

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT

DATE: 05 DEC 2024

DAY:

Thursday

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BY:

Hon. Kimani Ichungwath
(Leader of the Majority Party)

CLERK-AT
THE-TABLE:

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THE AUDITOR-GENERAL

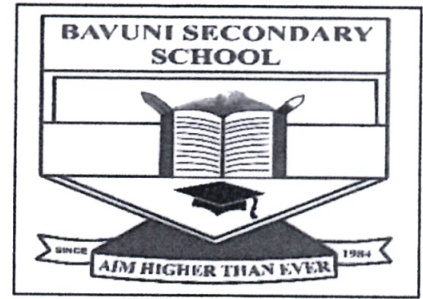
ON

BAVUNI SECONDARY SCHOOL

**FOR THE YEAR ENDED
30 JUNE, 2023**

NAKURU COUNTY

Revised 30th June 2023.



Bavuni Secondary School

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

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



Annual Report and Financial Statements For the year ended 30th June 2023

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Annual Report and Financial Statements For the year ended 30th June 2023

2. Key School Information and Management

(a) Background information

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

The school was registered in 01/84 under registration number **32S30000099** and is currently categorized as **Sub County** public school established, owned or operated by the Government.

The school is a day/boarding school and had 1337 number of students as at 30th June 2023. It has 5 streams and 37 teachers of which 8 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:

1	Edward Muriithi	Chairman	20th July 2022
2	Julius Mutahi	Secretary/Principal	20th July 2022
3	Jedida N. Ngugi	Member	20th July 2022
4	Nelly Mutungi	Member	20th July 2022
5	Godwin K.	Member	20th July 2022
6	Pst David Njogu	Member	20th July 2022
7	Sammy Ngugi	Member	20th July 2022
8	David K. Wamukuru	Member – Rep CEB	20th July 2022
9	Graham Kinyanjui	Member Rep Teachers	20th July 2022
10	Rev Titus k. Karanja Re Paul Maina Anne Gichuki	3 Members – Sponsor	20th July 2022
11	Pst jane Mwangi	Member – Community	20th July 2022
12	Judy Mirango	Member Special Needs	20th July 2022
13	Simon Nene	Rep Students	20th July 2022

Annual Report and Financial Statements For the year ended 30th June 2023**The functions of the School Board of Management are to:**

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

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1.Edward Muriithi 2.Julius Mutahi 3. Sammy Ngugi 4. Anne Gichuki	Chairperson Secretary PA Chairperson Member	2 out of 3 2 out of 3 2 out of 3
2	Audit Committee	Edward Muriithi Julius Mutahi Sammy Ngugi	Chairman Secretary Member	1 out of 3 1 out of 3 1 out of 3
3	Finance,procurement and general purposes Committee	1.Sammy Ngugi 2.Julius Mutahi 3. David Gichini 4. Anne Gichuki 5. Pst jane Mwangi	PA Chaiperson Principal Member Member Member	1out of 3 1out of 3 1out of 3 1out of 3 1out of 3
4	Academic Committee	Nelly Mutungi Jedida N. Ngugi Graham Kinyanjui Julius Mutahi Re Paul Maina	Chairperson V. chairperson Teachers rep. Principal Member	1out of 3 1out of 3 1out of 3 1out of 3 1out of 3

Annual Report and Financial Statements For the year ended 30th June 2023

5	Development Committee	Rev. Titus karanja Julius Mutahi Edward Muriithi Judy Murango Gerald Kinyua	Chairperson Secretary Bom Chairperson Member Member	2out of 3 2out of 3 2out of 3 2out of 3 2out of 3
6	Discipline and welfare Committee	Julius Mutahi Edward Muriithi Sammy Ngugi Re Paul Maina Pst jane Mwangi	Secretary Bom chairperson PA Chairperson Member Member	3. out of 3

(d) School operation Management

For the financial year ended 30th June 2023 the School day-to-day management was under the following persons:

Ref:	Designation	Name	Identification
1	Principal	Julius Mutahi	TSC No.361203
2	Deputy Principal	Mary W. Stanley	TSC No.314569
3	School Bursar	Naomi Kiratu	

(e) Schools contacts

Post Office Box: 4061, NAKURU
Telephone: 0769886982
E-mail: bavunisec@gmail

(f) School Bankers

- Name of Bank: FAMILY BANK
Branch: NAKURU
Account Number: 018000016472
TUITION
- Name of Bank: FAMILY BANK
Branch: NAKURU
Account Number: 018000014807
OPERATION
- Name of Bank: EQUITY BANK
Branch: NAKURU
Account Number: 0130262191294
BOARDING / PARENT
- Name of Bank: EQUITY BANK
Branch: NAKURU
Account Number: 0130273073408

Annual Report and Financial Statements For the year ended 30th June 2023

INFRASTRUCTURE

5. Name of Bank: EQUITY BANK
Branch: NAKURU
Account Number: 0130278997613
CDF
6. Name of Bank NATIONAL BANK
Branch; NAKURU
Account Number 01021019540500
6. MPESA Pay Bill 247247
Account No. 406100# ADM NO attached to EQUITY BANK 0130262191294

(g) Independent Auditors

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

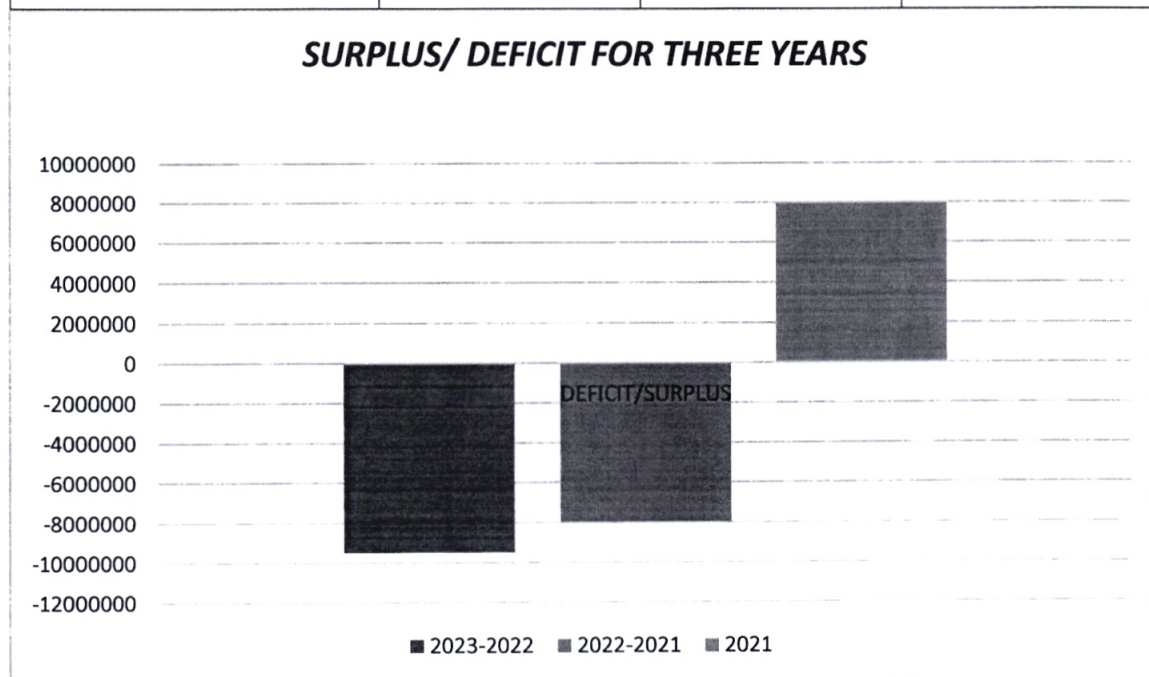
Annual Report and Financial Statements For the year ended 30th June 2023

4. Summary Report of Performance of The School

a) Financial performance:

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

YEAR	2023-2022	2022-2021	2021
DEFICIT/SURPLUS	(9490097)	(7974276)	7958934

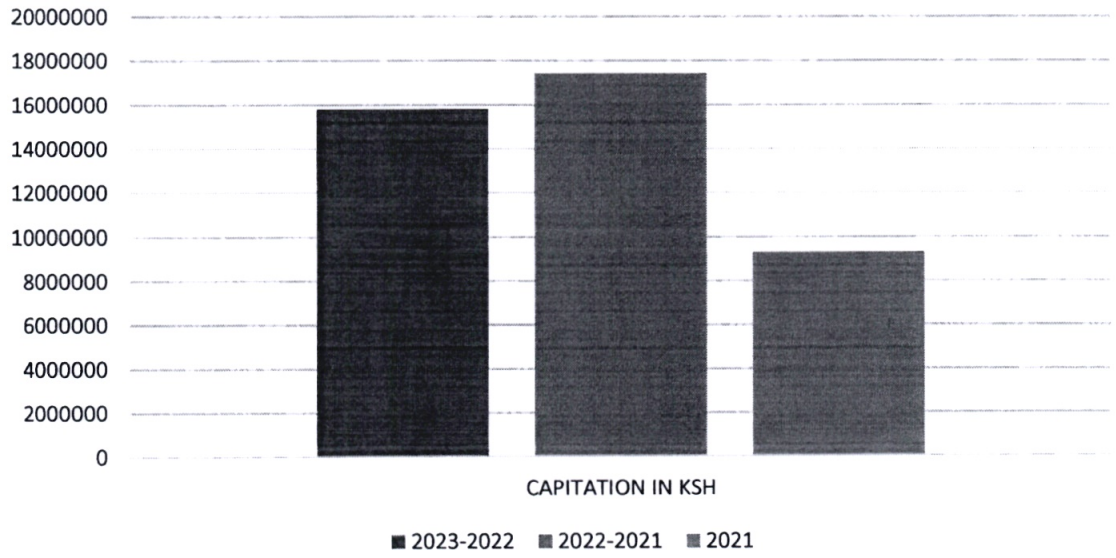


Capitation grants from the Ministry of Education for the last three years

YEAR	2023-2022	2022-2021	2021
CAPITATION IN KSH	15809482	17438941	9324945

Annual Report and Financial Statements For the year ended 30th June 2023

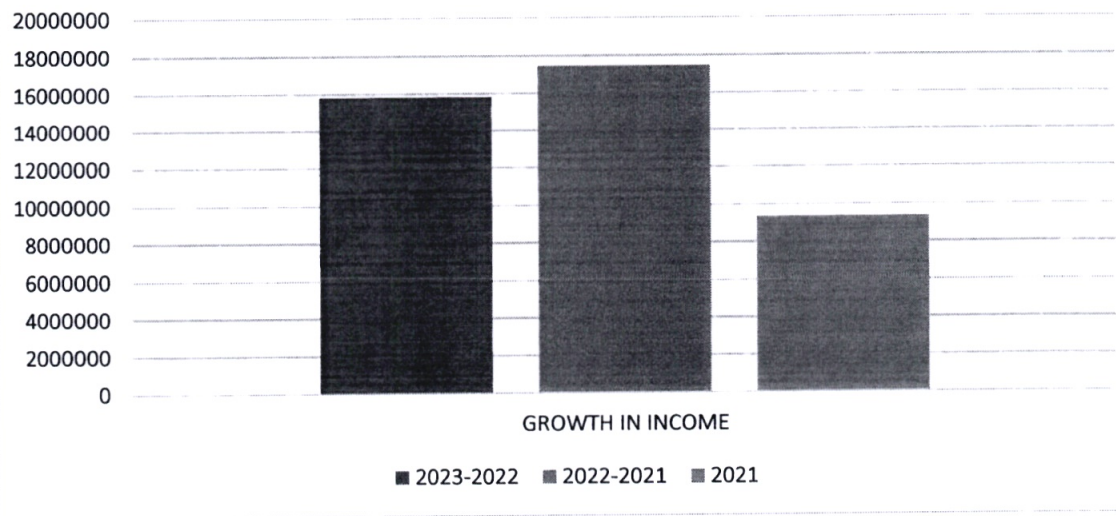
Capitation grants for three years



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

YEARS	2023-2022	2022-2021	2021
GROWTH IN INCOME -OTHER INCOME (SCHOOL FUND)	31258866	32556653	9667062

A three-year overview of growth of other income

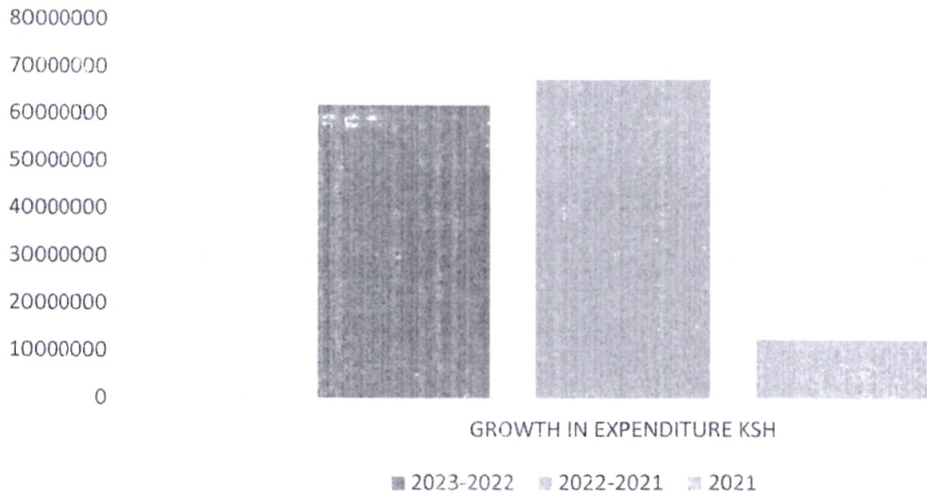


Annual Report and Financial Statements For the year ended 30th June 2023

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

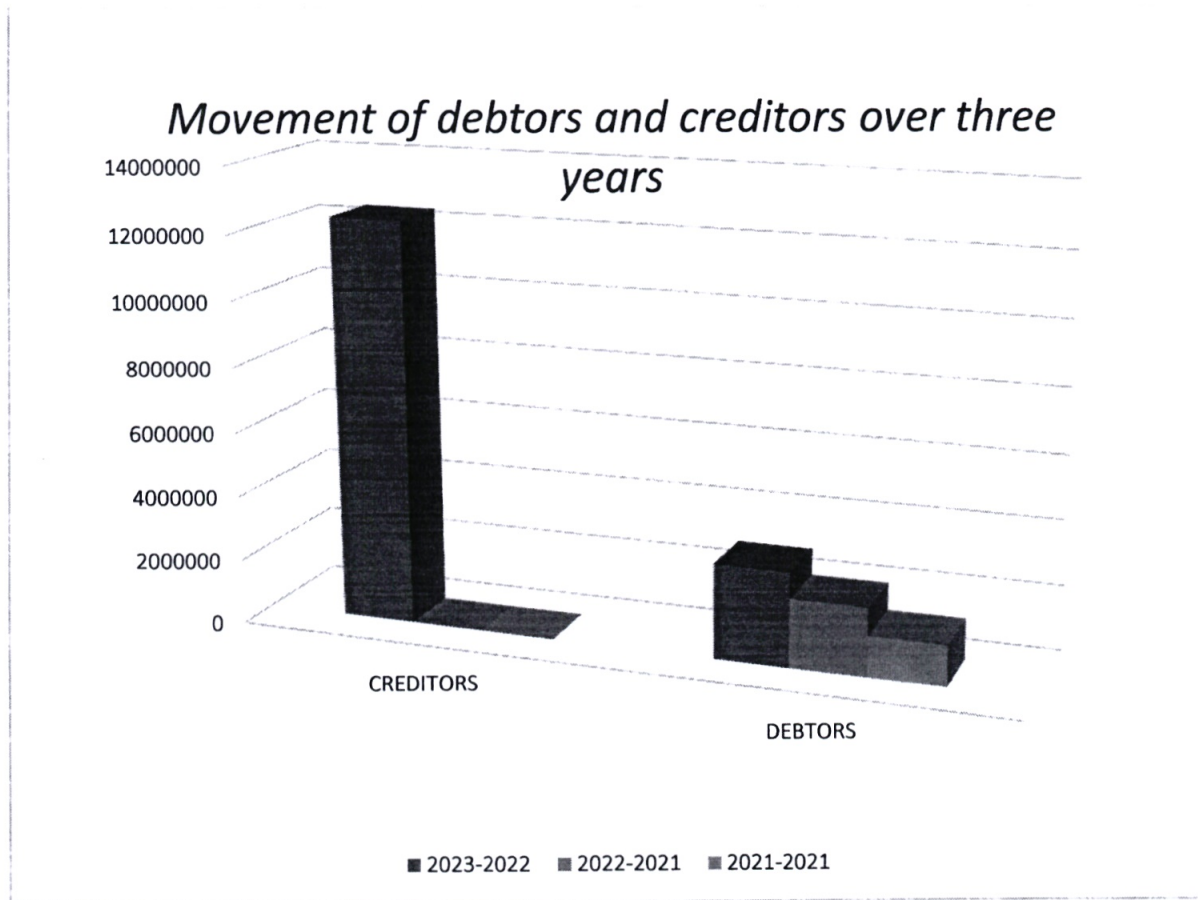
YEARS	2023-2022	2022-2021	2021
GROWTH IN EXPENDITURE KSH	62012446	67343370	12504303

A three-year overview of growth in expenditure



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

YEARS	2023-2022	2022-2021	2021-2021
CREDITORS	12405178	0	0
DEBTORS	2900803	2096104	1257143



b) Teacher Student ratio:

1. TEACHERS RECRUITED IN THE YEAR

	TEACHERS		
	MALE	FEMALE	TOTAL
Number of teachers employed by TSC	10	18	29
Number of teachers employed by BOM	5	3	8
Number of teachers posted during the year	-	1	1
Number of BOM teachers posted during the year	-	-	-

Annual Report and Financial Statements For the year ended 30th June 2023**2. TEACHERS STUDENT RATIO**

NO OF STUDENTS	NO OF TEACHERS	TEACHERS TO STUDENT RATIO
1323	37	1:33

3. Teachers Subject Distribution

SUBJECT	NO OF TEACHERS	NO OF LESSONS	SHORTAGE OF TEACHERS PER SUBJECT
English	6	132	
Kiswahili	3	104	
Mathematics	6	123	
Biology	5	85	
Physics	5	85	
Chemistry	5	85	
History	4	66	
Geography	3	66	
CRE	6	66	
Agriculture	3	66	
Business Studies	4	66	
Computer	-	14	
Shortage as per CBE teachers		27	

c) Mean score in the 2021-2023 KCSE:

YEARS	2023	2022	2021
Mean score	4.927	5.2304	4.963
No of Students Transitioning to Higher Learning	41	36	34

Annual Report and Financial Statements For the year ended 30th June 2023

SET SCHOOL TARGET

YEAR	ENTRY	TARGETED MEAN	ACHIEVED MEAN
2023	247	6.7	4.927
2022	230	5.0	5.2304
2021	215	5.0	4.963

d) Number of Candidates in the 2021-2023 KCSE:

YEARS	2023	2022	2021
No of Students sitting for KCSE	247	230	215

e) Capacity of the school:

S/NO	AMENITY	NO OF AMENITIES	NO OF STUDENTS USING THE AMENITIES
1	Classrooms	24	121
2	Library	1	1221
3	Laboratories	2	1221
4	Kitchen	2	1221
5	Girls Toilets	12	771
6	Boys Toilets	12	450

Annual Report and Financial Statements For the year ended 30th June 2023

f) Development projects carried out by the school:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Construction of 2 classrooms	CBC	Complete	2456705.00	1423145.00	completed
Construction of science and laboratory	FSE	On going		3196145.00	When fund are available.

Mahesh J. S.
 School Principal



Annual Report and Financial Statements For the year ended 30th June 2023**5. Statement of School Management Responsibility**

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

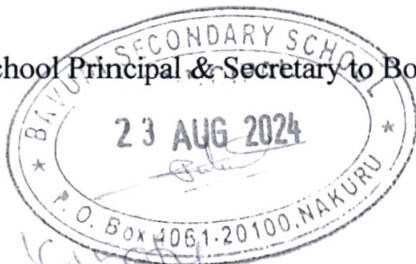
Schedule 4 (Section 23) of the Education Act, 2013 requires the Board of Management of a public institution of basic education to be keep all proper books and records of accounts of the income, expenditure and assets of the institution.

The Board of Management of Bavuni 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 2023, and of the school's financial position as at that date.

.....
Name: EDWARD MURIKITHI
Designation: Chairman, School Board of Management
Date: 23/08/2024

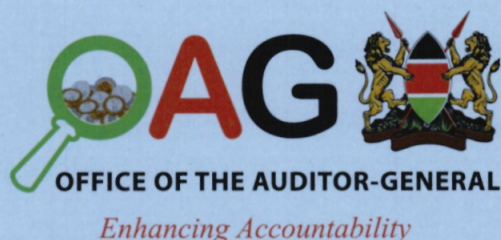
.....
Name:
Designation: School Principal & Secretary to Board of Management
Date:



.....
Name: Nged
Designation: Bursar/ Finance Officer
Date: 23/8/2024

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BAVUNI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 - NAKURU COUNTY

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bavuni Secondary School - Nakuru County set out on pages 1 to 17, which comprise the statement of assets and

liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows, statement of budgeted versus actual amounts for the year ended, and a summary of significant accounting policies and other explanatory notes 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 the financial position of as at 30 June, 2023, and of its financial performance Bavuni Secondary School - Nakuru County 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

1.0 Variances in the Financial Statements

Review of annual report and financial statements revealed the following casting errors in the statement of budgeted and actual amounts: -

Item	Amount as per Statement of Budget and Actual Amounts (Kshs)	Re-Casted Total (Kshs)	Variance (Kshs)
Total Income-Final Budget	47,176,000	53,276,400	6,100,400
Total Income-(Actual)	54,429,052	52,522,346	1,906,706

In the circumstances, the accuracy and completeness of the statement of budgeted and actual amounts could not be confirmed.

2.0 Overdrawn Account and Netting off of Bank Balance

The statement of assets and liabilities reflects bank balance of Kshs.1,047,641 as disclosed in Note 10 to the financial statements. Included in the bank balance is school fund bank account with an overdraft balance of Kshs.1,254,527 which has been netted off bank balance of Kshs.1,047,641, contrary to Section 28(4)(5) of the Public Finance Management Act, 2012.

In the circumstances, the accuracy, completeness, existence the bank balance of Kshs.1,047,641 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bavuni Secondary School Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit of financial statements in Kenya. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of budgeted versus actual amounts reflects a final receipts budget and actual on a comparable basis of Kshs.47,176,000 and Kshs.54,429,052, respectively, resulting to an under-budgeting of Kshs.7,253,052 or 15% of the budget. However, the School spent a balance of Kshs.62,012,446 against actual receipts of Kshs.54,429,052 resulting to an over-utilization of Kshs.7,583,394 or 14% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2022.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Late Submission of Financial Statements for Audit

During the year under review, Management submitted the financial statements to the Auditor-General on 31 May, 2024 instead of statutory deadline of 30 September, 2023.

This was contrary to Ministry of Education circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be ready by 30 September, 2023 in compliance with Section 81 the Public Finance Management Act, 2012 on preparation of financial statements.

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

2.0 Excess Supply of Books

During the year under review, the Ministry of Education distributed textbooks to public secondary schools through Kenya Institute of Curriculum Development (KICD). Examination of records provided for audit revealed text books of seven hundred and twenty-nine (729) in the School store. However, no records were provided for audit review to confirm the actual books distributed to the School by the Institute.

In the circumstances, value for money on the excess seven hundred and twenty-nine (729) text books could not be confirmed.

3.0 Lack of a Procurement Plan

The statement of receipts and payments reflects amounts of Kshs.52,522,368 and Kshs.62,012,445 in respect of total receipts and payments respectively. However, during the year, Management did not prepare an annual procurement plan as part of the annual budget preparation process. This was contrary to Regulation 40 of the Public Procurement and Asset Disposal Regulations, 2020 which states that 'a procuring entity prepare a procurement plan for each financial year as part of the annual budget preparation process'.

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

4.0 Failure to Prepare School Improvement Plan

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

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

5.0 Irregular Transfer of Funds to Kenya Secondary Schools Heads Association

The statement of receipts and payments reflects boarding and school fund payments amount of Kshs.32,304,488 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.460,000 transferred to Kenya Secondary School

Heads Association (KESSHA). However, KESSHA is a welfare organization that draws its membership from School Principals only. The organization is not defined in Government Funding system and there is no assurance that it has implemented effective, efficient, and transparent financial management and internal control systems to manage the funds transferred by schools.

In the circumstances, value for money transferred to KESSHA amounting to Kshs.460,000 could not be confirmed.

6.0 Non-Compliance with the Public Sector Accounting Standards Board

The financial statements presented for audit did not include all information provided in the format prescribed and published by the Public Sector Accounting Standards Board (PSASB) as follows;

- i. The initial cost is not indicated on page xiii under construction of science laboratory carried out by the School,
- ii. The date of approval of the financial statements was not indicated,
- iii. There is no commentary at the end of statement of budget versus actual amounts for items below 90% utilization and overutilization above 110% and
- iv. The amounts and balances in the financial statements and notes have not been presented in a format that represents currency and have not been rounded off to the nearest shilling in line with Note 1 on significant accounting policies.

In the circumstances, Management was in breach of the PSASB guidelines. Further, lack relevant information may affect users' reliance on the financial statements for decision making.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Internal Audit Function and Audit Committee

During the year under review, the School had not constituted an audit committee and an internal audit unit as required by Regulation 166(1) and (2) of the Public Finance Management (National Government), 2015 which states that, the internal audit unit of a National Government entity to assess effectiveness of the School through an internal performance appraisal commenting on its effectiveness in the annual report to The National Treasury.

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

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 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 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 controls 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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

19 September, 2024

Annual Report and Financial Statements For the year ended 30th June 2023**7. Statement Of Receipts and Payments For the Year Ended 30th June 2023**

Description of Vote Head	Note	2022/2023	2021/2022
		Kshs	Kshs
Receipts			
Government grants for tuition	1	2938509	3244513
Government grants for operations	2	12870973	23567928
Government Grants for infrastructure	3	5454000	-
School fund income- parents' contributions	4	30971486	32556653
Miscellaneous incomes	5	287400	-
Total Receipts		52522368	59369094
Payments			
Tuition	6	6358733	3707320
Operations	7	11952434	2696093
Infrastructure	8	11396790	-
Boarding and school fund	9	32304488	36675119
Total Payments		62012445	67343370
Surplus/Deficit		(9490097)	(7974276)

The school financial statements were approved on _____ 2023 and signed by:

.....

Name: **EDWARD MURITHI**

Chair BOM

Date: **23/08/2024**

.....

Name: **Mutahi J. G.**
School Principal/ Secretary to BOM

Date:



.....

Name: **Naumi Kirati**

Bursar/ Finance Officer

Date: **23/8/2024**

Annual Report and Financial Statements For the year ended 30th June 2023

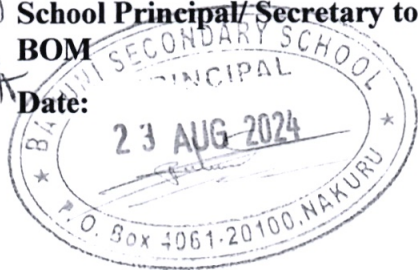
8. Statement of Assets and Liabilities As At 30th June 2023

Description	Note	2022/23 Kshs	2021/22 Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	1047641	(480448)
Cash balances	11	66728	-
Total cash and cash equivalent		1114369	(480448)
Account's receivables	13	4671413	3109113
Total financial assets		5785782	2628665
Financial liabilities			
Accounts payables	14	13633413	986198
Net financial assets		(7847631)	1642466
Represented by			
Accumulated fund b/fwd	15	1642466	9616742
Surplus/deficit for the year		(9490098)	(7974276)
Net financial position		(7847631)	1642467

The school's financial statements were approved on _____ 2023 and signed by:

.....
 Name: **EDWARD MURITHU**
 Chair BOM
 Date: **23/08/2024**

.....
 Name: **Mutahi J. C.**
 School Principal/ Secretary to BOM
 Date: **23 AUG 2024**



.....
 Name: **Deemi Kerat**
 Bursar/ Finance Officer
 Date: **23/8/2024**

Annual Report and Financial Statements For the year ended 30th June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	A	b	e=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
	6100000		6100000	5454000	89.5%
(4) Fees Charged on Parents					
Fee On Boarding Equipment and Stores	22660000		22660000	31258866	138%
Total Income	47176000		47176000	54429052	115%
(6) Expenditure For Tuition					
Laboratory Equipment	2973000	-	2973000	1932765	65%
Teaching / Learning Materials	3576800	-	3576800	4418156	123%
	6549800	-	6549800	6350921	99.9%
(7) Expenditure For Operations		-			
Personnel Emoluments	3803755	-	3803755	1928337	51%
Repairs, Maintenance & Improvements	5650000	-	5650000	4283000	113%
Local Transport / Travelling	2124400	-	2124400	535650	25%
Electricity, Water and Conservancy	2124400	-	2124400	1279400	60%
Administration Costs	2124400	-	2124400	2980997	140%
Activity Expenses	1695000	-	1695000	927810	55%
	17521955	-	17521955	11935194	68%
(8) Expenditure For infrastructure					
Construction of LAB	5650000	-	5650000	11396790	201%
(9) Expenditure For school fund/lunch/boarding		-			
Lunch Programme	24178819	-	24178819	32304488	134%
TOTAL EXPENDITURE	53900574	-	53900574	62012446	115%

Annual Report and Financial Statements For the year ended 30th June 2023

11. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

The *school* recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the *school*. In addition, the *school* recognises all expenses when the event occurs, and the related cash has actually been paid out by the *school*. Income arising from school fees is recognised when the event occurs whether cash is received or not. Expenditure arising from operations is recognised when the event occurs irrespective of receipt of cash.

3. In-kind contributions

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

4. Cash and cash equivalents

Annual Report and Financial Statements For the year ended 30th June 2023

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.

5. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. Accounts receivables also include school fees billed to parents for services rendered but not paid. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

6. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized as accounts payables. This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Payables also include expenditure incurred for the purchase of goods, works and services that has been rendered and not settled. This is an enhancement to the cash accounting policy adopted for public secondary schools. Other liabilities are disclosed in the financial statements.

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

Annual Report and Financial Statements For the year ended 30th June 2023

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 2023.

Annual Report and Financial Statements For the year ended 30th June 2023

3 Government Grants for infrastructure

Description	2022/23	2021/22
	Kshs	Kshs
Maintenance & Improvement	4283000	-
Lunch	1171000	
Total	5454000	-

Annual Report and Financial Statements For the year ended 30th June 2023

4 School Fund Income - Parents Contribution/Fees

Description	2022/23	2021/22
	Kshs	Kshs
Personnel emoluments	1190563	1148529
Repairs and maintenance	936469	914067
Local transport / travelling	257869	312789
Electricity and water	1872698	1817681
Administration costs	799262	721395
Activity	57631	56728
Fee on Boarding Equipment and stores	25848324	27300824
Damages	2750	2390
KCSE -Repeaters	5900	35800
Total	30971486	32400603

5 Miscellaneous Incomes

Description	2022/23	2021/22
	Kshs	Kshs
Income from Bus Hire	287400	156050
Total	287400	156050

Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

6 Tuition

Description	2022/23	2021/22
	Kshs	Kshs
Exercise Books	-	932200
Laboratory Equipment	1932765	1216920
Teaching / Learning Materials	4418156	1181500
Exams And Assessment	-	376700
Bank Charges	7812	-
Total	6358733	3707320

7 Operations

Description	2022/23	2021/22
	Kshs	Kshs
Personnel Emoluments	1928337	2745827
Administration Cost	2980997	5046750
Repairs And Maintenance & Improvements	4283000	6778500
Local Transport / Travelling	535650	957244
Electricity And Water	1279401	622373
Activity Expenses	927810	1289000
Bank Charges	17240	-
Total	11952435	26960931

Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

8 Infrastructure

Description	2022/23	2021/22
	Kshs	Kshs
Construction of laboratory	11374757	-
Bank Charges	22033	-
Total	11396790	-

9 Boarding And School Fund

Description	2022/23	2021/22
	Kshs	Kshs
Personnel Emoluments	1235677	3381799
Repairs And Maintenance & Improvements	39720	3665560
Local Transport / Travelling	196700	882975
Electricity And Water	43400	374006
Administration Costs	346370	3120476
Fee On Boarding Equipmenaat and Stores	30412641	24667878
KCSE	-	58600
Id Cards	-	71800
Activity	29980	441025
Total	32304488	36675119

Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

10 Bank Accounts

Account Name & Currency	Status Active/Dormant	Bank Account Number	2022/23 Kshs	2021/22 Kshs
Tuition Account	Active	Family Bank 018000016742	1717	352601
Operations Account	Active	Family Bank 018000014807	2296190	853413
School Fund Account/Boarding	Active	Equity/NBK 0130262191294/01021019 540500	(1254527)	(1709057)
Infrastructural Account	Active	Equity Bank 0130273073408	4261	22595
Total			1047641	(480448)

11 Cash In Hand

Description	2022/23 Kshs	2021/22 Kshs
Notes and Coins	66728	0
Total	66728	0

Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

12 Accounts Receivable

Description	2022/23	2021/22
	Kshs	Kshs
Fees Arrears	4671413	3109113
Total	4671413	3109113

13 b Ageing Analysis of Accounts Receivable

Description	2022/23		2021/22	
	2022/23	% of the total	2021/22	% of the total
Less than 1 year	29000803	62%	2096104	67%
Between 1- 2 years	3109113	38%	1606140	33%
Between 2-3 years	-	0%	2194547	%
Receipts from arrears	(1338503)		(2787678)	
Total (should tie to note 13 a)	4671413	100%	3109113	100%

13 Accounts Payable

Description	2022/23	2021/22
	Kshs	Kshs
Trade Creditors (See Ageing Below and Appendix 1)	12405178	-
Prepaid Fees	1228235	986198
Total	13633413	986198

Annual Report and Financial Statements For the year ended 30th June 2023

Notes to the Financial Statements (continued)

14a. Ageing Analysis of Accounts Payable

Description	2022/23		2021/22	
	Kshs		Kshs	
	2022/23	% of the total	2021/22	% of the total
Less than 1 year	12405178	100%	-	0%
Total (should tie to note 14)	12405178	100%	-	%

14 Fund Balance Brought Forward

Description	2022/23		2021/22	
	Kshs		Kshs	
Bank Balances	(480448)		6424026	
Cash Balances	-		124589	
Receivables	3109113		3800687	
Payables	(986198)		(732560)	
Total	1642447		9616742	

Annual Report and Financial Statements For the year ended 30th June 2023

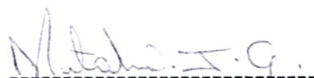
Other important disclosure notes

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

15 Progress On Follow Up Of Auditor Recommendations

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

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



Sign and Date
Principal 