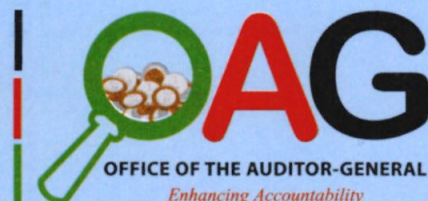
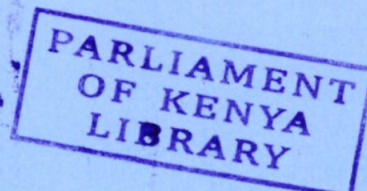


REPUBLIC OF KENYA



REPORT



OF

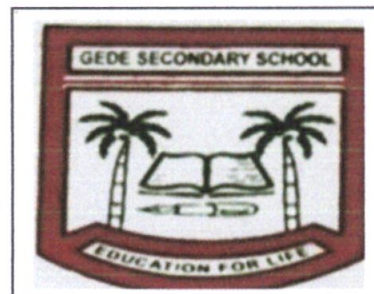
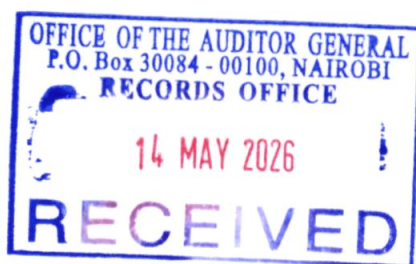
THE AUDITOR-GENERAL

PAPERS LAID	
DATE: 29 JUL 2026	DAY: WEDNESDAY
TABLED BY:	ON: HON. MARIAM KITANY
CLERK-AT THE-TABLE:	ON BEHALF OF LOM: KUTHER NGENDO

GEDE SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2025**

KILIFI COUNTY



GEDE SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

Transitional Financial Statements Prepared under the International Public Sector Accounting Standards (IPSAS)



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1. Acronyms and Definition of Key Terms

A. Acronyms.

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
TSC	Teachers Service Commission
SMASSE	Strengthening of Mathematics and Science in Secondary Education

B. Definition of Key Terms

Comparative Year- Means the prior period.

2. 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 in **Kilifi** County, **Malindi** Sub-County.

The school was registered in **1974** under registration number **GP/A/8484/10** and is currently categorized as a **County**, public school established, owned or operated by the Government.

The school is a day/boarding school and had **593** numbers of students as at **30th June 2025**. It has 4 streams and 28 teachers of which 7 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	Jonathan Kitsao	Chairman	04/05/2025
2	Josiah Mwachanya	Secretary - Principal	04/05/2025
3	Anne Kitole	Member	04/05/2025
4	Phostina Mwamuye	Member	04/05/2025
5	Anderson Nyundo	Member	04/05/2025
i6	Albert Masika	Member	04/05/2025
7	Samuel Ngala	Member	04/05/2025
8	Charles Mapinga	Member – Rep CEB	04/05/2025
9	Rama karisa	Member Rep Teachers	04/05/2025
10	1.Margret Mlewa 2.Jonathan kitsao 3.Irene Kaingu	3 Members - Sponsor	04/05/2025
11	Maulid Ngana	Member - Community	04/05/2025
12	Daniel Fondo	Member Special Needs	04/05/2025
13	Mbarak Naif	Rep Students	04/05/2025

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1. Jackson Fagio 2. Jonathan Kitsao 3. Albert Masika 4. Josiah Mwachanya 5. Kitole Benson 6. Josphine Kasichana	- Chairperson - Vice chair - PA chair - BOM Secretary - BOM Memeber - BOM Member	3out of 4
2	Audit Committee	1. Albert Masika 2. Kasichana saida 3. Benson Kitole 4. Kanundu Ngumbao	- Chairperson - Member - Member - Member	3out of 4
3	Finance,procurement and general purposes Committee	1. Jonathan Kitsao 2. Daniel Fondo 3. Pascalia Neema	- Chairperson - Member - Member	3
4	Academic Committee	1. Kitole Benon 2. Albert Masika 3. Rama Karisa 4. Patience Kahindi	- Chairperson - Member - Member - Member	4
5	Development Committee	1. Daniel Fondo 2. Josiah Mwachanya 3. Laban Ongaro 4. DEO 5. Albert Masika 6. Jackson Fagio 7. Pascalia Neema	- Chairperson - Principal - Secretary - Member - Member - Member - Member	3
6	Discipline and welfare Committee	1. Irene Kaingu 2. Rama Karisa 3. Esther Jumwa 4. Pascalia Neema	- Chairperson - Member - Member - Member	4
7	Adhoc Committee (if any during the year)			

(d) School operation Management

For the financial year ended 30th June, 2025 the school's day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	Josiah Mwachanya	TSC No.274945
2	Deputy Principal	Laban Ongaro.	TSC No.418056
3	School Bursar	Andrew Chonga.	ICPAK No. N/A
4	Other (specify)		

(e) Schools contacts

Post Office Box: 100-80208
 Telephone: 0742-103-012
 E-mail: gedeboyssecondary@gmail.com
 Website:
 Facebook: Gede sec school
 Twitter:

(f) School Bankers

Name of Bank: **KCB**

Branch: **WATAMU**

1. Tuition account: 1107974089.
2. Operation account: 1107976987.
3. Main account: 1109766337.
4. Salary account: 1141256487.

EQUITY BANK

1. Infrastructure account: 0450274231058

Postal Address.

(g) Independent Auditors

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

3. Summary Report of Performance of The School

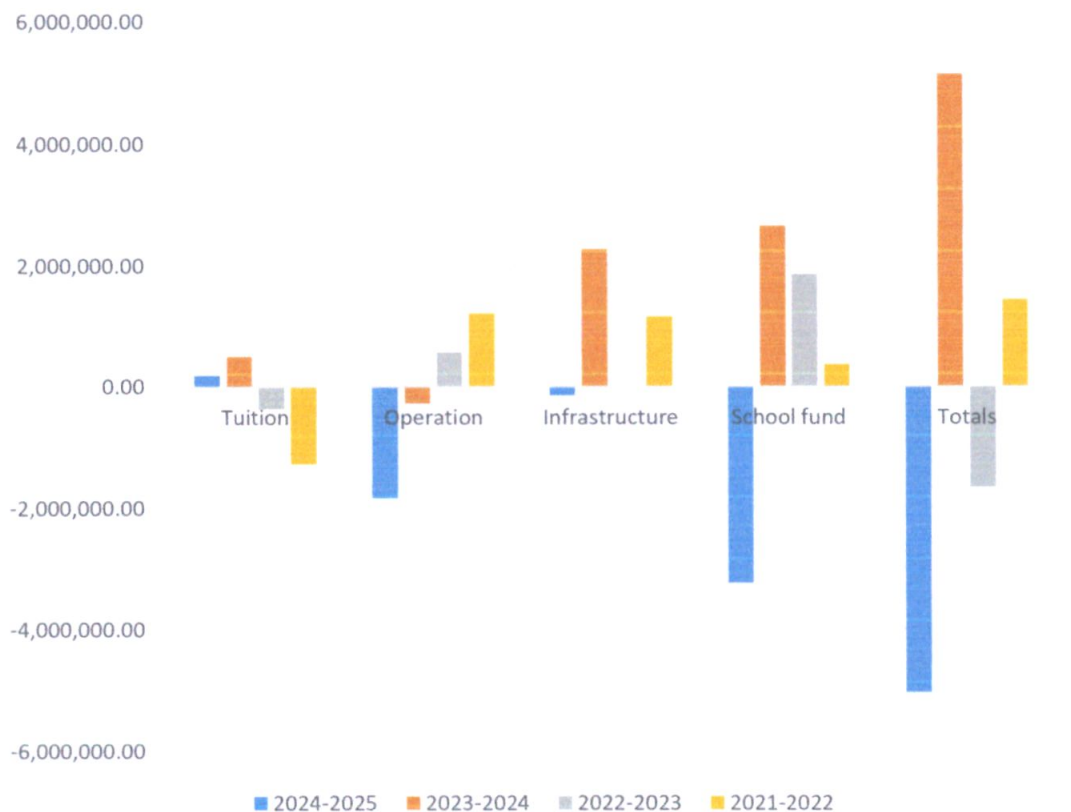
The following is a summary report of the performance of the school against the set performance evaluation criteria:

Financial Performance:

Surplus / deficit for the year and comparison of the same for the last three years.

Accounts	2024-2025	2023-2024	2022-2023	2021-2022
Tuition	186,135.90(surplus)	494,365.75(surplus)	366,065(deficit)	1,274,696(deficit)
Operation	1,835,755.60(deficit)	654,168.20(deficit)	559,743(surplus)	1,199,669.50(surplus)
Infrastructure	144,135.00(deficit)	2,269,600(surplus)	-	1,147,021(surplus)
School fund	3,243,081.50(deficit)	2,645,548(surplus)	1,855,667(surplus)	361,232.50(surplus)
Totals	5,036,836.20(deficit)	4,673,145.55(surplus)	1,661,989(deficit)	1,433,227(surplus)

Surplus/deficit for the last three years.

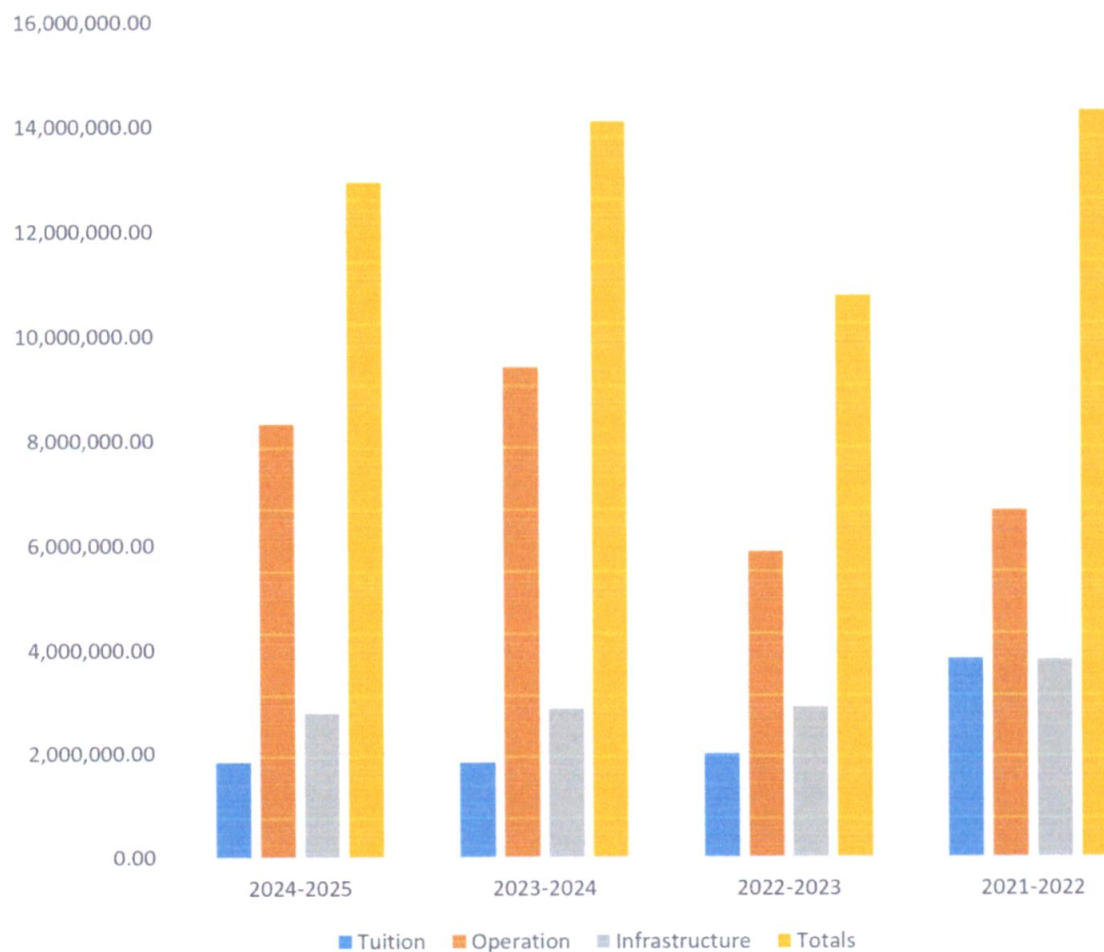


2 Reports and financial statements for the year ended 30th June 2025.

II. Summary report of performance of the school capitation grants from the ministry of education for the last three years.

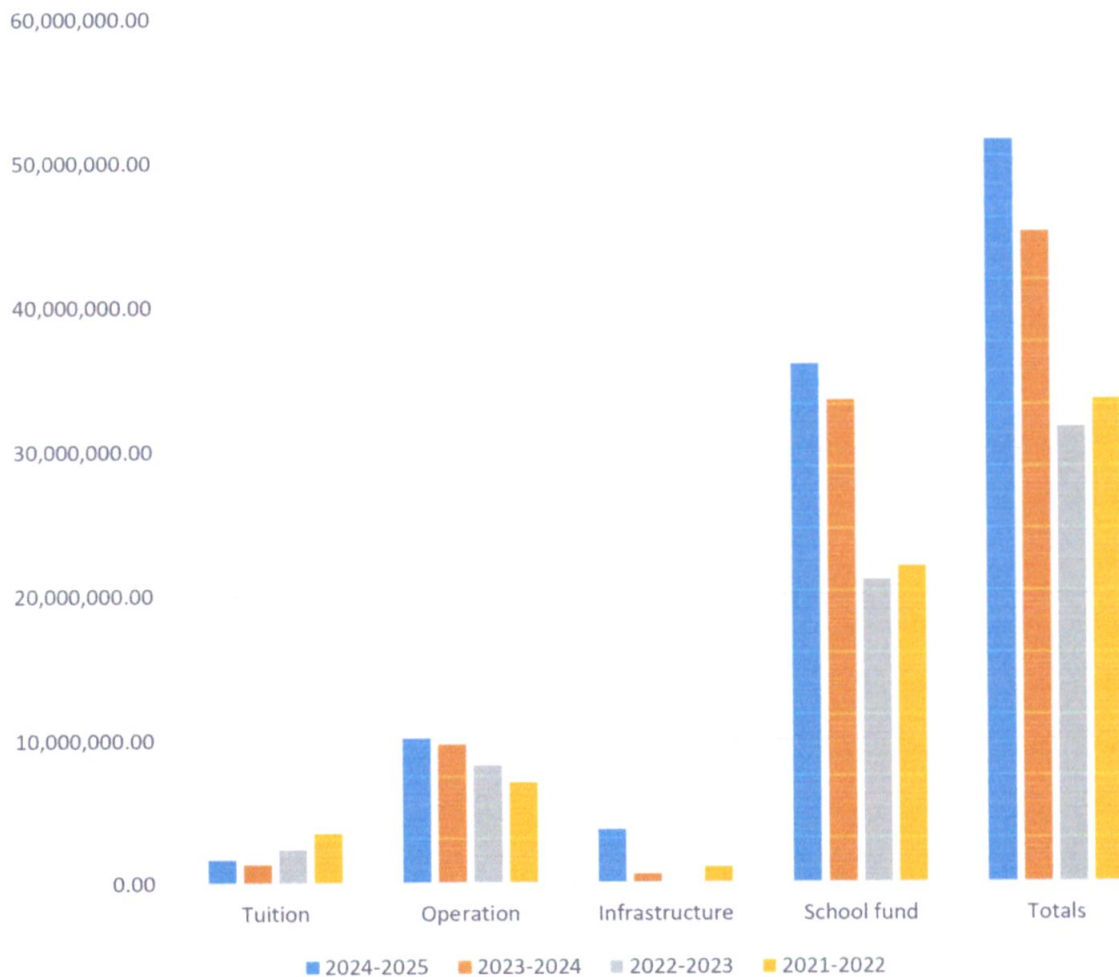
Accounts	2024-2025	2023-2024	2022-2023	2021-2022
Tuition	1,827,274.90	1,819,714.00	1,984,968.00	3,821,123.00
Operation	8,309,687.40	9,390,824.00	5,860,652.00	6,651,249.00
Infrastructure	2,791,625.00	2,876,200.00	2,903,000.00	3,800,000.00
Totals	12,928,587.30	14,086,738.00	10,748,620.00	14,272,372.00

Capitation grant over the last three years



A three years overview of growth in expenditure of the school.

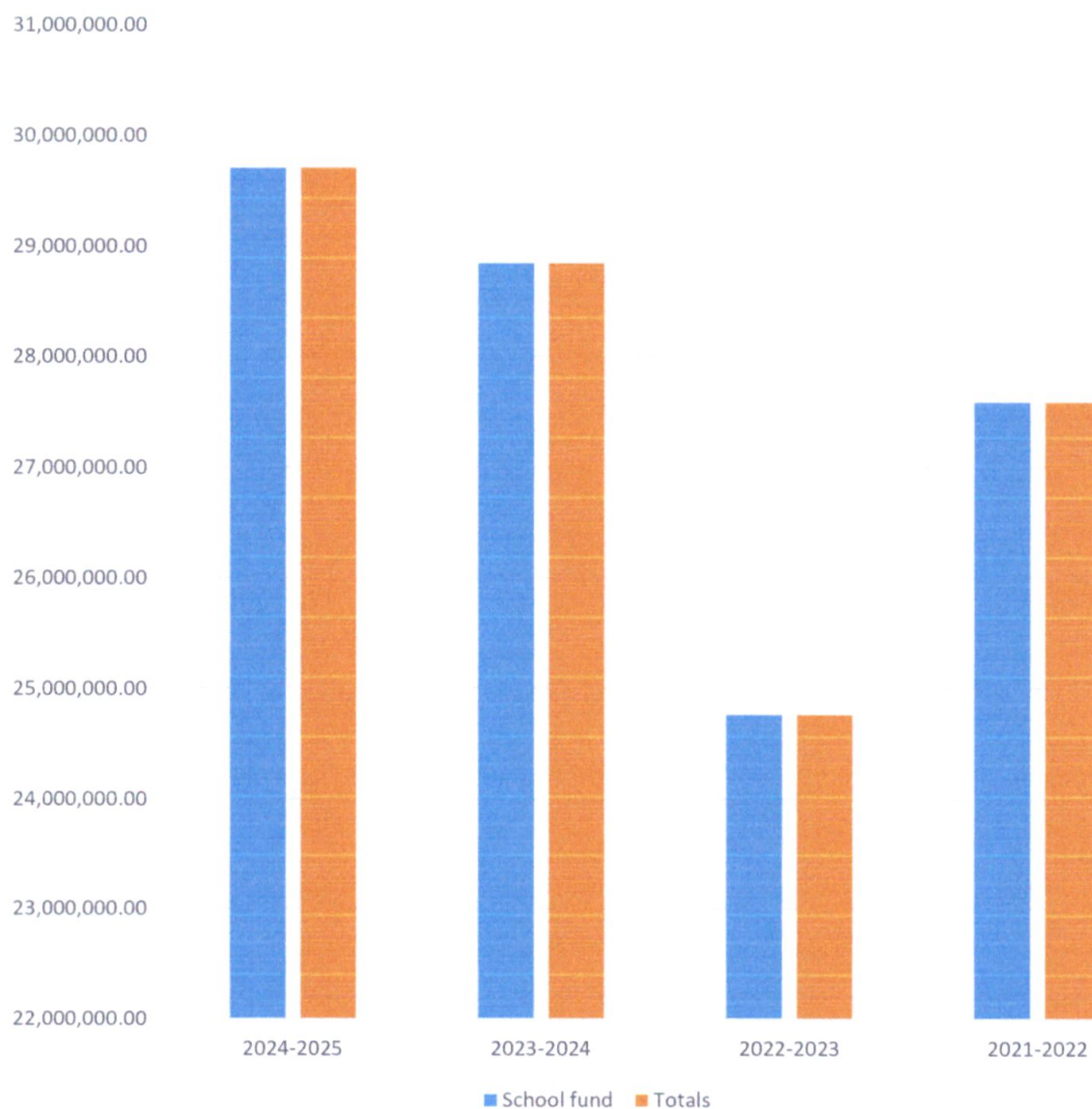
Accounts	2024-2025	2023-2024	2022-2023	2021-2022
Tuition	1,641,139.00	1,325,348.25	2,351,033.00	3,459,891.00
Operation	10,145,443.00	9,671,301.20	8,203,909.00	6,996,671.00
Infrastructure	3,735,760.00	606,600.00	-	1,108,588.00
School fund	35,967,569.00	33,488,263.00	21,053,096.00	21,972,171.00
Totals	51,489,911.00	45,091,512.45	31,608,038.00	33,537,321.00

Growth in expenditure over the last three years

Movement of debtors and creditors over the last three years.**1. Debtors.**

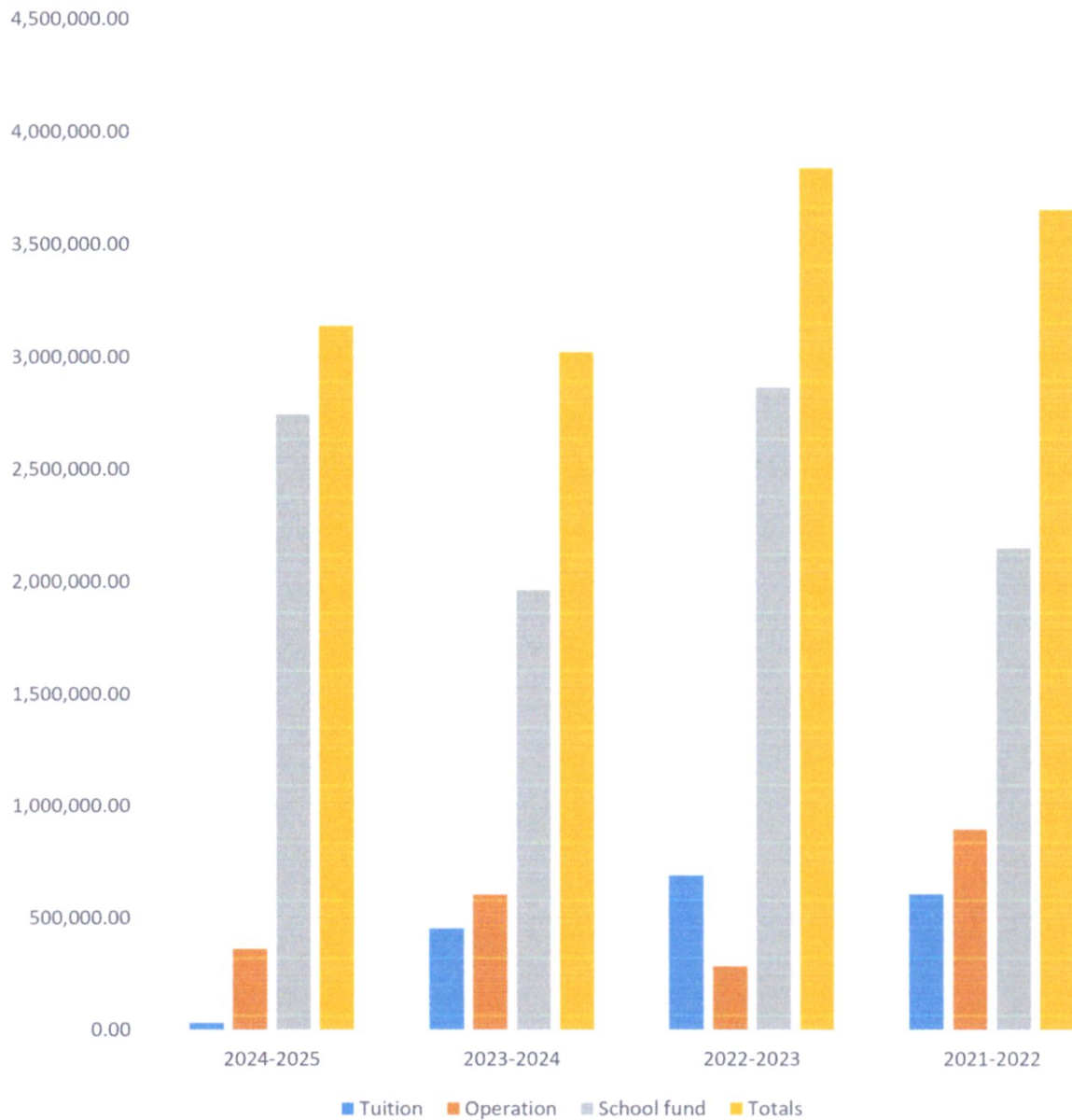
Accounts	2024-2025	2023-2024	2022-2023	2021-2022
School fund	29,706,060.76	28,846,400.76	24,763,421.76	27,588,036.86
Totals	29,706,060.76	28,846,400.76	24,763,421.76	27,588,036.86

Movement of debtor over the last three year.



2.Creditors.

Accounts	2024-2025	2023-2024	2022-2023	2021-2022
Tuition	31,450.00	453,112.00	688,520.00	604,515.00
Operation	362,064.00	602,578.00	284,480.0	893,800.00
School fund	2,743,405.00	1,962,205.00	2,861,810.00	2,149,640.00
Totals	3,136,919.00	3,017,895.00	3,834,810.00	3,647,955.00

Movement of creditors over the last three years.

(b). Teachers -student ratio:

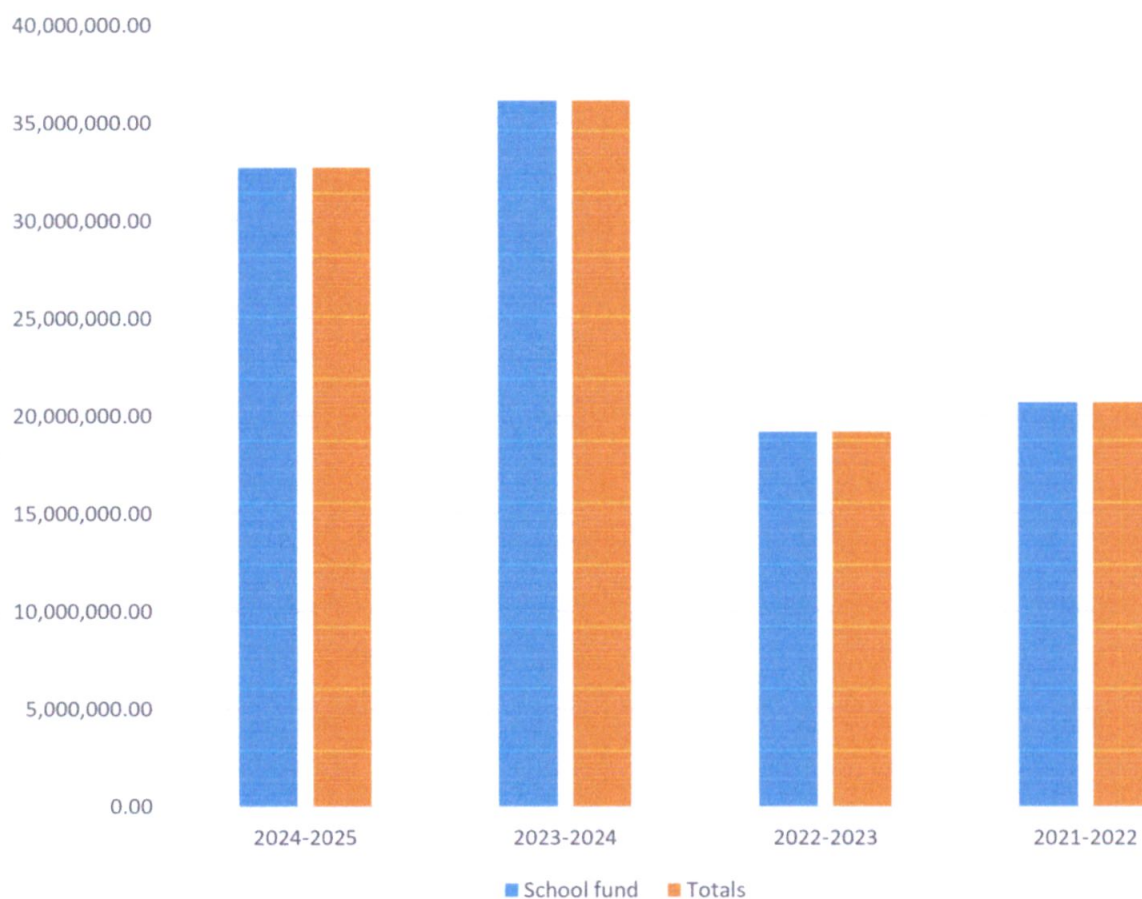
- Teachers student ratio.
- 3 Teachers were posted/recruited.
- 8 BOM teachers.

Subject	Eng/Lit	Kis/H	Kis/G	Maths	Maths/Chem	Geo/Ire	Maths/phy	Maths/Bus
Teachers	4	1	3	1	3	0	2	3
Totals	17							

Subject	Chem/Bio	Bio/Ag	Cre/Geo	Ire/Arabic	Ire/Buss	H/CR E	Comp/Phy	Geo/Bus
Teacher	2	2	1	1	1	2	1	1
Totals	11							

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

Accounts	2024-2025	2023-2024	2022-2023	2021-2022
School fund	32,724,487.50	36,133,811.00	19,197,429.00	20,697,476.00
Totals	32,724,487.50	36,133,811.00	19,197,429.00	20,697,476.00

Growth of other incomes earned by the school

The collection of fees for the financial year 2023-2024 was 36,133,811.00. The figure decreased to 32,724,487.50 in financial year 2024-2025. This was attributed by decrease in number of students.

Ratio of capitation grant per student over the last three years.

TUITION ACCOUNT

Account	2024-2025	2023-2024	2022-2023	2021-2022
Tuition	1,827,274.40	1,819,714.00	1,984,968.00	3,821,123.00
Number of students	593	746	708	735
Ratio	1:3,081.41	1:2,439.29	1:2,803.63	1:5,198.81

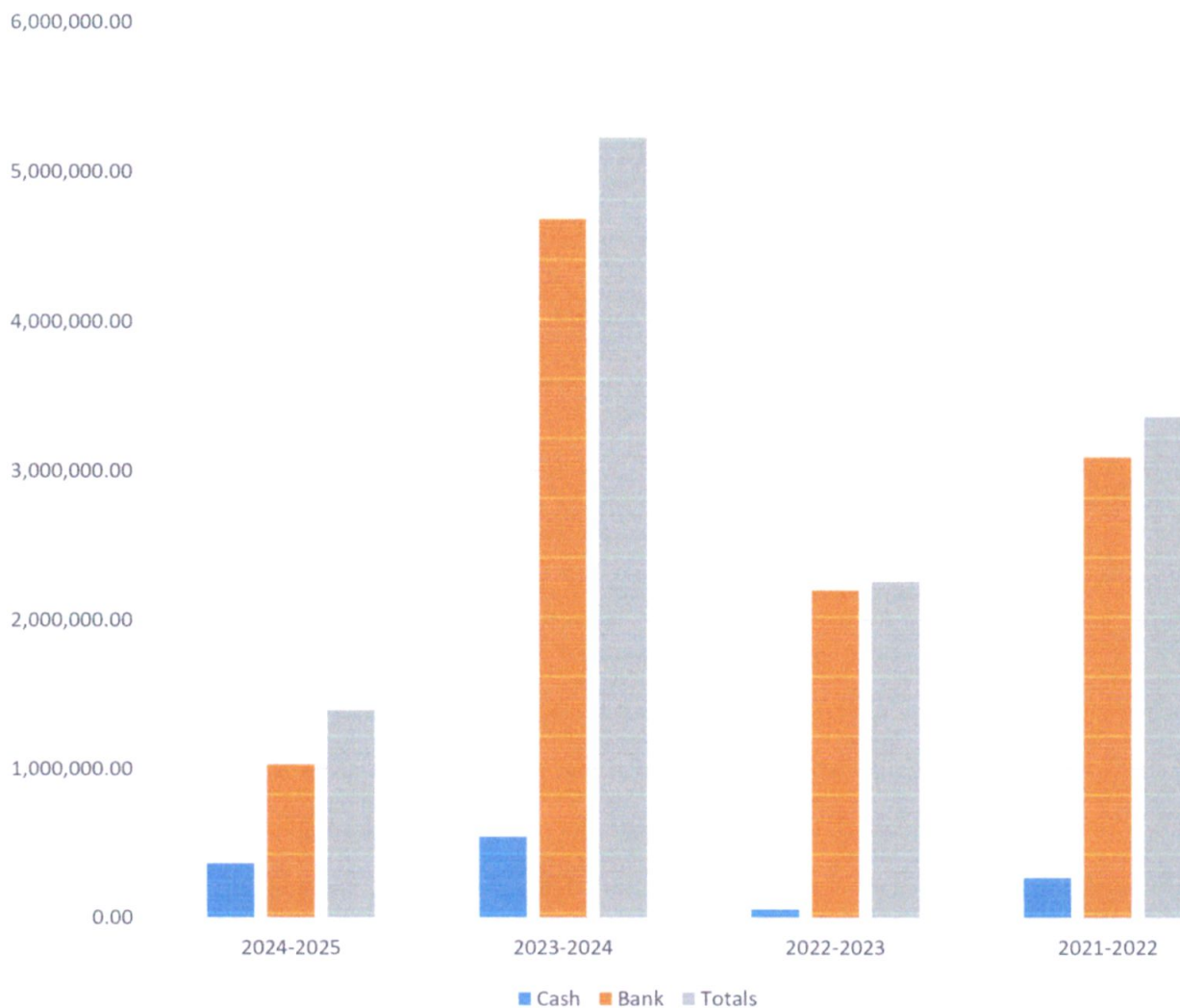
OPERATION ACCOUNT.

Account	2024-2025	2023-2024	2022-2023	2021-2022
Operation	8,309,687.40	9,390,824.00	8,763,652.00	10,451,949.00
Number of students	593	746	708	735
Ratio	1:14,012.96	1:12,588024	1:12,378.04	1:14,220.34

Movement of cash and bank balances over the last three years.

Year	2024-2025	2023-2024	2022-2023	2021-2022
Cash	364,596.00	545,288.00	57,638.00	269,326.00
Bank	1,032,703.61	4,681,358.81	2,199,529.26	3,089,954.16
Totals	1,397,299.61	5,226,646.81	2,257,167.26	3,359,280.16

Movement of cash and bank balance over the last three years.



a) 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).

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Staff Toilets	MOE -Infrastructure	Incomplete	1,399,118.00	1,200,000.00	2024-2025

.....
School Principal



4. 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 keep all proper books and records of accounts of the income, expenditure, and assets of the institution.

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

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2025, and of the school's financial position as at that date.

Sign.....
Name: Mr Jackson Fagio.

Designation: Chairman, School Board of Management

Date: 8/5/26

Sign.....
Name: Mr Josiah Mwachanya.

Designation: School Principal & Secretary to Board of Management

Date: 8/5/26



Sign.....
Name: Mr Andrew Chonga.

Designation: Bursar/ Finance Officer

Date: 08/05/2026

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 GEDE SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2025- KILIFI COUNTY

PREAMBLE

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

- A. Report on 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 the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 transitional IPSAS financial statements of Gede Secondary School set out on pages 1 to 20, which comprise of the statement of assets

Report of the Auditor-General on Gede Secondary School for the year ended 30 June, 2025- Kilifi County

and liabilities as at 30 June, 2025, and the statement of financial performance, statement of cash flows and 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 transitional IPSAS financial statements present fairly, in all material respects, the financial position of Gede Secondary School at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with Basic Education Act, 2013 and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025.

Basis for Qualified Opinion

1. Variances in the Financial Statements

The financial statements presented for audit had the following variances;

- i. The statement of financial performance reflects Government grants for operations of Kshs.8,309,687 while the ledgers reflects Kshs.5,479,013 resulting to unexplained variance of Kshs.2,830,674.
- ii. The statement of financial performance reflects school fund income-parents' contributions of Kshs.32,497,487 while the ledgers reflect Kshs.21,958,256 resulting to unexplained variance of Kshs.10,539,231.
- iii. The statement of financial performance reflects tuition expenditure of Kshs.1,641,139 while the ledger reflects Kshs1,609,689 resulting to unexplained variances of Kshs.31,450.
- iv. The statement of financial performance reflects operations expenditure of Kshs.9,584,204 while the ledger reflects Kshs.9,718,379 resulting to unexplained variances of Kshs.134,175.
- v. The statement of financial performance reflects boarding school fund expenditure of Kshs.35,967,569 while the ledger reflects Kshs.34,685,393 resulting to unexplained variances of Kshs.1,282,176.
- vi. The statement of budgeted versus actual amounts reflects total final budgeted receipts of Kshs.29,724,680 while the approved budget reflects Kshs.46,047,120 resulting to unexplained variances of Kshs.16,322,440.
- vii. The statement of budgeted versus actual amounts reflects total final expenditures Kshs.34,518,910 while the approved budget reflects Kshs.34,256,303 resulting to unexplained variances of Kshs.262,607.

In the circumstances, the accuracy and completeness of the above amounts reflected in the financial statements could not be confirmed.

2. Unsupported Tuition Expenditure

The statement of financial performance and as disclosed in Notes 6 to the financial statements reflects tuition expenditure amounting to Kshs.1,641,139. However, the payment vouchers were not supported by requisitions, Local Purchase Orders (LPOs), inspection reports and Goods Received Notes.

In the circumstances, the accuracy and completeness of tuition expenditure amount of Kshs.1,641,139 could not be confirmed.

3. Inaccuracies in the Infrastructure Grants

The statement of financial performance and as disclosed in Note 3 of the financial statement reflects Government grants for infrastructure amounting to Kshs.3,591,625. However, the cash book reflects infrastructure grants of Kshs.1,913,945 resulting to unexplained variance of Kshs.1,677,680. Further, the cash book was not updated since analysis of the infrastructure bank statements revealed an amount of Kshs.2,577,800 and analysis of the NEMIS capitation disbursement records revealed that the School was allocated Kshs.602,000 for Term 2 of 2025 but the amount receipted was Kshs.1,204,000.

In the circumstances, the accuracy and completeness of capitation grants for infrastructure amounting to Kshs.3,591,625 could not be confirmed.

4. Inaccuracies in Cash and Cash Equivalents

The statement of assets and liabilities and as disclosed in Note 10 and Note 11 reflects cash and cash equivalents balance of Kshs.1,395,732 which includes bank balance of Kshs.1,031,136 held in five (5) school bank accounts. However, Management did not provide the bank reconciliations statements for two bank accounts with certificate of bank balance of Kshs.2,223,424.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.1,395,732 could not be confirmed.

5. Unsupported Accounts Receivables

The statement of assets and liabilities and as disclosed in Note 13 to the financial statements reflects student fee arrears accounts receivables balance of Kshs.29,250,167. However, Management did not provide supporting schedules and detailed list of students with outstanding fees balance of Kshs.19,228,517. Further, fees statements and ledgers to support the balance were not provided and Management did not disclose recovery plans put in place.

In the circumstances, the accuracy, completeness and existence of student fee arrears accounts receivables of Kshs. 29,250,167 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Gede Secondary School Management in

accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted amounts versus actual amounts reflects final income budget amount of Kshs.29,724,680 and actual on a comparable basis of Kshs.41,414,427 resulting to over funding of Kshs.11,689,747 or 39%. Further, the School spent Kshs.52,120,650 against actual receipts Kshs.41,414,427 resulting to over utilization of Kshs.10,706,223 or 26% of actual receipts.

In the circumstances, the budget estimates might not have been realistic and the source of utilized amount was not disclosed.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Significant Exemptions by PSASB in the Financial Reporting Template

The financial statements have been prepared using the FY 2024/25 reporting template issued by the Public Sector Accounting Standards Board (PSASB). As communicated by PSASB on 25 February 2026, the template was designed to facilitate a phased transition to accrual-based IPSAS for public secondary schools and, therefore, does not include certain statements and disclosures required under the full IPSAS transition. These omissions include the Opening Statement of Financial Position, the Statement of Changes in Net Assets/Equity, detailed disclosures of transitional provisions under IPSAS 33, and a reconciliation of budgeted amounts to actual accrual amounts. The absence of these elements arises from limitations inherent in the prescribed template and does not constitute non-compliance on the part of the School.

Other Information

The Management is responsible for the Other Information set out on page iii to xv which comprise of Key School Information and Management, Summary Report of Performance

of the School and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the School's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect 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. Delayed Budget Approval and Unbalanced Budget

The budget was approved by the Board of Management on 04 September, 2024 being two months after the start of financial year. Further, the statement of budgeted versus actual amounts reflects final receipts budget of Kshs.29,724,680 and final expenditure budget amount of Kshs.34,518,910 resulting to unbalanced budget with a variance of Kshs.4,794,230. This was contrary to Regulation 33(c) of Public Finance Management (National Government) Regulations, 2015 which states that the budget shall be balanced.

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

2. Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects operation expenses of Kshs.10,145,443. Included in the expenditure is administration cost of Kshs.422,078 which further includes an amount of Kshs.237,078 transferred to Kenya Secondary School Heads Association (KESSHA) a welfare organization which is not defined in Government Funding system. This was contrary to Regulation 23(2)c of the Public Finance Management (National Government) Regulations, 2015 which requires that an Accounting Officer shall, before transferring any funds to an entity within or outside the Government, ensure that there is a written

assurance from the entity that it shall implement effective, efficient and transparent financial management and internal control systems.

In the circumstances, value for money transferred to KESSHA, amounting to Kshs.237,078 could not be confirmed.

3. Unconfirmed Student Enrollment Data

The statement of financial performance and as disclosed in Note 1, Note 2 and Note 3 to the financial statements reflects capitation grants for tuition, operations, and infrastructure totaling to Kshs.13,728,587. The funds were received based on 789, 602 and 593 number of students registered in the National Education Management Information System (NEMIS) for Term 3 of 2024, Term 1 of 2025 and Term 2 of 2025 respectively. However, the corresponding manual returns and enrollment data from the Schools and County Director of Education (CDE) for the same period were not provided for audit. This is contrary to Paragraph 3.2 of Ministry of Education Circular Ref: MOE.HQS/10/18 VOLII/(33) dated 7 March, 2024 which states that it is the responsibility of the Principal to ensure accuracy of the data available in NEMIS where every eligible learner is fully registered on the platform.

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

4. Irregular Transfers of Funds

The statement of financial performance and as disclosed in Note 3 of the financial statements reflects government grants of Kshs.3,591,625. Review of the bank statements revealed transfers of Kshs.3,035,000 from infrastructure account, Kshs.150,000 from the tuition account, Kshs.2,070,000 from the operations account and Kshs.1,300,000 from the boarding and school fund account without the necessary authorization. This was contrary Paragraph 3.1.2 of Ministry of Education, State Department of Basic Education Circular Ref: MOE.HQS/3/10/18 VOL.II/(33) dated 7 March, 2024 states that under the operations account schools may seek authority from County Education Boards(CEB) to vire savings or surplus fund from one item to another when it is absolutely necessary but the same does not apply for both tuition and infrastructure accounts. Further, an amount of Kshs.265,078 incurred on repairs and maintenance was spent from the operations account instead of infrastructure account contrary to Paragraph 3.4.1 of Ministry of Education Circular Ref: MOE.HQS/3/3/10/10/8 VOL II (33) dated 7 March, 2024.

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

5. Lack of Contract Agreement

During the year under review, Management used systems for fee collection, receipting and for posting students results and class attendance. However, the signed contract agreement with the vendor was not provided for audit. This was contrary to Section 135 (1) and (4) of the Public Procurement and Assets Disposal Act, 2015 which states that the existence of a contract shall be confirmed through the signature of a contract document. Further, Management did not provide documentation or evidence

demonstrating ownership, access rights, obligations, and control over critical financial data and system infrastructure.

In the circumstances, Management was in breach of the law and value for money for the system could not be confirmed.

6. Irregular Contract Management in the Construction of Toilet Block

During the year under review, Management entered into a contract for construction of a one (1) block six (6) doors toilet with urinals at a sum of Kshs.1,399,118 on 11 March, 2025. However, the contract was varied by an amount of Kshs.282,036 on 02 June, 2025 being two (2) months after signing the agreement contrary to Section 139(3) of the Public Procurement and Asset Disposal Act, 2015. Further, physical verification on 12 March, 2026 revealed that the toilets were already constructed but the School Implementation Committee (SIC) inspection and handover minutes were not provided for audit.

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

7. Non-Compliance with Access to Government Procurement Opportunities (AGPO) Reservation Requirement

During the year under review, Management did not reserve at least thirty percent (30%) of the budgetary allocations for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups. This was contrary to Section 53 (6) of Public Procurement and Asset Disposal Act, 2015 which states that all procurement and asset disposal planning shall reserve a minimum of thirty per cent of the budgetary allocations for enterprises owned by women, youth, persons with disabilities and other disadvantaged groups.

In the circumstances, Management was in breach of the law

8. Failure to Deduct Capacity Building Levy

The statement of financial performance and as disclosed in Note 6 and Note 8 to the financial statements reflects tuition and infrastructure payments amounts of Kshs.5,376,899 out of which Kshs.2,834,409 was for procurement of goods, services and works but the capacity building levy of 0.03% was not deducted from these payments. This was contrary to Paragraph 3 (1) of the Public Procurement Capacity Building Levy Order 2023 issued by the Public Procurement Regulatory Authority which states that there shall be paid a Levy by a supplier on all procurement contracts signed between the supplier and a procuring entity, at the rate of zero point zero three per centum (0.03%) of the value of the signed contract, exclusive of applicable taxes.

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

9. Lack of Proper Employment Contracts

Review of personal files revealed that twenty-two (22) non-teaching staff employed by Board of Management were engaged on contract terms. However, there was no formal staff establishment and their appointment letters did not specify the contract duration, renewal conditions, or the actions to be taken upon contract expiry contrary to Section 10(2) of Employment Act, 2007. In addition, two (2) employees who retired on 31 December, 2023 were not paid gratuity despite having each served for more than 25 years.

In the circumstances, Management was in breach of the law and in the absence of clearly defined contract periods, combined with the lack of gratuity and pension benefits, exposes staff to job insecurity and financial vulnerability.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON 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 effect 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. Long Outstanding Accounts Receivables

The statement of assets and liabilities and as disclosed in Note 13 to the financial statements reflects accounts receivable balance of Kshs.29,250,167 which relates to fees arrears. Included in this amount is Kshs.3,613,767 which had been outstanding for a period of more than three (3) years. Further, there was no policy on the impairment of long outstanding fees arrears casting doubt on full recoverability of the accounts receivables balance.

In the circumstances, the existence of effective mechanisms for debt management and recoverability of the long outstanding receivables could not be confirmed.

2. Weak Controls in Imprests Management

Examination of sampled payment vouchers revealed that an amount of Kshs.169,800 issued in form of imprest and had fall due was surrendered as at the time of audit in March, 2026. This was contrary to Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station. Further, Management had not established imprest management system to guide on eligibility per cadre, approval limits, issuance procedures and timelines for surrender.

In the circumstances, the effectiveness of internal controls over imprest management could not be confirmed.

3. Failure to Conduct Internal Audit

During the year under review, no Internal Audit Unit was conducted at the School contrary to section 73(3)(b) of the Public Finance Management Act, 2012 which states that Internal Auditor shall conduct Internal Audit which includes risk based, value for money and systems audits aimed at strengthening internal controls mechanisms that could have impact on achievement of strategic objectives of the entity.

In the circumstances, the existence of an effective oversight mechanisms could not be confirmed

4. Failure to Prepare School Improvement Plan

During the year under review, Management did not have an approved School Improvement Plan (SIP) which is a key strategic planning tool that guides academic performance targets, infrastructure development, resource allocation, and overall institutional growth.

In the circumstances, the effectiveness of overall governance and strategic direction of the School could not be confirmed.

5. Failure to Conduct Committee Meetings

Review of the board of management files revealed that the full Board held only two (2) meetings instead of the recommended three (3) meetings. Further, Key School Information and Management section of financial statements indicates the five committees including Finance Committee, Academic Committee, Audit Committee, Human Rights and Student Welfare Committee and Discipline, Ethics and Integrity Committee but there was no evidence that they held meetings in the year under review.

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

6. Lack of Risk Management Framework

During the year under review, Management operated without a documented Risk Management Policy Framework to identify, assess, prioritize, monitor and control any risks. This was contrary to paragraph 2.3 of the Ministry of Education operation manual for utilization of learner capitation grant and other school fund June 2020 which provides that a School should have a risk management framework.

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

7. Lack of Medical Examination Reports

Examination of the employee personal files revealed that the School food handlers did not have recent medical examination reports. This was contrary to Regulation 15(1)(b) and 15(2) of the Food, Drugs and Chemical Substances (Food Hygiene) Regulations, 1978 (revised in 2015) which states that a thorough medical examination must be carried out on all employees of a food plant prior to employment and at regular intervals of not more than twelve (12) months after employment and that the owner or the person in charge must apply to the health authority for medical examinations of all the employees.

In the circumstances, the effectiveness of school's oversight, monitoring, and enforcement of statutory hygiene and safety requirements could not be confirmed.

8. Weaknesses in Textbook Management

During the year under review, Kenya Institute of Curriculum Development (KICD) issued textbooks to the school without an official request of the required textbooks. Further, Management did not have an adequate system for recording and tracking lost or recovered textbooks and there was no clear trail showing when students return books to class teachers and how they reconcile these records with the storekeeper.

In the circumstances, effectiveness of internal controls on textbook management could not be confirmed.

9. Weak Cash Management Controls

During the year under review, Management did not maintain a petty cash book to record cash expenditures and there was no Finance Manual or policy to define standing imprest limits, cash withdrawal procedures, or operational guidelines for cash handling. Further, Management did not conduct board of survey at year-end and there was no segregation of duties in the accounts department. In addition, it was noted that Management maintained gratuity cashbook and a non interest-earning bank account but the gratuity funds were transferred to the main account for processing and settlement instead of using the gratuity account.

In the circumstances, the effectiveness of internal controls over the management of petty cash could not be confirmed.

10. Non-Collection of Rental Income

During the year under review, it was noted that the School had a fully operational canteen but there was no rental income collected for the year under review. Further, Management did not provided a signed tenancy agreement or lease contract for the canteen operator.

In the circumstances, effectiveness on controls over revenue management and asset utilization could not be confirmed.

11. Lack of Adequate Facilities and Amenities

Physical verification of the School's facilities and amenities revealed inadequate classrooms resulting in some dormitories being used as classrooms and some students used plastic chairs instead of the standard ones. The library space was insufficient and the sanitary facilities were inadequate including student bathrooms while dormitory capacity was insufficient. Further, a portion of the School land had been encroached despite the court of appeal determining eviction of the illegal occupants. The School is not fully fenced, the sports facilities including the basketball court needs repairs and there was no power backup system.

In the circumstances, the effectiveness of service delivery to the students may be negatively affected.

12. Non-Disclosure of Inventory Balance

Examination of the stock records and stock sheets indicated receipts and issuances of store items. However, Management did not conduct a year-end stock take to verify the quantities and values of various items which should have been disclosed in the financial statements.

In the circumstances, the effectiveness of internal controls over management of inventory 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 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 the Management and Board of Management

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

In preparing the financial statements, Management is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Management is 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 May, 2026

6. Statement Of Financial Performance for the Year Ended 30th June 2025

Description Of Vote Head	Note	2024-2025	2023-2024
		Kshs	Kshs
Revenue			
Government grants for tuition	1	1,827,274.90	1,819,714.00
Government grants for operations	2	8,309,687.40	9,017,133.00
Government Grants for infrastructure	3	3,591,625.00	2,794,000.00
School fund income- parents' contributions	4	32,497,487.50	35,780,111.00
Miscellaneous incomes	5	227,000.00	353,700.00
Total Revenue		46,453,074.80	49,764,658.00
Expenditure			
Tuition	6	1,641,139.00	1,325,348.25
Operations	7	10,145,443.00	9,671,301.20
Infrastructure	8	3,735,760.00	606,600.00
Boarding and school fund	9	35,967,569.00	33,488,263.00
Total Expenditure		51,489,911.00	45,091,512.45
Surplus/Deficit		(5,036,836.20)	4,673,145.55

The school financial statements were approved on _____ 2025 and signed by:

Sign..... 	 	 
Name: Mr Jackson Fagio.	Name: Mr Josiah Mwachanya.	Name: Mr Andrew Chonga.
Chair BOM	School Principal/ Secretary to BOM	Bursar/ Finance Officer
Date: 8/5/26	Date: 8/5/26	Date: 08/05/2026



7. Statement of Assets and Liabilities As At 30th June 2025

Description	Note	2024-2025 FY Kshs	223-2024 FY Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	1,031,136.61	5,395,063.81
Cash balances	11	364,596.00	545,288.00
Short term investments	12		
Total cash and cash equivalent		1,395,732.61	5,940,351.81
Account's receivables	13	29,250,167.76	27,676,802.76
Total financial assets (a)		30,645,900.37	33,617,154.57
Financial liabilities			
Accounts payables	14	12,155,845.00	10,090,263.00
Total Financial Liabilities (b)			
Net financial assets (a-b)		18,490,055.37	23,526,891.57
Represented by			
Accumulated fund b/fwd	15	23,526,891.57	18,853,748.02
Surplus/deficit for the year		(5,036,836.20)	4,673,143.55
Net Assets		18,490,055.37	23,526,891.57

The school's financial statements were approved on _____ 2025 and signed by:

Sign.....

Name: Mr Jackson Fagio.

Chair BOM

Date: 8/5/26

Name: Mr Josiah

Mwachanya.

School Principal/ Secretary

to BOM

Date: 8/5/26



Sign.....

Name: Mr Andrew Chonga.

Bursar/ Finance Officer

Date: 08/05/2026

8. Statement of Cash Flows for the Year Ended 30th June 2025

Description	Note	2024-2025	2023-2024
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition		1,827,274.90	1,819,714.00
Government grants for operations		8,309,687.40	9,017,133.00
Government grants for infrastructure		3,591,625.00	2,794,000.00
School fund income- parents contributions/ fees		32,497,487.50	35,780,111.00
Other income		227,000.00	353,700.00
Total receipts		46,453,074.80	49,764,658.00
Payments			
Cash outflows for tuition		1,641,139.00	1,325,348.25
Cash outflows for operations		12,119,964.00	9,671,301.20
Cash outflows Boarding/lunch and school fund payments		36,528,808.00	33,488,263.00
Total payments		(50,289,911.00)	(44,484,912.45)
Net Cash inflow/outflow from Operating Activities (Before working capital changes)		3,836,836.20	5,279,745.55
Adjustment: Less Increase in Receivables		1,573,365.00	(2,913,381.00)
: Add Increase in Payables		2,065,582.00	1,923,422.00
Net cash inflow/outflow from operating activities		(3,344,619.20)	4,289,784.55
Cash flow from investing activities			
Acquisition of assets-renovation of dormitory		(1,200,000.00)	(606,600.00)
Transfers			
Proceeds from investments			
Purchase of investments			
Net cash inflow/outflows from investing activities			
Cash flow from Financing activities			
Proceeds from borrowings/ loans	18		
Repayment of principal borrowings			
Net cash inflow/outflow from financing activities			
Net increase/decrease in cash and cash equivalents		(4,544,619.20)	3,683,186.55
Cash and cash equivalent at beginning of the FY		5,940,353.81	2,257,167.26
Cash and cash equivalent at end of the FY		1,395,734.61	5,940,353.81

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

The school's financial statements were approved on _____ 2025 and signed by:

Sign.....

Name: Mr Jackson Fagio.

Chair BOM

Date: 2/5/25

Name: Mr Josiah

Mwachanya.

School Principal/ Secretary
to BOM

Date: 8/5/25

Name: Mr Andrew
Chonga.

Bursar/ Finance Officer

Date: 08/05/2026



9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30th June 2025

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					
<i>(1) Capitation Grant on Tuition</i>					
Reference Materials					
Exercise Books					
Laboratory Equipment	1,138,500.00		1,138,500.00	902,120.90	79%
Internal Exams					
Teaching / Learning Materials	1,452,100.00		1,452,100.00	925,154.00	64%
Exams And Assessment					
Sub-total				1,827,274.90	
<i>(2) Capitation Grant on Operations</i>					
Personnel Emoluments	3,970,950.00		3,970,950.00	2,221,949.40	56%
Repairs And Maintenance	2,711,340.00		2,711,950.00	2,240,500.00	82%
Local Transport / Travelling	1,290,000.00		1,290,000.00	539,100.00	42%
Electricity And Water	1,140,000.00		1,140,000.00	557,789.00	49%
Medical	1,379,310.00		1,379,310.00	672,420.00	49%
Administration Costs	1,084,680.00		1,084,680.00	1,136,074.00	104%
Activity	1,315,500.00		1,315,500.00	441,855.00	34%
Gratuity/transfer from main account.				500,000.00	
Sub total				8,309,687.00	

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
3) FDSE for infrastructure					
Maintenance &Improvement MoE				2,791,625.00	-
M&I parents' contribution/main account				800,000.00	-
Economic Stimulus Programs					
Transition Infrastructure Grants					
Administration Block					
Subtotal				3,591,625.00	
(4) Fees Charged on Parents					
Personnel Emoluments	1,251,000.00		1,251,000.00	1,002,514.00	80%
Repairs And Maintenance	2,711,340.00		2,711,340.00	624,227.00	23%
Local Transport / Travelling	1,290,000.00		1,290,000.00	540,079.00	42%
Electricity And Water	1,140,000.00		1,140,000.00	805,512.00	62%
Medical				21,790.00	
Administration Costs	1,084,680.00		1,084,680.00	1,205,099.00	111%
Activity				189,389.00	
PA levies				3,686,681.00	
Fee On Boarding Equipment and Stores	6,765,280.00		6,765,280.00	8,384,549.00	123%
Sub-total			14,242,300.00	16,459,840.00	
5) Miscellaneous Income					

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
Damages				4,000.00	
Tender				35,000.00	
Transfer from operation				1,950,000.000	
Transfer from infrastructure				1,035,000.00	
Salary account-transfer from main account				4,925,000.00	
Salary account-transfer from operation				1,550,000.00	
Salary account-from infrastructure				1,500,000.00	
Income From Bus Hire				227,000.00	
Fee For Hire of Ground and Equipment					
Interest Income					
Income From Any Other Investment					
Sub total				11,226,000.00	
Total Income			29,724,680.00	41,414,426.90	
(6) Expenditure For Tuition					
Textbooks					
Reference Materials					
Exercise Books					
Laboratory Equipment	1,138,500.00		1,138,500.00	461,875.00	41%
Internal Exams					
Teaching / Learning Materials	1,452,100.00		1,452,100.00	1,177,734.00	81%

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
Chalks					
Exams And Assessment					
Teachers Guides					
Administration Costs					
Bank Charges				1,530.00	
Sub total			2,590,600.00	1,641,139.00	
(7) Expenditure For Operations					
Personnel Emoluments					
Repairs, Maintenance & Improvements	2,711,340.00		2,711,340.00	422,078.00	16%
Local Transport / Travelling	1,290,000.00		1,290,000.00	399,755.00	31%
Electricity, Water and Conservancy	1,140,000.00		1,140,000.00	320,000.00	28%
Medical				66,800.00	
Administration Costs	1,084,680.00		1,084,680.00	1,669,698.00	153%
Activity Expenses				972,478.00	
Bank charges				3,009.00	
Transfers to school fund				1,950,000.00	
Transfer to infrastructure				2,791,625.00	
Transfer to salary account				1,550,000.00	
Subtotal			6,226,020.00	10,145,443.00	
(8) Expenditure For infrastructure					
Construction of classrooms/Toilet				1,200,000.00	

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
Transfer to school fund				1,035,000.00	
Transfer to salary account				1,500,000.00	
Bank charges				760.00	
Purchase of equipment					
Purchase of machinery					
Subtotal				3,735,760.00	
<i>(9) Expenditure For school fund/lunch/boarding</i>					
Personnel Emoluments				4,737,911.00	
Repairs, Maintenance and Improvements				2,750,834.00	
Local Transport / Travelling	1,290,000.00		1,290,000.00	808,990.00	62%
Electricity, Water and Conservancy	1,140,000.00		1,140,000.00	890,400.00	78%
Medical Expenses				184,445.00	
Administration Costs	1,084,680.00		1,084,680	2,813,249.00	259%
Activity				450,190.00	
Bus repairs				500,000.00	
Lunch Programme	15,422,330.00		15,422,330.00	8,114,765.00	52%
Boarding Equipment and Stores	6,765,280.00		6,765,280.00	3,041,068.00	45%
Transfer to salary account				4,925,000.00	
BOM				4,043,134.00	

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
Transfer to infrastructure				800,000.00	
Bank charges-salary account				2,390.00	
Bank Charges				5,590.00	
Transfer to operation account				500,000.00	
Pa expenses				57,410.00	
Acquisition Of Assets/dorm repair				1,402,693.00	
Tender				9,000.00	
Totals			34,518,910.00	52,120,650.00	

- i. Over utilization was due to changes in market prices of foodstuff which forces us to spend more than required.
- ii. Under utilization were as a result of changes in activities which were planned but not undertaken.

10. 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

Statement of Compliance

The financial statements have been prepared in accordance with the PFM Act and International Public Sector Accounting Standards (IPSAS). The entity has taken advantage of the transitional provisions under IPSAS 33, and therefore, these first/second/third/year financial statements are transitional financial statements.

Basis of Preparation

These financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, statement of cash flow). Under an accrual basis, revenues are recognized when rights to assets are earned or levied rather than when cash is received, and expenses are recognized when obligations are incurred rather than when they are settled. The financial statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of revenue and expenditure

The school recognizes all revenue from various sources when earned and all expenses when incurred.

The capitation grants include recurrent and development grants. Recurrent capitation are recognised in the statement of financial performance while development grants are recognised in the statement of financial position after meeting the revenue recognition criteria. The conditional grants will be recognised as revenue upon fulfilment of the set conditions.

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 financial performance both as revenue and as expenditure 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 an 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 the fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditures incurred for the purchase of goods, works and services that have 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 year ended 30th June 2025.

1. Notes To the Financial Statements

1 Government Grants for Tuition

Description	2024-2025	2023-2024
	Kshs	Kshs
Reference Materials		
Exercise Books		
Laboratory Equipment	902,120.90	778,975.60
Internal Exams		
Teaching / Learning Materials	925,154.00	1,040,738.40
Others (<i>specify</i>)*		
Total	1,827,274.90	1,819,714.0

2 Government Grants for Operations

Description	2024-2025	2023-2024
	Kshs	Kshs
Personnel Emoluments	2,221,949.40	2,304,986.00
Repairs And Maintenance	2,240,500.00	-
Local Transport / Travelling	539,100.00	586,400.00
Electricity And Water	557,789.00	549,965.00
Medical	672,420.00	595,350.00
Administration Costs	1,136,074.00	1,324,200.00
Activity	441,855.00	587,792.00
Other Vote Heads *Transfer from main account	500,000.00	3,068,440.00
Total	8,309,687.40	9,017,133.00

3 Government Grants for infrastructure

Description	2024-2025	2023-2024
	Kshs	Kshs
Maintenance & Improvement	2,791,625.00	2,794,000.00
Transition infrastructure grants		
Administration Block		
Economic stimulus grants		
Other (<i>specify</i>) Transfer from main account	800,000.00	
Total	3,591,625.00	2,794,000.00

4 School Fund Income - Parents Contribution/Fees

Description	2024-2025	2023-2024
	Kshs	Kshs
Personnel emoluments	1,002,514.50	4,620,572.00
Repairs and maintenance	624,227.00	1,944,760.00
Local transport / travelling	540,079.00	937,638.00
Electricity and water	805,512.00	1,466,816.00
Medical	21,790.00	88,014.00
Administration costs	1,205,099.00	3,117,319.00
Activity	189,389.00	491,673.00
Fee on Boarding Equipment and stores	8,384,549.00	7,086,984.00
PA Levies*Bom	3,686,681.00	11,379,418.00
Others (specify)damages	4,000.00	4,646,917.00
Lunch programme	5,038,647.00	
Tender	35,000.00	
Transfer from operation account.	1,950,000.00	
Transfer from infrastructure account.	1,035,000.00	
Salary account. -Transferred from infrastructure acc	1,500,000.00	
Salary account. -Transfer from school fund	4,925,000.00	
Salary account. -Transfer from operation account.	1,550,000.00	
Total	32,497,487.50	35,780,111.00

5 Miscellaneous Incomes

Description	2024-2025	2023-2024
	Kshs	Kshs
Rent Income		
Income From Farming Activities		
Insurance Compensation		
Income From Posho Mill		
Income From Bus Hire	227,000.00	348,500.00
Fee For Hire of Ground and Equipment		5,200.00
Income From Grants and Donations*		
Interest Income		
Dividends Income		
Loans/Borrowings*		
Other Income (specify) *		
Total	227,000.00	353,700.00

6 Tuition

Description	2024-2025	2023-2024
	Kshs	Kshs
Exercise Books		
Textbooks		
Reference materials		
Laboratory Equipment	461,875.00	527,110.00
Teaching / Learning Materials	1,177,734.00	792,542.00
Exams And Assessment		
Teachers Guides		
Bank Charges	1,530.00	5,696.25
Others (<i>specify</i>)		
Total	1,641,139.00	1,325,348.25

7 Operations

Description	2024-2025	2023-2024
	Kshs	Kshs
Personnel Emoluments		3,757,445.00
Service Gratuity		
Administration Cost	1,669,698.00	1,745,556.00
Repairs And Maintenance & Improvements	422,078.00	2,197,329.00
Local Transport / Travelling	399,755.00	446,200.00
Electricity And Water	320,000.00	355,500.00
Medical	66,800.00	37,000.00
Activity Expenses	972,478.00	1,123,210.00
Insurance Cost/bank chages	3,009.00	9,061.20
Others (specify)Transfer to infrastructure	2,791,625.00	
Transfer to school fund account	1,950,000.00	
Transfer to salary account	1,550,000.00	
Total	10,145,443.00	9,671,301.20

8 Infrastructure

Description	2024-2025	2023-2024
	Kshs	Kshs
Construction of Toilet	1,200,000.00	
Transfer to school fund account.	1,035,000.00	
Bank charges	760.00	606,600.00

Annual Report and Financial Statements For the year ended 30th June 2025

Transfer to salary account	1,500,000.00	
Purchase of equipment		
Purchase of apparatus		
Drilling of boreholes		
Others (specify)		
Total	3,735,760.00	606,600.00

9 Boarding And School Fund

Description	2024-2025	2023-2024
	Kshs	Kshs
Personnel Emoluments-Salary account	4,737,911.00	
Service Gratuity		
Repairs And Maintenance & Improvements	2,750,834.00	2,045,648.00
Local Transport / Travelling	808,990.00	616,889.00
Electricity And Water	890,400.00	1,252,555.00
Medical Expenses	184,445.00	42,710.00
Administration Costs	2,813,249.00	3,877,026.00
Lunch Programme	8,114,765.00	11,424,443.00
Bank Charges	5,590.00	12,838.00
Bank charges – salary account.	2,390.00	
Expenses on income Generating Activities		
Fee On Boarding Equipment and Stores	3,041,068.00	8,582,406.00
Activities	450,190.00	1,201,110.00
Salary account - Bom	4,043,134.00	
Transfer to infrastructure account.	800,000.00	
Transfer to salary account.	4,925,000.00	
Acquisition Of Assets-dormitory repair	1,402,693.00	
PA expenses	57,410.00	3,612,073.00
Transfer to operation account	500,000.00	
Tender.	9,000.00	
Others (specify)bus	430,500.00	820,565.00
Total	35,967,569.00	33,488,263.00

10 Bank Accounts

Account Name & Currency	Status	Bank Account Number	2024-2025	2023-2024
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	1107974089	282,761.85	665,675.95
Operations Account	Active	1107976987	16,352.93	1,656,428.53
School Fund Account/Boarding	Active	1107966337	384,221.33	1,775,383.83

Annual Report and Financial Statements For the year ended 30th June 2025

Salary Account	Active	1141256487	44,394.50	135,829.50
Parent Association Development Account				
Income Generating Activities Account				
Infrastructural Account	Active	0450274231058	303,406.00	1,161,746.00
Total			1,031,136.61	5,395,063.81

11 Cash In Hand

Description	2024-2025	2023-2024
	Kshs	Kshs
Notes and Coins	364,596.00	545,288.00
Total	364,596.00	545,288.00

12 Short Term Investments

Description	2024-2025	2023-2024
	Kshs	Kshs
Cooperative Shares	0.00	0.00
Treasury Bills	0.00	0.00
Fixed Deposit accounts	0.00	0.00
Other Investments	0.00	0.00
Total	0.00	0.00

13 Accounts Receivable

Description	2024-2025	2023-2024
	Kshs	Kshs
Fees Arrears	29,250,167.76	27,676,802.76
Other Non-Fees Receivables		
Salary Advances (list/schedule attached)		
Imprest (list/schedule attached)		
Rent arrears (list/schedule attached)		
Total	29,250,167.76	27,676,802.76

13 b) Ageing Analysis of Accounts Receivable

Description	2024-2025	2023-2024
	Kshs	Kshs

Annual Report and Financial Statements For the year ended 30th June 2025

	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	4,830,344.00	16%	9,161,990.00	32%
Between 1- 2 years	5,191,306.00	18%	5,214,602.00	20%
Between 2-3 years	15,614,750.76	66%	9,230,550.76	33%
Over 3 years	3,613,767.00	%	4,069,660.00	15%
Total (should tie to note 13 a)	29,250,167.76	100%	27,676,802.76	100%

14 Accounts Payable

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	11,481,022.00	9,482,103.00
Prepaid Fees	674,823.00	608,160.00
Retention Monies		
Unpaid salaries and statutory deductions		
Caution money		
Other payables (<i>specify</i>)		
Total	12,155,845.00	10,090,263.00

14a. Ageing Analysis of Accounts Payable

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	3,136,919.00	27%	3,017,895.00	32%
Between 1- 2 years	1,879,895.00	16%	2,468,230.00	26%
Between 2-3 years	6,464,208.00	57%	3,995,978.00	42%
Over 3 years		%		%
Total (should tie to note 14)	11,481,022.00	100%	9,482,103.00	100%

15 Fund Balance Brought Forward

Description	2024-2025	2023-2024
	Kshs	Kshs
Bank Balances	5,395,063.81	2,199,529.26
Cash Balances	545,288.00	57,638.00

Annual Report and Financial Statements For the year ended 30th June 2025

Short Term Investments		
Receivables	27,676,802.76	24,763,421.76
Payables	(10,090,263.00)	(8,166,841.00)
Total	23,526,891.57	18,853,748.02

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	2024-2025	2023-2024
	Kshs	Kshs
Bank Loans	0.00	0.00
Outstanding Leases	0.00	0.00
Hire Purchase	0.00	0.00
Gratuity And Leave Provision	0.00	0.00
Others (specify)	0.00	0.00
Total	0.00	0.00

17 Biological assets

Description	Numbers	2024-2025	2023-2024
		Kshs	Kshs
Cattle		0.00	0.00
Goats		0.00	0.00
Trees		0.00	0.00
Coffee Or Tea Plantation		0.00	0.00
Poultry		0.00	0.00
Others (specify)		0.00	0.00
Total		0.00	0.00

18 Borrowings

Description	Kshs	Kshs
Borrowings at beginning of the year	0.00	0.00
Borrowings during the year	0.00	0.00
Repayments during the year	(0.00)	(0.00)
Balance at the end of the year	0.00	0.00

Other important disclosure notes

19 Stock/ Inventory

Description	2024-2025	2023-2024
	Kshs	Kshs
Food stuffs	840,965.00	780,450.00
Lab consumables	525,350.00	456,860.00
Farm produce	0.00	0.00
Medication	0.00	0.00
Construction Materials	0.00	0.00
Others (specify)	0.00	0.00
	1,366,315.00	1,237,310.00

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)
1	Procurement plan	Good procurement plan was introduced which we are current using	Resolved	Adapted on the time introduced
2	Financial statements	Advise was adopted on matters of financial statement to be approved by BOM.	Resolved	Adapted immediately
3	Use of ict	Use of ICT was adapted upon auditors advised	Resolved	Adapted immediately

Sign and Date
Principal



2. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction Of Buildings/tuition account						
1. Lab stock supplies		July 2024		31,450.00		Lab
Sub-Total				31,450.00		
Supply Of Goods/school fund account						
2. Solmac ventures		July 2024		746,130.00		Lunch
3. Lianex enterprises		July 2024		1,180,105.00		Bes
4. Huba investments		July 2024		196,000.00		Bes
5. Manyeso express suppliers		July 2024		46,985.00		Lunch
6. Mida creek enterprises		July 2024		574,185.00		Bes
Sub-Total				2,743,405.00		
Supply Of Services/operation account						
4. Economy fashion		July 2024		62,000.00		Admn
5. Copycat ltd		July 2024		128,064.00		Admn
6. Salcomm investment		July 2024		15,000.00		Admn
7. Danice enterprises		July 2024		157,000.00		Rmi
Sub-Total				362,064.00		
Grand Total				3,136,919.00		

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1 st July 2024	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2025
Land	11,000,000.00	500,000.00 appreciation	-	11,500,000.00
Buildings And Structures	16,000,000.00	3,000,000.00	-	19,000,000.00
Motor Vehicles	5,550,000.00	600,000.00-depreciation		4,950,000.00
Office Equipment, Furniture and Fittings	3,490,000.00	500,000.00-depreciation	80,000.00	2,910,000.00
Textbooks	4,620,000.00	200,000.00 depreciaon	-	2,620,000.00
ICT Equipment	3,075,000.00	400,000.00-deprecian	-	2,675,000.00
Tools And Apparatus	3,325,700.00	500,000.00-depreciation		2,825,700.00
Other Machinery and Equipment				
Heritage And Cultural Assets				
Intangible Assets- Soft Ware	404,000.00	200,000.00		204,000.00
Total	31,464,700.00			46,480,700.00

REPUBLIC OF KENYA

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OAG/AUD/SCH/GSS/2024/2025(16)

22 June, 2026

Mr. Samuel J. Njoroge, CBS
Clerk of the National Assembly
Parliament Buildings
P. O. Box 41842-00100
NAIROBI

Dear Mr. Njoroge

**REPORT OF THE AUDITOR-GENERAL ON GEDE SECONDARY SCHOOL FOR
THE YEAR ENDED 30 JUNE, 2023/2024 AND 2024/2025 – KILIFI COUNTY**

I transmit the report of the Auditor-General on the examination and audit of Gede Secondary School for the year ended 30 June, 2025 in accordance with the provisions of Article 229(7) of the Constitution of Kenya for the necessary action as required by Article 229(8) of the Constitution.

Yours sincerely

FCPA. Edwin Kamar
For: AUDITOR-GENERAL

Copy to: **Dr. Chris Kiptoo, PhD., CBS**
Principal Secretary
The National Treasury
P.O. Box 30007-00100
NAIROBI

John Lekakeny Ololtuaa, CBS
Principal Secretary
Ministry of Education
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