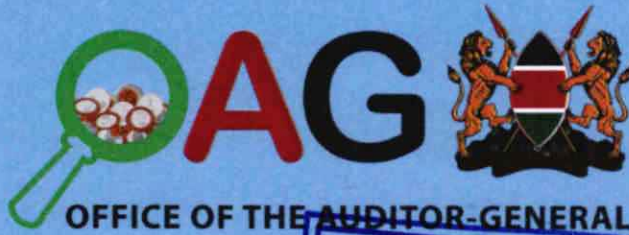


REPUBLIC OF KENYA



*Enhancing Accountability*

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Hon. Samuel  
Chepkong'o, MP  
Mr. Mudo

**THE AUDITOR-GENERAL**

**ON**

**MOI FORCES ACADEMY-LANET**

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

**NAKURU COUNTY**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
13 MAY 2024  
**RECEIVED**

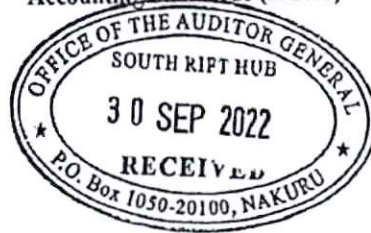
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**MOI FORCES ACADEMY-LANET  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> June 2022**

---

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



**Moi Forces Academy-Lanet**  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2022**

Table of Contents	Page
I. KEY SCHOOL INFORMATION AND MANAGEMENT .....	2
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL .....	5
III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY .....	7
IV. REPORT OF THE INDEPENDENT AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS OF MOI FORCES ACADEMY-LANET FOR THE YEAR ENDING 30 <sup>TH</sup> JUNE 2021 .....	8
V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30 <sup>TH</sup> JUNE 2021 .....	9
VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30 <sup>TH</sup> JUNE 2021	10
VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2021 .....	25
VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2021 .....	11
IX. SIGNIFICANT ACCOUNTING POLICIES .....	14
X. NOTES TO THE FINANCIAL STATEMENTS .....	16

**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 NAKURU County, NAKURU NORTH Sub-County

The school was registered in 24/04/2015 under registration number 960 and is currently categorized as a National public school established, owned or operated by the Government.

The school is a day/boarding school and had 1509 number of students as at 30<sup>th</sup> June 2022. It has 6 streams and 60 teachers of which 12 teachers are employed by the School Board Of Management.

**(b) School Board of Management - Board Members**

The School Board of Management established under Section 55 of the Basic Education Act, 2013; is composed of the following members:

Ref.	Name of Board Member	Designation	Date of appointment
1	Maj. Gen. David K C Tarus	Chairman	07/07/2022
2	Mrs. Jedidah M Mwangi	Secretary - Principal	07/07/2022
3	Col. Catherine Saraba, Col. Education-D.O.D	Member	07/07/2022
4	Col.(Rev.) Alfayo Kipleting Lelei	Member	07/07/2022
5	Lt. Col. David Kwach	Member	07/07/2022
6	Ms. Ruth Gathoni Ndungu	Member	07/07/2022
7	Mr. Duncan Kifue Mithamo	Member	07/07/2022
8	Mrs. Lilian Kavindu Mutiso	Member	07/07/2022
9	Mr. Erastus Loruk	Member	07/07/2022
10	Mrs. Florence Chepkwony	Member	07/07/2022
11	Dr. Syphyline Kebeney	Member	07/07/2022
12	Mr. Joseph Mwangi	Member	07/07/2022
13	Hon. Lawrence Karanja	Member	07/07/2022
14	Lt. Col. Esther Mutai	Member	07/07/2022
15	Lt. Col. Reuben Chaina	Member	07/07/2022
16	Mrs. Rachel Mahugu	Member	07/07/2022
17	Mr. Daniel Kibithe	Member	07/07/2022

**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
1	Executive Committee	
2	Audit Committee	
3	Finance, Procurement and General purposes Committee	
4	Academic Committee	
5	Development Committee	
6	Discipline and Welfare Committee	

**(d) School operation Management**

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

Ref:	Designation	Name	TSC Number
1	Principal	Jedidah M Mwangi	303882
2	Deputy Principal	Jane K Onduso	348470
3	School Bursar	Peter E Ambundo	BOM-001

**KEY SCHOOL INFORMATION AND MANAGEMENT**

**(e) Schools contacts**

Post Office Box: 1238,20100  
Telephone: 0202130435  
E-mail: info@moiforcesacademylanet.sc.ke.

**(f) School Bankers**

The school operated the following bank accounts;

1. Name of Bank: National Bank  
Branch: Nakuru  
Account Number: 01242019914502
2. Name of Bank: National Bank  
Branch: Nakuru  
Account Number: 01021019914400
3. Name of Bank: National Bank  
Branch: Nakuru  
Account Number: 01025021045700
4. Name of Bank: National Bank  
Branch: Nakuru  
Account Number: 01025021174700
5. Name of Bank: National Bank  
Branch: Nakuru  
Account Number: 01022225593200

**(g) Independent Auditors**

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

*Office of the Auditor General*

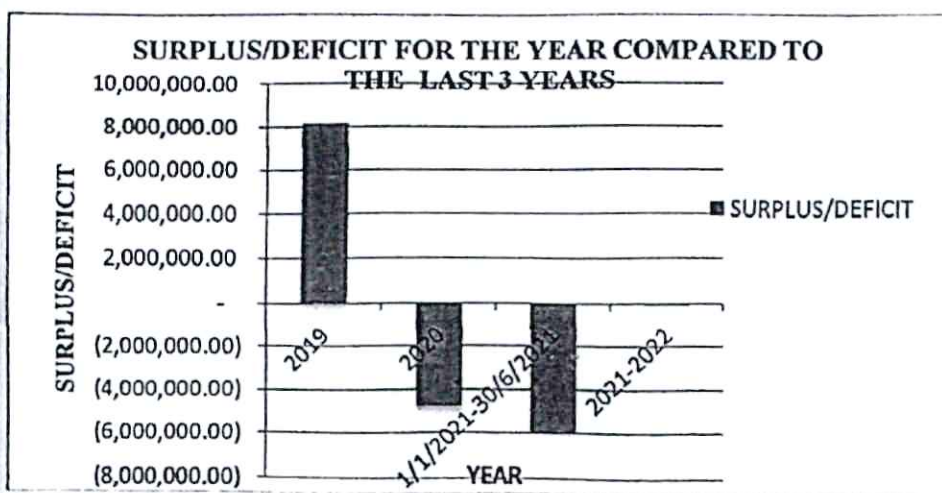
**II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL**

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 AND A COMPARISON OF THE SAME FOR THE LAST 3 YEAR**

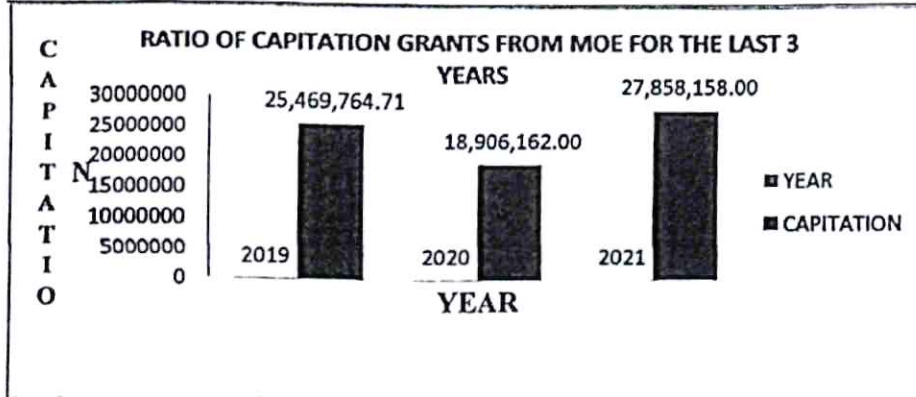
YEAR	SURPLUS/DEFICIT
2019	8,154,383.58
2020	(4,770,049.51)
1/1/2021-30/6/2021	(5,907,405.84)
2021-2022	(80,372.41)



**CAPITATION GRANTS FROM MINISTRY OF EDUCATION FOR THE LAST 3 YEARS**

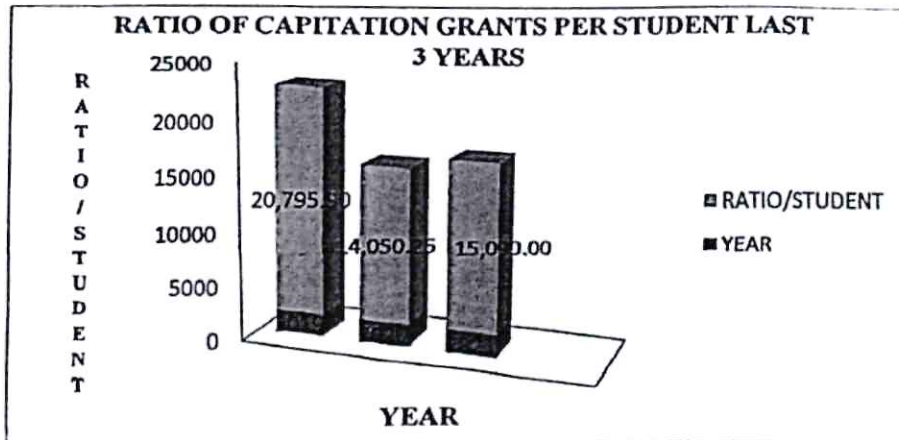
YEAR	CAPITATION
2019	25,469,764.71
2020	18,906,162.00
2021	27,858,158.00

**Moi Forces Academy-Lanet**  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2022**



**RATIO OF CAPITATION GRANTS PER STUDENT OVER THE LAST 3 YEARS**

YEAR	RATIO/STUDENT
2019	20,795.90
2020	14,050.25
2021	15,090.00

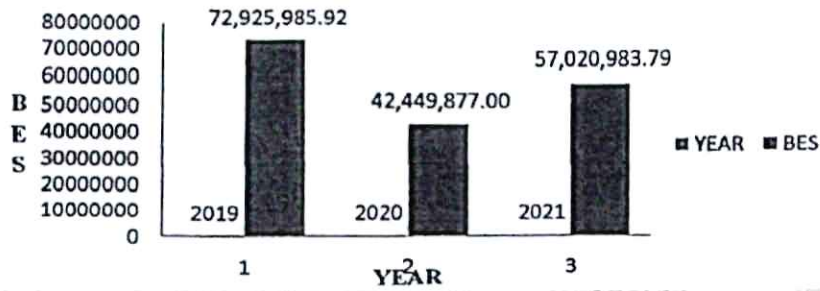


**A THREE YEAR OVERVIEW OF GROWTH OF OTHER INCOME(S) EARNED BY THE SCHOOL**

YEAR	BES
2019	72,925,985.92
2020	42,449,877.00
2021	57,020,983.79

**Moi Forces Academy-Lanet**  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2022**

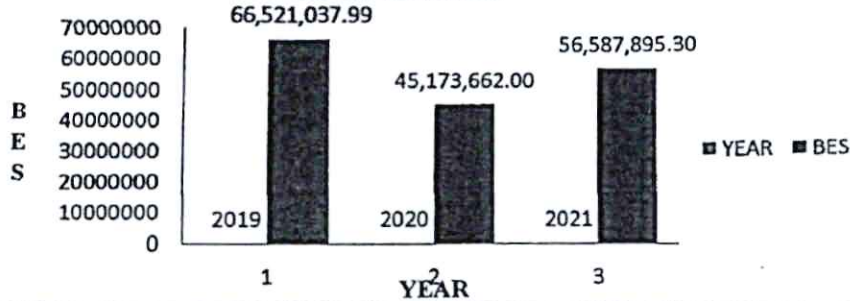
**3 YEAR OVERVIEW OF GROWTH OF OTHER INCOME(S)  
 EARNED BY THE SCHOOL**



**A THREE YEAR OVERVIEW OF  
 GROWTH OF EXPENDITURE(S)  
 BY THE SCHOOL**

YEAR	BES
2019	66,521,037.99
2020	45,173,662.00
2021	56,587,895.30

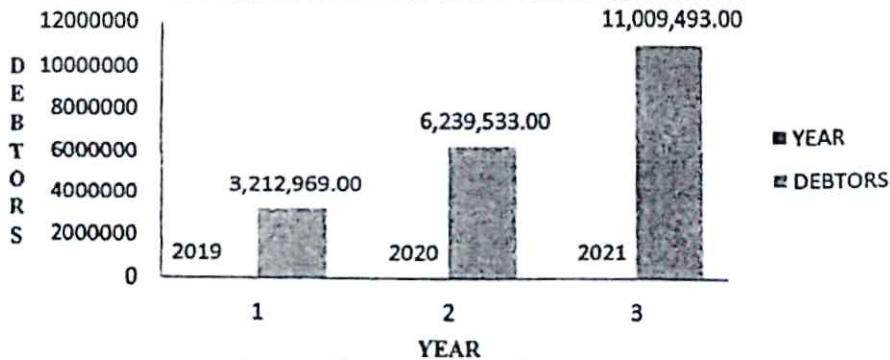
**3 YEAR OVERVIEW OF GROWTH OF OTHER EXPENDITURES  
 BY THE SCHOOL**



**MOVEMENT OF DEBTORS OVER  
 THE LAST 3 YEARS**

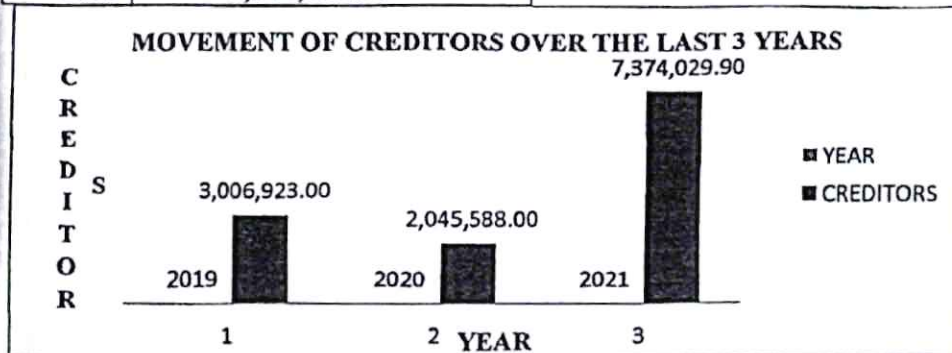
YEAR	DEBTORS
2019	3,212,969.00
2020	6,239,533.00
2021	11,009,493.00

**MOVEMENT OF DEBTORS OVER THE LAST 3 YEARS**



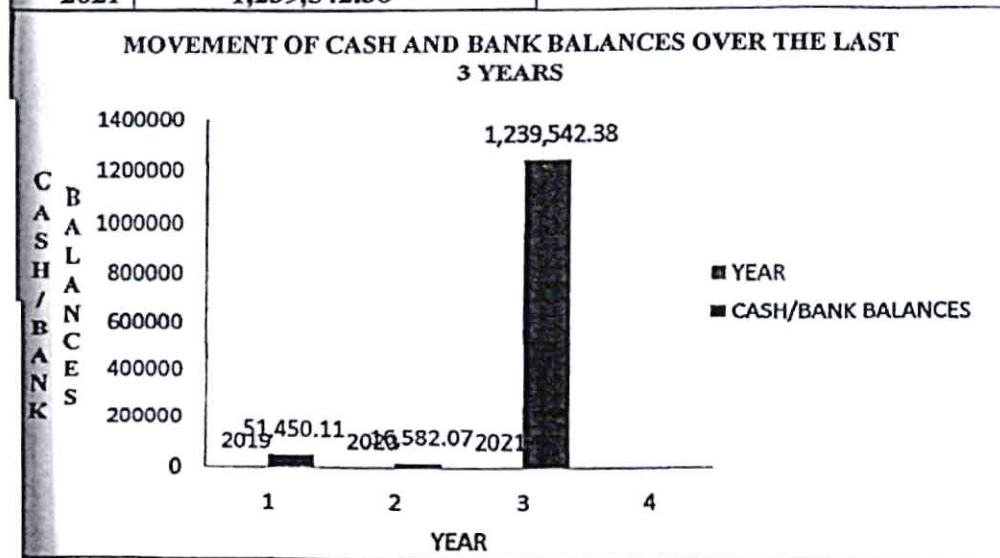
**MOVEMENT OF CREDITORS  
 OVER THE LAST 3 YEARS**

YEAR	CREDITORS
2019	3,006,923.00
2020	2,045,588.00
2021	7,374,029.90



**MOVEMENT OF CASH AND BANK  
 BALANCES OVER THE LAST 3  
 YEARS**

YEAR	CASH/BANK BALANCES
2019	51,450.11
2020	16,582.07
2021	1,239,542.38



*Under this section, the following information should be given:*

Moi Forces Academy-Lanet  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022

b) Teacher Student ratio:

S.NO		
1	Teacher Student ratio	1:35
2	No.of Teachers recruited	0
3	Teachers retired	1
4	Teachers transfered	0
5	Teachers employed by BOM	13
6	Teachers per subject	
	English	6
	Kiswahili	8
	Mathematics	7
	Biology	7
	Physics	3
	Geography	1
	History	5
	CRE	7
	Chemistry	6
	Agriculture	3
	Business Studies	4

c) Mean score in the 2019-2021 KCSE:

YEAR	TARGET	ACTUAL MEAN SCORE	VARIANCE	COMMENT
2019	9.0	8.4934	0.5066	Target missed
2020	9.0	7.9686	1.0314	Target missed
2021	9.0	8.0175	0.9825	Target missed

d) Number of Candidates in the 2019-2021 KCSE:

1	2019	306
2	2020	319
3	2021	345

e) Capacity of the school:

Boys	Toilets	Classrooms	Laboratory	Library	Kitchen	Offices	Stores
Girls	12	25	6	1	1	13	3

↑  
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**Moi Forces Academy-Lanet  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022**

**f) Development projects carried out by the school:**

S.NO	PROJECT	PROJECT FUND SOURCE	BUDGETED EXPENDITURE	ACTUAL EXPENDITURE 1 <sup>ST</sup> /JANUARY /2021- 30 <sup>TH</sup> /JUNE/2021	COMMENT
1	Costruction of Dinning hall	Ministry of Education(RMI)	23,000,000	16,370,131	Project is ongoing

Sign



### **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 Moi Forces Academy-Lanet accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30<sup>th</sup> June, 2021 and of the school's financial position as at that date.

2021 2022

**Name:** Maj. Gen. David K C Tarus  
**Designation:** Chairman, School Board of Management  
**Sign:**  
**Date:** 19/09/2022

**Name:** Mrs. Jedidah M Mwangi  
**Designation:** School Principal & Secretary to Board of Management  
**Sign:**  
**Date:** 19/09/2022

**Name:** Mr. Peter E Ambundo  
**Designation:** Bursar/ Finance Officer  
**Sign:**  
**Date:** 19/09/2022

# 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 MOI FORCES ACADEMY-LANET FOR THE YEAR ENDED 30 JUNE, 2022 - NAKURU COUNTY**

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### **PREAMBLE**

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

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

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

#### **Adverse Opinion**

I have audited the accompanying financial statements of Moi Forces Academy-Lanet - Nakuru County set out on pages 13 to 31, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows, statement of budgeted versus actual amounts for the

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*Report of the Auditor-General on Moi Forces Academy-Lanet for the year ended 30 June, 2022 - Nakuru County*

year ended, and a summary of significant accounting policies and other explanatory notes 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Moi Forces Academy-Lanet - Nakuru County as at 30 June, 2022, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

## **Basis for Adverse Opinion**

### **1. Non-Provision of Documents**

#### **1.1 Lack of Ledgers**

Review of the financial statements revealed that the School did not prepare ledgers to support amounts in statement of receipts and payments as shown below;

<b>Description of Vote Head</b>	<b>1 July, 2021 - 30 June, 2022 Kshs</b>
Capitation Grants for Tuition	5,138,420
Capitation Grants for Operations	22,719,738
School Fund Income-Parents' Contributions	54,818,875
School Fund Income-Other Receipts	2,202,109
Payments for Tuition	5,660,330
Payments for Operations	22,711,288
Boarding and School Fund Payments	56,587,895

In addition, the School Management did not generate a trial balance for the year ended 30 June, 2022.

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

### **2. Variances in the Financial Statements**

Review of annual report and financial statements revealed the following errors and discrepancies: -

**i) Statement of Receipts and Payments**

<b>Description</b>	<b>Amount Reported in Statement of Receipts and Payments (Kshs)</b>	<b>Amount Reported for same in Notes (Kshs)</b>	<b>Variance (Kshs)</b>
Capitation Grants for Operations	22,719,738	22,681,938	37,800
School Fund Income-Other Receipts	2,202,109	48,550	2,153,559
School Fund Income-Parents Contributions	54,818,875	23,599,693	31,219,181
Boarding and School Fund Payments	56,587,895	54,086,265	2,501,630

**ii) Statement of Receipts and Payments**

<b>Description</b>	<b>Amount Reported (Kshs)</b>	<b>Casted Amount (Kshs)</b>	<b>Variance (Kshs)</b>
Payment for operations	22,711,289	17,602,305	5,108,984

**iii) Statement of Financial Assets and Financial Liabilities**

<b>Description</b>	<b>Amount Reported Statement of Financial Assets and Financial Liabilities (Kshs)</b>	<b>Amount Reported for same in Notes (Kshs)</b>	<b>Variance (Kshs)</b>
Accounts Receivable	11,009,493	4,950,774	6,058,719
Accounts Payable	7,374,029.90	8,145,329.90	771,300

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

**3. Unsupported Payments**

The statement of receipts and payments reflects payments for tuition and operations of Kshs.5,660,330 and Kshs.22,711,289 respectively as disclosed in Notes 5 and 6 to the financial statements respectively. However, no payment vouchers or schedules in support of the payments were provided for audit.

In the circumstances, the regularity, accuracy and completeness of payments for tuition and operations of Kshs.5,660,330 and Kshs.22,711,289 respectively could not be confirmed.

#### 4. Cash and Cash Equivalents

##### 4.1 Unsupported Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects bank balance and cash in hand of Kshs.1,238,732 and Kshs.810 as disclosed in Notes 8 and 9 to the financial statements respectively. However, the balances were not supported with board of survey certificates or bank reconciliation statements.

##### 4.2 Unsupported Cash Withdrawals

###### 4.2.1 Direct Debits from Bank

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.1,239,542 as disclosed in Notes 8 and 9 to the financial statements. However, excluded from the balance are cash withdrawals from cash book amounting to Kshs.22,841,456 of which supporting bank statements, payment vouchers or relevant support documents were not provided for audit as shown below;

Account Withdrawn From	Amount (Kshs)	Remarks
No description account debited	4,561,315	Cash withdrawals from cash book. No bank statements provided
Main Account	4,953,118	No vouchers provided
Boarding Account	11,458,108	No vouchers provided
School Fund Account	1,868,915	Payment vouchers did not have support documents
<b>Total</b>	<b>22,841,456</b>	

This was contrary to the Regulation 88(2) of the Public Finance Management Act (National Government) Regulations, 2015 which stipulates that the Cabinet Secretary may suspend the operations of any government bank account or impose certain conditions, if he or she reasonably believes the purpose of that account no longer exists, or that fraud or fraudulent transactions are being undertaken in that specific account and shall institute investigations immediately.

In the circumstances, accuracy and completeness of the cash and cash equivalents balance of Kshs1,239,542 could not be confirmed and Management was in breach of the law.

#### 5. Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.11,009,493 in respect of fees arrears as disclosed in Note 11 to the financial statements. Included in the balance are receivables amounting to Kshs.2,251,764 which have been outstanding for more than two (2) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on their fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full and recoverability of the outstanding receivables balance of Kshs.2,251,764 could not be confirmed.

#### **6. Accounts Payables - Non-Maintenance of Suppliers' Ledgers**

The statement of financial assets and financial liabilities reflects payables balance of Kshs.8,145,330 as disclosed in Note 12 to the financial statements. However, the School did not maintain suppliers' ledgers (statements) and a detailed creditor aging analysis.

In the circumstances, the accuracy and completeness of trade payables balance of Kshs.8,145,330 could not be confirmed.

#### **7. Unsupported Board of Management Expenditure**

The statement of receipts and payments reflects boarding and school fund payments balance of Kshs.54,086,265. Included in this amount is Kshs.2,221,970 in respect of administration costs out of which Kshs.945,000 was spent on board activities for which no documentation was provided for audit review. Further, no board of management attendance register was provided for audit review to indicate actual attendance.

In the circumstances, the occurrence of the expenditure incurred on Board of Management activities of Kshs.945,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Moi Forces Academy-Lanet 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 adverse opinion.

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.69,798,550 and Kshs.54,867,425 respectively, resulting to an under-funding of Kshs.14,931,125 or 21% of the budget. However, the School spent a balance of Kshs.54,086,265 against actual receipts of Kshs.54,867,424, resulting to an over-utilization of Kshs.781,159 or 1.42% of actual receipts.

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

My opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional 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, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

#### Basis for Conclusion

##### 1. Virement (Reallocation) of Funds

The School transferred Kshs.4,002,990 to school fund and operations account from tuition bank accounts on diverse dates as detailed below:

Date	Payment Voucher Number	Bank Account Transferred to	Amount (Kshs)
31 August, 2021	1276	School fund	1,563,349
03 August, 2021	1239	Operations	1,600,000
13 July, 2021	1146	School fund	839,641
<b>Total</b>			<b>4,002,990</b>

However, no cashbooks, authority from County Education Boards (CEBs) or bank statements to confirm the accounts credited were provided for audit.

Further, review of infrastructure cashbooks disclosed that a total of Kshs.2,926,894 was transferred from infrastructure account to school fund account on diverse dates as detailed below;

Date	Payment Voucher Number	Bank Account Transferred To	Amount (Kshs)
10 December, 2021	24	School Fund	70,000
2 September, 2021	12	School Fund	1,563,349
31 January, 2022	31 - 32	School Fund	317,000
18 February, 2022	36	School Fund	169,000

<b>Date</b>	<b>Payment Voucher Number</b>	<b>Bank Account Transferred To</b>	<b>Amount (Kshs)</b>
21 February, 2022	37-38	School Fund	207,450
3 March, 2022	85	School Fund	126,745
26 March, 2022	84-87	School Fund	473,350
<b>Total</b>			<b>2,926,894</b>

This was contrary to the Ministry of Education Circulars Ref. No: MOE/G1/9/1/44 dated 9 January, 2008 and Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 which directed that under the operations account, schools may seek authority from the County Education Boards to vire savings or surplus funds from one item to another, when it is absolutely necessary but no virement from the tuition account will be allowed.

In addition, virement of funds from infrastructure account is not allowed as guided by paragraph 3.13 of the Circular Ref. MOE.HQS/3/10/18/(112) dated 15 November, 2022 which states that 'under the operations account, schools may seek authority from the County Education Boards to vire savings or surplus funds from one item to another when it is absolutely necessary but the same does not apply for both tuition and the infrastructure accounts.

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

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

The statement of receipts and payments reflects capitation grants for operations of Kshs.22,681,938 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.7,786,000 in respect of infrastructure grants which were to be transferred to the infrastructure bank account for maintenance and improvement of the School's facilities. However, only Kshs.7,179,750 was transferred to infrastructure account, leaving a balance of Kshs.606,250 as at 30 June, 2022. 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 law.

## **3. Irregular Appointment of Board Members**

Review of records revealed that all the members of the School's Board of Management were appointed on 23 May, 2022, contrary to Section 22(2) of the Basic Education Act, 2013 Part III which states that 'the members shall serve for a renewable term of three years provided that the Cabinet Secretary shall by regulation, provide for the staggering of the terms of the inaugural Board members'. Further, it was noted that disclosure of board members on the report of financial statements indicated that all board members were appointed on 7 July, 2022 and not 23 May, 2022 which was the date indicated in the members' appointment letters

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

#### **4. Irregularities in Board Meetings and Board Committee Meetings**

Review of Board of Management meeting minutes revealed that all minutes for full board and committees were not signed. Further, all the committees did not meet the required number of meetings as required by Section 6(1) of the Fourth Schedule of the Basic Education Act, 2013 which states that 'a Board of Management shall meet at least once every four months' as shown below:

<b>Committees</b>	<b>Required Number of Meetings</b>	<b>Meetings Held</b>
Academic Committee	3	Nil
Finance and General-Purpose Committee	3	Nil
Executive Committee	3	Nil

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

#### **5. Lack of Fixed Asset Register**

The school has moveable and immovable assets for which no asset register was maintained. This is contrary to Regulation 143(1) of Public Finance Management (National Government) Regulations, 2015 which prescribes that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

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

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

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

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

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

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.56,587,895 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.484,280 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective,

efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.484,280 could not be confirmed.

#### **8. Lack of Procurement Plan**

The statement of receipts and payments reflects amounts of Kshs.84,879,141 and Kshs.84,959,514 in respect of total receipts and payments respectively. However, during the year the 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 should 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.

#### **9. Non-Compliance with the Requirements of the Public Sector Accounting Standards Reporting Template**

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

- i. Page numbering is not indicated as per the template, the headers are indicated as annual reports and financial statements instead of reports and financial statements for the year ended 30<sup>th</sup> June, 2022, the background information paragraph two on when school was registered is not indicated in the format MM/YY,
- ii. Further, the Committee of the Board table does not have four (4) columns as per the template, which include; name of the committee, name of members, their designation and number of meetings attended during the year in the format X out of XX, or Include, all the bank accounts names plus numbers operated by the School together Mpesa and CDF account numbers and the mean score includes the number of students that have since transitioned to institutions of higher learning,
- iii. In addition, the number of students in the School visa a vis the facilities like the dormitories, the dining hall, the laboratories, toilets and other amenities is not indicated, the Statement of School Management Responsibility under Paragraph four (4) reads 'during the financial year ended 30<sup>th</sup> June 2021 instead of 'during the financial year ended 30<sup>th</sup> June 2022', the financial statements are not signed by the chairman of school board of management, the period of statement of receipts and payments is indicated as 30<sup>th</sup> June 20XX instead of 30<sup>th</sup> June, 2022, and the statement of financial assets and financial liabilities is indicated 'as at 30 June, 2021', instead of 'as at 30<sup>th</sup> June, 2022',

- iv. The amounts in the financial statements are also not rounded off to the nearest Kenyan Shilling; the statement of cash flows does not include descriptions and Notes, page 12 is omitted, Notes to the financial statements are not aligned to the financial statements and Note 8 to the financial statements is for bank accounts and not cash and cash equivalents,
- v. There is no commentary at the tail end of statement of budgeted versus actual amounts on significant underutilization (below 90% of utilization) and any overutilization above 100% on statement of budgeted versus actual amounts for the year ended 30<sup>th</sup> June, 2022,
- vi. The committees of the board table under key school information and management is not as per the template as it lacks reference, name of committee, names of members, designations and number of meetings attended during the year.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack of relevant information may affect users' reliance on the financial statements.

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

During the period under review, Management submitted the financial statements to the Auditor-General for audit on 13 May, 2024, instead of the statutory date of 30 September, 2022. This was contrary to the Ministry of Education Circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be submitted for audit in compliance with Section 81 of the Public Finance Management Act, 2012 on preparation of financial statements.

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

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

#### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

##### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Internal Audit Function and Audit Committee**

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

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

### **2. Lack of Ownership Documents**

Annex 2 to the financial statements reflects summary of fixed assets register balance of Nil value in respect of fixed assets which includes seventy-six (76) hectares equivalent to 187.6 acres of land as disclosed in the same annexure. 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.

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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

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

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

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

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

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

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

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30<sup>th</sup> JUNE 20XX

DESCRIPTION OF VOTE HEAD	Note	2021-2022 Kshs	2020-2021 Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	5,138,419.60 ✓	1,972,007.00
Capitation grants for operations	2 PG 23	22,719,738.05 ✓	12,474,609.60
School Fund Income- Parents' Contributions	3	54,818,874.79 ✓	31,396,902.00
School Fund Income- Other receipts	4 PG 24	2,202,109.00 ✓	1,184,545.00
Proceeds from borrowings			0.00
<b>TOTAL RECEIPTS</b>		<b>84,879,141.44</b>	<b>47,028,063.60</b>
<b>PAYMENTS</b>			
Payments for Tuition	5	5,660,330.00 ✓	1,410,851
Payments for operations	6	22,711,288.55 ✓	12,452,583
Boarding and school fund payments	7 PG 25	56,587,895.30 ✓	39,072,035.44
<b>TOTAL PAYMENTS</b>		<b>84,959,513.85</b>	<b>52,935,469.44</b>
<b>SURPLUS/DEFICIT</b>		<b>(80,372.41)</b>	<b>(5,907,405.84)</b>

The school financial statements were approved on 17/9/2022 and signed by:

Sign:

Sign



Sign



Name Maj. Gen. David K C Tarus Name Mrs. Jedidah Mwangi Name Mr. Peter Ambundo

Chair BOM

School Principal/  
Secretary to BOM

Bursar/  
Finance Officer

Date 19/09/2022

Date 19/09/2022

Date 19/09/2022

Moi Forces Academy-Lanet  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022

VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT  
30<sup>TH</sup> JUNE 2021 *2022*

	Note	2021-2022 Kshs	2020-2021 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8	1,238,732.38	1,319,914.14
Cash Balances	9	810.00	0.00
Short term Investment	10	0.00	0.00
<b>Total Cash and cash equivalent</b>		<b>1,239,542.38</b>	<b>1,319,914.14</b>
Account's receivables	10	<i>2<sup>n</sup></i> 11,009,493.00	4,950,774.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>12,249,035.38</b>	<b>6,270,688.14</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	11	<i>2<sup>n</sup></i> 7,374,029.90	2,501,629.95
<b>NET FINANCIAL ASSETS</b>		<b>4,875,005.48</b>	<b>3,769,058.19</b>
<b>REPRESENTED BY</b>			
Accumulated Fund b/fwd	12		10,169,390.63
Surplus/Deficit for the year		(80,372.41)	(5,907,405.84)
<b>NET FINANCIAL POSSITION</b>			<b>4,261,984.79</b>

The School's financial statements were approved on 17/09/2022 and signed by:

Name: Maj. Gen. David Tarus  
Chairman, BoM

Sign:


Date: 19/09/2022

Name: Jedidah Mwangi  
School Principal/Secretary  
to BoM

Sign: 

Date: 19/09/2022

Name: Peter Ambundo  
Bursar/Finance

Sign: 

Date: 19/09/2022

Moi Forces Academy-Lanet  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022

VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>th</sup> JUNE 2022

	Note	1 <sup>st</sup> July- 30 <sup>th</sup> June 2022 (12 months) Kshs	1 <sup>st</sup> January- 30 <sup>th</sup> June 2022 (6 months) Kshs
<b>Receipts for operating income</b>			
Capitation grants for tuition	1	5,138,420.00	1,972,007.0
Capitation grants for operations	2	22,719,738.60	12,474,609.0
School fund income- Parents contributions/ fees	3	54,818,875.00	31,396,904.
School fund income- other receipts	4	2,202,109.00	1,184,545.0
<b>Total receipts</b>		<b>84,879,141.00</b>	<b>47,028,065.0</b>
<b>Payments</b>			
Payments for Tuition		5,660,330.00	1,410,851.0
Payments for operations		22,711,289.00	12,452,583.0
Boarding and school fund payments		56,587,895.00	39,072,035.0
<b>Total payments</b>		<b>84,959,514.00</b>	<b>52,935,469.0</b>
<b>Net cash flow from operating activities</b>		<b>(80,372.00)</b>	<b>(5,907,403.7</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets		7,893,239.90	0.0
<b>Net cash flows from Investing Activities</b>		<b>7,893,239.90</b>	<b>0.0</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
<b>Net cash flow from financing activities</b>		<b>0.00</b>	<b>0.0</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>0.00</b>	<b>0.0</b>
Cash and cash equivalent at BEGINNING of the year		1,319,914.14	6,095,921.0
<b>Cash and cash equivalent at END of the year</b>		<b>1,239,542.38</b>	<b>1,319,914.0</b>

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

Moi Forces Academy-Lanet  
 Reports and Financial Statements  
 For the year ended 30<sup>th</sup> June 2022

VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022

Receipt/expense/Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
<b>RECEIPTS</b>						
<b>(1) CAPITATION GRANT ON TUITION</b>						
Laboratory Equipment	2,890,440.00	0.00	2,890,440.00	1,213,938.00	1,676,502.00	58
Internal Exams	1,284,640.00	0.00	1,284,640.00	527,799.00	756,841.00	58
Teaching / Learning Materials	1,477,336.00	0.00	1,477,336.00	3,080,004.00	(1,602,668.00)	-108.50
Chalks	256,928.00	0.00	256,928.00	105,559.00	151,369.00	58
Library & Reference Materials	513,856.00	0.00	513,856.00	211,120.00	302,736.00	58
	6,423,200.00	0.00	6,423,200.00	5,138,419.00	1,284,780.00	
<b>(2) CAPITATION GRANT ON OPERATIONS</b>						
Personel Emoluments	9,799,100.00	0.00	9,799,100.00	5,241,155.40	4,557,944.60	46.50
Repairs and Maintenance	7,750,000.00	0.00	7,750,000.00	8,730,250.00	(980,250.00)	(12.60)
Local Transport / Travelling	1,605,800.00	0.00	1,605,800.00	1,613,208.00	(7,408.00)	0.46
Electricity and Water	2,374,600.00	0.00	2,374,600.00	4,299,254.70	(1,924,654.70)	81
Medical	3,100,000.00	0.00	3,100,000.00	310,200.00	2,789,800.00	90
Administration costs	2,028,950.00	0.00	2,028,950.00	2,290,487.65	(261,537.65)	13
Activity	1,088,100.00	0.00	1,088,100.00	0.00	0.00	0.00
SMASSE	310,000.00	0.00	310,000.00	0.00	0.00	0.00
	28,056,550.00	0.00	28,056,550.00	22,484,555.75	4,173,894.25	
<b>(3) FEES CHARGED ON PARENTS</b>						
Personnel Emoluments	6,736,300.00	0.00	6,736,300.00	5,195,696.00	1,540,604.00	23
Repairs and Maintenance	3,100,000.00	0.00	3,100,000.00	2,268,675.00	831,325.00	27
Local Transport / Travelling	2,940,350.00	0.00	2,940,350.00	2,174,626.00	765,724.00	26

Moi Forces Academy-Lanet  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Electricity and water	11,265,400.00	0.00	11,265,400.00	7,760,920.00	3,504,480.00	31
Administration Costs	4,584,900.00	0.00	4,584,900.00	3,749,185.00	1,105,715.00	24
Activity	2,473,800.00	0.00	2,473,800.00	1,720,591.00	753,209.00	30
Boarding Equipment and Stores	38,649,250.00	0.00	38,649,250.00	32,219,181.79	6,430,068.21	17
<b>OTHER INCOME</b>						
Rent income	48,550.00	0.00	48,550.00	0.00	0.00	100
<b>TOTAL INCOME</b>	<b>69,798,550.00</b>	<b>0.00</b>	<b>69,798,550.00</b>	<b>54,867,424.79</b>	<b>14,931,125.21</b>	
<b>(1) EXPENDITURE FOR TUITION</b>						
Laboratory Equipment	2,890,440.00	0.00	2,890,440.00	1,257,960.00	1,632,480.00	56
Internal Exams	1,284,640.00	0.00	1,284,640.00	420,000.00	864,640.00	67
Teaching / Learning Materials	1,477,336.00	0.00	1,477,336.00	3,621,888.00	(2,144,552.00)	-145
Chalks	256,928.00	0.00	256,928.00	105,000.00	151,928.00	0.00
Library/&Reference Materials	513,856.00	0.00	513,836.00	255,122.00	258,734.00	0.00
Bank Charges	0.00	0.00	0.00	360.00	360.00	0.00
	<b>6,423,200.00</b>	<b>0.00</b>	<b>6,423,200.00</b>	<b>5,660,330.00</b>	<b>764,590.00</b>	
<b>(2) EXPENDITURE FOR OPERATIONS</b>						
Personnel Emoluments	9,799,100.00	0.00	9,799,100.00	7,751,868.60	2,047,231.40	21
Repairs, Maintenance & Improvements	7,750,000.00	0.00	7,750,000.00	9,894,534.00	(2,144,534.00)	-28
Local Transport / Travelling	1,605,800.00	0.00	1,605,800.00	996,706.00	609,094.00	38
Electricity, Water and Conservancy	2,374,600.00	0.00	2,374,600.00	1,251,422.00	1,123,178.00	47
Medical	3,100,000.00	0.00	3,100,000.00	0.00	0.00	0.00
Administration Costs	2,028,950.00	0.00	2,028,950.00	1,571,517.95	457,432.05	29
Activity Expenses	1,088,100.00	0.00	1,088,100.00	1,245,240.00	(157,140.00)	-14
SMASSE	310,000.00	0.00	310,000.00	0.00	0.00	0.00
	<b>28,056,550.00</b>	<b>0.00</b>	<b>28,056,550.00</b>	<b>22,711,288.55</b>	<b>1,935,261.45</b>	
<b>(3) EXPENDITURE FOR SCHOOL FUND</b>						

17

Moi Forces Academy-Lanet  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022

Receipt/Expenses Item	Original Budget	Actuals/Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Personal Emoluments	6,736,300.00	0.00	6,736,300.00	6,830,340.00	(94,040.00)	-1.40
Repairs, Maintenance and Improvements	3,100,000.00	0.00	3,100,000.00	159,750.00	2,940,250.00	95
Local Transport / Travelling	2,940,350.00	0.00	2,940,350.00	2,314,653.00	625,697.00	21
Electricity, Water and Conservancy	11,265,400.00	0.00	11,265,400.00	1,871,300.00	9,394,100.00	83
Medical Expenses	0.00	0.00	0.00	148,034.00	0.00	0.00
Administration costs	4,584,900.00	0.00	4,584,900.00	2,221,970.00	2,362,930.00	51
Activity	2,473,800.00	0.00	2,473,800.00	439,877.00	2,033,923.00	82
Boarding Equipment and Stores	38,649,250.00	0.00	38,649,250.00	32,152,601.45	6,496,648.55	17
Expenditure for Income Generating Activity	0.00	0.00	0.00	54,500.00	0.00	0.00
Acquisition of Assets	0.00	0.00	0.00	7,893,239.90	0.00	0.00
<b>TOTALS</b>	<b>69,750,000.00</b>	<b>0.00</b>	<b>69,750,000.00</b>	<b>54,086,265.35</b>	<b>23,759,508.55</b>	<b>0.00</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**5. Accounts Receivable**

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

**6. Accounts Payable**

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

**7. Non-current assets**

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

**8. Budget**

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

**9. Comparative figures**

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

**10. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2021.

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Laboratory Equipment	1,213,939.00	907,123.00
Internal Exams	527,799.00	394,401.00
Teaching / Learning Materials	3,080,004.00	433,842.00
Chalks	105,559.00	78,880.00
Library & Reference Books	211,120.00	157,761.00
<b>Total</b>	<b>5,138,419.60</b>	<b>1,907,007.00</b>

2 CAPITATION GRANT FOR OPERATIONS

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Personnel Emoluments	5,241,155.40	2,404,738.00
Repairs and Maintenance	8,730,250.00	6,195,250.00
Local Transport / Travelling	1,613,208.90	739,919.30
Electricity Water & Conservancy	4,299,254.00	1,973,118.30
Medical	310,200.00	0.00
RMI	197,381.40	0.00
Administration costs	2,290,487.65	1,161,584.00
Activity	0.00	0.00
<b>Total</b>	<b>22,681,938.05</b>	<b>12,474,609.60</b>

3 PARENTS CONTRIBUTION/FEEES - SCHOOL FUND ACCOUNT

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Personnel Emoluments	5,195,696.00	6,659,182.00
Repairs and Maintenance	2,268,675.00	1,376,541.00
Fee on Boarding Equipment and Stores	32,219,181.79	11,830,901.00
Local Transport / Travelling	2,174,626.00	1,545,134.00
Electricity Water & Conservancy	7,760,920.00	5,797,265.00
Medical	0.00	270,544.00
Administration costs	3,479,185.00	2,379,745.00
Activity	1,720,591.00	1,537,592.00
<b>Total</b>	<b>23,599,693.00</b>	<b>19,566,003.00</b>

Moi Forces Academy-Lanet  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Laboratory Equipment	1,213,939.00	907,123.00
Internal Exams	527,799.00	394,401.00
Teaching / Learning Materials	3,080,004.00	433,842.00
Chalks	105,559.00	78,880.00
Library & Reference Books	211,120.00	157,761.00
<b>Total</b>	<b>5,138,419.60</b>	<b>1,907,007.00</b>

2 CAPITATION GRANT FOR OPERATIONS

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Personnel Emoluments	5,241,155.40	2,404,738.00
Repairs and Maintenance	8,730,250.00	6,195,250.00
Local Transport / Travelling	1,613,208.90	739,919.30
Electricity Water & Conservancy	4,299,254.00	1,973,118.30
Medical	310,200.00	0.00
RMI	197,381.40	0.00
Administration costs	2,290,487.65	1,161,584.00
Activity	0.00	0.00
<b>Total</b>	<b>22,681,938.05</b>	<b>12,474,609.60</b>

3 PARENTS CONTRIBUTION/FEEs - SCHOOL FUND ACCOUNT

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Personnel Emoluments	5,195,696.00	6,659,182.00
Repairs and Maintenance	2,268,675.00	1,376,541.00
Fee on Boarding Equipment and Stores	32,219,181.79	11,830,901.00
Local Transport / Travelling	2,174,626.00	1,545,134.00
Electricity Water & Conservancy	7,760,920.00	5,797,265.00
Medical	0.00	270,544.00
Administration costs	3,479,185.00	2,379,745.00
Activity	1,720,591.00	1,537,592.00
<b>Total</b>	<b>23,599,693.00</b>	<b>19,566,003.00</b>

Moi Forces Academy-Lanet  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2022

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Laboratory Equipment	1,213,939.00	907,123.00
Internal Exams	527,799.00	394,401.00
Teaching / Learning Materials	3,080,004.00	433,842.00
Chalks	105,559.00	78,880.00
Library & Reference Books	211,120.00	157,761.00
<b>Total</b>	<b>5,138,419.60</b>	<b>1,907,007.00</b>

2 CAPITATION GRANT FOR OPERATIONS

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Personnel Emoluments	✓ 5,241,155.40	2,404,738.00
Repairs and Maintenance	8,730,250.00	6,195,250.00
Local Transport / Travelling	1,613,208.90	739,919.30
Electricity Water & Conservancy	4,299,254.00	1,973,118.30
Medical	310,200.00	0.00
RMI	197,381.40	0.00
Administration costs	2,290,487.65	1,161,584.00
Activity	0.00	0.00
<b>Total</b>	<b>22,681,938.05</b>	<b>12,474,609.60</b>

22,681,937.35

3 PARENTS CONTRIBUTION/FEEES - SCHOOL FUND ACCOUNT

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Personnel Emoluments	5,195,696.00	6,659,182.00
Repairs and Maintenance	2,268,675.00	1,376,541.00
Fee on Boarding Equipment and Stores	32,219,181.79	11,830,901.00
Local Transport / Travelling	2,174,626.00	1,545,134.00
Electricity Water & Conservancy	7,760,920.00	5,797,265.00
Medical	0.00	270,544.00
Administration costs	3,479,185.00	2,379,745.00
Activity	1,720,591.00	1,537,592.00
<b>Total</b>	<b>23,599,693.00</b>	<b>19,566,003.00</b>

54,818,875

NOTES TO THE FINANCIAL STATEMENTS

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Rent income	48,550.00	72,425.00
Income from farming activities	0.00	1,112,120.00
<b>Total</b>	<b>48,550.00</b>	<b>1,184,545.00</b>

5 PAYMENTS FOR TUITION

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Laboratory Equipment	1,257,960.00	632,290.26
Internal Exams	420,000.00	185,626.24
Library & reference books	255,122.00	74,250.48
Teaching / Learning Materials	3,621,888.00	481,378.82
Chalks	105,000.00	37,125.24
Bank Charges	360.00	180.00
<b>Total</b>	<b>5,660,330.00</b>	<b>1,410,851.00</b>

NOTES TO THE FINANCIAL STATEMENTS

6 PAYMENTS FOR OPERATIONS

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Personal Emoluments	5206003 3,239,623.00	3,239,623.00
Administration Cost	1571517 974,780.00	974,780.00
Maintenance and Improvements	6,994,500.00	6,195,250.00
Local Transport / Travelling	996,706.00	739,919.30
Electricity and Water & Conservancy	1,251,422.00	1,205,050.70
RMI	97,960.00	97,960.00
Activity Expenses	1,245,240.00	0.00
Acquisition of Assets	2,802,074.00	0.00
<b>TOTAL</b>	<b>22,711,288.55</b>	<b>12,452,583.00</b>

7 BOARDING AND SCHOOL FUND PAYMENTS

	1 <sup>st</sup> July-30 <sup>th</sup> June 2022 (12 months)	1 <sup>st</sup> Jan-30 <sup>th</sup> June 2021 (6 months)
	Kshs	Kshs
Personnel Emoluments	6,830,340.00 ✓	6,518,047.30
Repairs and Maintenance & Improvements	159,750.00 ✓	1,476,075.20
Local Transport / Travelling	2,314,653.00 ✓	2,001,831.50
Electricity Water & Conservancy	1,871,300.00 ✓	2,908,410.10
Medical Expenses	148,034.00 ✓	170,786.30
Administration costs	2,221,970.00 ✓	1,871,470.10
Expenses on Income Generating Activities	54,500.00 ✓	847,963.00
Activity	439,877.00 ✓	
Boarding Equipment and Stores	32,152,601.45 x	24,248,782.19
Acquisition of Assets	7,893,239.90 ✓	6,034,702.00
<b>TOTAL</b>	<b>✓ x 54,086,265.35</b>	<b>46,078,067.69</b>

Expenses on income generating activities\*\* should include all costs relating to the school earnings on other receipts as recorded in note  
\* These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school  
buses among others.

Moi Forces Academy-Lanet  
Annual Report and Financial Statements  
for the year ended 30<sup>th</sup> June 2022

NOTES TO THE FINANCIAL STATEMENTS

CASH IN  
Bank

8 CASH AND CASH EQUIVALENTS

Name of Bank, Account No. & currency	Bank Account Number	30 <sup>th</sup> June 2022	30 <sup>th</sup> June 2021
		Kshs	Kshs
Tuition Account-National Bank	01025021045700	44,953.15	566,863.55
Operations Account -National Bank	01025021174700	58,936.65	42,795.50
School Fund Account/Boarding-National bank	01021019914400	832,748.60	385,356.11
Parent Association Development Account-National Bank	01242019914502	71,767.98	2,124.98
Infrastructural Account-National Bank	01022225593200	230,326.00	322,774.00
<b>Total</b>		<b>1,238,732.38</b>	<b>1,319,914.14</b>

9 CASH IN HAND

Description	30 <sup>th</sup> June 2022	30 <sup>th</sup> June 2021
	Kshs	Kshs
Tuition Account	0.00	0.00
Operation Account	95.00	0.00
School Fund account	715.00	0.00
<b>Total</b>	<b>810.00</b>	<b>0.00</b>

10 SHORT TERM INVESTMENTS

Description	30 <sup>th</sup> June 2022	30 <sup>th</sup> June 2021
	Kshs	Kshs
Cooperative shares	0.00	0.00
Treasury Bills	0.00	0.00
Fixed deposit	0.00	0.00
Equity stock	0.00	0.00
Other investments	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

NOTES TO THE FINANCIAL STATEMENTS

11 ACCOUNTS RECEIVABLE

Description	30 <sup>th</sup> June 2022	30 <sup>th</sup> June 2021
	Kshs	Kshs
Fees arrears	4,950,774.00	4,950,774.00
<b>Total</b>	<b>4,950,774.00</b>	<b>4,950,774.00</b>

Ageing of the fees / non fees arrears below:

Description	30 <sup>th</sup> June 2022	30 <sup>th</sup> June 2021
	Kshs	Kshs
Fees arrears for current year	8,250,078.00	5,076,611.00
Fees arrears for the previous year	507,651.00	1,455,028.00
Fees arrears for prior periods (over two years)	2,251,764.00	796,736.00
<b>Total</b>	<b>11,009,493.00</b>	<b>7,328,375.00</b>

12 ACCOUNTS PAYABLE

Description	30 <sup>th</sup> June 2022	30 <sup>th</sup> June 2021
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	8,145,329.90	2,501,629.95
<b>Total</b>	<b>8,145,329.90</b>	<b>2,501,629.95</b>

Ageing of the creditor's arrears below:

Description	30 <sup>th</sup> June 2022	30 <sup>th</sup> June 2021
	Kshs	Kshs
Trade creditors for current year	8,145,329.90	2,501,629.95
Trade creditors for the previous year	(2,501,629.95)	(2,045,588.00)
Trade creditors for prior periods (over two years)	2,501,629.95	2,045,588.00
<b>Total</b>	<b>8,145,588.00</b>	<b>2,501,629.95</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	30 <sup>th</sup> June 2022	30 <sup>th</sup> June 2021
	Kshs	Kshs
Bank balances	1,319,914.14	6,095,921.23
Cash balances	0.00	0.00
Receivables <i>Current</i>	11,009,493.90	4,950,774.00
Payables <i>current</i>	(8,145,329.90)	2,501,629.95
<b>Total</b>	<b>4,184,078.14</b>	<b>8,545,065.28</b>

14 Important disclosure notes

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

14 Non-current Liabilities Summary

Description	30 <sup>th</sup> June 2022	30 <sup>th</sup> June 2021
	Kshs	Kshs
Bank loan(s)	0.00	0.00
Outstanding Leases	0.00	0.00
Hire purchase	0.00	0.00
Gratuity and leave provision	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

15 Biological assets

Description	Numbers	30 <sup>th</sup> June 2022	30 <sup>th</sup> June 2021
		Kshs	Kshs
Cattle	007	140,000.00	140,000.00
<b>Total</b>		<b>140,000.00</b>	<b>140,000.00</b>

16 Borrowings

Description	30 <sup>th</sup> June 2022	30 <sup>th</sup> June 2021
	Kshs	Kshs
<b>a) Borrowings</b>		
Borrowing at beginning of the year	0.00	0.00
Borrowings during the year	0.00	0.00
Repayments of during the year	0.00	0.00
<b>Balance at end of the year</b>	<b>0.00</b>	<b>0.00</b>

Other important disclosure notes

17 Stock/ Inventory

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

Moi Forces Academy-Lanet  
 Annual Report and Financial Statements  
 For the year ended 30<sup>th</sup> June 2022

18 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Moi Forces Academy-Lanet  
 Reports and Financial Statements  
 For the year ended 30<sup>th</sup> June 2022

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To Date	Outstanding Balance 20XX	Outstanding Balance 20XX-1	Comments
	A	b	c	d = a - c	e	
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

Moi Forces Academy-Lanet  
 Reports and Financial Statements  
 For the year ended 30<sup>th</sup> June 2022

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

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

**Moi Forces Academy-Lanet**  
**Annual Report and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2022**

Asset class	Date purchased	Location	Historical Cost (Kshs) 1 <sup>st</sup> July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 30 <sup>th</sup> June 2022
<b>Total</b>						

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

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