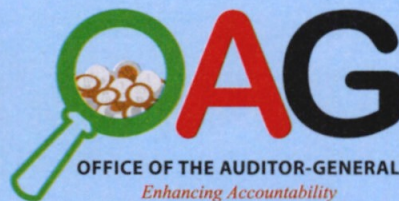


REPUBLIC OF KENYA



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

ST. JOSEPH MKUNGI
SECONDARY SCHOOL

FOR THE YEAR ENDED
30 JUNE, 2023

NYANDARUA COUNTY

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE 25 JUN 2026

DAY.

Thur

TABLED

BY:

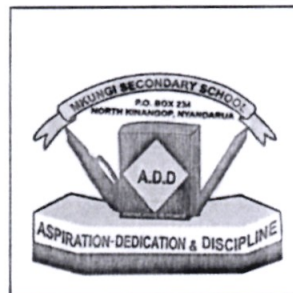
CLERK-AT

THE-TABLE:

Hon. Owen Baya, MP
Dep. Leader of the
Majority Party

M. Chumo

PARLIAMENT
OF KENYA
LIBRARY



ST JOSEPH MKUNGI SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023

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

S.T Joseph Mkungu secondary school
Annual Report and Financial Statements For the year ended 30 June 2023

Table of Contents

Page

1. Acronyms and Glossary of Terms	ii
2. Key School Information and Management.....	iii
3. Summary Report of Performance of The School	vii
4. Statement of School Management Responsibility	xii
5. Report Of The Independent Auditors	xiii
6. Statement of Receipts and Payments For the Year Ended 30 June 2023	1
7. Statement of Assets and Liabilities as at 30 June 2023	2
8. Statement of Cash Flows for the Year Ended 30 June 2023	3
9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 June 2023	4
10. Significant Accounting Policies	7
11. Notes To The Financial Statements	9
12. Annexes.....	16

1. Acronyms and Glossary of Terms

BOM	Board of Management
CEB	County Education Board
IPSAS	International Public Sector Accounting Standards
KCSE	Kenya Certificate of Secondary Education
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
FY	Financial Year
FDSE	

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 Nyandarua County, North Kinangop Sub-County.

The school was registered in 15 February 1989 under registration number 18-5-00301-0878 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 333 number of students as at 30 June 2023 It has 2 streams and 16 teachers of which 4 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	Simon Thairu	Chairman	2022
2	Simon Mbugua	Secretary - Principal	2022
3	Monicah Wanjiku	Member	2022
4	Phylis N Kamau	Member	2022
5	Alice Mugure	Member	2022
6	Mary Muthoni	Member	2022
7	Samuel Muchai	Member	2022
8	Grace Wanjiru	Member – Rep CEB	2022
9	Julia Karanja	Member Rep Teachers	2022
10	Thomas Mwangi	3 Members - Sponsor	2022
11	Njoroge Gichiga	Member - Community	2022
12	Paul Karaya	Member Special Needs	2022

The functions of the School Board of Management are to:

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

S.T Joseph Mkungi secondary school
Annual Report and Financial Statements For the year ended 30 June 2023

(c) Committees of the Board

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee	1.Simonmbugua 2. Simon Thairu 3.Cecilia Njeri 4. Monicah Wanjiku 5. Samuel Mathenge	Principal bom sec Bom chair Sponser Member Member	
2	Audit Committee	1.Ceceliah Matheri 2.Samuel Nyoike 4.Paul Karaya 5.Gichiga Njoroge		
3	Finance,procurement and general purposes Committee	1.Simon Thairu 2.Simon Mbugua 3.Samuel Mutahi 4.Monicah Karichu	Member Member Member Member	1
4	Academic Committee	1.Simon M Mbugua 2.Paul Karaya 3.Julius Maina 4.Grace Kamau	Principal Member Member Member	1
5	Development Committee	1. Monicah Karichu 2.Samuel Mutahi 3.Simon Mbugua 4.Grace Kamau	Chair Member Member Member	
6	Discipline and welfare Committee	1.Monicah Karichu 2.Samuel Mutahi 3.Samuel Nyoike 4.Cecilia Matheri 5.Phylis Kamau	Member Member Member Member Member	1

S.T Joseph Mkungu secondary school
Annual Report and Financial Statements For the year ended 30 June 2023

(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	Simon Muiruri Mbugua	TSC No.261375
2	Deputy Principal	John Mwangi	TSC No.357661
3	School Bursar	Irene Njeri	ICPAK No.
4	Other (specify)		

(e) Schools contacts

Post Office Box: 234,North kinangop
Telephone: 0119717761
E-mail: mkungicenterofexcellence gmail.com
Website:
Facebook:
Twitter:

(f) School Bankers

Provide details of the school bankers.

Name of Bank: KCB
Branch Njabini
- Main acc 1104232197
- Operations acc 1104242982
- ESP acc 1114708445
- Tuition acc 1104243466

Name of Bank Muki sacco
Branch ndunyu njeru acc 0110-001-01663
Cdf acc Equity bank 1900282237255
Postal Address.

(g) Independent Auditors

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

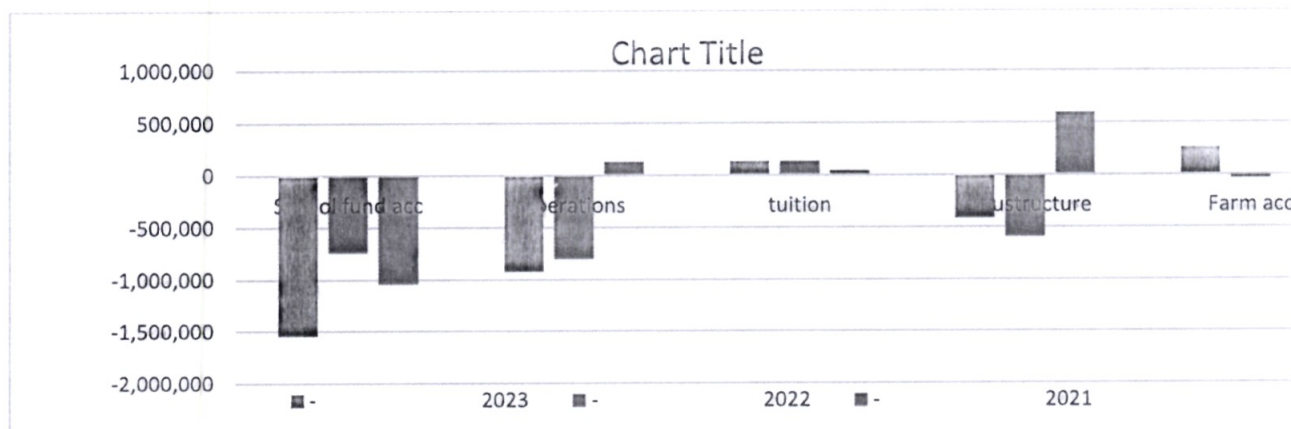
3. Summary Report of Performance of The School

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

a) Financial performance:

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

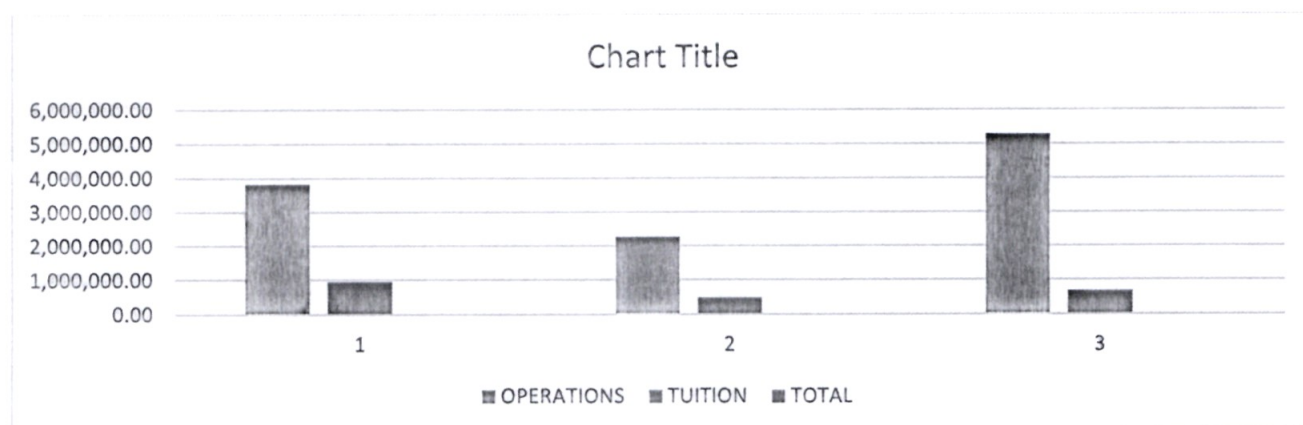
Account	2023	2022	2021
School Fund Account	(2,363,968)	1,138,006	681,004
Operations	(924,780)	(204,322)	22,118
Tuition	(49,860)	(131,586)	41,044
Infrastructure	413,525	(597,362)	(8,113)
Farm Account	258,950	(35,393)	194,141
CDF	-	77,615	
TOTAL	(2,666,133)	103,343	922,141



ii). Capitation grants from the Ministry of Education for the last three years

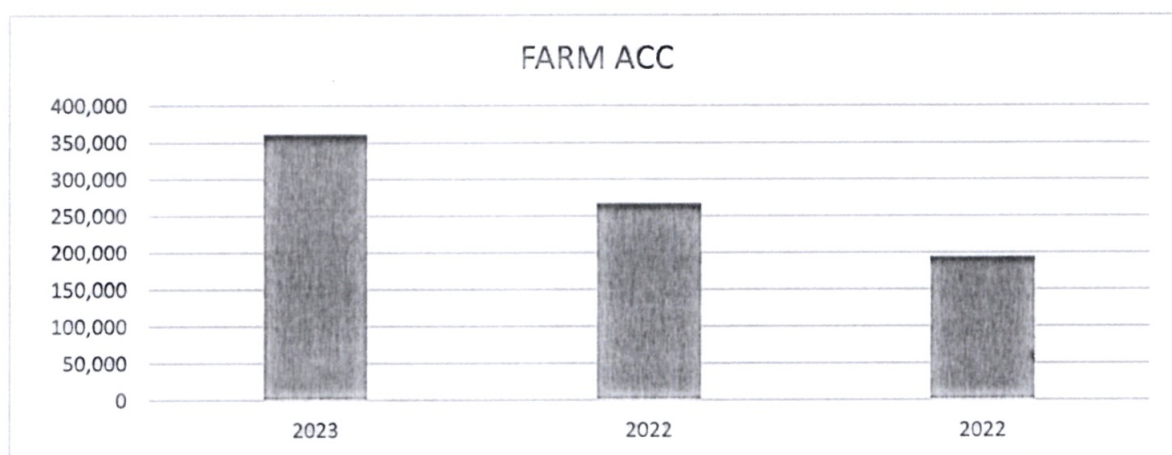
Details	2023	2022	2021
Operations	3,834,598	4,189,299	2,273,994
Tuition	870,286	952,877	494,952
Infrastructure	1,772,000	2,769,900	
Total	6,476,884	7,912,076	2,768,946

S.T Joseph Mkungi secondary school
Annual Report and Financial Statements For the year ended 30 June 2023



iii). Three-year overview of growth of other income(s) earned by the school.

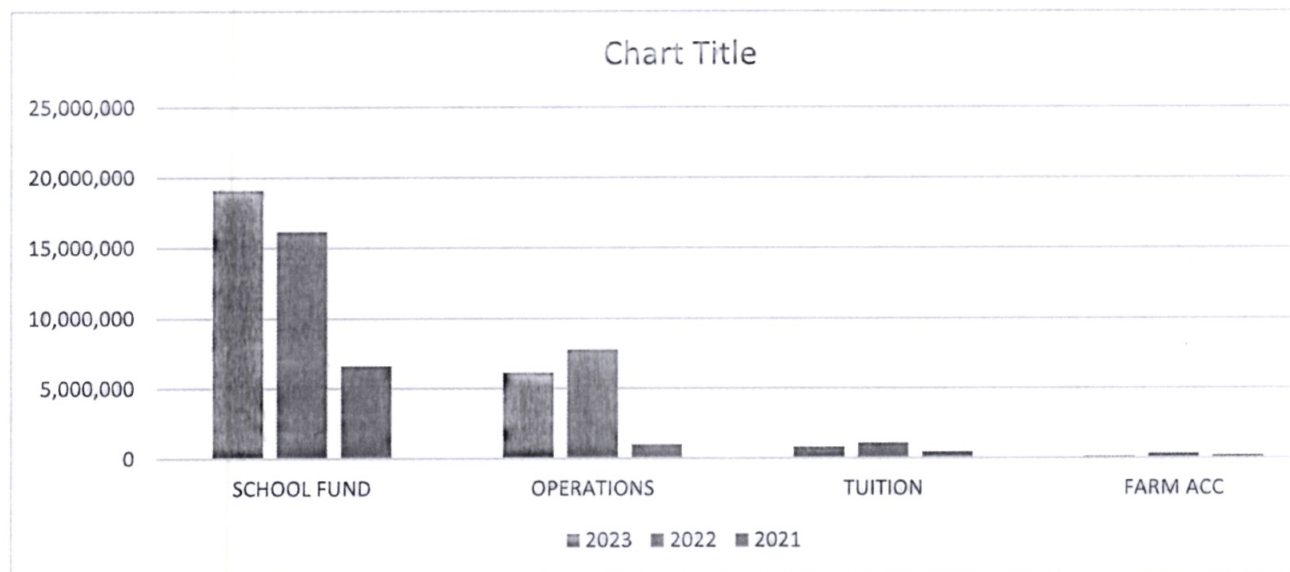
	2023	2022	2021
Farm Account	361,435	267,332	194,153



iv). Three-year overview of growth in expenditure of the school

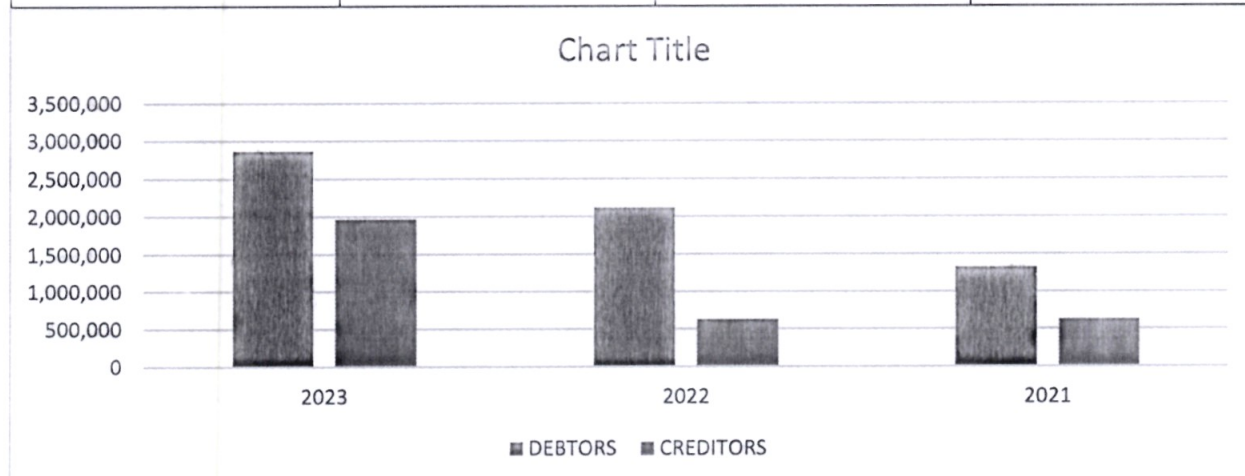
	2023	2022	2021
School Fund	16,954,570	14,069,284	6,607,690
Operations	4,759,378	4,393,621	1,003,536
Infrastructure	1,358,475	3,367,262	598,113
Tuition	919,146	1,084,463	453,662
Farm Account	102,485	302,725	196,789

S.T Joseph Mkungu secondary school
Annual Report and Financial Statements For the year ended 30 June 2023



v). Movement of debtors and creditors of the school over the last three years

	2023	2022	2021
Debtors	2,607,525	2,096,130	1,346,938
Creditors	634,650	624,650	899,682



S.T Joseph Mkungu secondary school
Annual Report and Financial Statements For the year ended 30 June 2023

b) Teacher Student ratio:

	Male	Female	Total
No of TSC teachers	9	3	12
No of BOM teachers	3	2	4
	12	4	16

No of students 333

333/16

Ratio of 1;21

c) Mean score in the 2023/2022/2021/2020/ KCSE:

Year	Mean	Target	Comment
2020	6.054	6.5	Positive deviation 80% of the students made it to higher education level
2021	5.4	7.2	There was a negative deviation of 1.8
2022	5.521	6.0	Positive deviation of 0.119 from the previous year
2023	5.122	6.0	Negative deviation of 0.

d) Number of Candidates in the 2022 KCSE:

No of candidates for the last three years sitting for KCSE

Year	No of Students
2020	93
2021	67
2022	69

e) Capacity of the school:

Description	No of rooms	Capacity	ENROLMENT
Dormitories	3	600 students	333
Laboratories	2	50 students	333
Toilets	24	600 students	333
Classes	12	600 students	333
Dining hall	1	600 students	333

S.T Joseph Mkungi secondary school

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

f) Development projects carried out by the school

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
Phase 1 construction of classroom	Moe and parents	Half way done	1,261,900	1,272,000	

CHIEF PRINCIPAL
ST. JOSEPH MKUNGI SEC. SCHOOL
(CENTRE OF EXCELLENCE)
P.O. Box 234-20318, NORTH KINANGOP
Date: 29/4/26 Sign: [Signature]

School Principal

4. Statement of School Management Responsibility

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

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

The Board of Management of St Joseph Mkungi sec 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 30 June, 2023, and of the school's financial position as at that date.

.....
Name: Simon Thairu

Designation: Chairman, School Board of Management

Date: 20/04/2026

.....
Name: Simon Mbugua
Designation: School Principal & Secretary to Board of Management
Date: 20/04/2026

CHIEF PRINCIPAL
ST. JOSEPH MKUNGI SEC. SCHOOL
(CENTRE OF EXCELLENCE)
P.O. Box 234-20318, NORTH KINANGA

.....
Name: Irene Njeri

Designation: Bursar

Date: 20/04/2026

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ST. JOSEPH MKUNGI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 – NYANDARUA 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 St. Joseph Mkungu Secondary School set out on pages 1 to 15, which comprise of the statement of assets and liabilities

Report of the Auditor-General on St. Joseph Mkungu Secondary School for the year ended 30 June, 2023 – Nyandarua County

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 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 St. Joseph Mkungu Secondary School as at 30 June, 2023 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. Inaccuracies of the Financial Statements

The statement of receipts and payments reflects school fund income-parents' contributions of Kshs.14,487,137 as disclosed in Note 4 to the financial statements. However, the amount differed with the supporting schedule amount of Kshs.12,678,006 resulting in an unexplained variance of Kshs.1,809,131.

Further, the statement of assets and liabilities reflects accumulated fund brought forward balance of Kshs.4,863,635 which varies with reported net financial position of Kshs.4,838,625 reported as at 30 June, 2022 by Kshs.25,000 resulting in unbalanced statement of assets and liabilities. In addition, the statement of assets and liabilities reflects accounts receivables balance of Kshs.2,607,525. However, this differs with the supporting ledger balance of Kshs.1,824,745 resulting in unexplained variance of Kshs.782,780.

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

2. Unsupported Miscellaneous Income

The statement of receipts and payments reflects miscellaneous income Kshs.361,435 from farming activities as disclosed in Note 5 to the financial statements. However, no supporting ledger were provided for audit.

In the circumstances, the accuracy and completeness of miscellaneous income of Kshs.361,435 could not be confirmed.

3. Unsupported Accounts Payables

The statement of assets and liabilities reflects accounts payables balance of Kshs.624,650 in respect of caution money as disclosed in Note 13 to the financial statements. However, no supporting documents were provided for audit.

In the circumstances, the accuracy, existence and completeness of retention monies balance of Kshs.624,650 could not be confirmed.

2. Cash and Cash Equivalents

2.1. Unsupported Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents bank balances of Kshs.116,038 as disclosed at Note 10 to the financial statements. Included in net bank balance is Kshs.577,179 in respect of KCB Operations which varies with the cash book balance of Kshs.613,908 resulting to an unexplained variance of Kshs.36,729. Further, included in the balance is a Sacco account balance of Kshs.383,962 which was not supported by a cash book and no reconciliation was performed for the account.

In addition, the statement of cashflows reflects cash and cash equivalents at the end of the year of Kshs.214,817 instead of the re-casted balance of Kshs.189,657 resulting in a variance of Kshs.25,160.

2.2. Offsetting of Bank Balance

The statement of assets and liabilities reflects bank balance of Kshs116,038 as disclosed in Note 10 to the financial statements. Included in the bank balance is School Fund Account overdrawn balance of Kshs.1,339,336 which has been offset against a bank balance of Kshs.1,455,374. This was contrary to Paragraph 48 of International Public Sector Accounting Standard (IPSAS) 1 which provides that assets and liabilities shall not be offset unless required or permitted by an IPSAS.

In the circumstances, accuracy and completeness of the cash and cash equivalents balance of Kshs.214,817 could not be confirmed.

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

Emphasis of Matter

1. Budgetary Controls and Performance

The statement of budgeted versus actual amounts reflects final receipts budget of Kshs.23,633,180 against actual receipts of Kshs.21,325,456 resulting to underfunding of Kshs.2,107,724.

The underfunding may have adversely affected planned activities of the School.

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, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Management is responsible for the Other Information set out on page i to xii which comprise of Key School Information and Management, Summary Report of Performance of the School and Statement of 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 THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unconfirmed Students Enrolment Data

Comparison of data from National Education Management and Information System (NEMIS) with the school enrollment records revealed inconsistencies during the financial year ending 30 June, 2023. NEMIS reflected a total of two hundred and seventy-seven (277) students while the school's enrolment records indicated a total of two hundred and sixty-five (265) students, resulting in an unexplained variance of twelve (12) students. This was attributed to delays in updating learner transfers in the NEMIS system. This was contrary to the Ministry of Education Circular MOE.CONF/G5 dated 26 November, 2019

on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure accuracy of the records.

In the circumstances, inaccuracies in the NEMIS database may lead to erroneous funding decisions and affect the equitable allocation of capitation grants.

2. 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.16,954,670 as disclosed in Note 9 to the financial statements. Included in the expenditure is an amount of Kshs.795,766 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.795,766 could not be confirmed.

3. Lack of a Functional Procurement Unit

The School did not have an established procurement function managed by qualified procurement professional as required under Section 47(2) of the Public Procurement and Asset Disposal Act, 2015 and Regulation 33 of the Public Procurement and Asset Disposal Regulations, 2020. Procurement activities were undertaken by individuals lacking the requisite qualifications.

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of an Internal Audit Function

During the year under review, the School had not constituted 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 existence of an effective oversight mechanisms could not be confirmed.

2. Long Outstanding Accounts Receivables

The Statement of financial assets and financial liabilities reflects a balance of Kshs.2,607,525 in respect of accounts receivable as disclosed in Note 12 to the financial statements. Review of the ageing analysis, revealed that fees arrears amounting to Kshs.678,200 remained outstanding for over two years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on full recoverability of the accounts receivables balance.

In the circumstances, the existence of effective mechanisms for debt management 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

11 May, 2026

S.T Joseph Mkungi secondary school
Annual Report and Financial Statements For the year ended 30 June 2023

6. Statement of Receipts and Payments For the Year Ended 30 June 2023

Description Of Vote Head	Note	2022-2023	2021-2022
		Kshs	Kshs
Receipts			
Government grants for tuition	1	870,286	952,877
Government grants for operations	2	3,834,598	4,189,299
Government Grants for infrastructure	3	1,772,000	3,769,900
School fund income- parents' contributions	4	14,487,137	14,750,950
Miscellaneous incomes	5	361,435	277,332
Total Receipts		21,325,456	23,940,358
Payments			
Tuition	6	919,146	1,084,463
Operations	7	4,759,378	4,393,621
Infrastructure	8	1,358,475	4,289,647
Boarding and school fund	9	16,954,570	14,069,284
Total Payments		23,991,569	23,837,015
Deficit/ Surplus		(2,666,133)	103,343

The school financial statements were approved on16/2/2024..... and signed by:

.....

Name: Simon Thairu

Chair BOM

Date: 28/04/2026



Name: Simon Mbugua
School Principal/ Secretary to
BOM

Date: 20/4/2026

.....

Name: Irene Mbugua

Bursar

Date: 20/4/2026

S.T Joseph Mkungu secondary school

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

7. Statement of Assets and Liabilities as at 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Financial Assets			
Cash and cash equivalents			
Bank balances	10	116,038	3,392,315
Cash balances	11	98,779	(25,170)
Total cash and cash equivalent		214,817	3,367,145
Account's receivables	12	2,607,525	2,096,130
Total financial assets		2,822,342	5,463,305
Financial liabilities			
Accounts payables	13	(624,650)	(624,650)
Net financial assets		2,187,692	4,838,625
Represented by			
Accumulated fund b/fwd	14	4,863,625	4,735,282
Deficit/ Surplus for the year		(2,666,133)	103,343
Net financial position		2,197,492	4,838,625

The school's financial statements were approved on16/21/2024..... and signed by:

.....

Name: Simon Ngatho

Chair BOM

Date: 28/04/2026



Name: Simon mbugua
School Principal/ Secretary to
BOM

Date: 20/04/2026

.....

Name: Irene mbugua

Bursar

Date: 20/4/2026

S.T Joseph Mkungi secondary school
Annual Report and Financial Statements For the year ended 30 June 2023

8. Statement of Cash Flows for the Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Receipts			
Capitation grants for tuition	1	870,286	952,877
Capitation grants for operations	2	3,834,598	4,189,299
Capital Grants for infrastructure	3	1,772,000	3,769,900
School fund income- Parents contributions/ fees	4(a)	13,975,742	13,726,726
School fund income- other receipts	5	361,435	277,332
Total receipts		20,814,061	22,916,134
Payments			
Payments for Tuition	6	919,146	1,084,463
Payments for operations	7	4,759,378	4,393,621
Payments for infrastructure	8	1,358,475	4,289,647
Boarding and school fund payments	9	16,954,750	14,069,284
Total payments		23,991,749	23,837,015
Net cash flow from operating activities		(3,177,688)	(920,881)
Net Increase in Cash and Cash Equivalents		(3,177,688)	(920,881)
Cash and cash equivalent at BEGINNING of the year		3,367,345	4,288,226
Cash and cash equivalent at END of the year		214,817	3,367,345

The school's financial statements were approved on 16/2/2024 and signed by

Name: Simon Thairu

Chair BOM

Date: 20/04/2026

CHIEF PRINCIPAL
ST. JOSEPH MKUNGI SEC. SCHOOL
(CENTRE OF EXCELLENCE)
P.O. Box 234-20318, NORTH KINANGOP

Name: Simon Mbugua
School Principal/ Secretary to
BOM

Date: 20/04/2026

Name: Irene Mbugua

Bursar

Date: 20/4/2026

9. Statement Of Budgeted Versus Actual Amounts for The Year Ended 30 June 2023

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts					
(1) Capitation Grant on Tuition					
Exercise Books	280,000	-	280,000		
Laboratory Equipment	385,300	-	358,300		
Internal Exams		-			
Teaching / Learning Materials	529,900	-	529,900	870,286	
Exams And Assessment	48,000	-	48,000		
(2) Capitation Grant on Operations					
Personnel Emoluments	2,424,000		2,424,000	2,074,346	
Repairs And Maintenance	2,128,000		2,128,000	1,272,000	
Local Transport / Travelling	527,750		527,750		
Electricity And Water	881,000		881,000	40,000	
Medical/insurance	608,000		608,000	241,095	
Administration Costs	648,300		648,300		
Activity	532,000		532,000	1,094,000	
3) FDSE for infrastructure					
Maintenance &Improvement MoE	2,128,000		2,128,000	1,272,000	
M&I parents' contribution	604,800		604,800	500,000	
(4) Fees Charged on Parents					
PE /EWC/LTT/ADM	3,921,600		3,921,600	2,007,659	
Repairs And Maintenance	604,800		604,800	500,000	

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Activity	76,000		76,000	68,956	
Fee On Boarding Equipment and Stores	6,944,295		6,944,295	1,1542,715	
5) Miscellenous Income					
Income From Farming Activities	361,435		361,435	361,435	
Total Income	23,633,180		23,633,180	21,325,456	
(6) Expenditure For Tuition					
Exercise Books	280,000		280,000		
Laboratory Equipment	385,300		385,300	35,430	
Internal Exams					
Teaching / Learning Materials	577,900		577,900	882,354	
Bank Charges				1,362	
(7) Expenditure For Operations					
Personnel Emoluments	714,400		714,400	2,074,346	
Repairs, Maintenance & Improvements	1,520,000				
Local Transport / Travelling	714,400		714,400		
Electricity, Water and Conservancy	714,400		714,400	40,000	
Medical ad insurance	608,000		608,000	241,095	
Administration Costs	714,400		714,400		
Activity Expenses	456,000		456,000	1,094,000	
charges				1,237	
SMASSE	60,800		60,800		
(8) Expenditure For infrastructure					

Receipt/Expenses Item	Original Budget	Adjustments	Final Budget	Actual On Comparable Basis	% Of Utilization
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of classrooms	1,520,000			1,358,475	
(9) Expenditure For school fund/lunch/boarding					
PE/EWC/ADM/LTT	3,921,600		3,921,600	2,551,142	
Repairs, Maintenance and Improvements	604,800		604,800	1,751,761	
Activity	76,000		76,000	765,584	
Gratuity					
Lunch Programme					
Boarding Equipment and Stores	6,944,295		694,4295	11,775,540	
Expenditure For Income Generating Activity				102,485	
Bank Charges				8,238	
Totals	23,633,180		23,633,180	23,991,569	101%

Over utilization of budget due to unpredictable changes in prices of various commodities over the year

10. Significant Accounting Policies

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

5. Accounts Receivable

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2023

S.T Joseph Mkungu secondary school
Annual Report and Financial Statements For the year ended 30 June 2023

11. Notes To The Financial Statements

1 Government Grants for Tuition

Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching / Learning Materials	870,286	957,877
Total	870,286	952,877

2 Government Grants for Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Other (ltt ewc adm pe)	3,834,598	4,189,299
Total	3,834,598	4,189,299

3 Government Grants for infrastructure

Description	2022-2023	2021-2022
	Kshs	Kshs
Maintenance & Improvement	1,272,000	2,769,900
parent	500,000	
Others (CDF)		1,000,000
Total	1,772,000	3,769,900

4 School Fund Income - Parents Contribution/Fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	367,807	660,359
Repairs and maintenance		418,541
Local transport / travelling		121,756
Electricity and water		895,891
Administration costs		445,085
Activity	68,956	107,295
Fee on Boarding Equipment and stores	12,042,715	12,102,023
Others	2,007,659	
Total	14,487,137	14,750,950

4(a) Parents Contribution/Fees - School Fund Account- Note to Cashflow

Description	2022-2023	2021-2022
	Kshs	Kshs
Reported in statement of receipts and payment	14,487,137	14,750,950
Increase in fees arrears	(511,395)	(749,192)
Decrease in prepaid fees		(275,032)
Total	13,975,742	13,726,726

5 Miscellaneous Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Income From Farming Activities	361,435	277,332
Total	361,435	277,332

6 Tuition payments

Description	2022-2023	2021-2022
	Kshs	Kshs
Laboratory Equipment	35,430	269,055
Teaching / Learning Materials	882,354	813,308
Bank Charges	1,362	2,100
Total	919,146	1,084,463

7 Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Emoluments	2,074,346	1,555,200
Administration Cost	1,308,700	1,832,700
Electricity And Water	40,000	43,522
Activity Expenses	1,094,000	741,700
Insurance Cost	241,095	217,435
Others (specify) bank charges	1,237	3,064
Total	4,759,378	4,393,621

8 Infrastructure

Description	2022-2023	2021-2022
	Kshs	Kshs
Construction of classrooms	1,357,464	3,367,262
Others (bank charges, CDF)	1,011	922,385
Total	1,358,475	4,289,647

9 Boarding And School Fund

Description	2022-2023	2021-2022
Personnel Emoluments		60,500
others	2,551,142	
Repairs And Maintenance & Improvements	1,751,761	1,507,670
Local Transport / Travelling		338,350
Electricity And Water		403,404
Administration Costs		1,071,624
Bank Charges	8,238	3,012
Expenses On Income Generating Activities**	102,485	
Fee On Boarding Equipment and Stores	11,775,540	9,810,019
activity	765,584	571,980
Others (specify)farm		302,725
Total	16,954,750	14,069,284

10 Bank Accounts

Account Name & Currency	Status	Bank Account Number	2022-2023	2021-2022
	Active/Dormant		Kshs	Kshs
Tuition Account	Active	1104243466	2,343	51,203
Operations Account	Active	1104242982	577,179	1,501,988
School Fund Account/Boarding	Active	1104232197	(1,339,336)	732,856
MUKI	Active	0110-001-01663	383,962	1,027,902
CDF	Domant	1900282237255	77,615	77,615
Infrastructural Account	Active	1114708445	414,275	751
Total			116,038	3,392,315

11 Cash In Hand

Description	2022-2023	2021-2022
	Kshs	Kshs
Notes and Coins	98,779	-25170
Total	98,779	(25,170)

12 Accounts Receivable

Description	2022-2023	2021-2022
	Kshs	Kshs
Fees Arrears	2,607,525	2,096,130
Total	2,607,525	2,096,130

12 b Ageing Analysis of Accounts Receivable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,364,738	69%	1,154,945	38%
Between 1- 2 years	842,817	8%	1,190,318	57%
Fees recoveries	(278,230)		(363,094)	
Between 2-3 years	678,200	21%	113,961	5%
Total (should tie to note 13 a)	2,607,525	100%	2,096,130	100%

13 Accounts Payable

Description	2022-2023	2021-2022
	Kshs	Kshs
Caution money	624,650	624,650
Total	624,650	624,650

13a. Ageing Analysis of Accounts Payable

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year		%		
Between 1- 2 years		%	624,650	100%
Between 2-3 years	624,650	100%		
Over 3 years		%		
Total	624,650	100%	624,650	100%

14 Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Balances	3,392,315	4,220,236
Cash Balances	-25,170	67,790
Receivables	2,096,130	1,346,938
Payables	(624,650)	(899,682)
Total	4,838,625	4,735,282

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 Biological assets

Description	Numbers	2022-2023	2021-2022
		Kshs	Kshs
Cattle	8	280,000	250,000
Goats	21	120,000	110,000
Trees	200	150,000	150,000
		550,000	510,000

16 Stock/ Inventory

Description	2022-2023	2021-2022
	Kshs	Kshs
Opening stock	164,666	89,546
Purchases during the year	13,496,800	10,569,485
Issued during the year	(13,409,856)	(10,494,365)
Closing balance during the year	251,610	164,666

S.T Joseph Mkungi secondary school**Annual Report and Financial Statements For the year ended 30 June 2023**

17 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)

CHIEF PRINCIPAL
ST. JOSEPH MKUNGI SEC. SCHOOL
(CENTRE OF EXCELLENCE)
P.O. Box 234-20318, NORTH KINANGOP

Date: 20/4/2024 Sign: [Signature]

Sign and Date
Principal

12. Annexes

Annex I - Analysis of Pending Accounts Payable

Supplier Of Goods Or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Comparative FY	Comments
	A	b	C	d=a-c		
	Kshs	Kshs	Kshs	Kshs	Kshs	
1. Retained money	624,650			624,650		
Sub-Total	624,650			624,650		
Grand Total	624,650			624,650		

Annex 2 – Summary of Fixed Assets Register

Asset Class	Historical Cost b/f (Kshs) 1 st July 2023	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2023
Land	6,000,000			6,000,000
Buildings And Structures	18,500,000			18,500,000
Office Equipment, Furniture And Fittings	890,000		890,000	890,000
ICT Equipment	270,000	100,000		370,000
Tools And Apparatus	560,000	326,560	25,000	861,560
Other Machinery And Equipment	450,000	45,000		495,000
Intangible Assets- Soft Ware	150,000	45,000		195,000
Total	26,820,000	516,560	915,000	27,311,560