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REPORT

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DATE: 29 NOV 2023	DAY: WED
TABLED BY:	Hon Owen Bayo, <i>CSG, MP</i> Deputy majority leader
CLERK AT THE TABLE:	Esther Ngunyo

THE AUDITOR-GENERAL

ON

**OUR LADY OF MERCY - RANGENYO
GIRLS SECONDARY SCHOOL**

**FOR THE YEAR ENDED
30 JUNE, 2021**

NYAMIRA COUNTY



**OUR LADY OF MERCY -RANGENYO GIRLS SECONDARY SCHOOL
PUBLIC SECONDARY SCHOOL**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2021**

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

Our Lady of Mercy -Rangenyo Girls Secondary School
Reports and Financial Statements For the year ended 30th June 2021

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Our Lady of Mercy -Rangenyo Girls Secondary School
Reports and Financial Statements For the year ended 30th June 2021

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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 Nyamira County, Nyamira South Sub-County

Our Lady of Mercy Rangeny Girls Secondary School was started in 1966 by the Catholic Diocese of Kisumu as the Sponsor, as a Harambee Mixed Secondary school under the leadership of Rev Fr. Moore. Fr. John Oseka was among the first African Priests who served as the first Head teacher of the school he was also a teacher of English in the school. The school mainly served the local community.

In 1973 the boys were phased out and the school became purely a Girls Secondary school. In 1976 the school changed its status to a Provincial Girls Boarding school which now attracted students from the larger Nyanza Province.

Currently the school is an Extra County School three streams with an enrolment of 620 students with 29 teachers (17 TSC and 12 on BOM)

The school was registered in 3rd March 2020 under registration number GP/A/7887/10 and is currently categorized as Extra County public school established, owned or operated by the Government.

The school is a pure Boarding school and had 620 number of students as at 30th June 2021 It has Three streams and 29 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:

1	Ms. Agnes M. Omenta	Chairman	13/05/2019
2	Ms. Lydia N. Onyoni	Secretary- Principal	13/05/2019
3	Mr. Victor Nyang'aya	Member	13/05/2019
4	Ms. Cencia Mong'are	Member	13/05/2019
5	Mr. Fredrigus Mogere	Member	13/05/2019
6	Ms. Sabina Paul	Member	13/05/2019
7	Mr. Samuel Ondoro	Member	13/05/2019
8	Mr. Boniface Obanyi Onduko	Member – Rep CEB	13/05/2019
9	Mr. Duncan Sure Mboga	Member Rep Teachers	13/05/2019
10	Ms. Francisca Oresi	3 Members - Sponsor	13/05/2019
11	Ms. Philoena Onanda	Member - Community	13/05/2019
12	Mr. Enock Omwansa	Member Special Needs	13/05/2019
13	Sylvia Kinara	Rep Students	13/05/2019

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

1	Executive Committee	Ms. Agnes Omenta	BOM Chairperson	4 out of 6
		1. Ms. Lydia Onyoni	Secretary BOM (Principal)	
		2. Mr. Fredrigus Mogere	BOM Member	
		3. Ms. Philomena Onanda	Member	
		4. Victor Nyangaya	Member	
2	Audit Committee	1. Lydia N. Onyoni	1. Principal/Sec BOM	3 out of 6
		2. Ms. Agnes Omenta	2. Chairperson BOM	
		3. Mr. Victor Nyang'aya	3. Member	
		4. Ms. Philomena Onanda	4. Member	
3	Finance, procurement and general purposes Committee	1. Ms. Fanis K. Kiage	Deputy Principal	3 out of 6
		2. Mr. Samuel Ondoro	PA Chair Person	
		3. Ms. Cencencia Makori	BOM Member	
4	Academic Committee	1. Mr. Duncan Mboga	Dean of Studies	3 out of 6
		2. Class teacher	Class teacher	
		3. Philomena Onanda	BOM Member	
5	Development Committee	1. Mr. Victor Nyangaya	Deputy Chairperson BOM	3 out of 6
		2. Mr. Boniface Onduko	CED BOM	
		3. Fredrigus Mogere	Member	

Key School Information and Management (Continued)

6	Discipline and welfare Committee	1. Ms. Fanis K. Kiage	Deputy	3 out of 6
		2. Class Teacher	Principal	
		3. Francisca oresi	BOM Member	
7	Adhoc Committee (if any during the year)	1. Victor Nyangaya	Vice Chair BOM	3 out of 6
		2. Ms. Sabina Paul	BOM Member	
		3. Mr. Enock Omwansa	BOM Member	

(d) School operation Management

For the financial year ended 30th June 2021 the School day-to-day management was under the following persons:

Ref.	Designation	Name	TSC Number
1	Principal	Ms. Lydia N. Onyoni	416384
2	Deputy Principal	Ms. Fanis K. Kiage	337327
3	School Bursar	Ms. Gladys Moseti	ID NO. 25308606

(e) Schools contacts

Post Office Box: 67 -40500 Nyamira
 Telephone: 0790269825
 E-mail: rangenyogirls1@gmail. com

(f) School Bankers

The following school operated 5 number of bank accounts in the following banks:

- Name of Bank: Kenya Commercial Bank
 Branch: Nyamira
 Account Number: 1103267612 **-Boarding Account**
- Name of Bank: Kenya Commercial Bank
 Branch: Nyamira
 Account Number: 1103317008 **- Operation Account**
- Name of Bank: Kenya Commercial Bank
 Branch: Nyamira
 Account Number: 1103306154 **- Tuition Account**

Key School Information and Management (Continued)

4. Name of Bank: Kenya Commercial Bank
Branch: Nyamira
Account Number: 1103318179 - CDF Account

5. Name of Bank: Kenya Commercial Bank
Branch: Nyamira
Account Number: 12686555767 -MIF Account

(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:

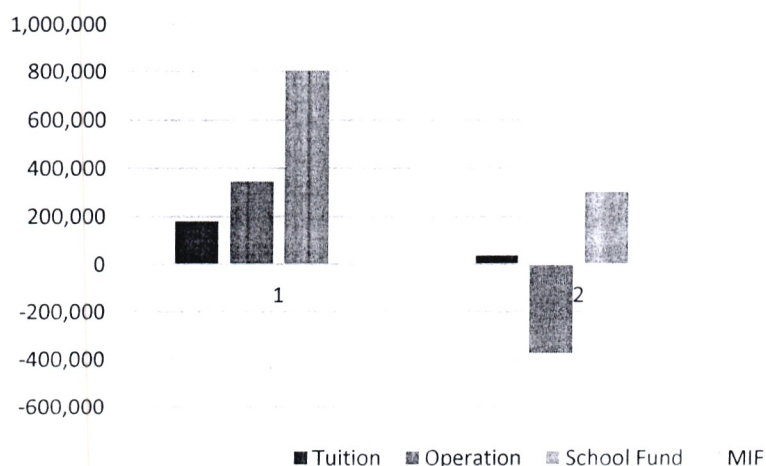
a) Financial performance:

Surplus/Deficit for the Year:

Surplus/Deficit for the Year:

	2021	2020	2019
Tuition	181,309	35,541	21,121
Operation	346,184	-373,342	-111,201
School Fund	804793	302,264	345,625
MIF		2,897	
Totals	1,332,286	-32,640	255,545
Increase\decrease	-1,364,926	288,185	-255,545

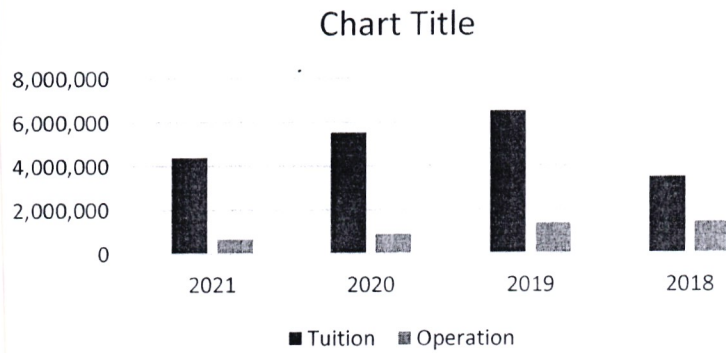
Chart Title



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

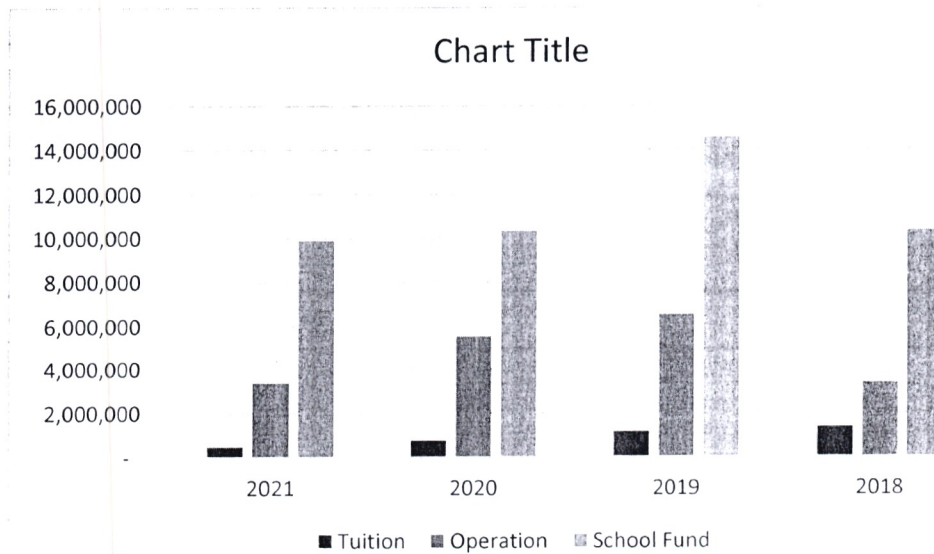
	2021	2020	2019	2018
Tuition	4,391,665	5,545,125	6,529,068	3,503,758
Operation	670,499	899,689	1,380,689	1,431,272
Totals	5,062,164	6,444,814	7,909,757	4,935,029
Increase\decrease	1,382,650	1,464,943	-2,974,728	-4,935,029

Summary Report of the Performance of the School (Continued)



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

	2021	2020	2019	2018
Tuition	4,391,665	5,545,125	6,529,068	3,037,758
Operation	670,499	799,689	1,380,689	1,431,272
School Fund	9,193,018	10,636,872	14,909,428	10,870,051
Totals	14,255,182	16,981,686	22,819,185	12,301,323
Increase\decrease	2,726,504	5,837,499	-10,517,862	-12,301,323

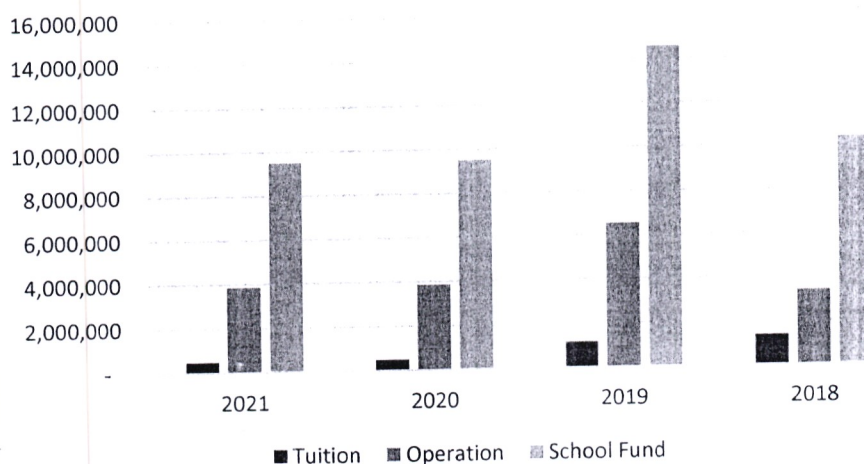


Summary Report of the Performance of the School (Continued)

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

	2021	2020	2019	2018
Tuition	489,190	489,190	1,169,568	1,371,918
Operation	3,881,255	3,881,255	6,529,068	3,376,875
School Fund	9,518,060	9,518,060	14,563,803	10,335,880
Totals	13,888,505	13,888,505	22,262,439	15,084,673
Increase\decrease	(4,370,445)	8,373,934	8,373,934	7,177,868

Chart Title



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

	2021	2020	2019
School Fund	85,200	692,650	613,172
Increase\decrease	692,650	-79,478	-613,172

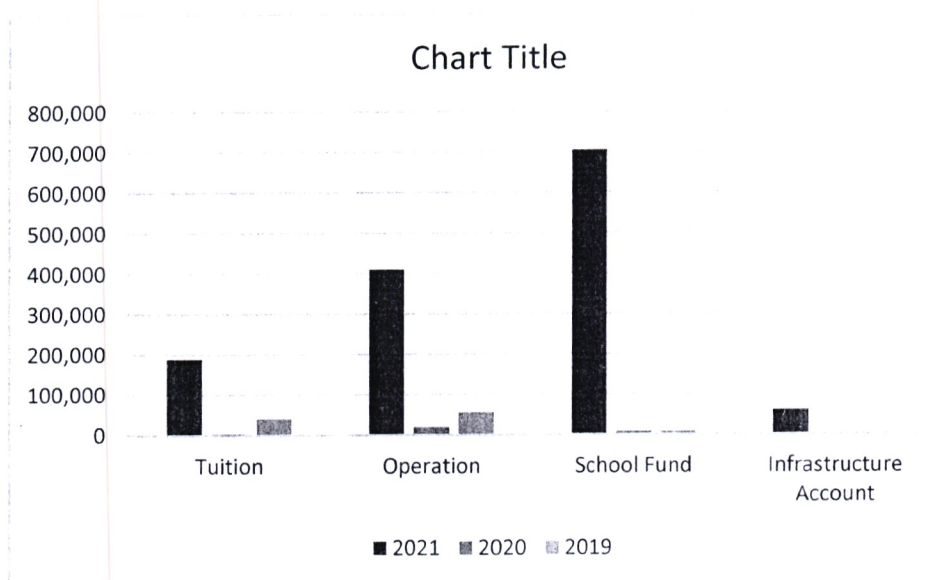
School Fund



Summary Report of the Performance of the School (Continued)

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

	2021	2020	2019
Tuition	189,055	2,584	39,418
Operation	410,003	19,039	55,734
School Fund	704,835	7,747	7,206
Infrastructure Account	60,659		
Totals	1,364,553	29,370	102,358
Increase\decrease	(1,335,183)	72,988	(102,358)



b) Teacher Student ratio:

In between the month of January and June 2021, the status of the teaching staff is as follows: 17 teachers posted by teacher's service commission, 12 recruited by the board management and 2 teachers have transferred. The teacher student ratio lies at 1:3

Number of TSC teachers	17
Number of BOM teachers	12
Number of transferred teachers	2
Number of retired teachers	0

Summary Report of the Performance of the School (Continued)

Subject	No of Teachers (TSC)
Maths	3
English	4
Kiswahili	2
Biology	3
Chemistry	2
Physics	2
CRE	2
History	3
Geography	3
Business Studies	2
Home Science	1

Subject	Number of Teachers
Maths	3
English	2
Kiswahili	3
Chemistry	3
Biology	3
History	2
C.R.E.	3
Home Science	1

c) Mean score in the 218-2020 KCSE:

Year	Enrolment	Mean	Transition	Transition %	School	Comments
					Target	
2020	90	6.241	85	94.44	6.5	Improved but target not achieved
2019	57	5.51	45	84.21	6	Missed target
2018	41	4.75	35	85.3	5.5	Target not achieved

Summary Report of the Performance of the School (Continued)

d) Number of Candidates in the 2021 KCSE:

Year	No of Candidates
2021	125
2020	90
2019	57

e) Capacity of the school:

No of Students	Facilities	No
620	1. Dormitories	6
	2. Dining Hall	1
	3. Laboratories	2
	4. Toilets	34 - Tuition Block 10 - Boarding Section
	5. Classes	12
	6. Library	None
	7. Computer Laboratory	1
	8. Home Science room	1

Summary Report of the Performance of the School (Continued)

f) Development projects carried out by the school:

	Project	Year	Source of Funding
1	Teachers toilets (6 door)	2021	-Boarding Funds -MIF Funds
2	Renovation and installation of gas and water system in the laboratories	2021	-MIF Funds
3	One Class and one Departmental office	2021	-MIF Funds
4	Students toilets (24 door)	2001	-Boarding Funds -MIF Funds
5	Purchase of Students Chairs and Lockers	2021	-Boarding Funds
6	On-going project construction of 2 classrooms	2021 – 2022	-Boarding Funds -MIF Funds

Edith 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 (PSASB) 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 Our Lady of Mercy-Secondary School accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

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



Name: MARGARET OMARE

Designation: Chairman, School Board of Management

Date: 11/7/2023



Name: EDITH MAVOTI

Designation: School Principal & Secretary to Board of Management

Date: 11-7-2023





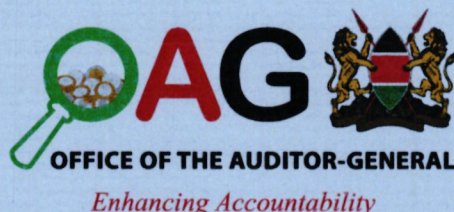
Name: GLADYS MOSEKI

Designation: Bursar/ Finance Officer

Date: 11/7/2023

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 OUR LADY OF MERCY - RANGENYO GIRLS SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2021 - NYAMIRA COUNTY

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and 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 Our Lady of Mercy - Rangenyo Girls Secondary School - Nyamira County set out on pages 1 to 15, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and the statement of budget

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Our Lady of Mercy - Rangenyo Girls Secondary School as at 30 June, 2021, 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 Public Finance Management Act, 2012, and the Basic Education Act, 2013.

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

The statement of receipts and payments reflects payments totalling Kshs.13,888,505 and as disclosed in Notes 5,6 and 7 to the financial statements while the statement of budgeted versus actual amounts reflects payments totalling Kshs.67,476,378 resulting to an unreconciled variance of Kshs.53,587,873. In addition, the statement of budgeted versus actual amounts reflects total budgeted payments of Kshs.46,856,800 while casting gave a total of Kshs.27,036,000 resulting to an unexplained variance of Kshs.19,820,800.

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

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Reporting Requirements

The Public Sector Accounting Standards Board (PSASB) Guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Secondary Schools in Kenya of 20 August, 2021 requires the first financial statements after adoption of IPSAS to be presented for eighteen (18) months from 1 January, 2020 to 30 June, 2021 with comparatives being for twelve (12) months from 1 January, 2019 to 30 December, 2019. Further, a disclosure note ought to have been included in the financial statements that the reason for preparing for longer period is due to the adoption of IPSAS for school and the change from calendar year to government fiscal year. In addition, a disclosure note should be made in the financial statements that the comparative information may not be comparable due to the longer period covered by the current financial period.

However, Management presented the annual report and financial statements covering only one year for financial year 2020-2021 with comparative balances for financial year 2019. Therefore, the financial statements have not been prepared for eighteen-months (18) as prescribed the Public Sector Accounting Standards Board (PSASB).

Further, no disclosure was made on the change in the preparation of financial statements from calendar year to government fiscal year or on the lack of comparability due to longer period covered by the current financial period.

In the circumstances, Management was not in compliance with the PSASB guidelines.

2. Weaknesses in Procurement of Goods and Services

Review of records indicated that Management did not provide a list of registered suppliers, annual procurement plan, appointment letters of the Tender Opening Committee, Evaluation Committee and Inspection and Acceptance Committees, tender opening minutes, professional opinion and request for quotations form.

In the circumstances, the value for value for goods and services procured during the year could not be confirmed.

3. Unapproved Budget

The statement of budget verses actual amounts reflects final income budget of Kshs.19,820,800 and actual on comparable basis of Kshs.24,160,278 resulting to an over-funding of Kshs.4,339,478 or 22%. Similarly, the School spent an amount of Kshs.67,476,378 out of budgeted expenditure of Kshs.46,856,800 resulting to over-expenditure of Kshs. 20,619,578 or 44% of the budget. However, there was no evidence

of authority to overspend or reallocate funds. This was contrary to Section 48(5) of the Public Finance Management (National Government) Regulations, 2015 which states that 'reallocations under this regulation shall be approved by the respective Accounting Officer of the entity'.

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

4. Discrepancies in the Number of Students in the School Register and NEMIS

During the year under review, NEMIS system reported a student population of five hundred and twenty-three (523). However, review of the School's register, revealed six hundred and twenty-nine (629) resulting in a variance of one hundred and six (106) students. Based on the approved capitation rate per student, the school missed out on funding amounting to Kshs.1,291,879.

In the circumstances, effective service delivery by the School could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Fixed Assets Register

During the year under review, there was no fixed assets register indicating dates of acquisition, unique identification numbers, purchase prices and depreciation amount among other details of the School's fixed assets. In addition, the School did not have in place policies and procedures relating to assets management.

In the circumstances, the effectiveness in management of fixed assets could not be confirmed.

2. Lack of School Improvement Plan

During the year under review, Management did not develop a School Improvement Plan that identifies key areas of focus, activities expected outcomes. This raises concerns about the school's strategic planning and commitment to continuous improvement.

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

3. Weaknesses in Internal Controls

During the year under review, Management did not establish disaster management and recovery policies, Business Continuity Plan and IT Continuity Plan to ensure smooth running of its operations. In addition, there was no financial policy and procedure manual to guide in the financial operations of the School.

In the circumstances, the effectiveness of internal controls and risk management could not be confirmed.

4. Lack of Board Meeting Minutes

Review of Board records revealed that there were no minutes for the meetings held by the Board of Management. This was contrary to Section 6(1) of the Basic Education Act, 2013, which mandates the Board to hold a meeting at least once every four months.

In the circumstances, the effectiveness of School's overall governance could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the School's ability to continue to sustain 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.

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 non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

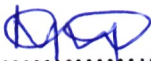
Nairobi

11 October, 2023

V. Statement Of Receipts And Payments Period To 30th June 2021


Receipts		
Capitation grants for tuition	1	670,499
Capitation grants for operations	2	4,227,439
School fund income- parents' contributions	3	5,247,858
School fund income- other receipts	4	5,074,995
Total Receipts		15,220,791
Payments		
Payments for tuition	5	489,190
Payments for operations	6	3,881,255
Boarding and school fund payments	7	9,518,060
Total Payments		13,888,505
Surplus/Deficit		1,332,286

The school financial statements were approved on _____ 2023 and signed by:



Name: MARGARET OMARE
 Chair BOM

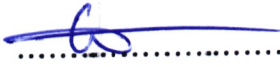
Date: 11/7/2023



Name: EDITH MANOTI
 School Principal/ Secretary to BOM

Date:





Name: GLADYS MOSEI
 Bursar/ Finance Officer

Date: 11/07/2023

VI. Statement Of Financial Assets And Financial Liabilities As At 30th June 2021

Financial Assets		
Cash and cash equivalents		
Bank balances	8	1,37,368
Cash balances	9	7,184
Total cash and cash equivalent		1,34,553
Account's receivables	10	5,200
Total financial assets		1,44,753
Financial liabilities		
Accounts payables	11	5,200
Net financial assets		1,34,553
Represented by		
Accumulated fund b/fwd	12	2,267
Surplus/deficit for the year		1,32,286
Net financial position		1,34,553

The school financial statements were approved on _____ 2023 and signed by:

.....
 Name: **MARGARET OMARE**
 Chair BOM
 Date: **11/7/2023**

.....
 Name: **EDITH MANDOTI**
 School Principal/ Secretary to BOM
 Date: **11/7/2023**



.....
 Name: **GLADYS MOSEI**
 Bursar/ Finance Officer
 Date: **11/7/2023**

VII. Statement of Cash Flows for The Period Ended 30th June 2021

Operating activities		
Receipts		
Capitation grants for tuition	1	670,499
Capitation grants for operations	2	4,227,439
School fund income- parents contributions/ fees	3	5,247,858
School fund income- other receipts	4	5,074,995
Total receipts		15,220,791
Payments		
Payments for tuition	5	489,190
Payments for operations	6	3,881,255
Boarding and school fund payments	7	9,518,060
Total payments		13,888,505
Net cash flow from operating activities		1,332,286
Cashflow from investing activities		
Net cash flow from financing activities		
Net increase in cash and cash equivalents		1,332,286
Cash and cash equivalent at beginning of the year		32,267
Cash and cash equivalent at end of the year		1,364,553

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

VIII. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2021

Receipts									
(1) Capitation Grant on Tuition									
Teaching / Learning Materials	2,156,400	-	2,156,400	2,009,616	146,784				93%
									0%
(2) Capitation Grant on Operations									0%
Personnel Emoluments	2,589,750	-	2,589,750	2,515,511	74,239				97%
Repairs And Maintenance	848,700	-	848,700	-	848,700				0%
Local Transport / Travelling	824,850	-	824,850	948,470	(123,620)				115%
Electricity And Water	1,417,950	-	1,417,950	650,717	767,233				46%
Administration Costs	707,400	-	707,400	1,734,082	(1,026,682)				245%
Smasse	-	-	-	-	-				0%
(3) Fees Charged on Parents									0%
Personnel Emoluments	2,025,000	-	2,025,000	4,274,275	(2,249,275)				211%
Repairs And Maintenance	1,896,300	-	1,896,300	5,486,177	(3,589,877)				289%
Local Transport / Travelling	1,703,700	-	1,703,700	1,408,923	294,777				83%
Electricity And Water	877,500	-	877,500	774,410	103,090				88%
Administration Costs	2,565,000	-	2,565,000	3,078,074	(513,074)				120%
Activity	2,208,250	-	2,208,250	1,280,023	928,227				58%
Smasse	-	-	-	-	-				0%
Total Income									0%

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

(1) Expenditure For Tuition							
Teaching / Learning Materials	2,156,400	-	2,156,400	2,193,214	(36,814)	102%	
(2) Expenditure For Operations							
Personnel Emoluments	2,589,750	-	2,589,750	3,045,079	(455,329)	0%	
Repairs, Maintenance & Improvements	848,700	-	848,700	2,886,000	(2,037,300)	118%	
Local Transport / Travelling	824,850	-	824,850	101,800	723,050	340%	
Electricity, Water and Conservancy	1,417,950	-	1,417,950	509,378	908,572	12%	
Administration Costs	707,400	-	707,400	2,492,482	(1,785,082)	36%	
Activity Expenses	565,200	-	565,200	132,280	432,920	352%	
(3) Expenditure For School Fund							
Personnel Emoluments	2,025,000	-	2,025,000	611,457	1,413,543	23%	
Repairs, Maintenance and Improvements	1,896,300	-	1,896,300	1,513,510	382,790	80%	
Local Transport / Travelling	1,703,700	-	1,703,700	971,950	731,750	57%	
Electricity, Water and Conservancy	877,500	-	877,500	1,549,340	(671,840)	177%	
Administration Costs	2,565,000	-	2,565,000	12,298,571	(9,733,571)	47%	
Activity	1,208,250	-	1,208,250	523,355	684,895	43%	
Boarding Equipment and Stores	7,650,000	-	7,650,000	14,487,685	(6,837,685)	189%	
Totals	46,856,800	-	46,856,800	67,476,378	(20,619,578)	144%	

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 2021.

X. Notes To The Financial Statements

1 Capitation Grant for Tuition

Teaching / Learning Materials	670,499
Total	670,499

2 Capitation Grant for Operations

Personnel Emoluments	975,822
Repairs And Maintenance	1,757,000
Local Transport / Travelling	379,794
Electricity And Water	233,364
Medical	
Administration Costs	881,459
Activity	
Total	4,227,439

3 Parents Contribution/Fees - School Fund Account

Personnel emoluments	1,254,275
Repairs and maintenance	1,936,724
Local transport / travelling	312,251
Electricity and water	214,955
Medical	12,825
Administration costs	1,025,295
Activity	491,533
Total	5,247,858

4 Other Receipts – School Fund Account

Fee On Boarding Equipment and Stores	3,746,495
Bursary	1,328,500
Total	5,074,995

Notes To The Financial Statements (Continued)

5 Payments For Tuition

Internal Exams	175,600
Teaching / Learning Materials	312,228
Bank Charges	1,362
Textbooks and Reference Materials	489,190

6 Payments For Operations

Personnel Emoluments	1,015,341
Administration Cost	796,212
Local Transport / Travelling	25,800
Bank Charges	756
MIF	1,704,624
Total	3,881,255

7 Boarding And School Fund Payments

Personnel Emoluments	381,000
Repairs And Maintenance & Improvements	754,996
Local Transport / Travelling	206,100
Electricity And Water	243,410
Medical Expenses	12,897
Administration Costs	3,309,009
Fee On Boarding Equipment and Stores	4,610,648
Total	9,518,060

Notes To The Financial Statements (Continued)

8 Bank Accounts

Tuition Account	1103306154	189,055
Operations Account	1103317008	409,983
School Fund Account/Boarding	1103267612	703,833
Infrastructural Account	1268655767	54,497
Total		1,357,368

9 Cash In Hand

Tuition Account	
Infrastructure account	20
Operation Account	1,002
School Fund account	6,162
Total	7,184

10 Accounts Receivable

Fees Arrears	85,200
Other Non-Fees Receivables	
Salary Advances	
Imprest	
Total	85,200

Fees Arrears For Current Year	85,200
Fees Arrears For The Previous Year	
Fees Arrears For Prior Periods (Over Two Years)	
Total	85,200

Notes To The Financial Statements (Continued)

11 Accounts Payable

Trade Creditors (See Ageing Below and Appendix 1)	85,200
Prepaid Fees	-
Retention Monies	-
Total	85,200

Trade Creditors for Current Year	
Trade Creditors for The Previous Year	85,200
Trade Creditors for Prior Periods (Over Two Years)	
Total	85,200

12 Fund Balance Brought Forward

Bank Balances	30,529
Cash Balances	1,738
Short Term Investments	
Receivables	3,746,864
Payables	515,155
Total	4,294,286


Our Lady of Mercy -Rangenyo Girls Secondary School
Reports and Financial Statements For the year ended 30th June 2021

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.

Other important disclosure notes

13 Stock/ Inventory



a) Inventory	
Stock/ inventory at beginning of the year	150,000
Stock/ inventory purchased during the year	2,500,000
Stock/ inventory issued during the year	-2,500,000
Balance at end of the year	150,000

Our Lady of Mercy - Rangenyo Girls Secondary School
Reports and Financial Statements For the year ended 30th June 2021

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.

	NONE	N/A	N/A	N/A

Grant
 Sign and Date
 Principal



Our Lady of Mercy - Rangenyo Girls Secondary School
Reports and Financial Statements For the year ended 30th June 2021

Annex 1 - Analysis Of Pending Accounts Payable

Supply Of Services						
1. Repair and maintenance of CCTV	85,200		0	85,200	85,200	

Our Lady of Mercy -Rangenyo Girls Secondary School
Reports and Financial Statements For the year ended 30th June 2021

Annex 2 – Summary Of Fixed Assets Register

Land 1									
Land 2									
Buildings And Structures				10,000,000				10,000,000	-
Motor Vehicles	23/3/2021		Rangenyo	16,000,000				16,000,000	
Office Equipment, Furniture And Fittings				7,000,000				7,000,000	
ICT Equipment, And Other ICT Assets	20/4/2018			1,000,000				1,000,000	
Tools And Apparatus	24/3/2019			1,200,000				1,200,000	
Textbooks				800,000				800,000	
Other Machinery And Equipment									-
Heritage And Cultural Assets									-
Intangible Assets- Soft Ware									-
Total				36,000,000				36,000,000	-

