

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 DEC 2024	DAY: MONDAY
TABLED BY: OF	HON. NAOMI WAQO MP Deputy Majority Whip
CLERK-AT THE TABLE:	RUTH NGINYO

THE AUDITOR-GENERAL

ON

KIVANI SECONDARY SCHOOL

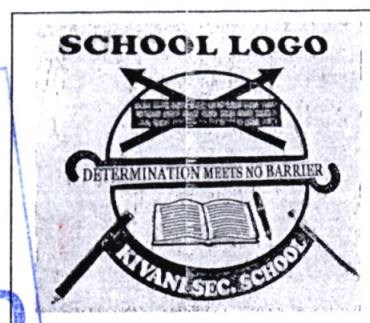
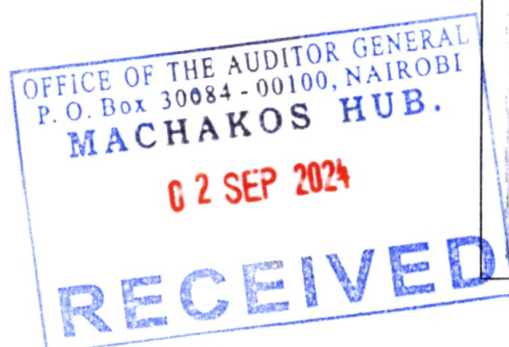
**FOR THE YEAR ENDED
30 JUNE, 2023**

MACHAKOS COUNTY

KIVANI SECONDARY SCHOOL

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

Revised 30th June 2023.



KIVANI SECONDARY SCHOOL
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023

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

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- **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	Free Day Secondary Education

• KEY SCHOOL INFORMATION AND MANAGEMENT

(a) Background information

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

The school was registered in 02/06/1975 under registration number 2404 and is currently categorized as a Sub-County public school established, owned or operated by the Government.

The school is a day school and had 509 numbers of students as at 30th June 2023. It had three streams and 27 teachers of which 5 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	Evans N. Mbuva	Chairman	21/7/2022
2	David N. Kilonzo	V/Chairman	21/7/2022
3	John K. Kitema	Secretary - Principal	21/7/2022
4	Everlyne M Mumina	V/s Sec- D/ Principal	21/7/2022
5	Pius M.Musia	Member	21/7/2022
6	Ruth M. Nthenya	Member	21/7/2022
7	Dorothy N. Muindi	Member	21/7/2022
8	Rachael N. Kiio	Member	21/7/2022
9	Julius M. Mulili	Member	21/7/2022
10	Justus M.Mutua	Member	21/7/2022
11	Rose M.Mbwiko	Member	21/7/2022
12	Faith Kavoo	Member Rep Teachers	21/7/2022
13	Johnstone M. Waita	Sponsor -Member	21/7/2022
14	Pius wambua	Sponsor -Member	21/7/2022
15	Everlyne M.Mwendwa	Member	21/7/2022
16	Francis Kanyaa	Member - Community	21/7/2022
17	Anthony M. Mwau	Member - Special Needs	21/7/2022
18	Charles Kiso	Rep Students	21/7/2022

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**The function of the School Board of Management includes:**

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

(c) Committees of the Board

Ref.	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
1	Executive Committee			
1		Evanson Mbuva	Chairman	1/1
2		John K. Kitema	Principal/Secretary	1/1
3		Pius M. Musia	PA Chairman	1/1
4		David K. Kilonzo	Member	1/1
5		Antony Mwau	Member	1/1
6		Dorothy N. Muindi	Member	1/1
7		Justus M. Mutua	Member	1/1
8		Rachael Kiio	Member	1/1

Ref.	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
2	Finance, procurement and general purposes			
1		Antony Mwau	Chairman	0
2		John K. Kitema	Secretary/principal	0
3		Eng. David Kilonzo	Member	0
4		Dorothy Muindi	Member	0
5		Julius Mulili	Member	0

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
3	Academic Committee			
1		Julius M. Mutua	Chairman	1/1
2		John Kitema	Secretary/principal	1/1
3		Everlyne Mumina	Member/D principal	1/1
4		Pius Wambua	Member	1/1
5		Rose Mbwiko	Member	1/1
6		Faith Kavoo	Member	1/1

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
4	Development/SIC Committee			
1		CDE/SDCE	Chairman	0
2		John K. Kitema	Principal/Secretary	0
3		Eng. David Kilonzo	member	0
4		Antony Mwau	member	0
5		Evans Mbuva	member	0

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
5	Discipline, Ethics & Integrity Committee			
1		Eng. David Kilonzo	Chairman	0
2		John K. Kitema	Secretary/Principal	0
3		Antony Mwau	Member	0
4		Evanson Mbuva	Member	0
5		Faith Kavoo	Member	0

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
6	Audit committee			
1		Antony Mwau	Chairman	0
2		John K. Kitema	Secretary(principal)	0
3		Julius Peter	Member	0
4		Julius M. Mulili	Member	0
5		Pius M. Musia	Member	0
				0

Ref:	Name of Committee	Names of Members	Designation	Number of meetings attended during the year
7	Welfare/Human rights committee			
		Pius M. Musia	Chairman	1/1
		John K. Kitema	Secretary(principal)	1/1
		Rachael Kiio	Member	1/1
		Pst. Pius Wambua	Member	1/1
		Justus M. Mutua	Member	1/1

(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	TSC Number
1	Principal	John K. Kitema	364851
2	Deputy Principal	Everlyne M Mumina	415026
3	School Bursar	Damaris Muteti	ID NO. 25422036

KEY SCHOOL INFORMATION AND MANAGEMENT (Continued)**(e) Schools contacts**

Post Office Box: 88-90108 KOLA MACHAKOS
 Telephone: 0721851419
 E-mail: kivanisecschoolmakueni@gmail.com
 Website: N/A
 Twitter: N/A
 Facebook: N/A

(f) School Bankers

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

1. NAME OF BANK: STANDARD CHARTERED BANK
 ACCOUNT: OPERATIONS
 BRANCH: MACHAKOS BRANCH
 ACCOUNT NUMBER: 0102065725102

2. NAME OF BANK: STANDARD CHARTERED BANK
 ACCOUNT: TUITION
 BRANCH: MACHAKOS BRANCH
 ACCOUNT NUMBER: 0102065725101

3. NAME OF BANK: STANDARD CHARTERED BANK
 ACCOUNT: INFRASTRUCTURE
 BRANCH: MACHAKOS BRANCH
 ACCOUNT NUMBER: 0102865725104

4. NAME OF BANK: KCB BANK
 ACCOUNT: LUNCH PROGRAMME
 BRANCH: MACHAKOS BRANCH
 ACCOUNT NUMBER: 1131777050

5. NAME OF BANK: STANDARD CHARTERED BANK
 BRANCH: MACHAKOS BRANCH
 ACCOUNT NUMBER: 0102865725103 (SAVINGS)

MPESA LIPA KARO. Account number 35846k business number 522123 linked to 1131777050 bank account

(g) Independent Auditors

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

• SUMMARY REPORT OF PERFORMANCE OF THE SCHOOL

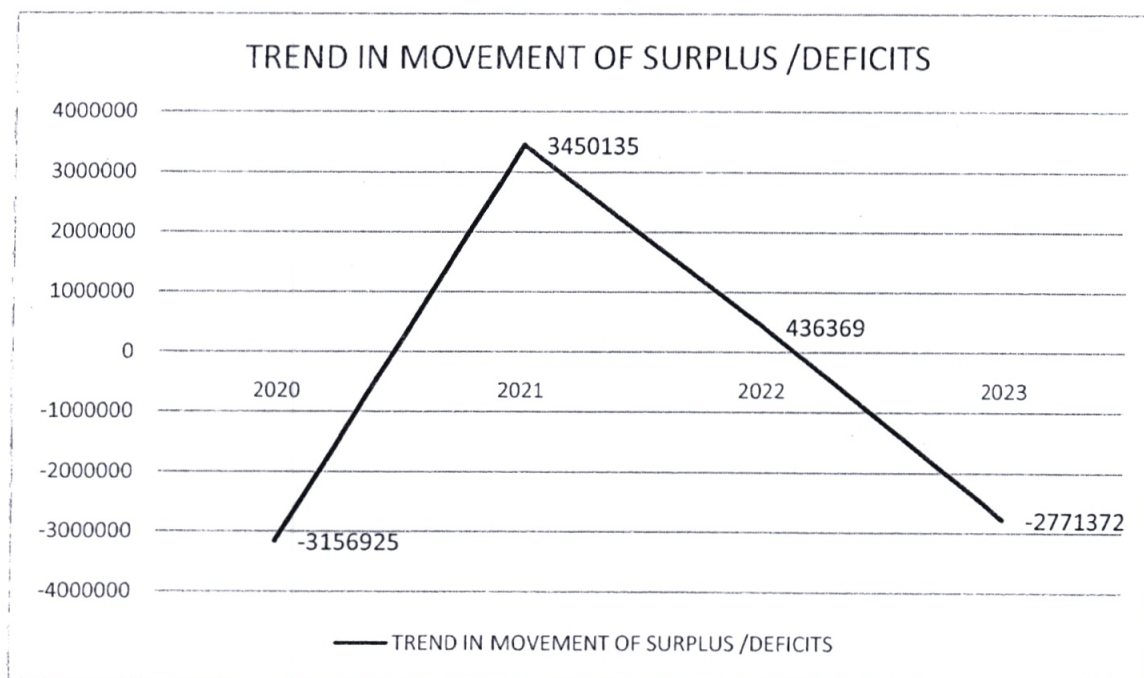
The following is a summary report of the performance of the school against the set performance evaluation criteria:

a) Financial performance:

Under this section, the following information should be given:

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

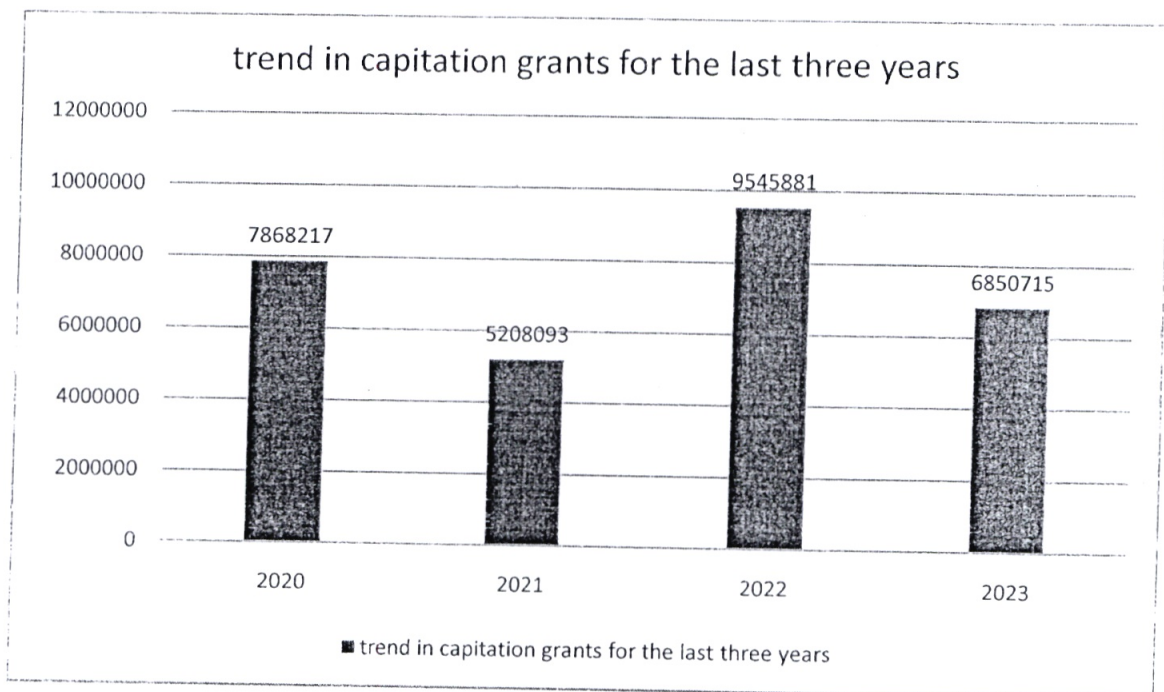
S/N	ACCOUNT	2023 Kshs	2022 Kshs	2021 Kshs	2020 Kshs
1	BOARDING ACCOUNT	-493,912.00	844,197.00	845,937.00	-292,143.00
2	OPERATIONS ACCOUNT	56,466.00	795,074.00	758,142.00	1,008,770.00
3	TUITION ACCOUNT	57,278.00	348,843.00	-52,334.00	-814,027.00
4	INFRASTRUCTURE A/C	-403,090.00	0.00	0.00	-
	TOTAL	-783,258.00	1,988,114.00	1,551,745.00	-
	INCREMENTAL SURPLUS/DEF	-2,771,372.00	436,369.00	3,450,135.00	-3,156,925.00



The cumulative school financial performance for in the year 2020 stood at kshs. -1,898,390.00. this was a kshs. 3,156,925 from previous period. In the year 2021 performance improved by 181.74% to kshs. 1,551,745.00, in the period 2021/2022 performance also improved by 29.86%. in the current period under review, a decline in performance of kshs. 2,771,372.00 or 635% was witnessed.

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

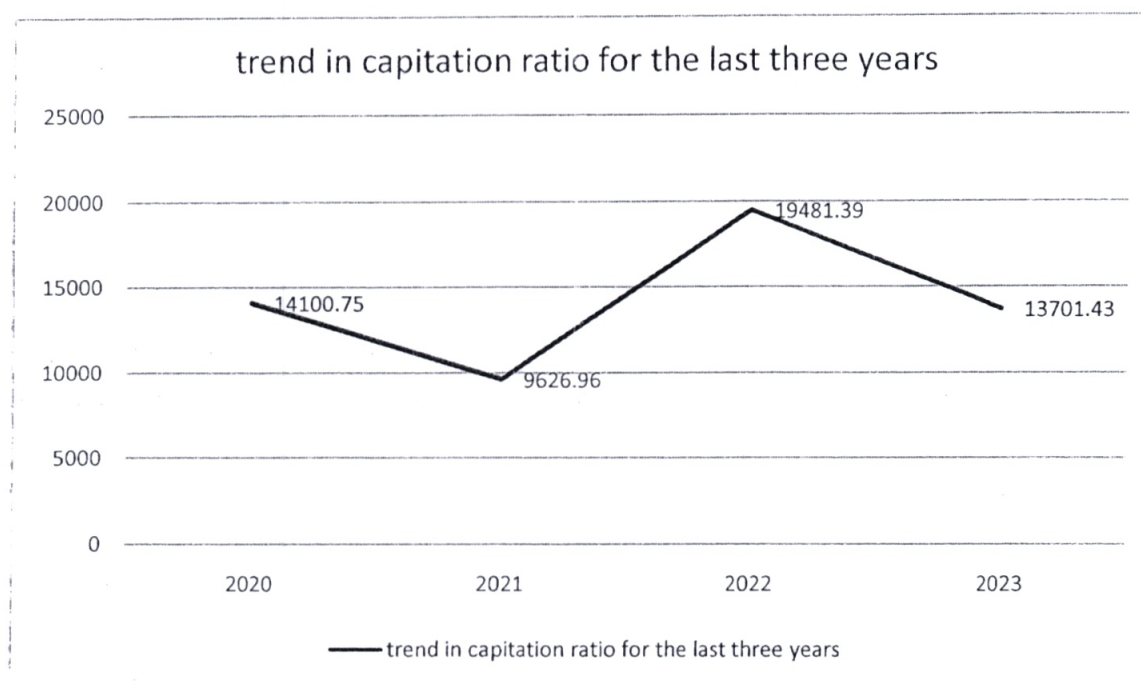
S/N	ACCOUNT	2023 Kshs	2022 Kshs	2021 Kshs	2020 Kshs
1	OPERATIONS ACCOUNT	5,586,855.00	7,922,083.00	4,498,428.00	6,870,525.00
2	TUITION ACCOUNT	1,263,860.00	1,623,798.00	709,665.00	997,692.00
	TOTAL	6,850,715.00	9,545,881.00	5,208,093.00	7,868,217.00



Capitation in the year 2020 stood at kshs. 7,868,217.00, this reduced by 33.81% in the year 2021, a growth of 83.29% was noted in the period 2022 while a decline of 28.23% was recorded in the current period.

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

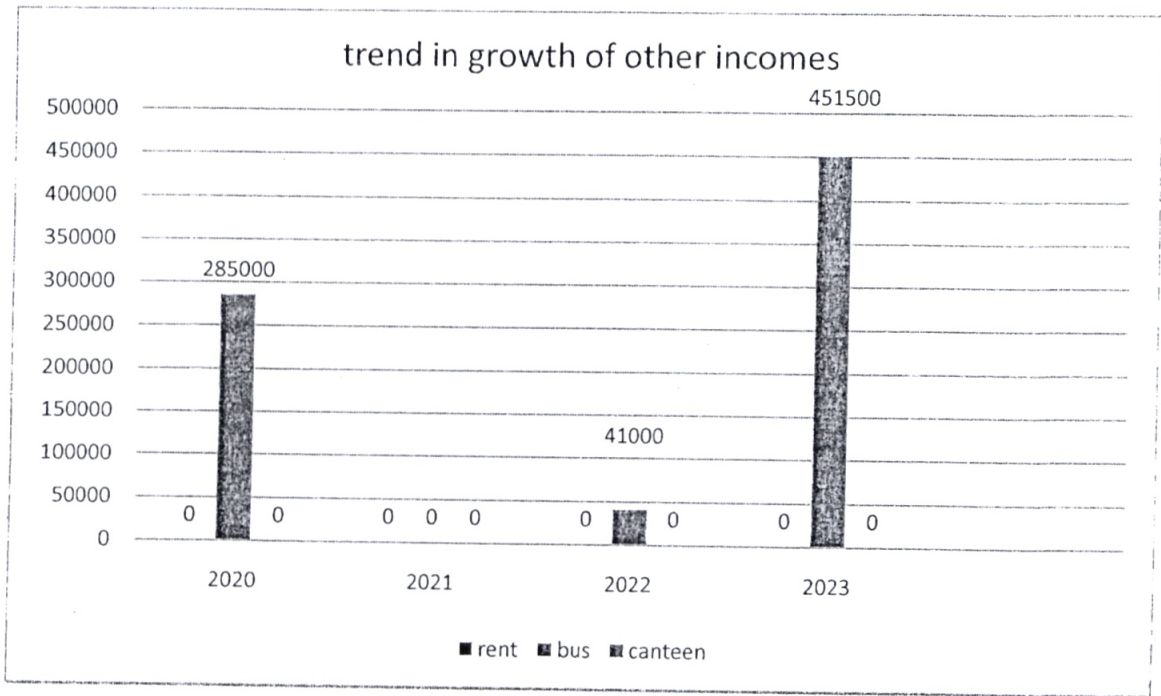
S/N	ACCOUNT	2023 Kshs	2022 Kshs	2021 Kshs	2020 Kshs
1	OPERATIONS ACCOUNT	5,586,855.00	1,623,798.00	4,498,428.00	6,870,525.00
2	TUITION ACCOUNT	1,263,860.00	7,922,083.00	709,665.00	997,692.00
	TOTAL	6,850,715.00	9,545,881.00	5,208,093.00	7,868,217.00
	SCHOOL ENROLLMENT	500	490	541	558
	CAPITATION RATIO	13701.43	19,481.39	9,626.79	14,100.75
	Incremental ratios	-5,779.96	9,854.60	-4,473.96	-892.91



Just like the capitation, the capitation ratio had an oscillating trend. It oscillated between a high of 1:19481.39 and a low of 1:9626.79 throughout the periods under comparison.

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

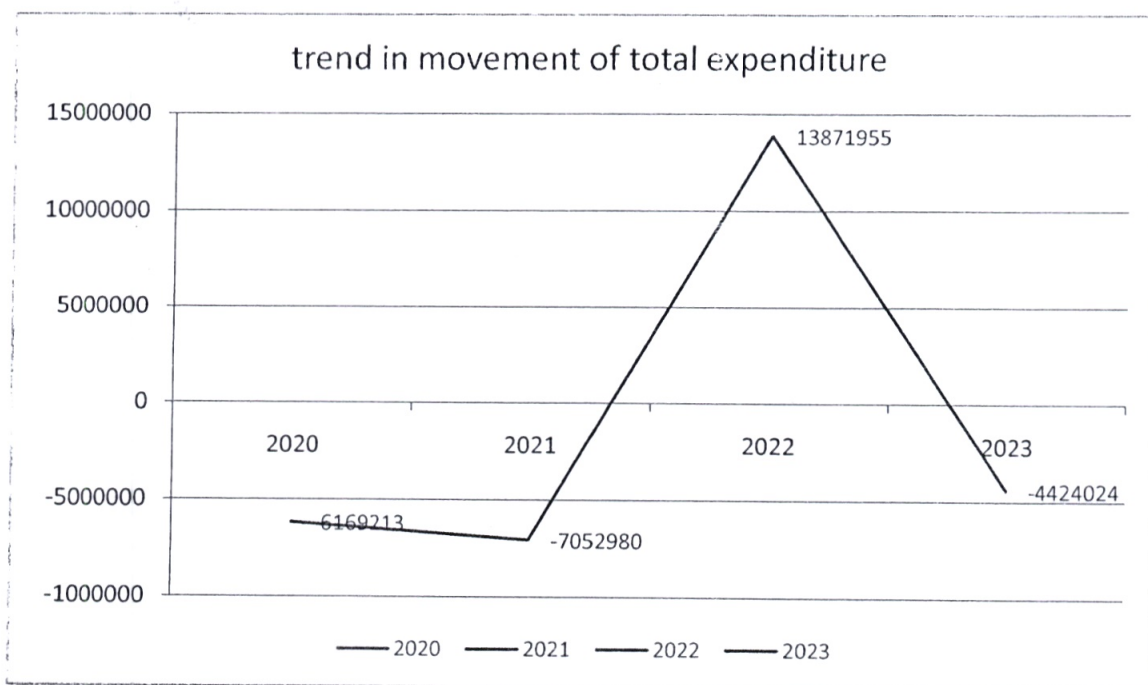
S/N	TYPE OF INCOME	2023 Kshs	2022 Kshs	2021 Kshs	2020 Kshs
1	RENTAL INCOME	0.00	0.00	0.00	0.00
2	SCHOOL CANTEEN	0.00	0.00	0.00	0.00
3	SCHOOL BUS HIRE	451,500.00	41,000.00	0.00	55,000.00
	TOTAL	451,500.00	41,000.00	0.00	55,000.00



The school had only one other income i.e school bus hire out. The institution only realised some income in the year 2020,2022 and 2023 which were kshs. 55,000.00, 41,000.00 And 451,500.00 respectively.

v) A three-year overview of growth in expenditure of the schools

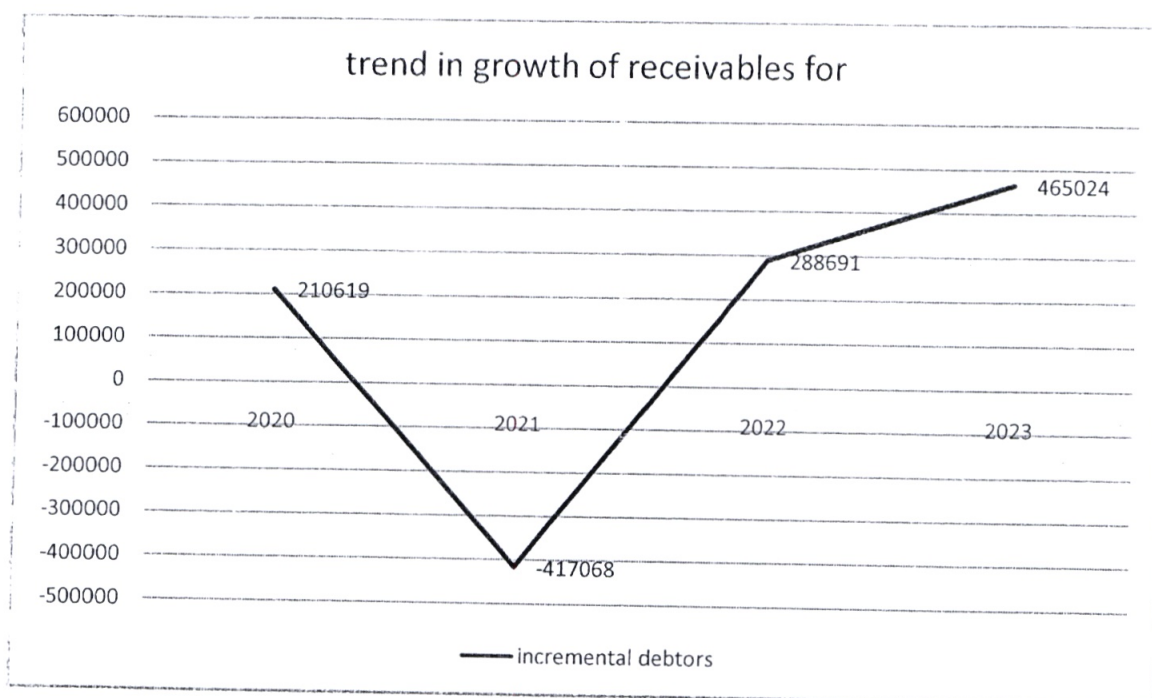
S/N	ACCOUNT	2023 Kshs	2022 Kshs	2021 Kshs	2020 Kshs
1	BOARDING ACCOUNT	9,911,356.00	11,483,244.00	3,101,201.00	3,082,092.00
2	OPERATIONS ACCOUNT	3,672,389.00	8,717,242.00	2,544,076.00	5,861,755.00
3	TUITION ACCOUNT	1,206,582.00	1,274,955.00	761,999.00	1,811,719.00
4.	INFRASTRUCTURE A/C	2,261,090.00	0	1,196,210.00	3,900,900.00
	TOTAL	17,051,417.00	21,475,441.00	7,603,486.00	14,656,466.00
	Incremental expenditure	-4,424,024.00	13,871,955.00	-7,052,980.00	-6,169,213.00



In the year 2020 total expenditure stood at kshs. 14,656,466.00, this dropped by 48.12% in the year 2021 to hit a low of kshs. 7,052,980.00, a growth in expenditure of 182.49% was noted in the year 2021/2022. In the current period under review a decline in cumulative expenditure was recorded of 20.60%

vi) Movement of debtors of the school over the last three years

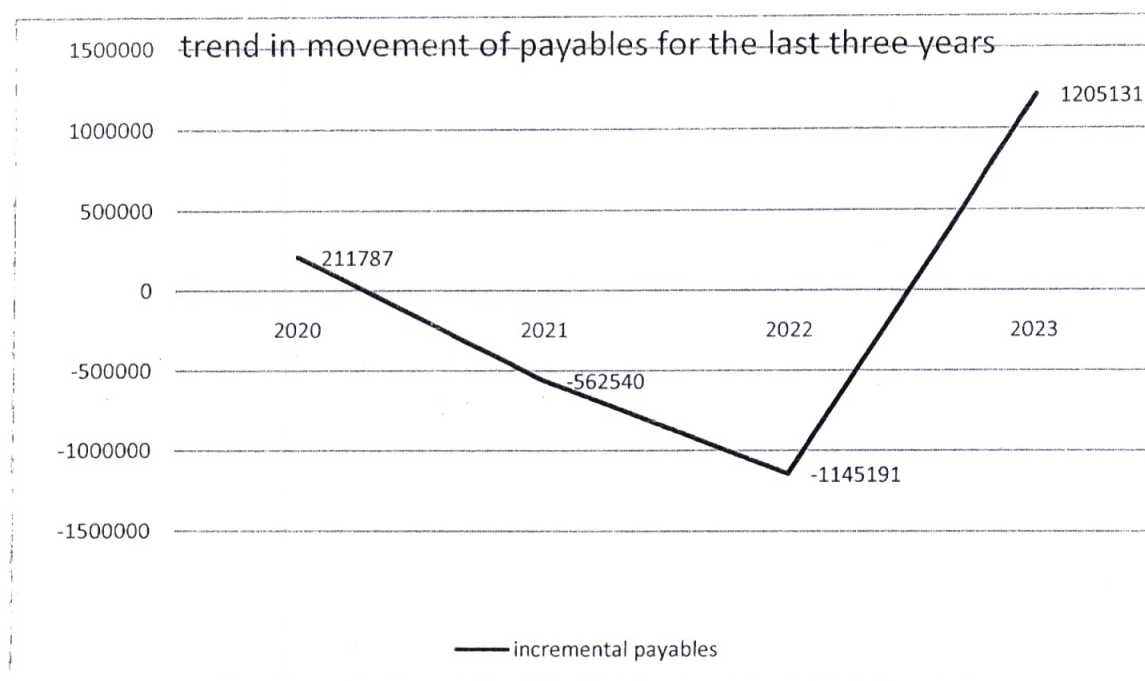
S/N	ACCOUNT	2023 Kshs	2022 Kshs	2021 Kshs	2020 Kshs
	BOARDING ACCOUNT				
1	FEES DEBTORS	5,752,524.00	5,287,500.00	4,998,809.00	5,415,877.00
	TOTAL	5,752,524.00	5,287,500.00	4,998,809.00	5,415,877.00
	INCREASE/DECREASE	465,024.00	288,691.00	-417,068.00	210,619.00



The receivables stood at kshs. 5,415,877.00 in the period 2020 a decline of 7.705 was noted in the year 2021 which was improved fees recovery strategies employed by the school administration. a growth in cumulative receivables was recorded in the year 2022 and 2023 due to the hard economic situation and extended drought facing the country.

vii) Movement of creditors of the school over the last three years

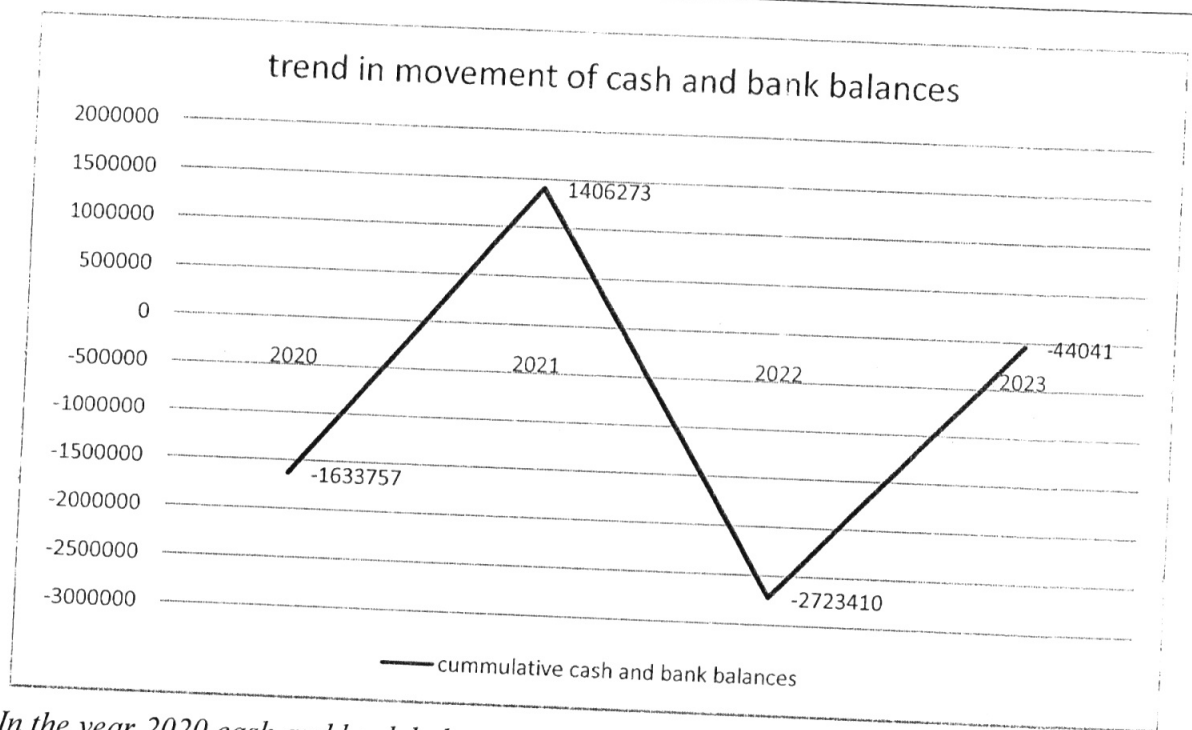
S/N	ACCOUNT	2023 Kshs	2022 Kshs	2021 Kshs	2020 Kshs
1	TRADE PAYABLES	1,829,225.00	624,094.00	1,769,285.00	2,331,825.00
	TOTAL	1,829,225.00	624,094.00	1,769,285.00	2,331,825.00
	INCREASE/DECREASE	1,205,131.00	-1,145,191.00	-562,540.00	211,787.00



There has been downward trend in payables over the year 2020, 2021 and 2022 however due to the prevailing economic hard times and high inflation in the country coupled with global recession the school accumulated trade payables in the current period of 1,669,996.00.

viii) Movement of cash and bank balances over the last three years

S/N	ACCOUNT	2023 Kshs	2022 Kshs	2021 Kshs	2020 Kshs
1	BOARDING ACCOUNT	-18,120.00	-265,121.00	955,522.00	118,607.00
2	OPERATIONS ACCOUNT	166,882.00	23,484.00	428,952.00	526,950.00
3	TUITION ACCOUNT	0	750	313.00	9,647.00
4.	INFRASTRUCTURE A/C	344,274.00	777,964.00	1,875,700.00	1,199,010.00
	TOTAL	493,036.00	537,077.00	3,260,487.00	1,854,214.00
	INCREASE/DECREASE	-44,041.00	-2,723,410.00	1,406,273.00	-1,633,757.00



In the year 2020 cash and bank balances asset stood at kshs. 1,854,214.00, during the year 2021 a growth in the asset of 78.84% was recorded, however in the preceding periods a decline in the asset of 83.53% and 8.17% were noted in the years 2021/2022 and 2022/2023 respectively.

j) Teacher Student ratio:

S/N	ACCOUNT	2022	2021
1	TSC TEACHERS	21	22
2	BOM TEACHERS	5	5
3	NUMBER OF STUDENTS	490	541
4	TEACHER STUDENT RATIO	1:19	1:20
5	NO. OF TEACHERS RECRUITED	2	0
6	NUMBER OF TEACHERS TRANSFERED	1	0
7	NUMBER OF TEACHERS RETIRED	1	0
9	DECEASED	1	0
9	TEACHER SHORTAGE	6	5
	TOTAL	26	27
	INCREASE/DECREASE	-1	2

i) Mean score and number of candidates in the last three years-KCSE: 2019, 2020,2021,2022

YEAR	KCSE Candidates	No. Transiting to university	School Mean score	Target Mean(TM)	Deviation from TM	% Deviation from TM
2018	121	7	3.41	4.80	-1.39	-28.90
2019	118	10	3.99	4.80	-0.81	-16.83
2020	118	16	3.93	4.80	-0.87	-18.08
2021	145	11	3.40	4.80	-1.40	-27.17
2022						

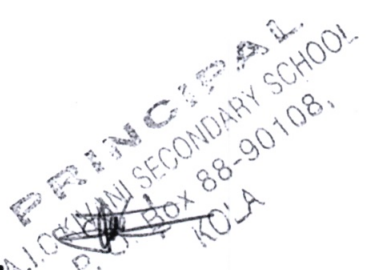
Kcse performance for the year 2018 stood at 3.41 against a target mean of 4.8, we missed the target mean by 1.39 points representing 28.9%, however, the mean improved by 0.58 in 2019 to 3.99 representing 17.01% improvement but the target mean was missed by 0.81 points. In the year 2020 the school mean score dropped by 0.06 representing 1.5% drop and target mean missed by 0.87 points. In the current year kcse performance was 3.4 against a target mean of 4.80. The general school performance dropped by 13.49%.

i) Capacity of the school:

<i>s/n</i>	<i>SCHOOL FACILITIES</i>		<i>NO. OF STUDENTS</i>	<i>REMARK</i>
	<i>FACILITY</i>	<i>NUMBER</i>		
1	CLASSROOMS	15	500	SUFFICIENT
2	LABORATORIES	2	500	SUFFICIENT
4	LATRINES	18	500	SUFFICIENT
5	DINING HALL	1	500	NOT SUFFICIENT
6	COMPUTER LAB	1	500	SUFFICIENT
7	SCHOOL BUS	1	500	GOOD
8	WATER RESOURCES	2	500	ENOUGH

b) DEVELOPMENT PROJECTS CARRIED OUT BY THE SCHOOL:

Projects	Source of funds	Status	Initial Cost (Kshs)	Amount Spent (Kshs)	Expected completion time
CLASSROOMS	M&I	COMPLETE		2,261,090.00	2023
	MINISTRY				



 Sign.....

School Principal

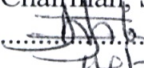
• STATEMENT OF SCHOOL MANAGEMENT RESPONSIBILITY

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 keep all proper books and records of accounts of the income, expenditure and assets of the institution.

The Board of Management of *Kivani Secondary School* accepts responsibility for the school's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Board of Management is of the opinion that the school's financial statements give a true and fair view of the state of the school's transactions during the financial year ended 30th June, 2023, and of the school's financial position as at that date.

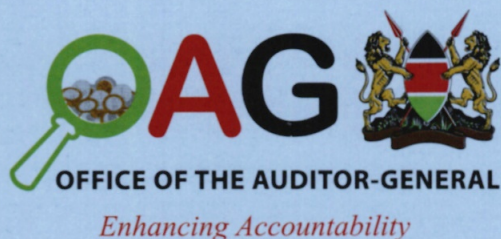
Name: Evanson M. Mbuva
Designation: Chairman, School Board of Management
Sign: 
Date: 14/7/2023

Name: John K. Kitema
Designation: School Principal & Secretary to Board of Management
Sign: 
Date: 14/7/2023

Name: Damaris Muteti
Designation: Bursar/ Finance Officer
Sign: 
Date: 14/7/2023

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 KIVANI SECONDARY SCHOOL FOR THE YEAR ENDED 30 JUNE, 2023 - MACHAKOS COUNTY

PREAMBLE

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

1. 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;
2. 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 intended purpose; and,
3. 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kivani Secondary School – Machakos County set out on pages 1 to 18, which comprise of the statement of assets

and liabilities as at 30 June, 2023, 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 Kivani Secondary School – Machakos County 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 the Public Finance Management Act, 2012 and the Basic Education Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following errors and inaccuracies;

- i. The statement of receipts and payments reflects capitation grant for operation of Kshs.3,728,855 while Note 2 to the financial statements reflects an amount of Kshs.3,727,855 resulting unexplained variance of Kshs.1,000.
- ii. The statement of receipts and payments reflects government grants for infrastructure amount of Kshs.1,858,000 while Note 3 to the financial statements reflects an amount of Kshs.1,859,000 resulting unexplained variance of Kshs.1000.
- iii. The statement of receipts and payments for the year ended 30 June, 2023 reflects total payments comparative balance of Kshs.21,475,356. However, the recomputed total payment is Kshs.21,669,186 resulting unexplained variance of Kshs.193,830.
- iv. The statement of cash flows reflects school fund income parents' contributions of Kshs.7,867,987 while Note 4 to the financial statements reflects Kshs.7,965,924 resulting unexplained variance of Kshs.97,937.
- v. The statement of cash flows reflects school fund income parents' contributions of Kshs.8,904,454 in respect to the previous year (2021/2022) while Note 4 to the financial statements reflects Kshs.9,121,945 resulting unexplained variance of Kshs.217,491.
- vi. The statement of cash flows reflects payment of tuition of Kshs.1,264,610 while Note 6 to the financial statements reflects Kshs.1,206,582 resulting unexplained variance of Kshs.58,028.

- vii. The statement of cash flows reflects payment of operations of Kshs.3,616,087 while Note 7 to the financial statements reflects Kshs.3,672,389 resulting unexplained variance of Kshs.56,302.
- viii. The statement of cash flows reflects Boarding and school fund payments of Kshs.9,071,556 while Note 9 to the financial statements reflects Kshs.9,911,336 resulting unexplained variance of Kshs.839,780.
- ix. The statement of cash flows reflects payment of operations of Kshs.5,365,151 in respect to the previous year (2021/2022) while Note 7 to the financial statements reflects Kshs.4,657,021 resulting unexplained variance of Kshs.708,130.
- x. The statement of cash flows reflects Boarding and school fund payments of Kshs.11,642,024 in respect to the previous year (2021/2022) while Note 9 to the financial statements reflects Kshs.11,483,244 resulting unexplained variance of Kshs.158,780.
- xi. Annex 2 to the financial statements reflects historical value of the fixed assets at 30 June, 2023 of Kshs.44,252,161 while the recomputed amount is Kshs.91,515,382 resulting unexplained variance of Kshs.47,263,221.

In the circumstances, the accuracy and completeness of the balances in the financial statements cannot be confirmed.

2. Long Outstanding Student Accounts Receivable

The statement of financial assets and financial liabilities reflects receivables balance of Kshs.5,752,524 in respect of fees arrears as disclosed in Note 13 to the financial statements. However, included in the balance are receivables amounting to Kshs.4,973,529 which had been outstanding for more than two (2) years.

In the circumstances, the accuracy, completeness and recoverability of the receivables balance of Kshs.5,752,524 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kivani Secondary 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 statement of budgeted versus actual amounts reflects final receipts budget and actual on comparable basis of Kshs.19,418,051 and Kshs.15,268,139 respectively

resulting to an under-funding of Kshs.4,149,912 or 22% of the receipts. However, the School spent a balance of Kshs.16,046,317 against actual receipts of Kshs.15,268,139 resulting to an over-utilization of Kshs.778,178 or 5% of the receipts.

The under-realization of revenue may negatively impact on service delivery towards achieving the school objectives.

My opinion is not modified in respect to this matter.

Key Audit Matters

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

Other Matters

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues as at 30 June, 2023.

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 matter(s) described in the Basis for Conclusion on Lawfulness and Effectiveness in use of Public Resources on my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Late Submission of Financial Statements to the Auditor-General

The financial statements for the year ended 30 June, 2023 were submitted on 12 April, 2024 instead of the statutory deadline of 30 September, 2023. This was contrary to the Ministry of Education Circular Ref.No: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 therefore in breach of the law.

2. Long Outstanding Accounts Payable

The statement of financial assets and financial liabilities as at 30 June, 2023 reflects accounts payable balance of Kshs.1,829,225 as reflected in Note 14 to the financial statements. Included in this were trade creditors that had been outstanding for more than two (2) years of Kshs.251,430. 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 contract (s) are reflected in approved budget estimates'.

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

4. Unconfirmed Student Enrollment Data

The statement of receipts and payments reflects capitation grants for tuition, capitation grants for operations and infrastructure grants totalling Kshs.6,850,715. Comparison of data from National Education Management and information System (NEMIS) with records from the School revealed that during the financial year ended 2023, NEMIS reported a total number of between 395 to 500 students while the enrolment record provided by the Kivani Secondary School indicated a total of between 472 to 490 students. This resulted into an underfunding of Kshs.213,399 during the period ended 30 June, 2023.

Under funding of the School when capitation is based on inaccurate records may affect the school's operations and proper service delivery to students.

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 matter(s) described in the Basis for Conclusion, 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. Ineffectiveness in Management of Textbooks

Examination of the School's library records revealed that some students borrowed text books and set books between the years 2018 and 2023. In the financial year 2022/2023, it was noted that the school lost 43 set books that had been borrowed by students but not returned. It was also noted that although some of the students had already been cleared by the school, the books had not been recovered or returned. It is therefore not clear how the students were cleared from the school without returning library books held by them.

In the circumstances, the adequacy of internal controls on textbooks management cannot be confirmed.

2. Lack of Internal Audit Function and Audit Committee

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

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

3. Lack of an Imprests Register

The statement of receipts and payments reflects boarding and school fund payments of Kshs.9,911,336 as disclosed in Note 9 to the financial statements. However, it was noted that the School did not maintain an imprest register for temporary imprests or a memorandum cash book for standing imprests.

In the circumstances, the existing internal controls on cash management cannot provide assurance on effective imprest management.

4. Lack of Asset Ownership Documents

Annex 2 to the financial statements reflects a summary of fixed assets register with a historical recomputed total value of Kshs.91,515,382 which includes two (2) parcels of land which are 3.5HA and a value of Kshs.7,600,000. However, land ownership documents and motor vehicle log books were not provided for audit.

In the circumstances, the ownership and safe custody of the fixed assets could not be confirmed.

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 the Board of Management

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

In preparing the financial statements, Management is responsible for assessing the School's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the School or to cease its 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 control 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 control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal 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 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 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 sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the School to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

14 November, 2024

• STATEMENT OF RECEIPTS AND PAYMENTS PERIOD ENDING 30TH JUNE 2023

DESCRIPTION OF VOTE HEAD	Note	2022-2023 Kshs	2021-2022 Kshs
RECEIPTS			
Government grants for tuition	1	1,263,860.00	1,817,808.00
Government grants for operations	2	3,728,855.00	5,143,583.00
Government Grants for infrastructure	3	1,858,000.00	2,778,500.00
School fund income- parents' contributions	4	7,965,924.00	9,121,945.00
Miscellaneous incomes	5	1,451,500.00	1,517,102.00
TOTAL RECEIPTS		16,268,139.00	20,378,938.00
PAYMENTS			
Payments for Tuition	6	1,206,582.00	1,468,785.00
Payments for operations	7	3,672,389.00	4,657,021.00
Payments for Infrastructure	8	2,261,090.00	4,060,136.00
Boarding and school fund payments	9	9,911,336.00	11,483,244.00
TOTAL PAYMENTS		17,051,417.00	21,475,356.00
SURPLUS/DEFICIT		-783,258.00	-1,290,428.00

The school financial statements were approved on 14/7/2023 2023 and signed by:

EVANSON MBUVA

Chair BOM

Sign [Signature]Date 14/7/2023

JOHN KITEMA

Secretary to BOM

Sign [Signature]Date 14/7/2023

DAMARIS MUTETI

Finance Officer

Sign [Signature]Date 14/7/2023

• STATEMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES AS AT 30TH JUNE 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10	493,010.00	535,187.00
Cash Balances	11	926.00	1,890.00
Short term Investment	12	0.00	0.00
Total Cash and cash equivalent		493,936.00	537,077.00
Account's receivables	13	5,752,524.00	5,287,500.00
TOTAL FINANCIAL ASSETS		6,246,460.00	5,824,577.00
FINANCIAL LIABILITIES			
Accounts Payables	14	-1,829,225.00	-624,094.00
NET FINANCIAL ASSETS		4,417,235.00	5,200,483.00
REPRESENTED BY			
Accumulated Fund b/fwd	15	5,200,483.00	6,490,911.00
Surplus/Deficit for the year		-783,258.00	-1,290,428.00
NET FINANCIAL POSSITION		4,417,225.00	5,200,483.00

The School's financial statements were approved on 14/7/2023 2023 and signed by:

EVANSON MBUVA

BOM CHAIRMAN

SIGN.....

DATE.....14/7/2023

JOHN KITEMA

BOM SECRETARY

SIGN.....

DATE.....14/7/2023

DAMARIS MUTETI

FINANCE OFFICER

SIGN.....

DATE.....14/7/2023

• **STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30TH JUNE 2023**

		2022-2023	2021-2022
		Kshs	Kshs
Receipts for operating income			
Government grants for tuition	1	1,263,860.00	1,817,808.00
Government grants for operations	2	3,727,855.00	5,143,583.00
Government grants for infrastructure	3	1,859,000.00	2,778,500.00
School fund income- parents contributions/ fees	4	7,867,987.00	8,904,454.00
Other income	5	1,451,500.00	1,517,107.00
Total receipts		16,170,202.00	20,161,452.00
Payments			
Payments for Tuition		1,264,610.00	1,817,551.00
Payments for operations		3,616,087.00	5,365,151.00
Boarding and school fund payments		9,071,556.00	11,642,024.00
Total payments		13,952,253.00	18,824,726.00
Net cash flow from operating activities		2,217,949.00	1,336,726.00
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets		0.00	0.00
Acquisition of Assets		-2,261,090.00	-4,060,136.00
Proceeds from investments		0.00	0.00
Purchase of investments		0.00	0.00
Net cash flows from Investing Activities		-2,261,090.00	-4,060,136.00
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from borrowings/ loans		0.00	0.00
Repayment of principal borrowings		0.00	0.00
Net cash flow from financing activities		0.00	0.00
NET INCREASE IN CASH AND CASH EQUIVALENTS		-43,141.00	-2,723,410.00
Cash and cash equivalent at Beginning of the year		537,077.00	3,260,487.00
Cash and cash equivalent at END of the year		493,936.00	537,077.00

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 cash-flow as recommended by PSASB.

• STATEMENT OF BUDGETED VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH 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					
Reference Materials	0.00	0.00	0.00	0.00	0.00
Exercise Books	0.00	0.00	0.00	0.00	0.00
Laboratory Equipment	0.00	0.00	0.00	0.00	0.00
Internal Exams	0.00	0.00	0.00	0.00	0.00
Teaching / Learning Materials	2,154,880.00	0.00	2,154,880.00	1,263,860.00	58.65
Exams And Assessment	0.00	0.00	0.00	0.00	0.00
(2) Capitation Grant on Operations					
Personnel Emoluments	0.00	0.00	0.00	0.00	0.00
Repairs And Maintenance	0.00	0.00	0.00	0.00	0.00
Local Transport / Travelling	0.00	0.00	0.00	0.00	0.00
Electricity And Water	0.00	0.00	0.00	0.00	0.00
Medical	0.00	0.00	0.00	100,000.00	0.00
Administration Costs	0.00	0.00	0.00	0.00	0.00
Activity	780,000.00	0.00	780,000.00	275,400.00	35.31
Gratuity	0.00	0.00	0.00	0.00	0.00
Other vote-heads	5,104,200.00	0.00	5,104,200.00	3,352,455.00	65.68
3) FDSE for infrastructure					
Maintenance &Improvement MoE	2,715,000.00	0.00	2,715,000.00	1,859,000.00	68.47

M&I parents' contribution	0.00	0.00	0.00	0.00	0.00
Economic Stimulus Programs	0.00	0.00	0.00	0.00	0.00
Transition Infrastructure Grants	0.00	0.00	0.00	0.00	0.00
Administration Block	0.00	0.00	0.00	0.00	0.00
(4) Fees Charged on Parents					
Personnel Emoluments	0.00	0.00	0.00	0.00	0.00
Repairs And Maintenance	0.00	0.00	0.00	0.00	0.00
Local Transport / Travelling	0.00	0.00	0.00	0.00	0.00
Electricity And Water	0.00	0.00	0.00	0.00	0.00
Medical	0.00	0.00	0.00	0.00	0.00
Administration Costs	0.00	0.00	0.00	0.00	0.00
Activity	0.00	0.00	0.00	0.00	0.00
SMASSE	0.00	0.00	0.00	0.00	0.00
Fee On Boarding Equipment and Stores	8,413,971.00	0.00	8,413,971.00	7,965,924.00	94.67
Loans / Borrowing	0.00	0.00	0.00	0.00	0.00
Rent income	0.00	0.00	0.00	0.00	0.00
Income From Farming Activities	0.00	0.00	0.00	0.00	0.00
Insurance Compensation	0.00	0.00	0.00	0.00	0.00
Income From Posho Mill	0.00	0.00	0.00	0.00	0.00
Income From Bus Hire	250,000.00	0.00	250,000.00	451,500.00	180.60
Fee For Hire of Ground and Equipment	0.00	0.00	0.00	0.00	0.00
Interest Income	0.00	0.00	0.00	0.00	0.00
Income From Any Other Investment	0.00	0.00	0.00	0.00	0.00
Total Income	19,418,051.00	0.00	19,418,051.00	15,268,139.00	78.63
(6) Expenditure For Tuition					
Textbooks	0.00	0.00	0.00	0.00	0.00

Reference Materials	0.00	0.00	0.00	0.00	0.00
Exercise Books	0.00	0.00	0.00	0.00	0.00
Laboratory Equipment	0.00	0.00	0.00	0.00	0.00
Internal Exams	0.00	0.00	0.00	0.00	0.00
Teaching / Learning Materials	2,486,400.00	0.00	2,486,400.00	1,192,161.00	47.95
Chalks	0.00	0.00	0.00	0.00	0.00
Exams And Assessment	0.00	0.00	0.00	0.00	0.00
Teachers Guides	0.00	0.00	0.00	0.00	0.00
Administration Costs	0.00	0.00	0.00	0.00	0.00
Bank Charges	0.00	0.00	0.00	14,421.00	0.00
(7) Expenditure For Operations					
Personnel Emoluments	0.00	0.00	0.00	0.00	0.00
Repairs, Maintenance & Improvements	0.00	0.00	0.00	6,000.00	0.00
Local Transport / Travelling	0.00	0.00	0.00	0.00	0.00
Electricity, Water and Conservancy	0.00	0.00	0.00	0.00	0.00
Medical	0.00	0.00	0.00	0.00	0.00
Administration Costs	0.00	0.00	0.00	30,000.00	0.00
Bank Charges	0.00	0.00	0.00	16,437.00	0.00
Activity Expenses	1,049,400.00	0.00	1,049,400.00	476,211.00	45.38
Gratuity	0.00	0.00	0.00	0.00	0.00
Other vote-heads	4,783,280.00	0.00	4,783,280.00	3,143,741.00	65.72
(8) Expenditure For infrastructure					
Construction of classrooms	3,000,000.00	0.00	3,000,000.00	2,261,090.00	75.37
Construction of LAB	0.00	0.00	0.00	0.00	0.00
Construction of DORMS	0.00	0.00	0.00	0.00	0.00
Purchase of furniture	0.00	0.00	0.00	0.00	0.00

Purchase of machinery	0.00	0.00	0.00	0.00	0.00
(9) Expenditure For school fund/lunch/boarding					
Personnel Emoluments	0.00	0.00	0.00	0.00	0.00
Repairs, Maintenance and Improvements	0.00	0.00	0.00	146,232.00	0.00
Local Transport / Travelling	0.00	0.00	0.00	0.00	0.00
Electricity, Water and Conservancy	0.00	0.00	0.00	0.00	0.00
Medical Expenses	0.00	0.00	0.00	40,000.00	0.00
Administration Costs	0.00	0.00	0.00	0.00	0.00
Activity	0.00	0.00	0.00	449,145.00	0.00
Gratuity	0.00	0.00	0.00	0.00	0.00
Lunch Programme	8,413,971.00	0.00	8,413,971.00	6,705,667.00	79.70
Boarding Equipment and Stores	0.00	0.00	0.00	0.00	0.00
Expenditure For Income Generating Activity	250,000.00	0.00	250,000.00	369,200.00	147.68
Insurance Costs	0.00	0.00	0.00	0.00	0.00
Other Expenses On Investments	0.00	0.00	0.00	0.00	0.00
Rent Expenses	0.00	0.00	0.00	0.00	0.00
Bank Charges	0.00	0.00	0.00	15,838.00	0.00
Loan Interest Repayment	0.00	0.00	0.00	0.00	0.00
Loan Principal Repayment	0.00	0.00	0.00	0.00	0.00
oOther vote-heads	0.00	0.00	0.00	1,180,174.00	0.00
Acquisition Of Assets	0.00	0.00	0.00	0.00	0.00
Totals	19,983,051.00	0.00	19,983,051.00	16,046,317.00	

- There was underutilization in tuition by 52.05%, activities by 54.62, RMI by 24.63 and other voteheads by 34.28%.this was due to reduced ratio of capitation. In lunch program there was underutilization by 20.30% due to poor fees payment by parents which was caused by squeezed terms thus overburdening the parents.
- There was overutilization in other income generating activities by 47.68% and this was caused by increased prices of commodities.

- **SIGNIFICANT ACCOUNTING POLICIES**

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

1. Statement of compliance and basis of preparation

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

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

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

2. Recognition of receipts and payments

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

3. In-kind contributions

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

4. Cash and cash equivalents

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)**5. Accounts Receivable**

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

6. Accounts Payable

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

7. Non-current assets

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

8. Budget

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

9. Comparative figures

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

10. Subsequent events

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

• **NOTES TO THE FINANCIAL STATEMENTS**

GOVERNMENT GRANTS FOR TUITION

	2022-2023	2021-2022
	Kshs	Kshs
Textbooks and reference materials	0.00	0.00
Exercise books	0.00	0.00
Laboratory equipment	0.00	0.00
Internal exams	0.00	0.00
Teaching / learning materials	1,263,860.00	1,817,808.00
Chalks	0.00	0.00
Exams and assessment	0.00	0.00
Teachers guides	0.00	0.00
Total	1,263,860.00	1,817,808.00

GOVERNMENT GRANTS FOR OPERATIONS

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	0.00	0.00
Repairs and maintenance	0.00	0.00
Local transport / travelling	0.00	0.00
Electricity and water	0.00	0.00
Medical and Insurance	100,000.00	110,800.00
Administration costs	0.00	0.00
Activity	275,400.00	0.00
Other vote-heads	3,352,455.00	5,032,783.00
Total	3,727,855.00	5,143,583.00

3. GOVERNMENT GRANTS FOR INFRASTRUCTURE

Description	2022-2023	2021-2022
	Kshs	Kshs
Maintenance & Improvement	1,859,000.00	2,778,500.00
Transition infrastructure grants	0.00	0.00
Administration Block	0.00	0.00
Economic stimulus grants	0.00	0.00
Other (specify)(NGCDF and County govt.	0.00	0.00
Total	1,859,000.00	2,778,500.00

4 PARENTS CONTRIBUTION/FEES - SCHOOL FUND ACCOUNT

	2022-2023	2021-2022
	Kshs	Kshs
Lunch programme	7,965,924.00	9,121,945.00
Personnel emoluments	0.00	0.00
Repairs and maintenance	0.00	0.00
Local transport / travelling	0.00	0.00
Electricity and water	0.00	0.00
Medical	0.00	0.00
Administration costs	0.00	0.00
Activity	0.00	0.00
Total	7,965,924.00	9,121,945.00

5. MISCELLANEOUS INCOMES

	2022-2023	2021-2022
	Kshs	Kshs
Tenders	13,000.00	0.00
Rent income	0.00	0.00
Income from farming activities	0.00	0.00
Insurance compensation	0.00	0.00
Income from Posho mill	0.00	0.00
Income from Bus Hire	451,500.00	41,000.00
Fee for hire of ground and equipment	0.00	0.00
Bursary	975,000.00	1,476,102.00
Interest income	0.00	0.00
Dividends income	0.00	0.00
Kcse examination	12,000.00	0.00
Total	1,451,500.00	1,517,102.00

6. PAYMENTS FOR TUITION

	2022-2023	2021-2022
	Kshs	Kshs
Textbooks and reference materials	0.00	0.00
Exercise books	0.00	0.00
Laboratory equipment	0.00	0.00
Internal exams	0.00	0.00
Teaching / learning materials	1,192,161.00	1,455,462.00
Chalks	0.00	0.00
Exams and assessment	0.00	0.00
Teachers guides	0.00	0.00
Bank Charges	14,421.00	13,323.00
Total	1,206,582.00	1,468,785.00

7. PAYMENTS FOR OPERATIONS

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	0.00	0.00
Service Gratuity	0.00	0.00
Administration Cost	30,000.00	30,000.00
Repairs and maintenance & improvements	6,000.00	182,600.00
Local transport / travelling	0.00	0.00
Electricity and water	0.00	0.00
Medical/ Insurance	0.00	0.00
Activity Expenses	476,211.00	12,400.00
Other vote-heads	3,143,741.00	4,431,421.00
Bank Charges	16,437.00	600.00
Acquisition of Assets	0.00	0.00
TOTAL	3,672,389.00	4,657,021.00

8. INFRASTRUCTURE

Description	2022-2023	2021-2022
	Kshs	Kshs
Construction of classrooms	2,261,090.00	4,060,136.00
Construction of laboratory	0.00	0.00
Construction of dormitory	0.00	0.00
Purchase of furniture	0.00	0.00
Purchase of equipment	0.00	0.00
Purchase of apparatus	0.00	0.00
Drilling of boreholes	0.00	0.00
Others (specify)	0.00	0.00
Total	2,261,090.00	4,060,136.00

9. BOARDING AND SCHOOL FUND PAYMENTS

	2022-2023	2021-2022
	Kshs	Kshs
Personnel emoluments	0.00	0.00
Bursary	975,000.00	1,450,000.00
Repairs and maintenance & Improvements	146,232.00	393,030.00
Local transport / travelling	0.00	0.00
Kcse examination	30,100.00	0.00
School bus	369,200.00	0.00
Electricity and water	0.00	0.00
Medical Expenses	40,000.00	4,050.00
Administration costs	0.00	0.00
Bank Charges	15,838.00	0.00
Lunch programme	6,705,647.00	7,706,511.00
Rent Expenses	0.00	0.00
Activity	449,145.00	136,200.00
Insurance Cost (Life Property)	0.00	113,258.00
Acquisition of Assets	0.00	0.00
Other vote-heads	1,180,174.00	1,680,195.00
TOTAL	9,911,336.00	11,483,244.00

10.BANK ACCOUNTS

Name of Bank, Account No. & currency	Bank Account Number	2022-2023 Kshs	2021-2022 Kshs
Tuition Account	0102065725101	0.00	750.00
Operations Account	0102065725102	166,517.00	21,669.00
School Fund Account/Boarding	1131777050	-18,681.00	-266,096.00
Savings Account	0102865725103	900.00	900.00
Parent Association Develop Account	-	0.00	0.00
Income generating activities Account	-	0.00	0.00
Infrastructural Account	0102865725104	344,274.00	777,964.00
Total		493,010.00	535,187.00

11.CASH IN HAND

Description	2022-2023 Kshs	2021-2022 Kshs
Tuition Account	0.00	0.00
Operation Account	365.00	1,815.00
School Fund account	561.00	75.00
Total	926.00	1,890.00

12.SHORT TERM INVESTMENTS

Description	2022-2023 Kshs	2021-2022 Kshs
Cooperative shares	0.00	0.00
Treasury Bills	0.00	0.00
Fixed deposit	0.00	0.00
Equity stock	0.00	0.00
Other investments	0.00	0.00
Total	0.00	0.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. ACCOUNTS RECEIVABLE

Description	2022-2023 Kshs	2021-2022 Kshs
Fees arrears	5,752,524.00	5,287,500.00
Other non-fees receivables	0.00	0.00
Salary advances	0.00	0.00
Imprest	0.00	0.00
Total	5,752,524.00	5,287,500.00

Description	2022-2023 Kshs	2021-2022 Kshs
Fees arrears for current year	647,434.00	313,971.00
Fees arrears for the previous year	131,561.00	417,155.00
Fees arrears for prior periods (over two years)	4,973,529.00	4,556,374.00
Total	5,752,524.00	5,287,500.00

14. ACCOUNTS PAYABLE

Description	2022-2023 2021-2022 Kshs	2021-2022 2020-2021 Kshs
Trade creditors (See ageing below and appendix 1)	1,669,996.00	624,094.00
Prepaid fees	159,229.00	0.00
Retention monies	0.00	0.00
Total	1,829,225.00	624,094.00

Description	2022-2023 Kshs	2021-2022 Kshs
Trade creditors for current year	1,418,566.00	312,644.00
Trade creditors for the previous year	0.00	0.00
Trade creditors for prior periods (over two years)	251,430.00	311,430.00
Total	1,669,996.00	624,094.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FUND BALANCE BROUGHT FORWARD

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank balances		3,212,017.00
Cash balances	1,890.00	49,370.00
Short Term Investments	0.00	0.00
Receivables	5,287,500.00	4,998,809.00
Payables	-624,094.00	-1,769,285.00
Total	5,200,483.00	6,490,911.00

Other important disclosure notes**19. Stock/ Inventory**

Description	2022-2023	2021-2022
	KShs	KShs
b) Borrowings	0	
Stock/ inventory at beginning of the year	66,470.00	172,508.00
Stock/ inventory purchased during the year	4,665,310.00	4,136,640.00
Stock/ inventory issued during the year	4,708,000.00	4,242,678.00
Balance at end of the year	23,780.00	66,470.00

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To Date	Outstanding Balance 2022	Outstanding Balance 2023	Comments
	Kshs	dd/mm/yy	Kshs	Kshs	Kshs	
Construction of buildings						
1.						
Sub-Total	0.00	0.00	0.00	0.00	0.00	
Supply of goods						
2. Cylva-lab & school solutions	72,886.00	2023	0.00	72,886.00	0.00	Current supply
3. Emmanuel kivani enterprises	256,810.00	2023	0.00	256,810.00	0.00	Current supply
4. Brand car garage	44,000.00	2023	0.00	44,000.00	0.00	Current supply
5. Bright path investments	50,000.00	2023	0.00	50,000.00	0.00	Current supply
6. Eutyclus Muli Mutuku	33,000.00	2023	0.00	33,000.00	0.00	Current supply
7. Cosmas Mutuku	7,200.00	2023	0.00	7,200.00	0.00	Current supply
8. Bofam supplies	734,510.00	2023	0.00	734,510.00	0.00	Current supply
9. Kimtech systems	72,000.00	2023	0.00	72,000.00	0.00	Current supply
10. Ngomano tyres	52,000.00	2023	0.00	52,000.00	0.00	Current supply
11. Kaloyo sports	96,160.00	2023	0.00	96,160.00	0.00	Current supply
12. Trim tab	110,300.00	2019	60,000.00	50,300.00	50,300.00	overdue
13. Ngerri engineering	201,130.00	2019	0.00	201,130.00	201,130.00	overdue
Sub-Total	1,729,996.00		60,000.00	1,669,996.00	251,430.00	
Supply of services						
10.	0.00	0.00	0.00	0.00	0.00	
Sub-Total	0.00	0.00	0.00	0.00	0.00	
Grand Total	1,729,996.00	0.00	60,000.00	1,669,996.00	251,430.00	

ANNEX 2 – SUMMARY OF FIXED ASSETS REGISTER

Asset class	Date purchased	Location	Historical Cost b/f (Kshs) 1 st July 2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs) 30 th June 2023
Land 1	1973	kivani	4,000,000.00			
Land 2	2018	kivani	3,600,000.00			
Buildings and structures	1973-june2022	kivani	41,991,036.00	2,261,090.00		44,252,126.00
Motor vehicles		kivani	7,000,000.00			
Office equipment, furniture and fittings		kivani	3755500.00			
ICT Equipment, and Other ICT Assets		kivani	1,300,000.00			
Tools and apparatus		kivani	17905871.00			
Textbooks		kivani	8787345.00			
Other Machinery and Equipment		kivani	204,500.00			
Heritage and cultural assets		kivani				
Intangible assets- soft ware		kivani				
Kitchen utensils			710,000.00			
Total			89,254,292.00	2,261,090.00		44,252,161.00

SCHOOL ASSETS**LAND**

S/N	NAME	QUANTITY
1	LAND 1	2 HA
2	LAND 2	1.5HA

BUILDING AND STRUCTURES

S/N	NAME	QUANTITY
1	CLASSROOMS	15
2	SCIENCE LAB	1
3	COMPUTER LAB	1
4	KICHEN	1
5	KITCHEN STORE	1
6	STORE	1
7	GARAGE HOUSE	1
8	GATEMAN'S HOUSE	2
9	STUDENTS TOILET	18
10	TEACHERS TOILET	4
11		
12		
13		

MOTOR VEHICLE

S/N	NAME	QUANTITY
1	SCHOOL BUS	1

OFFICE EQUIPMENTS, FURNITURE AND FITTINGS

S/N	NAME	QUANTITY
1	STUDENTS' LOCKERS	545
2	STUDENTS' CHAIRS	545
3	TEACHERS' LOCKERS	27
4	TEACHERS' CHAIRS	27
5	CABINETS	3
6	WALL UNITS	1
7	CUPBOARDS	2
8	WALL CLOCKS	8
9	SCHOOL PHONE	1
10	TV SET	1
11	TROPHIES	9
12	TABLE(PRINCIPALS OFFICE)	2
13	OFFICE SET (OFFICE SET)	1
14	METALLIC SOFA 5 SEATER	1
15	OFFICE TABLE (BURSAR)	1
16	PLATFORM FUNITURE	3
17	COMPUTER TABLES	4
18	STAPPLER	6
19	PAPER PUNCH	2
20	CALCULATOS	2
21	STAMPS	4

ICT EQUIPMENTS AND OTHER ICT ASSETS

S/N	NAME	QUANTITY
1	PRINTER	2
2	PHOTOCOPING MACHINE	2
3	LAPTOP	1
4	TYPE WRITER	1
5	DUPLICATING MACHINE	1
6	DESKTOPS COMPUTERS	12
7		
8		
9		
10		

TOOLS AND APPARATUS

NAME	QUANTITY
MICROSCOPES	9
RHETORT STANDS	45
ELECTRONIC BALANCE	2
GOLD LEAF	1
GLASS BLOCKS	28
LENSES	10
CURVED MIRRORS	40
PLAIN MIRROR	15
MILIAMMETERS	15
AMMETERS	22
VOLTMETERS	30
GALVANOMETERS	20
EUREKA CANS	2
SPRING BALANCES	10
SPRINGS	15
METER RULES	17

HALFMETER RULES	28
SWITCHES	18
100CM WINDING RULES	20
BULB HOLDERS	20
VARIABLE REISTORS	4
FIXED RESISTORS	40
MAGNETS	6
STOP WATCHES	45
SOFT BOARDS	18
PENDULUM BOB	16
PRISM GLASS BLOCS	10
LENS HOLDERS	18
GAS JARS	2
THERMOMETERS	55
WHITE TILES	34
SPATULAS	40
MEASURING CYLINDERS (1000mls)	5
MEASURING CYLINDERS (100mls)	35
MEASURING CYLINDERS (25mls)	25
MEASURING CYLINDERS (50mls)	30
MEASURING CYLINDERS (10mls)	70
FILTER FUNNELS	60
BOILING TUBES	90
TEST TUBES	300
GLASS RODS	30
PIPETTE FILLERS	30
TEST TUBE HOLDERS	38
TRIPOD STANDS	14
VOLUMETRIC FLASKS (1000ml)	5
" (500ml)	10
" (250mls)	40
POTABLE GAS BURNERS	44
GAS CONTAINERS	2

DISTILLED WATER CANS	3
BEAKER (1000ml)	8
" (500ml)	18
" (250ml)	98
" (100ml) glass	20
" (100ml) plastic	220
" (50mls)	40
CAPACITOR	8
POTENTIOMETER	8
VERNIER CALLIPERS	6
MICROMETER SCREW GAUGE	14
MARBLES	20
DROPPERS	165
STOPPERED CONTAINERS	300
CONICAL FLASK (250mls)	60
WASH BOTTLES	60
KNIFE EDGE	10
SOFT BOARDS WITH CROSS WIRES	15
CELL HOLDERS	18
WIRE GAUGE	14
TEST TUBES RACKS	50
BURETTES	55
MORTAR AND PESTLES	15

TEXTBOOKS

SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
MATHS	KLB	75	75	80	285
	ADVANCING	5	5	0	0
	DISCOVERING	343	172	172	0
	QUICK READING	0	0	0	4
	SPEARSHARP	0	0	0	3
	TOPGRADE	0	0	0	1
	PYRAMID	0	0	0	1
	MIRROR	0	0	0	2
	MADE FAMILIAR	0	0	0	2

SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
ENGLISH	EXCELLING IN ENGL.	343	343	347	40
	HEAD START	60	60	70	40
	NEW HORIZONS	0	0	0	205
	INTERGRATED	0	0	0	20
SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
KISWAHILI	UHONDO	343	0	0	0
	CHEMCHEMI	30	80	40	30
	KITUKUZWE	0	343	347	30
	FASAHA	0	0	0	172
	KURUZI	0	0	0	1
	SPEARSHARP	0	0	0	5
	GOLDEN TIPS	0	0	0	2
	KIOO	0	0	0	2
	VICTORIAN	0	0	0	1
	PYRAMID	0	0	0	1
	TOP GRADE	0	0	0	1
	MARUDIO (Fasihi)	0	0	0	1

SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
BIOLOGY	KLB	368	311	50	197
	CERTIFICATE	0	0	267	0
	GOLDEN TIPS	0	0	0	8
	PRINCIPLES OF BIOLOGY	0	0	0	10
	TOP MARK	0	0	0	1
	SPOT LIGHT	0	0	0	10
	MIRROR	0	0	0	1
	GET IT RIGHT	0	0	0	12
	SPEAR SHARP	0	0	0	13
	BREAK THROUGH	0	0	0	8
	CONFIDENCE PI	0	0	0	5
	TEST IT FIX IT	0	0	0	2
	MASTER PIECE	0	0	0	10

SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
PHYSICS	KLB	30	373	13	10
	MORAN	343	0	362	62
	LONGHORN	0	0	0	7
	SPEARSHARP	0	0	0	22
	REVISION GUIDE	0	0	0	7
	TOP GRADE	0	0	0	4
	VICTORIAN	0	0	0	3
	PYRAMID	0	0	0	3
	HOW TO PASS	0	0	0	1
	HOW TO SUCCEED	0	0	0	1
	GOLDEN TIPS	0	0	0	2

SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
CHEMISTRY	KLB	358	444	357	275
	LONGHORN	15	0	0	0
	GOLDEN TIPS	0	0	0	14
	GOLDEN TIPS PRACT.	0	0	0	14
	MASTERING	0	0	0	3
	MASTER PIECE	0	0	0	7
	TEST IT FIX IT	0	0	0	15
	MIRROR	0	0	0	5
	SPEARSHARP	0	0	0	14

SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
HISTORY	KLB	364	327	187	216
	HOW TO PASS	0	0	0	3
	ACCESS	0	0	0	3
	PYRAMID	0	0	0	2
	SPEARSHARP	0	0	0	6
	TOP GRADE	0	0	0	1
	TOP MARK	0	0	0	2

SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
GEOGRAPHY	KLB	244	333	49	49
	CERTIFICATE	0	0	10	5
	SPEARSHARP	0	0	0	11
	TOP GRADE	0	0	0	2

SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
C.R.E.	KLB	360	303	40	258
	LIVING THE PROMISE	0	1	0	0
	FOUNDATION	0	0	318	0
	MIRROR	0	0	0	1
	TOP GRADE	0	0	0	3
	SPEARSHARP	0	0	0	2
	GOLDEN TIPS	0	0	0	2
	MASTER PIECE	0	0	0	1
	GEORGIAN	0	0	0	1

SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
B/STUDIES	TRENDY	334	284	47	0
	INVENTOR	80	15	20	10
	LONGMAN EXPLORE	0	0	0	18
	SPEARSHARP	0	0	0	7
	TOP GRADE	0	0	0	4
	HIGH FLYER	0	0	0	2
	PYRAMID	0	0	0	1
	TEST IT FIX IT	0	0	0	5
	VICTORIAN	0	0	0	1

SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
AGRICULTURE	KLB	308	270	156	164
	GET IT RIGHT	0	0	0	6
	TOP MARK	0	0	0	5
	GOLDEN TIPS	0	0	0	2
	BREAK THROUGH	0	0	0	3
	TOP GRADE	0	0	0	2
	TEST IT FIX IT	0	0	0	7

SUBJECT	BOOK TITLE	FORM 1	FORM 2	FORM 3	FORM 4
COMPUTER	LONGHORN	164	120	140	42

OTHER MACHINERY AND EQUIPMENT

S/N	NAME	QUANTITY
1	SCHOOL BELL	2
2	ELECTRIC BELL	1
3	SICKLE	1
4	SLASHER	4
5	PANGA	1
6	GENERATOR	1
7	WHEELBARROW	2
8		

KITCHEN UTENCILS

S/N	NAME	QUANTITY
1	BOILERS BIG	2
2	BOILERS SMALL	2
3	SUFURIAS BIG	2
4	SUFURIAS MEDIUM	4
5	SUFURIAS SMALL	6
6	SERVING SPOONS	8
7	TEASPOONS	5
8	TABLE SPOONS	34
9	SERVING DISHES	7
10	TEA CUPS	52
11	PLATES	60
12	WATER GLASSES	20
13	THERMOS	5
14	GAS COOKER	1