

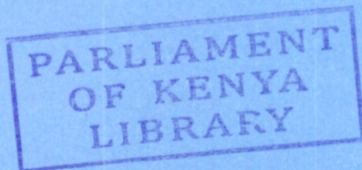
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

MOLO SECONDARY SCHOOL

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

NAKURU COUNTY	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 25 JUN 2025	DAY: TUES
TABLED BY:	Hon. Kimani Ichungwa, MP Majority Leader
CLERK-AT THE-TABLE:	MERCY CHUMBO

Revised 30th June 2022



MOLO SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022**

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

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MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

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MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

1. 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

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

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 located in Nakuru County, Molo Sub-County

The school was registered in 3/2010 under registration number GP/A/8431/10 and is currently categorized as a County public school established, owned or operated by the Government.

The school is a day school and had 994 number of students as at *30th June 2022*. It has 5 streams and 41 teachers of which 14 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. Owen Ngumi	Chairman	14 th May 2019
2.	Mr. Robert Mwangi	Secretary - Principal	14 th May 2019
3.	Rev. David Gikonyo	P.A Chairman	14 th May 2019
4.	Ms. Harriet Ndambuki	Member	14 th May 2019
5.	Ms. Peninah Wanjiru	Member	14 th May 2019
6.	Ms. Susan Nyambura	Member	14 th May 2019
7.	Mr. Stanley Karanja	Member	14 th May 2019
8.	Pst. James Mburu	Member	14 th May 2019
9.	Mr. Peter Gathii	Member	14 th May 2019
10.	Mr. Simon Ruai	Member – Rep CEB	14 th May 2019
11.	Mrs. Joyce W. Ndung'u	Member Rep Teachers	14 th May 2019
12.	Ms. Irene Mutindi	Member	14 th May 2019
13.	Fr. Christopher Kamau	3 Members - Sponsor	14 th May 2019
14.	Mr. Allan Maina Kireru	Member - Community	14 th May 2019
15.	Mr. John Njoroge Mugo	Member Special Needs	14 th May 2019
16.	Mr. John Ndenderu	Member	14 th May 2019
17.	Faith Muthoni	Rep Students	14 th May 2019

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

The functions of the School Board of Management are to:

- 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

R ef:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	Mr.Robert Mwangi	PRINCIPAL	1
		Dr.Owen Ngumi	BOM CHAIR	1
		Ps. David Gikonyo	P.A CHAIR	1
		Ms.Harriet Ndambuki	BOM	1
2	Audit Committee	Mr.Simon Ruai	VICE CHAIR BOM	-
		Ms.Susan Nyambura	BOM	-
		Mr. Robert Mwangi	BOM	-
		Mr.Stanley Karanja	BOM	-
3	Finance, procurement and general purposes Committee	Mr. John Njoroge	BOM	-
		Pst.James Mburu	BOM VICE CHAIR	-
		Mr.Robert Mwangi	BOM	-
		Ms.Irene Mutindi	BOM	-
4	Academic Committee	Mr.Ng'ang'a D	DOS	1
		Ps. David Gikonyo	PTA CHAIR	1
		Ms.Susan Nyambura	BOM	1
		Mr.Peter Gathii	BOM	1
5	Development Committee	Mr.Simon Ruai	VICE CHAIR BOM	1
		Ms.Peninnah Wanjiru	BOM	1
		Mr.Robert Mwangi	PRINCIPAL	1
		Dr.Owen Ngumi	BOM CHAIR	1
6	Discipline and welfare Committee	Mrs. Joyce Ndung'u	TEACHER REP.	1
		Mr.John Ndenderu	BOM	1
		Ps.David Gikonyo	P.A CHAIR	1

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

(d) School operation Management

For the financial year ended 30th June 2022 the school day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
1	Principal	Robert Mwangi	336140
2	Deputy Principal	Patrick Gikonyo	243942
3	School Bursar	Ruth Nandua	-

(e) Schools contacts

Schools contacts

Post Office Box: 220-20106-MOLO
Telephone: 0700149002
E-mail: molosecondary@yahoo.com
Website:
Facebook:
Twitter:

School Bankers

The following school operated 5 number of bank accounts in the following banks:
(Ensure all accounts including CDF accounts are included)

Name of Bank: EQUITY BANK-TUITION ACCOUNT
Branch: MOLO
Account Number: 0230291741084

Name of Bank: EQUITY BANK-OPERATIONS ACCOUNT
Branch: MOLO
Account Number: 0230291741064

Name of Bank: EQUITY BANK-SCHOOL FUND ACCOUNT
Branch: MOLO
Account Number: 0230290250365

Name of Bank: EQUITY BANK-NG-CDF ACCOUNT
Branch: MOLO
Account Number: 0230178259144

Name of Bank: EQUITY BANK –INFRASTRUCTURE ACCOUNT
Branch: MOLO
Account Number: 0230279323671

(f) Independent Auditors

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

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

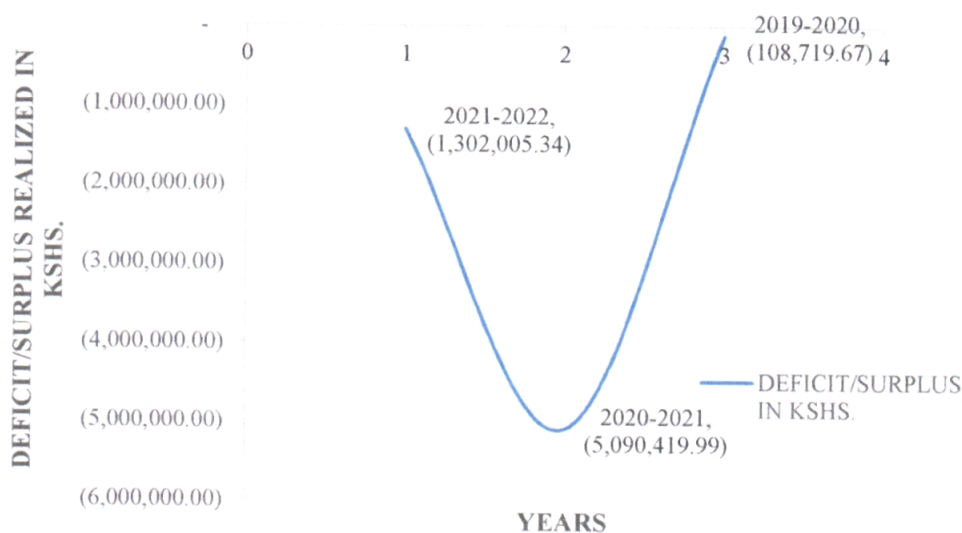
3. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) Financial performance:

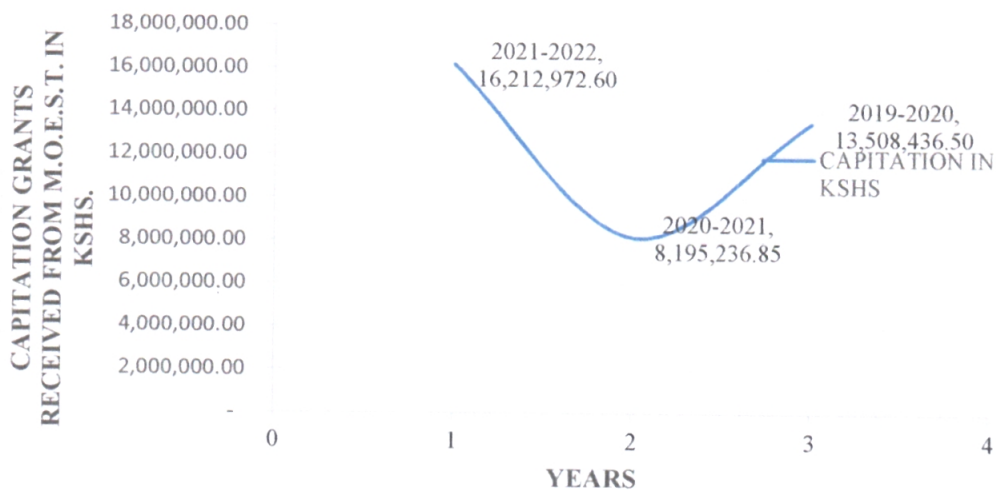
- Surplus/ deficit for the year and a comparison of the same for the last three years

YEAR	2021-2022	2020-2021	2020
MOVEMENT IN SURPLUS/DEFICIT IN KSHS	(1,302,005.34)	(5,090,419.99)	(108,719.67)



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

YEAR	2021-2022	2020-2021	2020
CAPITATION IN KSHS	16,212,972.60	8,195,236.85	13,508,436.50

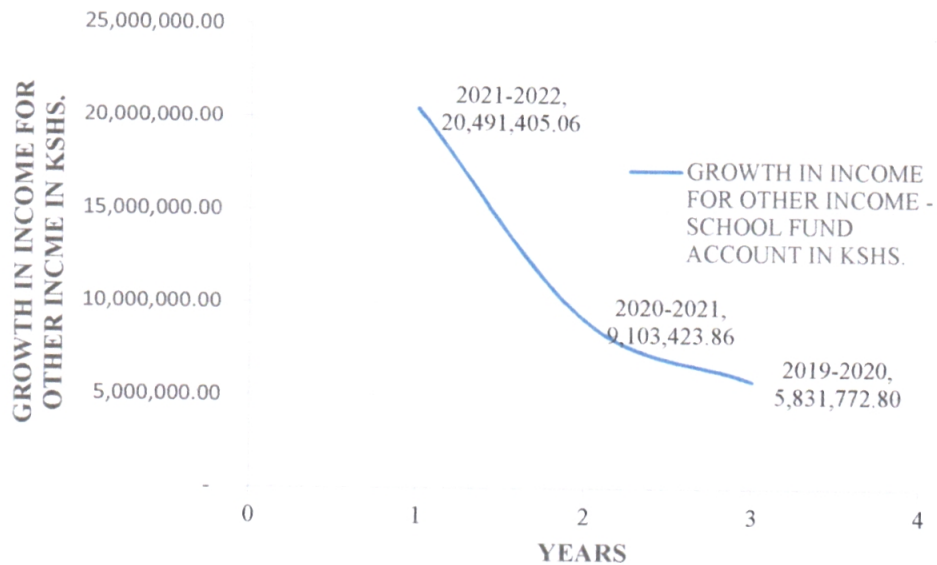


MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

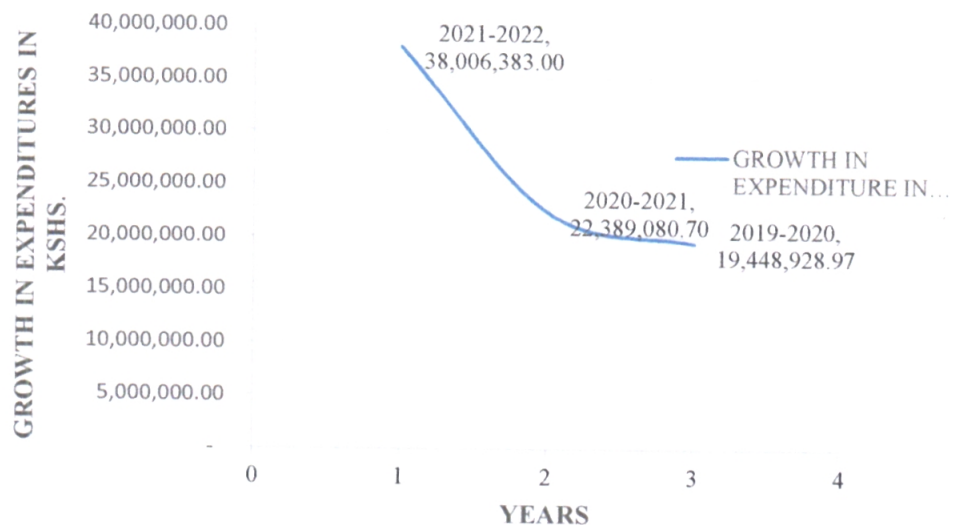
- A three-year overview of growth of other income(s) earned by the school.

YEARS	2021-2022	2020-2021	2020
GROWTH IN INCOME FOR OTHER INCOME - SCHOOL FUND ACCOUNT	20,491,405.06	9,103,423.86	5,831,772.80



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

YEARS	2021-2022	2020-2021	2020
GROWTH IN EXPENDITURE IN KSHS.	38,006,383.00	22,389,080.70	19,448,928.97

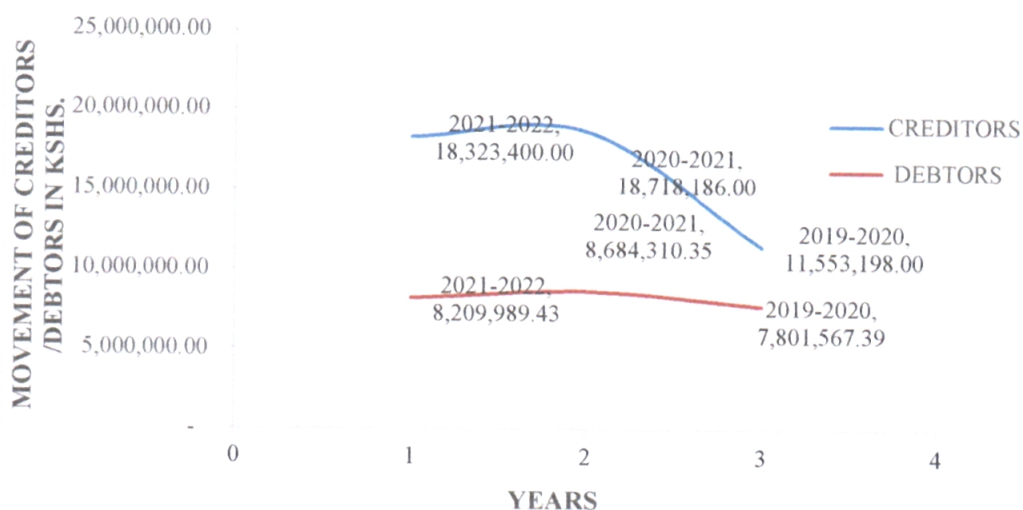


MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

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

YEARS	2021-2022	2020-2021	2020
CREDITORS	18,323,400.00	18,718,186.00	11,553,198.00
DEBTORS	8,209,989.43	8,684,310.35	7,801,567.39



Teacher Student ratio:

	Gender		Total
	Male	Female	
Number of teachers employed by TSC	15	12	27
Number of teachers employed by B.O.M.	8	6	14
Number of teachers transferred or Retired during the year	1	0	1
Number of TSC teachers posted during the year	2	1	3
Number of B.O.M. teachers posted during the year	3	0	3

Teacher student ratio

NO. OF STUDENTS	NO. OF TEACHERS	TEACHER STUDENT RATIO
1030	41	25:1

MOLO SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2022****1. Teacher subject distribution**

SUBJECT	NO. OF TEACHERS	NO. OF LESSONS
English	7	124
Kiswahili	9	98
Mathematics	9	116
Biology	8	80
Physics	6	80
Chemistry	5	80
History	4	70
Geography	7	70
C.R.E.	9	62
Agriculture	4	62
Business Studies	2	62
Computer	2	62
Homescience	1	62
Shortage as per C.B.E – 14 Teachers		

b) Mean score in the 2018 - 2020 KCSE

YEARS	2021	2020	2019
MEAN SCORE	5.028	5.100	5.601
NO. OF STUDENTS TRANSITIONING TO INSTITUTIONS OF HIGHER LEARNING	46	40	58
NUMBER OF CANDIDATES SITTING FOR KCSE	211	199	213

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

c) Capacity of the school:

S/NO.	AMENITY	NO. OF AMENITIES	NO. OF STUDENTS USING THE AMENITY
1.	Classrooms	19	1030
2.	Library	1	60
3.	Laboratories	3	60
4.	A Kitchen	1	0
5.	Girl's Toilets	22	423
6.	Boy's Toilets	33	607

e) Development projects carried out by the school:

S/NO.	PROJECT	SOURCE OF FUNDS	STATUS
1.	Renovation of no. 8 classrooms	M.I. F	W.I. P
2.	Renovation of computer lab and offices	M.I. F	Complete
3.	General repairs of lockers and chairs	M.I. F	Complete

School Principal *Toru Amollo*

Sign: 

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022


4. Statement of School Management Responsibility

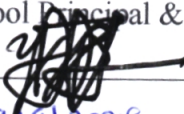
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, each National Government School shall prepare financial statements in respect of that school. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant 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 be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

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

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

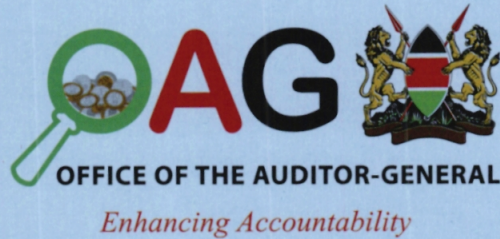
Name: DR. OWEN NGUMI
Designation: Chairman School Board of Management
Sign: 
Date: 9/9/2024

Name: MR. ROBERT MWANGI
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 9/9/2024

Name: MS. RUTH NANDUA
Designation: Bursar/ Finance Officer
Sign: 
Date: 9/9/2024

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 MOLO SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2022 – 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 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 Molo Secondary School – Nakuru County set out on pages 1 to 20, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2022, the statement of receipts and payment,

Report of the Auditor-General on Molo Secondary School for the year ended 30 June, 2022 - Nakuru County

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of 30 June, 2022 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. Inaccuracies in the Financial Statements

The statement of receipts and payments reflects Capitation grants for operations and school fund income-parents contribution/fees amounts of Kshs.8,617,474 and Kshs.19,979,545 respectively which differs from Kshs.12,248,474, and Kshs.20,224,086 respectively with the supporting ledgers provided for review. Further, the statement reflects operations amount of Kshs.8,631,016 which differs from Kshs.13,596,816 recorded in the supporting ledger. The variances have not been reconciled.

In the circumstances, the accuracy and completeness of the statement of receipts and payments amounts could not be confirmed.

2. Unsupported Revenue

Note 5 to the financial statement reflects miscellaneous incomes balance of Kshs.511,860, included in this amount is Kshs.400,800 earned from the school bus hire Records relating to the revenues including receipt books, bank slips were not provided for audit .

In the circumstances, the occurrence and accuracy of the miscellaneous income balance of Kshs.400,800 could not be confirmed.

3. Unsupported Payments

The statement of receipts and payments reflects operations amount of Kshs.8,631,016 as disclosed in Note 7 to the financial statements. However, examination of payment vouchers amounting to Kshs.307,300 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 operations amounting to Kshs.8,631,016 could not be confirmed.

4. Accounts Receivables

4.1 Unsupported Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivable balance of Kshs.8,209,989 as disclosed in Note 13 to the financial statements. However, the supporting schedules, detailed aging analysis and issued invoices were not provided for audit review.

In the circumstances, the accuracy of the accounts receivables balance of Kshs.8,209,989 could not be confirmed.

4.2 Long Outstanding Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.8,209,989 as disclosed in Note 13 to the financial statements. Included in the balance are receivables amounting to Kshs.6,533,729 which had been outstanding for more than two (2) 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.6,533,729 could not be confirmed.

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

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.39,733,850 and Kshs.36,704,377 respectively, resulting to an under-funding of Kshs.3,029,473 or 8 % of the budget. However, the School spent a balance of Kshs.38,006,383 against actual receipts of Kshs.39,438,850 resulting to an under-utilization of Kshs.1,432,467 or 4% of actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 17 February, 2023. instead of the statutory deadline of 30 September, 2022. This was contrary to the Ministry of Education circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be 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.

2. Long Outstanding Payables

The statement of financial assets and financial liabilities and as disclosed in Note 14 to the financial statements reflects payables balance of Kshs.18,323,400. However, included in the balance are trade payables balance of Kshs.13,464,473 which had been outstanding for more than two (2) years. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates.

In the circumstances, the School Management was in breach of the law and there is risk loss of public funds through litigations, interests and penalties.

3. Lack of Prequalified Suppliers List

During the year under review, the School Management procured several goods and services including groceries, stationery and firewood among others, from several suppliers using direct procurement. However, Management did not maintain a list of prequalified suppliers, and thus it was not clear how the suppliers were identified. This is contrary to Section 57(1) of the Public Procurement and Assets Disposal Act, 2015 (Revised Edition 2022) which states that the head of the procurement function of a procuring entity shall maintain and update lists of registered suppliers, contractors and consultants in the categories of goods, works or services according to its procurement needs.

In view of the above, Management was in breach of the law.

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

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.8,631,016 as disclosed in Note 7 to the financial statements. Included in the expenditure is an amount of Kshs.268,000 transferred to Kenya Secondary School Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.268,000 could not be confirmed.

5. Non-Compliance with Statutory Deductions – NSSF and PAYEE

A review of the records provided for audit verification, payment voucher number 277 revealed the School paid an amount of Kshs.333,538 to NSSF as penalty for non-remittance of NSSF statutory deductions. The School has been deducting the employees every month as observed in the payroll but has not been remitting the funds to NSSF contrary to National Social Security Fund Act, 2023 Section 27(1) which states that if any contribution for which an employer is required to pay is not paid within one month after the end of the month in which the last day of the contribution was due, a sum equal to five per cent of the amount of that contribution shall be added to the contribution for each month or part of a month that the amount due remains unpaid, and any such additional amount shall be recoverable at the same time and in the same manner as the contribution to which it is added.

Further, review of the payroll revealed that four (4) officers who qualified for PAYE and NSSF deductions were deducted Kshs.96,308 and Kshs.470,172 respectively. However,

there was no evidence from the bank statement that the said amount was remitted to Kenya Revenue Authority and National Social Security Fund.

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

5. Failure to Prepare School Improvement Plan

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

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

6. Unconfirmed Students Enrolment Data

The statement of receipts and payments reflects capitation grants for tuition, capitation grants for operations and infrastructure grants totalling Kshs.16,212,973 Comparison of data from National Education Management and information System (NEMIS) with records from the County Director of Education revealed that during the financial year/period 2021/2022, NEMIS reflected nine hundred and ninety four (994) students while records from the County Director of Education had one thousand and thirty (1,030) students. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

In the circumstances, under-funding of the School may have affected service delivery to the students.

8. Weakness in Procurement of Goods and Services

Review of payment vouchers and supporting documentation revealed the following procurement anomalies:

- i. The School did not have a procurement function contrary to Regulation 33(1)(2) of the Public Procurement and Asset Disposal Regulations, 2020 which states, a procuring entity shall establish a procurement function in accordance with Section 47 of the Act. The procurement function shall be handled by the procurement professionals whose qualification and experience are recognized in Kenya.
- ii. The payment vouchers were not supported with professional opinions. This is contrary to Section 84 and Section 80 of the Public Procurement and Asset Disposal Act, 2015 which states the head of the procurement function of a procuring entity shall, alongside

the report to the evaluation committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the accounting officer on the procurement or asset disposal proceedings.

- iii. There was no evidence that the goods were inspected after delivery to confirm if what was requested is what was delivered. This is contrary to Section 48(1) and (3) of the Public Procurement and Asset Disposal Act, 2015 which requires an accounting officer of a procuring entity to establish an ad hoc committee known as the inspection and acceptance committee and the committee shall immediately after the delivery of the goods, works or services inspect and where necessary, test the goods received.
- iv. Goods received and issued were not supported with counter requisition and issue voucher to confirm the user department. This is contrary to provisions of Regulation 166 of the Public Procurement and Asset Disposal Regulations, 2020 which states that an accounting officer of a procuring entity shall ensure proper management and distribution of inventory, stores and assets by ensuring that they are received and taken on charge.
- v. Management had not prepared a procurement plan for the financial year. This is contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires that an accounting officer shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

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

Basis for Conclusion

1. Lack of 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. Lack of Ownership Documents

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.63,739,494 in respect of fixed assets which does not include land on which the school is located and motor vehicle valued Kshs.5,949,800. However, land ownership documents and motor vehicle logbook were not provided for audit.

In the circumstances, the ownership and safe custody of the fixed assets could not be confirmed.

3. Lack of IT Internal Controls

Review of the School's operations revealed that key functions such as finance and academics were automated whereby transactions and information was processed and stored through an Information Technology (IT) system. In addition, the School had IT equipment comprising of computers, printers and other IT accessories. However, Management was yet to establish an IT Strategic Committee or formulate key policies such as IT Security Policy, Disaster Recovery Plan to regulate and guide access to IT environments.

In the circumstances, the existence and effectiveness of controls on transactions processed and stored in the IT systems could not be confirmed.

4. Risk Management Policy

During the year under review, the School did not have an approved Risk Management Policy in place to guide Management in identification, mitigation and response to risks that may arise. This policy also is key in providing the achievement of School's objectives.

In the circumstances, in the event of a disruptive event occurring, the smooth operations of the school may take long to be restored back.

5. Lack of an Updated Fixed Asset Register

Review of records at the School revealed that the School owned several assets including land, buildings, motor vehicles, furniture, fittings, computers, tools and biological assets among others. However, Management did not maintain an updated asset register for the assets which ideally indicates cost of the assets, date of acquisition, asset serial numbers, location and condition of the assets. In addition, the assets were not tagged for ease of identification.

In the circumstances, the existence of an effective mechanism to safeguard assets could not be confirmed.

Responsibilities of Management and the Board of Management

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with

Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain 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 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

07 November, 2024

MOLO SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2022**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

Description Of Vote Head	Note	2021-2022	2020-2021
		Kshs	Kshs
Receipts			
Government grants for tuition	1	3,044,498.00	1,124,291.75
Government grants for operations	2	8,617,474.60	3,630,945.10
Government Grants for infrastructure	3	4,551,000.00	3,440,000.00
School fund income- parents' contributions	4	19,979,545.06	7,611,678.86
Miscellaneous incomes	5	511,860.00	1,491,745.00
Total Receipts		36,704,377.66	17,298,660.71
Payments			
Tuition	6	3,160,625.30	2,596,515.00
Operations	7	8,631,016.10	7,350,308.00
Infrastructure	8	7,454,140.00	132,420.00
Boarding and school fund	9	18,760,601.60	12,309,837.70
Total Payments		38,006,383.00	22,389,080.70
Surplus/Deficit		(1,302,005.34)	(5,090,419.99)

The school financial statements were approved on 9/9/2024 2022 and signed by:

Name: DR. OWEN NGUMI Name: MR. TOM AMOLLO Name: MS RUTH NANDUA

Chairman, BoM

School Principal/
Secretary to BOM

Bursar/
Finance Officer

Sign: 

Sign: 

Sign: 

Date: 9/9/2024

Date: 9/9/2024

Date: 9/9/2024

MOLO SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2022**7. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS			
Bank balances	10	(48,343.72)	1,180,344.98
Cash balances	11	2,824.70	(3,393.58)
Short term investments	12	-	-
Total cash and cash equivalent		(45,519.02)	1,176,951.40
Account's receivables	13	8,209,989.43	8,684,310.35
TOTAL FINANCIAL ASSETS		8,164,470.41	9,861,261.75
FINANCIAL LIABILITIES			
Accounts payables	14	18,323,400.00	18,718,186.00
NET FINANCIAL ASSETS		<u>(10,158,929.59)</u>	<u>(8,856,924.25)</u>
REPRESENTED BY			
Accumulated fund b/fwd	15	(8,856,924.25)	(3,766,504.26)
Surplus/deficit for the year		(1,302,005.34)	(5,090,419.99)
NET FINANCIAL POSITION		<u>(10,158,929.59)</u>	<u>(8,856,924.25)</u>

The school financial statements were approved on 9/9/2024 2022 and signed by:


Name: DR. OWEN HGUMI
Chairman, BOM

Name: MR. TOM AMOLLO
School Principal/
Secretary BOM

Name: MS. RUTH NANDIA
Bursar/
Finance Officer

Sign: 

Sign: 

Sign: 

Date: 9/9/2024

Date: 9/9/2024

Date: 9/9/2024

MOLO SECONDARY SCHOOL
Annual Report and Financial Statements For the year ended 30th June 2022
8. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash from Operating Activities			
Receipts			
Government grants for tuition	1	3,044,498.00	1,124,291.75
Government grants for operations	2	8,617,474.60	3,630,945.10
Government grants for infrastructure	3	4,551,000.00	3,440,000.00
School fund income-parents contribution/fees	4	20,453,865.98	6,731,935.90
Other income	5	511,860.00	1,491,745.00
Total receipts		37,178,698.58	16,418,917.75
Payments			
Cash outflows for tuition	6	4,291,708.30	1,698,592.00
Cash outflows for operations	7	8,351,106.10	4,399,316.00
Cash outflows for Boarding/ school fund payments	9	18,739,934.60	8,996,764.70
Total Payments		31,382,749.00	15,094,672.70
Net cash flow from operating activities		5,795,949.58	1,324,245.05
Cash flow from investing activities			
Acquisition of assets		(7,018,420.00)	(132,420.00)
Proceeds from sale of Assets		-	-
Proceeds from investments		-	-
Purchase of investments		-	-
Net cash inflow/outflows from investing activities		(7,018,420.00)	(132,420.00)
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		(1,222,470.42)	1,191,825.05
Cash and cash equivalent at beginning of the FY		1,176,951.40	(14,873.65)
Cash and cash equivalent at end of the FY		(45,519.02)	1,176,951.40

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

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

The school financial statements were approved on 9/9/2024 2022 and signed by:

Name: DR. OWEN NGUMI
Chairman, BOM

Sign: 


Date: 9/9/2024

Name: MR. TOM AMOLLO
School Principal/
Secretary

Sign: 

Date: 9/9/2024

Name: MS. RUTH NAMDUA
Bursar/
Finance Officer

Sign: 

Date: 9/9/2024

MOLO SECONDARY SCHOOL

 Annual Report and Financial Statements For the year ended 30th June 2022

9. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
<i>(1) CAPITATION GRANT ON TUITION</i>						
Tuition	-	-	-	-	0.00	
Exercise books	-	-	-	-	0.00	
Laboratory equipments and apparatus	-	-	-	-	0.00	
Teaching/learning materials	3,708,100.00	-	3,708,100.00	3,044,498.00	663,602.00	82.10%
Library materials	-	-	-	-	-	
Internal exams	-	-	-	-	0.00	
Reference books	-	-	-	-	-	
Inter account transfers- Boarding	-	-	-	-	-	
Inter account transfers- Operations	-	-	-	-	-	
Sub totals	3,708,100.00	-	3,708,100.00	3,044,498.00	663,602.00	82.10%
<i>(2) CAPITATION GRANT ON OPERATIONS</i>						
EWC	1,932,550.00		1,932,550.00	1,519,432.00	413,118.00	78.62%
LT @T	1,020,950.00	-	1,020,950.00	802,776.80	218,173.20	78.63%
RMI	-	-	-	32,731.00	(32,731.00)	
Personal emolument	4,272,450.00	-	4,272,450.00	4,290,374.00	(17,924.00)	100.42%
Admin cost	1,939,050.00	-	1,939,050.00	1,788,160.80	150,889.20	92.22%
Activity	295,000.00	-	295,000.00	-	295,000.00	
Medical and insurance	150,000.00	-	150,000.00	184,000.00	(34,000.00)	122.67%
Infrastructure Grant	-	-	-	-	-	
Insurance	-	-	-	-	-	
Inter Account Borrowing-Lunch	-	-	-	-	-	
Sub totals	9,610,000.00	-	9,610,000.00	8,617,474.60	992,525.40	89.67%
<i>(3) FDSE FOR INFRASTRUCTURE</i>						

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

Maintenance and Improvement	5,140,000.00	-	5,140,000.00	4,551,000.00	589,000.00	88.54%
Transition infrastructure Grants	-	-	-	-	-	
Administration block	-	-	-	-	-	
Economic stimulumus gtrants	-	-	-	-	-	
Others(NGCDF,County government)	-	-	-	-	-	
Sub total	5,140,000.00	-	5,140,000.00	4,551,000.00	589,000.00	88.54%
(4)FEES CHARGED ON PARENTS						
Boarding	20,870,750.00	-	20,870,750.00	19,292,835.06	1,577,914.94	92.44%
Inter Account transfers Operations	-	-	-	-	-	
Fee Arrears	-	-	-	686,710.00	(686,710.00)	
Repairs and Maintenance	-	-	-	-	-	
Personal Emoluments	-	-	-	-	-	
LTT	-	-	-	-	-	
Activity	-	-	-	-	-	
EWC	-	-	-	-	-	
Admin costs	-	-	-	-	-	
Rent income	-	-	-	-	-	
Sub total	20,870,750.00	-	20,870,750.00	19,979,545.06		95.73%
(5) MISCELLANEOUS INCOME						
Rent income	30,000.00	-	30,000.00	3,000.00	27,000.00	10.00%
Income from farming activities	25,000.00	-	25,000.00	15,510.00	9,490.00	62.04%
Insurance compensation	-	-	-	-	-	
Income from posho mill	-	-	-	-	-	
Income from bus hire	250,000.00	-	250,000.00	400,800.00	(150,800.00)	160.32%
Fee for hire of ground and equipment	-	-	-	-	-	
Income from grants and donations	-	-	-	-	-	
Water Sales	100,000.00	-	100,000.00	92,550.00	7,450.00	92.55%
Accomodation	-	-	-	-	-	
SUB TOTAL	405,000.00	-	405,000.00	511,860.00	(106,860.00)	126.39%
GRAND TOTAL INCOME	39,733,850.00	-	39,733,850.00	36,704,377.66	3,029,472.34	92.38%
(1) EXPENDITURE FOR TUITION						

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

Tuition	-	-	-	-	-	-
Exercise books	-	-	-	-	-	-
Laboratory equipments and apparatus	-	-	-	-	-	-
Teaching/learning materials	3,708,100.00	-	3,708,100.00	1,477,595.00	2,230,505.00	39.85%
chalks	-	-	-	-	-	-
Internal exams	-	-	-	-	-	-
Library materials	-	-	-	-	-	-
Bank charges	-	-	-	5,785.30	(5,785.30)	
Creditors	-	-	-	1,677,245.00	(1,677,245.00)	
sub totals	3,708,100.00	-	3,708,100.00	3,160,625.30	547,474.70	85.24%
PAYMENTS FOR OPERATIONS						
EWC	1,932,550.00	-	1,932,550.00	540,195.00	1,392,355.00	27.95%
LT @T	1,020,950.00	-	1,020,950.00	1,573,820.00	(552,870.00)	154.15%
RMI	-	-	-	112,245.00	(112,245.00)	
Personal emolument	4,272,450.00	-	4,272,450.00	4,615,986.00	(343,536.00)	108.04%
Admin cost	1,939,050.00	-	1,939,050.00	861,060.10	1,077,989.90	44.41%
Activity	295,000.00	-	295,000.00	249,170.00	45,830.00	
Medical and insurance	150,000.00	-	150,000.00	7,700.00	142,300.00	5.13%
Creditors	-	-	-	653,010.00		
Insurance	-	-	-	-	-	
Covid 19 Fund	-	-	-	15,310.00	(15,310.00)	
Bank charges	-	-	-	2,520.00	(2,520.00)	
Inter Account Borrowing-Lunch	-	-	-	-	-	
SUBTOTALS	9,610,000.00	-	9,610,000.00	8,631,016.10	978,983.90	89.81%
INFRASTRUCTURE PAYMENTS				0.00		
Construction of classrooms	-	-	-	-	-	
Renovation Works	5,140,000.00	-	5,140,000.00	6,716,920.00	(1,576,920.00)	130.68%
construction of dormitory	-	-	-	-	-	
Purchase of furniture	-	-	-	301,500.00	(301,500.00)	
Purchase of equipment	-	-	-	-	-	

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

Creditors	-	-	-	435,720.00	(435,720.00)	
SUBTOTALS	5,140,000.00	-	5,140,000.00	7,454,140.00	(2,314,140.00)	145.02%
BOARDING AND SCHOOL FUND PAYMENTS						
Activity	-	-	-	-	-	
Academic improvement	-	-	-	-	-	
Bus hire	-	-	-	-	-	
Farm expenses	25,000.00	-	25,000.00	78,670.00	(53,670.00)	314.68%
Bursary	-	-	-	-	-	
Inter-Account Borrowing-Operation	-	-	-	-	-	
Personnel emoluments	-	-	-	-	-	
Inter-Account Borrowing-Tuition	-	-	-	-	-	
Repairs and maintenance & Improvements	-	-	-	-	-	
Local transport / travelling	-	-	-	-	-	
Electricity and water	-	-	-	-	-	
Medical Expenses	-	-	-	-	-	
Administration costs	-	-	-	61,080.88	(61,080.88)	
Fee on Boarding Equipment and Stores	20,870,750.00	-	20,870,750.00	17,275,773.72	3,594,976.28	82.78%
Creditors	-	-	-	1,135,152.00	(1,135,152.00)	
Bank charges	-	-	-	12,025.00	(12,025.00)	
Expenses on income generating activities	85,000.00	-	85,000.00	197,900.00	(112,900.00)	232.82%
NHIF	-	-	-	-	-	
insurance	-	-	-	-	-	
NSSF	-	-	-	-	-	
SUBTOTALS	20,980,750.00	-	20,980,750.00	18,760,601.60	2,220,148.40	89.42%
TOTAL	39,438,850.00	-	39,438,850.00	38,006,383.00	1,432,467.00	96.37%

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

- i. There was increase in enrolment leading to more funds received enabling over expenditure.
- ii. The school had been under funded by the ministry of education leading to less funds received.

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

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 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.

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

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 year ended 30th June 2022.

MOLO SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2022**11. NOTES TO THE FINANCIAL STATEMENTS****1 Government Grants for Tuition**

Description	2021-2022	2020-2021
	Kshs	Kshs
Exercise books	-	-
Laboratory equipments and apparatus	-	-
Teaching/learning materials	3,044,498.00	1,124,291.75
Library materials	-	-
Internal exams	-	-
Reference books	-	-
Total	3,044,498.00	1,124,291.75

2 Government Grants for Operations

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel Emoluments	4,290,374.00	1,649,389.00
Repairs And Maintenance	32,731.00	100,000.00
Local Transport / Travelling	802,776.80	686,484.00
Electricity And Water	1,519,432.00	480,452.00
Medical	184,000.00	-
Administration Costs	1,788,160.80	580,453.10
Activity	-	134,167.00
Insurance	-	-
Total	8,617,474.60	3,630,945.10

3 Government Grants for infrastructure

Description	2021-2022	2020-2021
	Kshs	Kshs
Maintenance & Improvement	4,551,000.00	3,440,000.00
Transition infrastructure grants	-	-
Administration Block	-	-
Others (NG-CDF)	-	-
Total	4,551,000.00	3,440,000.00

MOLO SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2022****4 School Fund Income - Parents Contribution/Fees**

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel emoluments	-	-
Repairs and maintenance	-	-
Local transport / travelling	-	-
Electricity and water	-	-
Medical	-	-
Administration costs	-	-
Activity	-	-
Fee on Boarding Equipment and stores	19,292,835.06	6,063,983.38
Arrears	686,710.00	1,547,695.48
PA Levies*	-	-
Others (specify)	-	-
Total	19,979,545.06	7,611,678.86

5 Miscellaneous Incomes

Description	2021-2022	2020-2021
	Kshs	Kshs
Rent Income	3,000.00	13,000.00
Income From Farming Activities	15,510.00	1,341,100.00
Water Sales	92,550.00	137,645.00
Income From Posho Mill	-	-
Income From Bus Hire	400,800.00	-
Fee For Hire of Ground and Equipment	-	-
Income From Grants and Donations*	-	-
Accommodation	-	-
Dividends Income	-	-
Loans/Borrowings*	-	-
Tender	-	-
Total	511,860.00	1,491,745.00

MOLO SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2022**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6 Tuition**

Description	2021-2022	2020-2021
	Kshs	Kshs
Exercise books	-	-
Textbooks and reference materials	-	-
Reference Materials	-	-
Laboratory equipment	-	-
Internal exams	-	-
Teaching / learning materials	1,477,595.00	583,520.00
Exams and Assessment	-	-
Teachers guides	-	-
Creditors	1,677,245.00	2,011,555.00
Bank Charges	5,785.30	1,440.00
Total	3,160,625.30	2,596,515.00

7 Operations

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel Emoluments	4,615,986.00	1,876,214.00
Service Gratuity	-	-
Administration Cost	861,060.10	588,660.00
Repairs And Maintenance & Improvements	112,245.00	147,000.00
Local Transport / Travelling	1,573,820.00	735,000.00
Electricity And Water	540,195.00	316,388.00
Medical	7,700.00	3,000.00
Activity Expenses	249,170.00	84,360.00
Creditors	653,010.00	3,550,690.00
COVID-19	15,310.00	48,336.00
Bank Charges	2,520.00	660.00
Total	8,631,016.10	7,350,308.00

MOLO SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2022**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8 Infrastructure**

Description	2021-2022	2020-2021
	Kshs	Kshs
Construction of classrooms	-	-
Construction of twin laboratory & Classrooms	6,716,920.00	-
construction of dormitory	-	-
Purchase of furniture	301,500.00	-
Construction of Hall/Kitchen	-	-
Repair of Classrooms	-	132,420.00
Creditors	-	-
Total	7,018,420.00	132,420.00

9 Boarding and School Fund

Description	2021-2022	2020-2021
	Kshs	Kshs
Personnel Emoluments	-	-
Service Gratuity	-	-
Repairs And Maintenance & Improvements	-	-
Local Transport / Travelling	-	-
Electricity And Water	-	-
Medical Expenses	-	-
Administration Costs	-	-
Lunch Programme	17,275,773.72	7,356,410.00
Bank Charges	-	18,361.70
Expenses On Income Generating Activities	197,900.00	-
Fee On Boarding Equipment and Stores	-	-
Creditors	1,135,152.00	4,706,326.00
Farm Expenses	78,670.00	228,740.00
Insurance Cost (<i>Life Property</i>)	-	-
Bus Hire	-	-
Activity	-	-
Bus Hires	-	-
Water Sales	12,025.00	-
PA expenses	-	-
Total	18,760,601.60	12,309,837.70

MOLO SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2022**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10 Bank Accounts**

Account Name & Currency	Status	Bank Account Number	2021-2022	2020-2021
	Active/Dor mant		Kshs	Kshs
Tuition Account-Equity Bank	Active	0230291741084	1,703.74	(36,030.96)
Operations Account-Equity Bank	Active	0230291741064	799.52	2,652.02
School Fund Account/Boarding-Equity Bank	Active	0230290250365	(52,740.98)	(247,022.08)
Savings Account-Co-op Bank	Dormant	01139522000000	-	-
Income generating activities Account - Farm Account	-	-	-	-
Infrastructural Account-Equity Bank	Active	0230279323671	1,894.00	1,460,746.00
NG-CDF Account-Equity Bank	Dormant	0230178259144	-	-
Total			(48,343.72)	1,180,344.98

11 Cash In Hand

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Account	-	-
M & I Account	-	-
Operation Account	1,975.00	-
Farm Account	-	-
School Fund account	849.70	(3,393.58)
Total	2,824.70	(3,393.58)

12 Short Term Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Cooperative Shares	-	-
Treasury Bills	-	-
Fixed Deposit accounts	-	-
Other Investments	-	-
Total	-	-

MOLO SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2022****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****13 Accounts Receivable**

Description	2021-2022	2020-2021
	Kshs	Kshs
Fees Arrears	8,206,989.43	8,681,310.35
Other Non-Fees Receivables		
Salary Advances (list/schedule attached)	3,000.00	3,000.00
Imprest (list/schedule attached)	-	-
Rent arrears (list/schedule attached)	-	-
Total	8,209,989.43	8,684,310.35

13 b Ageing Analysis of Accounts Receivable

Description	2021-2022		2020-2021	
	Kshs		Kshs	
	2020-2021	% of the total	2019-2020	% of the total
Less than 1 year	686,710.00	8%	1,547,695.48	18%
Between 1- 2 years	986,550.00	12%	300,335.44	3%
Between 2-3 years	1,258,990.44	15%	1,776,994.48	20%
Over 3 years	5,274,738.99	64%	5,056,284.95	58%
Total (should tie to note 13 a)	8,206,989.43	100%	8,681,310.35	100%

14 Accounts Payable

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	18,323,400.00	18,718,186.00
Prepaid Fees	-	-
Retention Monies	-	-
Unpaid salaries and statutory deductions	-	-
Caution money	-	-
Other payables (<i>specify</i>)	-	-
Total	18,323,400.00	18,718,186.00

MOLO SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2022**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****14a. Ageing Analysis of Accounts Payable**

Description	2021-2022		2020-2021	
	Kshs		Kshs	
	2021-2022	% of the total	2020-2021	% of the total
Less than 1 Year	3,901,127.00	21%	10,268,571.00	55%
Between 1 - 2 years	957,800.00	5%	1,216,536.00	6%
Between 2 - 3 years	1,087,500.00	6%	7,233,079.00	39%
Over 3 years	12,376,973.00	68%	-	-
Total	18,323,400.00	100%	18,718,186.00	100%

15 Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank Balances	1,180,344.98	(24,673.01)
Cash Balances	(3,393.58)	9,799.36
Short Term Investments	-	-
Receivables	8,684,310.35	7,801,567.39
Payables	(18,718,186.00)	(11,553,198.00)
Total	(8,856,924.25)	(3,766,504.26)

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

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	2021-2022	2020-2021
	Kshs	Kshs
Bank Loans	-	-
Outstanding Leases	-	-
Hire Purchase	-	-
Gratuity And Leave Provision	-	-
Others (specify)	-	-
Total	-	-

17 Biological assets

Description	Numbers	2021-2022	2020-2021
		Kshs	Kshs
Cattle	-	-	-
Goats	11	-	-
Trees	360	-	-
Coffee Or Tea Plantation	-	-	-
Poultry	-	-	-
Others (specify)	-	-	-
Total	371	-	-

18 Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Borrowings at beginning of the year	-	-
Borrowings during the year	-	-
Repayments during the year	-	-
Balance at the end of the year	-	-

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

Other important disclosure notes

19 Stock/ Inventory

Description	2021-2022	2020-2021
	Kshs	Kshs
Food stuffs	-	-
Lab consumables	-	-
Farm produce	-	-
Medication	-	-
Construction Materials	-	-
Others (specify)	-	-
	-	-

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

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

MOLO SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2022****12. Annexes****Annex I - Analysis of Pending Accounts Payable**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2022	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1. Remmtex engineers	4,635,720	February 2022	3,000,000	-	635,720	-
Sub-Total	4,635,720	-	-	-	635,720	-
Supply of goods and services						
4. Pamfloy Entreprises		January 2018	200,000	1,876,690	1,876,690	-
5. Gilgil Press		January 2019	300,000	430,730	316,920	-
6. Lelab Chemicals		January 2019	20,000	30,550	30,550	-
7. Fig Education Suppliers		January 2018	100,000	689,140	589,140	-
8. Stan Bookshop		January 2019	1,370,528	1,513,160	142,632	-
9. Osram Top Investments		January 2019	-	113,000	113,000	-
10. H.Downing Ltd		January 2018	-	110,000	110,000	-
11. Peroa Merchants		January 2018	-	200,000	200,000	-
12. Blitz Computer		January 2016	25,000	64,000	39,000	-
13. Robtech Copy		January 2019	-	80,000	80,000	-
14. Robco Offices Ltd		January 2020	-	737,000	737,000	-

MOLO SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2022**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2022	Comments
15. Bethany Tech		January 2020	540,500	1,247,160	1,154,600	-
16. General Biological Supply House		January 2021	-	527,298	805,573	-
17. Dajohn Enterprises		January 2021	-	230,450	471,000	-
18. Brain Waves Solution		January 2021	-	36,000	36,000	-
19. Catholic Bookshop		January 2022	-	-	304,340	-
20. City & Press		January 2019	10,300	10,300	-	
21. Victors Exams		January 2019	7,000	7,000	-	
22. Streamline concepts		January 2016	235,000	-	-	
Sub-total			2,808,328	7,902,478	7,006,445	
Operations Account						
23. Aketch Electrical		January 2020	20,000	83,450	74,850	-
24. Micah Inyangu		January 2019	13,000	13,000	30,000	-
25. Lilisam Traders		January 2019	90,100	290,100	200,000	
26. Bosco Karanja		January 2018	10,000	299,480	289,480	
27. Bmladec Maxicorso		January 2019	60,000	336,670	276,670	
28. Stellotech		January 2017	-	95,500	95,500	-
29. Jose Electronics		January 2018	-	31,000	31,000	-
30. Mwangaza Metal		January 2018	30,000	611,950	581,950	-
31. Molo Uniform Centre		January 2019	30,000	130,000	100,000	
32. Ideal Smart Graphics		January 2019	30,000	67,150	72,850	
33. Startic Distributors		January 2016	-	70,000	70,000	

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2022	Comments
34. Simon Mburu		2016	-	304,072	304,072	
35. Robco Office Suppliers ltd		January 2020	-	56,800	56,800	
36. Target Techniques		January 2016	-	86,500	86,500	
37. Nathan Motorcycle		January 2019	20,000	35,000	15,000	
38. Barsalang Technologies		January 2019	-	78,140	78,140	
39. Nallins Co.Ltd		January 2019	30,000	58,500	28,500	
40. Qwest Gen. Merchants		January 2021	-	12,000	12,000	
41. Streamline concepts		January 2016		235,000	-	
42. Alpha Jones ltd		January 2022	-	-	45,000	
43. James Ndirangu		January 2019	13,000	13,000	-	
44. Uchumi Selection stores		January 2018	-	43,180	43,180	
45. Robtech copy		January 2019	-	114,500	-	
46. Kudheiha workers		-	-	52,441	37,195	
47. N.S.S.F		-		1,017,241	1,058,476	
48. P.A.Y.E		-	-	643,752	965,628	
49. Jane Gitau		-	-	830,223	830,223	
50. Non-teaching staff arrears		-	-	1,813,200	1,813,200	
51. Joseph Macharia		2019	27,000	107,000	-	
52. Uchumi selection stores		January 2018	-	-	-	
Sub-totals			373,100	7,528,849	7,196,214	
School Fund Account						

MOLO SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2022**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2022	Comments
53. Elijah Kimemia		January 2017	-	415,000	415,000	
54. Uchumi Selection Stores		January 2018	70,000	309,573	239,573	
55. Patrick Mwangi		January 2017	-	66,600	66,600	
56. Abidas ltd		January 2021	189,000	189,000	-	
57. Imani Hotel		January 2020	-	110,870	115,000	
58. Wakulima Favoured		January 2019	114,985	114,985	80,000	
59. Nancy Ndung'u		January 2020	-	10,500	28,000	
60. Samuel Kamanjara Macharia		January 2020	40,000	40,000	-	
61. Josdowa Enterprises		January 2022	-	-	199,840	
62. Ann Andai		January 2020		29,256	42,413	
63. Nathan Firewood		January 2019	27,600	27,600	-	
64. Thonjo Njeru Enterprises/Arcturus Enter.		January 2019	142,900	242,900	100,000	
65. Mash Butchery		January 2019	500,000	778,840	948,330	
66. G-Max Engeering		January 2021	-	202,500	202,500	
67. Forester (Farm Forestry)		January 2021	-	-	22,000	
68. Betty Cherotich		January 2022	-	-	87,000	
69. Martin Muraya(Muraya Butchery)		January 2017	-	110,000	110,000	
70. Abercare Hardware		January 2016	-	360,035	360,035	
71. Robtech Copy		January 2016	-	131,700	131,700	
72. Elica Supplies		May 2022	-	-	117,530	
73. Joseph Macharia		January 2019	30,000	-	72,000	

MOLO SECONDARY SCHOOL**Annual Report and Financial Statements For the year ended 30th June 2022**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2022	Comments
74. Poly Energy saver		January 2016	-	147,500	147,500	
			1,114,485	3,286,859	3,485,021	-
Grand Total		-	4,295,913	18,718,186	18,323,400	-

MOLO SECONDARY SCHOOL

Annual Report and Financial Statements For the year ended 30th June 2022

Annex 2 – Summary of Fixed Assets Register

Asset class	Date purchased	Quantity	Historical Cost b/f (Kshs) 1 st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2022
Land 1	1957	6.6 Acres	16,250,000.00			16,250,000.00
Land 2		-				
Buildings and structures						
✓ Classrooms		19	19,000,000.00	1	-	19,788,220.00
✓ Toilets		97	4,010,000.00			4,010,000.00
✓ Administration block/Library		1	5,000,000.00			5,000,000.00
✓ Dining Hall/Kitchen/Kitchen store		1	4,000,000.00			4,000,000.00
✓ Departmental offices		10	1,000,000.00			1,000,000.00
✓ Computer lab		1	800,000.00			800,000.00
✓ Biology Lab		1	2,000,000.00			2,000,000.00
✓ Chemistry Lab		1	2,000,000.00			2,000,000.00
Motor vehicles	31/07/2002	1	5,949,800.00			5,949,800.00
Office equipment, furniture and fittings			1,500,000.00			1,500,000.00
ICT Equipment, and Other ICT Assets						
✓ Computers		30	300,000.00			300,000.00
✓ Printers		5	75,000.00			75,000.00
✓ Duplo machine		1	500,000.00			500,000.00
✓ Photocopier machine		1	385,500.00			385,500.00
Tools and apparatus- Laboratory		11,743 Qty				-

MOLO SECONDARY SCHOOLAnnual Report and Financial Statements For the year ended 30th June 2022

Asset class	Date purchased	Quantity	Historical Cost b/f (Kshs) 1st July 2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2022
Textbooks		26,983		3,991		30,974
Other Machinery and Equipment- Lamination machine	Donated	1	-	-	-	-
Heritage and cultural assets		-	-	-	-	-
Intangible assets- soft ware	2017	2	150,000.00			150,000.00
Total						

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