REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

MUKUUNI BOYS' HIGH SCHOOL

FOR THE YEAR ENDED 30 JUNE, 2021

THARAKA-NITHI COUNTY

Revised 30th June 2021.

MUKUUNI BOYS HIGH
PUBLIC SECONDARY SCHOOL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th June 2021

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

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I. KEY SCHOOL INFORMATION AND MANAGEMENT

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

(a) Background information

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

The school was registered in 1989 under registration number GPA/A/2/89 and is currently categorized as an EXTRA COUNTY public school established, owned or operated by the Government.

The school is a day/boarding school and had 950 number of students as at *30th June 2021*. It has 4 streams and 38 teachers of which 12 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	BEDFORD GITONGA	Chairman	19/7/2019
2	TIMOTHY KAMAU	Secretary - Principal	19/7/2019
3	DAVID MUGAMBI	Member	19/7/2019
4	FLORENCE MUTHUA	Member	19/7/2019
5	DR. SAMUEL NTHUNI	Member	19/7/2019
6	MR. KIRIMI MUTURI	Member	19/7/2019
7	BETTY KAWIRA	Member	19/7/2019
8	ENG. PERMINUS MURANGIRI	Member – Rep CEB	19/7/2019
9	PETER MICHEU	Member Rep Teachers	19/7/2019
10	DR. ELLYJOY MICHENI	3 Members - Sponsor	19/7/2019
11	DOROTHY KATHOMI	Member - Community	19/7/2019
12	MOSES BUNDI	MemberSpecial Needs	19/7/2019
13	ANTHONY MUNENE	Rep Students	19/7/2019

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

The function of the School Board of Management include:

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

(c) Committees of the Board

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

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	**Executive Committee**			
2	**Audit Committee**	MOSES BUNDI	CHAIRMAN	2
3	Finance,procurement and general purposes Committee	BEDFORD GITONGA FLORENCE MUTHUA DAVID MUGAMBI	MEMBER MEMBER MEMBER	2
4	Academic Committee	DR. ELLYJOY MICHENI	CHAIRMAN	2
5	Development Committee	ADIEL MAIMBU	CHAIRMAN	2
6	Discipline and welfare Committee	MOSES BUNDI KIRIMI MUTURI	CHAIRMAN	2
7	Adhoc Committee (if any during the year)	MOSES BUNDI DAVID MUGAMBI	CHAIRMAN	2

(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
1	Principal	TIMOTHY KAMAU	306121
2	Deputy Principal	PETER MICHEU	425753
3	School Bursar	JACKSON MUGENDI	ID NO. 9214409

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)

(e) Schools contacts

Post Office Box:	39-60403, MAGUMONI
Telephone:	0715693151
E-mail:	mukuunihigh@gmail.com
Website:	N/A
Facebook:	N/A
Twitter:	N/A

(f) School Bankers

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

1. Name of Bank: KCB
   Branch: CHUKA
   Account Number: 1103685376
   Account Name: Boarding

2. Name of Bank: EQUITY
   Branch: CHUKA
   Account Number: 021029177283
   Account Name: Operations

3. Name of Bank: EQUITY
   Branch: CHUKA
   Account Number: 021029133114
   Account Name: Tuition

4. Name of Bank: EQUITY
   Branch: CHUKA
   Account Number: 0210290640400
   Account Name: Bus account

5.	Name of Bank:	EQUITY
	Branch:	CHUKA
	Account Number:	0210279934454
	Account Name:	Infrastructure
6.	Name of Bank:	FAMILY BANK
	Branch:	CHUKA
	Account Number:	054000007148
	Account Name:	NG-CDF

7. MPESA Pay Bill No. 32210K attached to KCB bank account

(Ensure all bank accounts operated by the school are disclosed and that all Pay Bill Numbers are also disclosed)

(g) Independent Auditors

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

II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

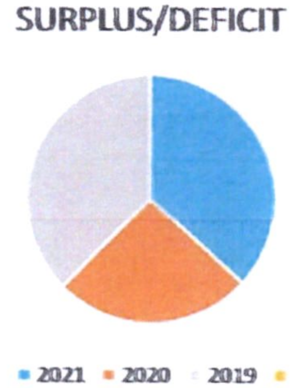
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) **Financial performance**:

Under this section, the following information should be given:

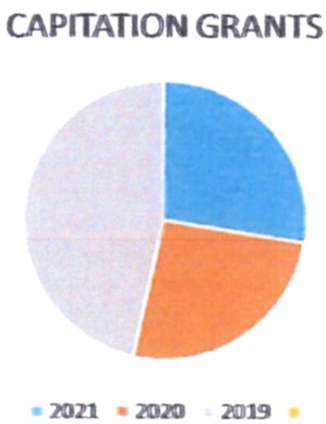
- *Surplus/ deficit for the year and a comparison of the same for the last three years*

YEAR	2021	2020	2019
SURPLUS/DEFICIT	4,370,489	3,058,685.50	4,447,447.90



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

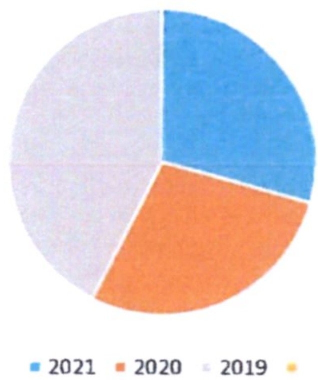
YEAR	2021	2020	2019
TUITION	1,123,005	1,402,509	2,383,749.20
OPERATIONS	7,033,705	6,237,755	11,361,959.55
TOTAL	8,156,710	7,640,264	13,745,708.75



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

YEAR	2021	2020	2019
TUITON	1,459,820	1,998,890	3,813,509
OPERATIONS	5,512,006	7,575,824	7,640,911
SCHOOL FUND	20,311,692	16,988,812.50	28,213,200
TOTAL	27,283,578	26,273,526.50	39,667,620

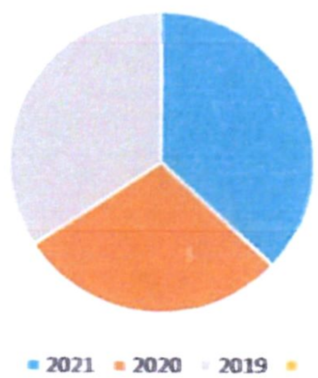
GROWTH IN EXPENDITURE



- *Movement of cash and bank balances over the last three years*

YEAR	2021	2020	2019
TUITON	42,945.40	2,270.40	62,638.40
OPERATIONS	870,528.80	558,544.35	2,451,327.35
SCHOOL FUND	1,676,419.46	965,345.11	1,318,970.80
INFRASTRUCTURE	906,189	1,634,560	-
BUS ACCOUNT	906,189	250,000	246,653.20
TOTAL	4,402,271.66	3,410,719.86	4,079,589.75

CASH & BANK BALANCES



Graphical presentation, ratios, tables, and pie charts should be used to show/ indicate trends.

b) **Teacher Student ratio**:

Teacher: Student Ratio 1:32

Recruited teachers – 6

Transferred and retired – 2

Teachers employed by BOM in 2021 – 5

c) **Mean score in the KCSE & Number of Candidates in the KCSE:**

YEAR	MEAN SCORE	MEAN GRADE	CANDIDATES
2019	*5.82*	*C*	*181*
2020	*5.95*	*C*	*195*
2021	*5.0811*	*C-*	*220*

Capacity of the school:

FACILITY	NUMBER	CAPACITY	REMARKS
Dormitories	4	800	A 300 student capacity required
Classrooms	16	720	Insufficient
Laboratory	2	100	A 100 capacity required
Dining Hall	1		Enough
Toilet	35		Additional 30 toilets required
Library	1		A 100 capacity library required

d) **Development projects carried out by the school:**

PROJECT	SOURCE OF FUNDS
ABLUTION BLOCK	ALUMNI
TWIN CLASSROOMS	R.M.I
BUS PAYMENT	PARENTS

KAMAU T.M.

Sign:

School Principal

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 ***MUKUUNI BOYS HIGH 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: **JASPER M. NKANYA**
Designation: Chairman, School Board of Management
Sign: Nkanya
Date: 12/04/2023

Name: **KAMAU T. M.**
Designation: School Principal& Secretary to Board of Management
Sign:
Date: 12/04/2023

Name: **JACKSON MUGENDI**
Designation: Bursar/ Finance Of_cer ji
Sign: Mugendi
Date: 12/04/2023

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MUKUUNI BOYS' HIGH SCHOOL FOR THE YEAR ENDED 30 JUNE, 2021 – THARAKA NITHI COUNTY

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mukuuni Boys High School - Tharaka Nithi County set out on pages 11 to 18, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021, statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mukuuni Boys High School - Tharaka Nithi 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 Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Accounts Receivables

The statement of statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.6,077,335. However, the schedules and the related supporting documents were not provided for audit review.

In the circumstances, the accuracy and completeness of the accounts receivables balance of Kshs.6,077,335 could not be confirmed.

2. Unreconciled Variances Between Financial Statements and Supporting Ledger

Review of the financial statement revealed unreconciled and unexplained variances between the amount reported in the statement of receipts and payments and the corresponding ledger amounts as detailed below;

Vote Head	Amount as per Financial Statement (Kshs)	Amount as per Ledgers (Kshs)	Variance (Kshs)
Infrastructure Account	0	988,055	(988,055)
Exams	116,600	121,600	(5,000)
Sundry Debtors	0	3,756,806	(3,756,806)
Grant for Tuition	1,123,005	0	(1,123,005)

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

3. Unsupported and Reconciled Cash and Cash Equivalent Balance

The statements of assets and liabilities reflects cash and cash equivalents balance of Kshs.3,991,001 and as disclosed in Note 8 and Note 9 to the financial statements.

However, the balance was not supported by bank statements, cashbooks, bank reconciliation statements and board of survey reports.

In the circumstance, the accuracy, and completeness of cash and cash equivalents balance of Kshs.3,991,001 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of Mukuuni Boys' High 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. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unaudited Comparative Balances

I draw attention to the fact that prior to the 2020/2021 financial year, Public Secondary Schools in Kenya did not prepare financial statements for audit. Consequently, the Public Sector Accounting Standards Board prescribed 30 June, 2021 as the first-time adoption of the International Public Sector Accounting Standards (IPSAS) – Cash Basis of Accounting by Public Secondary Schools.

The financial statements for the year ended 30 June, 2021 include comparative information. However, the comparative figures were based on unaudited figures. My audit procedures were, therefore, limited to the extent that comparative information does not contain misstatements that materially affect the current period's financial statements. Accordingly, I do not express an opinion or any form of assurance on the comparative information.

My audit opinion on the current period financial statements is not modified in respect of this matter.

Other Information

The Management is responsible for the Other Information set out on page 2 to 9 which comprise of Key School Information and Management, Summary Report of Performance of the School and Statement of School Management Responsibility. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the effect of 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 12 April, 2024 instead of the statutory deadline of 30 September, 2021. This was contrary to Section 68 (2)(k) of the Public Finance Management Act 2012 which states that in the performance of a function under subsection (1), an accounting officer shall prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the Controller of Budget and the Auditor-General for audit.

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

2. Excess Supply of Books

During the period under review, the Ministry of Education distributed textbooks to public secondary schools through the Kenya Institute of Curriculum Development (KICD). Examination of distribution records revealed that a total of two thousand, four hundred and eighty-six (2,486) textbooks were delivered to the School against a total student enrollment for the respective Form 3 classes of one thousand, nine hundred and forty seven (1,947) leading to an unexplained variance of five hundred and thirty nine (539) books. This is contrary to policy statement 4.3 of the Ministry of Education's National Curriculum Policy of December 2018 where the Government sought to achieve a book to learner ratio 1:1 at all levels of basic education in the medium term.

In the circumstances, value for money on the excess five hundred and thirty-nine (539) text books could not be confirmed.

3. Variance Between Actual Textbook Distributed and School Enrolment Data

Audit revealed that the number of textbooks supplied to Mukuuni Boys High school in 2020/2021 were fewer than the number of learners enrolled as at the end of 2020/2021. The difference between the number of text books and the population of students in each year, and the corresponding textbook to learner ratio is tabulated in **Appendix I.**

In the circumstances, the effectiveness of service delivery to the public could not be confirmed.

4. Failure to Transfer Infrastructure Funds from Operations Bank Account

The statement of receipts and payments reflects operations grants amounting to Kshs.7,392,565 as disclosed in Note 2 to the financial statements. Included in this amount were infrastructure grants which were required to be transferred to the infrastructure bank account for maintenance and improvement of school facilities. However, the review revealed that no monies were transferred from the operations to the infrastructure account as required by the ministry circular. This was contrary to the Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021, which requires that infrastructure grants and maintenance funds be transferred to the school infrastructure account within fifteen (15) days of receipt.

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

5. Unauthorized Charges to Students

The statement of receipts and payments reflects school fund income – other receipts amount of Kshs.20,106,764, which includes Kshs.3,660,929 for the Parent Teachers Association (PTA) fund and Kshs.116,600 for examinations. However, review of records revealed that the School charged students these amounts to support the programs without approval from the Ministry of Education through the County Education Board. This was contrary to Government Circular No. MOE.HQS/3/13/3 dated 16 June, 2021 on implementation of Free Day and Secondary Education programme which stipulates that a parent will only pay for school uniforms, boarding related costs as reflected in the boarding fee structure and lunch for the day scholars.

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

6. Irregular Transfer of Funds from Infrastructure Account

Review of bank statements revealed that on 29 September, 2020, an amount of Kshs.265,000.00 was transferred from the infrastructure account to the operations account. However, evidence of approval from the relevant authority was provided to justify the transfer. This indicates that funds earmarked for infrastructure development were diverted to finance operational activities. This was contrary to Section 3.3 of the Ministry of Education Circular Ref. MOE.HQS/3/6/36 dated 14 January, 2021 and the guidelines on utilization of infrastructure funds which require that funds disbursed for infrastructure development shall be used strictly for the intended projects and shall not be diverted to other purposes without prior approval from the relevant authority.

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

7. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements

The Management presented the annual report and financial statements one year from July, 2020 to June, 2021 contrary to the Public Sector Accounting Standards Board (PSASB) Guidelines on Implementation of International Public Sector Accounting Standards (IPSAS) by Secondary Schools in Kenya, dated 20 August, 2021 which requires the first financial statements after adoption of IPSAS to be presented for eighteen (18) months from 1 January, 2020 to 30 June, 2021. Further, no disclosure was made on the change in the preparation of financial statements from calendar year to government fiscal year or on the lack of comparability due to longer period covered by the current financial period. In addition, the statement of budgeted versus actual amounts did not reflect budgeted income and budgeted expenditure.

In the circumstances, the financial statements did not comply with the financial reporting templates issued by the Public Sector Accounting Standards Board.

8. Procurement of Goods and Services Without a List of Registered Suppliers

Review of procurement records for the period under review revealed that the School did not maintain a list of registered suppliers. However, the School procured goods and services during the year without an established or updated suppliers register. This was contrary to Paragraph 4.0 of the Ministry of Education Circular Ref. No. MOE.CONF/GF of 24 November 2014, Section 8(3) of the Public Procurement and Asset Disposal Act, 2015, and Regulation 44 of the Public Procurement and Asset Disposal Regulations, 2020, which require procuring entities to maintain and update a list of registered suppliers.

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

9. Lack of a Procurement Plan

During the year under review, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40(1) of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the effects of the matter 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

Lack of Separate Bank Account for Miscellaneous Income

The statement of receipts and payments reflects school fund income-other receipts amount of Kshs.20,106,764 which as disclosed in Note 4 to the financial statements included school fund income and other income. However, no reasons were provided as to why the two separate funds were commingled within a single account. This practice hinders the clear identification and tracking of specific income sources and compromises transparency and accountability in the management and utilization of these funds.

In the circumstances, the effectiveness of controls in Management of other income could not be confirmed.

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

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 April, 2026

Appendix I - Variance Between Actual Textbook Distributed and School Enrolment Data

Item Description	Quantity Supplied	Student Enrollment	Ratio (Books: Students)	Date Delivered
The Pearl Form 3	290	215	1:0.74	18/02/2021
The Pearl Form 4	166	227	1:1.37	18/02/2021
Adolls House Form 3	290	215	1:0.74	18/02/2021
Adolls House Form 4	166	227	1:1.37	18/02/2021
Blossoms of Savanah SB 3	290	215	1:0.74	18/02/2021
Inheritance SB 3	290	215	1:0.74	18/02/2021
Tumbo Lisiloshiba SB3	290	215	1:0.74	18/02/2021
Blossoms of Savanah SB 4	166	227	1:1.37	18/02/2021
Inheritance SB 4	166	227	1:1.37	18/02/2021
Tumbo Lisiloshiba SB4	166	227	1:1.37	18/02/2021
Jozi la Heri Form 3	290	215	1:0.74	18/02/2021
Jozi la Heri Form 4	166	227	1:1.37	18/02/2021
Kigogo	456	442	1:0.97	25/01/2021
Memories We Lost and Other Stories Form 3	290	215	1:0.74	12/01/2021
Memories We Lost and Other Stories Form 4	166	227	1:1.37	12/01/2021

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

DESCRIPTION OF VOTE HEAD	Note	2020-2021	2019-2020
		Kshs	Kshs
RECEIPTS			
Capitation grants for tuition	1	1,123,005	
Capitation grants for operations	2	7,392,565	
School Fund Income- Parents' Contributions	3		
School Fund Income- Other receipts	4	20,106,764	
Proceeds from borrowings			
TOTAL RECEIPTS		**28,622,334**	
PAYMENTS			
Payments for Tuition	5	797,030	
Payments for operations	6	5,772,030	
Boarding and school fund payments	7	17,682,714	
TOTAL PAYMENTS		**24,251,845**	
SURPLUS/DEFICIT		**4,370,489**	

The school financial statements were approved on 12/04/2023 and signed by:

Sign:	Sign:	Sign:
Name: JASPER M. NKANYA	**Name KAMAU T. M.**	**Name: JACKSON MUGENDI**
Chair BOM	**School Principal/ Secretary to BOM**	**Bursar/ Finance Officer**
Date: 12/04/2023	**Date: 12/04/2023**	**Date: 12/04/2023**

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

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8	3,806,018	3,467,345
Cash Balances	9	184,983	1,510
Short term Investment	10	-	
Total Cash and cash equivalent		3,991,001	3,468,855
Account's receivables	10	6,077,335	
TOTAL FINANCIAL ASSETS		**10,068,336**	3,468,855
FINANCIAL LIABILITIES			
Accounts Payables	11	3,756,806	2,325,815
NET FINANCIAL ASSETS		6,311,530	**1,143,040**
REPRESENTED BY			
Accumulated Fund b/fwd	12	1,941,040	1,143,040
Surplus/Deficit for the year		4,370,489	
NET FINANCIAL POSSITION		6,311,530	**1,143,040**

The School's financial statements were approved on 12/04/2023 and signed by:

Sign:	Sign:	Sign:
Name: JASPER M. NKANYA	Name KAMAU T. M.	Name: JACKSON MUGENDI
Chair BOM	School Principal/ Secretary to BOM	Bursar/ Finance Officer
Date: 12/04/2023	Date: 12/04/2023	Date: 12/04/2023

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

		2020-2021 Kshs	2019-2020 Kshs
Receipts for operating income			
Capitation grants for tuition	1	1,123,005	
Capitation grants for operations	2	7,392,565	
School fund income- Parents contributions/ fees	3		
School fund income- other receipts	4	23,863,570	
Total receipts		**32,379,140**	
Payments			
Payments for Tuition		1,082,330	
Payments for operations		7,014,616	
Boarding and school fund payments		23,760,049	
Total payments		**31,856,995**	
Net cash flow from operating activities		522,145	
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			
Acquisition of Assets			
Proceeds from investments			
Purchase of investments			
Net cash flows from Investing Activities			
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from borrowings/ loans			
Repayment of principal borrowings			
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS		**522,145**	
Cash and cash equivalent at BEGINNING of the year		**3,468,855**	
Cash and cash equivalent at END of the year		3,991,001	

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

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						
(1) CAPITATION GRANT ON TUITION						
Teaching / learning materials	xxx	xxx	xxx	1,123,005	xxx	X
(2) CAPITATION GRANT ON OPERATIONS						
Personnel emoluments	xxx	xxx	xxx	4,021,705	xxx	X
Repairs and maintenance	xxx	xxx	xxx	3,011,000	xxx	X
Advance	xxx	xxx	xxx	1,000.00	xxx	X
Workers welfare	xxx	xxx	xxx	127,500	xxx	X
NSSF	xxx	xxx	xxx	171,360	xxx	X
NHIF	xxx	xxx	xxx	60,000	xxx	X
(3) FEES CHARGED ON PARENTS						
Personnel emoluments	5,398,980		5,398,980	1,116,202	4,282,778	20.67%
Repairs and maintenance	2,894,200		2,894,200	717,255	2,176,945	24.78%
Local transport / travelling	2,457,180		2,457,180	189,900	2,267,280	7.73%
Electricity and water	5,672,800		5,672,800	1,292,340	4,380,460	22.78%

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	2,235,500		2,235,500	595,655	1,639,845	26.65%
Activity	296,200		296,200	45,600	250,600	15.40%
Fee on Boarding Equipment and Stores	18,805,060		18,805,060	7,969,183	10,835,877	42.24%
TOTAL INCOME	**37,759,920**		**37,759,920**			
(1) EXPENDITURE FOR TUITION						
Teaching / learning materials	xxx	xxx	Xxx	795,710	xxx	x
Bank Charges	xxx	xxx	Xxx	1,320	xxx	x
(2) EXPENDITURE FOR OPERATIONS						
Personnel emoluments	xxx	xxx	Xxx	2,623,090	xxx	x
Repairs, maintenance & improvements	xxx	xxx	Xxx	277,750	xxx	x
Local transport / travelling	xxx	xxx	Xxx	163,650	xxx	x
Electricity, water and conservancy	xxx	xxx	Xxx	322,870	xxx	x
NSSF	xxx	xxx	Xxx	171,360	xxx	x
ADVANCE				16,000.00		
Workers Welfare				127,500.00		
Administration costs	xxx	xxx	Xxx	409,226	xxx	x

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs			Kshs	Kshs
Activity Expenses	xxx	xxx	Xxx	368,685	xxx	x
Gratuity	xxx	xxx	Xxx	425,000	xxx	x
Bank Charges				6,970		
NHIF	xxx	xxx	Xxx	60,000	xxx	x
(3) EXPENDITURE FOR SCHOOL FUND						
Personnel emoluments	4,971,180		4,971,180	126,000	4,845,180	2.53%
Repairs, maintenance and improvements	2,893,000		2,893,000	528,675	2,364,325	18.27%
Local transport / travelling	2,457,180		2,457,180	217,015	2,240,165	8.83%
Electricity, water and conservancy	5,630,000		5,630,000	157,740	5,472,260	2.80%
Administration costs	2,109,000		2,109,000	927,275	1,181,725	43.97%
Activity	296,200		296,200	4,250	291,950	1.44%
Boarding Equipment and Stores	18,804,734		18,804,734	6,714,084	12,090,650	35.70%
TOTALS	**37,161,294**	xxx	**37,161,294**	xxx	xxx	x

NOTES:

i. *Tuition and Operations account budget was not prepared and funds utilization was guided by the capitations amount recieved*
ii. *Xxxx*

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

X. NOTES TO THE FINANCIAL STATEMENTS

1 CAPITATION GRANT FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials		
Exercise books		
Laboratory equipment		
Internal exams		
Teaching / learning materials	1,123,005	
Chalks		
Exams and assessment		
Teachers guides		
Total	**1,123,005**	

2 CAPITATION GRANT FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments	4,021,705	
Repairs and maintenance	3,011,000	
Local transport / travelling		
Electricity and water		
NSSF	171,360	
NHIF	60,000	
Workers Welfare	127,500	
Advance	1,000	
Total	**7,392,565.45**	

3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
Personnel emoluments		
Repairs and maintenance		
Local transport / travelling		
Electricity and water		
BES		
Administration costs		
Activity		
Examination		
Total		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	2020-2021	2019-2020
	Kshs	Kshs
BES	7,969,183	
RMI	717,255	
EWC	1,292,340	
LT@T	189,900	
ACTIVITY	45,600	
ADMIN COSTS	595,655	
Personal emolument	1,116,202	
UNIFORM FUND	386,900	
EXAMS	116,600	
DAMAGES	35,000	
BURSARY	756,700	
MOTOR VEHICLE EXPENSE	110,000	
School farm	4,500	
RD CHEQUE	30,000	
TRANSFER TO EQUITY BUS A/C	2,260,000	
BORROWED FRON BES TO EQUITY	20,000	
TRANSFER TO OPERATIONS	800,000	
PA-donations, school van project		
PTA FUND	3,660,929	
Total	**20,106,764**	

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

5 PAYMENTS FOR TUITION

	2020-2021	2019-2020
	Kshs	Kshs
Textbooks and reference materials		
Exercise books		
Laboratory equipment		
Internal exams		
Teaching / learning materials	795,710	
Chalks		
Exams and assessment		
Teachers guides		
Administration Costs		
Bank Charges	1,320	
Total	**797,030**	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PAYMENTS FOR OPERATIONS

	2020-2021	2019-2020
	Kshs	Kshs
Personal Emoluments	2,623,090	
Service Gratuity	425,000	
Administration Cost	409,226	
Repairs and maintenance & improvements	277,750	
Local transport / travelling	163,650	
Electricity and water	322,870	
Medical		
Activity Expenses	368,685	
NSSF	171,360	
NHIF	60,000	
Bank Charges	6,970	
ADVANCE	16,000.00	
WORKERS WELFARE	127,500.00	
TRANSFER TO BES	800,000.00	
Transfers		
TOTAL	**5,772,101.00**	

7 BOARDING AND SCHOOL FUND PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
BES	6,714,084	
RMI	528,675	
EWC	157,740	
LT@T	217,015	
ACTIVITY	4,250	
ADMIN COSTS	923,275	
Personal Emolument	126,000	
Transfer from BES to equity	2,260,000	
RD cheque	43,400	
Direct deposit	798,000	
School farm	252,790	
Bursary awards	756,700	
Bank charges	10,180	
Bus insurance	379,000	
Motor vehicle expenses	542,299	
PTS fund	846,200	
Medical fund	120,390	
Infrastructure MOEST funded	1,376,085	
School bus loan recovery	1,623,631	
Advance and recoveries	3,000	
TOTAL	**17,682,714**	

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2020-2021	2019-2020
		Kshs	Kshs
Tuition Account		42,945.40	2,270.40
Operations Account		870,528.80	558,544.35
Main account KCB		1,674,909.71	964,360.71
Savings Account			
Main Account EQUITY		906,189	250,000
Income generating activities Account			
Infrastructural Account		311,445	1,692,170
Total		**3,806,017.91**	**3,467,345.46**

9 CASH IN HAND

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition Account		
Operation Account	66,490.35	525.35
School Fund account	118,492.40	984.40
Total	**184,982.75**	**1,509.75**

10 SHORT TERM INVESTMENTS

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears	6,077,335	
Other non-fees receivables		
Salary advances		
Imprest		
Total	**6,077,335**	

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Fees arrears for current year	6,077,335	
Fees arrears for the previous year		
Fees arrears for prior periods (over two years)		
Total	**6,077,335**	

12 ACCOUNTS PAYABLE

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	3,756,806	1,527,815
Prepaid fees		798,000
Retention monies		
Total	**3,756,806**	**2,325,815**

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade creditors for current year	3,756,806	
Trade creditors for the previous year		1,527,815
Trade creditors for prior periods (over two years)		
Total	**3,756,806**	**1,527,815**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank balances	3,467,345.46	
Cash balances	1,509.75	
Short Term Investments		
Receivables		
Payables	1,527,815	
Total	**1,941,040.21**	

Other important disclosure notes

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

14 Non-current Liabilities Summary

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

15 Biological assets

Description	Numbers	2020-2021	2019-2020
		Kshs	Kshs
Cattle	9	900,000	
Pigs	23	920,000	
Trees	150	1,500,000	
Coffee or tea plantation		-	
Poultry		-	
Total		**3,320,000**	

16 Borrowings

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

Other important disclosure notes

17 Stock/ Inventory

Description	2020-2021 KShs	2019-2020 KShs
b) Borrowings		
Stock/ inventory at beginning of the year	253,080	
Stock/ inventory purchased during the year	12,634,181	
Stock/ inventory issued during the year	11,497,661	
Balance at end of the year	**1,389,600**	

18 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Ref No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX-1	Comments
	a	b	c	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
Construction of buildings						
1. PATRICK MUTEGI (PATROS)				590,165		
2. PALPALN MATER				163,000		
3. TRIMACH INVESTMENTS				71,100		
Sub-Total				**824265**		
Supply of goods						
4. ELIZABETH KAGENDO				1,141,000		
5. MAFUKO INDUSTRIES LTD/FESTUS				760,000		
6. FREDRICK NTWIGA/LENHAM ENTERPRISES & OTHERS				603,425		
Sub-Total				**2,504,425**		
Supply of services						
7. MAGUMONI WATER/ DESCANIA MACHINES				312,950		
8. MBOGONI WATER IRRIGATION				21,000		
9. KABUBU ELECTRICALS				94,160		
Sub-Total				**428,110**		
Grand Total				**3,756,800**		

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1st July 20xx	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30th June 20xx
Land 1		MUKUUNI	14,400,000			14,400,000
Land 2						
Buildings and structures			136,870,000			136,870,000
Motor vehicles - 2			10,820,000			10,820,000
Office equipment, furniture and fittings			995,700			995,700
ICT Equipment, and Other ICT Assets			600,000			600,000
Tools and apparatus			3,928,750			3,928,750
Textbooks			9,068,070			9,068,070
Other Machinery and Equipment						
Heritage and cultural assets			120,000			120,000
Intangible assets- soft ware			100,000			100,000
Total			176,902,520			176,902,520

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