

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

PARLIAMENT
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LIBRARY

OF

THE AUDITOR-GENERAL

ON

REV. MUHORO SECONDARY SCHOOL FOR THE DEAF

FOR THE YEAR ENDED
30 JUNE, 2021

NYERI COUNTY

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 12 MAR 2025	DAY: WEDNESDAY
TABLED BY:	DEPUTY MAJORITY WHIP (HON. NAOMI KIAGO, MP)
CLERK-AT-THE-TABLE:	J. LEGERELLE

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**REV. MUHORO SECONDARY SCHOOL
FOR THE DEAF**

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

NYERI COUNTY

Revised 30th June 2021.



REV MUHORO SECONDARY SCHOOL FOR THE DEAF
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)**

REV MUHORO SECONDARY SCHOOL FOR THE DEAF

PUBLIC SECONDARY SCHOOL

Annual Report and Financial Statements

For the year ended 30th June 2021

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PUBLIC SECONDARY SCHOOLS - (Indicate actual name of the School)
Reports and Financial Statements
For the year ended 30th June 20xx

I. KEY SCHOOL INFORMATION AND MANAGEMENT

[Customise the details in this section to suit your School]

(a) Background information

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

The school was registered in 1988 under registration number 19 S 0030 0103 and is currently categorized as a National Public Special School established, owned and operated by the Government.

The school is a Mixed, day & boarding school and had 345 students as at 30th June 2021. It had 3 streams and 22 teachers of which 3 teachers were 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, 0.2013; is composed of the following members:

Ref:	Name of Board Member	Designation	Date of appointment
1	Mr. Peter Kibuthu	Chairman	21.05 .2019
2	Mr. Migui Njagi	Member– Community	21.05 .2019
3	Mr. Charles Muya	Member – Community	21.05 .2019
4	Ms Mercy Mugweru	Member – Community	21.05 .2019
5	Mr. Geoffrey Mutahi	Member– Community	21.05 .2019
6	Mr. Muriithi Nyika	Member– Community	21.05 .2019
7	Mr. Peter K Mathinji	Member– Community	21.05 .2019
8	Ms Mary Gachonde	Member– Community	21.05 .2019
9	Ms. Sally Ndegwa	Member – Rep CEB	21.05 .2019
10	Mr. Samuel Waithaka	Member Rep Teachers	21.05 .2019
11	Rev Simon Njoroge	Member – Sponsor	21.05 .2019
12	Mr. Geoffrey Mutahi	Member – Sponsor	21.05 .2019
13	Ms Susan Thuku	Member – Special Interests	21.05 .2019
14	Prof Michael Ndurumo	Member - Special Needs	21.05 .2019
15	Dickson Maithya	Member - Rep Students	21.05 .2019
16	Mr. Patrick Muthuuri	Copted Member	Copted 21.5.2019
17	Mrs. Mary Ndomo	Copted Member	Copted 21.5.2019
18	Mr. Victor Kaigi	Copted Member	Copted 21.5.2019
19	Ms Elizabeth Gituku	Secretary & Principal	

REV MUHORO SECONDARY SCHOOL FOR THE DEAF**PUBLIC SECONDARY SCHOOL****Annual Report and Financial Statements****For the year ended 30th June 2021****KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)****The function of the School Board of Management include:**

- Promote the best interests of the School and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013
- Ensure and assure the provision of proper and adequate facilities for the School
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the School.
- Determine cases of pupils discipline and make reports to the CEB
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB
- Administer and manage the resources of the School
- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule para 21 and 23 of the Basic Education Act, 2013.

(c) Committees of the Board

Provide the names of the various committees of the Board established by the Board and the names of the committee members:

Provide the names of the various committees of the Board established by the Board and the names of the committee members:

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the half year [Jan - June 2021]
1	Executive Committee	1. Mr. Peter Kibuthu 2. Mr. Migui Njagi 3. Ms Sally Ndegwa 4. Mr. Patrick Muthuuri 5. The Secretary	Chair Member Member Member	2
2	Audit Committee	-		
3	Finance, procurement and general purposes Committee	-		
4	Academic Committee	1. Prof Michael Ndurumo 2. Ms Sally Ndegwa 3. Mr. Patrick Muthuuri 4. Mr. Samuel Waithaka 5. The Secretary	Chairperson Member Member Member	2
5	School Infrastructure Committee	1. Mr. Migui Njagi 2. Mr. Peter Kibuthu 3. Mr. Charles Muya 4. The Secretary 5. The SCDE	Chairperson Member Member Member	3
6	Discipline and welfare Committee	-		
7	Adhoc Committee (if any during the year)	-		

REV MUHORO SECONDARY SCHOOL FOR THE DEAF**PUBLIC SECONDARY SCHOOL****Annual Report and Financial Statements****For the year ended 30th June 2021**

(d) School operation Management

For the financial year ended 30th June 20xx the Schoolday-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Ms. Gituku Elizabeth	322669
2	Deputy Principal	-	-
3	School Bursar	John Maina Ndogo	-

REV MUHORO SECONDARY SCHOOL FOR THE DEAF
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(a) Schools contacts

Post Office Box: 278-10103 MUKURWE-INI
Telephone: 0719822683
E-mail: revmuhorosfd@gmail.com/
Website: www.revmuhorosfd.com
Facebook: -
Twitter: -

(b) School Bank Accounts

The school operated 6 number of bank accounts in the following banks: (Ensure all accounts including CDF accounts are included)

1. Name of Bank: KCB Ltd
Branch: MUKURWE-INI
Account Number: 1103061062
2. Name of Bank: KCB Ltd
Branch: MUKURWE-INI
Account Number: 1103061216
3. Name of Bank: KCB Ltd
Branch: MUKURWE-INI
Account Number: 1102780286
4. Name of Bank: KCB Ltd
Branch: MUKURWE-INI
Account Number: 1103061631
5. Name of Bank: ABSA
Branch: NYERI
Account Number: 0305611468
6. Name of Bank: EQUITY Bank Ltd
Branch: MUKURWE-INI
Account Number: 0830261349242
7. Pay Bill No247247, ACCOUNT 349242 attached to EQUITY BANK account.

(e) Independent Auditors

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

REV MUHORO SECONDARY SCHOOL FOR THE DEAF
PUBLIC SECONDARY SCHOOL
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For the year ended 30th June 2021

II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

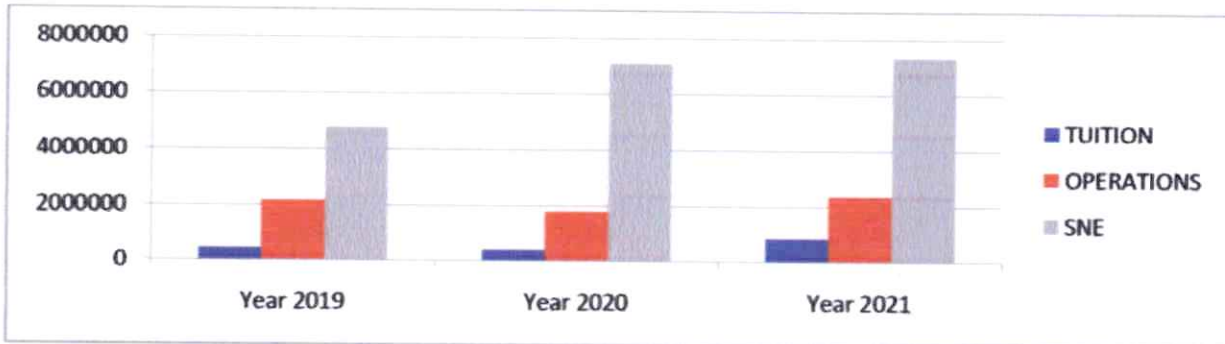
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

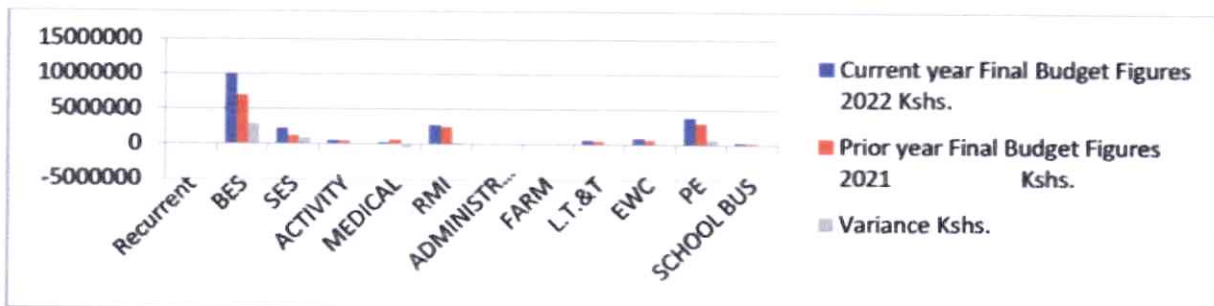
Under this section, the following information is given:



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



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



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

REV MUHORO SECONDARY SCHOOL FOR THE DEAF
PUBLIC SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

IV- Movement of creditors of the school over the last three years

	2020	2021	2022	2023
Creditors	195,190			
Cleared Through Votes	195,190			
Prepayments		69,230	89,350	45,800

V- Movement Of Debtors Of The School Over The Last Three Years

	2020	2021	2022	2023
Fees arrears b/f	4,621,782	4,621,782	5,326,652	6,895,871
Less received in FY		161,260	502,568	250,015
	4,460,522	4,460,522	4,824,084	6,645,856
Add new FY debtors		866,130	2,071,787	2,859,926
Fy receivables	5,326,652	5,326,652	6,895,871	9,505,782

b) Teacher Student ratio:

Teacher to student ratio	Number of teachers recruited	Posted within the year	Number of teachers that were transferred	Retired during the period	Number of teachers employed by tsc	Number employed by bom	Current no. Of teachers	Teachers shortfall
1:16	2	0	0	2	19	3	22	10

c) Mean score in the 2020 KCSE

:Year	2020	2019	2018
MSSS	3.219	3.129	3.147

d) Number of Candidates in the 2020 KCSE:

Year	2021	2020	2019
Candidature	92	79	70

e) Capacity of the school:

Enrolment			Boarding facilities					
M	F	TOTAL	No. Available	Boys dormitories	Girls dormitories	Dining hall	Boys toilets	Girls toilets
176	169	345	Shortfall	1	1	1	10	10

REV MUHORO SECONDARY SCHOOL FOR THE DEAF

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- Development projects carried out by the school:

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

	<i>Project</i>	<i>Status</i>	<i>Funding amount(Ksh)</i>	<i>Funding source</i>
1	Toilets	Ongoing	320,000	MOE – Maintenance & Improvement
2	56 m ³ Water tank	Complete	1,000,000	MOE- ESP



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 *Rev. Muhoro Secondary school for the deaf* 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, 2021, and of the school's financial position as at that date.

for **Name:** PETER KIBUTHU
Designation: Chairman, School Board of Management

Sign: 
Date: 28/3/2022

Name: ELIZABETH GITUKU
Designation: School Principal & Secretary to Board of Management

Sign: 
Date: 28/3/2022



Name: JOHN NDOGO
Designation: Bursar/ Finance Officer

Sign: 
Date: 28/3/2022





**REPORT OF THE AUDITOR-GENERAL ON REV. MUHORO SECONDARY SCHOOL
FOR THE DEAF FOR THE YEAR ENDED 30 JUNE, 2021 – NYERI COUNTY**

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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 Rev. Muhoro Secondary School for the Deaf – Nyeri County set out on pages 11 to 30, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, the statement of receipts and payments, statement of cash flows, the statement of budgeted 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Rev. Muhoro Secondary School for the Deaf – Nyeri County 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 of, 2012 and the Education Act, 2023.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The financial statements did not include comparative amounts and balances for the prior period. Further, the statement of budgeted versus actual amounts is not complete as it excludes the budgeted amounts and the receipts and expenditure amounts of Kshs.11,165,078 and Kshs.7,400,479 included in the statement of receipts and payments.

In addition, the statement of financial assets and financial liabilities reflects a balance of Kshs.16,485,993 in respect of total cash and cash equivalents as disclosed in Note 8 and Note 9 to the financial statements. However, the statement of cash flows for the period then ended reflects an amount of Kshs.15,704,576 in respect of the same, resulting in a variance of Kshs.781,417 that has not been explained.

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

2. Unsupported and Long Outstanding Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.5,326,652 as disclosed in Note 11 to the financial statements. However, the supporting schedules and issued invoices were not provided for audit review. Further, significant accounting policies on accounts receivables as disclosed in Note 5 is silent on the treatment of the students' fees balances which is the major source of income for the School. In addition, the accounts receivables include a balance of Kshs.4,460,522 which have been outstanding for more than three (3) years.

In the circumstances, the completeness and recoverability of the accounts receivables balances of Kshs.5,326,652 could not be confirmed.

3. Unsupported Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.16,485,497 as disclosed in Note 8 and Note 9 to the financial statements. However, the bank balances were not supported by cash books, certificates of bank balances and bank reconciliation statements.

In the circumstances, the completeness and existence of bank balance of Kshs.16,485,497 could not be confirmed.

4. Lack of Ownership Documents

Annex 2 to the financial statements does not reflect a summary of fixed assets register balance in respect of fixed assets which includes land, buildings, motor vehicle, office equipment etc. In addition, land ownership documents for the land in which the School is developed were not provided for audit.

In the circumstances, completeness, ownership and security of the fixed assets owned by the School could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Rev. Muhoro Secondary School for the Deaf 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.

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. Under Funding of Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition and capitation grants for operations amount of Kshs.352,810 and Kshs.7,592,493 respectively as disclosed in Notes 1 and Note 2 to the financial statements. During the financial year, National Education Management Information System (NEMIS) reported a total number of seven hundred and eight (708) students while the enrolment records provided by the

School indicated a total number of one thousand three hundred and eleven (1,311) students, resulting to an unexplained variance of six hundred and three (603) students. As a result of the variances, the School was under funded by an amount of Kshs.2,280,962.

In the circumstances, the public may not have received services that were not delivered due to lack of adequate capitation.

2. Failure to Transfer Infrastructure Funds

The statement of receipts and payments reflects operations grants amount of Kshs.7,472,275 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the grants is an amount of Kshs.770,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement the School's facilities. However, an amount of Kshs.320,000 was transferred to infrastructure account, leaving a balance of Kshs.450,000 as at 30 June, 2021. This is contrary to Ministry of Education Circular 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 days upon receipt of the funds in the operations account.

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

3. 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.985,992 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.150,550 transferred to Kenya Secondary Schools 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.150,5500 could not be confirmed.

4. Failure to Prepare School Improvement Plan

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

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

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 matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Human Resource Policies and Procedures Guideline

Review of the records held by the School Management revealed the School did not have an approved Human Resource & policies and procedures manual and an approved salary structure in place. As a result, there was no proper guidance on recruitment, remuneration of teaching and non-teaching staff, and training for continuous development of employees.

In the circumstances, attainment of optimum human resources management 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 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's 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 overall 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 control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 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's 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 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 controls that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 September, 2024


V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30TH JUNE 2021

DESCRIPTION OF VOTE HEAD	Note	2020-2021 Kshs	2019-2020 Kshs
RECEIPTS			
Capitation grants for tuition	1	352,810.25	
Capitation grants for operations	2	7,592,493.20	
School Fund Income- Parents' Contributions	3	3,219,775	
School Fund Income- Other receipts	4		
Proceeds from borrowings			
TOTAL RECEIPTS		11,165,078.45	
PAYMENTS			
Payments for Tuition	5	518,161	
Payments for operations	6	5,896,326	
Boarding and school fund payments	7	985,992	
TOTAL PAYMENTS		7,400,479	
SURPLUS/DEFICIT		3,764,599	


The school financial statements were approved on 28/3/2022 and signed by:



 for Name: PETER KIBUTHU
 Chair BOM



 Name: ELIZABETH GITUKU
 School Principal/
 Secretary to BOM

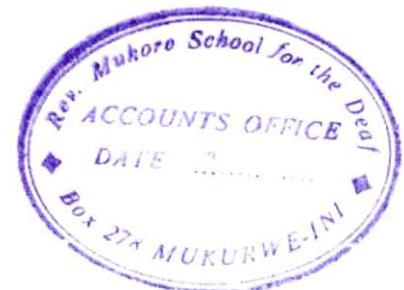


 Name: JOHN NDOGO
 Bursar/
 Finance Officer

Date: 28/3/2022

Date: 28/3/2022

Date: 28/3/2022





VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2021

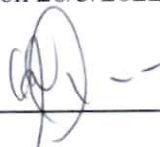
	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	16,479,443	
Cash Balances	9	6,550	
Short term Investment	10		
Total Cash and cash equivalent		<u>16,485,993</u>	
Account's receivables	10	5,326,652	
TOTAL FINANCIAL ASSETS		21,812,645	
FINANCIAL LIABILITIES			
Accounts Payables	11	-69,230	
NET FINANCIAL ASSETS		21,743,415	
REPRESENTED BY			
Accumulated Fund b/fwd	12	17,978,816	
Surplus/Deficit for the year		3,764,599	
NET FINANCIAL POSSITION		21,743,415	

The School's financial statements were approved on 28/3/2022 and signed by:



Name: PETER KIBUTHU
Chair BOM

Date: 28/3/2022



Name: ELIZABETH GITUKU
School Principal/
Secretary to BOM

Date: 28/3/2022




Name: JOHN NDOGO
Bursar/
Finance Officer

Date: 28/3/2022



REV MUHORO SECONDARY SCHOOL FOR THE DEAF**PUBLIC SECONDARY SCHOOL****Annual Report and Financial Statements****For the year ended 30th June 2021****VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021**

		2020-2021	2019-2020
		Kshs	Kshs
Receipts for operating income			
Capitation grants for tuition	1	352,810	
Capitation grants for operations	2	7,592,493	
School fund income- Parents contributions/ fees	3	3,219,775	
School fund income- other receipts	4		
Total receipts		11,165,078	
Payments			
Payments for Tuition	5	518,161	
Payments for operations	6	5,896,326	
Boarding and school fund payments	7	985,992	
Total payments		7,400,479	
Net cash flow from operating activities		3,764,599	
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			
Acquisition of Assets			
Proceeds from investments			
Purchase of investments			
Net cash flows from Investing Activities			
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,764,599	
Cash and cash equivalent at BEGINNING of the year		11,939,977	
Cash and cash equivalent at END of the year		15,704,576	

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.

PUBLIC SECONDARY SCHOOLS REV. MUHORO SECONDARY SCHOOL

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VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
<i>(1) CAPITATION GRANT ON TUITION</i>						
Textbooks and reference materials			0	38,669		
Exercise books			210,000	0		
Laboratory equipment			180,000	116,095		65%
Internal exams			200,000	198,017		99%
Teaching / learning materials						
Chalks						
Exams and assessment						
Teachers guides						
TOTAL				352,810		
<i>(2) CAPITATION GRANT ON OPERATIONS</i>						
Personnel emoluments			3,120,000	1,524,821		49%
Repairs and maintenance			600,000	479,680		80%
Local transport / travelling			800,000	956,743		119%
Electricity and water			800,000	734,821		92%
Medical			50,000	18,910		38%
Administration costs			575,190	234,821		41%
Activity			1,500,000	1,642,696		110%
BES			3,000,000	2,000,000		67%
TOTAL				7,592,493		
<i>(3) FEES CHARGED ON PARENTS</i>						
Personnel emoluments			3,120,000	2,433,799		78%

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Repairs and maintenance			220,000	157,350		72%
Local transport / travelling						
Electricity and water			1,036,000	734,821		71%
Medical						
Administration costs						
Activity			0	3,290		
Arrears				161,260		
Fee on Boarding Equipment and Stores						
UNIFORM			65,000	46,120		71%
Others			180,000	276,126		153%
Income from farming activities			0	0		
Damages			0	10,500		
ID			0	600		
Income from Bus Hire			360,000	25,000		67%
Farm			112,000	36,500		33%
Prepayment				69,230		
Income from any other investment						
TOTAL INCOME				3,219,775		
(I) EXPENDITURE FOR TUITION						
Textbooks and reference materials				141,821		
Exercise books						
Laboratory equipment			180,000	191,170		106%
Internal exams			200,000	184,210		92%
Teaching / learning materials						

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Chalks						
Exams and assessment						
Teachers guides						
Administration costs				960		
Bank Charges						
TOTAL				518,161		
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments			3,120,000	1,262,252		41%
Repairs, maintenance & improvements			600,000	216,910		36%
Local transport / travelling			800,000	906,200		113%
Electricity, water and conservancy			800,000	195,698		25%
Medical			50,000	11,950		24%
Administration costs			575,190	172,195		30%
BES			3,000,000	2,536,401		85%
UNIFORM				750		
SMASSE						
(3) EXPENDITURE FOR SCHOOL FUND				5,896,326		
Personnel emoluments			2,200,000	370,589		17%
Repairs, maintenance and improvements			220,000	543,381		247%
Local transport / travelling						
Electricity, water and conservancy						
Medical Expenses			50,000	12,000		24%
Administration costs			9,800	6,800		69%

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Activity						
Gratuity						
Farm				600		
Boarding Equipment and Stores						
Fees refund				34,300		
BES				18,322		
Other expenses on investments						
Rent Expenses						
Bank Charges						
Loan Interest Repayment						
Loan Principal Repayment						
Acquisition of Assets						
TOTALS				985,992		

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

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.

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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.

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X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	38,669	
Exercise books	0	
Laboratory equipment	116,095	
Internal exams	198,017	
Teaching / learning materials		
Chalks		
Exams and assessment		
Teachers guides		
Total	352,810	

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	1,524,821	
Repairs and maintenance	479,680	
Local transport / travelling	956,743	
Electricity and water	734,821	
Medical	18,910	
Administration costs	234,821	
Activity	1,642,696	
BES	2,000,000	
Total	7,592,493	

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	2,433,799	
Repairs and maintenance	157,350	
Local transport / travelling	-	
Electricity and water	-	
Medical	-	
Administration costs	-	
Activity	3,290	
Arrears	161,260	
Uniform	46,120	
Others	276,126	

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	2020-2021	2019-2020
	Kshs	Kshs
Activity	3,290	
Arrears	161,260	
Uniform	46,120	
Others	276,126	
Damages	10,500	
ID	600	
BUS	25,000	
Farm	36,500	
Fees refund	69,230	
Total	3,219,775	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores		
Rent income		
Income from farming activities		
Insurance compensation		
Income from Posho mill		
Income from Bus Hire		
Fee for hire of ground and equipment		
Income from grants and donations*		
Interest income		
Dividends income		
Total		

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

5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	141,821	
Exercise books	0	
Laboratory equipment	191,170	

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Internal exams	184,210	
Teaching / learning materials		
Chalks		
Exams and assessment		
Teachers guides		
Administration Costs	960	
Bank Charges		
Total	518,161	

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	1,262,252	
Service Gratuity	0	
Administration Cost	172,195	
Repairs and maintenance & improvements	216,910	
Local transport / travelling	906,200	
Electricity and water	195,698	
Medical	11,950	
Development	320,000	
SES	255,060	
BUS	18,910	
UNIFORM	750	
BES	2,536,401	
Activity Expenses		
SMASSE		
Insurance Cost		
Bank Charges		
Acquisition of Assets		
TOTAL	5,896,326	

7 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	370,589	
Service Gratuity		
Repairs and maintenance & Improvements	543,381	
Local transport / travelling		
Electricity and water		
Medical Expenses	12,000	
Administration costs	6,800	
Lunch Programme		
Farm	600	
Fees refunded	34,300	
Expenses on Income Generating Activities		
Fee on Boarding Equipment and Stores		
Rent Expenses		
Insurance Cost (Life Property)		

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BES	18,322	
TOTAL	985,992	

*Expenses on income generating activities** should include all costs relating to the school earnings on other receipts as recorded in note 4. These costs should include farm maintenance, posho mill maintenance, ground maintenance and costs incurred during hire of school bus among others.*

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account		75,733	
Operations Account		11,637,323	
School Fund Account/Boarding KCB	1103061062	2,766,656	
Savings Account KCB	1102780286	118,680	
Infrastructure	1103061216	523,111	
Upper tana	1224693244	440,000	
Equity	0830261349242	917,940	
Total		16,479,443	

9 CASH IN HAND

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition Account		
Operation Account	6,550	
School Fund account		
Total	6,550	

10 SHORT TERM INVESTMENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Cooperative shares		
Treasury Bills		
Fixed deposit		
Equity stock		
Other investments		
Total		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears	5,326,652	
Other non-fees receivables		
Salary advances		
Imprest		
Total	5,326,652	

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year	866,130	
Fees arrears for the previous year 2020		
Fees arrears for prior periods (over two years) 2019	4,460,522	
Total	5,326,652	

12 ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)		
Prepaid fees	69,230	
Retention monies		
Total	69,230	

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year		
Trade creditors for the previous year		
Trade creditors for prior periods (over two years)		
Total		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	12,727,448	
Cash balances	0	
Short Term Investments	0	
Receivables	5,326,652	
Payables	(69,230)	
Total	17,982,870	

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Other important disclosure notes

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

14 Non-current Liabilities Summary

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank loan(s)	0	
Outstanding Leases	0	
Hire purchase	0	
Gratuity and leave provision	0	
Total	0	

15 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle	1		40,000
Goats	0		0
Trees	2000		2,000,000
Coffee or tea plantation	60		120,000
Poultry	0		
Total	2061		2,160,000

16 Borrowings

Description	2020-2021	2019-2020
	KShs	KShs
a) Borrowings		
Borrowing at beginning of the year	0	0
Borrowings during the year	0	0
Repayments of during the year	0	0
Balance at end of the year	0	0

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Other important disclosure notes

17 Stock/ Inventory

Description	2020-2021	2019-2020
	KShs	KShs
b) Borrowings		
Stock/ inventory at beginning of the year	0	0
Stock/ inventory purchased during the year	0	0
Stock/ inventory issued during the year	0	0
Balance at end of the year	0	0

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18 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe
1	Inaccuracies in the financial statements	i) The financial statements have been revised with comparative figures now included. ii) The budget analysis is now complete. See the revised 2020/2021 financial statements.	Resolved	
2	Unsupported Cash & Cash Equivalents	See the summaries, trial balances as attached to confirm the balances in Appendix B.	Resolved	
3	Lack of Ownership Documents	i) The fixed assets register has been updated showing all schools assets; asset values, assets date of acquisition, and tagged for accountability. See Appendix F ii) The school has a green card as a land ownership document pending issuance of the land title deed, as advised. See copy of the green card attached. Appendix G	Unresolved	June 2025
4	Under Funding of Capitation Grants	The school will liaise with the MOE on correctness of school's enrolment data to ensure all students are captured in NEMIS to ensure fair allocation of capitation grants.	Unresolved	January 2025
5	Failure to Transfer Infrastructure Funds from Operations Bank Account	The school management will ensure timely transfer of infrastructure grants from the operations account.	Resolved	

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6	Irregular Transfer of Funds to Kenya Secondary Schools Heads Association	The school's management will comply as guided by the Ministry of Education.	Unresolved	On issuance of guidelines
7	Failure to Prepare School Improvement Plan	Attached is Annex P, a copy of the School's Improvement Plan for the period. This is reviewed from time to time by the Board of Management based on the school's strategic plan	Resolved	
8	Lack of Human Resource Policies and Procedures Guideline	The management will prepare and approve a Human Resource policies & procedures manual to guide human resource development in the school. Attached see Appendix K on non teaching staff remuneration Schedule.	Resolved	



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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 20xx	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 20xx
Land 1	GIVEN BY Nyeri County Council	MUHITO MUYU – 922 6 ACRES				
Land 2	GIVEN BY Nyeri County Council	MUHITO MUYU 2 ACRES				
Buildings and structures						
Motor vehicles	19.12.2013	KBW 143 V ISUZU FRR BUS	5,450,000			
Office equipment, furniture and fittings						
ICT Equipment, and Other ICT Assets						
Tools and apparatus	158					
Textbooks	6318					
Other Machinery and Equipment						
Heritage and cultural assets	School Generator 1					
Intangible assets- soft ware						
SCHOOL BEDS	167 Deckers					
Total						

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