

REPUBLIC OF KENYA



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REPORT

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DATE: 12 MAR 2025	DAY: WEDNESDAY
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CLERK-AT THE-TABLE: J. LEMERELLE	

THE AUDITOR-GENERAL

ON

NAKURU CENTRAL SECONDARY SCHOOL

**FOR THE SIX (6) MONTHS'
PERIOD ENDED 30 JUNE, 2021**

NAKURU COUNTY

Revised 30th June 2021.



NAKURU CENTRAL SECONDARY SCHOOL

REPORT AND FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED

30TH JUNE 2021

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



NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

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NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Acronyms and Glossary of Terms

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	Free Day Secondary Education

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

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 East Sub-County

The school was registered in 07/11/2011 under registration number PU/S/3/3870/11 and is currently categorized as a Sub County public school established, owned or operated by the Government.

The school is a day school and had 850 numbers of students as at 30th June 2021. It has 4 streams and 29 teachers of which none 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	Dr. Humphrey Muiruri	Chairman	29/04/2019
2	Mr. Moses Koros	Secretary - Principal	29/04/2019
3	Mr. Joseph Muchemi	Member	29/04/2019
4	Mrs. Bilha kiura	Member	29/04/2019
5	Mr. Walter Nyambok	Member	29/04/2019
6	Ms. Irene Anzumbu	Member	29/04/2019
7	Md. Jane Ndungu	Member	29/04/2019
8	Mr. Peter Mwaura	Member	29/04/2019
9	Mr. Reuben Mwaniki	Member	29/04/2019
10	Ms. Agnes Kanjuki	Member - Rep Teachers	29/04/2019
11	Ms. Sabina Mburu	Members	29/04/2019
12	Ms. Ruth Kiarie	Members	29/04/2019
13	Mr. John Wangombe	Members	29/04/2019
14	Mrs. Margaret Mulanda	Member - Community	29/04/2019
15	Mr. Mohamed A. Rehman	Member - Special Needs	29/04/2019
16	Peter Kariuki	Rep Students	29/04/2019

NAKURU CENTRAL SECONDARY SCHOOL**Report and Financial Statements For Six Months Period Ended 30th June 2021****The functions of the School Board of Management include:**

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Mr. Humphrey Muiruri Mr. Moses Koros Mr. Joseph Muchemi Mr. Bilha Kiura Mr. Walter Nyambok	Chairman Principal Member Member Member	4 out of 6
2	Audit Committee			
3	Finance, procurement and general purposes Committee	Mr. Joseph Muchemi Mr. Moses Koros Mr. Bilha Kiura Mr. Walter Nyambok Mr. Humphrey Muiruri	Chairman Member Member Member Member	4 out of 6
4	Academic Committee	Dr. Humphrey Muiruri Mr. Moses Koros Mrs. Bilha kiura Mr. Walter Nyambok Ms. Irene Anzumbu Ms. Agnes Kanjuki	Member Member Member Member Secretary Chairing	4 out of 6
5	Development Committee	Mr. Joseph Muchemi Ms. Agnes Kanjuki Mr. Moses Koros Mrs. Bilha Kiura Ms. Sabina Mburu Mr. Humphrey Muiruri	Chairing Secretary Member Member Member Member	4 out of 6

NAKURU CENTRAL SECONDARY SCHOOL**Report and Financial Statements For Six Months Period Ended 30th June 2021**

6	Discipline and welfare Committee	Mr. Moses Koros Mr. Joseph Muchemi Mrs. Bilha kiura Mr. Walter Nyambok Ms. Agnes Kanjuki	Member Member Secretary Member Chairing	1 out of 6
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School operation Management For the Six Months Period ended 30th June 2021 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Mr. Moses Koros	241241
2	Deputy Principal	Ms. Agnes Wairimu Kanjuki	304023
3	School Bursar	Ms. Eunice Waithera Kamau	

(d) Schools contacts

Post Office Box: 10544 – 20100 Nakuru
Telephone: 0739448993
E-mail: nakucentralsec@gmail.com
Website:
Facebook:
Twitter:

(e) School Bankers

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

1. Name of Bank: Family Bank
Branch: Nakuru Finance
Account Number: 018000024165
2. Name of Bank: Family Bank
Branch: Nakuru Finance
Account Number: 018000024166
3. Name of Bank: Family Bank
Branch: Nakuru Finance
Account Number: 018000024167
4. Name of Bank: Family Bank
Branch: Nakuru Finance
Account Number: 018000074062
5. Name of Bank: Family Bank
Branch: Nakuru Finance
Account Number: 018000073271
6. Name of Bank: Family Bank
Branch: Nakuru Finance
Account Number: 018000024728

(f) Independent Auditors

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

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

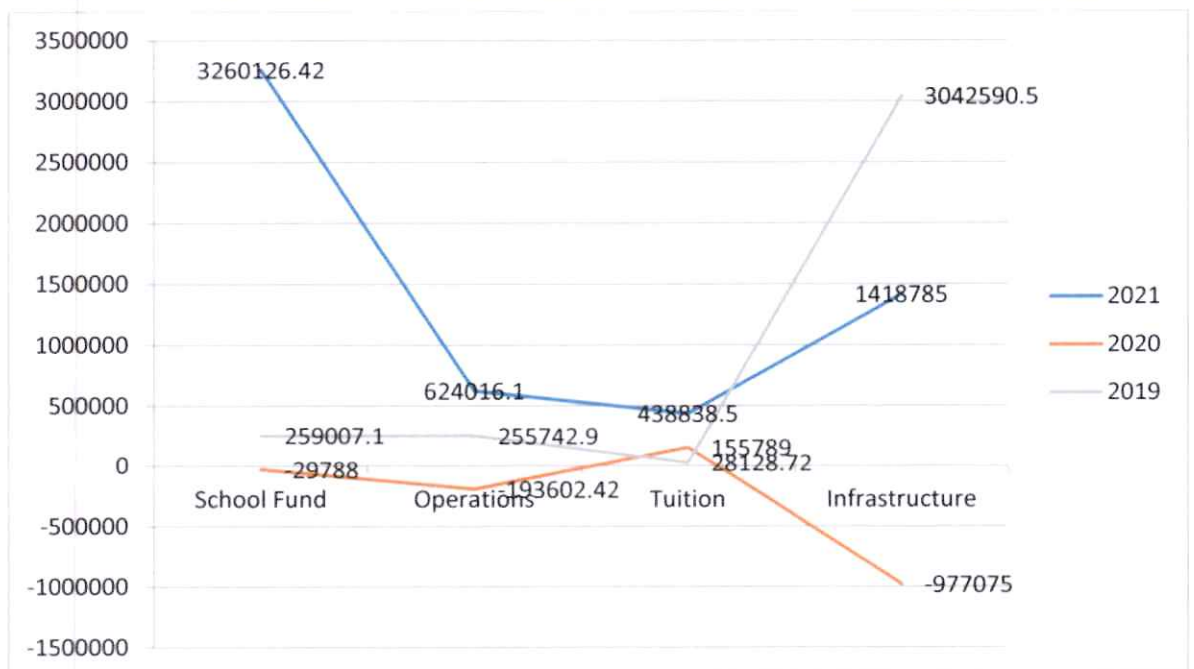
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

Under this section, the following information should be given:

SURPLUS/DEFICIT FOR THE YEAR AND A COMPARISON OF THE SAME FOR THE LAST THREE YEARS				
SNO	ACCOUNTS	2021	2020	2019
		Kshs	Kshs	Kshs
1	School Fund Account	3,260,126.42	(29,788.00)	259,007.10
2	Operations Account	624,061.10	(193,602.42)	225,742.90
3	Tuition Account	438,838.50	155,789.00	28,128.72
4	Infrastructure Account	1,418,785.00	(977,075.00)	3,042,590.51
	TOTAL	5,741,763.02	(1,044,676.42)	3,555,469.23
	Increase/Decrease	4,697,086.60	(4,600,145.65)	4,166,280.97

GRAPH PRESENTATION FOR SURPLUS/DEFICIT FOR THE LAST THREE YEARS



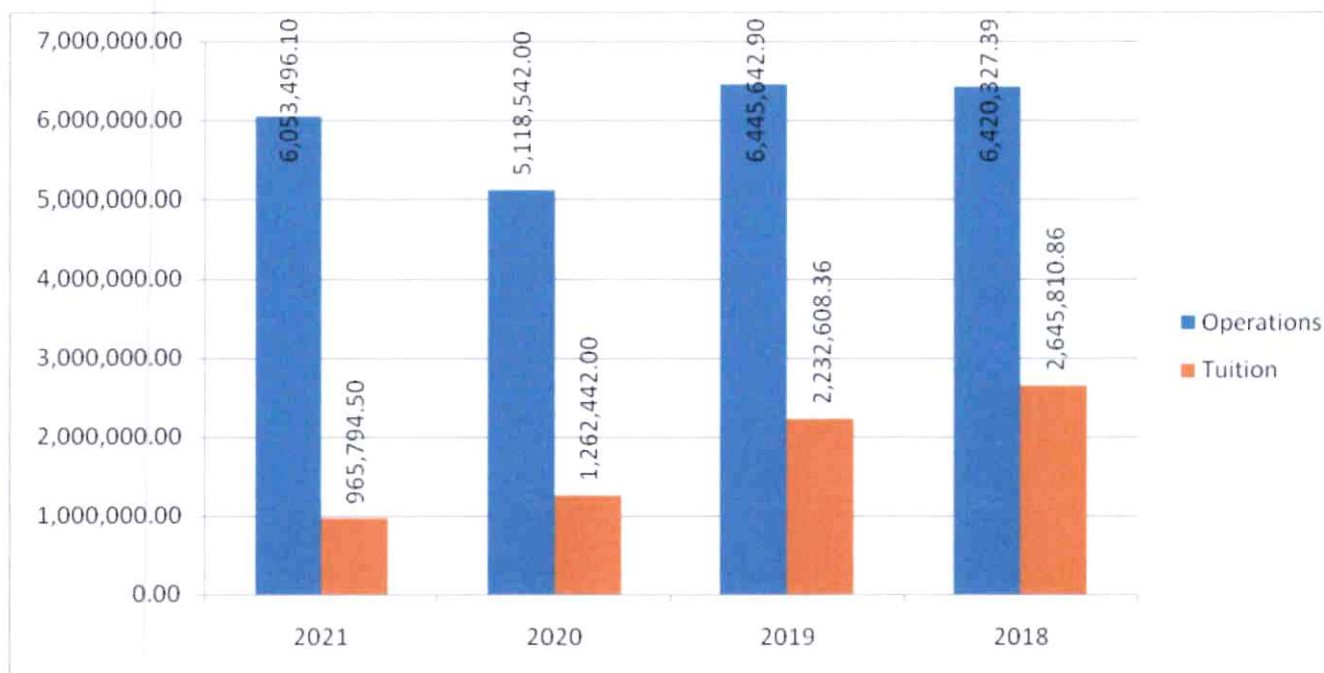
From the year 2021 there is an increase in surplus of Kshs 4,697,086.60 even though year 2021 covers a period of 6 months while comparative period year 2020 covers a period of 12 months. In the year 2020 there was a decrease in surplus of Kshs 4,600,145.65 which resulted from early closure of the school due to Covid 19 where students stayed home and parents were not paying the fees and lesser FDSE disbursement.

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

CAPITATION GRANTS FROM THE MINISTRY OF EDUCATION FOR THE LAST THREE YEARS					
SNO	ACCOUNTS	2021	2020	2019	2018
		KSHS	KSHS	KSHS	KSHS
1	Operations Account	6,053,496.10	5,118,542.00	6,445,642.90	6,420,327.39
2	Tuition Account	965,794.50	1,262,442.00	2,232,608.36	2,645,810.86
	Total	7,019,290.60	6,380,984.00	8,678,251.26	9,066,138.25
	Increase/Decrease	638,306.60	(2,297,267.26)	(387,886.99)	3,415,318.25
	No of Students	791	850	686	569
	Ratio of Capitation per student	1:8873.95	1:7507.04	1:12650.51	1:15933.46

GRAPH PRESENTATION FOR GRANT FROM MINISTRY OF EDUCATION FOR THE LAST THREE YEARS



From the year 2021 there was an increase of grant of Kshs. 638,306.60 even though the period covers 6 months while comparative period 2020 covers 12 months.

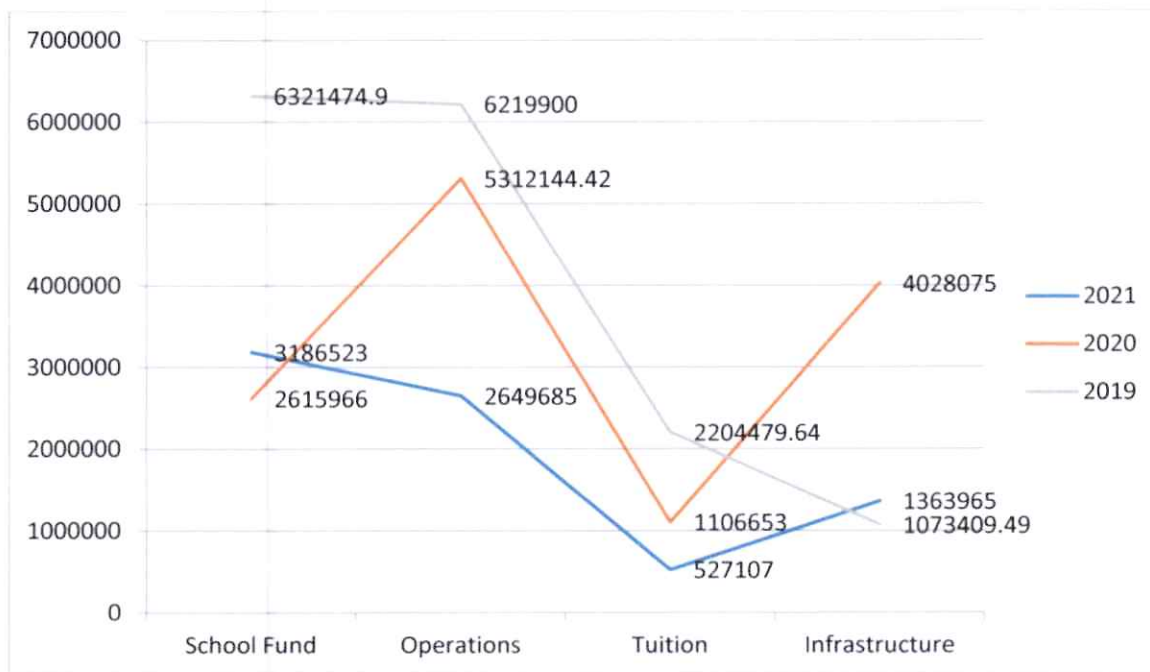
In the year 2020 there was a decrease in grant of Kshs. 2,297,267.26 which resulted from early closure of the school due to Covid 19.

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

OVERVIEW OF GROWTH IN EXPENDITURE OF THE SCHOOL				
SNO	ACCOUNTS	2021	2020	2019
		Kshs	Kshs	Kshs
1	School Fund Account	3,186,523.00	2,615,966.00	6,321,474.90
2	Operations Account	2,649,685.00	5,312,144.42	6,219,900.00
3	Tuition Account	527,107.00	1,106,653.00	2,204,479.64
4	Infrastructure Account	1,363,965.00	4,028,075.00	1,073,409.49
	Total	7,727,280.00	13,062,838.42	15,819,264.03
	Increase/Decrease	(5,335,558.42)	(2,756,425.61)	(657,811.96)

GRAPH PRESENTATION FOR THE GROWTH IN EXPENDITURE FOR THE LAST THREE YEARS



From the year 2021 there was a decrease in expenditure of Kshs. 5, 335,558.42 even though the period covers 6 months while comparative period 2020 covers 12 months.

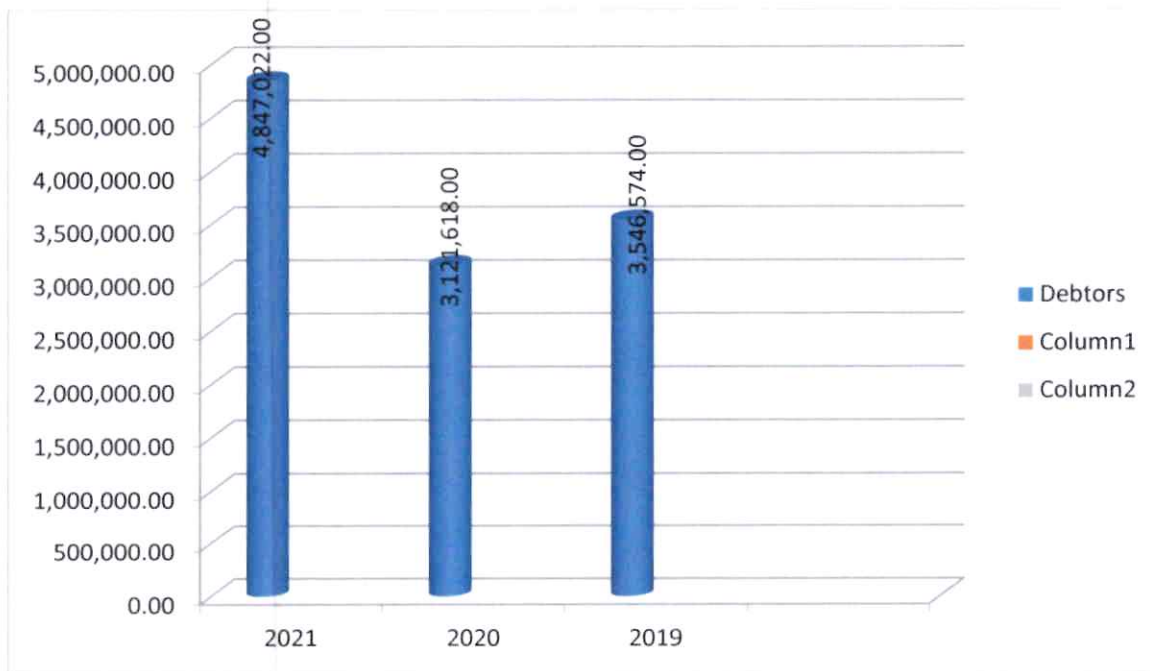
In the year 2020 there was a decrease in expenditure of Kshs. 2,756,425.61 which resulted from early closure of the school due to Covid 19.

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

SNO	ACCOUNTS	2021	2020	2019
1	School Fund Account	KSHS	KSHS	KSHS
a	Debtors	4,847,022.00	3,121,618.00	3,546,574.00
	Total	4,847,022.00	3,121,618.00	3,546,574.00
	Increase/Decrease	1,725,404.00	(424,956.00)	241,934.00

GRAPH PRESENTATION FOR THE MOVEMENT OF DEBTORS OF THE SCHOOL



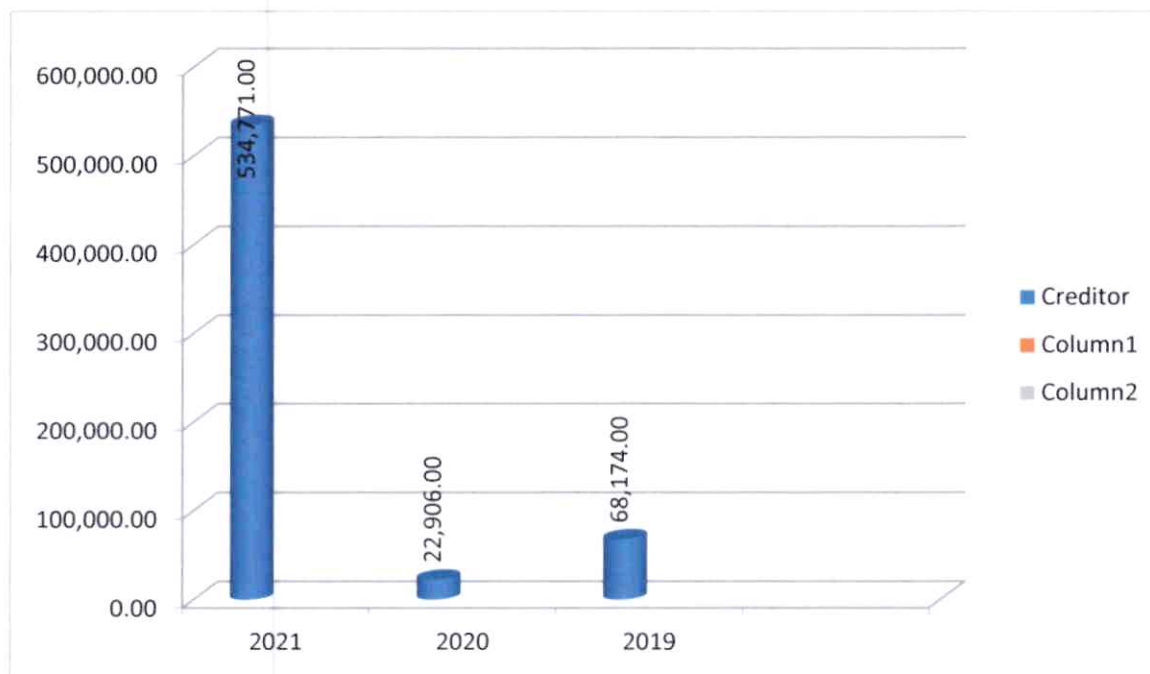
From the year 2021 there is an increase in debtors of Kshs 1,725,404.00 even though year 2021 covers a period of 6 months while comparative period year 2020 covers a period of 12 months.

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

MOVEMENT OF CREDITORS OF THE SCHOOL

SNO	ACCOUNTS	2021	2020	2019
1	Description	KSHS	KSHS	KSHS
a	Creditors	534,771.00	22,906.00	68,174.00
	Total	534,771.00	22,906.00	68,174.00
	Increase/Decrease	511,865.00	(45,268.00)	62,415.00

GRAPH PRESENTATION FOR THE MOVEMENT OF CREDITORS



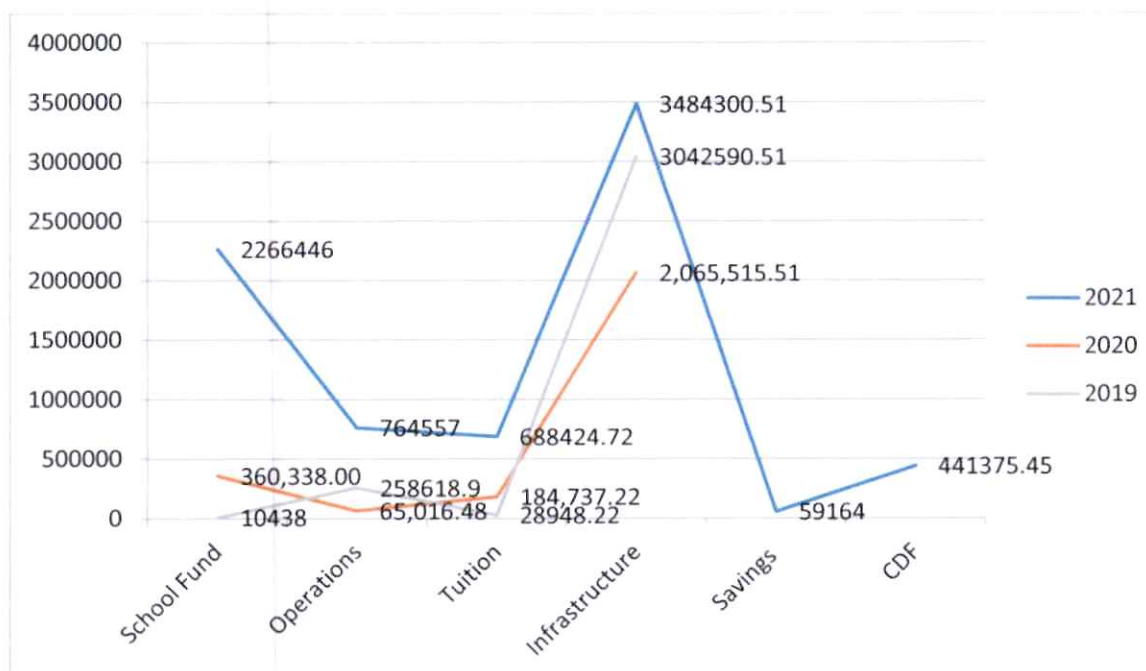
From the year 2021 there is an increase in creditors of Kshs 511,865 which resulted from excess fees even though year 2021 covers a period of 6 months while comparative period year 2020 covers a period of 12 months.

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

MOVEMENT OF CASH AND BANK BALANCES

SNO	ACCOUNTS	2021	2020	2019
		KSHS	KSHS	KSHS
1	School Fund Account	2,266,446.00	360,338.00	10,438.00
2	Operations Account	764,557.00	65,016.48	258,618.90
3	Tuition Account	688,424.72	184,737.22	28,948.22
4	Infrastructure Account	3,484,300.51	2,065,515.51	3,042,590.51
	Savings Account	59,164.00		
	CDF Account	441,375.45		
	Total	7,704,267.68	2,675,607.21	3,340,595.63
	Increase/Decrease	5,028,660.47	(664,988.42)	2,872,792.07

GRAPH PRESENTATION FOR CASH AND BANK BALANCES FOR THE LAST THREE YEARS



From the year 2021 there is an increase in cash and bank balances of Kshs 7,704,267.68 even though year 2021 covers a period of 6 months while comparative period year 2020 covers a period of 12 months.

In the year 2020 there was a decrease in cash and bank balances of Kshs 664,988.42 which resulted from early closure of the school due to Covid 19 where students stayed home.

NAKURU CENTRAL SECONDARY SCHOOL**Report and Financial Statements For Six Months Period Ended 30th June 2021**

b) Teacher Student ratio:

The teacher to student ratio is 33:1. The number of teachers recruited in the year ending 31/6/2021 are (3) three female teachers. The total teaching staff was (29) twenty-nine, which was a total of (12) twelve males and (17) seventeen female. The school has no B.O.M teachers.

The following is a breakdown of the number of teachers per each subject.

S/No	Subject	No. of Teachers
1	ENGLISH	4
2	KIAWAHILI	5
3	MATHEMATICS	6
4	BIOLOGY	3
5	CHEMISTRY	3
6	PHYSICS	3
7	COMPUTER STUDIES	1
8	WOODWORK	1
9	C.R.E	7
10	AGRICULTURE	4
11	HOME SCIENCE	1
12	HISTORY	6
13	GEOGRAPHY	3
14	BUSINESS STUDIES	3

The subject we were having shortages are as follows: -

S/No	Subject
1	HOME SCIENCE
2	COMPUTER STUDIES
3	GEOGRAPHY
4	CHEMISTRY
5	BUSINESS STUDIES

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

c) Mean score in the 2020 KCSE:

YEAR	NO OF CANDIDATES	MEAN SCORE	TRANSITION	REMARKS
2018	138	2.6449	12	The performance was below the school target of 4.000. the decline was due to low Kcpe entry mark and indiscipline issue due to socio – economic challenges in their home environment.
2019	122	2.9426	12	The performance was below the school target mean of 4.000. The poor performance was attributed to:- absenteeism, low Kcpe entry marks and students missing lunch due to parents not paying lunch programme money.
2020	177	2.6325	8	The performance was below the school target mean score and this could have been attributed to:- students missing lunch due to parent failing to pay lunch money, the Covid 19 break where some students only appeared during the exams, low Kcpe entry marks and indiscipline issues.

d) Number of Candidates in the 2020 KCSE:

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

YEAR	NUMBER OF CANDIDATES		
	2018	2019	2020
BOYS	73	72	67
GIRLS	65	50	50
TOTAL	138	122	117

NAKURU CENTRAL SECONDARY SCHOOL**Report and Financial Statements For Six Months Period Ended 30th June 2021**

e) Capacity of the school:

The school had a total of 850 students composed of 430 boys and 420 girls, the number of classes is (15) fifteen, the ratio of classes and the students in the school 1:57. The school has a shortfall of (7) classes.

The school has two (2) laboratories, one (1) computer laboratory and one (1) library.

The student's toilets comprise of (8) eight girl's toilets and 12(twelve) boy's toilets.

Enrolment	Classes	Laboratories	Comp. Laboratory	Library	Toilets
Boys 430	15	2	1	1	12
Girls 420					8

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

f) Development projects carried out by the school:

S/No	Project Name	Sources Of Fund	Amount	Status
1.	New Storey Classroom	M.O E.S.T	1,825,540.00	On Progress
2.	Ramp	M.O E.S.T	1,627,880.00	On Progress
3.	Renovation of Classrooms	M.O E.S.T	753,800.00	Completed

.....
School Principal



NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Statement of School Management Responsibility

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

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

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the Six Month Period Ended 30th June, 2021, and of the school's financial position as at that date.

.....
Name: Humphrey K. Muiruri (Dr)
Designation: Chairman, School Board of Management
Date:

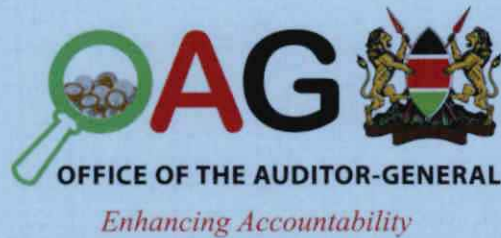
.....
Name: Moses N. Koros (Mr)
Designation: School Principal & Secretary to Board of Management
Date:



.....
Name: Eunice W. Kamau (Ms)
Designation: Bursar/ Finance Officer
Date:

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NAKURU CENTRAL SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 - NAKURU COUNTY

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and overall 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 Nakuru Central Secondary School - Nakuru County set out on pages 1 to 21, which comprise the statement of assets

Report of the Auditor-General on Nakuru Central Secondary School for the six (6) months' period ended 30 June, 2021 - Nakuru County

and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the six (6) months' period 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 respect, the financial position of Nakuru Central Secondary School - Nakuru 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, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Long Outstanding Receivables

The statement of assets and liabilities reflects accounts receivables balance of Kshs.4,847,022 as disclosed in Note 13 to the financial statements. Included in the balance are receivables amounting to Kshs.2,626,463 which have been outstanding for more than three (3) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.4,847,022 could not be confirmed.

2.0 Unsupported Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents of Kshs.7,704,266 as disclosed in Notes 10 and 11 to the financial statements. Included in the cash and cash equivalent balance is a negative cash balance of Kshs.4,097 which has been netted off the cash and cash equivalent balance of Kshs.7,708,363 contrary to Section 28(4)(5) of the Public Finance Management Act, 2012. Further, the School did not prepare a board of survey report as at 30 June, 2021 to confirm the cash balance.

In the circumstances, the accuracy, completeness, existence of bank balance of Kshs.7,704,266 could not be confirmed.

3.0 Unsupported Payments

The statement of receipts and payments reflects payments for tuition, payments for operations, payments for infrastructure, and boarding and school fund payments of Kshs.527,107, Kshs.2,649,685, Kshs.1,363,965 and Kshs.3,196,963 respectively as disclosed in Notes 6, 7, 8 and 9 to the financial statements. However, examination of

payment vouchers amounting to Kshs.3,393,645 revealed that Management made payments without proper support documents such as requisitions, local purchase orders, delivery notes, inspection reports, goods received notes, certificate of payments.

In the circumstances, the regularity, accuracy and completeness of the tuition, operations, infrastructure and boarding and School fund payments amounting to Kshs.3,393,645 could not be confirmed.

4. Inaccuracies in the Financial Statements

Review of the School's financial statements revealed the following inaccuracies and presentation anomalies;

- i. The statement of receipts and payments reflects total payments of Kshs.7,729,280 which differs with the re- casted amount of Kshs.7,737,720, resulting to an unreconciled variance of Kshs.8,440. Further, the total payments of Kshs.7,729,280 was not supported with the ledgers and detailed accounting schedules,
- ii. The statement of receipts and payments reflects school fund income- parents' contributions of Kshs.6,162,175. However, the amount was not supported with detailed accounting schedules showing the amounts invoiced, paid and outstanding amounts,
- iii. Management did not provide records of any scholarship and bursaries paid to the School and for which particular students nor explained how the bursaries and scholarships have been accounted for under school fund income- parents' contributions,
- iv. The statement of cash flows reflects school fund income- parents' contributions, cash out flows for tuition, cash outflows for operations and cash outflows for boarding and school fund payments of Kshs.4,875,180, Kshs.462,107, Kshs.2,605,285 and Kshs.2,937,993 respectively. However, Management has not disclosed in the Notes to the financial statements how the amounts have been arrived at. Further, the statement of cash flows reflects a nil balance for net increase in cash and cash equivalents instead of the re- casted balance of Kshs.4,528,121,
- v. The statement of receipts and payments reflects tuition expenditure of Kshs.527,107 while Note 6 reflects a re- casted amount of Kshs.592,107, resulting to a casting error of Kshs.65,000 which was not corrected,
- vi. The statement of assets and liabilities reflects Kshs.6,561,772 for accumulated fund balance brought forward as disclosed in Note 15 to the financial statements. However, Management did not provide records to support the balance;

- vii. Note 3 to the financial statements is not disclosed on the face of the statement or receipts and payments; and
- viii. The amounts and balances in the financial statements and notes have not been rounded off to the nearest shilling.

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Nakuru Central Secondary School Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit 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.28,995,200 and Kshs.10,763,811 respectively, resulting to under-funding of Kshs.18,231,389 or 63% of the budget. However, the School spent a balance of Kshs.7,737,720 against actual receipts of Kshs.10,763,811 resulting to an under-utilization of Kshs.3,026,091 or 28% of actual receipts.

Further, the School Management did not provide for audit evidence to confirm that estimates of revenue and expenditure were submitted for approval by the Cabinet Secretary, contrary to provisions of Section 16(1) and (2) of the Fourth Schedule of the Basic Education Act, 2013 which states that 'the Board of Management of a public institution of basic education shall prepare annual estimates of revenue and expenditure for the institution under its charge, in such form and at such times as the Cabinet Secretary may prescribe. The Board of Management may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet Secretary, and any approved expenditure under any head of the estimates may not be exceeded without the prior written approval of the Cabinet Secretary'.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public. Further, Management was in breach of the law.

My opinion is not modified I 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.

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 effects of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects payments for operations of Kshs.2,649,685 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.87,880 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. This organization is not defined in Government Funding 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.87,880 could not be confirmed.

2. Non-Compliance with the Ministry of Education Operational Manual for Utilization of Learner Capitation Grants

The statement of receipts and payments reflects capitation grants for tuition, operations and infrastructure of Kshs.965,795 and Kshs.3,273,746 and Kshs.2,782,750 respectively as is disclosed in Notes 1, 2 and 3 to the financial statements. However, the School Management did not submit duly signed form-lists by individual students in respect to the capitation grants to the Sub-County Director of Education. Further, the School did not display the receipts of capitation and the circular accompanying the funds on the School's noticeboard. This was contrary to Sub-section 3.1.1 of the Ministry of Education Operational Manual for Utilization of Learner Capitation Grant which outlines the criteria for funding that each school must fulfil to receive capitation.

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

3. Lack of Procurement Plan

The statement of receipts and payments reflects amounts of Kshs.13,184,464 and Kshs.7,729,280 in respect of total receipts and payments respectively. However, during the period, Management did not provide for audit an annual procurement plan as part of the annual budget process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that "a procuring entity 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.

4. Late Submission of Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 17 February, 2024 instead of the statutory deadline of 30 September, 2021/2022/2023. This was contrary to the Ministry of Education circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be ready by 30 September, 2021 in compliance which Section 81 of the Public Finance Management Act, 2012 on preparation of the 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, based on the audit procedures performed, except for the effects of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0 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), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the School through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

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

2.0 Lack of Risk Management Policy

Review of internal controls revealed that the School did not have a risk management policy, strategies and risk register to mitigate against risk. This was contrary to Regulation 165(1) of Public Finance Management (National Government) Regulations, 2015, which provides that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of risk management in the School could not be confirmed.

3.0 Lack of Insurance Cover for Property and Other Assets

Review of financial statements and assets records revealed that the School did not have an insurance cover for property and other assets.

In the circumstances, the School is exposed to losses without compensation in case of fire, theft or any other unforeseen calamities.

4.0 Weak Internal Controls on Filing of Procurement Documents

Review of internal controls on management of payments and procurement processes revealed that payment vouchers, supporting documents and procurement documents were separately filed by the accounts department, thus, delinking procurement documents from expenditure documents.

In the circumstances, a proper filing system with clear links between payment vouchers, procurement documents and expenditure files was not maintained by the School Management to facilitate an audit trail.

5.0 Weaknesses in Information Technology Internal Controls

Review of Information Communication Technology (ICT) revealed that despite the School having a computer laboratory to support students computer studies, an accounting software and an examinations and students' management software, the School did not have in place the following controls in regards to Information Communication Technology (ICT):

- i. An IT strategic committee and IT steering committee, which may result in inadequate IT governance, which forms a critical part of the entity's governance structure,
- ii. Documented policies which cover physical access to IT environments. This could result in loss of information assets due to damages or theft
- iii. Disaster management and recovery policies including fire suppression systems and
- iv. Business and IT continuity plans including an off-site back-up plan.

In the circumstances, disaster management, business recovery and continuity of the operations may not be guaranteed.

6.0 Lack of Segregation of Duties

Review of the School's operations revealed lack of segregation of duties in key operations like maintaining books of accounts including cash books, preparing payment vouchers, posting to the cash book, and prepares the monthly bank reconciliations which were performed by the Accounts Clerk.

In the circumstances, the effectiveness of internal controls in the revenue and payments processes could not be confirmed.

7.0 Unvalued Fixed Assets and Lack of Ownership Documents

Annex 2 to the financial statements discloses a summary of fixed assets owned by the School that includes five (5) acres of land, buildings and structures, office equipment, furniture and fittings, ICT equipment and other ICT assets, tools and apparatus, textbooks and intangible assets. However, review of documents provided for audit revealed the following anomalies;

- i. The School did not have land ownership documents for the five (5) acres of land where it is located. Further, valuation reports determining the size and value of the land were not provided for audit;
- ii. The summary of fixed assets register reflects a nil book value for all the assets, thus, understating the book values of the assets; and
- iii. The office equipment, furniture and fittings, ICT equipment, tools and apparatus and machinery and equipment were not tagged or serialized as School's owned assets.

In the circumstances, the effectiveness of internal controls, existence, and ownership of the School assets could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance

were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Management

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal 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 the 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 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

25 September, 2024

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Statement of Receipts and Payments for the Six Months Period Ended 30th June 2021

Description Of Vote Head	Note	JUNE 2021	
		Kshs	Kshs
Receipts			
Government grants for tuition	1	965,794.50	
Government grants for operations	2	3,273,746.10	
Government Grants for infrastructure		2,782,750.00	
School fund income- parents' contributions	4	6,162,175.00	
Miscellaneous incomes			
Total Receipts		13,184,464.60	
Payments			
Tuition	6	527,107.00	
Operations	7	2,649,685.00	
Infrastructure		1,363,965.00	
Boarding and school fund	9	3,196,963.00	
Total Payments		7,729,280.00	
Surplus/Deficit		5,454,744.60	

The school financial statements were approved on _____ 2021 and signed by:

.....
 Name: **Humphrey K. Muiruri**
 (Dr)

Chair BOM

Date:

.....
 Name: **Moses N. Koros (Mr)**
 School Principal/ Secretary to
 BOM

Date:

.....
 Name: **Eunice W. Kamau**
 (Ms)

Bursar/ Finance Officer

Date:



NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Statement of Assets and Liabilities As At 30th June 2021

Description	Note	JUNE 2021	
		Kshs	
Financial Assets			
Cash and cash equivalents			
Bank balances	10	7,708,362.68	
Cash balances	11	(4,097.00)	
Short term investm ^t ments	12		
Total cash and cash equivalent		7,704,265.68	
Account's receivables	13	4,847,022.00	
Total financial assets		12,551,287.68	
Financial liabilities			
Accounts payables	14	534,771.00	
Net financial assets		12,016,516.68	
Represented by			
Accumulated fund b/fwd	15	6,561,772.08	
Surplus/deficit for the year		5,454,744.60	
Net financial position		12,016,516.68	

The school's financial statements were approved on _____ 2021 and signed by:



Name: Humphrey K. Muiruri (Dr)


Chair BOM

Date:



Name: Moses N. Koros (Mr)
 School Principal/ Secretary to BOM

Date:



Name: Eunice W. Kamau (Ms)

Bursar/ Finance Officer

Date:



NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Statement of Cash Flows for the Six Months Period Ended 30th June 2021

Description	Note	JUNE 2021	
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	965,794.50	
Government grants for operations	2	3,273,746.10	
Government grants for infrastructure	3	2,782,750.00	
School fund income- parents contributions/ fees	4	4,875,180.42	
Other income	5	0.00	
Total receipts		11,897,471.02	
Payments			
Cash outflows for tuition	6	462,107.00	
Cash outflows for operations	7	2,605,285.00	
Cash outflows Boarding/lunch and school fund payments	9	2,937,993.00	
Total payments		6,005,385.00	
Net cash inflow/outflow from operating activities		5,892,086.02	
Cash flow from investing activities			
Acquisition of assets		(1,363,965.00)	
Proceeds from sale of Assets		0.00	
Proceeds from investments			
Purchase of investments			
Net cash inflow/outflows from investing activities		(1,363,965.00)	
Cash flow from Financing activities			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash inflow/outflow from financing activities		4,528,121.02	
Net increase/decrease in cash and cash equivalents			
Cash and cash equivalent at beginning of the FY		3,176,144.66	
Cash and cash equivalent at end of the FY		7,704,265.68	

Note: Cash and Cash Equivalent is the summation of Note 10, 11 and 12.

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

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

The school's financial statements were approved on _____ 2021 and signed by:



.....
Name: Humphrey K. Muiruri (Dr)

Chair BOM

Date:



.....
Name: Moses N. Koros (Mr)
School Principal/ Secretary to BOM

Date:



.....
Name: Eunice W. Kamau (Ms)

Bursar/ Finance Officer

Date:



NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

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	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
(1) Capitation Grant on Tuition					
Reference Materials	320,000.00	-	320,000.00	-	0.00%
Exercise Books	836,000.00	-	836,000.00	269,566.04	32.24%
Laboratory Equipment	696,000.00	-	696,000.00	224,423.40	32.24%
Internal Exams	557,600.00	-	557,600.00	292,008.38	32.24%
Teaching / Learning Materials	905,600.00	-	905,600.00	179,796.68	32.24%
Exams And Assessment				-	
	3,315,200.00	-	3,315,200.00	965,794.50	29.13%
(2) Capitation Grant on Operations					
Personnel Emoluments	4,471,200.00	-	4,471,200.00	2,077,260.00	46.46%
Repairs And Maintenance	-	-	-	-	0.00%
Local Transport / Travelling	500,000.00	-	500,000.00	222,865.00	44.57%
Electricity And Water	1,224,800.00	-	1,224,800.00	491,198.00	40.10%
Medical	160,000.00	-	160,000.00	-	0.00%
Administration Costs	1,324,000.00	-	1,324,000.00	482,423.10	36.44%
Activity	1,200,000.00	-	1,200,000.00	-	0.00%
Gratuity	-	-	-	-	
	8,880,000.00		8,880,000.00	3,273,746.10	36.87%
3) FDSE for infrastructure					

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Maintenance &Improvement MoE	4,000,000.00	-	4,000,000.00	2,782,750.00	69.49%
M&I parents' contribution					
Economic Stimulus Programs					
Transition Infrastructure Grants					
	4,000,000.00	-	4,000,000.00	2,782,750.00	69.49%
<i>(4) Fees Charged on Parents</i>					
Personnel Emoluments					
Repairs And Maintenance					
Local Transport / Travelling					
Electricity And Water					
Medical					
Administration Costs					
Activity					
Lunch Programme	12,800,000.00	-	12,800,000.00	3,741,520.00	29.23%
	12,800,000.00	-	12,800,000.00	3,741,520.00	29.23%
<i>5) Miscellenous Income</i>					
Loans / Borrowing					
Rent income					
Income From Farming Activities					
Insurance Compensation					
Income From Posho Mill					
Income From Bus Hire					

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Fee For Hire of Ground and Equipment					
Interest Income					
Income From Any Other Investment					
Total Income	28,995,200.00	-	28,995,200.00	10,763,810.60	37.12%
(6) Expenditure For Tuition					
Textbooks					
Reference Materials	320,000.00	-	320,000.00		0.00%
Exercise Books	836,000.00	-	836,000.00		0.00%
Laboratory Equipment	696,000.00	-	696,000.00	302,863.00	43.51%
Internal Exams	557,600.00	-	557,600.00	103,500.00	18.56%
Teaching / Learning Materials	905,600.00	-	905,600.00	116,880.00	20.08%
Chalks					
Exams And Assessment					
Teachers Guides					
Administration Costs					
Bank Charges				3,864.00	0.00%
	3,315,200.00	-	3,315,200.00	527,107.00	17.86%
(7) Expenditure For Operations					
Personnel Emoluments	4,471,200.00	-	4,471,200.00	1,733,326.00	33.14%
Repairs, Maintenance & Improvements	-	-	-	-	-
Local Transport / Travelling	500,000.00	-	500,000.00	158,900.00	31.78%
Electricity, Water and Conservancy	1,224,800.00	-	1,224,800.00	350,218.00	28.59%

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Medical	160,000.00	-	160,000.00	-	-
Administration Costs	1,324,000.00	-	1,324,000.00	382,361.00	28.87%
Activity Expenses	1,200,000.00	-	1,200,000.00	24,880.00	2.07%
Gratuity	-	-	-	-	-
SMASSE	-	-	-	-	-
	8,880,000.00	-	8,880,000.00	2,649,685.00	29.84%
<i>(8) Expenditure For infrastructure</i>					
Construction of classrooms	4,000,000.00	-	4,000,000.00	1,360,365.00	34.00%
Construction of LAB					
Construction of DORMS					
Purchase of furniture					
Bank Charges				3,600.00	
	4,000,000.00	-	4,000,000.00	1,363,965.00	34.10%
<i>(9) Expenditure For school fund/lunch/boarding</i>					
Personnel Emoluments					
Repairs, Maintenance and Improvements					
Local Transport / Travelling					
Electricity, Water and Conservancy					
Medical Expenses					
Administration Costs					
Activity					
Gratuity					

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Lunch Programme	12,800,000.00	-	12,800,000.00	3,186,523.00	22.87%
Boarding Equipment and Stores					
Expenditure For Income Generating Activity					
Insurance Costs					
Other Expenses On Investments					
Rent Expenses					
Bank Charges				10,440.00	0.00%
Loan Interest Repayment					
	12,800,000.00	-	12,800,000.00	3,196,963.00	22.95%
Totals Expenditure	28,995,200.00		28,995,200.00	7,737,720.00	26.69%

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

- i. The school only received 37.12% of the total expected income within a period of 6 months.*
- ii. The school only spent 26.69% of the total expenditure within a period of 6 months.*

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

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 school fees from parents, 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*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

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

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

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.

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. Accounts receivables also include school fees billed to parents for services rendered but not paid. 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. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

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 Six Months Period Ended 30th June 2021.

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Notes to The Financial Statements

1 Government Grants for Tuition

Description	JUNE 2021	
	Kshs	Kshs
Reference Materials		
Exercise Books	269,566.04	
Laboratory Equipment	224,423.40	
Internal Exams	179,796.68	
Teaching / Learning Materials	292,008.38	
Others (<i>specify</i>)*		
Total	965,794.50	

2 Government Grants for Operations

Description	JUNE 2021	
	Kshs	Kshs
Personnel Emoluments	2,077,260.00	
Repairs And Maintenance		
Local Transport / Travelling	222,865.00	
Electricity And Water	491,198.00	
Medical		
Administration Costs	482,423.10	
Activity		
Other Vote Heads (<i>specify</i>)*		
Total	3,273,746.10	

3 Government Grants for infrastructure

Description	JUNE 2021	
	Kshs	Kshs
Maintenance & Improvement	2,782,750.00	
Transition infrastructure grants		
Administration Block		
Economic stimulus grants		
Other (<i>specify</i>)(NGCDF and County govt.		
Total	2,782,750.00	

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

4 School Fund Income - Parents Contribution/Fees

Description	JUNE 2021	
	Kshs	Kshs
Personnel emoluments		
Repairs and maintenance		
Local transport / travelling		
Electricity and water		
Medical		
Administration costs		
Activity		
Fee on Boarding Equipment and stores		
Fees Arrears	2,420,654.00	
Lunch Programme	3,741,520.00	
Total	6,162,174.00	

5 Miscellaneous Incomes

Description	JUNE 2021	
	Kshs	Kshs
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		
Loans/Borrowings*		
Other Income (specify)*		
Total		

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Notes to the Financial Statements (continued)

6 Tuition

Description	JUNE 2021	
	Kshs	Kshs
Exercise Books		
Textbooks		
Reference materials		
Laboratory Equipment	302,863.00	
Teaching / Learning Materials	181,880.00	
Exams And Assessment	103,500.00	
Teachers Guides		
Bank Charges	3,864.00	
Others (<i>specify</i>)		
Total	527,107.00	

7 Operations

Description	JUNE 2021	
	Kshs	Kshs
Personnel Emoluments	1,733,326.00	
Service Gratuity		
Administration Cost	382,361.00	
Repairs And Maintenance & Improvements		
Local Transport / Travelling	158,900.00	
Electricity And Water	350,218.00	
Medical		
Activity Expenses	24,880.00	
Difference in transfer to MI A/C		
Others (<i>specify</i>)		
Total	2,649,685.00	

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Notes to the Financial Statements (continued)

8 Infrastructure

Description	JUNE 2021	
	Kshs	Kshs
Construction of classrooms	1,360,365.00	
Construction of laboratory		
Construction of dormitory		
Purchase of furniture		
Purchase of equipment		
Purchase of apparatus		
Drilling of boreholes		
Bank Charges	3,600.00	
Total	1,363,965.00	

9 Boarding and School Fund

Description	Insert Current FY	
	Kshs	Kshs
Personnel Emoluments		
Service Gratuity		
Repairs And Maintenance & Improvements		
Local Transport / Travelling		
Electricity And Water		
Medical Expenses		
Administration Costs		
Lunch Programme	3,186,523.00	
Bank Charges	10,440.00	
Expenses On Income Generating Activities**		
Fee On Boarding Equipment and Stores		
Rent Expenses		
Insurance Cost (<i>Life Property</i>)		
Loan Principal Repayment		
Loan Interest Repayment		
Acquisition Of Assets		
PA expenses		
Others (specify)		
Total	3,196,963.00	

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Notes to the Financial Statements (continued)

10 Bank Accounts

Account Name & Currency	Status	Bank Account Number	JUNE 2021	
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	018000024167	688,424.72	
Operations Account	Active	018000024165	772,629.00	
School Fund Account/Boarding	Active	018000024166	2,262,471.00	
Savings Account	Dormant	018000073271	59,164.00	
CDF Account	Active	018000024728	441,375.45	
Income Generating Activities Account				
Infrastructural Account	Active	018000074062	3,484,300.51	
Total			7,708,362.68	

11 Cash In Hand

Description	JUNE 2021	
	Kshs	Kshs
Notes and Coins	(4,097.00)	
Total	(4,097.00)	

12 Short Term Investments

Description	JUNE 2021	
	Kshs	Kshs
Cooperative Shares		
Treasury Bills		
Fixed Deposit accounts		
Other Investments		
Total		

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Notes to the Financial Statements (continued)

13 Accounts Receivable

Description	JUNE 2021	
	Kshs	Kshs
Fees Arrears	4,847,022.00	
Other Non-Fees Receivables		
Salary Advances (list/schedule attached)		
Imprest (list/schedule attached)		
Rent arrears (list/schedule attached)		
Total	4,847,022.00	

13 b Ageing Analysis of Accounts Receivable

Description	JUNE 2021			
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	2,420,654.00	49.94%		
Between 1- 2 years	495,155.00	10.00%		
Between 2-3 years				
Over 3 years	2,626,463.00	54.19%		
Fees Recoveries	(695,250.00)	-14.34%		
Total (should tie to note 13 a)	4,847,022.00	100.00%		

14 Accounts Payable

Description	JUNE 2021	
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	360,370.00	
Prepaid Fees	174,401.00	
Retention Monies		
Unpaid salaries and statutory deductions		
Caution money		
Other payables (<i>specify</i>)		
Total	534,771.00	

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Notes to the Financial Statements (continued)

14a. Ageing Analysis of Accounts Payable

Description	JUNE 2021			
	Kshs		Kshs	
	JUNE 2021	% of the total	Comparative FY	% of the total
Less than 1 year	360,370.00	100.00%		%
Between 1- 2 years		%		%
Between 2-3 years		%		%
Over 3 years		%		%
Total (should tie to note 14)	360,370.00	100.00%		%

15 Fund Balance Brought Forward

Description	JUNE 2021	
	Kshs	Kshs
Bank Balances	3,175,369.66	
Cash Balances	775.00	
Short Term Investments		
Receivables	3,408,533.42	
Payables	22,906.00	
Total	6,561,772.08	

NAKURU CENTRAL SECONDARY SCHOOL**Report and Financial Statements For Six Months Period Ended 30th June 2021****Other important disclosure notes**

IPSAS Cash Standard 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.

16 Non-current Liabilities Summary

Description	JUNE 2021	
	Kshs	Kshs
Bank Loans		
Outstanding Leases		
Hire Purchase		
Gratuity And Leave Provision		
Others (specify)		
Total		

17 Biological assets

Description	Numbers	JUNE 2021	
		Kshs	Kshs
Cattle			
Goats			
Trees	120	360,000.00	
Coffee Or Tea Plantation			
Poultry			
Others (specify)			
Total	120	360,000.00	

18 Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year		
Borrowings during the year		
Repayments during the year		
Balance at the end of the year		

NAKURU CENTRAL SECONDARY SCHOOL

Report and Financial Statements For Six Months Period Ended 30th June 2021

Other important disclosure notes

19 Stock/ Inventory

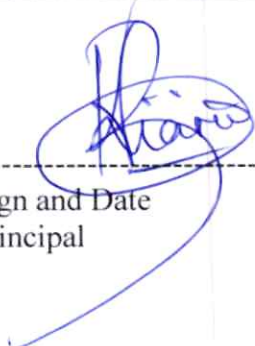
Description	JUNE 2021	
	Kshs	Kshs
Food stuffs		
Lab consumables		
Farm produce		
Medication		
Construction Materials		
Others (specify)		

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

20 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)


Sign and Date
Principal



NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance June 2021	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings						
1.						
Sub-Total						
Supply Of Goods						
2. Elica Supplies	35,000.00			35,000.00		
3. R. Valley Butchery	99,180.00			99,180.00		
4. Sophia Nyambura	15,000.00			15,000.00		
5. Priscah Ahono	6,460.00			6,460.00		
6. Tipoh Agencies	8,330.00			8,330.00		
7. Amos Karanja	20,000.00			20,000.00		
8. Kirwa Timbers	110,000.00			110,000.00		
Sub-Total	293,970.00			293,970.00		
Supply Of Services						
9. Cobra Security	24,000.00			24,000.00		
10. Disfil Office Equipment	12,400.00			12,400.00		

NAKURU CENTRAL SECONDARY SCHOOL
Report and Financial Statements For Six Months Period Ended 30th June 2021

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance June 2021	Outstanding Balance Comparative FY	Comments
11. Di Versatile Ent	30,000.00			30,000.00		
Sub-Total	66,400.00			66,400.00		
Grand Total	360,370.00			360,370.00		

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f Number 1 st July 2021	Additions during the year Number	Disposals during the year Number	Historical Cost c/f Number 30 th June 2021
Land	25,000,000.00			25,000,000.00
Buildings And Structures	19,300,000.00			19,300,000.00
Motor Vehicles	-			-
Office Equipment, Furniture And Fittings	4,933,000.00			4,933,000.00
Textbooks	3,400,000.00			3,400,000.00
ICT Equipment	1,980,000.00			1,980,000.00
Tools And Apparatus	3,000,000.00			3,000,000.00
Other Machinery And Equipment	-			-
Heritage And Cultural Assets	-			-
Intangible Assets- Soft Ware	500,000.00			500,000.00
Total	58,113,000.00			58,113,000.00