

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 MAR 2025	DAY: Tuesday
TABLED BY:	Deputy chief whip Majority party Hon- Naomi Jillo
CLERK-AT THE-TABLE:	Benson Inzafu.

OF

THE AUDITOR-GENERAL

ON

MURERA SECONDARY SCHOOL

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

MERU COUNTY



MURERA SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE 2021

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

MURERA SECONDARY SCHOOL
Annual Report and Financial Statements
For the year ended 30th June 2021

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MURERA SECONDARY SCHOOL
Reports and Financial Statements
For the year ended 30th June 2021

I. KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

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

The school was registered in 01/2020 under registration number 12S30001043 and is currently categorized as a Sub County public school established, owned or operated by the Government.

The school is a day school and had 207 students as at 30th June 2021. It has 1stream and 9 teachers of which 3 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	Patrick Meeme	Chairman	16/05/2019
2	Charity Kairuki	Secretary - Principal	16/05/2019
3	Jacob Kanake Kaberia	Member	16/05/2019
4	Irene Kirya	Member	16/05/2019
5	Ezekiel Kairithia	Member	16/05/2019
6	Juliet Kanario	Member	16/05/2019
7	Rev Gitonga Kabaya	Member - Rep CEB	16/05/2019
8	Faith Kinya	Member - Rep Teachers	16/05/2019
9	Joshua Mungathia	Members - Sponsor	16/05/2019
10	Pauline Wanja	Member - Community	16/05/2019
11	Douglas Mwenda	Member - Special Needs	16/05/2019
12	Janice Kaithiori	Representative - Students	16/05/2019
13	Elizabeth Kailemia	Member	16/05/2019
14	Joseph Kobia	Member	16/05/2019
15	Jacob Karithi	Member-Parent association	16/05/2019

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The function of the School Board of Management include:

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

(c) Committees of the Board

Ref	Name of Committee	Names of Members	Designation	Number of Meetings Attended During the Year
1	Executive Committee	Patrick Meeme	Chairperson	3 out of 3
		Charity Kariuki	Secretary	3 out of 3
		Jacob Karithi	Member	3 out of 3
		Elizabeth Kailemia	Member	3 out of 3
		Irene Kinya	Member	3 out of 3
2	Audit Committee	Rev Gitonga Kabaya	Member	3 out of 3
		Elizabeth Kailemia	Secretary	3 out of 3
		Patrick Meeme	Chairperson	3 out of 3
		Jacob Karithi	Member	3 out of 3
3	Finance, Procurement and General Purposes Committee	Jacob Kanake	Chairperson	3 out of 3
		Ezekiel Kairithia	Member	3 out of 3
		Faith Kinya	Member	3 out of 3
		Jacob Karithi	Member	3 out of 3
4	Academic Committee	Elizabeth Kailemia	Chairperson	1 out of 3
		Joshua Mungathia	Member	2 out of 3
		Faith Kinya	Secretary	3 out of 3
		Irene Kinya	Member	3 out of 3
5	Development Committee	Patrick Meeme	Chairperson	3 out of 3
		Charity Kariuki	Secretary	3 out of 3
		Jacob Karithi	Member	3 out of 3
		Juliet Kanario	Member	3 out of 3
		Pauline Wanja	Member	3 out of 3
5	Discipline and Welfare Committee	Faith Kinya	Secretary	3 out of 3
		Douglas Mwenda	Member	3 out of 3

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		Juliet Kanario	Chairperson	3 out of 3
		Janice Kaithiori	Member	3 out of 3
		Joseph Kobia	Member	3 out of 3

(d) School operation Management

For the financial year ended 30th June 2021 the School day-to-day management was under the following persons:

Ref:	Designation	Name	TSC Number
i	Principal	Charity Kariuki	304962
2	Deputy Principal	Ayub Mugambi	359113
3	School Bursar	Benson Mugambi	ID No. 29486452

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(e) Schools Contacts

Post Office Box: 396-60600 Maua
Telephone: 0716729046
E-mail: murerasecondaryschool-mru@mwalimu.tsc.go.ke
Website: -
Facebook: -
Twitter: -

(f) School Bankers

The following school operated 3 bank accounts in the following banks:

1. Name of Bank: Equity Bank Limited
Branch: Maua
Account Number: 0400266549558
2. Name of Bank: Consolidated Bank of Kenya
Branch: Maua
Account Number: 10101203000043
3. Name of Bank: Consolidated Bank of Kenya
Branch: Maua
Account Number: 10101203000044

(g) Independent Auditors

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

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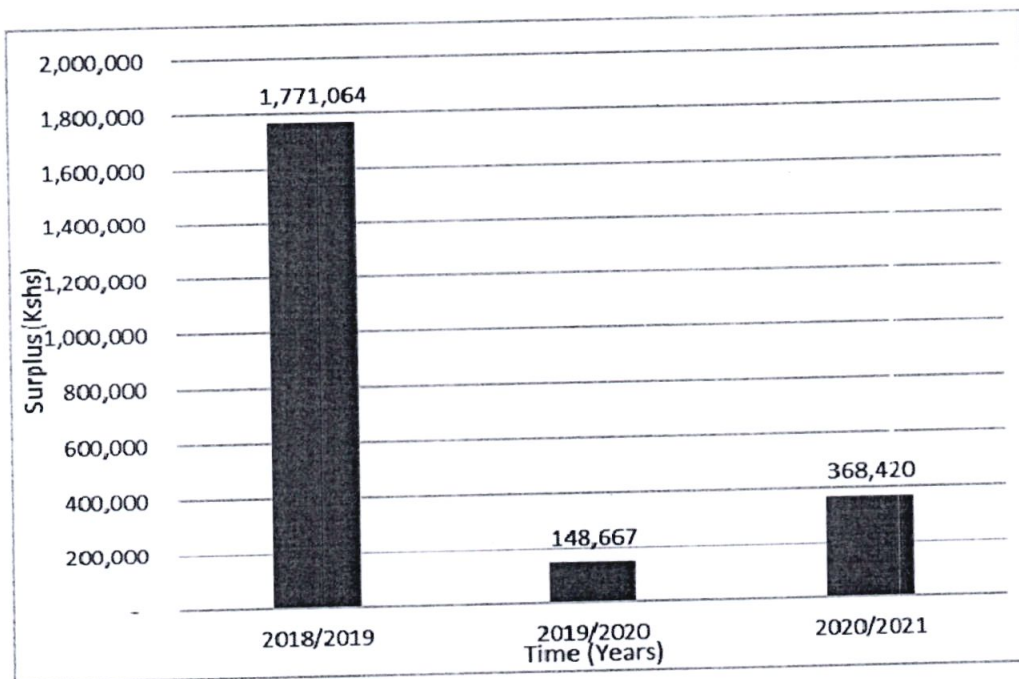
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

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

a) Financial Performance:

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

Year	2020/2021	2019/2020	2018/2019
Surplus/deficit	368,420	148,667	1,771,064



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b) Teacher Student Ratio:

Include the teacher to student for each subject in order to indicate shortage/ allocation of resources.

1	Teacher student ratio	1:23	
2	Number of teachers recruited and posted to the school within the year	1	
3	Number of teachers employed by the TSC	6	
4	Number of teachers employed by BOM	3	
5	Number of teachers per subject	English	1
		Kiswahili	0
		Physics	6
		CRE	3
		Chemistry	1
		Biology	1
		Geography	1
		Business	1
		Agriculture	1
		History	2
Maths	2		

c) Mean Score in the 2021KCSE:

Year	Set Target	Mean Score	Mean Deviation	Number of Students to Higher Learning	Comments
2020	4.000	3.000	- 1.000	1	-Effects of Corona -Lack student support from parents
2019	3.000	3.467	+ 0.467	1	-Committed students and Teachers
2018	3.000	2.210	- 0.790	0	-Lack student support from parents

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d) Number of Candidates in the 2021 KCSE:

Year	No of candidates
2020	24
2019	16
2018	20

e) Capacity of the School:

Number of Students	Dormitories	Dining Hall	Laboratories	Toilets	Number of Students Vis-a Vis Facilities
207	0	0	0	Girls -6 Boys -5	1:17 1:22

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f) Development Projects Carried Out by the School:

Project	Source of Funds	Status	Initial Cost	Amount Spent	Completion Time
Classroom	Ministry of Education	Ongoing	1,200,000	700,000	September 2021

Sign C.K
Chaity Karuki
School Principal

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III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

The Board of Management of Murera 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, 2021, and of the school's financial position as at that date.

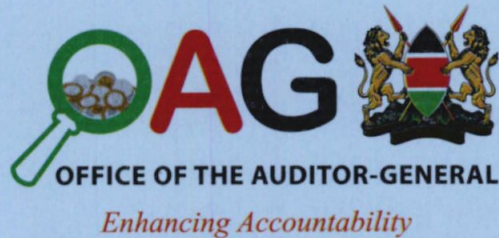
Name: Patrick Meeme
Designation: Chairman, School Board of Management
Sign: *Patrick Meeme*
Date: 15/8/2024

Name: Charity Kariuki
Designation: School Principal and Secretary to Board of Management
Sign: *C.K*
Date: 15/8/2024

Name: Benson Mugambi
Designation: Bursar/ Finance Officer
Sign: *Benson Mugambi*
Date: 15/8/2024

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON MURERA SECONDARY SCHOOL FOR THE SIX (6) MONTHS PERIOD' ENDED 30 JUNE, 2021 - MERU 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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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.

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 Murera Secondary School – Meru County set out on pages 12 to 32, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Murera Secondary School – Meru County as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in Cash and Cash Equivalents

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.619,491 as disclosed in Note 8 and Note 9 to the financial statements. However, review of receipts books revealed that an amount of Kshs.345,400 received as school fees from students could not be traced in the bank statements.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.619,491 could not be confirmed.

2. Undisclosed Infrastructure Funds

The statement of receipts and payments reflects capitation grants for operations totalling Kshs.2,039,797 as disclosed in Note 2 to the financial statements. Review of documents and the operations account revealed that the School received infrastructure funds amounting to Kshs.300,000 during the year under review. However, this amount was not disclosed in the financial statements.

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

3. Long Outstanding Accounts Receivables

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.503,300 as disclosed in Note 11 to the financial statements. However, included in the balance are receivables amounting to Kshs.347,247 which had been outstanding for more than two (2) years. Further, significant accounting policies on accounts receivables as disclosed in Note 5 is silent on the treatment of the students' fees balances which is the major source of income for the School.

In the circumstances, the accuracy and full recoverability of the outstanding receivables balance of Kshs.503,300 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Murera 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.

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. 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 and 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. Non-Compliance with the Public Sector Accounting Standards Board Guidelines

Review of the financial statements revealed that the ICPAK Number of the School bursar responsible for preparation of the financial statements was not indicated contrary to Section 81(1) of the Public Finance Management Act, 2012 which requires that at the end of each financial year, the Accounting Officer shall prepare financial statements in respect of the entity in a form that complies with the relevant Accounting Standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

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

2. Late Submission of Financial Statements for Audit

During the year under review, the financial statements were submitted to the Auditor-General on 28 September, 2023 instead of the statutory date of 30 September, 2021. This was contrary to Section 47(1) of the Public Audit Act, 2015 which provides that the financial statements shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

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

3. Lack of an Approved Procurement Plan

Review of records revealed that the School undertook procurement of goods and services under various categories of payments. However, Management did not provide an approved procurement plan for audit. This was contrary to Regulation 115(2) of the Public Finance Management (National Government) Regulations, 2015 which provides that every year a procurement plan shall be prepared by Accounting Officers to form the basis for procurement activities undertaken by the Government entity in the fiscal year.

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

4. Non-Compliance in Management of Textbooks

Review of records relating to a sample of one thousand and eighty-eight (1,088) textbooks for form three and four delivered by the Ministry of Education revealed a textbook to student ratio of 1:3 indicating an oversupply of textbooks by the Ministry against the recommended textbook to student ratio of 1:1. This was contrary to Regulation 139(1) of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer to take full responsibility and ensure that proper control systems exist and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse of assets.

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

5. Failure to Prepare School Improvement Plan

During the period 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

Review of the National Education Management Information System (NEMIS) against the School's manual enrolment register revealed that the number of students captured in NEMIS was lower than the number in the School's manual register. The number of the students in the NEMIS system were two hundred and twenty-six (226) against the School overall enrolment of three hundred seventy-eight (378) leaving out one hundred and fifty-two (152) students who were not enrolled in the NEMIS system.

In the circumstances, the effectiveness of the NEMIS system in providing accurate data to facilitate proper planning could not be confirmed.

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 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 THE 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the School to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 September, 2024

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

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

DESCRIPTION OF VOTE HEAD	Note	2020-2021 Kshs	2019-2020 Kshs
RECEIPTS			
Capitation grants for tuition	1	293,529	288,741
Capitation grants for operations	2	2,039,797	1,761,525
School fund Income- other receipts	3	30,450	0
School fund Income- parents' contributions	4	366,850	412,230
TOTAL RECEIPTS		2,730,626	2,462,496
PAYMENTS			
Payments for tuition	5	211,600	289,253
Payments for operations	6	1,584,750	1,771,064
Boarding and school fund payments	7	565,856	253,512
TOTAL PAYMENTS		2,362,206	2,313,829
SURPLUS/DEFICIT		368,420	148,667

The school financial statements were approved on 15th August 2021 and signed by:

Sign: Patrick Meeeme

Sign: C.K

Sign: Benson

Name Patrick Meeeme

Name Charity Karuki

Name Benson mugambi

Chair BOM

School Principal/
Secretary to BOM

Bursar/
Finance Officer

Date 15/8/2021

Date 15/8/2021

Date 15/8/2021

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

	Note	2020-2021 Kshs	2019-2020 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	592,710	86,282
Cash Balances	9	26,781	689
Short term Investment	10	0	0
Total Cash and cash equivalent		619,491	86,971
Account's receivables	11	503,300	570,500
TOTAL FINANCIAL ASSETS		1,122,791	657,471
FINANCIAL LIABILITIES			
Accounts Payables	12	181,930	85,030
NET FINANCIAL ASSETS		940,861	572,441
REPRESENTED BY			
Accumulated Fund b/fwd	13	572,441	423,774
Surplus/Deficit for the year		368,420	148,667
NET FINANCIAL POSITION		940,861	572,441

The School's financial statements were approved on 15th August 2021 and signed by:

Name: Patrick meeme
Chairman, BOM

Sign: [Signature]

Date: 15/8/2021

Name: Charity Kanuki
School Principal/Secretary
to BOM

Sign: C.K

Date: 15/8/2021

Name: Benson mugambi
Bursar/Finance

Sign: [Signature]

Date: 15/8/2021

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VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2021

	2020-2021	2019-2020
	Kshs	Kshs
RECEIPTS FOR OPERATING INCOME		
Capitation grants for tuition	293,529	288,741
Capitation grants for operations	2,039,797	1,761,525
School fund income- other receipts	30,450	0
School fund income- Parents contributions/ fees	434,050	167,182
Total receipts	2,797,826	2,217,448
Payments		
Payments for Tuition	211,600	289,253
Payments for operations	1,584,750	1,771,064
Boarding and school fund payments	468,956	168,482
Total payments	2,265,306	2,228,799
Net cash flow from operating activities	532,520	(11,351)
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets	0	0
Acquisition of Assets	0	0
Proceeds from investments	0	0
Purchase of investments	0	0
Net cash flows from Investing Activities	0	0
CASHFLOW FROM BORROWING ACTIVITIES		
Proceeds from borrowings/ loans	0	0
Repayment of principal borrowings	0	0
Net cash flow from financing activities	0	0
NET INCREASE IN CASH AND CASH EQUIVALENTS	532,520	(11,351)
Cash and cash equivalent at BEGINNING of the year	86,971	98,322
Cash and cash equivalent at END of the year	619,491	86,971

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

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
RECEIPTS						
<i>(1) CAPITATION GRANT ON TUITION</i>						
Textbooks and reference materials	0	0	0	0	0	0
Tuition	0	0	0	0	0	0
Exercise books	0	0	0	0	0	0
Laboratory equipment	0	0	0	0	0	0
Internal exams	0	0	0	0	0	0
Teaching / learning materials	300,000	0	300,000	293,529	6,471	98%
Chalks	0	0	0	0	0	0
Exams and assessment	0	0	0	0	0	0
Teachers guides	0	0	0	0	0	0
<i>(2) CAPITATION GRANT ON OPERATIONS</i>						
Personnel emoluments	0	0	0	0	0	0
Repairs and maintenance	1,100,000	0	1,100,000	1,045,800	54,200	95%
Other votes	1,000,000	0	1,000,000	993,997	6,003	99%
Local transport / travelling	0	0	0	0	0	0
Electricity and water	0	0	0	0	0	0
Medical	0	0	0	0	0	0

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Administration costs	0	0	0	0	0	0
Activity	0	0	0	0	0	0
Gratuity	0	0	0	0	0	0
SMASSE	0	0	0	0	0	0
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	0	0	0	0	0	0
Repairs and maintenance	0	0	0	0	0	0
Local transport / travelling	0	0	0	0	0	0
Electricity and water	0	0	0	0	0	0
Medical	0	0	0	0	0	0
Administration costs	0	0	0	0	0	0
Activity	0	0	0	0	0	0
SMASSE	0	0	0	0	0	0
Fee on Boarding Equipment and Stores	450,000	0	450,000	366,850	83,150	82%
(4) OTHER INCOME						
Rent income	0	0	0	0	0	0
Income from farming activities	0	0	0	0	0	0
Insurance compensation	0	0	0	0	0	0
Income from Posho mill	0	0	0	0	0	0
Income from Bus Hire	0	0	0	0	0	0
Fee for hire of ground and	0	0	0	0	0	0

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
equipment						
PTA	35,000		35,000	30,450	4,550	87%
Income from any other investment	0	0	0	0	0	0
TOTAL INCOME	2,885,000		2,885,000	2,730,626	154,374	97%
(1) EXPENDITURE FOR TUITION						
Textbooks and reference materials	0	0	0	0	0	0
Exercise books	0	0	0	0	0	0
Laboratory equipment	80,000	0	80,000	75,000	5,000	94%
Internal exams	0	0	0	0	0	0
Teaching / learning materials	90,000	0	90,000	86,000	4,000	96%
Chalks	0	0	0	0	0	0
Exams and assessment	55,000	0	55,000	50,000	5,000	91%
Teachers guides	0	0	0	0	0	0
Administration costs	0	0	0	0	0	0
Bank Charges	700		700	600	100	86%
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	400,000	0	400,000	394,000	6,000	99%
Repairs, maintenance & improvements	70,000	0	70,000	65,190	4,810	93%
Local transport / travelling	50,000	0	50,000	44,500	5,500	89%

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Electricity, water and conservancy	95,000	0	95,000	93,600	1,400	99%
Infrastructure	310,000	0	310,000	300,000	10,000	97%
Medical	0	0	0	0	0	0
Administration costs	500,000	0	500,000	473,460	26,540	95%
Activity Expenses	250,000	0	250,000	214,000	36,000	86%
Gratuity	0	0	0	0	0	0
SMASSE	0	0	0	0	0	0
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	0	0	0	0	0	0
Repairs, maintenance and improvements	150,000	0	150,000	149,806	194	99%
Local transport / travelling	0	0	0	0	0	0
Electricity, water and conservancy	0	0	0	0	0	0
Medical Expenses	0	0	0	0	0	0
Administration costs	0	0	0	0	0	0
Activity	58,000	0	58,000	56,500	1,500	97%
Gratuity	0	0	0	0	0	0
Lunch programme	0	0	0	0	0	0
Boarding Equipment and Stores	400,000	0	400,000	357,190	42,810	89%
Expenditure for Income Generating Activity	0	0	0	0	0	0
Insurance costs	0	0	0	0	0	0

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Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Other expenses on investments	0	0	0	0	0	0
Farming activities	2,500	0	2,500	2,000	500	80%
Rent Expenses	0	0	0	0	0	0
Bank Charges	400	0	400	360	40	90%
Loan Interest Repayment	0	0	0	0	0	0
Loan Principal Repayment	0	0	0	0	0	0
Acquisition of Assets	0	0	0	0	0	0
TOTALS	2,511,600	0	2,511,600	2,362,206	149,394	94%

IX. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and applicable government legislations and regulations. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprest, salary advances and other receivables and b) payables that include deposits and retentions and payables from operations.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the school and all values are rounded to the nearest Kenya Shilling (KShs). The accounting policies adopted have been consistently applied to all the years presented.

2. Recognition of receipts and payments

The school recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the school. In addition, the school recognises all expenses when the event occurs and the related cash has actually been paid out by the school.

3. In-kind contributions

In-kind contributions are donations that are made to the school in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the school includes such value in the statement of receipts and payments both as a receipt and as a payment in equal and opposite amounts; otherwise, the contribution is not recorded.

4. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various financial institutions at the end of the financial year.

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5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

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

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X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	0	0
Exercise books	0	0
Laboratory equipment	0	0
Internal exams	0	0
Teaching / learning materials	293,529	288,741
Chalks	0	0
Exams and assessment	0	0
Teachers guides	0	0
Total	293,529	288,741

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	0	0
Repairs and maintenance	1,045,800	624,000
Other votes	993,997	1,043,925
Local transport / travelling	0	0
Electricity and water	0	0
Medical	0	31,200
Administration costs	0	0
Activity	0	62,400
Total	2,039,797	1,761,525

3 OTHER RECEIPTS - SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	0	0
PTA	30,450	0
Repairs and maintenance	0	0
Local transport / travelling	0	0
Electricity and water	0	0
Medical	0	0
Administration costs	0	0
Activity	0	0
Total	30,450	0

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4 PARENTS CONTRIBUTION/FEES – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores	366,850	412,230
Rent income	0	0
Income from farming activities	0	0
Insurance compensation	0	0
Income from Posho mill	0	0
Income from Bus Hire	0	0
Fee for hire of ground and equipment	0	0
Income from grants and donations*	0	0
Interest income	0	0
Dividends income	0	0
Total	366,850	412,230

5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials	0	0
Exercise books	0	0
Laboratory equipment	75,000	0
Internal exams	0	0
Teaching / learning materials	86,000	245,500
Chalks	0	0
Exams and assessment	50,000	32,473
Teachers guides	0	10,800
Administration Costs	0	0
Bank Charges	600	480
Total	211,600	289,253

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6 PAYMENTS FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	394,000	523,000
Service Gratuity	0	0
Administration Cost	473,460	239,550
Repairs and maintenance & improvements	65,190	237,315
Local transport / travelling	44,500	81,639
Electricity and water	93,600	6,000
Medical	0	16,250
Activity Expenses	214,000	115,070
SMASSE	0	0
Infrastructure	300,000	552,240
Insurance Cost	0	0
Bank Charges	0	0
TOTAL	1,584,750	1,771,064

7 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	0	0
Service Gratuity	0	0
Repairs and maintenance and Improvements	149,806	135,957
Local transport / travelling	0	37,000
Electricity and water	0	13,785
Medical Expenses	0	0
Administration costs	360	3,440
Lunch Programme	0	0
Bank Charges	0	0
Expenses on Income Generating Activities	0	0
Fee on Boarding Equipment and Stores	357,190	63,330
Rent Expenses	0	0
Insurance Cost (Life Property)	0	0
Activity	56,500	0
Loan Interest repayment	0	
Farm	2,000	0
Bus	0	0
TOTAL	565,856	253,512

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8 BANK ACCOUNTS

Name of Bank and Currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account	10101203000044	97,058	15,128
Operations Account	10101203000043	445,363	39,165
School Fund Account/Boarding	0400266549558	50,289	31,989
Total		592,710	86,282

9 CASH IN HAND

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition Account	0	0
Operation Account	55,031	(6,181)
School Fund account	(28,250)	6,870
Total	26,781	689

10 SHORT TERM INVESTMENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Cooperative shares	0	0
Treasury Bills	0	0
Fixed deposit	0	0
Equity stock	0	0
Other investments	0	0
Total	0	0

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11 ACCOUNTS RECEIVABLE

Description	2020-2021 Kshs	2019-2020 Kshs
Fees arrears	503,300	570,500
Other non-fees receivables	0	0
Salary advances	0	0
Imprest	0	0
Total	503,300	570,500

AGEING OF THE FEES ARREARS

Description	2020-2021 Kshs	2019-2020 Kshs
Fees arrears for current year	52,764	245,048
Fees arrears for the previous year	103,289	331,500
Fees arrears for prior periods (over two years)	454,847	180,200
Recoveries during the year	(107,600)	(186,248)
Total	503,300	570,500

12 ACCOUNTS PAYABLE

Description	2020-2021 Kshs	2019-2020 Kshs
Trade creditors (See ageing below and appendix 1)	181,930	85,030
Prepaid fees	0	0
Retention monies	0	0
Total	181,930	85,030

AGEING OF THE CREDITOR'S ARREARS

Description	2020-2021 Kshs	2019-2020 Kshs
Trade creditors for current year	181,930	85,030
Trade creditors for the previous year	85,030	0
Trade creditors for prior periods (over two years)	0	0
Payments during the year	(85,030)	0
Total	181,930	85,030

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13 FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	86,282	77,465
Cash balances	689	20,857
Short Term Investments	0	0
Receivables	570,500	450,882
Payables	(85,030)	(125,430)
Total	572,441	423,774

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Other Important Disclosure Notes

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

14 Non-Current Liabilities Summary

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

15 Biological assets

Description	Numbers	2020-2021 Kshs	2019-2020 Kshs
Cattle	1	70,000	0
Goats	0	0	0
Trees	315	630,000	375,000
Coffee or tea plantation	0	0	0
Poultry	0	0	0
Total	316	700,000	375,000

16 Borrowings

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

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17 Stock/ Inventory

Description	2020-2021 KShs	2019-2020 KShs
Stock/ inventory at beginning of the year	374,084	346,943
Stock/ inventory purchased during the year	484,742	422,624
Stock/ inventory issued during the year	(194,900)	(395,483)
Balance at end of the year	663,926	374,084

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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)

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020/2021	Outstanding Balance 2019-2020	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of Buildings						
1. Kiutine Hardware	42,740	02/02/2021	0	42,740	0	To be paid when funds are available
2. Bethamol Enterprises	30,580	02/02/2021	0	30,580	0	To be paid when funds are available
Sub-Total	73,320			73,320	0	
Supply of Goods						
1. Limbuku Bookshop	15,230	04/02/2021	0	15,230	0	To be paid when funds are available
2. Castrol Lab Tech	20,200	04/02/2021	0	20,200	0	To be paid when funds are available
3. Rachel Kamami	56,500	04/02/2021	0	56,500		
Sub-Total	91,930			91,930	0	To be paid when funds are available
Supply of Services						
1. Kirianki KMaingi	16,680	06/05/2021	0	16,680	0	To be paid when funds are available
Sub-Total	16,680			16,680	0	
Grand Total	181,930			181,930	0	

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ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Historical Cost b/f (Kshs) 1st July 2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 2021
Land 1	0	0	0	0
Land 2	0	0	0	0
Buildings and structures	700,000	0	0	700,000
Motor vehicles	0	0	0	0
Office equipment, furniture and fittings	0	0	0	0
ICT Equipment, and Other ICT Assets	210,000	0	0	210,000
Tools and apparatus	30,000	70,000	0	100,000
Textbooks	100,000	100,000	0	200,000
Other Machinery and Equipment	0	0	0	0
Heritage and cultural assets	0	0	0	0
Intangible assets- soft ware	0	0	0	0
Total	1,040,000	170,000	0	1,210,000

