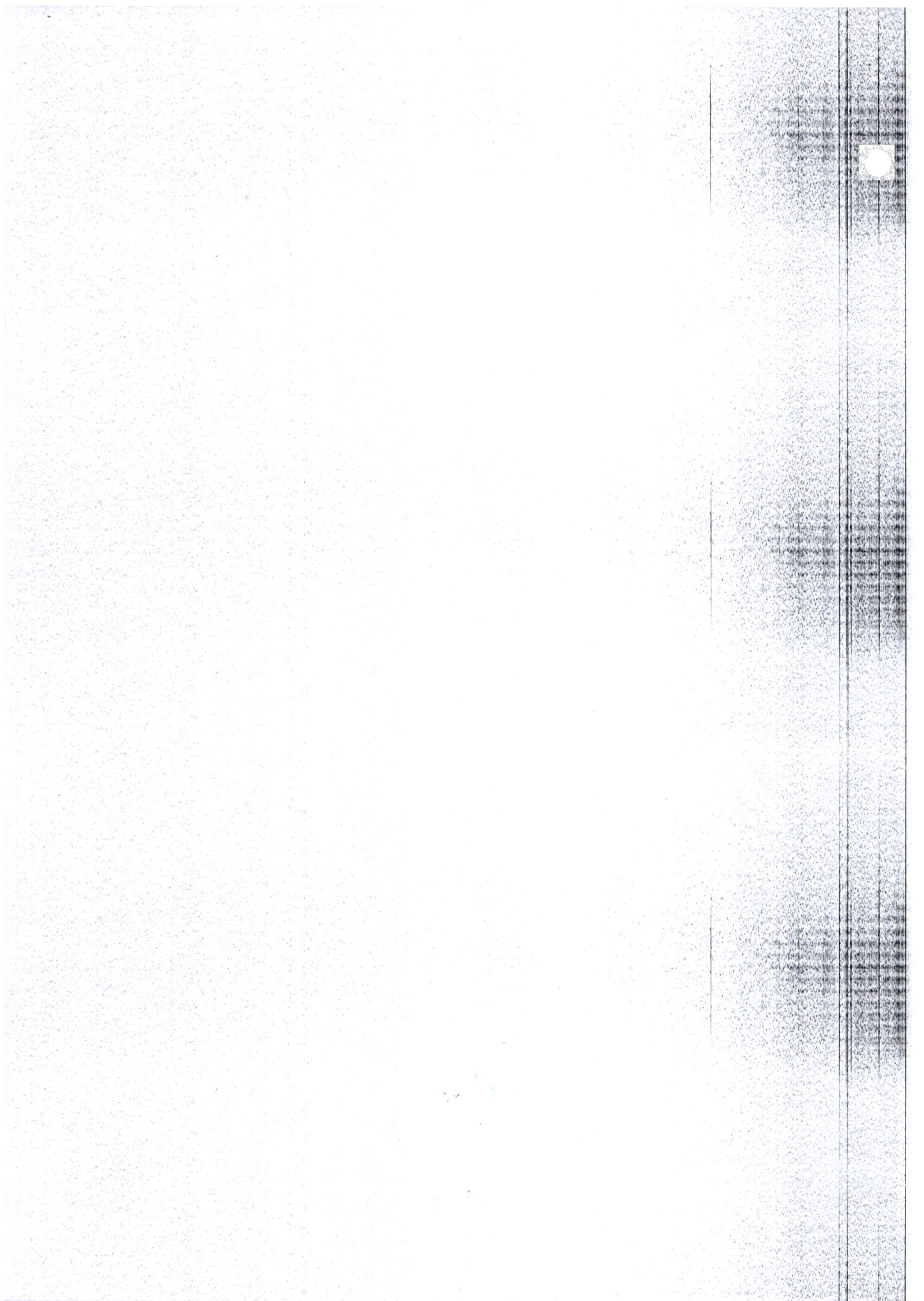
12/16/24

**RUNGIRI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2022

| | | 2021-2022 | JAN 2021-JUN 2021 |
|--|---|-----------------------|----------------------|
| | | Kshs | Kshs |
| Receipts for operating income | | | |
| Capitation grants for tuition | 1 | 3,401,926.00 | 1,970,594.00 |
| Capitation grants for operations | 2 | 10,350,859.00 | 10,902,063.00 |
| Infrastructure | | 6,300,000.00 | |
| School fund income- Parents contributions/ fees | 3 | 34,825,354.00 | 13,385,407.00 |
| School fund income- other receipts | 4 | 228,452.00 | |
| Total receipts | | 55,106,591.00 | 26,258,064.0 |
| Payments | | | |
| Payments for Tuition | | 4,722,609.00 | 1,128,379.00 |
| Payments for operations | | 11,286,731.00 | 7,916,554.00 |
| Boarding and school fund payments | | 33,925,235.00 | 12,175,499.00 |
| Total payments | | 49,934,575.00 | 21,220,432.00 |
| Net cash flow from operating activities | | 5,172,016.00 | 5,037,632.00 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | | | |
| Acquisition of Assets | | (4,700,420.00) | (857,065.00) |
| Proceeds from investments | | | |
| Purchase of investments | | | |
| Net cash flows from Investing Activities | | (4,700,420.00) | (857,065.00) |
| 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 | | 471,596.00 | 4,180,567.00 |
| Cash and cash equivalent at BEGINNING of the year | | 3,437,424.00 | (743,144.00) |
| Cash and cash equivalent at END of the year | | 3,909,020.00 | 3,437,424.00 |

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.



RUNGIRI SECONDARY SCHOOLS
Reports and Financial Statements
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VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

| Receipt/expenses Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|---|-----------------|-------------|--------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c |
| | Kshs | Kshs | | | Kshs | Kshs |
| RECEIPTS | | | | | | |
| (1) CAPITATION GRANT ON TUITION | | | | | | |
| Textbooks and reference materials | | | | | | |
| Exercise books | 1,094,400.00 | | 1,094,400.00 | 967,522.00 | (126,878) | 88. |
| Laboratory equipment | 1,000,000.00 | | 1,000,000.00 | 930,781.00 | (69,219) | 93. |
| Internal exams | 1,861,000.00 | | 1,861,000.00 | 767,523.00 | (1,093,477) | 41. |
| Teaching / learning materials | 300,900.00 | | 300,900.00 | 567,522.00 | 266,622 | 188. |
| Chalks | 39,600.00 | | 39,600.00 | 25,385.00 | (14,215) | 64. |
| Exams and assessment | 125,300.00 | | 125,300.00 | 0.00 | (125,300) | 0.0 |
| Teachers guides | 850,000.00 | | 850,000.00 | 0.00 | (850,000) | 0.0 |
| (2) CAPITATION GRANT ON OPERATIONS | | | | | | |
| Personnel emoluments | 5,500,000.00 | | 5,500,000.00 | 4,011,621.00 | (1,488,379) | 72.9 |
| Repairs and maintenance | 5,500,000.00 | | 5,500,000.00 | 6,300,000.00 | 800,000 | 114. |
| Local transport / travelling | 2,200,000.00 | | 2,200,000.00 | 2,565,323.00 | 365,323 | 116. |
| Electricity and water | 990,000.00 | | 990,000.00 | 1,426,176.00 | 436,176 | 144. |
| Medical | 0.00 | | 0.00 | - | - | 0.0 |
| Administration costs | 2,422,200.00 | | 2,422,200.00 | 2,265,322.00 | (156,878) | 93.5 |
| Activity | 1,650,000.00 | | 1,650,000.00 | 2,513,664.00 | 863,664 | 152. |
| Gratuity | | | | | | |

RUNGIRI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
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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 |
| Insurance | 715,000.00 | | 715,000.00 | 283,885.00 | (431,115) | |
| SMASSE | 220,000.00 | | 220,000.00 | 100,000.00 | (120,000) | |
| (3) FEES CHARGED ON PARENTS | | | | | | |
| Personnel emoluments | | | | | | |
| Lunch | 22,300,000.00 | | 22,300,000.00 | 28,243,041.00 | 5,943,041.00 | 126.6% |
| Repairs and maintenance | | | | | | |
| Local transport / travelling | | | | | | |
| Electricity and water | | | | | | |
| Medical | | | | | | |
| Administration costs | | | | | | |
| Activity | | | | | | |
| SMASSE | | | | | | |
| Fee on Boarding | | | | | | |
| Equipment and Stores | | | | | | |
| OTHER INCOME | | | | | | |
| Rent income | | | | | | |
| Income from farming activities | | | | | | |
| Insurance compensation | | | | | | |
| Income from Posho mill | | | | | | |
| Income from Bus Hire | | | | 29,000.00 | 29,000.00 | 0.0% |
| Fee for hire of ground and equipment | | | | 17,000.00 | 17,000.00 | 0.0% |
| Interest income | | | | | | |
| Knec | | | | 156,800.00 | 156,800.00 | 0.0% |

**RUNGIRI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
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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 |
| Homescience | | | | 14,202.00 | 14202.00 | 0.0 |
| Student ID | | | | 111,250.00 | 111,250.00 | 0.0 |
| Tender | | | | 57,000.00 | 57,000.00 | 0.0 |
| Infrastructure donations | | | | 1,077,886.00 | 1,077,886.00 | 0.0 |
| Income from any other investment | | | | | | |
| TOTAL INCOME | 46,768,400.00 | | 46,768,400.00 | 52,430,902.00 | 9,874,269.00 | 112.1 |
| (1) EXPENDITURE FOR TUITION | | | | | | |
| Textbooks and reference materials | | | | | | |
| Exercise books | 1,094,400.00 | | 1,094,400.00 | | 1,094,400.00 | - |
| Laboratory equipment | 1,000,000.00 | | 1,000,000.00 | 2,385,995.00 | (1,385,995.00) | 238.6 |
| Internal exams | 1,861,000.00 | | 1,861,000.00 | 993,370.00 | 867,630.00 | 53.3 |
| Teaching / learning materials | 300,900.00 | | 300,900.00 | 3,377,768.00 | (3,076,868.00) | 1122.1 |
| Chalks | 39,600.00 | | 39,600.00 | - | 39,600.00 | - |
| Exams and assessment | 125,300.00 | | 125,300.00 | - | 125,300.00 | - |
| Teachers guides | 850,000.00 | | 850,000.00 | - | 850,000.00 | - |
| Administration costs | | | | | | |
| Bank Charges | | | | 3,436.00 | (3,436.00) | |
| (2) EXPENDITURE FOR OPERATIONS | | | | | | |
| Personnel emoluments | 5,500,000.00 | | 5,500,000.00 | 6,459,987.00 | (959,987.00) | 117.4 |
| Repairs, maintenance & improvements | 5,500,000.00 | | 5,500,000.00 | 6,300,000.00 | (800,000.00) | 114.5 |

**RUNGIRI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL**

**Annual Report and Financial Statements
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| Receipt/expenses Item | Original Budget a | Adjustments b | Final Budget c=a+b | Actual on Comparable Basis d | Budget Utilization Difference e=c-d | % of Utilization f=d/c % |
|--|----------------------|------------------|-----------------------|---------------------------------------|---|-----------------------------|
| | Kshs | Kshs | | | Kshs | Kshs |
| Local transport / travelling | 2,200,000.00 | | 2,200,000.00 | 2,138,020.00 | 61,980.00 | 97% |
| Electricity, water and conservancy | 990,000.00 | | 990,000.00 | | 990,000.00 | |
| Medical | 0.0 | | 0. | 20,404.00 | (20,404.00) | |
| Administration costs | 2,422,200.00 | | 2,422,200.00 | 928,445.00 | 1,493,755.00 | 38% |
| Activity Expenses | 1,650,000.00 | | 1,650,000.00 | 975,580.00 | 674,420.00 | 59% |
| Gratuity | | | | | | |
| Insurance | 715,000.00 | | 715,000.00 | 101,655.00 | 613,345.00 | 14% |
| SMASSE | 220,000.00 | | 220,000.00 | | 220,000.00 | |
| Bank charges | | | | 14,840.00 | (14,840.00) | |
| (3) EXPENDITURE FOR SCHOOL FUND | | | | | | |
| Personnel emoluments | | | | | | |
| Lunch | 22,300,000.00 | | 22,300,000.00 | 24,906,966.00 | (2,606,966.00) | 111.7% |
| Repairs, maintenance and improvements | | | | | | |
| Local transport / travelling | | | | | | |
| Electricity, water and conservancy | | | | | | |
| Medical Expenses | | | | | | |
| Administration costs | | | | | | |
| Activity | | | | | | |
| Gratuity | | | | | | |
| Farming income | | | | 20,400.00 | (20,400.00) | |
| Tender | | | | 12,000.00 | (12,000.00) | |
| Knec | | | | 279,300.00 | (279,300.00) | |
| Bus hire income | | | | 31,000.00 | (31,000.00) | |

**RUNGIRI SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022**

| Receipt/expenses Item | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|--|----------------------|-------------|----------------------|----------------------------|-------------------------------|------------------|
| | a | b | c=a+b | d | e=c-d | f=d/c |
| | Kshs | Kshs | | | Kshs | Kshs |
| Ground hire income | | | | 13,430.00 | (13,430.00) | |
| Infrastructure donations | | | | 542,440.00 | (542,440.00) | |
| Boarding Equipment and Stores | | | | | | |
| Expenditure for Income Generating Activity | | | | | | |
| Insurance costs | | | | | | |
| Other expenses on investments | | | | | | |
| Rent Expenses | | | | | | |
| Bank Charges | | | | | | |
| Loan Interest Repayment | | | | | | |
| Loan Principal Repayment | | | | | | |
| Acquisition of Assets | | | | | | |
| TOTALS | 46,768,400.00 | | 46,768,400.00 | 49,505,036.00 | (2,736,636.00) | 105.8% |

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

- i. Xxx
- ii. Xxx

IX. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2022.

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X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

| | 2021-2022 | JAN 2021JUN-2021 |
|-----------------------------------|---------------------|---------------------|
| | Kshs | Kshs |
| Textbooks and reference materials | | |
| Exercise books | 967,522.00 | 404,311.00 |
| Laboratory equipment | 930,781.00 | 564,301.00 |
| Internal exams | 767,523.00 | 364,303.00 |
| Teaching / learning materials | 710,714.00 | 595,914.00 |
| Chalks | 25,385.00 | |
| Exams and assessment | | |
| Library | | 41,765.00 |
| Total | 3,401,925.00 | 1,970,594.00 |

2 CAPITATION GRANT FOR OPERATIONS

| | 2021-2022 | JAN-JUN2021 |
|------------------------------|---------------------|----------------------|
| | Kshs | Kshs |
| Personnel emoluments | 5,946,440.00 | 3,64,343.75 |
| Repairs and maintenance | 6,300,000.00 | 3,288,470.00 |
| Local transport / travelling | 1,634,961.00 | 1,524,145.00 |
| Electricity and water | 726,175.50 | 1,045,006.00 |
| Medical | | |
| Administration costs | 834,091.00 | 1,111,669.5 |
| Smasse | 100,000.00 | 122,640.00 |
| Insurance | 283,884.80 | 250,000.00 |
| Activity | 826,175.50 | 495,789.00 |
| Total | 16,650,859.6 | 10,902,063.25 |

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

| | 2021-2022 | JAN-JUN2021 |
|------------------------------|--------------|-------------|
| | Kshs | Kshs |
| Lunch | 31,827,183.4 | 12,476,474 |
| Personnel emoluments | | |
| Student card | | 19,200.00 |
| Repairs and maintenance | | |
| Local transport / travelling | | |
| Electricity and water | | |
| Knec | 156,800 | 28,321.00 |

| | 2021-2022 | JAN-JUN2021 |
|-----------------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Medical | | |
| Income from grants and donations* | 1,077,886.00 | |
| Administration costs | | |
| Activity | | |
| Total | 33,175,235.40 | 132523,995.00 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

| | 2021-2022 | JAN-JUN2020 |
|--------------------------------------|-------------------|------------------|
| | Kshs | Kshs |
| Fee on Boarding Equipment and Stores | | |
| Rent income | | |
| Income from farming activities | | 1,500.00 |
| Insurance compensation | | |
| Income from Posho mill | | |
| Income from Bus Hire | 46,000.00 | 10,000.00 |
| Fee for hire of ground and equipment | | |
| donations* | | 63,150.00 |
| Interest income | | |
| Students id | 111,250.00 | 3,000.00 |
| Homescience | 14,202.00 | |
| Tender | 57,000.00 | |
| Dividends income | | |
| Total | 228,452.00 | 77,150.00 |

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

5 PAYMENTS FOR TUITION

| | 2021-2022 | JAN-JUN2021 |
|-----------------------------------|------------|-------------|
| | Kshs | Kshs |
| Textbooks and reference materials | | |
| Exercise books | | |
| Laboratory equipment | 706,592.00 | 363,504.00 |

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| | | |
|-------------------------------|---------------------|-------------------|
| Internal exams | 993,370.00 | 157,400.00 |
| Teaching / learning materials | 1,377,768.00 | 5,300.00 |
| Chalks | | |
| Exams and assessment | | |
| Teachers guides | | |
| Administration Costs | | |
| Bank Charges | 3,436.00 | 2,175.00 |
| Total | 3,081,166.00 | 528,379.00 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

| | 2021-2022 | JAN-JUN2021 |
|--|----------------------|---------------------|
| | Kshs | Kshs |
| Personnel emoluments | 6,459,987.00 | 3,061,324.50 |
| Service Gratuity | | |
| Administration Cost | 928,445.00 | 1,239,432.00 |
| Repairs and maintenance & improvements | | |
| Local transport / travelling | 2,188,020.80 | 968,420.00 |
| Electricity and water | | |
| Medical | 20,404.00 | 15,027.00 |
| Activity Expenses | 975,580.00 | 200,000.00 |
| SMASSE | | |
| Insurance Cost | 101,655.00 | 101,655.00 |
| Bank Charges | 14,840.00 | 10,520.00 |
| Acquisition of Assets | 4,700,420.00 | 857,065.00 |
| TOTAL | 15,389,351.80 | 6,453,443.50 |

7 BOARDING AND SCHOOL FUND PAYMENTS

| | 2021-2022 | jan2021- jun2021 |
|--|---------------|------------------|
| | Kshs | Kshs |
| Lunch | 31,827,183.00 | 7,749,520.00 |
| Personnel emoluments | | |
| Service Gratuity | | |
| Repairs and maintenance & Improvements | | |
| Local transport / travelling | | |
| Electricity and water | | |
| Medical Expenses | | |
| Administration costs | | |
| Tender | 12,000.00 | |
| School farm | 20,400.00 | 15,180.00 |
| Knec | 279,300.00 | |
| Lunch Programme | | |
| Bank Charges | 135,522.00 | 49,339.00 |
| Distress | 8,000.00 | |
| Income from bus and ground hire | 350,390.00 | |
| Donations | 542,440.00 | |
| Expenses on Income Generating Activities | | |
| Fee on Boarding Equipment and Stores | | |
| Rent Expenses | | |
| Insurance Cost (Life Property) | | |

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| | | |
|--------------------------|---------------|--------------|
| Loan Principal repayment | | |
| Loan Interest repayment | | |
| Acquisition of Assets | | |
| TOTAL | 33,175,235.00 | 7,947,189.00 |

*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.*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

| Name of Bank, Account No. & currency | Bank Account Number | 2021-2022 | jan2021-jun2021 |
|--|---------------------|---------------------|---------------------|
| | | Kshs | Kshs |
| Tuition Account | 1102995363 | -474,410.10 | 846,273.31 |
| Operations Account | 0570291736929 | 516.06 | 936,387.46 |
| School Fund Account/Boarding | 1102931624 | 415,475.98 | 272,276.83 |
| Savings Account | | | |
| Parent Association Development Account | | | |
| Income generating activities Account | | | |
| Infrastructural Account | 0570279525627 | 3,960,736.00 | 1,214,060.00 |
| Total | | 3,902,317.94 | 3,268,997.59 |

9 CASH IN HAND

| Description | 2021-2022 | JAN-JUN2021 |
|---------------------|-----------------|-------------------|
| | Kshs | Kshs |
| Tuition Account | | |
| Operation Account | | 28,320.00 |
| School Fund account | 6,702.00 | 140,076.00 |
| Total | 6,702.00 | 168,426.00 |

10 SHORT TERM INVESTMENTS

| Description | 2021-2022 | JAN-JUN2021 |
|--------------------|-----------|-------------|
| | Kshs | Kshs |
| Cooperative shares | | |
| Treasury Bills | | |
| Fixed deposit | | |
| Equity stock | | |
| Other investments | | |
| Total | | |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

| Description | 2021-2022 | jan2021-jun2021 |
|----------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Fees arrears | 14,072,694.00 | 14,435,455.00 |
| Other non-fees receivables | | 0.00 |
| Salary advances | | 0.00 |
| Imprest | | 0.000 |
| Total | 14,072,694.00 | 14,435,455.00 |

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

| Description | 2021-2022 | JAN 2021- JUN2021 |
|---|----------------------|----------------------|
| | Kshs | Kshs |
| Fees arrears for current year | | |
| Fees arrears for the previous year | | 3,835,308.00 |
| Fees arrears for prior periods (over two years) | 14,072,694.00 | 10,600,147.00 |
| Total | 14,072,694.00 | 14,435,455.00 |

12 ACCOUNTS PAYABLE

| Description | 2021-2022 | JAN-JUN2021 |
|---|-------------|---------------------|
| | Kshs | Kshs |
| Trade creditors (See ageing below and appendix 1) | 0.00 | 2,060,451.00 |
| Prepaid fees | 0.00 | 0.00 |
| Retention monies | 0.00 | 0.00 |
| Total | 0.00 | 2,060,451.00 |

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

| Description | 2021-2022 | JAN-JUN2021 |
|--|-------------|---------------------|
| | Kshs | Kshs |
| Trade creditors for current year | 0.00 | 0.00 |
| Trade creditors for the previous year | 0.00 | 1,295,891.00 |
| Trade creditors for prior periods (over two years) | 0.00 | 764,560.00 |
| Total | 0.00 | 2,060,451.00 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

| Description | 2021-2022 | jan2021-jun2021 |
|------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Bank balances | 3,902,317.94 | 3,268,997.59 |
| Cash balances | 6,702.00 | 168,426.47 |
| Short Term Investments | 0.00 | 0.00 |
| Receivables | 14,072,694.00 | 14,435,455.00 |
| Payables | 0.00 | -2,060,451.00 |
| Total | 17,981,713.94 | 15,812,428.06 |

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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 | jan2021-jun2021 |
|------------------------------|-----------|-----------------|
| | Kshs | Kshs |
| Bank loan(s) | | |
| Outstanding Leases | | |
| Hire purchase | | |
| Gratuity and leave provision | | |
| Total | | |

15 Biological assets

| Description | Numbers | 2021-2022 | JAN-JUN2021 |
|--------------------------|----------|-------------------|-------------------|
| | | Kshs | Kshs |
| Cattle | | 50,000.00 | 50,000.00 |
| Goats | | 0.00 | 0.00 |
| Trees | | 450,000.00 | 450,000.00 |
| Coffee or tea plantation | | 0.00 | 0.00 |
| Poultry | | 0.00 | 0.00 |
| Total | . | 500,000.00 | 500,000.00 |

16 Borrowings

| Description | 2021-2022 | JAN-JUN2021 |
|------------------------------------|-----------|-------------|
| | KShs | KShs |
| a) Borrowings | | |
| Borrowing at beginning of the year | | |
| Borrowings during the year | | |
| Repayments of during the year | | |
| Balance at end of the year | | |

Other important disclosure notes

17 Stock/ Inventory

| Description | 2021-2022 | JAN-JUN 2021 |
|--|------------|--------------|
| | KShs | KShs |
| b) Borrowings | | |
| Stock/ inventory at beginning of the year | xxx | xxx |
| Stock/ inventory purchased during the year | xxx | xxx |
| Stock/ inventory issued during the year | (xxx) | (xxx) |
| Balance at end of the year | xxx | xxx |

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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). |
|----------|-----------------------------------|---------------------|-----------------------------------|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

RUNGIRI SECONDARY SCHOOLS
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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 | |
| Construction of buildings | | | | | | |
| 1. | | | | | | |
| 2. | | | | | | |
| 3. | | | | | | |
| Sub-Total | | | | | | |
| Supply of goods | | | | | | |
| 4. | | | | | | |
| 5. | | | | | | |
| 6. | | | | | | |
| Sub-Total | | | | | | |
| Supply of services | | | | | | |
| 7. | | | | | | |
| 8. | | | | | | |
| 9. | | | | | | |
| Sub-Total | | | | | | |
| Grand Total | | | | | | |

RUNGIRI SECONDARY SCHOOLS

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

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

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