

REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 10 APR 2025	DAY: THURSDAY
TABLED BY: HON. SILVANUS OSORO, MP MAJORITY PARTY WHIP	
CLERK-AT THE TABLE: INZOFU MWALES	

**OF**

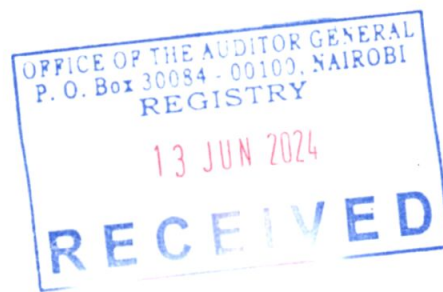
**THE AUDITOR-GENERAL**

**ON**

**RUNGIRI SECONDARY SCHOOL**

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

**KIAMBU COUNTY**



Revised 30<sup>th</sup> June 2021.



---

*(Indicate actual name of the school)*  
**RUNGIRI SECONDARY SCHOOL**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>th</sup> June 2021**

---

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

**RUNGIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021**

---

	Page
Table of Contents	
I. KEY SCHOOL INFORMATION AND MANAGEMENT .....	2
II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL.....	7
III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY .....	18
IV. REPORT OF THE INDEPENDENT AUDITORS ON THE ANNUAL FINANCIAL STATEMENTS OF ( <i>specify school name</i> ) SCHOOL OF THE YEAR ENDING 30 <sup>TH</sup> JUNE 2021 .....	19
V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30 <sup>TH</sup> JUNE 2021.....	20
VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30 <sup>TH</sup> JUNE 2021 .	22
VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2021 .....	25
VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30 <sup>TH</sup> JUNE 2021 .....	11
IX. SIGNIFICANT ACCOUNTING POLICIES .....	16
X. NOTES TO THE FINANCIAL STATEMENTS .....	18

**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

**I. KEY SCHOOL INFORMATION AND MANAGEMENT**

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

**(a) Background information**

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

The school was registered in 15/9/2017 under registration number 22S00300304 and is currently categorized as a sub county public school established, owned or operated by the Government.

The school is a day/boarding school and had 1100 number of students as at 30<sup>th</sup> June 2021. It has 5 streams and 57 teachers of which 12 teachers are employed by the School Board Of Management.

**(b) School Board of Management - Board Members**

The School Board of Management established under Section 55 of the Basic Education Act, 2013; is composed of the following members:

1	PROF JAMES MUTHOMI	Chairman	May 2019
2	MRS CATHRINE GATUGI	Secretary - Principal	May 2019
3	MR JAMES NGATIA	PTA Chairman	May 2019
4	MS JACINTA WACHIRA	Member	May 2019
5	PROF P W KINYANJUI	Member	May 2019
6	MRS ANN KINYORO	Member	May 2019
7	MRS HANNAH KARIGO	Member	May 2019
8	MR FRANCIS MATHENGE	Member	May 2019
9	MR JOHNSON KIOKO	Member	May 2019
10	BISHOP SILAS GITONGA	Member	May 2019
11	MRS EVA WANJA	Member	May 2019
12	MS MILKA GIKUIYU	Member	May 2019
13	MR JOHN NDERITU	Member Rep Teachers	May 2019
14	REV GIKAARA PCEA	3 Members - Sponsor	May 2019
15	MR HENRY WANYOIKE	Member Special Needs	May 2019

**KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**

**The function of the School Board of Management include:**

- Promote the best interests of the School and ensure its development.
- Promote quality education for all pupils in accordance with the standards set under the Basic Education Act, 2013
- Ensure and assure the provision of proper and adequate facilities for the School
- Manage the School's affairs in accordance with the rules and regulations governing occupational safety and health.
- Advise the County Education Board on the staffing needs of the School.
- Determine cases of pupils discipline and make reports to the CEB
- Prepare comprehensive termly report on all areas of its mandate and submit the report to CEB
- Administer and manage the resources of the School

**RUNGIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021**

- Receive, collect and account for any funds accruing to the institution in accordance with Article 226 (1) (a) of the Constitution of Kenya, Section 81 of the Public Finance Management Act, 2012 and the Fourth Schedule para 21 and 23 of the Basic Education Act, 2013.

**(c) Committees of the Board**

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

1	Executive Committee	1.Prof muthomi	chair	4
		2.Mrs catherine gatugi	secretary	4
		3.Mrs ann kinyoro	Vice chair	4
		4.Bishop simon ngatia	member	4
2	Audit Committee	1.Mr.karanu	chair	4
		2.Mrs jean wanjiku	vice chair	4
		3.Mrs milka gikuiyu	member	4
		4.Mr mathenge	member	4
		5.Mrs. cathrine gatugi	member	4
		6.Bishop gitonga	member	4
3	Finance,procurement and general purposes Committee	1.Mrs cathrine gatugi	Chair	4
		2.Mrs milka gikuiyu	member	4
		3.Mr mathenge	member	4
		4.Mr karanu	member	4
		5.Bishop gitonga	member	4
		6.Bishop ngatia	member	4
4	Academic Committee	1.Prof kinyanjui	chair	4
		2.Mrs cathrine gatugi	vice chair	4
		3.Mr kioko	member	4
		4.Mrs ann kinyoro	member	4
		5.Mr john nderitu	member	4
		6.Ms jacinta wachira	member	4
		7.Ms eva wangechi	member	4
5	Development Committee			
6	Discipline and welfare Committee	1.Ms jacinta wachira	chair	2

**RUNGIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021**

		2.Bishop ngatia.	vice chair	2
		3.Mrs cathrine gatugi	member	2
		4.Bishop gitonga	member	2
		5.Ms lorna	member	2
		6.Mrs hannah karigo	member	2
		7.Mr henry wanyoike	member	2
7	Adhoc Committee (if any during the year)			

**(d) School operation Management**

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

<b>Ref:</b>	<b>Designation</b>	<b>Name</b>	<b>TSC Number</b>
1	Principal	MRS CATHERINE GATUGI	348306
2	Deputy Principal	MR PAUL NGUGI	311032
3	Deputy Principal	MS MARGERET KINYUA	291575
4	School Bursar	ELIKANA P. M. KAMAU	

**RUNGIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021**

---

**KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**

**(e) Schools contacts**

Post Office Box: 438-00902  
Telephone: 0725626266  
E-mail: [rungirisch@gmail.com](mailto:rungirisch@gmail.com)  
Facebook:  
Twitter:

**(f) School Bankers**

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

1. Name of Bank: KCB  
Branch: kikuyu  
Account Number: 1102931624
  
2. Name of Bank: KCB  
Branch: kikuyu  
Account Number: 1102995363
  
3. Name of Bank: EQUITY BANK  
Branch: kikuyu  
Account Number: 0570291736929
  
4. Name of Bank: EQUITY BANK  
Branch: kikuyu  
Account Number: 0570279525627

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

**RUNGIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021**

---

**(g) Independent Auditors**

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

**RUNGIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021**

---

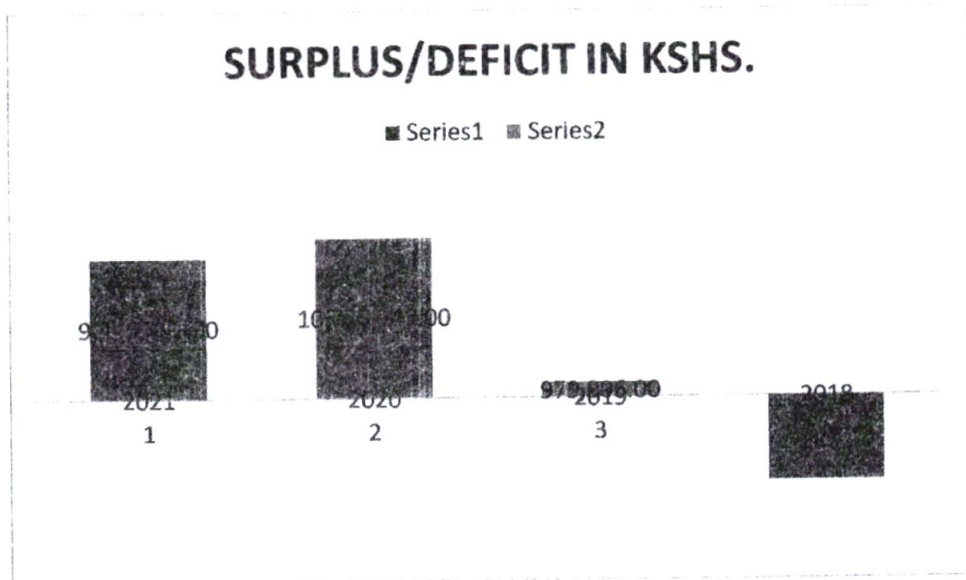
**II. SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL**

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

**a) Financial performance:**

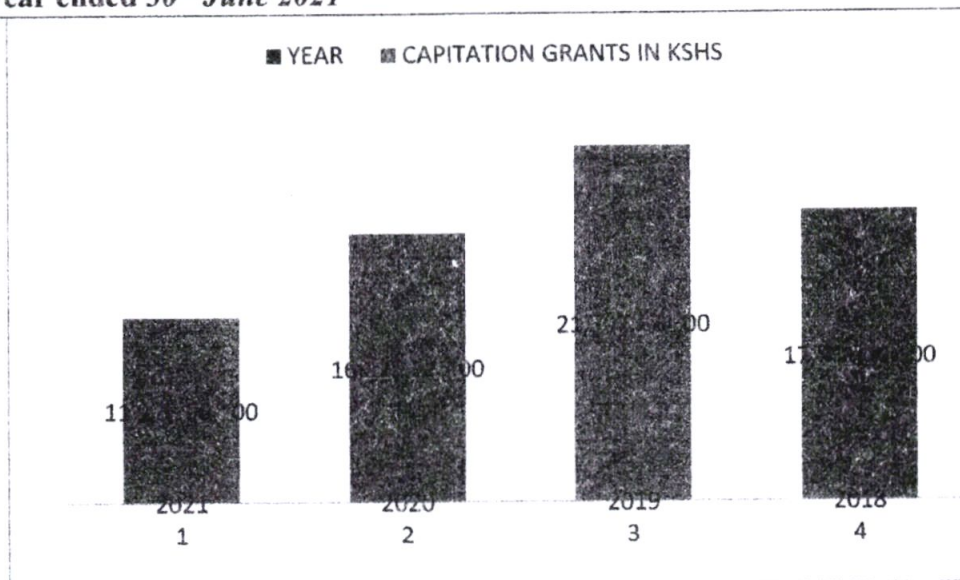
*Under this section, the following information should be given:*

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



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

**RUNGIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021**

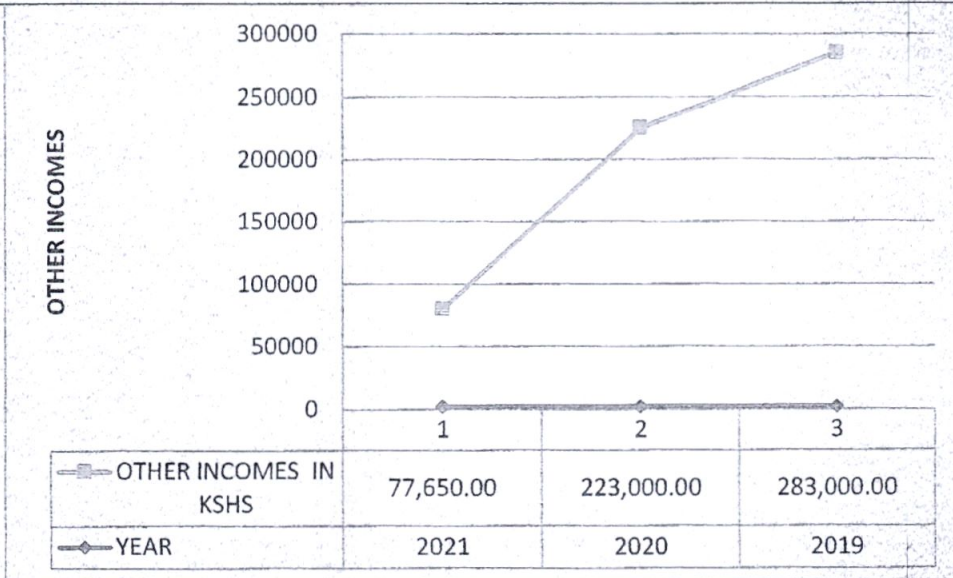


- *Ratio of capitation grant per student over the last three years*

<i>year</i>	<i>Student population</i>	<i>Capitation grants in kshs</i>	<i>Student:capitation grant</i>
2021	1100	11,228,567.00	1:10,207
2020	1050	16,225,225.00	1:15,452
2019	1150	21,507,171.00	1:18,700
2018	1050	17,541,501.00	1:16,706

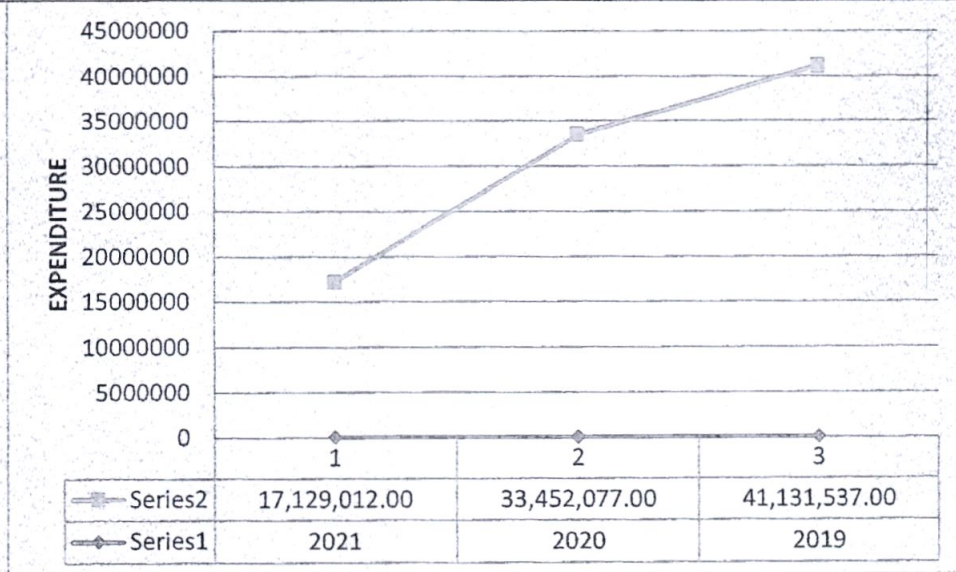
- *A three-year overview of growth of other income(s) earned by the school.*

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021



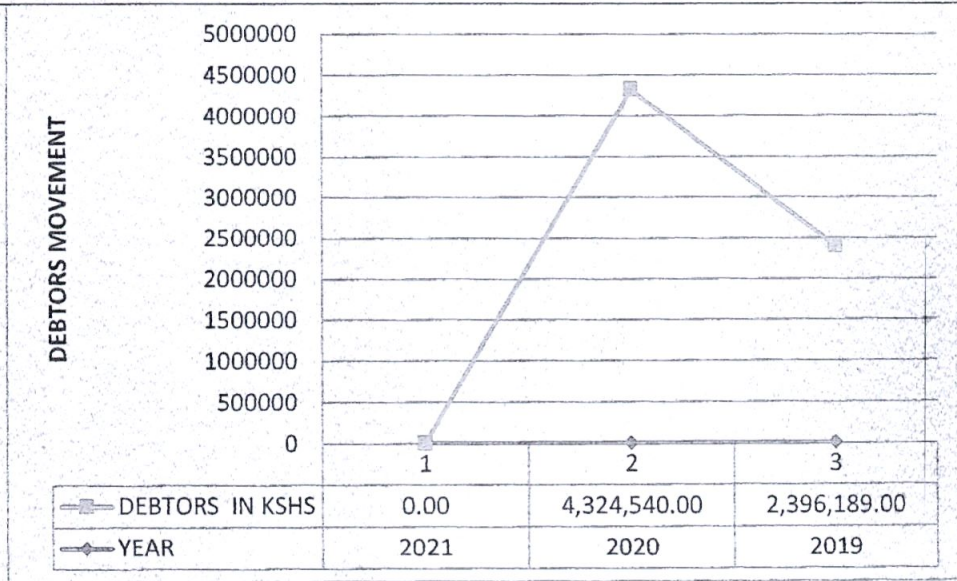
- A three-year overview of growth in expenditure of the school

for the year ended 30<sup>th</sup> JUNE 2021

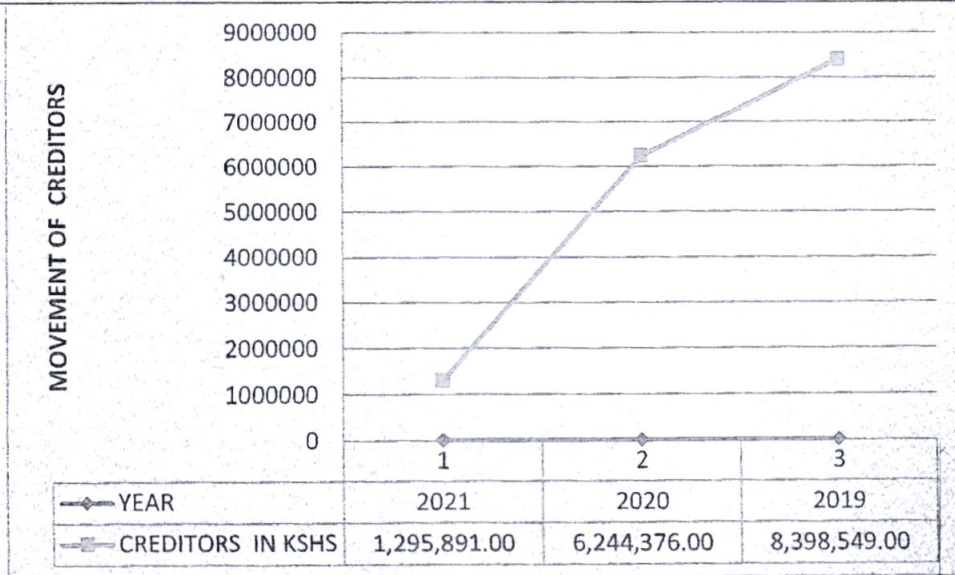


- *Movement of debtors and creditors of the school over the last three years*

For the year ended 30<sup>th</sup> JUNE 2021

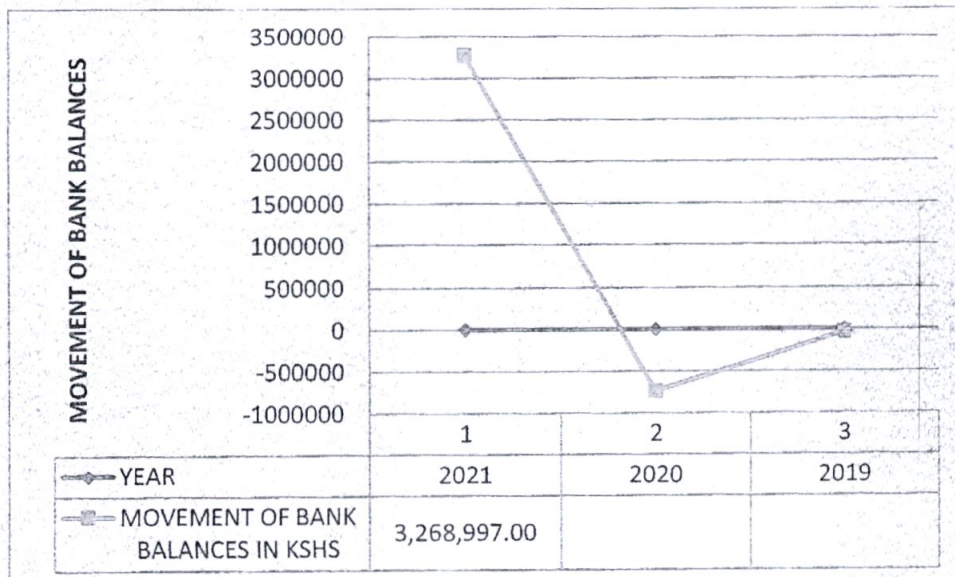
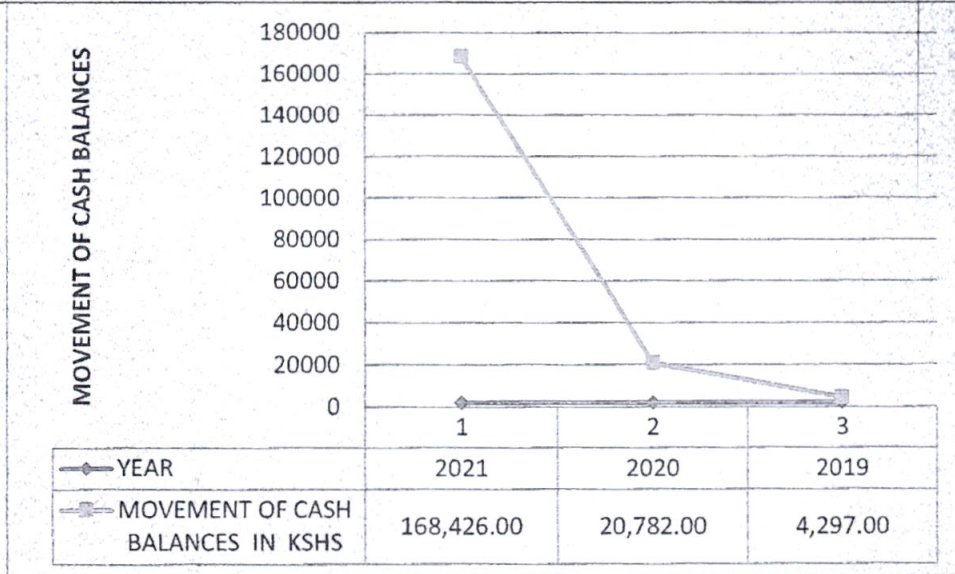


For the year ended 30<sup>th</sup> June 2021



- Movement of cash and bank balances over the last three year

For the year ended 30<sup>th</sup> June 2021



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

**b) Teacher Student ratio:**

The school has five streams in ach form making a total of twenty classes. A total of 43 tsc teachers and 10 bom teachers to cover the shortage.

Subject allocation per week for teachers

subject	Form 1	Form 2	Form 3	Form 4	Total lessons	Teachers available
English	30	40	40	40	150	7
Kiswahili	25	30	30	30	115	10
Mathematics	35	40	40	40	155	15
Physics	25	30	30	30	115	9
Biology	25	30	30	30	115	8
Chemistry	25	30	30	30	115	9
Geography	15	30	30	30	105	6
History	15	30	30	30	105	7
Cre	15	20	20	30	85	9
Agriculture	15	20	20	20	75	3
Business studies	15	20	20	20	75	4
Homescience	15	20	20	20	75	2
P E	5	5	5	5	20	20
Computer studies	15	20	20	20	75	1
lifeskills	5	5	5	5	20	20
<b>total</b>	<b>280</b>	<b>370</b>	<b>370</b>	<b>380</b>	<b>1400</b>	

No. of teachers 53

Students 1100

Ratio 1:20

Teachers required

subject	Teachers required
---------	-------------------

For the year ended 30<sup>th</sup> June 2021

Physics/chemistry	2
English/literature Computer studies	2
biology	1
geography	1

c) **Mean score in the 2022 KCSE:**

Give performance of the school for each over the last three years. Include the number of students that have since transitioned to institutions of higher learning. Include the mean score and comment on improvement or otherwise as compared to the school's set score.

year	Mean score	No. of students	
2021	5.026 c plain	57	C+ and above
2020	5.66 c plain	83	C + and above
2019	5.94 c plain	82	C+ and above
2018	5.232 c plain	64	C + and above

d) **Number of Candidates in the 2021 KCSE:**

The following number of candidates sat for KCSE over the last three years.

Yr candidates

2019 - 229

2020 -289

2021 -253

e) **Capacity of the school:**

The school has student population of 1100, below is a table showing facilities and the prevailing shortages

	facility	number	capacity	shortage
1	classrooms	20	1100	0
2	Dining hall	1	1100	0

3	Science laboratories	4	550	1	
4	Computer laboratories	1	100	1	
5	School bus	1	1	0	
6	Boys toilets	20			
7	Girls toilets	14			
8	Playing fields	2	2	0	
9	Lecture hall	0	1100	1	
10	School van	0	14	1	

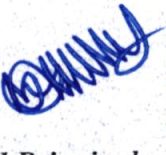
f) Development projects carried out by the school:

Development projects carried out in the year and ongoing projects including a disclosure of project fund sources in a tabular format

The maintenance funds received by ministry of education were utilized for the following.

Project	Area	Cost(shs)
Water installation and piping	Kitchen area	222,820.00
classroom	Class area	900,000.00
Printing machine	Exam room	197,500.00
Staffroom chairs	Staffroom and teachers offices	350,000.00
Office chairs	Teachers offices	131,000.00
Floor tiles	classrooms	169,200.00
repairs	laboratory	114,000.00
Floor tiles fixing	classrooms	31,200.00
<b>total</b>		<b>2,115,720.00</b>

Sign



School Principal **MRS CATHERINE GATUGI**



### III. STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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

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

The Board of Management of (*Name of 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 30<sup>th</sup> June, 2021, and of the school's financial position as at that date.

**Name:** PROF JAMES MUTHOMI  
**Designation:** Chairman, School Board of Management  
**Sign:** .....  
**Date:** dd/mm/yy.....

*[Handwritten signature]*  
*12/6/21*

**Name:** MRS CATHERINE GATUGI  
**Designation:** School Principal & Secretary to Board of Management  
**Sign:** .....  
**Date:** dd/mm/yy.....

*[Handwritten signature]*

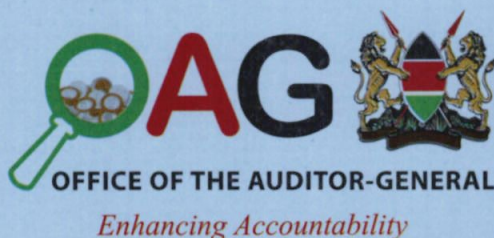


**Name:** ELIKANAH P. M. KAMAU  
**Designation:** Bursar/ Finance Officer  
**Sign:** .....  
**Date:** dd/mm/yy.....

*[Handwritten signature]*  
*12/6/21*

# 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 RUNGIRI SECONDARY SCHOOL FOR THE SIX (6) MONTHS' PERIOD ENDED 30 JUNE, 2021 – KIAMBU COUNTY**

---

### PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, 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 Rungiri Secondary School – Kiambu County set out on pages 20 to 38, which comprise of the statement of financial assets and financial liabilities as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows and statement of budgeted versus actual amounts for the six (6) months' period then ended and a summary of significant accounting policies

---

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Rungiri Secondary School – Kiambu County for the six (6) months' period ended 30 June, 2021 and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standard (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Unsupported Cash and Cash Equivalents**

The statement of financial assets and financial liabilities reflects cash and cash equivalents balance of Kshs.3,437,424 as disclosed in Note 8 and 9 to the financial statements. Included in this balance are four (4) bank accounts maintained by the School Management. However, the bank balances were not supported by certificates of bank balances and bank reconciliation statements. Further, the cash balance of Kshs.168,426 was not also supported by a board of survey report or cash count sheet.

In the circumstances, the accuracy, completeness and existence of bank balance of Kshs.3,437,424 could not be confirmed.

#### **2. Long Outstanding Receivables**

The statement of financial assets and financial liabilities reflects accounts receivables balance of Kshs.14,435,455 and as disclosed in Note 11 to the financial statements. Included in the balance are receivables amounting to Kshs.10,600,147 which had been outstanding for more than two (2) years. However, there was no policy on the impairment of long outstanding fees arrears casting doubt on the fair statement of the accounts receivables balance.

In the circumstances the accuracy and recoverability of accounts receivables balance of Kshs.14,435,455 could not be confirmed.

#### **3. Inaccuracies in the Financial Statements**

The statement of receipts and payments reflects total receipts of Kshs.24,374,302 and total payments of Kshs.14,929,012 whereas the statement of budgeted versus actual amounts reflects total receipts of Kshs.21,609,682 and total payments of Kshs.15,600,157 resulting to unreconciled variance of Kshs.2,764,620 and Kshs.671,145 respectively. Further, the statement reflects total original and final budget of Kshs.22,559,200 and Kshs.22,134,200 which differed with the recomputed amount of Kshs.22,577,200 and Kshs.22,577,200 resulting to unreconciled variance of Kshs.18,000 and Kshs.443,000.

In addition, Note 6 to the financial statements reflects acquisition of assets amount of Kshs.857,065 whereas statements of budgeted versus actual amounts reflects a Kshs.Nil resulting to unexplained variance of Kshs.857,065.

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

#### 4. Unsupported Comparative Amounts

The financial statements reflect comparative balances for the financial year ended 30 June, 2020 that have not been supported with audited financial statements.

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

#### 5. Variances Between the Statement of Receipts and Payments and Statement of Cash Flows

The statement of receipts and payments reflects amounts that differ with those reflected in the statement of cash flow as detailed below:

Particulars	Statement of Receipts and Payments (Kshs.)	Statement of Cash Flows (Kshs.)	Variances (Kshs.)
Capitation Grant for Operations	9,802,063	10,902,063	1,100,000
School Fund Income Parents Contribution	12,523,995	13,385,407	861,412
School Fund Income - Other Income	77,650	0	77,650
Payments for Tuition	528,379	1,128,379	600,000
Payments for Operations	6,453,444	7,916,554	1,463,110
Boarding and School Fund Payments	7,947,189	12,175,499	4,228,310

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

#### 6. Unsupported Payables

The statement of financial assets and financial liabilities reflects accounts payables balance of Kshs.2,060,451 as disclosed in Note 12 to the financial statements. However, the detailed schedule indicating supplier name, nature of goods or service provided, invoice number and amount was not provided for audit. Further, the balance reduced from the previous year balance of Kshs.7,814,406 to the current balance of Kshs.2,060,451 resulting to a reduction of Kshs.5,753,955. However, the list of suppliers and payments made to each were not provided for audit.

In the circumstances, the accuracy, existence and completeness of accounts payable balance of Kshs.2,060,451 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Rungiri Secondary School – Kiambu County 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**

#### **Budgetary Control and Performance**

The summary statement of budgeted versus actual amounts reflects a final receipts budget and actual on a comparable basis of Kshs.22,559,200 and Kshs.21,609,682 resulting to an under funding of Kshs.949,518 or 4% of the budget. However, the School spent Kshs.15,600,157 against an actual receipt of Kshs.21,609,682 resulting to underutilization of Kshs.6,009,525 or 28% of the receipts.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Unconfirmed Students Enrolment Data**

The statement of receipts and payments reflects capitation grants for tuition, capitation grants for operations amount of Kshs.12,872,657. Comparison of data from National Education Management and Information System (NEMIS) with records from the County Director of Education revealed that during the financial year 2020/2021, NEMIS reflected one thousand one hundred and eighty-five (1,185) students while records from the County Director of Education had one thousand one hundred (1,100) students, resulting to an overfunding of the School by an amount of Kshs.923,570. This was contrary to the Ministry of Education Circular MOE.HQS/3/13/3 dated 26 August, 2020 on implementation of Free Day Secondary Education (FDSE) which requires all learners be registered in NEMIS and the principals to ensure their records are accurate.

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

## **2. Long Outstanding Payables**

The statement of financial assets and financial liabilities and as disclosed in Note 12 to the financial statements reflects payables balance of Kshs.2,060,451. However, included in the balance are trade payables balance of Kshs.764,560 which had been outstanding for more than two (2) years. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates.

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

## **3. Failure to Prepare School Improvement Plan**

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

In the circumstances, Management was in breach of Policy Guidelines.

## **4. Failure to Transfer Maintenance and Improvement Funds from the Operations Bank Account**

The statement of receipts and payments reflects operations grants amount of Kshs.9,802,063 as disclosed in Note 2 to the financial statements from the Ministry of Education credited in the operations bank account. Included in the amount is Kshs.4,435,000 in respect of infrastructure grants which were to be transferred to infrastructure bank account for maintenance and improvement of the school's facilities. However, only Kshs.2,000,000 was transferred to infrastructure account, leaving a balance of Kshs.2,435,000 as at 30 June, 2021. This is contrary to Ministry of Education Circular Ref. No: MOE.HQS/3/13/3 dated 16 June, 2021 that directs infrastructure grants as well as maintenance and improvement funds should be transferred to the school infrastructure bank account fifteen (15) days upon receipt of the funds in the school operations bank account.

In the circumstances, Management was in breach of the Policy Guidelines.

## **5. Late Submission of Financial Statements**

The Management submitted the financial statements for the year ended six (6) months period ended 30 June, 2021 on 3 May, 2024, thirty-five (35) months after the end of the financial year which they relate. This was contrary to the Ministry of Education circular Ref.MOE/DSAS/FIN/17/1/17 dated 19 August, 2021 which stated that the School's financial statements should be ready by 30 September, 2021 in compliance with Section

81 of the Public Finance Management Act, 2012 on preparation of the financial statements.

In the circumstances, Management was in breach of the Policy Guidelines.

## **6. Non-Compliance with the Public Sector Accounting Standards Board Reporting Requirements**

The statements of financial position reflect Note 10 instead of 11 and Note 11 instead of 12. The format of summary of fixed assets register in Annex 2 to the financial statements does not agree with the prescribed format in the template and has not been filled by Management.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Ownership Documents**

Annex 2 to the financial statements reflects summary of fixed assets register balance of Kshs.Nil in respect of fixed assets which includes land with a balance of Kshs.Nil. However, land ownership documents was not provided for audit. In addition, the register lacked important details such as assets acquisition dates, cost of the assets, source of funding, location, depreciation and net book values of each asset. Further, it was noted that the assets have not been tagged for identification purposes.

In the circumstances, the effectiveness of internal controls relating to ownership and safe custody of the fixed assets could not be confirmed.

#### **2. Board of Management Lapsed Period**

Records provided for audit revealed that the Chairman of the Board of Management has been in office since 2009. This is contrary to Section 3(1) of the Fourth Schedule of the Basic Education Act, 2013 which states that unless the appointment of the chairperson

or a member of the Board of Management is earlier terminated under this Act, a person appointed as chairperson or as a member shall hold office for a term of three (3) years from the date of appointment and shall be eligible for reappointment for one further term of a period not exceeding three (3) years.

In the circumstances, the School will not achieve its strategic objectives.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 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 its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease operations.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of 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 to 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

20 January, 2025

For the year ended 30<sup>th</sup> June 2021

V. STATEMENT OF RECEIPTS AND PAYMENTS PERIOD TO 30<sup>TH</sup> JUNE 2021

DESCRIPTION OF VOTE HEAD	Note	JAN-JUN2021 Kshs	YR 2020 Kshs
<b>RECEIPTS</b>			
Capitation grants for tuition	1	1,970,594.00	4,356,976.00
Capitation grants for operations	2	9,802,063.00	17,699,082.00
School Fund Income- Parents' Contributions	3	12,523,995.00	21,949,267.00
School Fund Income- Other receipts	4	77,650.00	223,000.00
Proceeds from borrowings			
<b>TOTAL RECEIPTS</b>		<b>24,374,302.00</b>	<b>44,228,325.00</b>
<b>PAYMENTS</b>			
Payments for Tuition	5	528,379.00	2,298,714.00
Payments for operations	6	6,453,444.00	17,678,050.00
Boarding and school fund payments	7	7,947,189.00	13,475,313.00
<b>TOTAL PAYMENTS</b>		<b>14,929,012.00</b>	<b>33,452,077.00</b>
<b>SURPLUS/DEFICIT</b>		<b>9,445,291.00</b>	<b>10,776,248.00</b>

The school financial statements were approved on \_\_\_\_\_ 2021 and signed by:

Sign:

Name PROF JAMES MUTHOMI

Chairman B.O.M

Date

12/6/24

Sign

Name MRS CATHERINE GATUGI

School Principal/  
Secretary to BOM

Date



Sign

Name

ELIZABETH P. M. KAMANIA

Bursar/  
Finance Officer

Date

12/6/24

For the year ended 30<sup>th</sup> June 2021

**VI. STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30<sup>TH</sup> JUNE 2021**

	Note	JAN JUN-2021	YR 2020
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	8	3,268,998.00	(763,926.00)
Cash Balances	9	168,426.00	20,782.00
Short term Investment	10		
<b>Total Cash and cash equivalent</b>		<b><u>3,437,424.00</u></b>	<b><u>(743,144.00)</u></b>
Account's receivables	10	14,435,455.00	14,924,687.00
<b>TOTAL FINANCIAL ASSETS</b>		<b>17,872,879.00</b>	<b>14,181,543.00</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payables	11	2,060,451.00	7,814,406.00
<b>NET FINANCIAL ASSETS</b>		<b>15,812,428.00</b>	<b>6,367,137.00</b>
<b>REPRESENTED BY</b>			
Accumulated Fund b/fwd	12	6,367,137.00	6,367,137.00
Surplus/Deficit for the year		9,445,291.00	10,776,248.00
<b>NET FINANCIAL POSSITION</b>		<b>15,812,428.00</b>	<b>6,367,137.00</b>

The School's financial statements were approved on \_\_\_\_\_ 2024 and signed by:

**Name:** PROF. JAMES MUTHOMI  
Chairman, BoM

**Sign:**

**Date:** dd/mm/yy  
12/6/24

**Name:** MRS CATHRINE GATUGI  
School Principal/Secretary to BoM

**Sign:**   
**Date:** dd/mm/yy  
12 JUN 2024  
SEC. SCHOOL  
P. O. Box 438 - 00902, KIKIYU

**Name:** EUGENIA P.M. KAMATI  
Bursar/Finance

**Sign:** 

**Date:** dd/mm/yy  
12/6/24

For the year ended 30<sup>th</sup> June 2021

**VII. STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 20XX**

		JAN JUN 2021	YEAR 2020
		Kshs	Kshs
<b>Receipts for operating income</b>			
Capitation grants for tuition	1	1,970,594.00	4,356,976.00
Capitation grants for operations	2	10,902,063.00	17,699,082.00
School fund income- Parents contributions/ fees	3	13,385,407.00	18,050,131.00
School fund income- other receipts	4		
<b>Total receipts</b>		<b>26,258,064.00</b>	<b>40,106,189.00</b>
<b>Payments</b>			
Payments for Tuition		1,128,379.00	4,356,508.00
Payments for operations		7,916,554.00	14,291,647.00
Boarding and school fund payments		12,175,499.00	18,140,524.00
<b>Total payments</b>		<b>21,220,432.00</b>	<b>36,788,679.00</b>
<b>Net cash flow from operating activities</b>		<b>5,037,633.00</b>	<b>3,317,510.00</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets		-	-
Acquisition of Assets		(857,065.00)	(4,029,403.00)
Proceeds from investments		-	-
Purchase of investments		-	-
<b>Net cash flows from Investing Activities</b>		<b>(857,065.00)</b>	<b>(4,029,403.00)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from borrowings/ loans		-	-
Repayment of principal borrowings		-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>4,180,568.00</b>	<b>(711,893.00)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>(743,144.00)</b>	<b>(31,251.00)</b>
<b>Cash and cash equivalent at END of the year</b>		<b>3,437,424.00</b>	<b>(743,141.00)</b>

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

**VIII. STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2021**

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Util
	a	b	c=a+b	d	e=c-d	f=d/c
	Kshs	Kshs			Kshs	Kshs
<b>RECEIPTS</b>						
<b>(1) CAPITATION GRANT ON TUITION</b>						
Textbooks and reference materials						
Exercise books	547,200.00		547,200.00	404,311.00	(142,889.00)	73.9
Laboratory equipment	500,000.00		500,000.00	364,301.00	(135,699.00)	72.9
Internal exams	930,500.00		930,500.00	364,301.00	(566,200.00)	39.2
Teaching / learning materials	150,450.00		150,450.00	364,300.00	213,850.00	242.
Chalks	19,800.00		19,800.00		(19,800.00)	0.0
Exams and assessment	425,000.00		425,000.00	41,765.00	(383,235.00)	9.8
Teachers guides	62,650.00		62,650.00		62,650.00	0.0
<b>(2) CAPITATION GRANT ON OPERATIONS</b>						
Personnel emoluments	2,750,000.00		2,750,000.00	2,264,344.00	485,656.00	82.0
Repairs and maintenance	2,750,000.00		2,750,000.00	3,288,470.00	538,470.00	119.
Local transport / travelling	1,100,000.00		1,100,000.00	1,111,669.00	11,669.00	101.
Electricity and water	495,000.00		495,000.00	1,045,006.00	550,006.00	211.
Medical						0%
Administration costs	1,211,100.00		1,211,100.00	1,111,670.00	(99,430.00)	91.8
Activity	825,000.00		825,000.00	495,789.00	(329,211.00)	60.1
Gratuity						

**RUNGIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL**  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021

Receipt expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c
	Kshs	Kshs			Kshs	Kshs
Insurance	357,500.00		357,500.00	250,000.00	(107,500.00)	70%
SMASSE	110,000.00		110,000.00	122,640.00	12,640.00	111%
<b>(3) FEES CHARGED ON PARENTS</b>						
Personnel emoluments	10,325,000.00		10,325,000.00	10,258,946.00	(66,054.00)	
Lunch						
Repairs and maintenance						
Local transport / travelling						
Electricity and water						
Medical						
Administration costs						
Activity						
SMASSE						
Fee on Boarding						
Equipment and Stores						
<b>OTHER INCOME</b>						
Rent income						
Income from farming activities				1,500.00	1,500.00	0%
Insurance compensation						
Knec				28,321.00	28,321.00	0%
Student ID				19,200.00	19,200.00	0%
Infrastructure donations				63,150.00	63,150.00	0%
Income from Posho mill						
Income from Bus Hire						

**RUNGIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021**

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Util
	a	b	c=a+b	d	e=c-d	f=d/c
	Kshs	Kshs			Kshs	Kshs
Fee for hire of ground and equipment				10,000.00	10,000.00	0%
Interest income						
Income from any other investment						
<b>TOTAL INCOME</b>	22,559,200.00		22,559,200.00	21,609,682.00	(147,084.00)	95.8
<b>(1) EXPENDITURE FOR TUITION</b>						
Textbooks and reference materials						
Exercise books	547,200.00		547,200.00		547,200.00	
Laboratory equipment	500,000.00		500,000.00	363,504.00	136,496.00	72.7
Internal exams	930,500.00		930,500.00	157,400.00	773,100.00	16.9
Teaching / learning materials	150,450.00		150,450.00	5,300.00	145,150.00	3.5
Chalks	19,800.00		19,800.00	-	19,800.00	
Exams and assessment	425,000.00		425,000.00			
Teachers guides	62,650.00		62,650.00		62,650.00	
Administration costs						
Bank Charges						
<b>(2) EXPENDITURE FOR OPERATIONS</b>						
Personnel emoluments	2,750,000.00		2,750,000.00	3,061,325.00	(311,325.00)	111
Repairs, maintenance & improvements	2,750,000.00		2,750,000.00	2,000,000.00	750,000.00	72.7
Local transport / travelling	1,100,000.00		1,100,000.00	968,420.00	131,580.00	88

**RUNGIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021**

Receipt/expenses Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Util f=d/c
	Kshs	Kshs			Kshs	Kshs
Electricity, water and conservancy	495,000.00		495,000.00		495,000.00	
Medical				15,027.00	(15,027.00)	
Administration costs	1,211,100.00		1,211,100.00	1,239,432.00	(28,332.00)	102%
Activity Expenses	825,000.00		825,000.00	200,000.00	625,000.00	24%
Gratuity						
Insurance	375,500.00		375,500.00	101,655.00	(255,845.00)	28%
SMASSE	110,000.00		110,000.00		110,000.00	
<b>(3) EXPENDITURE FOR SCHOOL FUND</b>						
Personnel emoluments						
Lunch	10,325,000.00		10,325,000.00	7,205,430.00	3,119,570.00	69.8%
Repairs, maintenance and improvements						
Local transport / travelling						
Electricity, water and conservancy						
Medical Expenses						
Infrastructure donations				84,995.00	(84,995.00)	
Farming income				15,180.00	(15,180.00)	
Bus hire				67,950.00	(67,950.00)	
Ground hire				65,200.00	(65,200.00)	
Administration costs						
Activity						
Gratuity						
Lunch programme						

**RUNGIRI SECONDARY SCHOOL  
PUBLIC SECONDARY SCHOOL  
Annual Report and Financial Statements  
For the year ended 30<sup>th</sup> June 2021**

Receipt/expenses Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Util
	a	b	c=a+b	d	e=c-d	f=d/e
	Kshs	Kshs			Kshs	Ksh
Boarding Equipment and Stores						
Expenditure for Income Generating Activity						
Insurance costs						
Other expenses on investments						
Rent Expenses						
Bank Charges				49,339.00	(49,339.00)	
Loan Interest Repayment						
Loan Principal Repayment						
Acquisition of Assets						
<b>TOTALS</b>	<b>22,559,200.00</b>		<b>22,134,200.00</b>	<b>15,600,157.00</b>	<b>6,534,043.00</b>	<b>70.5</b>

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

- i. Xxx
- ii. Xxx

## IX. SIGNIFICANT ACCOUNTING POLICIES

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

### 1. Statement of compliance and basis of preparation

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

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

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

### 2. Recognition of receipts and payments

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

### 3. In-kind contributions

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

### 4. Cash and cash equivalents

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Accounts Receivable**

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

**6. Accounts Payable**

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

**7. Non-current assets**

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

**8. Budget**

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

**9. Comparative figures**

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

**10. Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 20XX.

**X. NOTES TO THE FINANCIAL STATEMENTS**

**1 CAPITATION GRANT FOR TUITION**

	JAN JUN 2021	YR 2020
	Kshs	Kshs
Textbooks and reference materials		
Exercise books	404,311.00	930,310.00
Laboratory equipment	564,301.00	930,310.00
Internal exams	364,303.00	930,310.00
Teaching / learning materials	595,914.00	1,135,736.00
Chalks	0.00	40,000.00
Exams and assessment	0.00	0.00
Teachers guides	41,765.00	390,310.00
<b>Total</b>	<b>1,970,594.00</b>	<b>4,356,976.00</b>

**2 CAPITATION GRANT FOR OPERATIONS**

	JAN JUN 2021	YR 2020
	Kshs	Kshs
Personnel emoluments	2,376,819.75	6,236,129.00
Repairs and maintenance	3,288,470.00	4,116,000.00
Local transport / travelling	1,111,669.00	2,276,518.00
Electricity and water	1,045,006.00	1,476,518.00
Medical		205,800.00
Administration costs	1,111,669.50	2,276,517.00
Smasse	122,640.00	
Insurance	250,000.00	700,000.00
Activity	495,789.00	411,600.00
<b>Total</b>	<b>10,902,063.25</b>	<b>17,699,082.00</b>

**3 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT**

	Jan-jun2021	YR 2020
	Kshs	Kshs
Personnel emoluments		
Lunch	12,476,474.00	21,798,517.00
Student card	19,200.00	44,500.00
Knec	28,321.00	106,250.00
Repairs and maintenance		
Local transport / travelling		
Electricity and water		
Medical		

for the year ended 30<sup>th</sup> JUNE 2021

	Jan-jun2021	YR 2020
	Kshs	Kshs
Administration costs		
Activity		
<b>Total</b>	<b>12,523,995.00</b>	<b>21,949,267.00</b>

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

##### 4 OTHER RECEIPTS – SCHOOL FUND ACCOUNT

	Jan-jun2021	YR 2020
	Kshs	Kshs
Fee on Boarding Equipment and Stores		
Rent income	1,500.00	95,000.00
Income from farming activities		
Insurance compensation		
Income from Posho mill		
Income from Bus Hire	10,000.00	51,500.00
Fee for hire of ground and equipment		
Income from grants and donations*	63,150.00	
Tender		56,000.00
Refund	3,000.00	20,000.00
Homescience		500.00
Interest income		
Dividends income		
<b>Total</b>	<b>77,650.00</b>	<b>223,000.00</b>

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

##### 5 PAYMENTS FOR TUITION

	Jan-jun2021	YR 2020
	Kshs	Kshs
Textbooks and reference materials		
Exercise books		751,550.00
Laboratory equipment	363,504.00	844,401.00
Internal exams	157,400.00	
Teaching / learning materials	5,300.00	700,450.00

**For the year ended 30<sup>th</sup> June 2021**

Chalks		
Exams and assessment		
Teachers guides		
Administration Costs		
Bank Charges	2,175.00	2,313.00
<b>Total</b>	<b>528,379.00</b>	<b>2,298,714.00</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6 PAYMENTS FOR OPERATIONS**

	Jan-jun2021	YR 2020
	Kshs	Kshs
Personnel emoluments	3,061,324.50	7,203,155.10
Service Gratuity		
Administration Cost	1,239,432.00	1,966,651.00
Repairs and maintenance & improvements		
Local transport / travelling	968,420.00	1,866,770.00
Electricity and water		347,055.00
Medical	15,027.00	41,025.00
Activity Expenses	200,000.00	1,524,270.00
SMASSE		
Insurance Cost	101,655.00	689,460.60
Bank Charges	10,520.00	10,260.00
Acquisition of Assets	857,065.00	4,029,403.00
<b>TOTAL</b>	<b>6,453,443.50</b>	<b>17,678,043.00</b>

**7 BOARDING AND SCHOOL FUND PAYMENTS**

	Jan jun 2021	YR 2020
	Kshs	Kshs
Personnel emoluments		
Lunch	7,749,520.00	12,952,597.00
Service Gratuity		
Repairs and maintenance & Improvements		
Local transport / travelling		
Electricity and water		
Medical Expenses		
Administration costs		
School farm	15,180.00	69,970.00
Tender		19,000.00
Bank Charges	49,339.00	14,163.25
Refund		10,000.00
Knec		178,500.00
Student card		111,650.00
Bus and ground hire	133,150.00	5,000.00
Expenses on Income Generating Activities		
Transfer to infrastructure		114,433.00
Fee on Boarding Equipment and Stores		
Rent Expenses		
Insurance Cost (Life Property)		

For the year ended 30<sup>th</sup> June 2021

Loan Principal repayment		
Loan Interest repayment		
Acquisition of Assets		
<b>TOTAL</b>	7,947,189.00	13,475,313.25

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**8 BANK ACCOUNTS**

Name of Bank, Account No. & currency	Bank Account Number	JAN JUN 2021	YR 2020
		Kshs	Kshs
Tuition Account	1102995363	846,273.30	4,058.30
Operations Account	0570291736929	936,387.46	(51,832.29)
School Fund Account/Boarding	1102931624	272,276.83	(733,342.17)
Savings Account			
Parent Association Development Account			
Income generating activities Account			
Infrastructural Account	0570279525627	1,214,060.00	17,190.00
<b>Total</b>		<b>3,268,997.59</b>	<b>(763,926.16)</b>

**9 CASH IN HAND**

Description	JAN JUN 2021	YR 2020
	Kshs	Kshs
Tuition Account		
Operation Account	28,350.00	
School Fund account	140,076.00	20,782.47
<b>Total</b>	<b>168,426.00</b>	<b>20,782.47</b>

**10 SHORT TERM INVESTMENTS**

Description	JAN JUN 2021	YR 2020
	Kshs	Kshs
Cooperative shares		
Treasury Bills		
Fixed deposit		
Equity stock		
Other investments		
<b>Total</b>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 ACCOUNTS RECEIVABLE

Description	Jan jun 2021	YR 2020
	Kshs	Kshs
Fees arrears	14,435,455.00	14,924,687.00
Other non-fees receivables		
Salary advances		
Imprest		
<b>Total</b>	<b>14,435,455.00</b>	<b>14,924,687.00</b>

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

Description	Jan jun 2021	YR 2020
	Kshs	Kshs
Fees arrears for current year		4,324,540.00
Fees arrears for the previous year	3,835,308.00	1,517,812.00
Fees arrears for prior periods (over two years)	10,600,147.00	9,082,335.00
<b>Total</b>	<b>14,435,455.00</b>	<b>14,924,687.00</b>

12 ACCOUNTS PAYABLE

Description	Jan jun 2021	YR 2020
	Kshs	Kshs
Trade creditors (See ageing below and appendix 1)	2,060,451.00	7,008,936.00
Prepaid fees		805,470.00
Retention monies	0	0
<b>Total</b>	<b>2,060,451.00</b>	<b>7,814,406.00</b>

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

Description	Jan jun 2021	YR 2020
	Kshs	Kshs
Trade creditors for current year	0.00	6,244,376.00
Trade creditors for the previous year	1,295,891.00	764,560.00
Trade creditors for prior periods (over two years)	764,560.00	
<b>Total</b>	<b>2,060,451.00</b>	<b>7,008,936.00</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 FUND BALANCE BROUGHT FORWARD

Description	Jan- jun 2021	YR 2020
	Kshs	Kshs
Bank balances	3,268,997.59	(736,926.16)
Cash balances	168,426.47	20,787.47
Short Term Investments	0.00	
Receivables	14,435,455.00	14,924,687.00
Payables	(2,060,451.00)	(7,814,406.00)
<b>Total</b>	<b>15,812,428.06</b>	<b>6,367,137.31</b>

### Other important disclosure notes

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

#### 14 Non-current Liabilities Summary

Description	2020-2021 Kshs	YR 2020 Kshs
Bank loan(s)		
Outstanding Leases		
Hire purchase		
Gratuity and leave provision		
<b>Total</b>		

#### 15 Biological assets

Description	Numbers	JAN- JUN2021 Kshs	YR 2020 Kshs
Cattle		50,000.00	50,000.00
Goats			
Trees		450,000.00	450,000.00
Coffee or tea plantation			
Poultry			
<b>Total</b>		<b>500,000.00</b>	<b>500,000.00</b>

#### 16 Borrowings

Description	2020-2021 KShs	YR 2020 KShs
<b>a) Borrowings</b>		
Borrowing at beginning of the year		
Borrowings during the year		
Repayments of during the year		
<b>Balance at end of the year</b>		

**RUNGIRI SECONDARY SCHOOLS**  
**Reports and Financial Statements**  
**For the year ended 30<sup>th</sup> June 2021**

**ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 <sup>st</sup> July 20xx	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 30 <sup>th</sup> June 20xx
Land 1						
Land 2						
Buildings and structures						
Motor vehicles						
Office equipment, furniture and fittings						
ICT Equipment, and Other ICT Assets						
Tools and apparatus						
Textbooks						
Other Machinery and Equipment						
Heritage and cultural assets						
Intangible assets- soft ware						
<b>Total</b>						

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