

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 26 FEB 2025

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REPORT

TABLED
BY:

Hon. Samuel
Chelkanga, MP

OF
TABLE:

M. Mudo

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

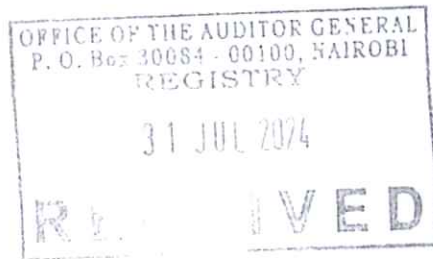
ON

WATUKA SECONDARY SCHOOL

FOR THE YEAR ENDED

30 JUNE, 2022

NYERI COUNTY



WATUKA 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)

WATUKA SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022

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

I. KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

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

The school was registered in 24/05//2002 under registration number GP/A/2199/2002 and is currently categorized as a county public school established, owned or operated by the Government.

The school is a boarding school and had 310 number of students as at 30th June 2021. It has two(2) streams and 13 teachers of which 2 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	Henry G Kinyua	Chairman	15 th May 2019
2	Paul N Mwangi	Secretary/Principal	15 th May 2019
3	John N Githaiga	Member	15 th May 2019
4	Godfrey N Mboce	Member	15 th May 2019
5	Geoffrey M Muriuki	Member	15 th May 2019
6	Jane G Mwangi	Member	15 th May 2019
7	Miriam M Murimi	Member	15 th May 2019
8	Charles Change Thiong'o	Member Rep CEB	15 th May 2019
9	Onespherous W Wang'ombe	Member Rep CEB	15 th May 2019
10	Esther W Mwangi	Member Rep Teachers	15 th May 2019
11	Susan W Macharia	Member Sponsor	15 th May 2019
12	Lucy W Karitu	Member Sponsor	15 th May 2019
13	Joseph Gatonye Kinyua	Member Sponsor	15 th May 2019
14	John Maina Macharia	Member community	15 th May 2019
15	Henry Gichuhi Kinyua	Member Special Needs	15 th May 2019
16		Rep Students	15 th May 2019

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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Henry G Kinyua Paul N Mwangi John N Githaiga Susan W Macharia Lucy W Karitu	Chairman Secretary Member Member Member	3 out of 5
2	Audit Committee	Onespherous Wang'ombe John Ngatia Githaiga Lucy Karitu	Chairman Secretary Member	3 out of 5
3	Finance, procurement and general purposes Committee	Joseph Gatonye Charles Thiong'o Jane Mwangi Lucy Karitu	Chairman Secretary Member Member	3 out of 5
4	Development Committee	Henry Kinyua Paul N Mwangi Geoffrey Muriuki Susan Wamuyu	Chairman Secretary Member Member	3 out of 5
5	Academic Committee	Henry kinyua Geoffrey Muchiri Esther Mwangi	Chairman Secretary Member	3 out of 5

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6	Discipline and welfare Committee	Henry Kinyua John Macharia Godfrey Njoroge Miriam Murimi Jane Mwangi	Chairperson Secretary Member Member Member	3 out of 5

(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/ID Number
1	Principal	Paul Ngure Mwangi	377115
2	Deputy Principal	Martin King'ori Muraya	351816
3	School Bursar	Esther Wanjiru Wagura	7995103

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(a) Schools contacts

Post Office Box: 62 – 10107 Endarasha
Telephone: 0743 58 71 93
E-mail: watukasecondary@yahoo.com

(b) School Bankers

The following school operated 3 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

Name of Bank: KCB Bank
Branch: Nyeri
Account Number: 1102010251

Name of Bank: KCB Bank
Branch: Nyeri
Account Number: 1101962526

Name of Bank: KCB Bank
Branch: Nyeri
Account Number: 1101962062

M-PESA PAY BILL 522123(Attached to KCB Bank)

(c) Independent Auditors

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

WATUKA SECONDARY SCHOOL
Annual Report and Financial Statements
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II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

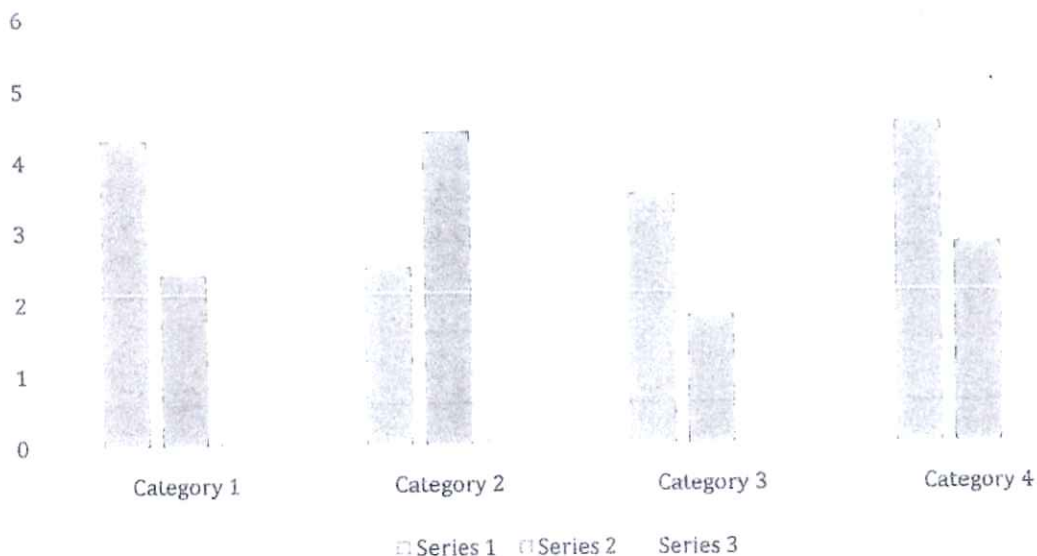
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

Under this section, the financial performance trend for a period of three years is shown as follows:

SURPLUS/ DEFICIT FOR THE YEAR AND A COMPARISON OF THE SAME FOR THE LAST THREE YEARS					
S/NO	ACCOUNTS	2022 KSHS	2021 KSHS	2020 KSHS	2019 KSHS
1	SCHOOL FUND ACCOUNT	(219,929.00)	245,340.00		
2	OPERATIONS ACCOUNT	859,509.70	(1,123,906.00)		
3	TUITION ACCOUNT	1,644.80	20,396.00		
	TOTAL	641,225.50	(858,170.00)		
	INCREASE/DECREASE	1,499,395.50			

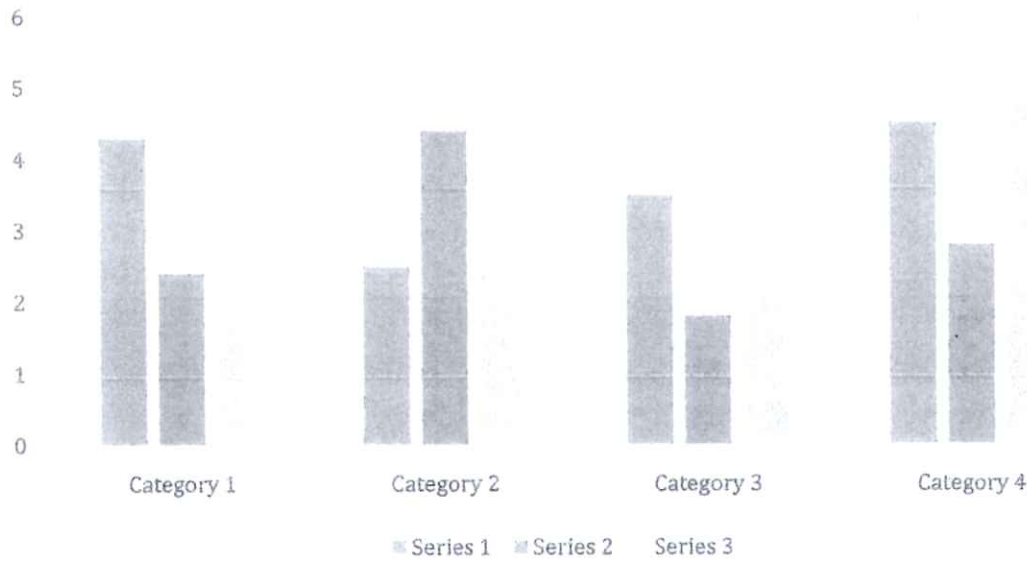
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WATUKA SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022

CAPITATION FROM THE MINISTRY OF EDUCATION FOR THE LAST THREE YEARS GRANTS					
S/NO	ACCOUNTS	2022 KSHS	2021 KSHS	2020 KSHS	2019 KSHS
1	OPERATIONS ACCOUNT	4,864,882.70	2,415,604.80	3,329,525.00	
2	TUITION ACCOUNT	887,534.80	385,257.50	519,850.00	
	TOTAL	5,752,417.50	2,800,862.30	3,849,375.00	
	INCREASE/DECREASE	2,951,552.2	(1,048,521.70)		

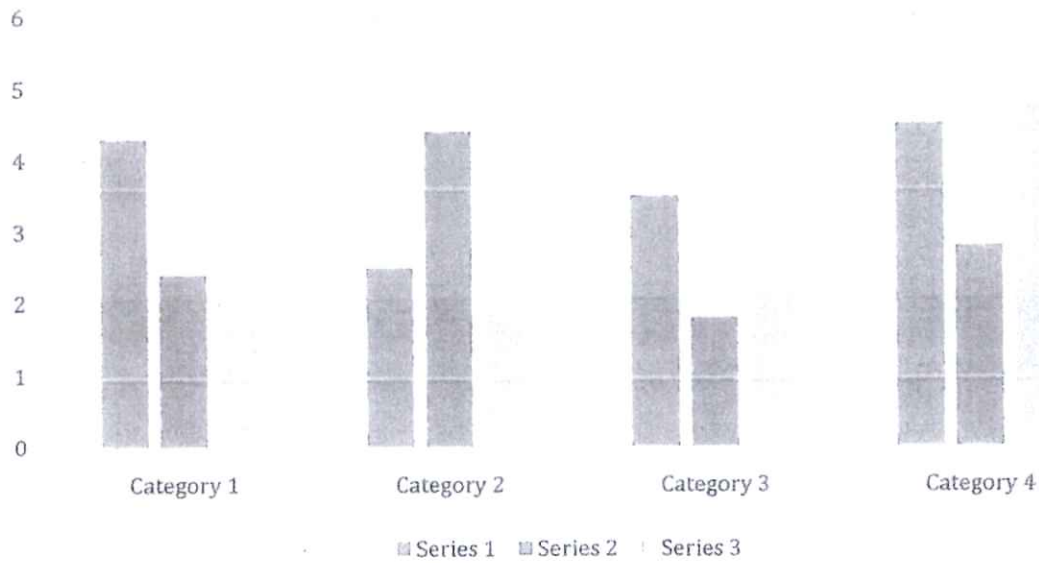
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WATUKA SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022

OVERVIEW GROWTH IN EXPENDITURE OVER A PERIOD OF THREE YEARS					
S/NO	ACCOUNTS	2022 KSHS	2021 KSHS	2020 KSHS	2019 KSHS
1	SCHOOL FUND ACCOUNT	11,779,160.00	3,164,561.00		
2	OPERATIONS ACCOUNT	4,005,373.00	2,454,510.00		
3	TUITION ACCOUNT	885,890.00	356,113.00		
	TOTAL	16,670,423.00	5,975,184.00		
	INCREASE/DECREASE	10,695,239.00			-

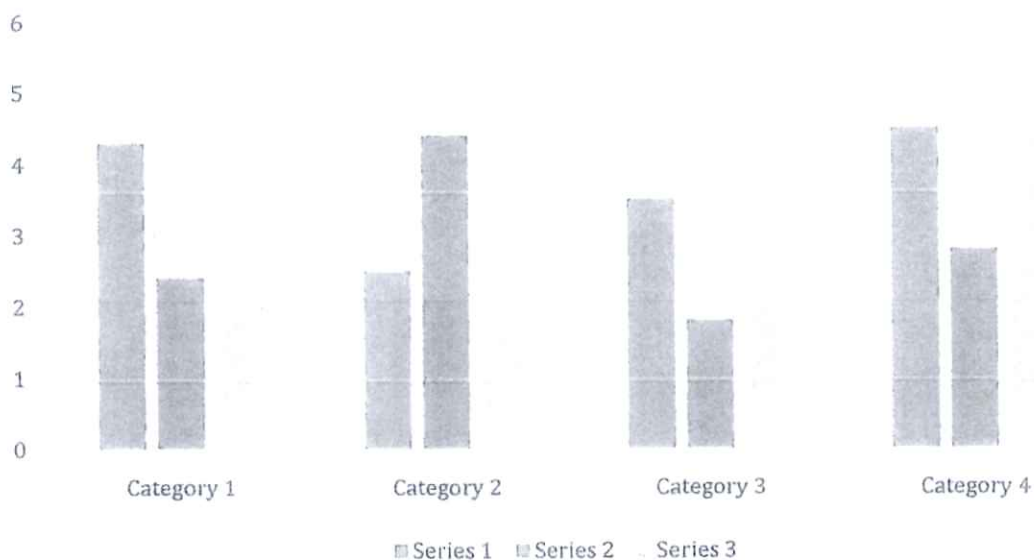
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WATUKA SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2022

MOVEMENT OF CREDITORS OF THE SCHOOL OVER THE LAST THREE YEARS				
S/NO	ACCOUNTS	2022 KSHS	2021 KSHS	2020 KSHS
1	SCHOOL FUND ACCOUNT	1,516,426.00	7,594,989.00	
	INCREASE/DECREASE	6,078,563		

Chart Title

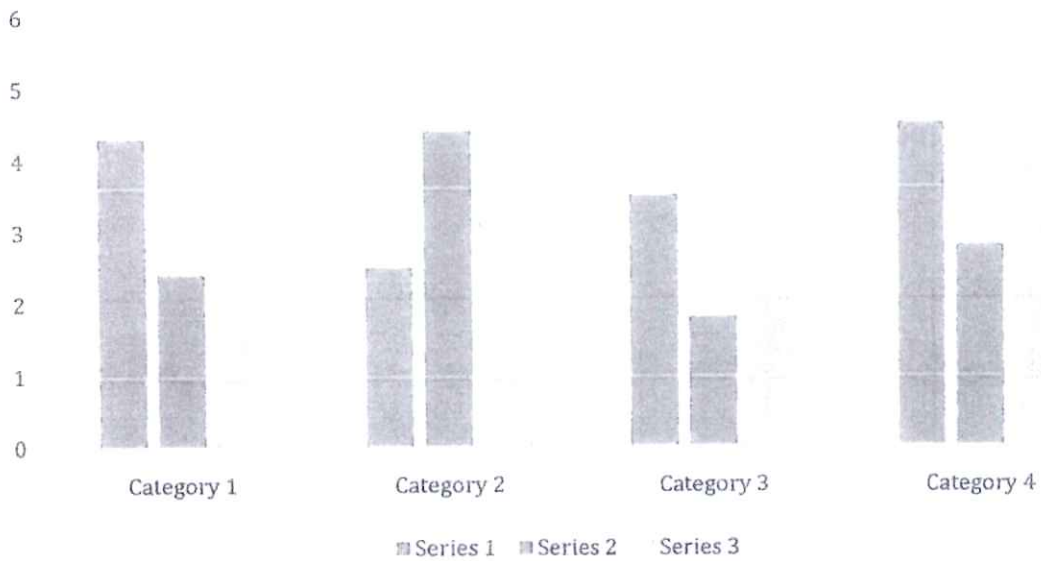


WATUKA SECONDARY SCHOOL
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MOVEMENT OF DEBTORS OF THE SCHOOL OVER THE LAST THREE YEARS

S/NO	ACCOUNTS	2022 KSHS	2021 KSH	2020 KSHS
1	SCHOOL FUND ACCOUNT	1,628,080.00	684,500	2,529,247.00
	INCREASE/DECREASE	943,580.00	(1,844,747.00)	(616,795.00)

Chart Title

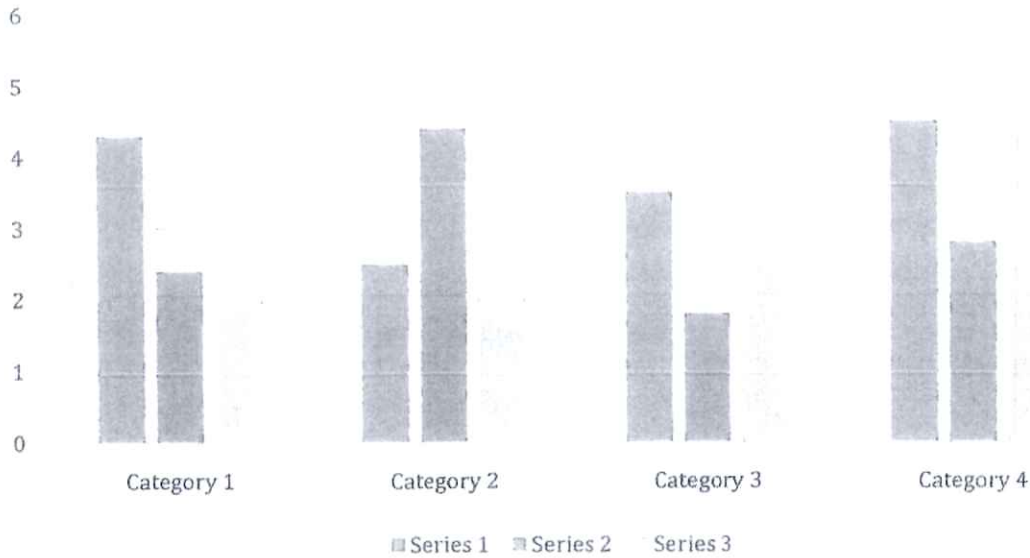


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MOVEMENT OF CASH AND BANK BALANCES OVER THE LAST THREE YEARS

S/NO	ACCOUNTS	2022 KSHS	2021 KSHS	2020 KSHS
1	SCHOOL FUND ACCOUNT	164,078.15	384,007.15	138,667.15
2	OPERATIONS ACCOUNT	31,271.90	121,701.70	1,245,606.90
3	TUITION ACCOUNT	31,600.95	30,208.15	9,811.65
	TOTAL	226,951.00	535,917.00	1,394,085.70
	INCREASE/DECREASE	(308,966.00)	(858,168.7)	

Chart Title



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b) Teacher Student ratio:

The status of the of the school teaching staff between the month of June 2021 and June 2022 is as follows:

There are 11 teachers posted by the TSC and 2 recruited by the BOM.

The teacher student ratio stands at 1:23

c) Mean score in the 2021,2020 and 2019 KCSE:

year	enrolment	mean	transition	School target	Comments
2021	87	3.244	0	4.5	A deviation of -0.699
2020	88	3.943	4	4.5	Though a deviation of -0.307
2019	64	4.250	6	4.5	

d) Capacity of the school:

With a current no of students at 194 and the number expected to grow even further, the school's two stream of 4 classes

e)Development projects carried out by the school:



Sign
 Paul Ngure Mwangi
 School Principal

III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

The Board of Management of (*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: Henry Gichuhi Kinyua
Designation: Chairman, School Board of Management
Sign:
Date:

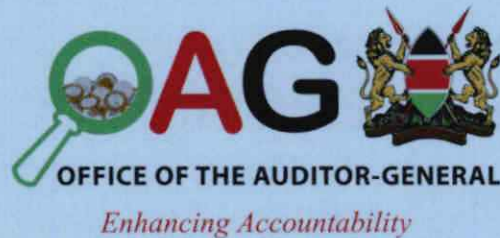
Name: Paul Ngure Mwangi
Designation: School Principal & Secretary to Board of Management
Sign:
Date:



Name: Esther Wanjiru Wagura
Designation: Bursar/ Finance Officer
Sign:
Date:

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 WATUKA SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 - NYERI 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 Watuka Secondary School - Nyeri County set out on pages 15 to 28, which comprise of the statement financial assets and liabilities as at 30 June, 2022 and the statement of receipts and payments, statement of cash flows and notes to the financial statements for the year then ended and a

summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 Watuka Secondary School – Nyeri 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 Standards (Cash Basis) and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects cash and cash equivalents balances of Kshs.226,951 as disclosed in Notes 7 and 8 to the financial statements. However, the balances were not supported with board of survey reports, bank certificates, cash books and bank reconciliation statements in a prescribed format.

In the circumstances, the accuracy, completeness and existence of cash and cash equivalents balance of Kshs.226,951 could not be confirmed.

2. Unsupported and Long Outstanding Accounts Receivables

The statement of financial assets and financial liabilities and as disclosed in Note 9 to the financial statements reflects accounts receivables balance of Kshs.10,898,314 which was not supported with schedules and invoices. Further, the balance includes amounts totalling Kshs.5,675,289 which had been outstanding for more than two (2) years.

In the circumstances, the accuracy and completeness of the balance of Kshs.10,898,314 could not be confirmed.

3. Unsupported Payments

The statement of receipts and payments reflects grants for operations amounts of Kshs.4,864,883 as disclosed in Note 2 to the financial statements. Included in the amount are payments totalling Kshs.2,287,973 which were not supported with requisitions, local purchase orders, delivery notes and goods received notes.

In the circumstances, the accuracy, completeness and regularity of the expenditure of Kshs.2,287,973 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Watuka Secondary School Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical

requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

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 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, 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 Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations grants amount of Kshs.4,864,883 as disclosed in Note 2 to the financial statements, which was received from the Ministry of Education and credited in the operations bank account. Included in the amount is Kshs.1,318,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the School's facilities. However, no money was transferred to infrastructure account during the year. This was contrary to the Ministry of Education Circular Ref. No:MOE.HQS/3/13/3 dated 16 June, 2021 which directed that infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure account fifteen (15) days upon receipt of the funds in the operations account.

In the circumstances, Management was in breach of the Ministry of Education Circular.

2. Lack Procurement Plan

The statement of receipts and payments reflects an amount of Kshs.17,311,649 and Kshs.17,620,614 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 shall 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.

3. Failure to Prepare School Improvement Plan

During the year under review, the School did not have an approved School Improvement Plan. This was contrary to Paragraph 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 Ministry of Education Operation Manual.

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

The financial statements for the year 2021/2022 were submitted on 15 February 2023 to the Auditor-General and not on the statutory date of 30 September 2022. This is contrary to Section 47(1) of the Public Audit Act, 2015 which requires that financial statements to be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance, 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 Ownership Documents

Review of documents revealed that the School sits on a land valued at 1,140,000 as at 30 June, 2022. However, land ownership documents were not provided for audit.

In the circumstances, the ownership and safe custody of the fixed assets could not be confirmed.

2. 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 requires 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.

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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 the sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or cease operations.

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

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

Those charged with governance are responsible for overseeing the School's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 control 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 School's 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 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 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

23 September, 2024

WATUKA SECONDARY SCHOOL
Annual Report and Financial Statements
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V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2022

DESCRIPTION OF VOTE HEAD	Note	2021-2022 Kshs	2021-2021 Kshs
RECEIPTS			
Capitation grants for tuition	1	887,535.00	385,257.50
Capitation grants for operations	2	4,864,883.00	2,575,604.80
School Fund Income- Parents' Contributions	3	11,559,231.00	3,385,401.00
Other incomes		-	-
TOTAL RECEIPTS		17,311,649.00	6,370,763.30
PAYMENTS			
Payments for Tuition	4	885,890.00	364,861.00
Payments for operations	5	4,005,373.00	3,699,510.00
Boarding and school fund payments	6	12,729,351.00	3,164,561.00
TOTAL PAYMENTS		17,620,614.00	7,228,932.00
SURPLUS/DEFICIT		(308,966.00)	(858,168.70)

The school financial statements were approved and signed by:



Sign:

Name Henry Gichuhi Kinyua
Wagura

Chair BOM

Date

Sign

Name Paul N Mwangi

School Principal/
Secretary to BOM

Date

Sign

Name Esther W

Bursar/
Finance Officer

Date

30/7/22

WATUKA SECONDARY SCHOOL
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VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2022

	Note	2021-2022	2021-2021
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7	171,324.00	535,917.00
Cash Balances	8	55,627.00	-
Total Cash and cash equivalent		226,951.00	535,917.00
Account's receivables	9	10,898,314.00	8,946,068.00
TOTAL FINANCIAL ASSETS		11,125,265.00	9,481,985.00
FINANCIAL LIABILITIES			
Accounts Payables	10	(8,808,194.00)	(7,594,989.00)
NET FINANCIAL ASSETS		2,317,071.00	1,886,996.00
REPRESENTED BY			
Accumulated Fund b/fwd	11	2,626,037.00	2,745,164.70
Surplus/Deficit for the year		(308,966.00)	(858,168.70)
NET FINANCIAL POSITION		2,317,071.00	1,886,996.00

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

Sign:

Name Henry Gichuhi Kinyua
Wagura

Chair BOM

Date

Sign

Name Paul N Mwangi

School Principal/
Secretary to BOM

Date



Sign

Name Esther W

Bursar/
Finance Officer

Date

30/7/24

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

		2021-2022	2021-2021
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	887,534.80	385,257.50
Capitation grants for operations	2	4,864,882.70	2,575,604.80
School fund income- Parents contributions/ fees	3	11,559,231.00	3,409,901.00
Total receipts		17,311,648.50	6,370,763.30
Payments			
Payments for Tuition	4	885,890.00	364,861.00
Payments for operations	5	4,005,373.00	3,699,510.00
Boarding and school fund payments	6	12,729,351.00	3,164,561.00
Total payments		17,620,614.00	7,228,932.00
Net cash flow from operating activities		(308,966.00)	(858,168.70)
CASHFLOW FROM INVESTING ACTIVITIES			
Net cash flows from Investing Activities			
CASHFLOW FROM BORROWING ACTIVITIES			
NET INCREASE IN CASH AND CASH EQUIVALENTS		(308,966.00)	(858,168.70)
Cash and cash equivalent at BEGINNING of the year		535,917.00	1,394,085.70
Cash and cash equivalent at END of the year		226,951.00	535,917.00

The school financial statements were approved and signed by:

Sign:

Name Henry Gichuhi Kinyua
Wagura

Chair BOM

Date

Sign

Name Paul N Mwangi

School Principal/
Secretary to BOM

Date



Sign

Name Esther W

Bursar/
Finance Officer

Date

30/7/22

OBSERVATION HILL MIXED DAY SECONDARY SCHOOL
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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	%
RECEIPTS						
<i>(1)CAPITATION GRANT ON TUITION</i>						
Textbooks and reference materials						
Exercise books						
Laboratory equipment						
Internal exams						
Teaching / learning materials						
Chalks						
Exams and assessment						
Teachers guides						
SUB-TOTALS						
<i>(2) CAPITATION GRANT ON OPERATIONS</i>						
Repairs and maintenance						
Personnel emoluments						
Local transport / travelling						
Electricity and water						
Administration costs						
Activity						
Other sources						
SMASSE						
SUB-TOTALS						
<i>(3) FEES CHARGED ON PARENTS</i>						
Lunch program						
<i>(1) EXPENDITURE FOR</i>						

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TUITION						
Textbooks and reference materials						
Exercise books						
Laboratory equipment						
Internal exams						
Teaching / learning materials						
Works						
Exams and assessment						
Teachers guides						
Bank Charges						
SUB-TOTALS						
(2) EXPENDITURE FOR OPERATIONS						
Repairs and maintenance						
Personnel emoluments						
Local transport / travelling						
Electricity, water and conservancy						
Administration costs						
Activity Expenses						
Gratuity						
Bank Charges						
SUB-TOTALS						
(3) EXPENDITURE FOR SCHOOL FUND						
Lunch Program						
TOTALS						

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

- i. The contribution collected from parents was not fully utilized since the year ended between term dates.

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.

WATUKA SECONDARY SCHOOL
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X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2021-2022	2021-2021
	Kshs	Kshs
Teaching / learning materials	887,534.80	385,257.50
Other sources		
Total	887,534.80	385,257.50

2 CAPITATION GRANT FOR OPERATIONS

	2021-2022	2021-2021
	Kshs	Kshs
Ministry of Education	4,864,882.70	2,415,604.80
Tuition Account		60,000.00
Medical		
Activity		
School fund		100,000.00
Advance		
Total	4,864,882.70	2,575,604.80

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2021-2022	2021-2021
	Kshs	Kshs
LT&T		49,530.00
Student ID	12,800.00	
EWC		356,372.00
Pre-payments	44,857.00	
Damages	684,459.00	
Direct deposit(imprest paid)	550,000.00	
Arrears/Debtors	76,025.00	
BES	5,975,059.00	1,911,696.00
Exam	6,300.00	
Other voteheads	3,045,557.00	
Recoveries(debtors)		67,705.00
RMI	553,349.00	177,760.00
Personal Emoluments		218,340.00
ADM cost		134,930.00
Caution	31,000.00	1,000.00
Activity	127,425.00	16,580.00
Other incomes		24,500.00
Bursary	452,400.00	451,488.00
Total	11,559,231.00	3,409,901.00

WATUKA SECONDARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 PAYMENTS FOR TUITION

	2021-2022	2021-2021
	Kshs	Kshs
Teaching / learning materials	418,520.00	175,375.00
Laboratory	278,045.00	
Exercise books	188,000.00	
Bank Charges	1,325.00	486.00
Operations		60,000.00
Imprest		129,000.00
Total	885,890.00	364,862.00

5 PAYMENTS FOR OPERATIONS

	2021-2022	2020-2020
	Kshs	Kshs
RMI	1,129,805.00	
Other vote heads	2,058,186.00	
Creditors	100,000.00	
Personnel emoluments	240,955.00	1,571,342.00
Administration Cost		133,170.00
BES	125,275.00	158,000.00
NSSF Creditors	249,952.00	
Transfer	50,000.00	
Inward cheque		90,000.00
Activity	50,000.00	50,000.00
Welfare(creditors)		100,000.00
School fund		2,800.00
Bank Charges	1,200.00	4,198.00
Imprest		1,590,000.00
TOTAL	4,005,373.00	3,699,510.00

WATUKA SECONDARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 BOARDING AND SCHOOL FUND PAYMENTS

	2021-2022	2021-2021
	Kshs	Kshs
LT&T		45,500.00
EWC		60,360.00
Other voteheads	2,954,105.00	
BES	6,367,836.00	808,898.00
Insurance	170,646.00	
Personal Emoluments		27,702.00
Creditors	400,000.00	
Administration cost		78,687.00
Inward cheque		1,074,076.00
Activity	6,000.00	3,800.00
RMI	1,281,320.00	21,480.00
Refund	23,868.00	
Damages	233,120.00	
Operations	20,000.00	100,000.00
Farm	141,955.00	5,000.00
Bursary	178,500.00	
Imprest	950,191.00	934,984.00
Bank charges	1,810.00	4,074.00
TOTAL	12,729,351.00	3,164,561.00

7 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account No	2021-2022	2021-2021
		Kshs	Kshs
Tuition Account		31,600.95	30,208.15
Operations Account		22,711.90	121,701.70
School Fund Account/Boarding		117,011.15	384,007.15
Total		171,324.00	535,917.00

8 CASH IN HAND

Description	2021-2022	2021-2021
	Kshs	Kshs
Tuition Account	-	-
Operation Account	8,560.00	-
School Fund account	47,067.00	-
Total	55,627.00	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 ACCOUNTS RECEIVABLE

Description	2021-2022	2021-2021
	Kshs	Kshs
Trade debtors	11,524,339.00	9,013,773.00
Less imprest recoveries	(550,000.00)	-
Less fees recoveries	(76,025.00)	(67,705.00)
Total	10,898,314.00	8,946,068.00

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

Description	2021-2022	2021-2021
	Kshs	Kshs
Imprest for the current year	950,191.00	
Imprest for previous year	2,653,984.00	2,653,984.00
Fees arrears for current year	1,628,080.00	684,500.00
Fees arrears for the previous year	616,795.00	2,529,247.00
Fees arrears for prior periods (over two years)	5,675,289.00	3,146,042.00
Total	11,524,339.00	9,013,773.00

10 ACCOUNTS PAYABLE

Description	2021-2022	2021-2021
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	8,661,415.00	7,594,989.00
Prepaid fees	146,779.00	
Retention monies		
Total	8,808,194.00	7,594,989.00

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

Description	2021-2022	2021-2021
	Kshs	Kshs
Trade creditors for current year	1,516,426.00	-
Trade creditors for the previous year	7,144,989.00	7,594,989.00
Trade creditors for prior periods (over two years)		-
Total	8,661,415.00	7,594,989.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 FUND BALANCE BROUGHT FORWARD

Description	2021-2022	2021-2021
	Kshs	Kshs
Bank balances	535,917.00	140,085.70
Cash balances	-	1,254,000.00
Short Term Investments		-
Receivables	10,898,314.00	8,946,068.00
Payables	(8,758,293.00)	(7,594,989.00)
Total	2,626,037.00	2,745,164.70

WATUKA SECONDARY SCHOOL
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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.

12 Biological assets

Description	Numbers	2021-2022	2021-2021
		Kshs	Kshs
Cattle	3		
Trees	150		
Total			

The value of trees awaits official valuer to ascertain its actual value.

Other important disclosure notes

13 Stock/ Inventory

Description	2021-2022	2021-2021
	KShs	KShs
a) Stock/Inventory		
Stock/ inventory at beginning of the year		
Stock/ inventory purchased during the year		
Stock/ inventory issued during the year		
Balance at end of the year		

WATUKA SECONDARY SCHOOL
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14 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

OBSERVATION HILL MIXED DAY SECONDARY SCHOOL
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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	C
	a	B	c	d=a-c	
	Kshs	Kshs	Kshs	Kshs	
Construction of buildings					
Supply of goods					
Tuition Account					
• Khimji Devshi Shah	152,240.00	30/06/2022	-	152,240.00	
• Timtech Office Supplies	21,600.00	30/06/2022	-	21,600.00	
Sub-Total	173,840.00			173,840.00	
Operations					
• Peter Maina Auto garage	333,659.00	30/06/2022		333,659.00	
• White Horse	160,000.00	30/06/2022		160,000.00	
• Kessha	80,000.00	30/06/2022	-	80,000.00	
• Zachtronics Eng Services	94,650.00	30/06/2022	-	94,650.00	
Sub-Total	668,309.00		-	668,309.00	
School Fund					
• Kenblest ltd	386,918.00	30/06/2022		386,918.00	
• John S G Gaturuhu	45,820.00	30/06/2022		45,820.00	
• Charity Wambui Kinuthia	232,539.00	30/06/2022		232,539.00	
• Dolby Systems	9,000.00	30/06/2022		9,000.00	
Sub-Total	674,277.00			674,277.00	
Grand Total	1,516,426.00			1,516,426.00	

OBSERVATION HILL MIXED DAY SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOLS
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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Description	Historical Cost c/f (Kshs) 30 th June 2021
Land 1	Bal b/f 01/07/2021	3.8 hectares	
Buildings and structures	Bal b/f 01/07/2021	8 classes, 4 dormitories, 1 dining hall, 2 laboratories, 1 adm block, 1 library, 8 teachers houses.	
Motor vehicles	Bal b/f 01/07/2021	School bus and a van	
Office equipment, furniture and fittings	Bal b/f 01/07/2021	12 tables , 400 chairs	
ICT Equipment, and Other ICT Assets	Bal b/f 01/07/2021	1 photocopier, 1 printer, 1 scanner, 1 laptop, 3 computers	
Tools and apparatus	Bal b/f 01/07/2021		
Textbooks	Bal b/f 01/07/2021		
Other Machinery and Equipment	Bal b/f 01/07/2021	1 light generator	
Heritage and cultural assets	Bal b/f 01/07/2021		
Intangible assets- soft ware	Bal b/f 01/07/2021	1 zeraki	